

**ORIGINAL**

Decision No. 75203

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 uncrated new  
furniture (commodities for which  
rates are provided in Minimum Rate  
Tariff No. 11-A).

Case No. 5603  
Petition for Modification No. 60  
(Filed October 17, 1968)

Arlo D. Poe, H. F. Kollmyer, and J. C. Kaspar, for  
California Trucking Association, petitioner.  
Sam O. Sciortino, Harry E. Smith and Andy Manfre,  
for Lads Furniture Freight, Inc.; and John V.  
Driskell, for Driskell Trucking, Inc.,  
respondents.  
R. C. Fels, for Furniture Manufacturers Association  
of California; and Robert R. Schwenig and Maurice  
J. Parker, for Sears, Roebuck & Company, interested  
parties.  
Robert E. Walker and Robert W. Stich, for the  
Commission staff.

O P I N I O N

Minimum Rate Tariff No. 11-A contains statewide minimum rates for the transportation of uncrated (blanket-wrapped) new furniture by highway permit carriers. It is governed by Distance Table 7 and National Motor Freight Classification No. A-10. ✓

In this petition, California Trucking Association, petitioner, seeks a general revision of Minimum Rate Tariff No. 11-A (MRT 11-A). A duly noticed public hearing was held before Examiner Mallory at Los Angeles and the matter submitted on November 19, 1968. Evidence was adduced by the Assistant Director of CTA's Division of Transportation Economics. Other parties assisted in the development of the record through examination of this witness. Parties, other than the staff, do not oppose the relief sought. The

Commission staff position is that the rate increases sought are excessive in light of cost-rate relationships adopted in prior proceedings.

The last general revision of MRT 11-A was made pursuant to Decision No. 73220, dated October 24, 1967, in Case No. 5603, Petition No. 40. A subsequent adjustment in rates to offset labor cost increases was made in Decision No. 73821, dated March 5, 1968, in Petition No. 47.

The adjustments made pursuant to Decision No. 73220, completely revised the rate structure in MRT 11-A. The tariff was made subject to the classification ratings set forth in National Motor Freight Classification No. A-9. Two scales of rates were established; the first was applicable to commodities having less-truckload ratings of 150 or higher and the second was applicable to commodities having ratings less than 150 in Classification A-9. The cost-rate relationship of the minimum rates established in Decision No. 73220 approximated 95 percent.

In this proceeding, petitioner's witness testified that he made a review of the cost data reflected in his study introduced in Petition No. 40 (Exhibit 40-1) and found that certain elements of cost had changed, but that others had remained substantially the same as those set forth in the prior exhibit. The witness prepared and presented a new cost study (Exhibit 60-1), which revised those elements of costs which had changed and brought forward without change the balance of the data set forth in Exhibit 40-1. The witness stated that the principal changes were upward adjustments in costs for labor, related payroll taxes and fringe benefits, and in equipment costs; and a downward adjustment in the percentage factor used to relate indirect costs to direct costs. The end result of the cost study revisions, as set forth in Exhibit 60-1, is higher

costs in amounts ranging from 3.5 to 9.6 percent over those set forth in Exhibit 40-1.

The witness also presented Exhibit 60-2, which contains proposed revised rates. Based on the rerating of a waybill sample, the witness estimated that carriers' revenues will be increased by approximately 8 percent under his proposal.

The witness explained in detail the method followed in developing his rate proposal. The manner in which rates were related to costs followed closely the method adopted in Decision No. 73220, except that witnesses used a more favorable cost-rate relationship of 92 percent (vs. 95 percent). The witness testified that the proposed cost-rate relationship is necessary for the reason that carriers have not achieved, under actual conditions, operating ratios as favorable as the adopted cost-rate relationship would indicate. He testified that operating ratios of the three major carriers engaged exclusively in the transportation of uncrated new furniture ranged from 98.5 to 101.6 percent for the year 1967, and ranged from 98.3 to 109.1 percent for the most recent available periods in 1968. The witness also testified that the rates adopted in Decision No. 73220 apparently were held down, in order to minimize the increases resulting from that proceeding. The witness stated that it appeared that the Commission intended to adjust rates to the full extent required to reflect current cost conditions over a span of more than one proceeding.

The Commission staff representative argued that the increases in rates proposed by petitioner should be no greater than the cost increases from Exhibit 40-1 to Exhibit 60-1. He pointed out that the petition proposes corresponding increases in rates in the Any Quantity scale of 7.5 to 14.5 percent, which appear to be

substantial. The staff representative stated that based on traffic flow information developed by petitioner for this proceeding, about 75 percent of all traffic is transported under Any Quantity rates. The staff representative observed that rates requested herein are approximately three percent greater than the corresponding percentagewise increase in costs between Exhibit 40-1 and Exhibit 60-1. He stated that it appears that the use of a 92 percent cost-rate relationship produced this disparity. The staff position, as enunciated by the staff representative, is that the rates proposed by petitioner are excessive to the extent that rate increases are sought which exceed the percentagewise increases in cost between those developed in Petition 40 and in Petition 60.

