

ORIGINAL

Decision No. 89143 JUL 25 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
 for the purpose of considering and
 determining minimum rates for the
 transportation of any and all
 commodities statewide including,
 but not limited, to those rates which
 are provided in Minimum Rate Tariff 2
 and the revisions and reissues
 thereof.

Case No. 5432
 Petition for Modification
 No. 900
 (Filed June 7, 1976;
 amended June 7, 1977)

(See Appendix A for list of appearances.)

O P I N I O N

Traffic Managers Conference of California (TMCC) requests an increase in the present rate deduction for shipments brought to or picked up from carrier terminals as provided for in Item 110 of Minimum Rate Tariff 2 (MRT 2). The deduction is 5 cents per 100 pounds less than the rate otherwise applicable on shipments picked up at a shipper's place of business or delivered to a consignee's place of business. The deduction is doubled for shipments both delivered and picked up at a carrier's terminal. The deduction is not applicable to rates based upon a minimum weight of 10,000 pounds or more and is restricted in that the net transportation charge shall be no less than 15 cents. Appendix B is a copy of the present item. The item and the 5-cent deduction were originally established by Decision No. 31606 dated December 27, 1938 (41 CRC 671).

Hearings before Administrative Law Judge Albert C. Porter were held on June 8, 1977 in Los Angeles and in San Francisco on December 13, 1977 and March 23, 1978 when the matter was submitted.

TMCC and the California Trucking Association (CTA) presented evidence at the hearings, TMCC in support of and CTA against the proposal.

TMCC's Presentation

The first of three witnesses for TMCC was the traffic manager for a producer of cleaning and washing compounds with plants in San Jose and City of Industry. His company has its own truck fleet but does use public carriers for some of its transportation. The current allowance does not make it economical to take shipments to a carrier terminal even though it might be on a route used for his proprietary operation and there is space available on his vehicle. He contended that a common carrier could eliminate some pickups and deliveries and terminal handlings if the shipper were to deliver or pick up at the carrier's dock thereby saving carrier expenses. He stated that there is also the possibility that common carriers could increase their business by handling shipments that shippers otherwise would have handled with their own equipment. The second witness represented a company which manufactures fiberboard products and operates 57 proprietary trucks. He testified that his trucks could economically deliver and pick up shipments at common carrier terminals since many times they are in the vicinity of the terminals anyway. He claimed this could save fuel and time for the public carriers. The third witness testified that his company has two subsidiaries which operate small fleets of proprietary trucks in the Los Angeles area and they would make extensive use of the allowance if it were increased. His

company would cooperate with common carriers in working out any operational problems such as congestion at the carrier docks. It is his belief that a shipper would probably use fewer different carriers once the shipper found out which carriers were willing to participate in carrier/shipper savings generated by mutually advantageous operating arrangements.

CTA's Presentation

CTA called two witnesses, a cost expert and a rate expert. The cost expert claimed that if the allowance is increased carrier costs for pickup and delivery and dock platform handling will increase. For pickup and delivery this would come about because carriers would be making fewer stops on their pickup and delivery routes thereby raising the unit cost per stop. In the case of dock handling, he testified that all shipments picked up or delivered by a shipper would have to be handled over the platform; whereas, now, many shipments are not handled over the platform by carriers. Dock handling comes about in the following way. A carrier sends a small truck on a predetermined route to pick up various size shipments from various customers. These are brought back to the carrier's terminal where they are sorted and put into large line haul trucks. The line haul truck takes the shipments to a second carrier terminal where they are again sorted and put into small trucks for delivery to various consignees. In practice as the size of the shipment increases, its likelihood of being handled over the terminal platform at one or both ends of the trip is reduced. For example, studies show that for shipments weighing less than 1,000 pounds, 90 percent are handled across the platform; and for shipments weighing 5,000 pounds, only 47 percent go across the platform. Of course, the reason for this is that larger shipments have a greater possibility of being handled from origin to destination in only one or two trucks. However, all shipments delivered or picked up by a shipper or receiver will have to be unloaded onto the carrier's dock and loaded into the carrier's equipment.

CTA's rate expert maintained that any use of the allowance would decrease the managerial discretion of carriers by creating an influence beyond their control. A common carrier could not refuse a shipment brought to its dock. There would be loss and damage claim problems with shipments handled jointly by shippers and carriers. Carrier dock congestion problems could arise since carrier operations are geared to their own pickup and delivery operation with their own equipment and personnel. There would be a duplication of truck miles should shippers take their shipments to carrier docks because carrier pickup and delivery trucks would probably make the same routes they do now. The rate expert recommended that the Commission staff (staff) should make a study on the usage a raised allowance might generate and the possible savings to carriers so that the allowance could be set at a proper amount.

