

Decision No. 37297

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of G. F. D. LINES, INC., for an Increase in C.O.D. Charges	) ) )	Application No. 26236
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PHIL JACOBSEN, attorney for applicant

**ORIGINAL**

BY THE COMMISSION:

O P I N I O N

In this proceeding the G. F. D. Lines, Inc. seeks authority to increase its charges for collections on delivery shipments, hereinafter referred to as C.O.D. collections, in connection with its transportation business of delivering films and film accessories.

A public hearing was conducted in this matter before Examiner Hunter, in Los Angeles, on August 17, 1944, at the conclusion of which the matter was taken under submission and is now ready for decision.

Applicant is engaged in the business of delivering films and film accessories between an area which is known as "film row," located near the intersection of Washington and Vermont, in the city of Los Angeles, on the one hand, and theatres where the films are to be exhibited, in Los Angeles, Riverside, Orange, San Bernardino, San Diego, and Imperial Counties, on the other hand.

Applicant at this time charges a flat rate of 12½ cents for each C.O.D. collection. In this application authority is sought to increase this flat rate charge to a level of the

C.O.D. collection rates prescribed by the Commission in its  
 Highway Carriers' Tariff No. 2. <sup>(1)</sup>

Exhibit No. 1, introduced by applicant, shows the revenues and expenses of providing the C.O.D. service for the period January 1 to July 31, 1944, inclusive. This exhibit shows that during this seven months' period, 1,340 C.O.D. shipments were transported with an average of \$15.47 per collection. The average revenue received for this service, including those for which no revenue was received, amounted to \$.0956 per shipment, whereas, the estimated cost of providing the service was <sup>(2)</sup> shown to be \$.8659 per shipment.

(1) The charges for C.O.D. collections as set forth in this tariff range from 19 cents for each collection not over \$2.50, to \$3.45 for each collection on amounts between \$950 and \$1,000.

(2) Taken from Exhibit No. 1.

COST OF HANDLING C.O.D.'s BETWEEN JANUARY 1 and JULY 31, 1944

ACTUAL COSTS:

Cost of Depositing Check in Bank (Bank Charges)	\$ .02
Cost of Issuing Check (Bank Charge)	.03
Postage	.03
Cost of Check	.0141
Bonding Employees (\$400 per year)	.174
C.O.D. Company Bonds Carried (\$110 per year)	.0478
Total	<u>\$ .3159</u>

ESTIMATED COSTS:

TIME:

Drivers cost of Collection: (Estimated at 15 minutes per collection) Salary \$1.25 per hour	\$ .3125
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Cashier cost of Handling C.O.D. Time in writing check; keeping records; etc., (Estimated at 15 minutes per C.O.D.) Salary 95¢ per hour	<u>\$ .2375</u>
Total	<u>\$ .55</u>

TOTAL <u>COST</u> OF COLLECTION	<u><u>\$ .8659</u></u>
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Applicant testified that, although the proposed increased rates will not cover all the estimated charges that could be reasonably assigned to this collection service, they do, however, approximate the out-of-pocket costs of providing same, also the increased rates should, in applicant's opinion, have the effect of materially decreasing the volume of C.O.D. shipments, particularly those involving a small amount of money. The record shows it has been the practice of many of applicant's patrons to send shipments C.O.D., due to the fact that the collection charges are comparatively small. With a lesser volume of C.O.D. business, applicant plans to eliminate some of the expenses, particularly the item of bonding employees, which is the major charge assigned to the C.O.D. service.

The granting of this application will have the effect of placing applicant's charges for C.O.D. collections at the same level as those prescribed in said Highway Carriers' Tariff No. 2, which is the common standard employed by other carriers in the film delivery business.

No opposition developed to the granting of this application. A review of this record leads to the conclusion that the granting of applicant's request to establish charges for its C.O.D. collections at the same level of rates as those prescribed in the Commission's Highway Carriers' Tariff No. 2, has been justified and the following order will authorize this change.

C R D E R

A public hearing having been held in the above-entitled matter, evidence having been received, and the matter submitted for decision;

IT IS ORDERED that the G.F.D. Lines, Inc., a corporation, be and it is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, such increases in its charges for C.O.D. collections as are necessary to raise said charges to the same level as that provided in Highway Carriers' Tariff No. 2 (Appendix "D" of Decision No. 31606, as amended, in Case No. 4246).

The authority herein granted shall be void unless the rates and charges authorized in this order are published, filed and made effective within sixty (60) days from the effective date hereof.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 29<sup>th</sup> day of August, 1944.

Richard L. Jackson  
Justin F. Calver  
Frank R. Havens  
Frank W. Owen  
Frank J. Puccio  
 COMMISSIONERS