

ORIGINAL

Decision No. 90663 AUG 14 1979

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)
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 or)
reissues thereof.)
_____)

Case No. 5432
Petitions for Modification
Nos. 884, 951, 966
Order Setting Hearing 957

Case No. 5439
Petitions for Modification
Nos. 270, 307, 312
Order Setting Hearing 310

Case No. 5441
Petitions for Modification
Nos. 356, 388, 394
Order Setting Hearing 392

Case No. 5603
Order Setting Hearing 208

Case No. 7783
Order Setting Hearing 156

And Related Matters.)
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(See Appendix A for appearances.)

OPINION AND ORDER

This proceeding is one in a series of related proceedings collectively referred to as the Commission's reregulation program. This program consists of several separate investigations, most initiated after the dismissal of Case 9963 to consider appropriate revisions to various aspects of trucking regulation including: entry into the business (Case 10278), the practice of subhauling

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(also Case 10278), collective ratemaking and antitrust considerations (Case 10368), and Commission-established minimum rates. (Case 5432, Pet. 884, et al.; Case 5433, OSH 67, et al.; Case 5437, OSH 292, et al.; Case 5436, OSH 244, et al., Case 5330, OSH 100; Case 5440, OSH 103; Case 5604, OSH 59; and Case 8808, OSH 42.)

This proceeding, Case 5432, Pet. 884, et al., involves 14 consolidated matters all concerned with minimum rate regulation of intrastate general freight transportation. The central issue is whether the Commission should eliminate, in whole or in part, the present system of minimum rate tariffs governing general freight^{1/} and establish in lieu thereof a more competitive system by which individual carriers may set their own rates and initiate, on their own, changes in rate levels. The matters consolidated herein arose from petitions filed by the California Manufacturers Association (CMA), the California Trucking Association (CTA), the Drug and Toilet Preparations Traffic Conference and the National Small Shipments Traffic Conference (Conferences). Orders Setting Hearing issued on the Commission's own motion to consider minimum rate regulation of general freight transportation were consolidated with these related petitions for hearing.

Fifty-eight days of hearings were held before Administrative Law Judge Albert C. Porter from January 1, 1977 through May 3, 1978. Two hundred fourteen parties filed appearances,

^{1/} The minimum rate tariffs at issue are: MRT 1-B containing rates for the transportation of general commodities within the metropolitan Oakland area; MRT 19 covering transportation of general commodities within San Francisco; MRT 2 applicable to general freight transportation statewide; MRT 9-B covering the metropolitan San Diego area; MRT 11-A applicable to transportation of uncrated new furniture; and MRT 15 which contains hourly, weekly, monthly, and yearly vehicle unit rates.

93 witnesses testified^{2/} and 103 exhibits were received in evidence. Following post hearing motions by the parties, the matter was submitted on briefs filed March 30, 1979.

Shortly after the submission of this proceeding, we issued Decision No. 90354, in Case 5436, OSH 244, et al., our first decision in the series of reregulation cases involving review of Commission-set minimum rates. Although Case 5436, OSH 244, et al., was initiated for the limited purpose of considering minimum rate regulation of tank truck transportation, both the evidence presented in the public hearings and our subsequent analysis in Decision No. 90354 considered minimum rate regulation in a generic fashion. Very little evidence introduced in the hearings or discussed in Decision No. 90354 was limited in application to tank truck transportation. After careful review of the historical development of minimum rate regulation, our past experience with the administration of the current minimum rate program and the evidence presented in public hearings on OSH 244, we concluded that minimum rate regulation is no longer in the public interest and should be abolished.

Although this proceeding was initiated for the purpose of considering minimum rate regulation of general freight transportation, the evidence introduced was in essential respects indistinguishable from that received in Case 5436, OSH 244, and discussed in Decision No. 90354. In both proceedings minimum rate regulation was considered generically. The issues raised were identical although there were differences in emphasis. After reviewing the extensive record herein, and our recent decision in Case 5436, OSH 244, we have concluded that no special circumstances with respect to general freight transportation which would warrant any different result than that reached in Decision No. 90354 were presented in the

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A list of witnesses who appeared, for whom they appeared, and a brief summary of their testimony or position is included as Appendix B.

fifty-eight days of hearing held in this proceeding. The facts crucial to our decision to cancel the tank truck tariffs, MRTs 6-B and 13, are equally true with respect to minimum rate regulation of general freight transportation. If there is any significant difference at all in the two records developed in these proceedings, it is that the case for cancelling the general freight tariffs is even more compelling than that for MRTs 6-B and 13. The potential for increased industry efficiency, reduced transportation rates, and ultimately lower product prices to consumers, appears far greater in this segment of the industry than in tank truck transportation.

Although it would serve no useful purpose to repeat the extensive discussion contained in Decision No. 90354, our conclusions with respect to the need for regulatory reform are worthy of reiteration.

"...General economic conditions and the motor transportation industry have changed considerably over the past 40 years. The complex nature of the industry and rapid inflation have combined to preclude development of the detailed cost and rate studies anticipated when the minimum rate program was adopted in 1938.

"A more critical flaw in our implementation of the minimum rate program has been our inability to establish adequate efficiency standards for selecting study carriers. Our original objective in establishing minimum rates was only to end destructive rate cutting, thereby leaving carriers the responsibility and freedom to determine their precise rates on the basis of their own individual operations. It was anticipated that this goal could be achieved by predicating minimum rates upon the costs of carriers most efficiently transporting the particular commodities in question. All other carriers would then be compelled to price the majority of their services somewhat higher than the established minimum, as their own operations and the service requirements of their shippers warranted. In theory, healthy price and service competition would occur above minimum levels. The theory underlying the program may have been sound, but our inability to develop an adequate means to identify the efficient carriers critical to the implementation of the program has distorted its entire effect. Rates intended as minimum have become, in actuality, going rates. Although the system was intended to interpose regulation only to end destructive rate competition, it has in practice eliminated nearly all such competition.

"Individual variations in costs, operating conditions, traffic flow and productivity are lost in the averaging process by which minimum rates are developed. If the minimum rates were at true minimum levels, the opportunity would exist for carriers to reflect their actual operating conditions in their individual rates. The generally high level of the minimum rates has, however, restricted the opportunity for such carrier-sensitive ratemaking. ...As a result, important ratemaking factors, requiring the exercise of managerial discretion, rarely receive consideration. The system, intended to be dynamic and responsive, has become rigid and outmoded.

"Due to a combination of these factors, the minimum rate levels have become excessive. The mere fact that they are going rates, in most instances, confirms the fact that they are excessive. We have recognized them as going rates in practice, and have regularly increased them to reflect increased costs without any analysis of whether such costs could be recovered by way of independent carrier rate adjustments above the minimum. This practice has compounded the problem. Excessive rates not only mean higher costs to shippers, but also added costs to consumers who ultimately purchase the products transported.

"The generally high level of the minimum rates has been a problem of continuing concern to the Commission. We have long been aware that fairly substantial volumes of freight move at less than minimum rail alternative rates under Section 3663, and by owner-operator subhaulers who generally receive substantially less than minimum rates from prime carriers and transportation brokers. At the same time, innovative carriers with lower costs and higher productivity have been deterred from offering lower rates by the expensive and time-consuming procedures required to obtain the authority necessary to deviate from minimum rates. ...Ironically, the high level of minimum rates has increased the opportunities for rate discrimination and carrier exploitation while discouraging the establishment of legitimate cost-justified rate differentials.

