ORIGINAL

Decision No. \_ 80723

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation into)
the rates, rules, regulations, charges,)
allowance and practices of all common }
carriers and highway 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 2).

AND RELATED MATTER.

Case No. 5432
Petition For Modification
No. 656
(Filed June 11, 1971;
Amended December 22, 1971)

Case No. 7783
Petition For Modification
No. 43
(Filed June 11, 1971;
Amended December 22, 1971)

Milton W. Flack, Attorney at Law, for Highway Carriers
Association, petitioner.
A. D. Pce, Attorney at Law, J. C. Kaspar and H. F.

A. D. Pce, Attorney at Law, J. C. Kaspar and H. F. Kollmyer, for California Trucking Association;

John K. Grissom, for J-G Carrier Service Consulting Company; Keith E. Miller, for Miller Traffic Service; Wayne Gardner, for Lumber Association of Southern California; interested parties.

Ralph J. Staunton and George L. Hunt, for the Commission staff.

# OPINION AND ORDER

This proceeding was heard January 20 and 21, 1972 before Examiner Abernathy and July 12, 1972 before Examiner Thompson at Los Angeles.

Highway Carriers Association seeks revision of the minimum rates for the transportation of lumber within a 150 mile radius of downtown los Angeles. It proposes that an additional rate scale subject to a minimum weight of 10,000 pounds be established, that the amount of "free-time" for loading and unloading be reduced and that the hourly rates in Minimum Rate Tariff 15 be made inapplicable to the transportation of lumber in Southern California.

Petitioner presented evidence showing that there are movements of shipments of lumber weighing 10,000 pounds or more, but less than 20,000 pounds, within a 150 mile radius of downtown Los Angeles (hereinafter called southern territory). Such traffic is not transported by for-hire carriers but moves in proprietary carriage. It is petitioner's information and belief that such traffic is not tendered to for-hire carriers because of a peculiarity in the rate structure whereby the lowest charge for transportation within metropolitan Los Angeles of shipments of lumber weighing as little as between 2,300 and 6,300 pounds is reflected in a billing showing charges as if the shipment weighed 20,000 pounds. It is petitioner's belief that the establishment of rates for a minimum weight of 10,000 pounds will permit the for-hire carriers to capture some of the traffic that presently moves in proprietary carriage.

Petitioner proposes the establishment of rates subject to a minimum weight of 10,000 pounds which are at levels of about 150 percent of the existing 20,000 pound rates. The scale was developed with the view of reducing the effect of the break-back of the 20,000 pounds rates to about 15,000 pounds rather than from cost considerations. Petitioner believes that such scale of rates will be compensatory. Reliable data concerning the cost of performing transportation by for-hire carriers under the proposed rates was not available to petitioner because the traffic does not move by highway carrier. A consultant engaged by petitioner was permitted to extract some data concerning proprietary operations by a dealer-From such data he calculated that for the operations conducted, the average cost per mile was \$0.44519 and that the revenue that would have been provided at the proposed rates averaged \$0.45610 per mile. As an estimate of the cost of transporting lumber by highway cerriers for the purpose of establishing minimum rates the analysis presented leaves much to be desired; however, the circumstances confronting petitioner and the consultant in the preparation of a cost study also left much to be desired.

Petitioner does not propose any changes in the existing scales of rates for minimum weights of 20,000 pounds, 40,000 pounds and 48,000 pounds. It does propose the establishment of provided weights for those rate scales as well as the proposed 10,000 pound rates. The proposed provided weights for various species of lumber are those recognized and utilized by the lumber industry in Southern California.

It is also proposed to reduce the free-time for the loading or unloading of equipment to one-half hour for shipments rated at minimum weights of 10,000 pounds and 20,000 pounds and time in excess thereof to be charged at the rate of \$2.25 per quarter-hour; and for shipments rated at minimum weights of 40,000 pounds the free-time for loading or unloading be one hour with time in excess thereof charged at the rate of \$3.00 per quarter-hour or fraction thereof. This proposal would result in an increase in rates, however, the evidence discloses that the free-time provided is adequate for the loading and unloading of lumber in the southern area and that any charges for time in excess thereof would be the result of delays caused by the consignor or consignee prior to actual commencement of loading or unloading. The amount of revenue which would be derived by carriers under the proposed change would be insignificant.