Under cross-examination neither of CTA's witnesses would draw a conclusion as to what effect an increased allowance would have on total carrier costs.

Discussion

All parties agree that there is practically no usage of the present 5-cent dock allowance; one could expect this since it was established in 1939 and has remained unchanged since then. Shipper interests plead that they would use an allowance which could save them shipping costs and the carriers maintain that at best, an increased allowance would lower their revenues; and at worst, costs would be

higher and revenues lower. No current study is available to tell us what the carriers might save if they did not have to pick up and/or deliver shipments. In an attempt to get the parties to agree on a test of the effects of an increased incentive so that some of the unknowns in this equation could be evaluated, the hearing officer asked for suggestions from the parties for such a test. None were forthcoming. Each party stuck to its position; the staff and TMCC agreeing that a study should be made but only after establishment of an allowance high enough to generate some usage, and CTA maintaining that the staff should make the study first and base any allowance on the results.

As all parties know, the Commission is looking for proposals to make for-hire truck transportation in this state more responsive to shipper needs. TMCC has responded with a proposal to update a provision that was first recognized as worthwhile back in the infancy of Commission truck regulation. The record shows that the minimum allowance necessary to generate some usage of the item, thereby providing the staff positive results to study, would be 40 cents per 100 pounds. We will adopt the 40 cents for a trial period of 18 months. In so doing, we point out that this will result in a minimum rate in MRT 2 which need not be applied by permit carriers operating under such rates, and the publishing of the item by common carriers subject to such minimum rates is optional (for they are free to publish a lesser dock allowance in their individual tariffs).

The staff is directed to make plans for and commence a study of the results of this order six months after it has been in effect and to be ready to present results of the study nine months from then. (Fifteen months from the effective date of the item.) Interested shippers and carriers are invited to participate in the study.

Findings

1. MRT-2 names minimum rates, rules, and regulations for the transportation of general freight within the State of California.

2. With certain limitations Item 110 of MRT 2 provides for rates 5 cents per 100 pounds less than those otherwise applicable when point of origin or destination is a carrier's established depot.

3. The present 5-cent allowance has not been increased since it was established by Decision No. 31606, supra.

4. TMCC proposes that the 5-cent allowance in Item 110 be increased to 50 cents.

5. The deduction named in Item 110 should be increased to 40 cents per 100 pounds for a test period of 18 months so that appropriate Commission staff studies may be conducted upon which a recommendation can be based for a permanent allowance, and the minimum net transportation rate should be increased to 120 cents.

6. The minimum rates and charges authorized by this decision are justified, reasonable, and nondiscriminatory minimum rates and charges.

7. There is no need to keep open Petition 900 in this case. At the appropriate time the Commission staff can prepare an order setting hearing so that the staff study and any other evidence can be considered.

We conclude that MRT 2 should be amended as provided in the following order. In order to implement these charges in Item 110 as expeditiously as possible, the following order should be effective ten days from the date of signature.

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 nineteen days after the date hereof, Fourth Revised Page 18-A, attached hereto and by this reference 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 authorized to establish in their tariffs the amendment necessary to conform with the further adjustment ordered by this decision.

3. Tariff publications authorized to be made by common carriers as a result of this order may be made effective not earlier than nineteen days after the date hereof and may be made effective on not less than five 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 page 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.

5. In all other respects Decision No. 31606, as amended, shall remain in full force and effect.

6. To the extent not granted herein, Petition 900, as amended, in Case No. 5432 is denied and dismissed.

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

Dated at San Francisco, California, this 25th day of JULY, 1978.

Robert Botz
President
William Synovis
Vernon L. Sturgeon
Charles R. Howell
Clare J. Leitch
Commissioners

APPENDIX A

LIST OF APPEARANCES

Petitioner: Calhoun E. Jacobson, for Traffic Managers Conference of California.