#### Discussion

Petitioner's studies and proposals were developed using methods found reasonable in prior proceedings. The only significant difference between the prior and current proposals is the request that the cost-rate relationship be revised from 95 percent, adopted in Decision No. 73220, to 92 percent, as recommended herein. The three percent difference that proposed rates exceed costs, as referred to in the staff argument, appears to stem from the proposed change in profit factor. The proposed profit factor appears reasonable for the following reasons: In Decision No. 73220 the rates proposed by petitioner were revised downward to minimize the impact of the rate increases resulting from that proceeding (Decision

No. 73220, mimeographed pages 7 and 8).<sup>1/</sup> This was accomplished by reducing the cost-rate relationship from 92 percent to 95 percent. The cost-rate relationship adopted in Decision No. 73220 is not necessarily binding upon the Commission in subsequent proceedings. In this proceeding petitioner has shown that the operating ratios actually achieved under rate levels established pursuant to Decision No. 73220 were not nearly as favorable as the cost-rate relationship of 95 percent assumed therein. Cost finding and rate making are not precise arts; all available pertinent information must be considered. On this record petitioner's proposals appear reasonable and should be adopted.

Findings and Conclusions

Upon consideration of all the facts and circumstances the Commission finds that:

1. The present minimum rates and charges and governing rules for transportation subject to Minimum Rate Tariff No. 11-A are not responsive to current transportation conditions and requirements, and should be amended.

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1/ The decision reads, in part, as follows:

"Whenever there has been a long period of time during which minimum rates have been adjusted on a basis other than upon that of current cost and economic studies, such as is the case with the uncrated new furniture minimum rates, the rate scales become distorted. It is clear that, based on studies presented by petitioner, an extensive revision of rate levels is necessary to bring them into conformity with current costs and economic conditions. The increases in rates would be higher for the smaller shipments and shorter distances where cost increases are shown to be the greatest. Nevertheless, current rates have moved the traffic for some time and the more extreme departures from current rates should be minimized to the extent possible in order to avoid disruptions of marketing patterns and to forestall possible loss of traffic to proprietary carriage. Some downward adjustment of the mileage rate scales proposed by petitioner is warranted for these reasons, and such adjustments will be made in the rate levels adopted herein."

2. The rates, charges and rules established by the order which follows are, and will be for the future, the just, reasonable and nondiscriminatory rates, charges and rules for the transportation embraced by said order.

3. Increases resulting from the establishment of said rates, charges and rules are justified.

4. To the extent that the provisions of Minimum Rate Tariff No. 11-A have been found heretofore to constitute the reasonable minimum rates and rules for common carriers as defined in the Public Utilities Act, said provisions, as hereinafter adjusted, are, and will be, reasonable minimum rate provisions for said common carriers. To the extent that the existing rates and charges of said common carriers for the transportation involved are less in volume or effect than the minimum rates and charges herein designated as reasonable for said carriers, to that same extent the rates and charges of said carriers are hereby found to be, now and for the future, unreasonable, insufficient, and not justified by the actual competitive rates of competing carriers or by the costs of other means of transportation.

The Commission concludes that the petition herein should be granted to the extent authorized in the order which follows, Minimum Rate Tariff No. 11-A should be amended to provide for the rates, charges and rules found herein to be the lawful minimum rates, and that common carriers subject to the provisions of Decision No. 50114, as amended, should be required to adjust their rates accordingly. Other tariff changes of a minor nature not directly related to the instant proceeding will be included with tariff pages revised by the order herein.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 11-A (Appendix A of Decision No. 50114, as amended) is further amended by incorporating therein to become effective February 22, 1969, the revised pages attached hereto and listed in Appendix A also attached hereto, which revised pages and Appendix by this reference are made a part hereof.
2. Common carriers as defined in the Public Utilities Act, to the extent they are subject to the requirements of Decision No. 50114, as amended, are directed to establish in their tariff rates, charges and rules no lower in volume or effect than the minimum rates, charges and rules established pursuant to ordering paragraph 1 hereof.
3. Tariff publications required to be made by common carriers as a result of the order herein shall be filed not earlier than the effective date of this order and 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 shall be made effective not later than February 22, 1969.
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 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.

5. In all other respects Decision No. 50114, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 14<sup>th</sup> day of JANUARY, 1969.

