

ORIGINAL

Decision No. 83658

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 and highway  
carriers relating to the transpor-  
tation 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).

And Related Matter.

Case No. 5432  
Petition for Modification  
No. 759

(Filed June 20, 1973)

Case No. 7783  
Petition for Modification  
No. 76

(Filed June 20, 1973)

Calhoun E. Jacobsen and Lawrence A. McKay, for Metropolitan Orange County Shippers Group, petitioner.  
Clyde R. Hoagland, for Redway Truck & Warehouse Co.; and David C. Williams for Williams Transportation Company, Inc.; respondents.  
Richard W. Smith, Attorney at Law, and Herbert Hughes, for California Trucking Association; Robert F. Brambley, for Kwikset Division of Emhart Corporation; R. C. Fels, for Furniture Manufacturers Association of California; William A. Watkins and J. M. Cunningham, for Bethlehem Steel Corporation; Lawrence E. Girard, for Arnold Engineering Co.; E. D. Watt, for Mazda Motors of America, Inc.; and Ralph J. Staunton, for the County of Los Angeles; interested parties.  
Leonard Diamond, for the Commission staff.

## O P I N I O N

These petitions involve requests of Metropolitan Orange County Shippers Group<sup>1/</sup> to extend the geographic scope of certain minimum freight rates currently applicable to transportation of general commodities within portions of Los Angeles and Orange Counties (a 58-zone Metropolitan Los Angeles Area), to include an additional portion of Orange County.

Public hearing was held on December 18, 1973 before Examiner Norman Haley. The matter was submitted by letter dated January 21, 1974 from the examiner to the appearances.

### Introduction

The sought freight rates are certain small shipment rates in Minimum Rate Tariff 2 (MRT 2) and hourly vehicle unit rates in Minimum Rate Tariff 15 (MRT 15). These rates now apply within the area of Metropolitan Zones (Zones) 201 through 258 described in Distance Table 7 (DT 7). Petitioner seeks to have the rates also apply within the area of Zones 259 through 262 which encompass the remaining area of Orange County that is zoned in DT 7.<sup>2/</sup>

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<sup>1/</sup> An association of nine manufacturing corporations listed in Appendix A of the petitions.

<sup>2/</sup> More specifically, the proposals would extend application of the following tariff provisions from the area of Zones 201 through 258 to Zones 201 through 262: MRT 2, Items 179-1, 179-2, and 530, Column B (pool shipments); MRT 2, Item 270-3 (territorial description of Metropolitan Los Angeles Area); MRT 2, Item 530, Column A (charges on shipments weighing less than 1,000 pounds); MRT 2, Item 550 (class rates, minimum weight 1,000 pounds); MRT 15, Item 52 (application of rates); MRT 15, Item 60 (description of Rate Basis E); and MRT 15, Section 4-A (hourly vehicle unit rates - Metropolitan Los Angeles Area). The proposal would not include geographic extension of commodity rates in Section 3.5 of MRT 2 which currently are limited to movements within and between specific zones in the Metropolitan Los Angeles Area.

The sought geographic extension of the MRT 2 rates involved would result (1) in the initial establishment of minimum rates in Zones 259 through 262 for intracity transportation (MRT 2 does not apply to intracity transportation outside of Zones 201 through 258); (2) establishment of certain rates for pool shipments from, to, and within Zones 259 through 262; and (3) reductions for intercity transportation of small shipments within the four zones and between those zones and Zones 201 through 258 (rates on shipments between 500 and 3,500 pounds within the 58-zone area are generally lower than those applicable from, to, or between points outside). The geographic extension of the hourly rates in MRT 15 would result in the establishment of hourly rates within the four zones and between those zones and Zones 201 through 258. Hourly rates in Minimum Rate Tariff 5 (MRT 5) formerly applied in all of Los Angeles and Orange counties. Application of hourly rates was restricted to Zones 201 through 258 in 1971 by decisions which canceled MRT 5 and established the new rates in the 58-zone area.<sup>3/</sup>

The petitions state that in the initial phases of Case No. 6322<sup>4/</sup> the industrial communities now contained in Zones 259

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<sup>3/</sup> The decisions in Case No. 6322, et al, which established the 58 metropolitan zones, the rates which apply within them, and canceled MRT 5, were Decisions Nos. 69533 (1965) 64 CPUC 633; 70682 (1966) 65 CPUC 533; 78264 (1971); and 78271 (1971).

<sup>4/</sup> The 58 zones essentially were the same as the first 58 of 62 zones established earlier to govern statewide constructive mileage determinations in Distance Table No. 5 from and to points in the Los Angeles-Orange County area. Distance Table No. 5 was established by Decisions Nos. 64802 (1963) 60 CPUC 453; 65308 (1963) 60 CPUC 825; and 66288 (1963). The distance table, including Zones 201 through 262, was made applicable to statewide mileage rates in MRT 2 by Decision No. 67531 (1964) 63 CPUC 124. At that time, however, rates in Zones 201 through 258 were different in a number of respects from those now in effect. The small shipment rates, which petitioner seeks to have extended to Zones 259 through 262, had not been established.

through 262 were largely nonexistent; that in 1971 and 1972 the area of Zones 259 through 262 transformed from one having little development to one containing substantial industrial and commercial development; and that further development continues.<sup>5/</sup> It is asserted that all 62 zones now constitute a single economic community; that the orderly growth and competitive opportunities of shippers and receivers located in Zones 259 through 262 require that the rates and rules provided for the 58-zone area be extended to cover Zones 259 through 262; and that the sought rate changes will eliminate substantial discrepancies in rates and charges for transportation of like shipments for the same distances within and between the two areas involved, and will restore the use of hourly rates. The petitions allege that if the sought rate changes are approved they will not increase or reduce any carrier's gross revenues by more than one percent, and that the requested changes are in the interest of both carriers and shippers.

