

ORIGINAL

Decision No. 39945

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CALIFORNIA MOTOR EXPRESS LTD., a )  
 corporation, for an order authoriz- ) Application No. 27993  
 ing the cancellation of Package Rates )  
 published in applicant's existing )  
 tariffs. )

Appearances

Douglas Brookman, for applicant,  
 Walter A. Rohde, for San Francisco Chamber of  
 Commerce, interested party,  
 H. F. Alvin, for Western Traffic Conference,  
 interested party,  
 D. R. MacDonald, for Butler Bros., interested  
 party,  
 K. P. Thorpe, for The Drug Shippers Association,  
 Inc. of California, interested party.

C O M M E N T

California Motor Express, Ltd, is an express corporation rendering virtually a statewide service. It seeks authority to cancel from its tariffs certain package rates applicable to shipments weighing generally less than 100 pounds, transported between San Francisco Bay points on the one hand and points in southern California on the other hand.

A public hearing was had before Examiner Mulgrew at San Francisco on January 16, 1947.

Applicant's principal underlying carrier is California Motor Transport Co. Ltd. These two companies operate under common ownership and management and are otherwise so closely related that a consolidated showing of operating results was made. Their general

auditor testified that each carrier was operating at a loss and had done so during the entire year of 1946. He stated that they had experienced, during the first three quarters of that year, collective losses of \$6,670, \$6,754 and \$3,982, respectively. While exact figures for the last quarter of 1946 were not available, the witness said that the loss for that period was substantial.

A study covering the cost of handling shipments weighing less than 100 pounds by California Motor Express, Ltd. and California Motor Transport Co. Ltd., for the month of October, 1946, was introduced. This study reveals that the total cost for handling such a shipment is \$1.0675. Applicant's auditor testified that multiple shipments received at or destined to a single address were not taken into consideration in determining the above cost. He asserted, however, that the results would not have been materially different had such shipments been included in the study.

The package rates maintained by applicant range from 28 cents for a one pound package to \$1.90 for a 99 pound package. The general auditor testified that the package rates in the higher weight brackets are nullified by the alternative application of lower class rates. With respect to the package rates in the lower weight brackets, the witness pointed out that such rates are substantially lower than the cost of handling the traffic.

According to the witness, the proposed cancellation of the package rates would do no more than prevent further out-of-pocket losses in handling this traffic. He estimated that only 3 per cent of applicant's shipments move under the package rates and that the revenue received from such traffic amounts to less than 1/2 of 1 per

cent of aggregate revenue. He stated that the authority sought in this application is supplemental to the general increase proposed by applicant and other carriers in Case No. 4808.

The Drug Shippers Association, Inc. of California protested the granting of the authority sought. However, the participation of its representative, as well as that of other shipper interests, was limited to cross-examination of applicant's witnesses.

The record is clear that the present package rates are non-compensatory and that their cancellation has been justified on the showing made. The application will be granted.

#### ORDER

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

IT IS HEREBY ORDERED that the aforesaid application be and it is hereby granted; and that tariffs filed pursuant to this order may be made effective on not less than five (5) days' notice to the Commission and to the public.

The authority herein granted shall be void unless exercised within ninety (90) days of the effective date hereof.

The effective date of this order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 4<sup>th</sup> day of February, 1947.

*Harold P. Kuhl*  


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*Justus F. Coe*  


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*Wesley Powell*  


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*R. J. ...*  


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Commissioners