William J. Lyons, Jr.  
President

Augustus  
W. B. Monsey

Commissioners

Commissioner J. P. VUKASIN, JR.

Present but not participating.

Commissioner THOMAS MORAN

Present but not participating.



C. 5603 (Pet. 60) - eh

APPENDIX A TO DECISION NO. 75203

List of Revised Pages to Minimum Rate Tariff No. 11-A

Authorized by Said Decision

Fourteenth Revised Page 6

Thirteenth Revised Page 7

Sixteenth Revised Page 15

Fourth Revised Page 15-A

Fourteenth Revised Page 16

(END OF APPENDIX A LIST)

SECTION NO. 1--RULES AND REGULATIONS (Continued)	Item No.								
<p style="text-align: center;">APPLICATION OF RATES</p> <p>Rates provided in this tariff are for the transportation of shipments from point of origin to point of destination and include loading into and unloading from carrier's unit of equipment, subject to Notes 1, 2 and 3.</p> <p>NOTE 1.—When the point of origin is other than an established depot, the additional rate provided below shall be added to the rates for the corresponding minimum weights as set forth in Section 3. The sum of these rates shall be the rate applicable to a single shipment from point of origin to point of destination.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Minimum Weight</u></th><th style="text-align: right;"><u>◇ Rates in Cents Per 100 Pounds</u></th></tr> </thead> <tbody> <tr> <td>Any Quantity -----</td><td style="text-align: right;">165</td></tr> <tr> <td>500 Pounds -----</td><td style="text-align: right;">130</td></tr> <tr> <td>2,000 Pounds -----</td><td style="text-align: right;">105</td></tr> </tbody> </table> <p>NOTE 2.—When the actual weight of a single shipment exceeds 5,000 pounds, the provisions of Note 1 shall not apply.</p> <p>NOTE 3.—When shipments are transported for persons, companies or corporations upon whose premises established depots are located, the provisions and charges of Note 1 shall be applied.</p>	<u>Minimum Weight</u>	<u>◇ Rates in Cents Per 100 Pounds</u>	Any Quantity -----	165	500 Pounds -----	130	2,000 Pounds -----	105	660
<u>Minimum Weight</u>	<u>◇ Rates in Cents Per 100 Pounds</u>								
Any Quantity -----	165								
500 Pounds -----	130								
2,000 Pounds -----	105								
<p style="text-align: center;">ACCESSORIAL SERVICES</p> <p>When carrier performs any accessorial or incidental service which is not authorized to be performed under rates named in this tariff, and for which a charge is not otherwise provided, additional charges shall be assessed as provided in Item No. 90. The charge therein provided for unit of equipment shall apply whenever the accessorial or incidental service requires its use, or whenever the unit of equipment is inactivated by reason of its driver or helper being engaged in such service.</p>	70								
<p style="text-align: center;">DELAYS TO EQUIPMENT</p> <p>When consignor or consignee is responsible for delay to carrier's equipment at or in vicinity of either point of loading or point of unloading in excess of 30 minutes (exclusive of time actually involved in loading or unloading) additional charges for delay time in excess of 30 minutes shall be assessed as provided in Item No. 90.</p>	80								

# CHARGES FOR ACCESSORIAL SERVICES OR DELAYS

For accessorial services or delays under the conditions specified in Items Nos. 70 and 80, charges shall be assessed for each period or fraction thereof, as follows:

	◇ Charges in Cents	
	For First 30 Minutes	For Each Additional 15 Minutes
(a) For driver, helper or other employee, per man ---	390	195
(b) For unit of equipment -----	90	45

690

◇ Change )  
◇ Increase ) Decision No. 75203

EFFECTIVE FEBRUARY 22, 1969

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San Francisco, California.

Correction No. 96

SECTION NO. 1 - RULES AND REGULATIONS (Continued)	Item No.
<p style="text-align: center;"><b>MINIMUM CHARGE</b></p> <p>The minimum charge per shipment shall be the charge for 100 pounds at the applicable rate but not less than:</p> <p>(a) 0440 cents per shipment when the constructive distance from point of origin to destination does not exceed 150 miles.</p> <p>(b) 0540 cents per shipment when the constructive distance from point of origin to destination exceeds 150 miles.</p>	0100
<p style="text-align: center;"><b>SHIPMENTS TRANSPORTED BY TWO OR MORE CARRIERS</b></p> <p>When shipments in continuous through movement are transported by two or more carriers, the rates (including minimum charges) provided herein from point of origin to point of destination shall be the minimum rates for the combined transportation.</p>	110
<p style="text-align: center;"><b>SHIPMENTS TO BE RATED SEPARATELY</b></p> <p>Each shipment shall be rated separately. Shipments shall not be consolidated or combined by the carrier.</p>	120
<p style="text-align: center;"><b>ALTERNATIVE APPLICATION OF COMMON CARRIER RATES</b></p> <p>Common carrier rates may be applied in lieu of the rates provided in this tariff, when such common carrier rates produce a lower aggregate charge for the same transportation and for the same accessorial services, than results from the application of the rates herein provided. (See Note)</p> <p>NOTE.--In applying the provisions of this item, a rate no lower than the common carrier rate and a weight no lower than the actual weight or published minimum weight (whichever is the higher) applicable in connection with the common carrier rate shall be used.</p>	130