Petitioner presented evidence through the director of sales and marketing for the Irvine Industrial Complex (IIC), through representatives of two highway carriers who provide local service in the Los Angeles-Orange County area, and through representatives of six shippers who have, or soon will have, manufacturing and/or distributing facilities in the area of

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<sup>5/</sup> Zones 259 through 262 now encompass portions of the cities of Anaheim, Brea, Fullerton, Irvine, Orange, Placentia, Tustin, Villa Park, and Yorba Linda, as well as certain unincorporated areas. Portions of these cities (other than Placentia and Yorba Linda) are located in adjacent Orange County zones where the sought rates now apply. There have been a number of annexations by the cities within Zones 259 through 262 in recent years. Two of the cities were relatively recently formed. Irvine was incorporated December 28, 1971 and Yorba Linda was incorporated November 2, 1967.

Zones 259 through 262.<sup>6/</sup> Representatives of California Trucking Association (CTA), California Manufacturers Association (CMA), and the staff assisted in the development of the record through cross-examination. CMA supported the petitions. CTA moved orally that before deciding the issues presented in the petitions the Commission must have before it certain cost data which it requests be developed by staff. CTA contends that without those data the Commission cannot bring the four zones into the Metropolitan Los Angeles Area. Petitioner and the staff opposed the CTA motion.<sup>7/</sup> The positions of the parties are discussed further below.

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Witnesses

Richard M. Cannon  
Howard Abeling  
Richard Swoy  
  
\*Sol Lidsky  
Wayne Kanagy  
Edward Watt  
Lawrence McKay  
Jim Hutton  
Robert F. Brambley

Affiliations

Irvine Industrial Complex  
Brake Delivery Service  
Interamerican Star Truck &  
Warehouse Co.  
Charles Pfiser, Inc.  
McGraw Laboratories  
Mazda Motors of America, Inc.  
Warner-Lambert Company  
Carter-Wallace, Inc.  
Kwikset Division of Emhart Corp.,  
and CMA.

\*Chairman of Metropolitan Orange County Shippers Group,  
petitioner.

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CTA was authorized to reduce its motion to writing, which motion was filed on January 2, 1974. Petitioner filed a reply on January 11. The staff filed its reply on January 15. The letter dated January 21, 1974 from the examiner to appearances, submitting the proceedings (referred to above), also denied CTA's motion of January 2. On January 25 CTA filed a second motion to set aside submission and appealing to the Commission the examiner's denial of its previous motion. On February 7 petitioner replied to the second CTA motion, urging that it be denied.

The Evidence

Exhibit 1, introduced by the director of sales and marketing of IIC, is a map of a 4,000-acre industrial tract of IIC located, in part, adjacent to and otherwise near the Orange County Airport. It shows that a portion of the boundary separating the present 58-zone Metropolitan Los Angeles Area and Zones 259 through 262 extends southeasterly along Red Hill Avenue to MacArthur Boulevard, southerly to Main Street (Lane Road), easterly to Jamboree Boulevard, and southwesterly along Jamboree Boulevard. This boundary divides this portion of IIC so that the main part of the complex is now subject to the Metropolitan Los Angeles Area rates, but approximately 15 percent located mostly in Zone 260 is not (northerly of Main Street and easterly of Red Hill Avenue). The witness traced the growth of the tract since 1964, both in acres and industrial development. He explained that industries first located in that portion of the tract, which is within the 58-zone area, but subsequently development also took place in the area of Zones 259 through 262. The director of sales and marketing explained that although IIC has only limited space remaining for development of warehouses in that part of the complex within the 58-zone area, it has ample space in Zones 259 and 260. He stated, however, that prospective industrial firms have resisted locating within that part of IIC which is within Zone 260, and there have been instances where IIC has lost the opportunity to sell land or lease buildings because of the freight rate disadvantages in Zone 260. He said that freight rate advantages from locating within the 58-zone area have been publicized by competing agencies in that area. Exhibit 2 is an example of such advertising by Newport Circle Industrial Park. The witness stated that although vehicular traffic has increased on all highways in the area during the five years he has been with IIC, he was not aware of mountainous

areas, congested highways, or weight limited roads in the area of Zones 259 through 262 which would interrupt or slow truck traffic.

