

ORIGINAL

Decision No. 39828

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of the
 Asbury Transportation Co., a corporation,
 filed under Section 63 of the Public
 Utilities Act of the State of California,
 for an order authorizing it to establish
 on not less than one day's notice to the
 Commission and to the public, an increase
 of 12 per cent in all its local rates and
 charges and in its joint rates and charges
 to the extent necessary to avoid departures
 from the provisions of Section 24(a) of the
 Public Utilities Act; and to establish a
 charge of \$1.00 as its minimum charge per
 shipment.

Application No. 28029

Appearances

Bart F. Wade for applicant.
 W. O. Narry and R. T. Hunt for Richfield Oil
 Corporation, interested party.

OPINION

By this application, (Asbury Transportation Co., a highway
 common carrier, seeks authority to increase its rates for the
 transportation of property, other than bulk petroleum products in
 tank trucks, by 12 per cent and to establish a charge of \$1.00 as
 its minimum charge per shipment.)

A public hearing was held before Examiner Bradshaw at
 Los Angeles.

Applicant operates south of Fresno and Salinas. The rates
 upon which an increase is sought apply on numerous articles used
 in connection with the construction or dismantling of oil wells.
 In most cases the present rates are the minimum rates established

by the Commission for highway carriers in Decision No. 31606 of December 27, 1938, in Case No. 4246 as amended, and as increased by 12 per cent in conformity with Decision No. 39004 of May 21, 1946 in Case No. 4808.

A statistician employed by applicant presented several exhibits to show the operating results for the months of July, August and September, 1946 -- the first full quarter-year period since the present level of rates became effective. Where accounts were considered as applicable solely to particular transportation the actual figures as they appear in the carrier's records were used. Operating expenses incurred in transporting traffic of different kinds were allocated to the respective services upon various bases.¹

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Shop and garage expenses, repairs, tires and related items were segregated on an adjusted mileage basis, by taking into consideration the number of miles operated by line-haul equipment used in the two classes of operations and charging to pickup and delivery trucks one-half as much expense as was determined to be chargeable to line-haul equipment. The same basis of allocation was used with respect to a number of other expenses, such as, fuel and oil. Supplies and expenses of terminals, supervision of traffic, advertising, insurance (except workman's compensation insurance) and general expenses were prorated according to the revenue derived from the two operations. Terminal employees' salaries were assigned based upon the number of employees exclusively engaged in each type of operation and allocating the expense of those employed in both on the adjusted mileage basis. Expenses for drivers' wages, supervision of transportation, cargo loss and damage, workmen's compensation insurance and equipment and operating rents were the actual figures for the different operations. Depreciation expense was allocated on a basis assertedly arrived at by members of the Commission's staff after a recent study of applicant's accounts. Operating taxes and licenses (other than taxes on fuel, which were based on mileage) were assigned by using a composite ratio after taking into consideration the number of equipment units involved.

The witness' computations indicate that, during the three months covered by the study, the operating expenses assignable to traffic other than that moving in tank trucks, hereinafter called "other traffic," amounted to \$130,897.22. The revenue under the rates involved in this proceeding was stated to have been \$114,582. Adding to this amount revenue received from certain interstate traffic, C.O.D. fees, and other miscellaneous revenue, the total revenue from "other traffic" became \$117,513.75. The loss, according to these figures, was \$13,383.47.

The expenses assignable to "other traffic" for the first six months of 1946 were shown as having been \$255,431.65, as contrasted with revenues received of \$242,964.62, or a resultant net loss of \$12,467.03. It was estimated that if the sought increases, as well as a 17.6 per cent increase in interstate rates, had been in effect during the months of July, August and September, 1946, applicant's revenue from "other traffic" would have been \$134,018.15, leaving a profit before income taxes of \$3,120.93.²

Applicant's vice-president and general manager testified that various increases in expenses, which occurred since September 30, 1946, are not reflected in the data showing the estimated operating expenses for the three months covered by applicant's estimates and that no retroactive wages are included therein. A number of examples of increased costs for specific types of parts and materials claimed to represent important items of expense in equipment maintenance were cited. The witness also said that, in addition to an

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By its report on further hearing and order, dated December 5, 1946, the Interstate Commerce Commission in Ex Parte Nos. 162 and 148 authorized carriers by railroad and certain water carriers to increase their interstate rates and charges. It was unofficially estimated that the average increase for the United States as a whole would be 17.6 per cent. It is applicant's intention to make corresponding increases in its interstate rates.

increase in wage costs for line-haul drivers of approximately 12 per cent, effective May 1, 1946, an additional increase of about 4 per cent occurred on October 1, 1946. According to the testimony, wages of local truck drivers were also increased by approximately 12½ per cent on May 1, 1946 and an increase in mechanics' wages of approximately 14 per cent took place on August 1, 1946.

With respect to general conditions surrounding operations, it was stated that (1) it has been increasingly difficult to hire mechanics except at wages exceeding the union scale, (2) the efficiency of labor has not improved above that which obtained under wartime conditions, (3) traffic congestion renders it impossible to schedule pickup trucks so as to avoid delays, and (4) no material increase in operating efficiency is expected for some time to come. Higher depreciation charges and further increases in maintenance costs are considered to be inevitable because new equipment prices are about 22 per cent more than the original cost of the trucks now in use and new engines are of inferior quality to those manufactured in previous years.

