

Decision No. 40616

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
PENINSULA DELIVERY SERVICE, INC., a)
corporation, for an order authoriz-)
ing an increase in freight rates and)
charges.)

Application No. 28600

Appearances

Frank Loughran, for applicant.

Joseph Robertson, for Highway Transport, Inc.,
interested party.

O P I N I O N

By this application, Peninsula Delivery Service, Inc., a highway common carrier and freight forwarder, seeks authority to increase its minimum charges per shipment. A public hearing was held before Examiner Bradshaw at San Francisco on August 8, 1947.

Applicant is engaged in the transportation of property between San Francisco and Oakland on the one hand and points south of San Francisco to and including San Jose on the other hand. Automotive supplies and other small shipments constitute the principal class of traffic handled.

At present, the minimum charges per shipment range from 47 cents on shipments weighing 25 pounds or less to 89 cents on those weighing over 100 pounds. There are, however, instances where lower minimum charges are applicable on packages or parcels shipped under certain conditions. For example, a minimum charge of 35 cents is published on packages weighing 6 pounds or less. Another scale of charges, lower than the 47 to 89-cent scale, is provided for on packages weighing not over 100 pounds when moving between points in the territory Palo Alto and north. It is proposed to cancel all of

these minimum charges and in lieu thereof establish a scale of minimum charges ranging from 65 cents on shipments weighing 7 pounds or less to \$1 on shipments weighing over 30 pounds.

Applicant's auditor-traffic manager testified that, while some decreases in rates will occur, the over-all effect of the proposed revision will result in an increase in revenue. Based upon a two weeks' traffic check taken in June, it was estimated that approximately 75 per cent of applicant's revenue is derived from so-called minimum-charge shipments and that the proposed minimum charges will produce an increase in revenue of 15.23 per cent. Data were presented to show that applicant operated at a loss during 1946 and for the first five months of 1947. It was testified that no salaries were paid to executive officers, as such, but that they received compensation as drivers or as office manager.

The auditor-traffic manager expressed the belief that operations could not be continued at the present rates. He stated that applicant has no cash reserve and that its deficit as of May 31, 1947, amounted to \$5,148.63. A new contract has also been entered into, following negotiations with the Teamsters' Union, providing for an increase of \$1.50 per day for drivers' wages retroactive to June 28, 1947. It was estimated that, as a result, applicant's operating expenses will be increased approximately \$4,269.00 per annum.

In order to ascertain the revenue effect of the proposed increased charges, the resultant percentage increase in revenue as determined from the two weeks' traffic check was applied to the revenue received during the first five months of the present year and expanded to cover a twelve-months' period. Similarly, the anticipated annual operating expenses were computed on the basis of those incurred during the same five months, plus the estimated increase in drivers' wages.

The results of applicant's operations for the year 1946, as well as for the first five months of 1947, and those expected under current operating costs at the present rates and under those proposed are set forth in the following tabulation:

	Year 1946	Jan. to May, 1947 Incl.	Estimated Annual Results of Future Operations	
			Under Present Rates	Under Proposed Rates
Revenues	\$60,325	\$29,010	\$69,624	\$80,228
Expenses	60,709	29,624	75,377	75,377
Net Operating Income	(384)	(614)	(5,753)	4,851
Interest Deductions	350	153	368	368
Provisions for Income Taxes				765
Net Income or Loss	(734)	(767)	(6,121)	3,718

Operating Ratio				
Before Income Taxes	100.6	102.1	108.3	93.9
After Income Taxes				94.9

() Denotes loss.

The proposed minimum charges are the same as those now published by applicant's principal competitor, the Peninsula Motor Express. Applicant does not expect that the increased charges will affect the volume of traffic. Its witness also stated that the monthly revenues and expenses during January through May reasonably reflect the operating results which may be anticipated during the balance of the year. The revenue figures for the first five months of the year do not include the full measure of certain increases in class rates which became effective on April 16, 1947, or any portion of the increases therein established on August 11, 1947.¹ The witness declared, however, that shipments moving under class rates constitute only 25 per cent of applicant's traffic. For this reason, he does not expect the class rate increases to more than offset

¹ These increases coincided with those authorized in Decisions Nos. 39945 and 40557 in Case No. 4808.

additional expenses resulting from recently increased gasoline taxes.

No one opposed the granting of the application.

The record is convincing that applicant is in need of additional revenue. It is also clearly apparent that the sought increases in minimum charges are necessary in order to enable applicant to continue its present operations.

Upon careful consideration of all of the facts and circumstances of record in this proceeding, the Commission is of the opinion and finds that the increases in the minimum charges per shipment involved in this application are justified.

O R D E R

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

IT IS HEREBY ORDERED that Peninsula Delivery Service, Inc. be and it is hereby authorized (1) to establish on not less than one (1) day's notice to the Commission and to the public the following minimum charges per shipment:

Weight of Shipment

7 pounds or less	65 cents
Over 7 pounds not over 15 pounds	70 "
" 15 " " " 20 "	80 "
" 20 " " " 30 "	90 "
Over 30 pounds	100 "

and (2) to cancel all existing minimum charges for the transportation of property which may be lower than the aforesaid amounts.

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 sixty (60) days from the effective date hereof.

This order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 19th day of August, 1947.

Harold P. Hills

Frank H. Russell

A. J. [Signature]

Commissioners