The two carrier witnesses testified that their companies service plants in the IIC regularly and are willing to handle traffic from and to Zones 259 through 262 at the same rates and rules as are applicable within the 58-zone area. It is the position of the carrier witnesses that there are no unusual or different operating conditions with respect to freight traffic which originates in or is destined to points within Zones 259 through 262 which would require higher charges for equivalent distances than in connection with traffic moving within the 58 zones. One of the carrier witnesses stated that the opening of the Newport Freeway and San Diego Freeway has improved considerably the accessibility to Zones 259 through 262. The testimony of the carrier witnesses discloses that there are a substantial number of shipments of chemicals, acids, drugs, toilet preparations and cosmetics moving out of Zones 260 and 262 which average around 1,000 pounds. Shipments from the four zones are picked up and transported along with other shipments to terminals in the Metropolitan Los Angeles Area from which deliveries are made.

The witness from Charles Pfiser, Inc., stated that the Metropolitan Orange County Shippers Group was formed by shippers early in 1973. It was his position that Red Hill Avenue and other boundaries separating Zones 259 through 262 from the other 58 zones are not reasonable boundaries for freight rate purposes. He asserted that the same rates should apply from Zones 259 through 262 as apply currently within Zones 201 through 258 and which will apply in that area in the future. He said that Rocky Mountain Motor Tariff Bureau transcontinental rates were formerly higher for the Irvine area than for adjacent communities such as Anaheim, but were equalized in 1973.

In 1973 Charles Pfiser, Inc., shipped approximately 10,800,000 pounds of drugs, chemicals, cosmetics, and toiletries by for-hire carriers from Zone 260 to points in Los Angeles and Orange counties. It competes daily with shippers located in the 58-zone area. Shipments range in size from packages to truck-loads. Most shipments are transported locally in private trucks. In 1973 the company shipped 1.3 million pounds in shipments weighing between 1,000 and 5,000 pounds to points in the 58-zone area. Of these shipments 143,000 pounds were by for-hire carriers. This shipper also sends a substantial quantity of parcels by United Parcel Service.

Exhibit 3 introduced by the witness from Charles Pfiser, Inc., compares Class 100 charges on shipments of 500, 1,000, 2,500, and 5,000 pounds between Long Beach, Buena Park, and Vernon, on the one hand, and other points in the 58-zone area, and also Zone 260 (Irvine). The comparisons show that for shipments up to 2,500 pounds for distances up to 47 miles charges within the 58-zone area are below all charges from and to Zone 260 for distances up to 36 miles.<sup>8/</sup> At 5,000 pounds the charges from and to Zone 260 are the same or nearly the same as those from and to the same points within the 58-zone area.

Exhibit 4 introduced by the same witness shows the number of general commodity carriers (revenue of \$200,000 or over) domiciled in each zone in the 62-zone area. The data utilized were obtained from Data Bank reports. In general, it shows that the greatest numbers of carriers (by mailing address) are concentrated in the central Los Angeles portion of the 58-zone area,

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<sup>8/</sup> The witness also compared charges on 13 shipments made by his company to the 58-zone area during one week at class rates and found that under Item 500 of MRT 2 (statewide mileage class rates) the charges were \$691.86. Under Items 530 and 550 the charges would have been \$555.07, or a difference of \$136.79.



in the Long Beach area, and southeasterly from the central Los Angeles area to Zone 246 (Anaheim-Fullerton area).

The witness from McGraw Laboratories stated that his company's plant is moving to Zone 260 late this year. This company ships approximately 1 million pounds a month to points in the Los Angeles-Orange County area. Its products are intravenous solutions used in hospitals and related commodities. The average shipment weight is 2,500 pounds. Approximately 70 percent of the shipments are carried by five private trucks with the remaining 30 percent moving by for-hire carriers. This company has at least three competitors in the 58-zone area. The witness stated that more private trucks will be added after the plant move because of the higher MRT 2 rates from Zone 260 and because hourly rates are not available. He said that greater use would be made of common carriers if the petitions are granted.

Mazda Motors of America, Inc., distributes auto parts in shipments which average 215 pounds. The witness from this company stated that his company is relocating in the IIC this year. He explained that Exhibit 1 shows that the parcel of land to be occupied is bisected by the boundary between Zones 258 and 260 (Lane Road). The witness stated, however, that Lane Road has been abandoned. He was apprehensive that some rate disadvantage may occur with respect to shippers in the 58-zone area since Lane Road is still used in DT 7 to describe a portion of the common boundary between the two zones.

Warner-Lambert Company has been located in Zone 262 since 1968. This company ships drugs, toilet preparations, razors, razor blades, chewing gum, and cough drops. It competes with other major manufacturers of these products that have distribution facilities in Los Angeles and Orange counties.

The witness from Warner-Lambert Company stated that the firm ships an estimated 23 million pounds annually to points in the two counties. Approximately 7 million pounds are in shipments weighing between 1,000 and 5,000 pounds. Two-thirds of these are shipped at rates in MRT 2. The remaining one-third are transported at yearly vehicle unit rates in MRT 15. The company would consider using hourly rates in MRT 15 if they were available. The firm estimates that cost savings would accrue to it under the proposals in the petitions.

Carter-Wallace, Inc., has been located in Zone 260 for over three years. It ships annually about 7 million pounds of drugs, medicines, toilet preparations, and shaving cream to points in the Los Angeles area. Approximately half of the shipments weigh between 1,000 and 5,000 pounds. Sixty-three percent move under MRT 2 with the balance under yearly rates in MRT 15. Carter-Wallace, Inc., competes with firms in the 58-zone area. The witness from this firm stated that if the hourly rates in MRT 15 were available they would be used extensively.

