

ORIGINAL

Decision No. 40712

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 Helen M. Hunt, Attorney-in-Fact for )  
 ROBERT E. HUNT, an individual, owner )  
 and operator of CORONADO TRANSFER, ) Application No. 28465  
 for authority to increase freight rates )  
 between San Diego, Coronado and North )  
 Island. )

In the Matter of the Application of )  
 A. A. NOSLER, A. E. NOSLER, H. W. )  
 NOSLER, and A. M. NOSLER, doing busi- )  
 ness as PACIFIC TRANSFER, VAN AND TRUCK ) Application No. 28466  
 CO., for authority to increase freight )  
 rates between San Diego, Coronado and )  
 North Island. )

In the Matter of the Application of )  
 P. A. W. Boyle, an individual, owner and )  
 operator of CORONADO RAPID TRANSFER, ) Application No. 28475  
 for authority to increase freight rates )  
 between San Diego, Coronado and North )  
 Island. )

Appearances

In Application No. 28465: W. A. Taylor and Arthur H. Wilcox, for applicants; Willard Barr, for The Truck and Warehouse Association of San Diego and Imperial Counties, interested party.

In Application No. 28466: H. W. Nosler, for applicant; Willard Barr, for The Truck and Warehouse Association of San Diego and Imperial Counties, interested party.

In Application No. 28475: P. A. W. Boyle, applicant, in propria persona; Willard Barr, for The Truck and Warehouse Association of San Diego and Imperial Counties, interested party.

O P I N I O N

Applicants are operating as highway common carriers between San Diego, Coronado and North Island; they are also performing certain other for-hire transportation services generally within and in the vicinity of San Diego. By these proceedings they seek authority to

establish increases in their highway common carrier rates and charges. Rates for the other services are not involved.

Public hearings were had before Examiner Bryant at San Diego on August 14, 1947.

Applicants allege that a need for higher rates has been brought about by substantial increases in operating costs in recent years. They state that their rates are generally the same as the minimum rates established for the San Diego Drayage Area, and have not been increased to meet the higher costs of operations.<sup>1</sup> They allege further that under present rates and charges they find it impossible to earn the cost of performing their highway common carrier services, even though all possible operating economies have been practiced.

The financial data which applicants submitted, relating primarily to their over-all operations, indicate that the services have been conducted at a loss. The highway common carrier operations of Coronado Transfer, according to an exhibit introduced by that carrier, resulted in a loss of \$3,178 for the year 1946, and a loss of \$1,865 for the first six months of 1947.<sup>2</sup> The applicants did not show specifically the revenue effect of the proposed increases, but, basing opinions on knowledge of their respective businesses, declared that the sought rates are necessary to restore the highway common carrier services to a profitable basis.

A transportation engineer of the Commission's staff introduced and explained exhibits which he had developed from analyses of

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Minimum rates for the San Diego Drayage Area, as provided by City Carriers' Tariff No. 7, Highway Carriers' Tariff No. 9 (Appendix "A" to Decision No. 35055, as amended), have not been changed since April 15, 1942.

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The other applicants did not have segregated figures for their highway common carrier operations.

applicants' records. According to his studies, each applicant is losing money from its highway common carrier services. For three months' operations, January through March, 1947, Coronado Rapid Transfer lost \$380 and Coronado Transfer lost \$1,451. During the first five months of 1947, Pacific Transfer, Van and Truck Company lost \$546. After giving effect to a recent increase in wage expense, the engineer calculated that operating revenues and expenses, had the proposed rates been assessed during the periods which his studies covered, would have been as follows:

	<u>Gross Operating Revenues</u>	<u>Operating Expenses</u>	<u>Net Operating Revenues</u>	<u>Operating Ratio*</u>
Coronado Transfer	\$5,713	\$5,459	\$254	95.6%
Pacific Transfer, Van and Truck Co.	2,497	2,331	166	93.3%
Coronado Rapid Transfer	1,482	1,576	(94)	106.3%

( ) Denotes loss

\* Before income taxes

The engineer did not develop the rate of return on a rate base. He said that the operating properties were largely depreciated, and that a rate of return on a rate base would not be a satisfactory measure of revenue needs.

A representative of The Truck and Warehouse Association of San Diego and Imperial Counties participated in the cross-examination of witnesses. No one appeared in opposition to the granting of the applications.

It is clear from consideration of the evidence of record that increased rates and charges are necessary to the maintenance of applicants' highway common carrier operations. It is likewise clear that revenues which are anticipated from the increased rates would not be excessive or unreasonable. However, although it appears that

establishment of the rates as set forth in the application would produce reasonable revenue results, some features of the proposals require more specific attention.

The rate changes which are proposed include increases in both class and commodity rates.<sup>3</sup> In addition, two of the applicants seek authority to substitute certain combination rates for zone rates currently assessed for the transportation of baggage and secondhand household goods. At the close of the hearings, two of the applicants requested authority to make further rate changes not covered by the application.<sup>4</sup> The applicants did not submit probative evidence which would justify authorization of the combination rates or of the supplemental rate changes first suggested at the close of the hearings. In these respects the applications will be denied. In other respects it has been shown, and we find as a fact, that the proposed increased rates and charges are necessary and justified. To this extent the applications will be granted.

O R D E R

Public hearing having been had in the above entitled applications, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that applicants be and they are hereby authorized to establish, on not less than ten (10) days' notice to

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The proposed rates and charges are set forth in detail in the applications.

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By their several additional propositions, applicants would establish extra charges for special trips, specified rates to an air base adjacent to Coronado, charges based upon cubic measurements of shipments, "piece" rates for the transportation of secondhand household goods, and would consider for rate purposes the terminal of one carrier as being in a rate zone other than that in which it is located.

the Commission and to the public, increased rates and charges as proposed in their original applications filed in these proceedings, except that the requests of Pacific Transfer, Van and Truck Company and of Coronado Transfer for authority to establish combination rates in lieu of zone rates for the transportation of baggage and of second-hand household goods and personal effects are hereby denied.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void except to the extent that the rates and charges published pursuant to this authority are filed and made effective within ninety (90) days from the effective date of this order.

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

Dated at San Francisco, California, this 16<sup>th</sup> day of September, 1947.

Harold P. Kille

Justice J. C. Quinn

James H. Kille

R. J. D. [Signature]

Commissioners