"Since carriers cannot legally charge rates below the minimum, and since the minimum rates have become the going rates in most instances, price competition in the industry has been severely restricted. Since minimum rate enforcement prevents carriers from attracting new business by offering reduced rates, carriers have competed by offering better service. If the higher costs of offering such service were passed on only to those shippers desiring the added service, no problem would exist. The evidence indicates, however, that rates charged for motor transportation service in California are not service-sensitive. ...Thus, the burdens of this form of competition are borne by all shippers in the form of generally higher rates.

"High rates and relatively easy entry standards into the trucking business in California have probably contributed to the excess trucking capacity in the state. Relatively high rates, in relation to carrier costs, attract new entrants with the illusion of assured profits. Each new entrant contributes further to the existing excess capacity and further dilutes the available traffic, reducing load factors, increasing costs, intensifying expensive service competition, and lowering profit margins for the industry as a whole.

"It is our conclusion, based upon the extensive evidentiary record in this proceeding, that minimum rate regulation is no longer in the public interest and should be abolished. It is our belief that carriers, as businessmen, could better serve the overall public interest if they could negotiate with shippers and submit their rates for our approval. In this manner, cost-justified rate differentials and rate innovations, such as peakload pricing and directional rates, would be encouraged instead of discouraged. Efficiency and productivity would also be encouraged through the opportunity to compete on a price basis as well as on the basis of service. (Decision No. 90354, mimeo pp. 46-49.)"

In Decision No. 90354, we adopted a new program of competitive individual carrier-filed rates to be implemented through a transition period beginning coincident with the cancellation of MRTs 6-B and 13 January 31, 1980. The program adopted for tank

truck reregulation is equally adapted to general freight transportation and, upon analysis, appears the best alternative to Commission-set minimum rates on general freight.

In order to provide for an orderly transition and to prevent the disruption of existing transportation patterns, the new program will be implemented gradually through a transition period similar in all respects to that established for tank truck reregulation in Decision No. 90354. Implementation of the new program will begin with the cancellation of Minimum Rate Tariffs 1-B, 2, 9-B, 11-A, 15 and 19, and the publication of corresponding transition tariffs on January 31, 1980. MRTs 1-B, 2, 9-B, 11-A, 15 and 19 will not be further adjusted by the Commission prior to their cancellation and the establishment of the transition tariffs except in the event exceptional need arises. The transition tariffs will be available for common carriers, that so desire, to adopt in whole or in part, as their own tariff, under the procedure established in Decision No. 89575 implementing Senate Bill 860. An outline of the program adopted follows. For a fuller discussion see Decision No. 90354, mimeo pages 50-54.

1. MRTs 1-B, 2, 9-B, 11-A, 15 and 19 will be cancelled January 31, 1980.
2. Commodities exempt from MRTs 1-B, 2, 9-B, 11-A, 15 and 19 will continue to be rate exempt and exempt from the provisions of this program.
3. Transition Tariffs will be published in lieu of MRTs 1-B, 2, 9-B, 11-A, 15 and 19 and will be effective with the cancellation of the minimum rate tariffs.
4. The Transition Tariffs will consist of the lowest rates contained in MRTs 1-B, 2, 9-B, 11-A, 15 and 19 and any Section 3666 or 452 deviations in effect on January 31, 1980.
5. The Transition Tariffs will not be adjusted by the Commission during their life and will be cancelled at the end of the transition period.
6. The duration of the transition period will be determined by experience under the new program but is not expected to exceed a year or two.

7. Transition Tariffs will not function as minimum rate tariffs. They will serve as a guide for the initial establishment of tariffs by new Section 1063.5 common carriers, and as a threshold for purposes of contract carrier rate justification requirements.

8. Upon cancellation of MRTs 1-B, 2, 9-B, 11-A, 15 and 19, contract carriers may operate only pursuant to contracts on file with the Commission. Contracts may be filed on or before January 31, 1980, and thereafter as negotiated. All contracts will be available for public inspection. (See Appendix G of Decision No. 89575, dated October 31, 1978, for the Commission policy on the proper scope of highway contract carrier operations.)

9. Any rate filed by a contract carrier below the transition tariff during the transition period must be accompanied by a statement of justification. Such justification may consist either of

- (a) reference to a motor carrier competitor's rate, or
- (b) operational and cost data showing that the proposed rate will contribute to carrier profitability.

10. Contract rates at or above the transition tariffs, or filed to meet the charges of a competing carrier, will be effective on the date filed or such later date as may be provided by the terms of the contract. Such rates may be subject to review upon the filing of a complaint.

11. Rates filed during the transition period, which are below both the transition tariff and the charges of competing carriers, will become effective 30 days after the date filed, absent protest.

12. After the transition period, rates may be filed at any level without initial justification and will be effective on the date of filing or such later date as may be provided. After the transition period, rate levels will be subject to review only upon the filing of a complaint.

13. Any interested person will be entitled to file a complaint against the filed rate for any transportation service in accordance with Public Utilities Code Sections 1702 and 3662. The cost data upon which carrier profitability will be assessed upon complaint will include a prevailing wage standard for labor costs. The definition, criteria and procedure for determining prevailing wages will be determined in Order Instituting Investigation No. 53.

14. The rates of highway common carriers and petroleum irregular route carriers will be governed by Sections 452, 454 and 455. Common carrier rate filings below the transition tariff during the transition period must be accompanied by a statement of justification. Such justification may consist either of (a) reference to a motor carrier competitor's rate, or (b) operational and cost data showing that the proposed rate will contribute to carrier profitability.

A considerable number of witnesses appearing in this proceeding expressed concern for service to small communities in the event we adopted a competitive system of rate regulation such as outlined above. Most of these witnesses were carriers who sought to defend the present regulatory system by forecasting deteriorating service to small communities and rural areas under rate competition. Underlying this testimony is the assumption that service to small communities is now being provided at a financial loss and will be discontinued when excessive rates in other areas of the state fall as a result of price competition. We find no evidence to substantiate this assumption. The only hard evidence of record indicates that small communities and rural areas can be and are being served profitably at present rate levels. There is no evidence to indicate that such service will not continue. We do recognize service to small communities as a potential problem, however, and by this order are establishing a program for monitoring the effects of reregulation which will be designed to identify any problems with service which may develop. Should any such problems develop, we will take appropriate remedial action.

Findings of Fact

1. In Case 5436, OSH 244, et al., the Commission considered minimum rate regulation in a generic fashion and, on May 22, 1979, the Commission issued Decision No. 90354 which adopted a reregulation plan for transportation by tank truck.
2. The evidence introduced in this proceeding was in essential respects indistinguishable from that received in Case 5436, OSH 244, and discussed in Decision No. 90354.
3. We find no special circumstances exist with respect to general freight transportation which would warrant any different result than that reached in Decision No. 90354.
4. Decision No. 90354 was served on all highway carriers under the jurisdiction of the Commission.

5. The general economic conditions that existed in the 1930's, and which spawned the present minimum rate program, do not exist today.

6. MRTs 1-B, 2, 9-B, 11-A, 15 and 19 do not meet the needs of carriers and shippers for the transportation of general freight by motor vehicles.

7. With few exceptions, the minimum rates in MRTs 1-B, 2, 9-B, 11-A, 15 and 19, for the transportation of general freight by motor vehicles, are the going rates for the industry.

