

ORIGINAL

Decision No. 70213

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFIC SOUTHCOAST FREIGHT BUREAU for authority to increase switching rates and charges.

Application No. 47961
(Filed October 8, 1965; Amended October 25, 1965)

In the Matter of the Investigation into the rates, rules, regulations, charges, allowances and practices of all common carriers, highway carriers and city carriers relating to the transportation of any and all commodities between and within all points and places in the State of California (including, but not limited to, transportation for which rates are provided in Minimum Rate Tariff No. 2).

Case No. 5432
(Order Setting Hearing dated November 16, 1965)

AND RELATED MATTERS

Cases Nos. 5433, 5435, 5436, 5438, 5439, 5440, 5441, 5603, 5604, and 7857
(Orders Setting Hearings dated November 16, 1965)

Charles W. Burkett and Gary S. Anderson, for applicant in Application No. 47961.
C. D. Gilbert, H. F. Kollmyer and A. D. Poe, for California Trucking Association; Eugene A. Read and John T. Reed, for California Manufacturers Association; Jefferson H. Myers, for San Francisco Port Authority; and C. R. Nickerson, for Pacific Coast Tariff Bureau, interested parties.
Arthur F. Burns and Robert Carberry, for the Commission staff.

O P I N I O N

This application, filed by the Pacific Southcoast Freight Bureau on behalf of the railroads operating within this State, seeks

authority to increase by ten percent the switching rates and charges set forth in the tariffs of the individual carriers and of applicant.

Public hearing in these matters was held before Examiner Mallory on November 23, 1965 at San Francisco. The matters were submitted upon the filing of late-filed Exhibit 4, now received. Evidence in support of the requested relief was adduced by representatives of Southern Pacific Company. No one opposed the application. California Trucking Association requested that if the application is granted common carriers, maintaining rates under the alternative provisions of the various minimum rate tariffs on the level of the rail rates sought to be increased, be directed to raise such rates to the level of the increased rail rates or the specific minimum rates, whichever are the lower. Other parties participated through examination of applicant's witness.

The last general increase in rail switching rates in California was made pursuant to Decision No. 68038, dated October 13, 1964 in Application No. 42837. The increases authorized therein brought California intrastate switching rates and charges to the level of corresponding interstate rates and charges. Interstate switching rates were further increased by ten percent effective August 27, 1965. Applicant alleges that switching rates are "low-spot" rates which both this Commission and the Interstate Commerce Commission have directed the railroads to increase to a reasonable level.

An analyst from Southern Pacific Company's Bureau of Transportation Research presented a study of the estimated

out-of-pocket costs of providing switching service at representative terminals of that railroad in California. The witness testified that, although separate elements of cost vary, the total costs of other railroads of providing switching service at each terminal would not be materially different from Southern Pacific Company's costs at the same terminal. The witness developed his study using current system unit costs of Southern Pacific Company applied to the time and other factors applicable to switching movements at the selected terminals. When there is more than one switching zone at a terminal, costs were developed for an intrazone movement and for a movement between the two most distant zones. Costs were developed for several types of switching movements within each terminal.

An assistant freight traffic manager employed by Southern Pacific Company explained the manner in which the proposed increases would be applied. He also presented a comparison of present and proposed switching charges at selected terminals with the estimated out-of-pocket costs at the same terminals. These comparisons showed that in a majority of instances the estimated out-of-pocket costs exceed both the present and proposed rates and charges. In other instances the costs are both higher and lower than the proposed charges, depending upon the length of haul. This comparison supports a finding that present switching rates and charges are unduly low and that the proposed switching rates and charges will not be excessive.

Exhibit 4 is a list of the tariffs of individual rail carriers in which the proposed increased rates and charges will be published. Exhibit 1 is an example of the tariff publication proposed to be made.

The evidence shows, and the Commission finds, that the increased rail switching rates and charges proposed in Application No. 47961 are justified. The Commission concludes the application should be granted.

Proceedings in the minimum rate cases were consolidated with the application for the purpose of enabling the Commission to consider the effect of the proposed railroad rates upon the minimum rates and the rates of common carriers maintained at levels competitive with those of the railroads. Alternatively applied railroad rates maintained by other common carriers are lower than the specific minimum rates found reasonable by the Commission and are lawful only because of provisions of the Public Utilities Code and the alternative provisions of the minimum rate tariffs established thereunder. The lower rail rates will be increased pursuant to the authority granted herein; therefore, common carriers should be directed to increase rates maintained under said alternative provisions to the level of the increased rail rates. The increases necessary to maintain the competitive relationships between carriers are justified.

Inherent in the rate increases granted herein is relief from the long- and short-haul provisions of the Constitution and the Public Utilities Code. Such relief is justified and should also be granted.

O R D E R

IT IS ORDERED that:

1. M. A. Nelson, Agent, Pacific Southcoast Freight Bureau on behalf of the railroads listed in Appendix A to Application

No. 47961 and in the amendment to said application, is authorized to establish in tariffs issued by said Bureau the increased rates and charges proposed in the application. Railroads publishing tariffs of switching rates and charges described in Exhibit 4 in Application No. 47961 are authorized to establish in said tariffs the increased rates and charges proposed in said application. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof, on not less than ten days' notice to the Commission and to the public.

2. The authority granted in ordering paragraph 1 hereof shall expire unless exercised within ninety days after the effective date of this order.

3. Common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable on the commodities and between the points for which increases are authorized in ordering paragraph 1 hereof, are authorized and directed to increase such rates, on not less than ten days' notice to the Commission and to the public, to the level of the rail rates established pursuant to ordering paragraph 1 hereof, or to the level of the specific minimum rates, whichever is lower; such increases shall be made effective not later than thirty days after the effectiveness of the increased rail rates.

4. Common carriers, in establishing and maintaining the rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures

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now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

The effective date of this order shall be twenty days after the date hereof.

Dated at SAN FRANCISCO, California, this 11th
day of JANUARY, 1966.

Frederick B. Holmquist
President

[Signature]

George J. Trovick

[Signature]

[Signature]
Commissioners