The representative of CMA testified that on November 1, 1973 its Transportation and Distribution Committee unanimously supported the petitions to include Zones 259 through 262 in the Metropolitan Los Angeles Area description in Item 270-3 of MRT 2. He said that the committee considered that the rate proposals would encompass new cities and extended city limits that did not exist at the time rates in the 58-zone area were established, and also that the petitions would eliminate unreasonable rate discrimination. The witness stated that on behalf of CMA he had supported inclusion of IIC and the city of Irvine<sup>9/</sup> in Rocky Mountain Motor Tariff Bureau rates applicable at Santa Ana (RMTB Docket 20-5069).

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<sup>9/</sup> This witness stated that the city of Irvine is approximately 50 square miles in area and now is the largest city by area in Orange County.

The representative of CMA stated that he has been a member of the Transportation Committee of the Orange County Chamber of Commerce for over 10 years and has been familiar with IIC during that time. He said that in 1964 the IIC development was primarily in Zone 259 and that Zone 260 was not under development. He said there was no particular reason to include Zone 260 in the original decision as part of the Metropolitan Los Angeles Area. The witness characterized the area at that time, which now is northerly of MacArthur Boulevard and easterly of the Newport Freeway up to the junction of the Orange Freeway and the Pomona Freeway, as agricultural or oil reserves with no industrial development whatsoever. The witness concurred in the testimony of the witness from IIC concerning the recent industrial growth in the IIC.

Position of CTA

CTA stated that the trucking industry recognizes there has been very substantial industrial development in the area in question. It maintains the view that any time an arbitrary line is placed on a map for purposes of application of rates that disparities exist, and that where there is a dynamic economy and industrial development of the nature involved here that the disparities will multiply. The carrier association is apprehensive that if the petitions to remove rate disparities are granted without new cost studies that a precedent could be set whereby certain unzoned areas in Orange County and in western San Bernardino County also might petition successfully for inclusion in the Metropolitan Los Angeles Area. CTA contends that it is up to the Commission staff to develop the cost data; that CTA does not have the burden of putting cost evidence into the record; and that it does not desire to assume that burden.

CTA asserts that the cost study which provides the bases for the present rates in the 58-zone area was limited to that area, and the rates were based upon averages of costs in that area. In its motion filed January 25, 1974 (referred to in footnote 7 above), CTA states that petitioner has failed to present anything to show (1) that the rates which it proposes reflect the cost and value data relevant to performance of the involved service by the most efficient type or class of carrier, or (2) that the currently applicable rates do not give due consideration to such cost and value data. CTA contends there is no lawful basis for the Commission to find on this record that the rates which now apply from and to Zones 259 through 262 are not the lowest lawful minimum rates. CTA concludes that the record leaves the Commission with but two options: (1) to direct the staff to prepare and present cost information CTA considers necessary<sup>10/</sup> or (2) to dismiss the petitions for failure of petitioner to provide cost and value data which assertedly the Commission must consider when it establishes minimum rates.

Position of Petitioner

In its replies to CTA petitioner asserts that the present rate differences are clearly discriminatory. Petitioner explains that its members are merely casting their lot with the Metropolitan Los Angeles Area and desire to be considered competitors in that area. It states that Red Hill Avenue and Main

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<sup>10/</sup> CTA requests the following cost information:

1. The cost of serving zones adjacent to Zones 259, 260, 261, and 262;
2. The manner in which the cost of serving zones adjacent to Zones 259, 260, 261, and 262 is weighted in developing the average cost used to establish the Metropolitan Los Angeles Area rates sought by petitioner to be made applicable to Zones 259 through 262; and
3. The current cost of serving Zones 259 through 262 (or if current cost is not available, the latest available cost).

Street in the city of Irvine were boundaries found reasonable at a time past when community development had not experienced much growth, and that those boundaries were not fixed by consideration of costs from or to points inside or outside of the boundary. Petitioner argues that nothing in the CTA motions warrants the conclusion that costs of transportation to or from points or places on one side of the city of Irvine, for example, exceed costs on the other side. It alleges that the CTA cost request is piecemeal in nature and would not be in phase with cost data underlying rates in the remainder of the Metropolitan Los Angeles Area. Petitioner contends that the CTA proposal would single it out for separate and different treatment, and that the request is not acceptable or equitable to petitioner or to any of the parties concerned.

Petitioner contends that any available cost data produced with respect to the four subject zones and immediately neighboring zones, as sought by CTA, would not reflect a reasonable present relationship to costs in the remainder of the 58-zone area; would produce incongruent cost bases for the same community; and would result in unreasonably related minimum rates. Petitioner states that the 58-zone area was the area most recently subjected to a general commodity cost study (Case No. 6322, Exhibit 86 (1970) and Exhibit 117 (1971)). Petitioner asserts that if new costs are developed from and to Zones 259 through 262, they should be developed for the entire 62-zone area; that such a study also should include adjacent points outside the 62-zone area to assure appropriate graduation of rates into the statewide system; but that as valuable as such studies eventually may be, it cannot put off its request to secure the related rates which are sought until a lengthy study is produced.