8. The cost studies, which support the development of rates in MRTs 1-B, 2, 9-B, 11-A, 15 and 19 for the transportation of general freight, have not been and cannot be updated with the necessary frequency.

9. The Commission has been unable to establish adequate efficiency standards for selecting study carriers.

10. The cost studies, which support the development of rates in MRTs 1-B, 2, 9-B, 11-A, 15 and 19 for the transportation of general freight, reflect no more than the average costs of average carriers.

11. The minimum rates have become, in general, too high, although some are too low.

12. The minimum rates are not reflective of actual carrier operating conditions and have discouraged cost-justified rate differentials.

13. Excessive minimum rates have increased transportation charges to shippers and increased costs to consumers who ultimately purchase the products transported.

14. Economic analysis suggests that high minimum rates have produced excess service competition and contributed to the excess trucking capacity in the industry.

15. The current methodology of and approach to ratemaking necessarily cannot give consideration to the operating conditions and efficiencies of individual carriers as they exercise their managerial, marketing, and general business acumen.

16. Different shippers and carriers operate under widely varying conditions and have individual, unique requirements which cannot be fully considered when minimum rates are established based on industry averages.

17. Shippers and carriers have benefited from the flexibility and responsiveness with respect to ratesetting now experienced with respect to transportation exempt from minimum rates. A similar result could be expected if rate flexibility is introduced into present general freight transportation currently subject to minimum rates.

18. The needs of commerce and the public interest require that carriers be allowed to meet the charges of competing motor carriers.

19. In order to equalize competitive opportunity, common carrier rate reductions filed to meet the charges of competing motor carriers may be filed and effective on the same day service is to be initiated.

20. The cost criteria for justification of rates under the reregulation plan adopted herein should be as follows:

- a. Labor costs will be calculated on the basis of a prevailing wage formula applied to comparable transportation service originating in the relevant geographic zone.
- b. All other cost elements will be based upon the individual carrier's actual costs.

21. In conjunction with the reregulation plan adopted herein, no additional financial reporting requirements of highway carriers are required.

22. It is not necessary to delay the adoption of this reregulation plan pending the implementation of Senate Bill 860 or any decisions of the Commission on collateral matters detailed in Decision No. 90354.

23. Under the reregulation plan adopted in this decision, general freight transported in motor vehicles presently exempt from rate regulation by provisions of MRTs 1-B, 2, 9-B, 11-A, 15, and 19 should remain exempt.

24. The regulatory system adopted herein will produce increased operational efficiency of highway carriers, thereby reducing empty miles, excessive use of the highways and unnecessary fuel consumption.

25. The regulatory system adopted herein will have a beneficial effect on the environment.

26. Small communities and rural areas can and are being served profitably at present rate levels.

27. There is no evidence to indicate that adequate service to small communities and rural areas will not continue under the program adopted.

Conclusions of Law

1. The Commission is not required to establish minimum rates under Division 2 of the Code and may cancel at any time those it has already established.

2. A regulatory system of competitive individual carrier-filed rates should be established in lieu of the present minimum rate system.

3. The rates contained in contracts filed by contract carriers will be approved by the Commission under Section 3662.

4. The rates contained in contracts filed by contract carriers and approved by the Commission under Section 3662 are, in effect, minimum and maximum rates.

5. Since we are adopting a system of individual carrier-filed rates and cancelling minimum rates, neither Section 726 nor Section 3663 will apply.

6. To avoid disruption of existing transportation patterns, rail rates should be grandfathered in the manner discussed in Decision No. 90354.

7. Common carrier rate changes will be governed by Sections 452, 454, and 455.

8. The Commission may exempt selected commodity transportation from rate regulation under Division 2 of the Code.

9. The reregulation program adopted is consistent with state and federal antitrust law.

10. The reregulation program adopted will not create any unfair competitive advantages for any particular class of carrier.

11. The reregulation program adopted will not result in any unfair competitive advantages for carriers or shippers who have carrier/carrier or carrier/shipper affiliations.

12. The transportation diversities and wide range of shipper requirements in today's economic market are not properly served by present Commission regulatory procedures and administration.

13. There is a need to establish improved regulatory procedures to administer the transportation covered in this proceeding, so that the overall public interest will be better served.

14. The five Commission objectives for reregulation as stated in Decision No. 90354 will be met by the reregulation plan adopted herein.

15. The reregulation program adopted satisfies the requirements of Section 3502.

16. Although the policy provisions of the California Environmental Quality Act (CEQA), California Public Resources Code, Sections 21000 and 21001, apply to this proceeding, the Environmental Impact Report (EIR) provisions, California Public Resources Code, Sections 21100, et seq., do not.

17. The reregulation plan outlined in the body of this opinion, and described more fully in Decision 90354, should be adopted by the Commission.

18. With the signing of this decision, Petitions for Modification Nos. 966, 312, and 394 in Cases Nos. 5432, 5439 and 5441, respectively, are moot and should be dismissed.

IT IS ORDERED that:

1. The motion of the California Trucking Association to reopen these proceedings for further hearings to consider the impact of reregulation proposals on energy is denied.

2. The motion of the California Trucking Association, et al., for a proposed report is denied.

3. The motion of the California Trucking Association, filed May 18, 1979, to dismiss these proceedings, is denied.

4. The reregulation plan outlined in the body of this opinion, and described more fully in Decision No. 90354, is adopted and shall be effective January 31, 1980.

5. Minimum Rate Tariffs 1-B, 2, 9-B, 11-A, 15 and 19 are cancelled, effective January 31, 1980.

6. The Commission's Transportation Division shall do the following:

- a. Prepare a program for presentation to the Commission within one hundred twenty days after the effective date of this order which will monitor retrospectively and prospectively the effects of this reregulation on the general freight motor carrier transportation industry. In formulating this program, the staff is directed to solicit suggestions from any parties to these proceedings who may be interested.
- b. Prepare for Commission resolution, the necessary rules and new and revised general orders to implement the adopted reregulation program.
- c. Prepare the transition tariffs for distribution by December 1, 1979.

7. All deviations authorized under Section 3666 applicable to transportation covered by these proceedings shall expire on January 30, 1980.

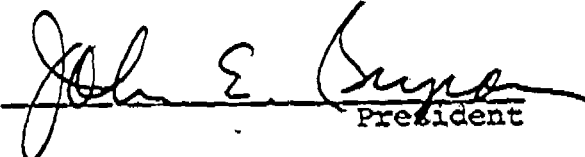
8. Petitions for Modification Nos. 884 and 951 in Case No. 5432 and Petitions for Modification Nos. 270 and 307 in Case No. 5439, and Petitions for Modification Nos. 356 and 388 in Case No. 5441, and Orders Setting Nos. 957, 310, 392, 208 and 156 in Case Nos. 5432, 5439, 5441 5603 and 7783, respectively, are concluded; and Petitions for Modification Nos. 966, 312 and 394 in Case Nos. 5432, 5439 and 5441, respectively, are dismissed.

9. In addition to a copy of this decision, the Executive Director shall serve a copy of Decision No. 90354 on all parties of record.

