

Decision No. 31808

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of UNITED PARCEL SERVICE OF LOS ANGELES, INC., to handle C.O.D. shipments within the City of Los Angeles at a rate less than the minimum rate established by this Commission in Rule No. 60, Decision No. 31473, Case No. 4121.

Application No. 22393

In the Matter of the Application of WILLIAMS TRANSFER.; 20TH CENTURY DELIVERY SERVICE; GOODMAN DELIVERY SERVICE; CO-OPERATIVE DELIVERY SERVICE; RELIABLE DELIVERY SERVICE; for authority to handle C.O.D. shipments in the territory embraced by Decision No. 31473, at a rate less than the minimum rate established in Rule No. 60, Decision No. 31473, Case 4121.

Application No. 22489

ORIGINAL

APPEARANCES

F.G. Athearn and Douglas Brookman, for applicant United Parcel Service of Los Angeles, Inc.

Laurence Berger and F.W. Turcotte, for applicant Williams Transfer Co.

Laurence Berger for applicants 20th Century Delivery Service, Goodman Delivery Service, Co-Operative Delivery Service and Reliable Delivery Service.

Edward Stern, for Railway Express Agency, Inc., interested party.

R.F. Shackelford, for Ellis-Klatscher & Co., Los Angeles Wholesale Institute and Los Angeles Traffic Managers Conference, interested parties.

CRAEMER, Commissioner.

O P I N I O N

By these proceedings applicants seek authority to charge less than the established minimum charges for the accessorial service of collecting and returning money on C.O.D. (collect on delivery) shipments transported within the Los Angeles drayage area as defined in Decision No. 31473 of November 25, 1938, in Case No. 4121.

The applications were consolidated for hearing, which was had at Los Angeles on February 3, 1939.

The established minimum charges from which relief is sought are as shown in the footnote.¹ United Parcel Service of Los Angeles, Inc. (hereinafter called United Parcel Service) seeks to apply a charge of 10 cents for each collection under \$100. The other applicants urged that for competitive reasons they must be permitted to make charges as low as any that may be authorized for United Parcel Service, but originally sought only to reduce the minimum from 15 cents to 10 cents, without otherwise reducing the established charges. None of the applicants proposes to revise the charges for collections of \$100 or more. United Parcel Service, although claiming that its service is unique and its operations different from those of other carriers, offered no objection to the other applicants being placed upon a parity with it in so far as C.O.D. collections are concerned.

All of the applicants are engaged primarily in the delivery of small packages. Parcels weighing 100 pounds or less, delivered from retail stores, are exempt from the minimum rates and charges established by Decision No. 31473, supra. For these reasons the charges involved in these applications are principally those which accrue in connection with the delivery of packages from wholesale stores.

The manager of United Parcel Service testified that in addition to its city carrier operation here involved, his company operates as a common carrier in the transportation of small packages, serving all points in California lying south of an east-west line drawn

¹ The established minimum charges, provided by Rule No. 60 of Appendix "A" to Decision No. 31473, supra, are as follows:

Under \$100.00 one-half of one per cent, minimum charge. . . .	\$.15
\$100.00 and not over \$200.00.50
Over \$200.00 and not over \$300.00.70
Over \$300.00 and not over \$500.00.80
Over \$500.00 add 25 cents for each \$100.00 or fraction thereof.	

through the city of Santa Barbara. He explained that under its common carrier tariff, his company maintains a uniform charge of 10 cents for each C.O.D. collection regardless of amount, but that for transportation between points within that portion of the city of Los Angeles included in the Los Angeles drayage area as described in Decision No. 31473, supra, it is required as a city carrier to assess the higher charges established by that decision. For this reason, he said, United Parcel Service has been placed in the position of being required to make a charge of 15 cents or more for collections effected within that portion of Los Angeles lying within the drayage area, while charging only 10 cents for collections at more distant points outside of the area. He expressed the opinion that this differential in charges was inconsistent and discriminatory, and would be objectionable to the shippers involved. He stated also that United Parcel Service would find it difficult and impracticable to segregate the deliveries by address so as to apply the established charges on collections made within the drayage area. He explained further that because of the nature of its services, his company is required to give rapid handling to many thousands of packages each day, and that in order to give the necessary service it is essential that rating, billing and accounting be simplified wherever possible. For this reason, he said, the proposed uniform charge for C.O.D. collections was preferable to the established minimum charges, which are based to some extent upon a percentage of the amount of money collected.