Petitioner contends that the charges in Item 530 of MRT 2 (column A) were developed from an expansion of minimum charges in Item 150 which apply statewide for distances up to 150 constructive miles. The 1,000-pound class rate scale (Item 550) is based on constructive mileage so that the rates increase as the lengths of haul increase. Petitioner alleges that distances now involved in performing transportation within the 58-zone area are directly comparable to distances between points within the 58-zone area, on the one hand, and Zones 259 through 262, on the other hand. Petitioner contends that new cost development is not necessary as a basis for extending the present Los Angeles-Orange County rates in MRT 2 to Zones 259 through 262. Petitioner asserts that there is nothing in the CTA motion to support the need for cost and value data as a precedent for restoring hourly rates once available to all Orange County shippers and receivers, but which were eliminated with the cancellation of MRT 5.

Position of Staff

In its reply to CTA the staff alleges that the record contains adequate evidence to support the granting of the petitions, including testimony of highway carriers willing to serve the area of Zones 259 through 262 at the rates petitioner seeks. The staff asserts there is no evidence to support denial of the petitions or the need for the additional data requested by CTA. The staff alleges that the addition of the four zones to the Metropolitan Los Angeles Area would have a minimal effect on the total costs of performing transportation within that area. The staff offered the following citation from Decision No. 80723 (1972) in support of its allegation that a cost study is not necessary as a basis for approving the petitions:

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"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."

#### Discussion

The parties are in agreement and the record is clear that since the 58-zone area in Los Angeles and Orange counties was selected as the basis for studies which led to cancellation of MRT 5 and establishment of certain new and revised rates in the 58-zone area there have been substantial industrial, commercial, and related developments in adjacent Orange County Zones 259 through 262. Two cities were recently incorporated and several others have annexed land in the four-zone area. Portions of the boundary of the Metropolitan Los Angeles Area now bisect important industrial and commercial areas in Orange County. The boundary also bisects the city of Irvine.

Manufacturers in the four-zone area (or who are about to move there from the 58-zone area) currently ship substantial quantities of freight to the 58-zone area in shipments ranging from individual packages to truckloads. They are in direct competition with shippers of the same commodities located in the 58-zone area who have available lower class rates and charges in Section 2 of MRT 2 for shipments weighing generally between 500 and 3,500 pounds,<sup>11/</sup> as well as hourly rates in Section 4-A of

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<sup>11/</sup> For shipments weighing up to 500 pounds and for those over 3,500 pounds the MRT 2 class rates and charges, both within and beyond the 58-zone area, are either identical or substantially the same for the same lengths of haul.

C. 5432, Pet. 759  
C. 7783, Pet. 76 - SW/NB \*

MRT 15. In order to meet daily competition in the 58-zone area shippers in the four-zone area utilize private trucks and trucks at other than hourly rates in MRT 15. These arrangements assertedly are less satisfactory than having the same rate treatment as shippers in the 58-zone area.

The rates sought by petitioner would eliminate rate disadvantages to shippers in the four-zone area, would provide hourly rates as a more flexible alternative to other time-based rates in MRT 15, and would reduce proprietary trucking to the benefit of for-hire transportation. The minimum rate program must be made responsive to current transportation conditions. Granting of the petitions would solve the problems of rate discrimination complained of by petitioner. This brings us to the one issue in controversy, which is whether the Metropolitan Los Angeles Area rates involved can be extended properly without a new cost study.

The differences that do exist between current and proposed rates occur because the current rates from, to, and within the four-zone area are part of a general statewide class rate structure which reflects transportation conditions throughout much of the State, whereas the rates petitioner seeks reflect transportation conditions in the 58-zone area. The 58-zone area in Los Angeles and Orange counties (approximately 1600 square miles) is immediately adjacent to the four-zone area (approximately 120 square miles). The record shows that transportation conditions relative to highways, freeways, vehicular traffic, and freight traffic within the four-zone area are similar to those in the 58-zone area. Clearly, transportation conditions within the four-zone area and between that area and the 58-zone area would be more closely related to those in the 58-zone area than to transportation conditions for the same distances measured over the broad geographic area of the State.



C. 5432, Pet. 759  
C. 7783, Pet. 76 - SW/NB \*

The rates now applicable within the 58-zone area were supported by full-scale traffic flow, cost, and rate studies conducted relatively recently. The MRT 2 small shipment rates within the 58-zone area reflect operations whereby carriers pick up shipments, bring them to their terminals for segregation, and thereafter make deliveries. The record here shows that shipments picked up in Zones 259 through 262 are transported along with other shipments to terminals in the 58-zone area from which deliveries are made. Many carrier terminals are located in the central, eastern, and southeastern part of the 58-zone area. However, for purposes of distance comparisons under the proposal mileages from a recognized center of the 58-zone area (Zone 235) are reasonably illustrative. Constructive mileages in DT 7 between Zone 235 and Zones 259, 260, 261, and 262 are 39, 36, 35, and 28, respectively. Distances between Zone 235 and 18 other zones within the 58-zone area range from 28 to 41 miles. Shortest distances from Zone 235 to Zones 259, 260, 261, and 262, via the last zones in the 58-zone area passed through, would be increased under the proposal from 2 to 5 constructive miles. The maximum distance within the 58-zone area is 71 constructive miles between Zones 201 and 258. By adding the four zones the maximum distance would be 74 constructive miles between Zones 201 and 259, an increase of three miles. There is nothing in the record to show that cost and value data in Cases Nos. 5432, 6322, and 7783 would be materially affected by the addition of Zones 259 through 262 to the 58-zone Metropolitan Los Angeles Area. We agree with petitioner and the staff that any cost differences resulting from performing transportation within the 62-zone area as contrasted to the 58-zone area would be minimal.

