

Decision No. 84591**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation into the rates, rules, regulations, charges, allowances and practices of all common carriers, highway carriers and city carriers relating to the transportation of any and all commodities between and within all points and places in the State of California (including, but not limited to, transportation for which rates are provided in Minimum Rate Tariff No. 2).

Case No. 5432
Petition for Modification
No. 771
(Filed October 23, 1973;
amended February 7, 1975)

INTERIM OPINION

In its original petition California Trucking Association requested the Commission to direct its staff to undertake studies of operating costs, economic considerations, and traffic flows peculiar to the transportation of lumber, forest products, wood chips, sawmill refuse, and related products; and following the completion and distribution of the studies to schedule public hearings for the purpose of determining the revisions in the present minimum rates required for the establishment of just, reasonable, and nondiscriminatory minimum rates to be observed by highway carriers engaged in the transportation of those commodities. In that petition it is stated:

"The absence of even reasonably current basic full-scale cost and rate studies relating to lumber and forest products has seriously impaired the ability of for-hire carriers to compete with proprietary transportation in many important market areas. Significant for-hire movements have been diverted to proprietary transportation in recent years. Too, the non-responsive minimum rates have allegedly contributed to increased violations of the Public Utilities Code, notably Sections 3667-3670, but not limited thereto."

In its amended petition California Trucking Association makes reference to the paragraph in its original petition recited above and states that during the intervening 15 months the conditions have generally worsened due, in part, to serious contractions in the economy greatly affecting the forest products industry, including but not limited to serious downturns in private housing starts and in construction generally. It asserts that the circumstances have had serious detrimental effects upon for-hire carriers who have concurrently experienced escalating costs and declining volumes of freight.

Petitioner states that since the timing of any future action by the Commission on the original petition is uncertain, some immediate action is required if the for-hire carriers of lumber are to remain economically viable. It has developed incentive-oriented tariff provisions designed to encourage efficient and economical motor carrier operations and to stimulate additional tonnages through the extension of reduced rates to shippers promoting such efficiencies, and by this amended petition requests the Commission to establish them as minimum rates for the transportation of forest products without hearing for an experimental period. Petitioner admits that the proposed rates are experimental and are untested in practice. It hopes that the lower costs resulting from the provisions designed to encourage efficient and economical motor carrier operations together with the reduced rates will stimulate additional for-hire tonnage and promote more profitable operations generally. Because of the experimental nature of the rates and the unusual circumstances prompting their proposal, petitioner requests that they be scheduled to expire December 31, 1975.

The Commission is, and has been, aware of the adverse economic conditions in the lumber industry. We have asked our staff concerning the status of the studies requested by petitioner and its comments regarding the instant proposal. We are informed that the studies are being conducted on an intermittent basis, being interrupted because of the workload of matters requiring greater priority resulting from, and necessitated by, the recent extraordinary changes in the economy. Because those circumstances have not been alleviated, and prospective changes in those conditions are not immediately apparent, it is unable to state with any reliability when those studies will be completed. The staff concurs with the purposes and program of the amended petition. We are informed that on the basis of the studies thus far made it is the opinion of the staff that the adverse conditions prevailing in the transportation of lumber under the present minimum rates are substantially as stated by petitioner and necessitate immediate remedy in the nature of the proposed reduction in rates. It points out, however, that a proper evaluation of the effect of the proposal will require more time than would be provided by a December 31, 1975 expiration date. It suggests that the experimental rates be scheduled to expire twelve months from the effective date of their establishment.

The Commission has received a large volume of correspondence from carriers and shippers urging the adoption of the experimental rates without delay. In correspondence concerning this petition Fibreboard Corporation asserts that the modifications in the commodity lists governing the minimum rates which are sought in its Petition for Modification No. 845 should be made effective concurrently with the establishment of the reduced rates proposed by California Trucking Association herein. The Commission staff recommends that the consolidation suggested by Fibreboard Corporation not be adopted.

without hearing because the proposal in Petition for Modification No. 845 would materially change the underlying basis of rates on forest products under which lumber and forest products in the initial stage of manufacturing are grouped separately from articles more advanced in the manufacturing process. This grouping gives proper recognition to differences in the value of the commodities and to other ratemaking elements which the Commission is required by law to consider in the establishment or approval of minimum rates.