10. The Executive Director shall serve a copy of this decision on all highway carriers.

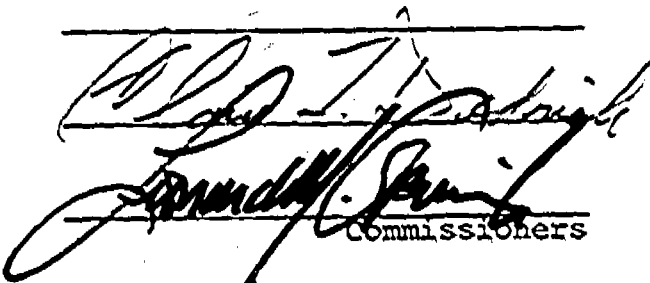
The effective date of this Order shall be thirty days after the date hereof.

Dated AUG 14 1979, at San Francisco, California.



President

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.



Commissioners

I dissent
Vernon L. Sturgeon

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LIST OF APPEARANCES

Petitioners: Richard W. Smith, Attorney at Law, and H. W. Hughes, for the California Trucking Association; Jess J. Butcher, for California Manufacturers Association; and Daniel J. Sweeney, Attorney at Law, for Drug and Toilet Preparation Traffic Conf., Gift Wrapping and Tyings Association, and National Small Shipments Traffic Conference.

Protestants: Jim E. Corrigan, for Major Truck Lines, Inc.; Patrick F. Murphree, for Johnson & Johnson; Russell, Schureman, Fritze & Hancock, by R. Y. Schureman, Attorney at Law, for Allyn Transportation Company, Max Binswanger Trucking, Brake Delivery Service-Meier Transfer Service, City Freight Lines, Fikse Bros., Inc., Flour Transport, Inc., Griley Freightlines, Kern Valley Trucking, Los Angeles City Express, Inc., Quikway Trucking Co., Rozay's Transfer, Basil B. Gordon, dba Valley Spreader Company, Victorville-Barstow Truck Line, and West Coast Warehouse Corporation; Betty R. Krazel, for Van Diest Trucking Inc.; George Alexander, for Lodi Truck Service; and Richard Proctor, for Dick Proctor Motor Transportation.

Respondents: John H. Briggs, for Contractors Cargo Co.; Anthony J. Konicki, Attorney at Law, for Pacific Motor Trucking Co.; Emil P. Fleschner, for Southern California Truck Leasing Inc.; Louis Gale, for Truck Transport; Eric Anderson and Lee Pfister, for Willig Freight Lines; Harold F. Culy, for Bayview Trucking, Incorporated; Ron Davis, for Associated Freight Lines; Frank Dunn and C. M. Alexander, for G. I. Trucking Company; Thomas R. Dwyer and Tom F. Herman, for Delta California Industries; Ronald F. Forbes, for Marso's Messenger Service; C. E. Goacher and C. J. Lawlor, for Di Salvo Trucking Company; S. M. Haslett, III, for Haslett Company; Bruce H. Howe, John McSweeney, and A. D. Smith, for Delta Lines; Desmond C. Hughes, E. D. Krieger, and James E. Adams, III, for De Anza Delivery System, Inc.; Harold T. Laws, for S & H Truck Lines, Inc.; Joseph MacDonald and Wayne Varozza, for California Motor Express; Ray J. Mitchell and Allan N. Robison, for System 99; John Odoxta, for Shippers Imperial, Inc.; Charles E. Phillips, for Precision Transport Company, Inc.; Harriet H. Adams, for A&B Garment Delivery; Michael R. Eggleton, for Osterkamp Trucking Inc.; Cleo Evans, for Evans Tank Line Inc.; Frank Hayashida, for Trans Steel, Inc.; George Raymond, for Basic Material Transport; David C. Williams, for Williams Transportation, Inc.; Theodore Wright, Jr., for The Santa Fe Trail Transportation Co.; Armand Karp, for Crescent Truck Lines and Rogers Motor Express; William F. Dalzochio, for

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California Freightways; Handler, Baker & Greene, by Marvin W. Handler, Daniel W. Baker, Raymond A. Greene, Jr., Randall M. Faccinto, and Walter H. Walker, III, Attorneys at Law, for A & B Garment Delivery, A & B Transportation Service, Associated Freight Lines, Doudell Trucking Company, Hawkey Transportation, Lodi Truck Service, Logistics Express, Inc., Market Express, Inc., Harry McKenzie Trucking, System 99, Preston Trucking Co., Trux Transport, Lemoore Transportation, Associated Transportation, Ditto Freight Lines, Morris Draying Company, Pozas Bros. Trucking Co., Bill Rackley Trucking, Warren Transportation, Frank's Trucking, Pacific Coast Tariff Bureau, Pellco Trucking, Mammoth of California, and American Transfer Co.; Roger L. Ramsey, Attorney at Law, for United Parcel Service; Carl Donald Albin, for Rainbow Trucking Co.; Robert J. Hildreth, for Acme Transportation Inc.; and Larry P. Boland, for Statewide Transport Service.

Interested Parties: Thomas J. Brockmiller and J. Steven Nix, for Sears Roebuck & Company and Western Traffic Conference; Harry J. Scherer, for J. D. Drayage Company; R. D. Robertson, for City Traffic Service; W. J. Seeley, for Golden Gate Magazine Company; William R. Dalv, for himself and San Diego Chapter-Traffic Managers Conference; Ruth Tunis, for LCR Truck & Equipment Co.; Graham & James, by David J. Marchant and James T. Proctor, Attorneys at Law, for a group of 30 dump truck carriers; Albert E. Townsend, for Fedco Inc. and W.T.C.; Joe Munoz, for Sure Delivery Service; Austin G. McDonald, for Lever Brothers; Robert J. Kave, for Lever Brothers Co.; Charles H. Caterino, for The Flint Kote Co.; B. P. DeConnick, for Cook Trucking Service Inc.; A. A. Davitian, for himself; Walter D. Ostrander, for Vornado Inc. and Western Traffic Conference; Henry Bartolo, for Jet Delivery, Inc.; James Tomte, for Simpson Paper Co.; Fred D. Preston, for Actran; Earl L. Cranston, for Inmont Corp.; William Davidson, for himself; N. I. Molaug, for J. C. Penney Co. and Western Traffic Conference; Jerry Aden, for J. C. Penney Co.; Robert R. Brunke, for Alco Transportation and Alco Fast Freight; M. J. Nicolaus, for Western Motor Tariff Bureau, Inc.; William G. Lankford and F. R. Covington, for Kaiser Cement & Gypsum Company; J. T. Schreiber, for Cannery League of California; R. C. Fels, for California Furniture Manufacturers Association; Thomas Hays, for California Moving and Storage Association; Don B. Shields, for Highway Carriers Association; Asa Button, for Amstar Corporation, Spreckels Sugar Division; James Orear and Karl L. Mallard, for C & H Sugar Company; William D. Mayer, for Del Monte Corporation; Dave Mendonca, for J. Hungerford Smith Company; Tad Muraoka, for IBM Corporation; Dale Johnson, for Tillie Lewis Foods; Harvey E. Hamilton, for Certain-Teed Products Corporation; Gordon G. Gale, for The