C. 5432, Pet. 759  
C. 7783, Pet. 76 - SW

Since 1935 the Commission has established many new minimum rates and minimum rate structures without the benefit of new cost studies. Many minimum rate structures have been based upon or projected from existing minimum rates and going rates of carriers. Cost and value data are inherent in all freight rates to varying degrees. Recently hourly vehicle unit rates were established in Section 4-B of MRT 15 for the San Francisco Bay Area based on the method utilized in Case No. 6322, Decision No. 78264, in developing hourly rates in Section 4-A for the Metropolitan Los Angeles Area.<sup>12/</sup> We have stated upon numerous occasions that rate making is not an exact science, that there are rate making elements other than cost to be considered, and that cost is not always the dominant factor in rate making.<sup>13/</sup>

The end results of petitioner's proposals are reasonable. We have considered the facts and arguments presented by the parties and conclude that new cost data as sought by CTA in its motion would unduly delay bringing this matter to a conclusion. We also conclude that the sought data are not necessary as a basis for extending the Metropolitan Los Angeles Area rates as sought by petitioner. CTA does not desire to produce cost

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<sup>12/</sup> Decision No. 81656 (1973), writ of review denied by California Supreme Court, SF 23060 (1974).

<sup>13/</sup> In establishing minimum rates we have long held that in addition to the cost of performing the service, value of the facility reasonably necessary to perform the service, and value of the commodity (rate-making elements specified in Section 3562 of the Public Utilities Code), consideration must be given to other factors ordinarily entering into rate making, including value of the service, market competition, what the traffic will bear, and competition from shipper-operated trucks (Decision No. 31606 (1938) 41 CRC 671, 675, 676).

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evidence. Further hearings are not necessary. Cases Nos. 5432 and 7783 are continuing investigations. Should any party at a later date desire to present cost data or other evidence concerning the rates involved they may do so by filing appropriate petitions.

#### Findings

1. Metropolitan Orange County Shippers Group has requested the Commission to add Zones 259 through 262 to the 58 zone Metropolitan Los Angeles Area described in Item 270-3 of MRT 2 and Item 60 of MRT 15.
2. Certain rates in Items 179-1, 179-2, 530, and 550 of MRT 2, and hourly rates in Section 4-1 of MRT 15 are available to manufacturers and distributors located within the 58-zone area, but are not available to manufacturers and distributors located outside of that area.
3. The geographic enlargement of the 58-zone area, as sought, would extend the application of rates identified in Finding 2 to include Zones 259 through 262.
4. Extension of rates in Items 530 and 550 of MRT 2 to include Zones 259 through 262 would result principally in reductions for shipments weighing between 500 and 3,500 pounds. Extension of the other rates referred to in Finding 2 would result variously in increases, reductions, and no change in rates.
5. Since the 58-zone area was selected and traffic flow, cost, and rate studies underlying rates established by Decisions Nos. 69533, 70682, 78264, and 78271 were completed, substantial commercial and industrial development has taken place in adjacent Zones 259 through 262.
6. The boundary between the 58-zone area and the four-zone area now divides important industrial and commercial developments.

C. 5432, Pet. 759  
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7. Manufacturers and distributors now located in the area of Zones 259 through 262 (or who soon will move there from the 58-zone area) ship large quantities of merchandise to the 58-zone area in competition with other manufacturers and distributors located within the 58-zone area. In order to compete effectively in the 58-zone area some shippers in the four-zone area have resorted to proprietary transportation.

8. Many shipments from Zones 259 through 262 are picked up by carriers and transported along with other shipments to terminals in the 58-zone area from which deliveries are made within the 58-zone area.

9. There are carriers willing to transport shipments between Zones 259 through 262 and points in the 58-zone area at the rates sought by petitioner.

10. Extension of the rates sought by petitioner would eliminate rate discrimination against manufacturers and distributors in Zones 259 through 262, thereby placing them on a basis of greater competitive equality in the 58-zone area with manufacturers and distributors located within the 58-zone area.

11. Transportation conditions within Zones 259 through 262 and between those zones and the adjacent 58-zone area relative to distances, freeways, highways, vehicular traffic, and freight traffic are generally similar to and no less favorable than those within the 58-zone area.

12. The rate differences petitioner seeks to eliminate occur because the rates within the 58-zone area are based on relatively recent traffic flow, cost, and rate studies which reflect transportation conditions within that area, whereas the rates from, to, and within Zones 259 through 262 reflect transportation conditions throughout much of the State.

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13. The rates now in effect within the large geographic area of 58 zones in Los Angeles and Orange counties will be more responsive to current transportation needs between points in that area and adjacent Orange County Zones 259 through 262 than the statewide rate scales now in effect.