The managing director of petitioner testified that the lumber carriers meeting to consider the proposal of establishing minimum rates subject to a minimum weight of 10,000 pounds desired that the hourly rates maintained in Minimum Rate Tariff 15 be made inapplicable to the transportation of lumber in the southern territory. He said that the carriers are of the opinion that improperly applied hourly rates may be utilized by carriers to secure business. He stated that he has no personal knowledge that such was being done in connection with the transportation of lumber in southern territory; however, he does have knowledge in connection with other transportation

that hourly rates, improperly applied, have been used as a device to avoid the minimum rates and that hourly rates are exceedingly difficult to enforce because of the difficulty of detecting falsification of time shown on freight bills.

California Trucking Association and the Commission staff do not oppose the granting of the petition. Much of their cross-examination of petitioner's witnesses dealt with existing imperfections in the rules for application of the minimum rates. California Trucking Association referred to the evidence presented by petitioner regarding cost of performing the service and esked the Commission, if it established the rates as prayed for, to set forth the reasoning or basis for such action.

Cost is a factor to be considered in the establishment of reasonable minimum rates; however, it is not the only rate making factor to be considered nor is it necessarily always the dominant factor in rate making. The fixing of transportation rates is not an exact science nor is it merely an exercise in mathematics. The "ideal" rate is one which will generate that amount of traffic which will produce the lowest cost to the shipper and the greatest earnings to the carrier. The evidence here discloses that the present class rates for the transportation of lumber in southern territory have not generated any 10,000 pound traffic to highway carriers. In other words they exceed the value of the service and therefore from a rate making standpoint are unreasonably high. The fact that the lumber commodity rates for minimum weights of 20,000 pounds break back to shipment weights of between 2,300 pounds and 6,300 pounds is also evidence that the class rates are unreasonably high for shipments of less than 10,000 pounds. That much having been established, the question is what can be done about it. Unit costs of transportation are related to factors such as use fector of equipment, which in turn depends in large degree upon the volume of movement. Under circumstances such as presented here where no traffic moves by for-hire carriers and the purpose is to establish s rate which will generate some traffic, the amount of which cannot

be foreseen, the reliability and accuracy of any estimates of costs by for-hire carriers of performing the service is somewhat conjectural. To establish a rate predicated entirely upon cost considerations in such circumstances would be an exercise in futility. The record contains evidence that the carriers that transport lumber are of the opinion that the proposed rates will generate some traffic and will increase their earnings. The testimony of a representative of an association of dealers in lumber in southern territory is that dealers favor the establishment of the proposed rates and will probably be inclined to utilize for-hire carriers for shipments in the 10,000 pounds category either to supplement their own Vehicles or in place of their own vehicles. We also take notice that in connection with the class rates set forth in Minimum Rate Tariff 2, which were established following consideration of comprehensive cost studies, that for a distance of 20 constructive miles the relationship of the Class 55 rate for 10,000 pounds (62¢) to the Class 55 rate for 20,000 pounds (40¢) is 155 percent. The relationship of the proposed lumber rate for 10,000 pounds (344) to the lumber rate for 20,000 pounds (224) for 20 constructive miles is 155 percent. The relationships between rates for other distances are also the same or similar. Such circumstance provides a reasonable inference that the relationships between the proposed 10,000 pounds lumber rates and the existing 20,000 pound lumber rates follows the same pattern as the relationships between the costs of transporting 10,000 pounds of general commodities and the costs of transporting 20,000 pounds of general commodities.

The principal consideration here is that the present class rates do not generate lumber traffic to highway carriers. It is desirable that highway carriers be afforded opportunity to participate in such traffic as long as such participation does not result in the dissipation of the earnings of the carriers and thereby burden other traffic. The relationships of rates mentioned hereinabove, and the analysis presented by the consultant engaged by

petitioner, are sufficient to show that the transportation at the proposed rates of such traffic that may be generated by the establishment of said rates will be adequate to offset out-of-pocket costs, make some contribution to fixed costs and possibly, depending upon the amount of traffic generated, provide a profit to the carriers. In any event the transportion of lumber at the proposed rates will not burden other traffic.

Petitioner stated at the hearings that it is its intention that the proposed rates be subject to the interim surcharges prescribed in Decision No. 79483 and effective January 1, 1972. On July 11, 1972, by Decision No. 80235, definitive rates were substituted for said interim surcharges and the lumber rates for the southern area were increased to reflect labor costs as of July 1, 1972. The proposed rates will be adjusted to correspond with the adjustments prescribed by Decision No. 80235 in the lumber rates for the southern area.