This witness testified that in his opinion the proposed 10 cent charge would be more than sufficient to cover all of the costs encountered by his company in making the collections. He introduced a statement and analysis of all expenses actually incurred in the handling of 132,632 C.O.D. collections during the period from June 1 to November 30, 1938, showing that the average cost per collection was

of the C.O.D. bills he believed that the proposed charge of 10 cents per collection would be sufficient and proper.

No one opposed the granting of these applications.

It is apparent from the record developed in these proceedings that applicants are faced with many practical difficulties in applying higher C.O.D. charges within all or a portion of the Los Angeles drayage area than they contemporaneously apply at more distant points beyond, and it is also clear that the dual system of charges results in inconsistencies, complications and possible discriminations.

This record leaves little doubt that the proposed charge of 10 cents per collection is more than sufficient to return the actual cost of the particular service here involved. Several of the applicants have maintained the proposed charge for some time in their common carrier tariffs, the propriety of which is not before the Commission in these proceedings. In view of the fact that the proposed charge is apparently more than sufficient to return the cost of rendering the service, I am of the opinion that the relief herein sought should be granted in order that applicants may promptly remove the inconsistencies and possible discriminations which have been shown to exist in the present dual basis.

The conclusions herein are based upon present conditions, and the authority should therefore be made effective for a temporary period expiring one year from the effective date hereof, unless sooner changed, cancelled or extended by appropriate order of the Commission.

I recommend the following form of order.

O R D E R

These proceedings having been duly heard and submitted,

IT IS HEREBY ORDERED that the applicants in Applications Nos. 22393 and 22489, to the extent they are engaged in the transporta-

only 7.44 cents.² He said that an analysis of all C.O.D. transactions handled by United Parcel Service on two representative days disclosed that the amount of the average collection was less than \$6.00, and he stated that not more than one collection in a thousand would exceed \$100.

Witnesses for the other applicants testified that they too were confronted with the difficulties and disadvantages of a dual schedule of C.O.D. charges and desired uniformity between their intercity and intracity provisions; that their services were in many essential respects similar to those of United Parcel Service; and that they considered it essential that they be permitted to meet any charges authorized for that carrier. One of the witnesses stated that he believed his cost of making C.O.D. collections to be somewhat higher than the 7.44 cents incurred by United Parcel Service. The others explained that they had not made independent studies and could not testify as to their actual cost, but believed them to be approximately the same as those of United Parcel Service, or possibly slightly higher. These witnesses said that the C.O.D. collections encountered in their operations were generally small, and they introduced statements which indicated that the average amount was less than \$7.00 and that approximately 90 per cent of the collections were less than \$20.00.

A witness for Ellis-Klatscher & Company, Los Angeles Wholesale Institute and Los Angeles Traffic Managers Conference stated that he had made some analysis of C.O.D. shipments handled for the shippers which he represented, and had found the average amount to be quite small. He said that in view of the comparatively small average amount

² The statement includes an allocation of drivers' earnings, cashiers' salaries, office clerical salaries, vacations, social security taxes, compensation insurance, occupancy expense, bank messenger service, cashiers' cash shortage, stationery, postage, bank clearance charge and other general expense.

tion of property as radial highway common carriers or highway contract carriers as those terms are defined in the Highway Carriers' Act, or as carriers as that term is defined in the City Carriers' Act, be and they are hereby authorized to charge less than the minimum charges established by Decision No. 31473 of November 25, 1938, in Case No. 4121, for the service of collecting and remitting the amount of C.O.D. (collect on delivery) bills of less than one hundred dollars (\$100.00) each in connection with shipments transported within the area for which rates and charges are established in and by said decision, but not less than ten cents (10¢) for each such collection.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one (1) year from the effective date of this order unless sooner changed, cancelled or extended by appropriate order of the Commission.

This order shall become effective on the date hereof.

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 6th day of March, 1939.

R. B. ...
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Justice J. ...
Commissioners