14. The cost studies sought by CTA would be time-consuming to develop and present, would not reflect transportation conditions and services in all of the 62-zone area or in surrounding areas, and are not necessary for extension of rates to Zones 259 through 262 as sought by petitioner.

15. By Decisions Nos. 78264 and 78472 MRT 5 was canceled. One result was that hourly rates formerly applying in all of Los Angeles and Orange counties were limited to the 58-zone area and published in Section 4-A of MRT 15.

16. The evidence establishes that hourly rates in Section 4-A of MRT 15 should now be extended to include Orange County Zones 259 through 262.

17. The hourly rates in Section 4-A of MRT 15 sought by petitioner would provide a flexible alternative to other time-based rates in MRT 15.

18. The rates in MRT 2 and MRT 15 sought by petitioner would increase for-hire carriage at the expense of proprietary carriage.

19. The intracity application of rates within Zones 259 through 262 has been shown to be justified by transportation conditions.

20. To the extent that minimum rates in Items 179-1, 179-2, 530, and 550 of MRT 2 will be made applicable within Zones 259 through 262 and between those zones and the 58-zone area, they should supersede present provisions of MRT 2 which apply to the same transportation.

21. The procedures of the Commission provided for reasonable opportunity for participation by all interested persons or their representatives. Notice of hearing was sent to a wide list of carriers and shippers and to organizations known to be interested.

22. Inclusion of Zones 259 through 262 in the Metropolitan Los Angeles Area described in Item 270-3 of MRT 2 and Item 60 of MRT 15 will result in just, reasonable, and nondiscriminatory minimum rates.

23. To the extent that rate increases will result from establishment of the sought rates, the increases are justified.

#### Conclusions

1. A need exists for the addition of Zones 259 through 262 to the Metropolitan Los Angeles Area, as described in Item 270-3 of MRT 2 and Item 60 of MRT 15, and the rate changes resulting therefrom.

2. The petitions should be granted and MRT 2 and MRT 15 should be amended as set forth in the following order.

3. Common carriers, to the extent that they are subject to MRT 2 and MRT 15 and to the extent that they transport property within the geographical area involved, should be authorized and directed to establish the rates established in the order herein.

4. Common carriers should be granted relief from the long- and short-haul provisions of the Public Utilities Code to the extent necessary to establish the rates set forth in the order herein.

5. To the extent not granted by the order herein, the petitions should be denied.

6. The motion filed January 25, 1974 by CTA should be denied.

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O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 2 (Appendix D to Decision No. 31606, as amended) is further amended by incorporating therein, to become effective November 29, 1974, Fourth Revised Page 28-A attached hereto and by this reference made a part hereof.

2. Minimum Rate Tariff 15 (Appendix B to Decision No. 65072, as amended) is hereby further amended by incorporating therein, to become effective November 29, 1974, Fourth Revised Page 7 attached hereto and by this reference made a part hereof.

3. Common carriers subject to the Public Utilities Act, to the extent that they are subject also to Decisions Nos. 31606 and 65072, as amended, are directed to establish in their tariffs the increases necessary to conform with the amendments ordered herein.

4. Tariff publications required or authorized 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 fifth day after the effective date of this order, on not less than five days' notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than November 29, 1974; and as to tariff publications which are authorized but not required, the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

5. Common carriers, in establishing and maintaining the rates authorized by this order, are 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

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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.

6. Any provisions currently maintained in common carrier tariffs which are more restrictive than, or which produce charges greater than, those contained in MRT 2 or MRT 15 are authorized to be maintained in connection with the increased rates and charges directed to be established by Ordering Paragraph 3 above.

7. Radial highway common carriers and highway contract carriers heretofore authorized to transport property at lesser rates or charges or under different conditions than those established as minimum by this order are authorized to continue such transportation under the conditions and for the duration of the periods of time specified in the orders granting such authorities.

8. In all other respects, Decisions Nos. 31606 and 65072, as amended, shall remain in full force and effect.

9. To the extent not granted herein, Petition for Modification No. 759 in Case No. 5432 and Petition for Modification No. 76 in Case No. 7783 are denied.



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10. The motion to set aside submission and appeal of examiner's denial of motion of California Trucking Association filed by CTA January 25, 1974 is denied.

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

Dated at San Francisco, California,  
this 29<sup>th</sup> day of OCTOBER, 1974.

Vernon L. Sturgeon  
President  
William Ayres Jr.  
Frank M. [unclear]  
[unclear]  
Robert E. McLeod  
Commissioners