Petitioner's request that the Commission adopt, without hearing, a schedule of minimum rates that are admittedly experimental and untested is an extraordinary proposal. We are persuaded, however, that the current circumstances under which the amount of traffic in lumber and forest products moving under the established minimum rates has dwindled rapidly, and the Commission's staff being unable to prepare and present studies which would permit the determination of just, reasonable, and nondiscriminatory minimum rates under which traffic would be restored to for-hire carriers, call for extraordinary remedies. It appears to us that petitioner's proposal has many advantages as it maintains relationships in rates among the various commodities thereby diminishing possible discrimination in rates, and the proposed rules governing the application of those rates resemble those governing incentive minimum rates which the Commission has heretofore established on other commodities, which provisions have resulted in lessening carrier costs of operation thereby attracting business.

We are persuaded that the staff's recommendation for a longer experimental period is desirable. There will be a lag between the time that the rates become effective and the time when the traffic will be generated. After traffic has begun to move under

the rates, some time will be required by petitioner to evaluate their result upon the for-hire carriers; moreover, the on-going studies being conducted by the staff, even though they may not be completed, may within a year provide data which will permit a better evaluation of the rates. We are of the opinion that an expiration date of June 30, 1976, which is six months beyond the date suggested by petitioner, is more desirable.

Petitioner is put on notice that on June 17, 1975, in Decision No. 84539, the Commission, in granting increases in certain minimum rate tariffs, announced its intention that the rates established thereby would expire in 150 days and that the Commission would implement "a new regulatory program within the 150-day period which will require the filing of tariffs by all highway permit carriers." In the course of developing the "new regulatory program" we shall consider whether the rates set by this decision shall remain in effect for the duration of the experimental period, or should be canceled, modified, extended, or made permanent.

With respect to Fibreboard Corporation's request that its Petition No. 845 be consolidated with this petition, its petition concerns the relationships of the rates of some articles with the rates of other articles within the minimum rate structure governing the transportation of forest products. A determination of the issues presented by that petition does not require the data contemplated by the staff studies. Public hearing on Petition No. 845 can be scheduled without delay. Fibreboard Corporation's request, which we consider as a motion to consolidate, is denied.

INTERIM 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 July 26, 1975, the revised pages attached hereto and listed in Appendix A, also attached hereto, which pages and appendix are by this reference made a part hereof.

2. The minimum rates contained in the revised pages shall expire June 30, 1976 unless canceled, modified, or extended by order of the Commission.

3. Tariff publications authorized to be made by common carriers as a result of this order 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, 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.

4. Common carriers, in establishing and maintaining the rates authorized by this order, are authorized to depart from the provisions of Section 461.5 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 days after the date hereof.

Dated at San Francisco, California, this 24th day of JUNE, 1975.

*I concur in part
and dissent in part*

Vernon L. Sturgeon
Commissioner

Vernon L. Sturgeon
President

Leonard Roy
Commissioners

APPENDIX A

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 * Change)
 * Addition) Decision No.

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EFFECTIVE

Correction

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

INDEX OF COMMODITIES (Continued)

Only those articles which are named in commodity rate items or in Exceptions to the Governing Classification and Exception Ratings Tariff are shown in the following list.

