

ORIGINALDecision No. 71515

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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
(Petition for Modification
No. 428)

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 property in the City and County of San Francisco, and the Counties of Alameda, Contra Costa, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma.

Case No. 5441
(Petition for Modification
No. 112)

In the Matter of the Application of Walkup's Merchants Express, a corporation, for authority to depart from the rates, rules, and regulations of City Carriers' Tariff No. 1-A and Minimum Rate Tariff No. 1-B, in relation to the transportation of edible flour, in bulk, in pneumatic equipment, under the provisions of the City Carriers' Act.

Application No. 48615

Frank Loughran, Roy J. Olson and George E. Sloat,
for Walkup's Merchants Express, petitioner and
applicant.

Dan Keeney, for Flour Transport, Inc.; Wayne G.
Shipley, for General Mills, Inc.; Donald E.
Vandenburg, for Montana Flour Mills Co.;
Russell Bevans, for Draymen's Association
of San Francisco, Inc.; C. D. Gilbert,
Arlo D. Poe and H. F. Kollmyer, for California
Trucking Association; interested parties.
Arthur F. Burns and George H. Morrison, for the
Commission's staff.

O P I N I O N

Walkup's Merchants Express, petitioner in Petition for Modification No. 428 in Case No. 5432 and in Petition for Modification No. 112 in Case No. 5441 and applicant in Application No. 48615, operates as a highway common carrier and as a city carrier.^{1/} By Application No. 48615, as amended, petitioner seeks authority under Section 4015 of the Public Utilities Code to charge rates which are less than the minimum rates for the transportation of flour within San Francisco and within East Bay Cities. By Petition for Modification No. 114, as amended, in Case No. 5441 petitioner, as a highway common carrier, seeks authority under Section 452 to publish and apply rates for the transportation of bulk flour between East Bay Cities lower than the Commission's established minimum rates. By Petition for Modification No. 428, as amended, in Case No. 5432, petitioner seeks like authority for shipments transported from San Francisco, Oakland or Vallejo to points beyond the San Francisco and East Bay drayage areas but which are located not more than 60 constructive miles from the respective points of origin.

Public hearing was held before Examiner Bishop at San Francisco on August 19, 1966. Evidence on behalf of petitioner was adduced through its traffic vice president and its treasurer. Representatives of California Trucking Association and of the Commission's staff assisted in the development of the record.

The record shows that for many years petitioner or its predecessor (Walkup Drayage and Warehouse Company) has transported flour for Langendorf United Bakeries, Inc. (Langendorf) between points within the City and County of San Francisco. Over a long

^{1/} Walkup's Merchants Express will, for convenience, be sometimes hereinafter referred to as "petitioner".

period of time the service has been performed at less than minimum rates, in quantities of not less than 50,000 barrels per year, pursuant to authorizations from this Commission. The last such authority was granted by Decision No. 70233, dated January 11, 1966 in Application No. 48103.

Substantial technological changes have occurred and are occurring in the methods of handling flour since the time when the authority to haul for Langendorf at less than minimum rates was first granted. Originally, only the movement of flour in sacks was involved. Since 1962, Langendorf has been receiving bulk shipments of flour by rail car at San Francisco, petitioner then transporting the flour in bulk from the rail terminal to Langendorf's facilities. The flour is transported in special truck equipment with mechanical device which permits the carrier to remove the bulk flour from rail cars by suction and to discharge it at destination by blower. The use of this special equipment substantially lessened the time required for loading and unloading flour as compared with that required for sacked flour.^{2/}

The modern flour plants and distribution facilities, petitioner's vice president testified, have further lessened the time required for loading flour onto trucks. These plants include facilities by which bulk flour is loaded into the carrier's equipment by gravity flow or drop loading; by this method the loading time for 40,000 pounds ranges from three to five minutes. By contrast, loading of trucks from rail cars by suction required from 45 to 75 minutes for the same quantity of flour. The increased speed in loading, he said, enables petitioner to make more efficient utilization of its special equipment for bulk flour movement.

^{2/} By 1965 the requirements for transportation of flour in sacks had so declined that relief from minimum rates in connection therewith was no longer necessary. Such relief was discontinued by the terms of Decision No. 70233, above.