We find that:

- 1. Minimum rates for the transportation of lumber in southern territory are prescribed in Minimum Rate Tariff 2. Commodity rates subject to minimum weights of 20,000 pounds or more are set forth in Item 710 thereof, and for shipments of lesser weights, Class 55 and Class 50 rates are provided in Section 2 of said tariff.
- 2. For distances not exceeding 50 miles, and more particularly within the metropolitan Los Angeles area, lumber moves by highway carriers at the commodity rates set forth in Item 710 or moves in proprietary carriage.
- 3. The proposed commodity rates adjusted to reflect rate levels prescribed in Decision No. 80235 for the transportation of lumber subject to a minimum weight of 10,000 pounds will generate to highway carriers lumber traffic that presently moves in proprietary carriage, and the transportation of said traffic by highway carriers at the proposed rates will not dissipate the revenues of said carriers and burden other traffic.

C. 5432 Pet. 656, C. 7783 Pet. 43 1mm 4. One-half hour is a reasonable and adequate time within which to perform the services of loading or unloading of shipments of lumber in southern territory moving under commodity rates subject to minimum weights of 10,000 pounds or 20,000 pounds; and one hour is a reasonable and adequate time within which to perform the services of loading or unloading of shipments of lumber in southern territory moving under commodity rates subject to minimum weights of 40,000 pounds and 48,000 pounds. 5. Lumber presently is not transported by highway carriers in southern territory at hourly rates established in Minimum Rate Tariff 15. To the extent that they may be available for application to the transportation of lumber by highway carriers in southern territory, said hourly rates provide an alternative to the commodity rates established herein which, if improperly applied, could result in impairment of the ability of the commodity rates to generate lumber traffic in southern territory. 6. The establishment of the proposed 10,000 pound rates adjusted to reflect Decision No. 80235 rate levels will result in a reduction in minimum rates; to the extent that petitioner's proposal for delays to equipment, also adjusted to reflect Decision 80235 rate levels, reduces the amount of free time for loading or unloading of equipment said proposal is technically an increase in rates; however, the rule is in the nature of a penalty provision aimed at preventing delays caused by consignor or consignee rather than producing revenue and the adoption of petitioner's proposal will not increase the rate level nor increase revenues. 7. The rates and rules proposed by petitioner are, and for the future will be, the just, reasonable and nondiscriminatory minimum rates for the transportation of lumber by highway carriers in southern territory. 8. To the extent that said adjustments in minimum rates may result in increases, said increases are justified-

C. 5432 Pet. 656, C. 7783 Pet. 43 1mm We conclude that petitioner's proposals, adjusted to reflect rate levels prescribed in Decision No. 80235, should be adopted and that Minimum Rate Tariff 2 and Minimum Rate Tariff 15 should be amended accordingly. In order to avoid duplication in tariff distribution the amendment to Minimum Rate Tariff 15 will be prescribed in a separate order. ORDER IT IS ORDERED that: 1. Minimum Rate Tariff 2 (Appendix D of Decision No. 31606, as amended) is further amended by incorporating therein, to become effective December 23, 1972, the tariff pages attached hereto and listed in Appendix A, which pages and appendix by this reference are made a part hereof. 2. Common carriers subject to the Public Utilities Act, to the extent that they are subject also to Decision No. 31606, as amended, are hereby directed to establish in their tariffs the

- increases necessary to conform with the further adjustments ordered herein.
- 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 such tariff publications shall be made effective not later than December 23, 1972; and 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.

C. 5432 Pet. 656, C. 7783 Pet. 43 lmm

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.

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

San Francisco Dated at , California, this 1972.

ommissioners

C. 5432 (Pet. 656) MRT 2 C. 7783 (Pet. 43) MRT 15

# APPENDIX A

# LIST OF ORIGINAL AND REVISED PAGES TO MINIMUM RATE TARIFF 2

THIRTEENTH REVISED PAGE 19-A
ORIGINAL PAGE 19-AA
FIFTH REVISED PAGE 51-BB
ORIGINAL PAGE 51-BBB
TWENTY-FIRST REVISED PAGE 51-DD

(END OF APPENDIX A LIST)

# SECTION 1--RULES OF GENERAL APPLICATION (Continued)

TTEM.