COMMODITY	ITEM	COMMODITY	ITEM
Limestone, crushed or ground (feed grade)	652-654 $\frac{1}{2}$	Milk, Sterilized	320,335.7,345
Lime, Chlorinated	730-732	Milk Substitutes	335.7,345
Lining (felt or paper), carpet, plain	762,767	Mince Meat	320
Liquid, cigar or cigarette lighter (M)	377.5,723-726	Mineral Mixtures	652-654 $\frac{1}{2}$
Liquors, Malt	360	Mix, Pizza Pie	345
Liquors, Vinous	360	Mixes, basic food sauce, or food dip, dry	360.5
Litter, Poultry (M)	652-654 $\frac{1}{2}$	Mixtures, Mineral	652-654 $\frac{1}{2}$
Loins, fish, frozen	775	Molasses	320-1
Lubricant, Grease Binder	377.5,723-726	Molasses (M)	652-654 $\frac{1}{2}$
Lubricant, metal cutting, drawing or drilling (M)	377.5,723-726	Monoglycerides of Fat-forming Fatty Acids	335.5
Lumber	670-715	Mud or Compounds, well drilling	365
Lye, Concentrated	730-732	Mushrooms	320-1
Macaroni, except canned	360.5	Mustard	360.5
Macaroni (prepared)	320	Mustard, prepared	320-1
Macaroni, dry, and other ingredients	345,360	Nails	760, 764, 765
Malted Milk	360.5	Noodles and Cheese	345
Manholes	334.8	Noodles, except canned	360.5
Margarine	335.5	Noodles, (prepared)	320
Material, roofing, building or paving	761,762,767	Noodles, dry, and other ingredients	345,360.5
Mayonnaise	320-1,335.7	Nut Meats	377
Meal, feather	652-654 $\frac{1}{2}$	Nuts	760, 764, 765
Meat (Animal Feed)	338	Nuts, edible, shelled	350,360.5
Meat, other than fresh	360.5	Oil, Cooking	320-1,335.5
Meat Substitutes	360	Oil, Olive	320-1
Meats, cooked, cured or preserved	320,345	Oil (other than medicinal) (M)	377.5,723-726
Meats, fresh	376	Oil, petroleum medicinal (M)	377.5,723-726
Mechanics' Tools (M)	365	Oil, Salad	320-1,335.5
Milk	335.6,345	Olives	320-1
Milk (condensed, evaporated or sterilized)	320,335.7	Onion Chips	320
Milk Food, other than malted, liquid	320,335.7	Onion, Powdered	320
Milk, Malted	360.5	Outfits, insect destroying (M)	377.5,723-726
Milk, Pasteurized	345	Outfits, Oil, Water or Gas Well	365
Milk, Solids, dry	345		

(M) Denotes articles on which application of rates is limited to mixed shipments.

g Change)
* Addition) Decision No.

84591

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

Correction

SECTION 3--COMMODITY RATES (Continued) In Cents Per 100 Pounds													ITEM
(Rates shown in this item will not apply to transportation between points for which rates are provided in Item 710.)													
LUMBER AND FOREST PRODUCTS as described in and subject to the provisions of Item 685. (Items 690 and 691)													
MILES		RATES											
		MINIMUM WEIGHT											
		LIST A				LIST B				LIST C			
Over	But Not Over	40,000 ¢(E) A (4)B	(1) (2) (3) 50,000 ¢(E) A (4)B	(1) (2) (3) 50,000 ¢(E) A (4)B	40,000 ¢(E) A (4)B	(1) (2) 50,000 ¢(E) A (4)B	(1) (2) 50,000 ¢(E) A (4)B	40,000 ¢(E) A (4)B	(1) (2) 50,000 ¢(E) A (4)B	40,000 ¢(E) A (4)B	(1) (2) 50,000 ¢(E) A (4)B	(1) (2) 50,000 ¢(E) A (4)B	(1) (2) 50,000 ¢(E) A (4)B
0	3	13½	10	11½	8½	13	9	11	8	11½	8	10	7
3	5	15½	11	13	9	15½	10	13	8½	14	9	12	8
5	10	18	13	15½	11	17½	12½	14	10½	17	11	13½	10
10	15	21	15	17	12	19½	14	16	11½	18	13	15½	11
15	20	24	17	18½	13½	22½	16	18	13	21	15	17½	12
20	25	26	18	22½	16	24½	17½	21	15	24	17	20	14
25	30	29	20	24½	17	27	19	23	16	26	18	22½	15
30	35	31	22	26	18	29	20½	24½	17	28	20	24	16
35	40	33	23	28	20	31	22	26	19	31	21	25½	18
40	45	36	25	29½	21	33	24	29	20	32	23	27	19
45	50	40	28	33	23	36	26	31	22	35	25	29½	21
50	60	42	31	35	26	40	30	33	25	37	28	31	23
60	70	45	34	36	27	42	31	35	26	40	30	33	24
70	80	48	36	37	28	45	34	36	27	42	31	35	26
80	90	49	37	42	30	46	35	37	28	45	34	36	27
90	100	52	39	43	32	49	37	40	30	48	36	37	28
100	110	53	40	46	35	52	39	42	32	49	37	40	30
110	120	56	42	48	36	53	40	46	34	52	39	43	32
120	130	61	46	51	38	56	42	48	36	54	41	46	35
130	140	64	50	54	41	59	47	49	39	56	44	48	38
140	150	66	52	56	44	61	49	52	41	59	47	49	39
150	160	70	54	58	46	64	50	54	43	61	49	52	41
160	170	71	57	59	47	67	53	58	45	64	50	54	43
170	180	74	59	61	48	71	57	59	47	66	53	56	45
180	190	76	61	62	50	74	59	61	49	70	56	58	47
(1) The minimum weight applies to each unit of equipment in which the shipment is transported.													
(2) Subject to the provisions of Item 682 (Weighmaster's Certificate).													
(3) Does not apply on Poles or Piling as described in Item 685. Other provisions applicable.													
(4) Rates named in this column are subject to provisions of Item 715.													
(Continued in Item 691)													
¢(E) Expires with June 30, 1976.													
¢ Change) ¢ Increase) Decision No. 84591 ¢ Reduction)													
EFFECTIVE													
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.													
Correction													

