

Decision No. 70954

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation for the purpose of considering and determining revisions in or reissues of Exception Ratings Tariff No. 1.)))))	Case No. 7858 Petition for Modification No. 10 (Filed December 13, 1965)
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Arlo D. Poe, C. D. Gilbert and H. F. Kollmyer, for California Trucking Association, petitioner.
Carl F. Robertson and David B. Harriman, for Pacific States Box and Basket Co.; and Robert Greenhood, for Pacific Plastic Products, Inc.;
protestants.
John T. Reed, for California Manufacturers Association; Gordon A. Rodgers, for Union Carbide Corp., Plastics Division; E. Alan Mills, for California Grape and Tree Fruit League; and H. R. Meek, for DiGiorgio Fruit Corp.;
interested parties.
E. H. Burgess, R. A. Lubich and H. E. Frank, for the Commission staff.

O P I N I O N

Public hearing was held on Petition for Modification No. 10 in Case No. 7858 on January 24, 1966. Application No. 48231 was filed on February 4, 1966.^{1/} Hearings on a consolidated record were held in both proceedings at San Francisco and Los Angeles on March 30 and April 25 and 26, 1966, before Examiner Mallory, and the proceedings were submitted on the latter date.

In Petition No. 10, California Trucking Association (CTA) seeks the cancellation of Item No. 140 of the Commission's Exception Ratings Tariff No. 1.^{2/} Said item provides a Class C truckload

^{1/} Application No. 48231, filed by the Pacific Southcoast Freight Bureau, sought to cancel a similar exception rating in Pacific Southcoast Freight Bureau Exception Sheet 1-S. Application No. 48231 has been decided by separate order (Decision No. 70885); because of a change in classification systems, the application was dismissed.

^{2/} Exception Ratings Tariff No. 1 (ERT 1) governs the class rates set forth in Minimum Rate Tariff No. 2.

rating, subject to a minimum weight of 20,000 pounds, on fruit and berry baskets, nested, or knocked down, folded flat, loose or in packages.

Upon cancellation of Item No. 140 of the Exception Ratings Tariff, the following provisions of the governing classification would govern the minimum class rates:

<u>Item No.</u>	<u>Commodity</u>	<u>Rating</u>	<u>Truckload</u>
			<u>Minimum Weight (Pounds)</u>
22210	Baskets, food packaging,)	2	10,000
	plastic, of latticed)	3	20,000
	construction, capacity)	4	30,000
	not exceeding 2 quarts)		
	liquid measure or 116)		
	cubic inches.)		
22370	Berry, Fruit or Vegetable Till Baskets or Boxes:		
22390	Veneer:		
Sub 1	Set Up, Nested	4	18,000
Sub 5	Knocked Down	B	30,000

Other types of fruit and berry baskets fall within the description of articles in the exception provisions sought to be canceled; however, the record indicates that baskets other than the types described in the tabulation above are not used in California agriculture. The record shows that both plastic and veneer baskets are shipped set up, nested. The principal movement of plastic baskets is by truck, and the principal movement of veneer baskets is by rail.

CTA contends that the transportation characteristics of fruit and berry baskets do not justify a Class C rating.

Protestants, who manufacture plastic and veneer baskets, contend that cancellation of the exception rating will cause increases in transportation costs, that such cost increases will be reflected in the market price of the baskets, and that the

growers and shippers of fruits and berries in such baskets cannot afford any increases in the price of the materials used to package their products.

A representative of CTA's Division of Transportation Economics presented in evidence a study which he made of the shipping characteristics of the articles in question. According to this witness, the density of the plastic baskets ranges from 4.5 to 7.8 pounds per cubic foot and averages 6.5 pounds per cubic foot. Wholesale values range from 38 cents to 53 cents per pound and average 45 cents per pound. The witness testified that 20,000 pounds of plastic baskets cannot be loaded in a single unit of carriers' van-type equipment (tractor and 40-foot trailer, or tractor and two 24-foot trailers). His study shows that for veneer baskets, shipped set up, densities range from 9.7 to 15.3 pounds per cubic foot, and average 11.9 pounds per cubic foot; and values range from 24 to 37 cents per pound, and average 33 cents per pound. The witness testified that the movement of both types of baskets is seasonal, and is relatively light in volume. The witness also presented summaries showing the densities and values for various articles now subject to Class C carload ratings in the governing classification, and similar information relating to various articles taking carload ratings of first to fourth class. This evidence showed that articles for which Class C ratings are provided in the governing classification have relatively high densities and low values, and all are subject to carload minimum weights of 30,000 pounds or more. On the other hand, articles having densities and values similar to fruit and berry baskets have carload ratings higher than Class C.