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Clorox Company; Robert A. Kormel and Robert L. Comyns, for Pacific Gas and Electric Company; Leon R. Peikin, for RCA Corporation; R. A. Dand, for Norris Industries; David A. Rodriguez and James R. Steele, for Leslie Salt Co.; Richard I. Siudzinski, for Kraft Foods; Kenneth C. Delaney, for Los Angeles Area Chamber of Commerce; Joseph Garcia, Attorney at Law, for California Department of Consumer Affairs; Gerald J. Lavelle, for De Soto, Inc.; T. W. Anderson, for General Portland Inc.; D. G. Austin, for Monolith Portland Cement Co.; William T. Barklie, for California Portland Cement Co.; Ralph H. Bell, for Reynolds Metals Company; Sidney H. Bierly and E. James Houseberg, for California Fertilizer Association; Joel T. Blalock, for Louisiana Pacific Corporation; Richard N. Bona, for Mobil Oil Company; Richard L. Bredeman and B. R. Garcia, for B. R. Garcia Traffic Service; Brundage, Beeson and Pappy, by Albert Brundage, Robert E. Jesinger, and Roger Carnagey, for Teamsters-Public Affairs Council and Affiliated Local Unions; E. O. Blackman, for California Dump Truck Owners Association; E. H. Burgess, for G. A. Olson & Associates; Terence C. Cady and Carl F. Grover, for United States Gypsum Co.; Ronald N. Cobert, for American Institute for Shippers' Association, Inc., Streamline Shippers Association, Inc.; William P. Coogan and John C. Lincoln, for LAWI/CSA Consolidators Inc.; Hugh Cook, for Wine Institute; Peter J. Covle W. A. Watkins, for Bethlehem Steel Corporation; James C. Dennis, for Brockway Glass Co.; Albert W. Eidson, for Manufacturers Shipping Association, Inc.; E. H. Griffiths, for Panella Drayage; Warren N. Grossman, Attorney at Law, for Carpet Manufacturers Cooperative Inc., Diversified Shippers Cooperative Inc., Pacific Coast Wholesalers' Association, Sentinel Shippers Incorporated, and Universal Freight Cooperative Association, Inc.; Janet C. Hall, for Department of Justice (U.S.); Maurice J. Heverick, for Purex Corporation; Ralph O. Hubbard, for California Farm Bureau Federation; Meyer Kapler, for American Forest Products Corporation; Fred Landenberg, for California Forest Protective Association; Thomas B. Guthrie, for Various Carriers - Smerber Transportation, C.W. Transportation, Parker & Son Trucking, and J.D. Trucking; Vaughan, Paul & Lyons, by John G. Lyons and Robert A. Harkness, Attorneys at Law, for California Fertilizer Association and California Forest Protective Association; Keith E. Miller, for Miller Traffic Service, Inc.; William Mitze, for Riverside Cement Company; Donald E. Nolan, for Don E. Nolan Trucking; P. W. Pollock and Milton A. Walker, for Fibreboard Corporation; John Quan, for J.I.M. Corp.; Joseph L. Roney and Raoul Dedeaux, for Dart Trans. Service; George B. Shannon, for Southwestern Portland Cement Co.; Allan W. Stanbridge, for Brockway Glass Co., Inc.; Ralph J. Staunton, for County of Los Angeles, Purchasing & Stores; Osborne R. Thomasson, for himself; A. A. Wright,

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for Standard Oil Company of California; John J. Wynne, for Owens Illinois; Howard N. Bull, for Holly Sugar Corp.; Leland E. Butler, Attorney at Law, for The Atchison, Topeka & Santa Fe Railway Co.; Eddie E. Daniels, for Kaiser Aluminum and Chemical Corp.; James Edward Dellamaggiore, for himself; G. B. Fink, for Dow Chemical Co.; Donald Geddes, for IMSCO and National Can Corporation; Murchison & Davis, by Donal Murchison, Attorney at Law, for himself; Steve Islander, for McCormick & Co., Inc.; Charles Kagay, Attorney at Law, for the Office of the Attorney General; J. Leinweber, for Diamond Shamrock Co.; Ernest J. Leach, for Economics Laboratory Inc.; Kenneth C. O'Brien, for Container Corp. of America; Arden Riess, for West Coast Freight Tariff Bureau; Joseph F. Ross, for Bird & Son, Inc. of Mass.; Frank Spellman, for himself; John W. Telfer, for Telfer Tank Lines, Inc.; Don Waksdale, for Chevron U.S.A.; John F. Young and Gerald P. Flannery, Attorneys at Law, for the United States; R. M. Zaller, for Continental Can Co.; Philip K. Davies and Joseph M. Alvarez, for State of California, Department of General Services; John D. Goebel, for Macy's of California; Jerry K. Molton, for Military Traffic Management Command; E. F. Westberg, for WESCO Associates; Tony Heywood and Steven B. Thomas, for West Transportation Inc.; John T. Reed, for Steamship Operators Intermodal Committee (PRC) and with James F. Hauser, for Pacific Coast Tariff Bureau; Helen J. Dalby, for Delmar Fernandez, "Bud" Morrison and Flowers Trucking; Thomas E. Carlton, for Morton Salt Co.; Donald W. Dowlearn, for State of California, Department of Transportation; Barbara Chavez and Keith D. Hall, for Certified Grocers of California, Ltd.; James G. Meador, for Ford Motor Co./TMCC; Robert Hilts, for Traffic Mgrs. Conf. Firestone Tire & Rubber Co.; Joseph G. Bingham, for National Gypsum Co. and Traffic Mgrs. Conf. of Calif.; Henry G. Supka, for American Cyanamid Co.; G. F. Marchantonio, for Guthmiller Trucking, Inc.; John H. Vail, for Hollywood Accessories; Howard R. Oquest, for Sealright Co., Inc.; Richard E. Snitzer, for Nippondenso of Los Angeles, Inc.; Loughran & Hegarty, by Frank Loughran, Attorney at Law, for Jet Delivery, Inc., 1-2-3 Messenger Service, A&C Messenger Service, Wine Institute, and De Anza Trucking Company; Louis W. Burford, for Western Traffic Conference; Marion Irene Quesenbery, Attorney at Law, for Western Growers Association; James A. Nevil, for Nevil Storage Co.; William F. Krause, for Crown Zellerbach Corporation; C. E. Jacobson, for Associated Traffic Services; William M. Larimore, for Distribution Publications, Inc.; Robert S. Kirksey, for Post Transportation Co.; Tuttle & Taylor Inc., by Lisa Mayes and Ronald C. Peterson, Attorney at Law, for Agricultural Council of California, California Cattlemen's Association, Blue Anchor, Inc., Bud Antle, Inc., Sunkist Growers,

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Inc., and Dried Fruit Association of California; Robert F. Schafer,
for Duracell Products Company; Alan S. Costa, for Assembly Office
of Research; and Robert B. Young, for Sterling Transit Co., Inc.

Commission Staff: Edward W. O'Neill, Attorney at Law, George Morrison,
and Robert E. Walker.

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WITNESSES

HOWARD ABELING (Schureman; Brake Delivery Service-Meir Transfer Service)

Testified that he would not be able to reduce costs if lower rates are required by competition; would discontinue unprofitable traffic under staff program; would reduce service if necessary; large shippers would be the beneficiaries of the staff program.

CARL DONALD ALBIN (CTA; Rainbow Trucking) Rebuttal witness for CTA; staff proposal would unfairly protect large shippers and penalize small carriers; nonunion carriers would have a competitive advantage.

CLEMSON ALEXANDER (CTA; G. I. Trucking Co.) Rebuttal witness for CTA; would have to increase personnel if staff plan is adopted thereby increasing costs to consumers; there are opportunities for innovative ratemaking systems; let SB 860 settle out before reregulating.

LLOYD ALLEN (CTA; Federal Produce Transp.) Rebuttal witness for CTA; opposed the staff plan; it would be disastrous for permit carriers to make their own rates; rate cutting would put many carriers out of business, particularly unionized carriers.