SECTION 3--COMMODITY RATES (Continued) In Cents Per 100 Pounds													ITEM
(Rates shown in this item will not apply to transportation between points for which rates are provided in Item 710.)													
LUMBER AND FOREST PRODUCTS as described in and subject to the provisions of Item 685. (Items 690 and 691)													
MILES		RATES											
		MINIMUM WEIGHT											
		LIST A				LIST B				LIST C			
		40,000 Pounds ø(E) A (5)B		(1) (2) (3) 50,000 Pounds ø(E) A (5)B		40,000 Pounds ø(E) A (5)B		(1) (2) 50,000 Pounds ø(E) A (5)B		40,000 Pounds ø(E) A (5)B		(1) (2) 50,000 Pounds ø(E) A (5)B	
Over	But Not Over												
190	200	78	64	64	52	77	61	62	50	71	58	59	49
200	220	83	66	68	55	82	65	67	53	76	61	64	52
220	240	85	70	71	58	84	68	70	57	81	65	67	56
240	260	86	74	74	63	86	73	71	60	83	69	68	57
260	280	93	78	79	66	92	77	76	64	85	73	71	60
280	300	96	82	82	70	94	81	79	67	88	76	74	64
300	325	99	86	84	73	98	85	82	71	93	81	79	69
325	350	101	88	85	74	100	87	84	73	96	84	82	71
350	375	107	93	88	77	107	93	86	75	99	86	83	72
375	400	113	99	93	81	108	94	91	79	101	88	85	75
400	425	117	102	95	83	113	99	92	80	102	89	86	76
425	450	120	105	99	86	116	101	95	83	107	93	91	79
450	475	124	108	101	88	117	102	96	84	113	99	92	80
475	500	129	113	104	91	119	104	99	86	115	100	93	81
500	525	134	117	110	96	122	107	101	88	117	102	96	84
525	550	135	118	115	100	125	109	102	89	119	104	99	86
550	575	137	120	116	101	129	113	107	93	122	107	101	88
575	600	141	123	118	103	134	119	113	99	125	109	104	91
600	650	146	128	122	107	137	120	118	103	134	117	113	99
650	700	158	138	132	115	149	130	124	108	141	123	118	103
700	750	167	146	137	120	156	137	132	115	149	130	122	107
750	800	175	153	145	127	167	146	137	120	156	137	132	115
800	-	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
(1) The minimum weight applies to each unit of equipment in which the shipment is transported.													
(2) Subject to the provisions of Item 682 (Weighmaster's Certificate).													
(3) Does not apply on Poles or Piling as described in Item 685. Other provisions applicable.													
(4) Add to the rate for 800 miles, 5½ cents per 100 pounds for each 50 miles or fraction thereof in excess of 800 miles.													
(5) Rates named in this column are subject to provisions of Item 715.													
ø(E) Expires with June 30, 1976.													
ø Change) ø Increase) Decision No. 84591 ø Reduction)													
EFFECTIVE													
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.													
Correction													