Evidence in opposition to the relief sought was presented by witnesses representing manufacturers of plastic and veneer baskets and by a representative of the California Grape and Tree Fruit League.

With respect to plastic berry baskets, the manufacturers' witnesses testified that the margin of profit on such baskets is low and that it would be difficult for them to absorb any increase in rates or to pass it on to the buyers of the baskets. These witnesses confirmed the testimony of the CTA concerning the density and loading characteristics of such baskets.

The representative of a manufacturer of veneer baskets testified to the transportation characteristics of its baskets. The witness presented a comparison of present and proposed truck rates from his company's manufacturing plant at Glendale to representative destinations to show the amount of increases in rates which would result if the sought relief is granted. According to this witness, increases in rates will cause difficulty in marketing veneer baskets.

The traffic manager of the California Grape and Tree Fruit League testified to the economic conditions in the berry and plum industry in California and the marketing of these commodities. The witness testified that the principal use of plastic baskets is for the packaging of fresh berries, and of veneer baskets is for the packaging of fresh plums. The plastic and veneer baskets are one quart or less in size. The filled baskets are packed four to a crate.

The witness testified that plums are grown commercially only in California; that almost all plums are packed in veneer baskets; and that plums are sold only as fresh fruit, as no plums are frozen or canned. There has been overproduction in the plum industry for several years; such overproduction has caused a leveling off or

falling of prices even though production costs have risen; efforts have been made to stabilize prices through marketing orders; and such marketing orders have not yet made an effective change in prices. Because of the small profit margin, plum growers and shippers cannot afford to pay higher prices for any of the articles used in production or marketing of their product. All fresh berries grown in California are packed in plastic baskets. Production of berries in California has been declining because of price competition in Eastern markets with locally grown berries and because of the difficulty in getting qualified field labor since the discontinuance of the Bracero program. Any increase in price of supplies will cause further curtailment of berry acreage in California.

Discussion, Findings and Conclusions

The evidence presented in support of the cancellation of the exception rating on fruit and berry baskets is persuasive that the transportation characteristics of these articles do not warrant a truckload rating as low as Class C. Evidence presented by protestants generally confirmed the density and loading characteristics of the articles in question. The truckload ratings on fruit and berry baskets set forth in the governing classification appear to be reasonably related to the truckload ratings on other articles of similar densities, values and usage.

Protestants assert that any increase in transportation costs will be difficult to absorb by manufacturers or users of fruit and berry baskets. While the ability of shippers and receivers to pay freight charges has some bearing on the levels of rates established by this Commission, that factor is not controlling in a classification proceeding (Application of Hackler, 59 Cal. P.U.C. 93).

The Commission finds as follows:

1. The density, value, loadability, frequency of movement and other transportation characteristics surrounding the movement of the fruit and berry baskets here in issue do not justify the continued maintenance of an exception truckload rating of Class C for such articles; said rating is, and for the future will be, unreasonable and insufficient for transportation by carriers subject to the provisions of Minimum Rate Tariff No. 2.

2. The ratings set forth in the governing classification will be just and reasonable for the transportation of fruit and berry baskets by carriers subject to the provisions of Minimum Rate Tariff No. 2.

3. The increases resulting from the cancellation of the Class C exception rating on fruit and berry baskets are justified.

The Commission concludes that Petition No. 10 in Case No. 7858 should be granted; that Exception Rating Tariff No. 1 should be amended as provided in the order which follows; and that common carriers should be relieved from the long- and short-haul prohibitions of the Constitution of the State of California and the Public Utilities Code to the extent necessary to establish the provisions hereinafter authorized.

O R D E R

IT IS ORDERED that:

1. Exception Ratings Tariff No. 1 (Appendix A to Decision No. 66195, as amended) is hereby further amended by incorporating therein, to become effective August 20, 1966, Twelfth Revised Page 3 and Seventh Revised Page 9, attached hereto and by this reference made a part hereof.

2. Tariff publications required to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order on not less than ten days' notice to the Commission and to the public and such tariff publications shall be made effective not later than August 20, 1966; the tariff publications which are authorized but not required to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order, and may be made effective on not less than ten days' notice to the Commission and to the public if filed not later than sixty days after the effective date of the minimum rate tariff pages incorporated in this order.