141

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#### FAILURE TO ACCOMPLISH DELIVERY (Applies only in connection with Items 129, 176, 177 and 179)

Except as otherwise provided in the Dangerous Articles Tariff, if the carrier, through no fault of its own, is unable to effect delivery of any shipment within 48 hours (excluding Saturdays, Sundays and holidays) after the first 7:00 a.m. following initial attempt of delivery, the shipment will be placed in storage and notice will he sent or given to consignor or consignee. Thereafter the shipment will be stored at carrier's terminal subject to the rates and charges set forth below or, at carrier's option, may be placed in a public warehouse at public storage rates.

For each of the first five days, 5½ cents per 100 pounds.

For the sixth and each succeeding day, 7% cents per 100 pounds.

Minimum storage charge per shipment on freight held beyond 48 hours, 5 days or less-73 cents; 6 days or more-112 cents.

In computing time, any fractional part of 24 hours will be counted as one day.

In computing charges, any fractional part of 100 pounds will be computed as 100 pounds.

Shipments unloaded from vehicle and reloaded on vehicle for subsequent delivery will be subject to a charge of \$3.15 per ton in addition to all other charges set forth herein.

During period in which component part is held in storage carrier's liability for loss or damage will be that of a warehouseman. Subsequent delivery from point of storage will be charged for as a new shipment.

#### DELAKS TO EQUIPMENT

Subject to the Exceptions below, whenever the elapsed time between commencement and completion of the loading or unloading of shipments subject to minimum weights of 10,000 pounds or more exceeds 8 minutes per ton (based on the weight on which transportation charges are computed), additional charges for delay time in excess of 8 minutes per ton shall be assessed as provided in Item 145. The charge provided in Item 145 (b) for unit of equipment shall apply only when the accessorial or incidental service requires its use or when the unit of equipment is inactivated by reason of its driver or helper being engaged in such service. The provisions of the item shall not apply in connection with the placement of units of equipment under agreement with the shipper or consignee for loading by the shipper or unloading by the consignee, when such agreement is recorded on the shipping document.

By unit of equipment is meant a motor truck, trailer or semitrailer, exclusive of motor tractors.

The provisions of this item shall also apply in connection with:

- (a) Component parts of shipments transported under the provisions of Items 160-163 and 170-173, when the component part picked up or delivered weighs 10,000 pounds or more. In such instances, the charges assessed shall be based on the actual weight of the component part loaded or unloaded.
  - (b) Shipments transported under the provisions of Items 200, 210, 220 and 230.

FXCEPTIONS .-

Does not apply on shipments of Whole Grain, in bags, subject to minimum weights of 10,000 pounds or more. (See Item 143) \*Does not apply on shipments of Plywood described in List B or commodities described in List C of Item 685, which are subject to the provisions of Item 710. (See Item 144)

& Change Decision No. \* Addition )

EFFECTIVE

issued by the public utilities commission of the state of california, SAN FRANCISCO, CALIFORNIA.

# SECTION 1--RULES OF GENERAL APPLICATION (Continued)

TTEM

#### DELAYS TO EQUIPMENT ON LUMBER

Shipments of Plywood as described in List B or commodities described in List C of Item 685, which are subject to the rates in Item 710 will be assessed the following charges from the time carriers' equipment arrives for loading or unloading to completion of loading or unloading.

(a) Shipments subject to minimum weights of 10,000 or 20,000 pounds.

### Charges in Cents

-144

For First 30 Minutes For Each Additional 15 Minutes or Fraction

295

No Charge

Shipments subject to minimum weights of 40,000 or **(b)** 48,000 pounds.

#### Charges in Cents

For First 60 Minutes For Each Additional 15 Minutes or Fraction

No Charge

330

\* Addition. Decision No.