In commenting upon the volume of the sought increases, the witness testified that, although he did not regard the anticipated earnings as compensatory, applicant's reason for not seeking a greater increase than 12 per cent is that it desires to keep its rates as low as possible to prevent the loss of traffic. In his opinion, a substantial difference between applicant's rates and the prescribed minimum rates would encourage the activities of contract carriers, especially for the more desirable classes of freight. He stated, however, that an increase of at least 12 per cent is required and believes that applicant can retain its traffic if an increase of this amount should be authorized. It is not anticipated that there will be any substantial change in the volume of available tonnage in the near future.

As justification for increasing the minimum charge per shipment to \$1.00, applicant's witnesses stated that there has been a marked increase in the number of small shipments tendered for transportation during the last two years. They outlined the extent to which smaller shipments receive greater handling than heavier consignments in pickup and delivery operations and at terminals.

An exhibit of record indicates that during July, August, and September, 1946, 64.29 per cent of the shipments transported weighed 300 pounds or less. During the period from August 8 to 31, inclusive, of the same year, the revenue on 84 per cent of the shipments falling within this weight range was less than \$1.00, the average charge per shipment being 66.44 cents. From these figures, it would appear that the revenue on approximately 54 per cent of applicant's total shipments is less than \$1.00 per shipment. Applicant's vice-president and general manager testified that he is not satisfied that the proposed \$1.00 charge is compensatory, but believes that it would result in this class of traffic bearing its proportionate share of out-of-pocket costs. No study of the cost of handling minimum charge shipments was submitted.

No one protested the granting of the application.

A definite appraisal of applicant's revenue requirements cannot be arrived at in this proceeding for the reason that its showing of earnings and expenses is virtually limited to a period of three months' operations. The evidence discloses, however, that although an increase in rates became effective on June 10, 1946, recent operating results in transporting "other traffic" were less favorable than those of the first-half of 1946. The record is convincing that higher rates than those now in effect are justified and that, when current operating costs are borne in mind, the sought increases will not result in excessive returns under existing conditions.

The record also justifies the conclusion that the establishment of a minimum charge of \$1.00 per shipment would be proper. The same authority has been granted to certain other carriers, operating in the same general territory, upon a showing somewhat similar to that here presented. (Decision No. 39436 of September 24, 1946 in Case No. 4808.)

In this proceeding, consideration has been given to applicant's revenue requirements. Of necessity no study has been made of each or any of the individual rates or charges published in applicant's tariffs for the purpose of determining the reasonableness or lawfulness thereof. In authorizing applicant to increase its present rates and charges the Commission does not make a finding of fact of the reasonableness or lawfulness of any particular rate or charge.

Upon careful consideration of all of the facts and circumstances of record in this proceeding, the Commission is of the opinion and finds that an increase of 12 per cent in the local rates and charges of Asbury Transportation Co. for the transportation of property, other than petroleum and petroleum products in tank trucks, and an increase in its minimum charges per shipment to \$1.00 are justified.

O R D E R

A public hearing having been had in the above entitled application and, based upon the evidence received at the hearing and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Asbury Transportation Co. be and it is hereby authorized to establish, on not less than one (1) day's notice to the Commission and to the public, an increase of twelve (12) per cent in its local rates and charges for the transportation of

property, other than petroleum and petroleum products in tank trucks, as well as its joint rates and charges applicable to the transportation of the same commodities to the extent necessary to avoid departures from the provisions of Section 24(a) of the Public Utilities Act; and to establish a charge of one dollar (\$1.00) as its minimum charge per shipment.

IT IS HEREBY FURTHER ORDERED that fractional parts of a cent resulting from the percentage increases herein authorized shall be disposed of and published according to the following rule:

When present rates or charges are 5 cents or less:

Fractions of less than $1/8$ or $.125$ of a cent, omit.
 Fractions of $1/8$ or $.125$ of a cent or greater but less than $3/8$ or $.375$ of a cent will be stated at $1/4$ or $.25$ of a cent.
 Fractions of $3/8$ or $.375$ of a cent or greater but less than $5/8$ or $.625$ of a cent will be stated at $1/2$ or $.50$ of a cent.
 Fractions of $5/8$ or $.625$ of a cent or greater but less than $7/8$ or $.875$ of a cent will be stated at $3/4$ or $.75$ of a cent.
 Fractions of $7/8$ or $.875$ of a cent or greater, increase to the next whole cent.

When present rates or charges are 10 cents or less but greater than 5 cents:

Fractions of less than $1/4$ or $.25$ of a cent, omit.
 Fractions of $1/4$ or $.25$ of a cent or greater but less than $3/4$ or $.75$ of a cent will be stated at $1/2$ or $.50$ of a cent.
 Fractions of $3/4$ or $.75$ of a cent or greater, increase to next whole cent.

When present rates or charges are over 10 cents:

Fractions of less than $1/2$ or $.50$ of a cent, omit.
 Fractions of $1/2$ or $.50$ of a cent or greater, increase to next whole cent.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the express condition that Asbury Transportation Co. will never urge before this Commission in any proceeding under Section 71 of the Public Utilities Act, or in any other proceeding,

that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

IT IS HEREBY FURTHER ORDERED that, in publishing the increases herein granted, Asbury Transportation Co. be and it is hereby authorized to depart from the provisions of General Order No. 80 and Section 24(a) of the Public Utilities Act, to the extent necessary to carry out the effect of the order herein.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless the rates and charges authorized in this order are published, filed and made effective within ninety (90) days from the effective date hereof.

This order shall become effective upon the date hereof.

Dated at San Francisco, California, this 7th day of January, 1947.

Harold P. Gule
Justin F. Calver
Arnold O. ...
Wm. A. ...
R. ...
 Commissioners