

ORIGINAL

Decision No. 40598

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Establishment of rates, rules and regulations for the transportation of property by common carriers as defined in the Public Utilities Act and highway carriers as defined in the Highway Carriers' Act.) Case No. 4246

In the Matter of the Establishment of rates, rules and regulations for the transportation of property by carriers as defined in the City Carriers' Act.) Case No. 4434

In the Matter of the Investigation into rates, rules, regulations, classifications, contracts, operations, and practices of highway common carriers as defined in the Public Utilities Act, radial highway common carriers and highway contract carriers as defined in the Highway Carriers' Act and carriers as defined in the City Carriers' Act for the transportation of household goods and related property.) Case No. 4730

Appearances

Gordon & Knapp, by Wyman C. Knapp, J. W. Barker, E. H. Hart, Irving M. Liner, Russell Bevans, Harold Blaine, D. P. Bryant, Wilbur R. Andreason, and Marquam C. George, for various respondent carriers and carrier associations.

INTERIM OPINION

City Carriers' Tariff No. 3 - Highway Carriers' Tariff No.4 (Appendix "A" to Decision No. 32629, as amended, in these proceedings) names minimum rates, rules and regulations for the transportation of used household goods and related articles by highway common, radial highway common, highway contract and city carriers.¹ By petition,

¹ The tariff provides "Local Moving Rates" for transportation for distances of 30 miles or less, which are stated on a per-hour and a per-piece basis and "Long Distance Moving Rates" for transportation exceeding 30 miles, which are stated on a point-to-point and mileage basis.

California Van & Storage Association and United Van & Storage Association seek increases in both the local and long distance moving rates established for such transportation.

Public hearings were had before Examiner Mulgrew at San Francisco on July 2 and 3, 1947 and at Los Angeles on July 9, 1947.

The minimum rates named in the aforementioned tariff became effective January 1, 1940. With the exception of a 6 per cent increase, which took place in April of 1942, the long distance moving rates have remained unchanged. Due to the increased cost of operations which has taken place during the past five years, petitioners allege that the present minimum rates are no longer compensatory. They claim that while highway and city carriers generally have been able to obtain local-moving traffic at rates which are higher than those prescribed as minima, such has not been the case with long distance traffic. They point out that competition in this latter field has held the so-called going rates to the basis of those established as minima by the Commission.

Comprehensive cost studies were introduced in evidence by petitioners' transportation consultant and by a representative of the Commission's Engineering Division. The study made by the Commission's representative deals with the cost of transporting household goods by certificated highway common carriers. Specifically, it covers the cost of long distance moving and is predicated upon the experiences of Bekins Van Lines, Inc., Lyons Van Lines, Inc. and James Van Lines. The studies placed in evidence by petitioners' transportation consultant cover (1) the cost of transportation by Bekins Van Lines, Inc. and Lyons Van Lines, Inc. and (2) the cost of transportation by carriers other than Bekins and Lyons.

The cost studies indicate that the cost of transporting "any quantity" shipments distances of 300 miles or less is substantially in excess of the present minimum rates. Similarly, the minimum rates for shipments subject to minimum weights of 2,000 and 4,000 pounds are considerably below the developed cost in connection with distances of 100 miles or less. These disparities are greatest for short distances and diminish rapidly as the distances increase.

In arriving at their respective cost figures, both the Commission witness and the consultant expanded their direct cost to compensate for general administrative expenses. For this purpose the Commission witness used a figure of 37 per cent. The consultant used the same percentage in arriving at his cost for transportation by carriers other than Bekins and Lyons, and 39 per cent in the study covering these letter carriers. Both of these witnesses expanded their cost figures to provide for profit. The Commission representative used an operating ratio of 93 before provision for income taxes while the consultant employed a ratio of 95.

Financial showings for the year 1946 and the first 5 months of 1947 were presented by accountants for Bekins and Lyons. After allocating revenues and expenses to storage, common carrier and permitted carrier operations the evidence indicates that substantial increases in revenue are required by the transportation operations to offset the increased costs experienced over the past five years.