SECTION 1--RULES OF GENERAL APPLICATION (Continued)	ITEM
<p style="text-align: center;">TERRITORIAL DESCRIPTIONS (Continued) (Items 270 through 270-3)</p> <p>2. SAN JOAQUIN VALLEY TERRITORY includes that area embraced by the following boundary: Beginning at the intersection of U.S. Highway No. 99 and the northern boundary of San Joaquin County; thence easterly and southerly along said boundary to its intersection with the Stanislaus County boundary; southerly along the easterly boundary of Stanislaus County to its intersection with the Merced County boundary; southerly along the eastern boundary of Merced County to its intersection with the Madera County boundary; southerly along an imaginary line extending through the unincorporated communities of Friant and Orange Cove to its intersection with State Highway No. 198 at the unincorporated community of Lemon Cove; southerly along said imaginary line to its intersection with State Highway No. 190 at the unincorporated community of Success; southerly along said imaginary line to its intersection with State Highway No. 178, 15 miles east of Bakersfield; southwesterly along said imaginary line to its intersection with U.S. Highway No. 466 and County Road 1.7 miles east of Edison; southerly along said County Road to its intersection with County Road north of Arvin; westerly along said County Road through Weed Patch to its junction with U.S. Highway No. 99; southerly along U.S. Highway No. 99 to its junction with State Highway No. 166; westerly along State Highway No. 166 to its junction with U.S. Highway No. 399 at Maricopa; northwesterly along U.S. Highway No. 399 to Taft; northwesterly along State Highway No. 33 to its intersection with U.S. Highway No. 50, 3.5 miles east of Tracy; westerly along U.S. Highway No. 50 to its intersection with the western boundary of San Joaquin County; northerly and easterly along said boundary to point of beginning.</p> <p>24. SACRAMENTO VALLEY TERRITORY includes that area consisting of the Counties of Butte, Colusa, Glenn, Sacramento, Sutter, Tehama, Yolo, Yuba and that portion of the County of Placer lying west of State Highway No. 49.</p> <p style="text-align: center;">(Continued)</p>	270-2
<p style="text-align: center;">TERRITORIAL DESCRIPTIONS (Concluded) (Items 270 through 270-3)</p> <p>3. SAN FRANCISCO TERRITORY includes that area consisting of the following Metropolitan Zones as set forth in Section 2-A of the Distance Table: 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 124, 125, 126, 127, 128, 129 and 130.</p> <p>4. LOS ANGELES TERRITORY includes that area consisting of the following Metropolitan Zones as set forth in Section 2-A of the Distance Table: 203, 204, 205, 206, 207, 208, 214, 215, 216, 217, 218, 219, 220, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 240, 241, 242, 243, 247, 248, 249, 250, 251 and 252.</p> <p>*5. METROPOLITAN LOS ANGELES AREA includes that area consisting of Metropolitan Zones 201 through 262, as described in Section 2-A of the Distance Table.</p>	270-3
<p>ø Change ) * Addition ) Decision No. <b>83658</b></p>	
EFFECTIVE	
<p style="text-align: center;">ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.</p> <p>Correction</p>	

SECTION 1--RULES (Continued)	ITEM
<p style="text-align: center;">RATE BASIS</p> <p>Rate Basis "A" applies when the base of operations as set forth in the written agreement is located within the Counties of Alameda, Contra Costa, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano or Sonoma.</p> <p>Rate Basis "B" applies when the base of operations as set forth in the written agreement is located within one of the other counties in the State not named in Rate Basis "A".</p> <p>Rate Basis "C" applies when the base of operations as set forth in the written agreement is located within the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland or Piedmont and service is performed wholly within the external boundaries of these cities.</p> <p>Rate Basis "D" applies when the base of operations as set forth in the written agreement is located within:</p> <ul style="list-style-type: none"> <li>(a) The Metropolitan Los Angeles Zone consisting of Los Angeles and Orange Counties and service is performed wholly within the exterior boundaries of these counties; or</li> <li>(b) The San Diego Drayage Area, as defined in Minimum Rate Tariff 9-B, and service is performed wholly within the exterior boundaries of said drayage area.</li> </ul> <p>Rate Basis "E" applies for transportation service performed wholly within the exterior boundaries of the Metropolitan Los Angeles Area, consisting of Metropolitan Zones 201 through 262 as described in Section 2-A of Distance Table 7.</p> <p>Rate Basis "F" applies for transportation service between all points and places in the Counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Napa and that portion of Sonoma County lying between the San Pablo Bay and California State Sign Route 37; also, that portion of Solano County lying south of the Napa-Solano County boundary line, commencing at the western end of Solano County where the Sonoma, Napa and Solano County Boundary lines mutually intersect; easterly along the Napa-Solano County Boundary line to its intersection with Interstate Highway 80; thence southerly along Interstate Highway 80 to Columbus Parkway; thence easterly and southerly along Columbus Parkway to Lake Herman Road; thence easterly along Lake Herman Road to California State Sign Route 21; thence due east along an imaginary line to Suisun Bay; thence due south along an imaginary line to the Solano-Contra Costa County Boundary line in Suisun Bay; thence westerly and along the Solano County boundary line to the point of beginning.</p>	660
<p style="text-align: center;">UNITS OF MEASUREMENT TO BE OBSERVED</p> <p>Rates or accessorial charges shall not be quoted or assessed by carriers based upon a unit of measurement different from that in which the minimum rates and charges in this tariff are stated.</p>	70
<p style="text-align: center;">REFERENCES TO ITEMS AND OTHER TARIFFS</p> <p>Unless otherwise provided, references herein to item numbers in this or other tariffs include references to such numbers with letter suffix, and references to other tariffs include references to amendments and successive issues of such other tariffs.</p>	80
<p>           ☐ Change        )            * Addition    )    Decision No.    <b>83658</b> </p>	
EFFECTIVE	
<p style="text-align: center;">ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.</p> <p>Correction</p>	