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.								
MILES		RATES						
		MINIMUM WEIGHT						
Over	But Not Over	10,000 Pounds	20,000 Pounds	40,000 Pounds		(1) (2) 48,000 Pounds		8710
				A	(5) B (E) ♂	A	(5) B (E) ♂	
0	3	26½	17½	13½	10	13	9	
3	5	31	20	16	11	14½	10	
5	10	36	23	17½	12	17	12	
10	15	44	27	20	14	18½	13	
15	20	49	31	23	16	21	15	
20	25	54	36	24½	17	23	16	
25	30	60	40	26	18	24½	17	
30	35	64	45	28	20	26	18	
35	40	70	49	29½	21	28	20	
40	45	76	52	31½	22	29½	21	
45	50	80	58	35	25	31	22	
50	60	(3)	(3)	40	28	35	25	
60	70			45	32	37	26	
70	80			49	34	42	30	
80	90			53	37	46	33	
90	100			54	38	49	34	
100	110			56	39	52	37	
110	120			58	41	54	38	
120	130			61	43	56	39	
130	140			62	44	59	41	
140	150			64	45	61	43	
150	-			(4)	(4)	(4)	(4)	
(1) The minimum weight applies to each unit of equipment in which shipment is transported.								
(2) Will not apply on Poles or Piling as Described in Item 685.								
(3) Over 50 miles, Class 55 rates apply.								
(4) Over 150 miles, rates in this item do not apply. Apply rates in Item 690.								
(5) Rates named in this column are subject to provisions of Item 715.								
♂ (E) Expires with June 30, 1976.								
♂ Change) ♂ Increase) Decision No. 84591 ♂ Reduction)								
EFFECTIVE								
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.								
Correction								

SECTION 3--COMMODITY RATES (Continued)	ITEM
<p style="text-align: center;">LUMBER INCENTIVE PROVISIONS</p> <p>(Applies only in connection with rates making specific reference hereto.)</p> <p>Rates making reference hereto apply only when all provisions of the following notes are met.</p> <p>Note 1.--The provisions of Item 430 of the Governing Classification and the following provisions of this tariff may not be applied:</p> <p style="padding-left: 40px;">Item 85 - Multiple Lot Shipments Item 160-163 - Split Pickup Item 170-173 - Split Delivery Item 174-175 - Stringing Service Item 181-1 and 182 - Collect on Delivery (C.O.D.) Item 188 - Multiple Service Shipment</p> <p>Note 2.--Each shipment must be loaded by the consignor and unloaded by the consignee with power or mechanical equipment. Power or mechanical equipment, which is an integral part of the carrier's equipment, may be used to load and/or unload without liability to the carrier; but the use of such equipment is restricted to that work performed by a single carrier employee (driver) within or on the carrier's equipment.</p> <p>Note 3.--An allowance of one hour for loading and one hour for unloading shall be made for each unit of carrier's equipment used. Excess loading or unloading time shall be charged for at rates named in Item 145 of this tariff.</p> <p>Note 4.--The rates provided by this item apply only when, prior to the time of initial pickup, the shipper notifies the carrier of the trailer length or unit of equipment required to transport the shipment.</p> <p>Note 5.--The rates provided by this item may not be used in combination with any other rates.</p>	(E) *00 715
<p>◊(E) This item expires with June 30, 1976.</p> <p>◊ Addition) ◊ Increase) Decision No. 84591 ◊ Reduction)</p>	
EFFECTIVE	
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.	

Correction