

Decision No. 39947

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of VALLEY EXPRESS CO., a corporation, for an order authorizing the cancellation of package rates published in Applicant's existing tariff.

ORIGINAL

Application No. 28009

In the Matter of the Application of VALLEY EXPRESS CO. and VALLEY MOTOR LINES, INC., both corporations, for an order authorizing the establishment of a minimum charge of One Dollar per shipment.

Appearances

- Berol and Handler, by Marvin Handler, for applicants.
- Walter 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, protestant.

O P I N I O N

Valley Motor Lines, Inc. is a highway common carrier engaged in the transportation of property from, to and between points in the Sacramento and San Joaquin Valleys and the San Francisco Bay area. Valley Express Co. is an express corporation conducting virtually a state-wide operation. Authority is sought by applicants to establish an increased minimum charge of \$1.00 per shipment. In addition, Valley Express Co. seeks authority to cancel package rates for shipments weighing 100 pounds or less transported between San Francisco Bay points on the one hand and southern California points on the other hand.

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

Valley Motor Lines, Inc. is the principal underlying carrier for Valley Express Co. Their operations are conducted under common ownership and management. Exhibits were introduced showing operating results for the first eleven months of 1946, as well as for November of that year. The November results were said to be the latest available. They reflect operations under the 12½ per cent increase in rates published by applicants pursuant to Decision No. 39545 of October 22, 1946, in Application No. 27804. The results disclosed by these studies follow:

	<u>Valley Motor Lines, Inc.</u>	<u>Valley Express Co.</u>
<u>FIRST 11 MONTHS OF 1946</u>		
Operating Revenue	\$ 1,006,376.15	\$1,088,094.43
Operating Expense	1,041,765.74	1,106,571.47
Profit or Loss	(35,389.59)	(18,477.04)
Operating Ratio	103.5	101.7
<u>NOVEMBER, 1946</u>		
Operating Revenue	92,990.33	101,770.56
Operating Expense	93,325.71	101,035.18
Profit or Loss	(335.38)	735.38
Operating Ratio	100.4	99.3

() - Denotes loss.

Applicants' president testified that the financial position of the two companies was even more precarious than that indicated by the foregoing showing. He stated that operating equipment requiring repairs involving new parts had been kept out of service for the sole reason that applicants did not have the means to purchase

the parts. He also stated that a large volume of outstanding bills had not been paid due to the companies' acute financial condition. When questioned as to whether lending agencies had been approached for necessary operating funds, the witness said that such action had been taken and that loans had been refused. He testified that every effort had been made to reduce expenses to a minimum. Noncompensatory operations, he said, must either be eliminated or adjusted to a compensatory basis if applicants are to survive.

A cost study covering the handling of minimum shipments for the month of September, 1946 was introduced. According to this study, the cost of handling a minimum shipment is \$1.19. While applicants' president stated that this cost figure was predicated upon single shipments, he also asserted that pickups and deliveries involving multiple shipments were few in number and would not materially reduce the indicated cost. With respect to the package rates, the witness testified that they were depressed rates. He explained that Valley Express Co. had established these rates to meet competition with other carriers. Operations under present minimum charges and package rates, he said, had resulted in a considerable out-of-pocket loss. Under the sought adjustments, he estimated that the over-all increase in revenue for both carriers would amount to \$3,000 per month.

The Drug Shippers Association, Inc. of California protested the granting of the application. However, the participation of its representative in the proceeding, as well as that of other shipper interests, was limited to cross-examination of applicants' witness.

It is clear from the evidence of record that charges less than those which would result under the adjustments here proposed are noncompensatory and that the proposed adjustments are justified. The application will be granted.

O R D E R

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 4th day of February, 1947.

Harold P. Huls
Justus F. Gallen
Walter H. Kelle
A. J. ...
Commissioners