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SECTION 3COMMODITY RATES (Continued)	,
CHARGES FOR WEIGHING SHIPMENTS	• • • • • • • • • • • • • • • • • • •
The initial weighing of shipments of commodities described in performed by the carrier and at carrier's expense. For reweighin, the carrier shall assess a charge of not less than 145 cents.	n Item 685 may be g such shipments,
PROVIDED WEIGHTS	
Provided weights contained in this item shall be used in lie- weights in connection with the following transportation of Lumber	u of actual gross and Forest Products:
<ol> <li>Shipments rated under the provisions of Items 690 and 70 from point of origin to point of destination, computed i method provided in the Distance Table, does not exceed 5 (See Note); and</li> </ol>	n accordance with the
volume to the state of the sta	
	Pounds
Lumber, seasoned, viz.: cedar, cottonwood, fir, hemlock, pine, redwood and spruce, per 1,000 feet board measure	2500
Lumber, dry, machine finished, viz.: flooring, rustic, siding, ceiling, shiplap, per 1,000 feet board measure	2200
Shakes, sawed or split, 2,500 will be considered the equivalent of 1,000 feet board measure	Apply the provided weight applicable to the type of lumber used.
Shingles (cedar) dry, per 1,000	150
Shingles (cedar) green, per 1,000	210
	Apply the provided weight applicable to
Shingles (pine or redwood), 8,000 will be considered the equivalent of 1,000 feet board measure	the type of lumber used.

of Change ) > Decision No.

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## SECTION 3--COMMODITY RATES (Continued)

TTEM

**\***681

#### PROVIDED WEIGHTS

(Applies on shipments rated under the provisions of Item 710)

Provided weights contained in this item shall be used in lieu of actual gross weights in connection with the transportation of the Lumber and Forest Products specified herein.

	Pounds (Per 1000 Bd. Ft.)
Lumber, Green or unseasoned (Note 1)	
Douglas Fir. Fir and Hemlock. (S4S)	2500
Douglas Fir, Fir and Hemlock, Rough	3300
Redwood, S4S	2500
Redwood, rough	3300
Lumber, Dry, Viz: Cedar, Cottonwood, Fir, Hemlock, Pine or Spruce, (Note 2), S4S	2000
Lumber, Dry, Viz: Cedar, Cottonwood, Fir, Hemlock, Pine or Spruce, (Note 2), Rough	2500

Plywood, not finished beyond sanding.

Thickness	· · · · · · · · · · · · · · · · · · ·	*	•	(Per 1000 Sq. Ft.)
1/4"		,		790
5/26"				950
3/8*		•	•	1125
1./2**				1525
5/8-	a e		٠.	1825
3/4"				2225
1"		•	٠,	3000
1 1/8"				3350

Note 1 .- Lumber having a moisture content more than 19 percent.

Note 2.--"Dry" lumber is defined as lumber which has been seasoned or kiln dried to a moisture content of 19 percent or less.

\* Addition, Decision No.

80723

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SAN FRANCISCO; CALIFORNIA.

Correction

TWENTIETH REVISED PAGE......51-DD

#### SECTION 3--COMMODITY RATES (Continued) In Cents Per 100 Pounds

ITEM

LUMBER AND FOREST PRODUCTS. as described in and subject to the provisions of Item 685.

#### TERRITORIAL APPLICATION

Rates named in this item apply between points of origin and destination, all of which are located within 150 constructive miles of Metropolitan Zone 229 computed in accordance with the method provided in the Distance Table.

	•		R	ates	,	
<u>MTLES</u>		MINIMON WEIGHT				İ
Over	But Not Over	*10,000 Pounds	20,000 Pounds	40,000 Pounds	(1) (**) (3)48,000 Pounds	
0 3 5 10 15	3 5 10 15 20	20½ 24 28 33 37	13½ 15½ 17½ 21 24	10 12 134 154 175	9 % 11 13 144 16	
20 25 30 35 40	25 30 35 40 45	42 46 50 54 58	28 31 34 37 40	184 20 214 224 244	175 185 20 215 225	<b>€73.</b> 0
45 50 60 70 80	50 60 70 80 90	69 (4)	44 (4)	27½ 31 34 37 41	24 27½ 29½ 32 35	
90 100 110 120 130	100 110 120 130 140			42 43 44 47 48	37 40 42 43 45	
140 150	150			49 (5)	47 (5)	

<sup>(1)</sup> The minimum weight applies to each unit of equipment in which shipment is transported.

ø Change ◆ Addition \*\* Eliminated )

Decision No.

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ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA." SAN FRANCISCO, CALIFORNIA.

Will not apply on Poles or Piling as described in Item 685. Over 50 miles, Class 55 rates apply. Over 150 miles, rates in this item do not apply. Apply rates in Item 690. (3) (4) (5)