The record shows that gravity loading facilities, besides those at the Langendorf warehouse, are also used at warehouses which have been established at San Francisco and Oakland by Colorado Elevator and Milling Company and Montana Flour Mills, respectively. Assertedly, other millers and suppliers contemplate establishing similar plant and distribution facilities in the Bay Area.

Petitioner proposes two sets of mileage rates for this traffic. One set would apply to movements within San Francisco and within and between the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont. The rates, based on actual mileages range from 8.5 to 11.5 cents, depending upon the quantity (30,000 or 40,000 pounds) and the length of haul. The second set of rates would apply from San Francisco, Oakland or Vallejo to destination points beyond the above-mentioned cities. They would be based on constructive mileages, determined in accordance with the provisions of the Commission's Distance Table No. 5. These rates would range from 10.5 to 19.5 cents per 100 pounds, depending upon the distance (up to 60 miles) and the quantity (30,000 or 40,000 pounds). Both sets of rates would be subject to certain conditions, set forth in Appendix A, as amended, to the application.

Petitioner's treasurer testified concerning a cost and revenue study which he had made of the traffic here in issue. The study related to representative intracity and intercity movements. For example, the expenses involved in the transportation of 40 loads of flour, totalling 1,622,260 pounds, from the Colorado Elevator and Milling Company to Homestead Bakery, both located in San Francisco, were developed. Constructive revenue figures on these shipments were calculated at the sought rate for the movement. The resulting operating ratio, predicated on fully distributed costs, but before provision for income taxes, was 91.5 percent.

The record further shows that the interested flour shippers have analyzed the costs involved in the transportation of bulk flour under the circumstances hereinabove described, and some have indicated to petitioner that if the proposed rates are not made available to them they will seriously contemplate the procurement of the necessary vehicles and perform the transportation themselves.

Authorization of the proposed rates is supported by the Draymen's Association of San Francisco. The representative of California Trucking Association stated that amendment of the original application and petitions had eliminated the objections of his organization, which would not oppose granting of the amended proposals if the Commission is of the opinion that authorization is justified.

The record shows that movement of the traffic here in issue at the proposed rates will be compensatory and indicates that said rates are necessary to counteract the threat of diversion of some of the traffic to proprietary carriage.

We find that:

1. The rates and rules proposed to be observed by Walkup as a city carrier will be reasonable and in the public interest.
2. The rates and rules proposed to be published and applied by Walkup as a highway common carrier are justified by transportation conditions.
3. In view of Finding 1 above, the authorization to deviate from minimum rates granted by Decision No. 70233, above, should be cancelled concurrently with the effective date of the authorization hereinafter granted. That action will be taken by a separate order in Application No. 48103.

We conclude that the application and petitions should be granted.

Since circumstances and conditions may change at any time, the authority hereinafter granted will be made subject to an expiration date of December 1, 1967, unless sooner cancelled, changed or extended by order of the Commission.

O R D E R

IT IS ORDERED that:

1. Walkup's Merchants Express, a corporation, is authorized to transport flour, in bulk, within the City and County of San Francisco, and within the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont (as defined in Minimum Rate Tariff No. 1-B) at rates less than the minimum rates but not less than the rates set forth in numbered paragraph A(2) of Appendix A, attached hereto and by this reference made a part hereof.

2. Walkup's Merchants Express is authorized to establish and maintain, as a highway common carrier, rates for the transportation of flour in bulk, from San Francisco, Oakland or Vallejo to destination points as defined in paragraph B of said Appendix A, which rates shall be those set forth in said paragraph B.

3. Walkup's Merchants Express is authorized to establish and maintain, as a highway common carrier, rates for the transportation of flour, in bulk, for intercity movement, between points in the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont (as defined in Minimum Rate Tariff No. 1-B) which rates shall be those set forth in paragraph A(2) of said Appendix A.

4. Transportation under the rates authorized in numbered paragraphs 1, 2 and 3 of this order shall be subject to the conditions specified in said Appendix A.

5. The authority granted by numbered paragraph 1 of this order shall expire with December 1, 1967, unless sooner cancelled, changed or extended by order of the Commission.