3. 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 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.

4. In all other respects said Decision No. 66195, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 12th day of JULY, 1966.

Ernest E. Mitchell
President

George G. Hoover

Frederick B. Haliloff

Augusta

William C. Burnett
Commissioners

INDEX OF COMMODITIES			
COMMODITIES	Item Number	COMMODITIES	Item Number
Bagging	100	Games and Toys	595
Bags	100	Gelatine	597
Ballasts, Fluorescent Lamp	130	Gypsum	600
Batteries, dry cell	150	Hops	620
Beverage Preparations	160	Household Goods	650
Boxes, Bottles or Cans, fibreboard, paper or pulpboard	170	Ice (water)	680
Briquettes, wood	180	Ice Cream	690
Building Materials	840	Insecticides	700
Canned Foodstuffs	220,221,240		
Canned Goods	220,221,240	Kernels, corn, roasted	480
Carriers, new	260		
Carriers, old (used)	280	Ladders, Step	900
Carriers, used packages	300,320,321,340	Lime, air slaked	720
Catalogues	740		
Cellulose film	390	Magazines	740
Cereal and Cereal Products	360,361,380,381	Material, Roofing, Building or Paving	840
Circulars	740	Milk, Malted	750
Clothing, staple work	400		
Cocoa or Cocoa Paste	480		
Coffee, extract of	420		
Compound, malt, milk and cocoa	750	Paints	760
Compound, milk and cocoa	750	Paper or Paper Articles	170,180
		Partitions, not corrugated	785
		Paving Materials	840
		Periodicals	740
		Plastics, Synthetic	800
		Preserved Foodstuffs	220,221,240
		Products, Cereal	360,361,380,381
Compounds, paint, lacquer or varnish reducing, removing or thinning	760		
Compounds, tree and weed killing	460	Ranges, iron or steel	920
Confectionery	480	Returned Shipments	820
		Roofing Materials	840
Egg case or carrier fillers or flats	500	Sal-Soda	860
Explosives	520	Salt, common (Sodium Chloride)	880
		Shipments, returned	820
Fertilizers	540,560,580	Step Ladders	900
Fillers, egg case or carrier	500	Stoves, iron or steel	920
Film, cellulose	390	Sugar	940
Flats, egg case or carrier	500		
Floor Coverings	585,590	Tea, extract of	420
Flowers, fresh, cut	592	Titanium Dioxide	950
Food, milk, other than liquid, other than malted milk	750		
Foodstuffs, canned or preserved	220,221,240	Varnishes	760
Fungicides	700		
		Wood Briquettes	180
		Wood, fuel	960

** Baskets, berry and fruit,
eliminated)

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EFFECTIVE AUGUST 20, 1966

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San Francisco, California.
Correction No.40

SECTION NO. 2 - RATINGS WHICH ARE EXCEPTIONS TO THE GC			Item No.
ARTICLES	Rating		
	LTL	TL	
Bags and Bagging, as described below, in bales or bundles, viz.: Burlap or Jute, Burlap or Jute, lined with cotton cloth or paper, Burlap, lined with cotton cloth or paper, Cotton, Gunny, Woven Paper Fabric. Bags, made of combination jute-and-cotton fabric. Truckload minimum weight 30,000 lbs.	4	5	100
Ballasts, fluorescent lamp, not enclosed in lamp channels or chassis, in boxes	3		130
◊ Item canceled. Governing Classification rating applies.			140
Batteries, dry cell, electric	4		150
Beverage Preparations, NOIBN in the GC, dry	4		160
Boxes, bottles, or cans, fibreboard, paper or pulpboard, NOIBN, with or without tops or bottoms made of the same or other materials, SU, not nested, in packages, or on platforms or skids: Outside measurements exceeding one inch in depth and exceeding 15 united inches, length, width and depth added. Truckload minimum weight 12,000 lbs.	1½	3	170
Outside measurements exceeding one inch in depth but not exceeding 15 united inches in depth, length and width added. Truckload minimum weight 12,000 lbs.	1	3	

Briquettes, wood (pressed wood fireplace logs),
in bundles or sacks, truckload minimum weight
40,000 lbs.

4

D

180

∅ Change)
◇ Increase) Decision No. **70954**

EFFECTIVE AUGUST 20, 1966

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Correction No. 41