Interested Parties: Gerald A. Wesson, for Container Corporation of America; Ernest J. Leach, for Economics Laboratory, Inc.; R. C. Fels, for California Furniture Manufacturers Association; Richard W. Smith, Attorney at Law, and H. W. Hughes, for California Trucking Association; Ralph J. Staunton, for Purchasing & Stores Dept.; R. A. Dand, for Norris Industries; Austin G. Mc Donald, for Lever Brothers Company; Carl F. Grover, for U. S. Gypsum Co.; Leon R. Peikin, for RCA Corporation; Joseph MacDonald, for California Motor Express; John McSweeney, for Delta Lines; George R. Eaton, for Dart Transportation; Harmon Overmire, for Chemical Systems Division of United Technologies; Don E. Littlefield, for American Forest Products Corporation; and Brundage, Beeson & Pappy by Robert E. Jesinger, for California Teamsters Public Affairs Council & Western Conference of Teamsters.

Commission Staff: Steven Weissman, Attorney at Law, and Robert Walker.

SECTION 1--RULES OF GENERAL APPLICATION (Continued)

ITEM

APPLICATION OF RATES--DEDUCTIONS

A(a) Rates provided in this tariff are for the transportation of shipments, from point of origin to point of destination, subject to Items 120, 140, 142 and 143.

(b) Subject to Notes 1, 2, 3 and 4 hereof, when point of origin or point of destination is carrier's established depot, rates shall be 5 cents per 100 pounds (or 5 cents per shipment when shipment weighs less than 100 pounds) less than those specifically named herein. When both point of origin and point of destination are carrier's established depots, rates shall be 10 cents per 100 pounds (or 10 cents per shipment when shipment weighs less than 100 pounds) less than those named herein. In no case shall the net transportation rate be less than 15 cents per 100 pounds when applying the provisions of this paragraph.

NOTE 1.--No deduction from rates specifically named herein shall be made under this rule from rates based upon a minimum weight of 10,000 pounds or more, nor from small shipment charges provided by Item 149, nor from minimum charges provided by Item 150.

NOTE 2.--No deduction from rates specifically named herein shall be made under this rule on shipments transported for persons, companies or corporations upon whose premises depots from or to which transportation is performed are located.

NOTE 3.--When the commodity upon which charges are to be computed is rated as a percentage or multiple of Class 50.1 or higher, deductions under this rule shall be made from the resulting rate.

NOTE 4.--Deductions under this rule on split pickup or split delivery shipments shall be made only on the weight of the component parts having point of origin or point of destination, or both (as the case may be), at the carrier's established depots.

D110

A Change, neither increase nor reduction, Decision No. 77929

EFFECTIVE DECEMBER 26, 1970

SECTION 1--RULES OF GENERAL APPLICATION (Continued)	ITEM
<p style="text-align: center;">APPLICATION OF RATES--DEDUCTIONS</p> <p>(a) Rates provided in this tariff are for the transportation of shipments, from point of origin to point of destination, subject to Items 120, 140, 142 and 143.</p> <p>§(b) Subject to Notes 1, 2, 3, and 4 hereof, when a point of origin or point of destination is carrier's established depot, rates shall be 640 cents per 100 pounds (or 640 cents per shipment when shipment weighs less than 100 pounds) less than those specifically named herein. When both point of origin and point of destination are carrier's established depots, rates shall be 680 cents per 100 pounds (or 680 cents per shipment when shipment weighs less than 100 pounds) less than those named herein. In no case shall the net transportation rate be less than 6120 cents per 100 pounds when applying the provision of this paragraph.</p> <p>§NOTE 1.--No deduction from rates specifically named herein shall be made under this rule from rates based upon a stated minimum weight of more than 10,000 pounds. Small shipment charges provided by Item 149, and minimum charges provided by Item 150 shall be entitled to deductions named in paragraph (b) but not less than 40 cents per component part when point of origin or point of destination is carrier's established depot or 80 cents per component part when point of origin and point of destination are carrier's established depots.</p> <p>NOTE 2.--No deduction from rates specifically named herein shall be made under this rule on shipments transported for persons, companies or corporations upon whose premises depots from or to which transportation is performed are located.</p> <p>NOTE 3.--When the commodity upon which charges are to be computed is rated as a percentage or multiple of Class 50.1 or higher, deductions under this rule shall be made from the resulting rate.</p> <p>NOTE 4.--Deductions under this rule on split pickup or split delivery shipments shall be made only on the weight of the component parts having point of origin or point of destination, or both (as the case may be), at the carrier's established depots.</p> <p>*NOTE 5.--Deductions named in paragraph (b) shall not apply to articles transported under truckload or volume ratings named in the governing classification, Exception Ratings Tariff No. 1, or under truckload or volume commodity rates named in this tariff.</p>	6110
<p> § Change) * Addition) § Increase) Decision No. § Reduction) </p>	89143
EFFECTIVE	
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.	

Correction