

McS

Decision No. 8003.

ORIGINAL

In the Matter of the Application )  
of Santa Fe Express & Draying Co., )  
Merchants Express & Draying Co., :  
American Transfer & Storage Co., )  
Peoples Express Co., Kellogg's )  
Express Co., Hall, Weider Transfer )  
and Storage Company, Austin Freight : Application No. 5855  
and Transportation Co., Williams ) and Supplement thereto.  
Motor Express & Draying Company, )  
United Transfer Co., Oakland Parcel )  
Delivery, Richmond Motor Express :  
Company for a horizontal increase )  
of three (3%) in their freight rates. )

Aitken, Glensor, Clewe and Van Dine by Van Dine  
for Applicants.

LOVELAND, Commissioner -

O P I N I O N

By this proceeding applicants seek authority to increase freight rates seven per cent. Of this amount three per cent represents the increase sought in original application number 5855, filed June 23, 1920, which application was presented by reason of certain increases made in the wages granted to employes. The remaining four per cent is to cover the increased transbay tolls between San Francisco and Oakland becoming effective August 26, 1920 in the tariff of the Southern Pacific Company following the orders of the Interstate Commerce Commission and of this Commission issued in compliance with the provisions of the Transportation Act.

The freight rates of these applicants include the charges paid for moving the traffic across the San Francisco Bay and therefore any increases in the rates of the Southern Pacific Company must be absorbed in the rates charged by these applicants.

A public hearing was held on the original application June 29, 1920, and since this supplemental application involves only the twenty-five per cent increase brought about by the increases in rates by the Southern Pacific Company there is no necessity for a further hearing.

This Commission rendered its Decision No. 7709, June 10th, 1920, in application No. 5303 and granted these applicants a temporary increase of ten per cent effective July 1, 1920. In this proceeding involving the three per cent increase, applicants made no satisfactory showing and the testimony was devoid of evidence that conditions had developed not existing at the time application No. 5303 was filed with the exception that because of a teamsters' strike, the wages of such employes had been increased by fifty cents per day. Inasmuch as conditions have not changed, I desire to repeat in part my language in Decision No. 7709:

"These same applicants, with the exception of Hull, Weider Transfer & Storage Co., in Applications 3845, 3846, 3847, 3849, 3850, 3851, 3852, 3853 and 3854 made application in 1918 for a general increase in rates. The Commission, in its Decision No. 5587, July 17, 1918, granted the increases requested.

"These same applicants, in Application No. 5010, with the exception of the Richmond Motor Express Co., filed in October, 1919, another application for a 20 per cent increase in rates and a hearing was held thereon October 15, 1919, but owing to the showing made by the applicants the latter requested that the case be dismissed without prejudice. The Commission in its Decision No. 6958, rendered December 17, 1919, authorized the dismissal of Application No. 5010.

"In the three hearings had by these applicants it was developed that all of the applicants, in addition to their transbay business, do a local drayage, hauling and car distributing business in Oakland and the other transbay cities. With most of them the transbay hauling is incidental to their local business. Their books have not been kept in a manner permitting of a complete and positive segregation between these different kinds of business, for the reason that the service is performed by the same employes and with the same equipment.

"A statement of the gross revenue, operating expenses and total assets and liabilities of six of the applicants, the Merchants Express & Draying Co., Peoples Express Company, American Transfer & Storage Co., Santa Fe Express & Draying Co., Hull Weider Transfer & Storage Co. and Kellogg Express Co., shows that at present, at least one of these companies is operating at an actual loss and the others are operating at varying profits without a remunerative return upon their investment.

"The figures referred to are to a considerable extent estimated, for the reason indicated in the foregoing paragraphs, that the applicants have not kept their books in a comprehensive manner.

"The showing made by the petitioners as to the cost of performing the service is sufficient, in my opinion, to support the conclusion that their present rates are unremunerative and that the application should be granted in part, - that these petitioners should be authorized to increase their rates by 10 per cent.

"For the reasons heretofore set forth, I am for the present not inclined to pass upon the merits of this application, other than to permit a moderate increase during a test period in order to ascertain what amounts would accrue to the applicants under such moderately increased rates."

These applicants ignored the Commission's directions given in Decision No. 5587 of July 17, 1918, in regard to keeping comprehensive accounts of their businesses and they still have presented no definite figures. I believe that the ten per cent increase authorized June 10, 1920 in Decision No. 7709 will cover the wage increase referred to. In any event the Commission in its order set a probationary period of six months beginning July 1, 1920 for the application of the increased rates and if at the end of that time applicants can show they have not received a fair and reasonable return upon the investment, devoted to the public utility business, the Commission will give the matter further consideration.

For the foregoing reasons I am of the opinion that this application so far as it refers to an increase of three per cent because of the readjustment in wages, should be denied.

It is alleged that the transbay tolls paid by petitioners are, next to labor, the largest item of expense and represents as per statement attached to the supplemental application approximately four per cent of the gross revenues of the different companies. Of the larger companies, the increase per annum would be for the Santa Fe Express & Draying Company, - \$4,262.26, Merchants Express Company, \$5,981.76, and Kellogg's Express Company \$2,971.92. The

increase in the transbay rates of the Southern Pacific Company become effective August 26, 1920 and I am of the opinion that these applicants should be permitted to increase their freight rates by four (4) per cent in order to meet the increased rates, imposed by the changes in tariffs of the Southern Pacific Company.

O R D E R

The Santa Fe Express & Draying Co., Merchants Express & Draying Co., American Transfer & Storage Co., Peoples Express Co., Kellogg's Express Co., Hall, Weider Transfer & Storage Co., Austin Freight & Transportation Co., Williams Motor Express & Draying Co., United Transfer Co., Oakland Parcel Delivery, and Richmond Motor Express Co. having applied to this Commission to increase certain rates for the transportation of freight between San Francisco and the east bay cities (Oakland, Berkeley, Alameda, Piedmont, Emeryville, Fruitvale and Melrose) and the intermediate points, as set forth in the opinion, and a hearing having been held, the Commission being fully advised in the premises and basing its findings on the opinion which precedes this order,

IT IS HEREBY ORDERED that/<sup>said applicants</sup>~~the said applicants~~ be and the same are hereby authorized to establish and publish tariffs to be filed with this COMMISSION, effective not earlier than August 26, 1920, rates four (4) per cent higher than those set forth in their tariffs now on file with this Commission, disposing of the fractions as follows:- Less than one fourth of a cent will be omitted, one fourth of a cent or greater, but less than three quarters of a cent will be stated as one half, three quarters of a cent or greater will be increased to the next whole cent.

The foregoing opinion and order are hereby approved and ordered filed, as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 25<sup>th</sup> day of August, 1920.

Edwin C. Edgerton  
H. W. Leonard  
Frank D. Devlin  
H. A. Brundage  
Commissioners