Numerous other individual carrier witnesses testified that higher costs, as well as a decline in traffic during the first half of 1947, make increases in revenue imperative. Some of these witnesses stated that unless immediate relief was forthcoming they would be

forced to discontinue operations. .

No one opposed the granting of increases in the established minimum rates to the extent necessary to offset increased cost of operations.

The cost and financial showings of record are weighted considerably by Bekins' and Lyons' operating results. In addition, under the method employed by these carriers in allocating revenues and expenses to carrier and non-carrier operations, revenues from profitable packing services and packing material sales have been accredited in their entirety to the storage business.

A final determination of the adjustments required to place the present minimum rates on a fully compensatory basis cannot be made on the incomplete record thus far developed. Further studies of the matters here involved are in progress. The results thereof are to be submitted at a hearing scheduled for San Francisco on September 25, 1947. Petitioners contend that if the moving industry within California is to be preserved, an interim increase in long distance moving rates is necessary.

Upon consideration of all the evidence of record, we are of the opinion and find that increased minimum rates of the volume set forth on First Revised Page 24 and First Revised Page 26 of City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4, which are attached hereto and made a part hereof by reference, are justified on an interim basis. Such increased rates will be established. The need for additional increases, if one exists, will be considered after a full and complete record has been made.

INTERIM ORDER

Based on the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Decision No. 32629 of December 7, 1939, as amended, in Cases Nos. 4246 and 4434, be and it is hereby further amended by substituting in City Carriers' Tariff No. 3 -

Highway Carriers' Tariff No. 4 (Appendix "A" to said Decision, as amended) the revised pages attached hereto and by this reference made a part hereof, which pages are numbered as follows:

First Revised Page 24 cancels Original Page 24

First Revised Page 26 cancels Original Page 26

IT IS HEREBY FURTHER ORDERED that respondent highway common carriers engaged in the transportation of property for which rates are provided in City Carriers' Tariff No. 3 - Highway Carriers' Tariff No. 4 be and they are hereby authorized and directed to establish, not later than September 15, 1947, rates no lower than the increased minimum rates prescribed herein; that tariff publications required to be made by said common carriers may be published to become effective on not less than five (5) days' notice to the Commission and to the public; and that said common carriers be and they are hereby authorized to depart from the provisions of Article XII, Section 21 of the Constitution of the State of California, and Section 24(a) of the Public Utilities Act, to the extent necessary to carry out the effect of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 32629, as amended, in Cases Nos. 4246 and 4434 shall remain in full force and effect.

This order shall become effective ten (10) days from the date hereof.

Dated at San Francisco, California, this 12th day of

August, 1947.

Harold P. Kuls
Justus F. Coe
Frank Powell
R. F. Johnson
Herbert C. Patton
 Commissioners

Rates on this page ARE NOT subject to increases provided in Supplement No. 1

First Revised Page 24

Cancels

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CITY CARRIERS' TARIFF NO. 3
HIGHWAY CARRIERS' TARIFF NO. 4

Item No.	SECTION NO. 3 -- LONG DISTANCE MOVING RATES In Cents per 100 Pounds			
Rates shown below are intermediate in application, subject to Note 1. (See Items Nos. 180 and 181 series for metropolitan area and group descriptions.)				
BETWEEN	AND	Any Quantity	Minimum Weight 2,000 Pounds	Minimum Weight 4,000 Pounds
Metropolitan Los Angeles	Metropolitan Oakland San Francisco Group via Routes 1, 2, 3, 4, 5 or 6	◇ 410	◇ 320	268
	Metropolitan San Diego via Route 7	◇ 200	◇ 168	◇ 135
* 300-A Cancels 300	Metropolitan Oakland San Francisco Group	◇ 480	390	350
<p>NOTE 1. - If charges accruing under rates in this item, applied on shipments from, to or between points intermediate between origin and destination in the San Francisco group or the metropolitan areas shown in this item via routes shown in Item No. 301 series, are lower than charges accruing under the Distance Rates in Item No. 310 series on the same shipment, such lower charges will apply. Rates in this item applied to intermediate points under these provisions apply to all points located within a distance of one mile on either side of the highway and at all points located within incorporated cities through which the highway route passes. The routes provided in Item No. 301 series apply in either direction. State Route as used herein means the numbered highway routes indicated by signs displaying a bear insignia.</p>				
<p>Change } Decision No. 40598 < Increase }</p>				
EFFECTIVE SEPTEMBER 15, 1947				
<p>Issued by the Public Utilities Commission of the State of California, San Francisco, California.</p> <p>Correction No. 8</p>				