BILL ALMEIDA (CTA; Mammoth Freightlines) Rebuttal witness for CTA; opposed any reregulation pending settling down process after implementation of SB 860; self-policing of rates by the industry would be ineffective.

ARTHUR ALTNOW (Handler; Lodi Truck Service) Rebuttal witness for Handler; member of the Last Effort Group (LEG Committee) which was formed to determine appropriate reregulation proposals; Commission may not fully understand the problems of the industry; disagreed with witness Moore, the English system failed and had to be taken over by the government; minimum rates should continue.

JOEL ANDERSON (CTA; CTA Staff) Rebuttal witness for CTA; offered exhibits and testimony to show that mere rate comparisons between different jurisdictions (intra vs. inter) can lead to misconceptions and erroneous conclusions; rate comparisons do not provide the ultimate answer to judgments on the merits of different ratemaking systems.

WILLIAM APPLIGATE (CTA; Applegate Drayage) Rebuttal witness for CTA; opposed CMA and staff proposals; proposals would increase cost of

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doing business; filing tariffs would cost more than present tariff bureau services; knowing what competitors are doing would be more difficult; permitted carriers should be able to use tariff bureaus if they file rates.

CLARENCE BAILLIE (CMA; C & H Sugar Co.) Supported CMA proposal; presented CMA summary policy statement; minimum rate system is too complex; minimum rates are too high or otherwise unreasonable; cost studies are not timely; minimum rates do not reflect productivity improvements; presented complete implementation plan.

MARY BLEMING (Schureman; West Coast Warehouse Corp.) Would cut back operation and not buy new equipment if rate regulation were discontinued; cut backs would hurt minority employees; teamsters would set the rates if the Commission did not.

WILLIAM BLOHM (CTA; Cargo Carriers, Inc.) Rebuttal witness for CTA; adoption of staff plan would be detrimental to people of California; present deviations are an example of what would happen under no minimum rates; they allow a competitive advantage to certain carriers; rates will drop but so will safety.

LARRY BOLAND (CTA; Statewide Transport Service, Inc.) Rebuttal witness for CTA; opposed reregulation; satisfied with the present system except that cost studies should be more current and thorough.

FRANK CANCELLA (CTA; Frank Cancilla Trucking) Rebuttal witness for CTA; opposed the staff plan and any other deregulation suggestions; knew of no areas where costs could be cut to become more competitive; would have to spend additional money to develop costs and rates required by the staff proposal.

GEORGE CARR (Schureman; West Coast Warehouse Corp.) Opposed any system adopted by the Commission which might imperil his security and future with West Coast Warehouse Corporation; this could happen if rates are driven so low that union wage levels could not continue and if they did, companies might have to go out of business.

RON CHILD (CTA; 8 Ball Line Trucking) Rebuttal witness for CTA; opposed staff proposal because it would make it difficult to compete with carriers with low overheads and substandard wages and benefits; could not successfully negotiate rates with shippers.

ALLEN COLE (Schureman; Max Binswanger Trucking) Costs could not be cut by expecting the unions to renegotiate their contracts to lower wage levels as suggested by witness Moore; cannot reduce rates unless

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wages are reduced; most carriers do not know what their costs are so could not develop tariffs as proposed by the staff.

HAROLD CULVER (CTA; H & R Transportation) Rebuttal witness for CTA; opposed reregulation.

HOWARD CULY (CTA; Bayview Trucking) Rebuttal witness for CTA; opposed reregulation; any employee layoffs resulting from reregulation would affect minority employees first because of seniority; predatory pricing would occur; services would have to be curtailed; small communities would suffer.

GARY CUNNINGHAM (TMC; San Diego Paper Box Co.) Supported CMA proposal; compared proprietary trucking costs with for-hire; would reduce proprietary operation if rate negotiations were allowed.

HELEN DALBY (Self; Various small trucking companies) Opposed reregulation; did not believe small carriers would be able to publish their own tariffs; MRTs are convenient for carriers; subhaulers should be protected by the Commission; small carriers do not know what their costs are for selected transportation.

WILLIAM DALY (TMC; John Hancock Furniture Mfg. Co.) Supported CMA proposal and TMC refinements; favored agency tariffs from shipper/ carrier negotiated rates; reregulation would reduce proprietary operations and increase for-hire.

R. A. DAND (TMC; Norris Industries) Supported CMA and staff proposals with exceptions; objected to plan to have permit carriers file tariffs because of the number of carriers; suggested programs be expanded to LTL rates; Commission should continue to publish tariffs but rates should be negotiated between carriers and shippers; procedures should be streamlined.

EDDIE DANIELS (CMA; Kaiser Aluminum) Supported CMA proposal; testified to the reasons for operating proprietary vs. for-hire; compared intra and interstate rate levels; criticized PUC deviation procedures as cumbersome.

ALFRED DAVIAU (Conferences; Bristol-Meyers Co.) One of two witnesses in support of Conferences' petition to extend CMA and staff proposals to LTL general freight; compared California MRT rates with interstate and other intrastate rates; rate deviations are burdensome and not entirely equitable; rail alternative ratemaking is not a good system; rates in California are generally higher than other jurisdictions; criticized some aspects of staff plan.

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JOHN DAYAK (CTA; Amaral Trucking) Rebuttal witness for CTA; opposed staff proposal; it would cost more to administer because additional personnel will be needed to calculate costs and prepare tariffs; opposed contract carrier filed rates.

ROY DOTY (CTA; Bigge Drayage) Rebuttal witness for CTA; opposed staff plan because it would be impractical to structure a tariff for the specialized nature of Bigge Drayage's transportation.

THOMAS DWYER (CTA; Delta California Industries) Rebuttal witness for CTA; opposed staff program; without the restraints of minimum rates chaos could result with SB 860 generating thousands of new common carriers; wait for SB 860 to be implemented before instituting any reregulation program.

GERALD FLANNERY (Military Traffic Management Command, Oakland Army Base) Supported the request of witness Lloyd Hoffman.

G. B. FINK (CMA; Dow Chemical) Support witness for CMA proposal; criticized Section 3666 deviation procedures as too cumbersome; compared intrastate rates with interstate.

HENRY FIKSE (Schureman; Fikse Bros., Inc.) Rebuttal witness; costs are not subject to reductions even in the case of labor because of union contracts; could not reduce rates to meet competition; long-time employees would suffer if he had to go out of business; likes and wants to retain present system.

HAROLD FURST (Brundage; Teamsters) Policy witness for Teamsters in rebuttal to staff and CMA proposals; Teamsters' policy is opposition to any form of reregulation; however, if PUC reregulates, it should take positive action on rate filings, require that prevailing wages be used in cost justifications, other costs should be reasonable for transportation involved, and use of subhaulers should be bonded and limited.

CHARLES GILBERT (CTA; CTA Staff) Rebuttal witness for CTA; sponsored exhibits disputing comparisons of inter/intra rates by CMA witnesses; illustrated the difficulty in attempting to compare class and commodity rates and deviations in effect for selected shippers and carriers; claimed revenue per mile figures can be misleading unless comparable mileage tables are used; listed deviations in effect for shippers testifying in this proceeding.

BASIL GORDON (Schureman; Valley Spreader Co.) Rebuttal witness; opposed staff plan; about 50 percent of his traffic is exempt for minimum

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rates; could not compete for exempt traffic if he had to pay union wages; could not keep track of competition without minimum rates; could not keep up tariffs.