6. The authority granted by numbered paragraphs 2 and 3 of this order shall expire unless exercised within 90 days after the effective date of this order and, if exercised, shall expire with December 1, 1967, unless sooner cancelled, changed or extended by order of the Commission.

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

Dated at San Francisco, California, this 9th day of NOVEMBER, 1966.

[Signature]
President

George G. Grover

Frederic W. Holdhoff

[Signature]

William C. Bernard
Commissioners

Appendix A
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WALKUP'S MERCHANTS EXPRESS

Commodity:

Flour, edible, in bulk, when transported in pneumatic air slide semitrailers, self contained to discharge flour by pumping.

Authorized rates (in cents per 100 pounds):

A. Rates lower than minimum rates otherwise prescribed but not less than the following rates applicable between points and places:

1. Within the City and County of San Francisco (as defined in City Carriers' Tariff No. 1-A) or
2. Within and between the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont (as defined in Minimum Rate Tariff No. 1-B).

Rates subject to Notes 1 through 9.

<u>Actual Miles</u>	<u>Rates in cents per 100 pounds*</u>	
	<u>30,000 lbs.</u>	<u>40,000 lbs.</u>
0 - 3	10.5	8.5
3 - 5	11	9
5 - 10	11.5	9.5

*All rates are subject to Notes 1 through 9, and are not subject to the Bay Counties surcharges.

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B. Rates lower than minimum rates otherwise prescribed but not less than the following rates applicable from San Francisco, Oakland or Vallejo on the one hand, to destination points beyond the areas described in Paragraph A hereof but not exceeding 60 constructive miles from the respective points of origin, on the other hand. Mileages to be computed in accordance with the Commission's Distance Table No. 5, supplements thereto or successive issues thereof.

<u>Constructive Miles</u>	<u>Rates in cents per 100 pounds*</u> <u>San Francisco, Oakland or Vallejo</u>	
	<u>30,000 lbs.</u>	<u>40,000 lbs.</u>
0 - 10	12.5	10.5
10 - 15	13	11
15 - 20	13.5	11.5
20 - 25	14	12
25 - 30	15	13
30 - 35	15.5	13.5
35 - 40	16.5	14.5
40 - 45	17.5	15.5
45 - 50	18.5	16.5
50 - 60	19.5	17.5

*All rates are subject to Notes 1 through 9, and are not subject to the Bay Counties surcharges.

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- Note 1 - Rail Car Service - An additional charge of 2.5 cents per 100 pounds for unloading from rail car. Add an additional .5 cents (total 3.0 cents) if Walkup's Merchants Express furnishes electrical power at designated team track.
- Note 2 - Weighing Service - Add \$5.00 per trailer load for weighing service requested on any bulk flour haul.
- Note 3 - Rate Computation - When charges accruing on a shipment based on actual weight exceed the charges computed on a rate based on a greater minimum, the latter shall apply.
- Note 4 - Demurrage - If, through no fault of the carrier, delivery cannot be accomplished and the trailer is put out of service without driver in attendance, after the first two hours the added charge will be as follows: \$2.50 per hour for the next consecutive 24-hour period; \$9.50 per hour thereafter. If a driver remains in attendance, a charge of \$14.50 per hour will be assessed.
- Note 5 - Returns - If flour is tendered to consignee, refused, returned to mill or car for unloading, a charge of one and one-half times normal applicable rate will be made.
- Note 6 - Special Setup - Add 3.0 cents per 100 pounds when delivery is made to a bakery not equipped for truck delivery (220 three-phase power and reasonable access).
- Note 7 - Service at Other than Regular Hours - Charges for service on Saturdays, Sundays, or holidays, or charges for service requested on week days at hours other than between 8 A.M. and 5 P.M., shall be those charges applicable to the move plus the additional cost to the carrier for supplying labor at the above-mentioned times.
- Note 8 - Loading Time - An additional charge of \$3.00 shall be assessed for each 30-minute period or fraction thereof after the first 30 minutes of free time.
- Note 9 - Payment of Freight Charges - Rates apply only when service is performed for the account of the consignor and consignor undertakes to pay freight charges.