Rates on this page ARE NOT subject to increases provided in Supplement No. 1

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CITY CARRIERS' TARIFF NO. 3

HIGHWAY CARRIERS' TARIFF NO. 4

Item No.	SECTION NO. 3--LONG DISTANCE MOVING RATES (Concluded)				
	In Cents per 100 Pounds				
	MILES		Any Quantity	Minimum Weight	Minimum Weight
Over	But Not Over	2,000 Pounds		4,000 Pounds	
	30	35	◇ 125	◇ 108	◇ 97
	35	40	◇ 130	◇ 112	◇ 100
	40	45	◇ 135	◇ 116	◇ 102
	45	50	◇ 140	◇ 120	◇ 105
	50	60	◇ 150	◇ 128	◇ 110
	60	70	◇ 160	◇ 136	◇ 115
	70	80	◇ 170	◇ 144	◇ 120
	80	90	◇ 180	◇ 152	◇ 125
	90	100	◇ 190	◇ 160	◇ 130
	100	110	◇ 200	◇ 168	◇ 135
	110	120	◇ 210	◇ 176	◇ 140
	120	130	◇ 220	◇ 184	◇ 145
	130	140	◇ 230	◇ 192	◇ 150
	140	150	◇ 240	◇ 200	◇ 155
	150	160	◇ 250	◇ 206	◇ 160
	160	170	◇ 260	◇ 212	◇ 165
	170	180	◇ 270	◇ 218	◇ 170
	180	190	◇ 280	◇ 224	◇ 175
	190	200	◇ 290	◇ 230	◇ 180
	200	220	◇ 310	◇ 242	◇ 190
	220	240	◇ 330	◇ 254	◇ 200
	240	260	◇ 350	◇ 266	◇ 210
	260	280	◇ 370	◇ 278	◇ 222
	280	300	◇ 380	◇ 284	◇ 233
	300	325	◇ 390	◇ 296	◇ 245
	325	350	◇ 400	◇ 308	◇ 257
	350	375	◇ 410	◇ 320	◇ 268
	375	400	◇ 420	◇ 332	◇ 280
	400	425	◇ 430	◇ 344	◇ 292
	425	450	◇ 440	◇ 352	◇ 303
	450	475	◇ 450	◇ 360	◇ 315
	475	500	◇ 460	◇ 368	◇ 326
	500	525	◇ 470	◇ 377	◇ 338
	525	550	◇ 480	◇ 390	◇ 350
	550	575	◇ 490	◇ 403	◇ 361
	575	600	◇ 500	◇ 414	◇ 373
	600	625	◇ 510	◇ 427	◇ 385
	625	650	◇ 520	◇ 440	◇ 396
	650	675	◇ 530	◇ 452	◇ 408
	675	700	◇ 540	◇ 464	◇ 420
	700	725	◇ 550	◇ 477	◇ 431
	725	750	◇ 560	◇ 489	◇ 443
	750	775	◇ 570	◇ 500	◇ 455
	775	800	◇ 583	◇ 513	◇ 466
	800	850	◇ 610	◇ 538	◇ 487
	850	900	◇ 636	◇ 563	◇ 510
	900	950	◇ 663	◇ 587	◇ 533
	950	1000	◇ 689	◇ 612	◇ 557
	1000	1050	◇ 717	◇ 637	◇ 580
	1050	1100	◇ 741	◇ 663	◇ 603
	1100	1150	◇ 770	◇ 688	◇ 626
	1150	1200	◇ 797	◇ 712	◇ 650

*310-A
Cancels
310

* Change)
◇ Increase) Decision No. 40598

EFFECTIVE SEPTEMBER 15, 1947

Issued by The Public Utilities Commission of the State of California,
San Francisco, California.

Correction No. 9