ACCESSORIAL CHARGES NOT TO BE OFFSET BY  
TRANSPORTATION CHARGES

Accessorial charges set forth in this tariff for  
accessorial services not included in the rate for actual  
transportation shall be assessed and collected when such  
services are performed, regardless of the level of the  
transportation rate assessed. Such accessorial charges  
may not be waived on the basis that a higher-than-minimum  
transportation rate serves as an offset.

135

ø Change       )  
ø Increase     ) Decision No. 75203

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Correction No. 97



NOTE 4.--When there are two or more ratings (sub-numbers) under individual items describing articles of furniture in the Governing Classification, the highest rating shall apply. (See Note 6)

NOTE 5.--The LTL class ratings applicable under Notes 2, 3 and 4 above are not subject to the provisions of Items (Rules) 423 and 687 of the Governing Classification.

NOTE 6.--The provisions of Notes 2, 3 and 4 herein do not apply to items describing articles of furniture in the Governing Classification for which the applicable rate column is specifically set forth in Item No. 155 of this tariff.

Ø Change        )  
◊ Increase     )    Decision No.    **75203**

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Correction No. 98





NOTE 5.—The LTL class ratings applicable under Notes 2, 3 and 4 above are not subject to the provisions of Items (Rules) 423 and 687 of the Governing Classification.

NOTE 6.—For each 25 miles (or fraction thereof) in excess of 650 miles, add to the rate for 650 miles the following:

Column A: 319 cents per 100 pounds

Column B: 316 cents per 100 pounds

NOTE 7.—The provisions of Notes 2, 3 and 4 do not apply to items describing articles of furniture in the Governing Classification for which the applicable rate column is specifically set forth in Item No. 155 of this tariff.

✓ Change	} Decision No. 75203
✓ Increase	
o Reduction	

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Correction No. 99

SECTION NO. 3--RATES (Concluded)						Item No.
POINT-TO-POINT RATES IN CENTS PER 100 POUNDS (See Notes 1 and 2)						
BETWEEN: Los Angeles Territory	◇ Any Quantity		◇ Minimum Weight 500 Pounds		◇ Minimum Weight 2,000 Pounds	
	Column A (See Note 3)	Column B (See Note 4)	Column A (See Note 3)	Column B (See Note 4)	Column A (See Note 3)	Column B (See Note 4)
AND: San Francisco Territory  (See Item No. 300)	672	576	589	505	549	471
<p>NOTE 1.--Rates in this item apply only when point of origin is an established depot. When point of origin is other than an established depot, add the additional rates provided in Item No. 60 to the rates provided in this item. The sum of these rates shall be the rate applicable for a single shipment from point of origin to point of destination.</p> <p>NOTE 2.--If charges accruing under rates in this item, applied on shipments from, to, or between points intermediate between the Los Angeles and San Francisco Territories via routes shown in Item No. 500 are lower than charges accruing under the distance rates in Items Nos. 400 and 405, on the same shipment, such lower charges will apply. Rates in this item applied to intermediate points under these provisions apply at all points located within a distance of one actual highway mile on either side of the authorized route and at all points located within incorporated cities through which the highway route passes.</p> <p>NOTE 3.--Column A rates apply to shipments of articles which have LTL class rating of 175 or higher in the Governing Classification. (See Notes 5, 6 and 7)</p> <p>NOTE 4.--Column B rates apply to shipments of articles which have LTL class rating of less than 175 in the Governing Classification. (See Notes 5, 6 and 7)</p> <p>NOTE 5.--When there are two or more ratings (sub-numbers) under individual items describing articles of furniture in the Governing Classification, the highest rating shall apply. (See Note 7)</p> <p>NOTE 6.--The LTL class ratings applicable under Notes 3, 4 and 5 above are not subject to the provisions of Items (Rules) 423 and 687 of the Governing Classification.</p>						6410

ΔNOTE 7.—The provisions of Notes 3, 4 and 5 do not apply to items describing articles of furniture in the Governing Classification for which the applicable rate column is specifically set forth in Item No. 155 of this tariff.

∅ Change	}	Decision No. <b>75203</b>
Δ Change, neither increase nor reduction		
◇ Increase		

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