DORIS GROSKOPF (Handler; Groskopf-Weider Trucking Co.) Rebuttal witness; opposed staff plan; could not determine costs required to develop rates; could not compete if they had to pay union scale; would lose business if rates were based on other than alternative rail rates; prefers the present system.

CARL F. GROVER (CMA; U.S. Gypsum) Policy witness for CMA proposal to eliminate minimum rates on truckload general freight; defined truckload; compared California intrastate rates and ratemaking with Interstate Commerce Commission rates and procedures.

FRANK HAWKEY (Handler; Hawkey Transportation) Rebuttal witness; opposed staff plan because there is no reason to scrap a good system because it may have a few correctable faults; the proposed system would be difficult to administer for shippers and carriers.

JOHN HELLMANN (CTA; CTA Staff) Rebuttal witness for CTA; compared interstate tariffs with California MRTs; compared California and Washington state tariffs; presented a history of sugar rates in California; criticized sugar rate comparisons made by CMA witnesses as misleading.

MAURICE J. HEYERICK (TMC; Purex Corp.) Supported CMA and negotiated rates subject to regulatory restraints; present California system is unresponsive to public needs; compared intrastate and interstate rates; present system is cumbersome, complex, and costly; staff cost, rate, and traffic flow studies are not timely or kept up to date; MRT rates are distorted because of offset ratemaking.

ROBERT HILDRETH (CTA; Acme Transportation) Rebuttal witness for CTA; opposed reregulation proposed by CMA and staff; could not file a meaningful tariff for the exempt transportation now performed; urged presently exempt transportation remain exempt under any plan adopted.

LLOYD HOFFMAN (Calif. Dept. of General Services) Requested that any Commission order coming out of the proceedings exempt transportation performed for the United States, state, county, or municipal governments or districts from rate regulation.

CALHOUN E. JACOBSON (TMC; TMC Management) Policy witness for TMC; favored shipper/carrier negotiated rates; recommended agency-type tariffs for multiple carriers; deviations should be open to all carriers;

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class rates should be updated; suspension and investigation procedures should be improved; continuous traffic studies should be undertaken.

MACK VERNON JACOBSON (CTA; Econo-Line Express, Inc.) Rebuttal witness for CTA; opposed MRT cancellations because it would increase company expense to have to publish tariffs; charges above minimum rates now and has run into occasional rate cutting by competitors that could get worse if there were no minimum rates.

DAROL JAMESON (Handler: Roy Jameson & Son) Rebuttal witness; opposed staff plan; small, unrestricted truckers under reregulation would put him out of business; could not compete as a union carrier; could not monitor filings of competition; prefers present system.

BERT JESSUP (CTA; Bert E. Jessup Transportation) Rebuttal witness for CTA; opposed to staff plan.

DAN KEENEY (Schureman; Keeney Truck Lines/Flour Transport) Rebuttal witness; opposed staff plan; does not want to go back to 1930s; present deviation system provides adequate competitive conditions; cannot lower costs any further; might have to cut back operation which would adversely affect an excellent long-term staff.

ANTHONY KONICKI (CTA; Pacific Motor Trucking) Rebuttal witness for CTA; opposed the staff plan; full service companies (i.e., those that hold out service to all without discrimination and are ready and willing to provide rates and advice) will be hurt by competitors skimming the profitable traffic.

EARL J. KOSKI (PUC Staff) Support witness for staff proposal; presented guidelines for developing costs in support of reasonableness of rate proposals.

WILLIAM KUNDE (Handler; Associated Transportation) Rebuttal witness; opposed staff plan; plan could make it difficult to engage subhaulers which are necessary to take care of seasonal fluctuations; rate reduction proposals should be reviewed; could not keep abreast of competition; publishing tariffs would be expensive; increased paperwork would be costly.

CHARLES LAWLOR (CTA; Di Salvo Trucking) Rebuttal witness for CTA; opposed staff proposal; wants to retain minimum rates for industry stability; staff approach had not been logically thought out; California is the best system in the U.S. and should not be destroyed; cutthroat competition will take over; try to improve the present system, not throw it away.

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JOHN S. LEMKE (PUC Staff) Support witness for staff plan; presented a study on exempt transportation under Commission regulatory procedures designed to determine if such exempt transportation should continue after any reregulation which might be adopted.

CHUCK MACK (Brundage; Teamsters) Rebuttal witness for Teamsters; effect of adoption of staff proposal on Teamsters' employees would be catastrophic and disruptive; cutthroat competition would destroy many carriers; owner-operators would syphon off traffic; safety would suffer.

KARL L. MALLARD (CMA; C & H Sugar Co.) Supported CMA proposal; compared shipments of C & H that moved under various types of ratings with ratings under Commission minimum rate tariffs.

O. F. MARCANTONIO (CTA; Guthmiller Trucking) Rebuttal witness for CTA; opposed CMA and staff proposals; prefers minimum rates to continue until SB 860 is fully implemented.

ARTHUR MARUNA (CTA; CTA Staff) Rebuttal witness for CTA on rate comparisons made by CMA witnesses; maintained that there are things to be considered other than bare rates; and that simple comparisons can be dangerously inaccurate; ICC method is not as simple as made to appear compared to California system.

ROGER MARXEN (PUC Staff) Support witness for staff plan; presented a report on subhauling under Commission regulatory procedures.

JOE MATSON (PUC Staff) Support witness for staff plan; presented proposed general order containing rules and regulations governing the filing of tariffs and schedules by highway permit carriers.

WILLIAM MAYER (Self; Cannery League of Calif.) Testified that if the Commission reregulates, all present exemptions should continue; if the Commission requires written contracts, they should not be open to public inspection.

HOWARD MCKENZIE (Handler; Harry McKenzie Trucking) Rebuttal witness; opposed staff plan; prefers present system; although there may be some inequities, they can be corrected.

JAMES MEADOR (TMC; Ford Motor Co.) Supported proposal of CMA and position of TMC.

GEOFFREY MELOCHE (PUC Staff) Support witness for staff plan; presented proposed rules for filing tariffs by permit carriers and revisions to rules for suspension and investigation of tariffs.

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RAY MITCHELL (Handler; System 99) Rebuttal witness; has been shifting to interstate operation because of unstable regulatory climate in California; would have to reduce service to small communities under reregulation; present minimum rates are fair.

ROBERT MOCKENHAUPT (Schureman; Victorville-Barstow Truck Lines) Rebuttal witness; opposed staff plan; small communities would be hurt; costs cannot be reduced any further; could not keep up with tariff filings.

GARY MOONEY (Handler; Logistics Express) Rebuttal witness; cited problems with determining the type of authority required under SB 860.

THOMAS GALE MOORE (Kagay; Attorney General of California) Based on the experience in England, Canada, Australia, and Europe, particularly Belgium, Sweden, and the Netherlands, recommended gradual, but eventually total, deregulation of transportation; minimum rate regulation in California is unnecessary and produces excessive rate levels.

NORMAN NIELSEN (CTA; Nielsen Freight Lines) Rebuttal witness for CTA; opposed staff plan; elimination of minimum rates would jeopardize financial stability of present carriers; rural areas would suffer from reductions in service and increases in rates; rate wars could also result between some of the larger carriers.

MANUEL NIEVEZ (Schureman; Quickway Trucking Co., Inc.) Rebuttal witness; opposed staff plan; cannot reduce cost of operation; employees would suffer if layoffs were required due to low rates under staff plan that would encourage nonunion operations.

GLEN NOLAN (CTA; Colma Drayage, Inc.) Rebuttal witness for CTA; opposed to elimination of minimum rate program; believes carriers do not know their costs, particularly small and medium-sized carriers; they will price themselves out of business to get traffic.

JAMES OATES (CTA; Bus Express Service) Rebuttal witness for CTA; does not believe in government controls, but if they are in effect, they should be only gradually lifted, therefore cannot support staff proposal unless the change is planned for gradual implementation.

CHARLES OWEN (Schureman; City Freight Lines) Rebuttal witness; opposed staff plan; in particular, criticized lack of staff review of cost filings for rate justification; rates should have some stability; they should not be changed too frequently; will move to other endeavors if reregulated.

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LEON PEIKIN (TMC; RCA Corp.) Clarified TMC's position on certain aspects of staff plan; negotiated rates would become minimum rates available to any carriers wishing to use them; RCA supported CMA's proposal to allow negotiated rates; CMA proposal is reregulation, not deregulation.

DAN PELLANDINI (Handler; Pellico Trucking, Inc.) Rebuttal witness: deviations take care of the need for rates different from minimum rates; also, rates can be adjusted under the MRT program if conditions warrant; staff plan would provide an open license to cut rates; would have to hire tariff publisher; if PUC reregulates, it should delay it pending implementation of SB 860.

DAVID PETERS (CTA; Peters Truck Lines) Rebuttal witness for CTA; opposed to CMA and staff programs; they would generate many new companies that would seek business regardless of profit and put established carriers in financial trouble; small communities would suffer reduced service.

LOWELL PETERS (CTA; Ted Peters Trucking Co., Inc.) Rebuttal witness for CTA; opposed staff plan; paperwork is bad now but would be intolerable under the staff program; has changed operation toward interstate because of possibility of reregulation in California; opposed MRT cancellations; there are too many carriers in California for staff plan to work.

VINCENT PUNARO (Handler; A & B Transportation Service) Rebuttal witness; opposed staff plan; there is more than enough competition now for the specialized service area A & B operates in; unlawful activity exists now and could be worse under reregulation; minimum rates should be continued; could not review filings of other carriers.

BILL RACKLEY (Handler; Bill Rackley Trucking, Inc.) Rebuttal witness: opposed to the staff proposal; present system is not perfect but it should be retained and improvements made; there will be unnecessary added costs to carriers for publishing rates; staff is not adequate to review rate filings or file tariffs.

RICHARD RAMEY (CTA; Blackburn Trucklines, Inc.) Rebuttal witness for CTA; questioned the practicality of the staff proposal particularly regarding all carriers filing tariffs; PUC will not have the staff to administer the proposed program; PUC's relaxation of requirements for deviations illustrates the predatory practices that would occur without minimum rates.

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TIM RAVEY (Handler; Associated Freight Lines) Rebuttal witness; wants minimum rate system to continue pending industry shakeout which will come from SB 860; service to rural areas will suffer without minimum rates; there is too much competition in California to have an ICC-type system; minimum rates is a good system but it does need adjustment.

JOHN REED (Handler; Pacific Coast Tariff Bureau) Rebuttal witness; testified about the effect of the staff proposal on tariff bureaus; there should be a five-year transition period for reregulation; if the Commission adopts an ICC-type system, it should adopt all facets, not just some: Section 3663 should be abolished if minimum rates are canceled.

WILLIAM ROZAY (CTA; Rozay's Transfer) Rebuttal witness for CTA; being primarily a unionized LTL carrier Mr. Rozay believes that in a short time he would be out of business under the staff plan; because he would lose his profitable truckload movements to competitors; minorities would be hurt in a layoff.

ELIO SARTORI (CTA; Salinas Valley-Santa Cruz Motor Express) Rebuttal witness for CTA; opposed staff plan; his company would have a difficult time developing costs and rates for a tariff; it would be hard to continue the company's present service; staff program may help the bigger shipper but will not help the small shipper.

JAMES SMERBER (CTA; Smerber Transportation) Rebuttal witness for CTA; opposed staff program; would lose some profitable truckload traffic under staff plan because competitors would go after profitable hauls; publishing tariffs would be time consuming and costly; implement SB 860 before reregulating.

CARROLL SMITH (PUC Staff) Support witness for staff plan; presented a proposed general order covering rules for filing tariffs by carriers holding more than one operating authority.

GEORGE SMITH (CTA; Smith Transportation) Rebuttal witness for CTA; believed the CMA and staff proposals would be a disaster for the trucking industry.

PHILIP SMITH (CTA; CTA Staff) Rebuttal witness for CTA; sponsored exhibit to show that transportation is a very small component of shelf prices for consumer goods; for-hire truck transportation is just over one percent of the gross California product; illustrated the reduction in labor cost necessary to produce a given reduction in rates.

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RALPH STAUNTON (TMC; County of L.A.) Questioned the practicality of the staff plan to have permit carriers file tariffs; space and time required to keep tariffs up to date would be prohibitive; Commission should accept agency and bureau tariff filings to cut down on volume of paper; gave evidence on the volume of tariffs required to do business in California.

WILLIAM TAIT (PUC Staff) Support witness for staff plan; presented a report on the factors to be considered in determining the reasonableness of rates; testified to the methods the staff would use in reviewing tariff filings of carriers.

PAUL TRAHAN (PUC Staff) Staff's primary policy and program witness; made staff proposal that minimum rates be discontinued and permit carriers be required to file tariffs; exempt commodity transportation would continue as at present; subhaulers would not be required to file tariffs; Commission would continue to publish ancillary documents such as the distance table.

RICHARD VELTON (Conferences; Johnson & Johnson) One of two witnesses in support of Conferences' petition to extend CMA and staff proposals to LTL general freight; compared California MRT rates with interstate and other intrastate rates; rate deviations are burdensome and not entirely equitable; rail alternative ratemaking is not a good system; rates in California are generally higher than other jurisdictions; criticized some aspects of staff plan.

MILTON WALKER (CMA; Fiberboard Corp.) Supported CMA proposal; basic cost data for general freight minimum rates was 17 years out of date as of January 1977; spread between costs and rates is not proper; MRT rules and definitions are not always appropriate but are difficult to amend; started proprietary operation to reduce transportation costs; carrier innovation is stifled under minimum rates.

WILLIAM WATKINS (TMC; Bethlehem Steel) Supported CMA proposal; wanted truckload rate schedules based on commodities; rates are too high under a class rate structure causing shippers to use proprietary trucks; Commission should continue to publish some kind of general tariff.

HAROLD WEIST (TMC; K-Bar Products) Supported CMA petition; gave examples of lower transportation costs in areas outside California; studying possibility of instituting proprietary truck operation to cut California transportation costs, but would prefer to negotiate reasonable rates with for-hire carriers.

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ROGER WILLIAMS (Self; Michelin Tire Corp.) Suggested that Commission sponsor legislation to make state regulation similar to interstate.

JOHN J. WYNNE (CMA; Owens-Illinois, Inc.) Supported CMA proposal; California minimum rates are not responsive to shipper needs; MRTs are based on average costs and are too high; shipper/carrier negotiated rates found reasonable by a regulatory body would better reflect true conditions; compared California intra rates with Washington and Oregon intra and interstate; PUC deviations take too long and are not flexible.

NOTE: First name in parentheses is party calling witness, second name is for whom witness appeared.