

Decision No. 41227

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Coast Van Lines, Inc., to increase) Application No. 28780
certain rates and charges.)

Appearances

Marquan C. George, for applicant.

J. W. Kendall, for Bekins Van Lines, Inc., interested party, in support of application.

Harold J. Blaine, for Lyons Van Lines, interested party.

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O P I N I O N
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Applicant is a highway common carrier of used household goods and related articles. It operates between Los Angeles and San Diego and intermediate points. By this application, it seeks authority to increase its hourly rates for "local moving" and for certain accessorial services.¹

A public hearing was had at Los Angeles on November 24, 1947, before Examiner Bryant.

Applicant proposes to establish a rate of \$6.00 per hour for "local moving" service provided with a driver and a helper. For such service, the existing rates for equipment with a loading area of over 70 square feet are \$4.00 in Los Angeles County and in the San Diego Metropolitan area, \$3.65 in Orange County and \$3.50 in San Diego County territory not included in the metropolitan area. Lower rates are provided for smaller equipment. Applicant also proposes to establish a rate of \$2.50 per man per hour for additional helpers employed in "local moving" operations and for the

¹ Transportation for not more than 30 miles is described as "local moving."

accessorial services of crating, packing, uncrating and unpacking. The additional helper rate is now \$1.25. The accessorial service rates are \$1.25 in connection with "local moving" and \$1.35 in connection with "long distance moving."²

According to an exhibit submitted by applicant's manager, the cost of its "local moving" operations with a driver and helper amounts to \$7.05 per hour. The hourly costs for additional helpers and for "packers" (the designation for the men employed in providing accessorial service) are shown as \$2.65 and \$2.85 per hour, respectively. So-called "overhead expenses" account for \$2.07 of the \$7.05 cost figure and for \$1.08 and \$1.16 of the \$2.65 and \$2.85 estimates.

The manager testified that his costs were based on an analysis of the company's records, that they represent actual expenses, and that they include no provision for profit. He said that the "overhead expenses", approximately 40 per cent of estimated full costs, were determined on the basis of the relationship of direct and indirect costs in the company's total expenses. He also said that the proposed rates were the "going" rates generally observed by other carriers and that for competitive reasons the company could not establish higher rates.

The manager further testified that the company lost approximately \$6,000 from its transportation operations during the first nine months of 1947. He did not submit segregated operating results of the separate transportation and accessorial service operations, nor provide estimates of the revenue effect of the sought rate increases.

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"Long distance moving" describes transportation for more than 30 miles.

No one opposed the granting of the application. A representative of Bekins Van Lines, a competing common carrier, urged that the proposed rates be authorized as a "minimum increase." In the territory involved herein, Bekins' rates are \$6.50 per hour for "local moving" service with driver and helper and \$2.40 per man per hour for additional helpers and for packing, unpacking, crating and uncrating service. The Bekins' rates were authorized by Decisions Nos. 40489 of June 28, 1947, and 40812 of October 10, 1947, in Application No. 28337.

Further investigation of minimum rates for household goods carriers in Cases Nos. 4246, 4434 and 4730, in which applicant, Bekins Van Lines and other household goods carriers are respondents, has resulted in the issuance of Decision No. 41145 of January 19, 1948. Under the provisions of this decision applicant is authorized to increase its hourly "local moving" rates for service with driver, helper and over 70 square feet equipment to \$5.75 in most of the territory it serves. Related increases in other "local moving" rates are likewise provided for. Substantial increases are also authorized in "long distance moving" rates. These increases are in addition to those established by applicant, effective September 8, 1947, pursuant to the authority contained in Decision No. 40598 of August 12, 1947, in the same general rate proceedings. The effect the September increases would have had on applicant's operating results for the first nine months of the year had they been in effect for the entire period was not shown by applicant and is not determinable from the facts at hand.

As hereinbefore noted, some 40 per cent of applicant's

estimated full costs are expenses allocated to the operations in question on the basis of average figures for all of the company's activities. The reasonableness and propriety of such allocations has not been established. In the face of the materially higher rates applicant has established and those it has been authorized to establish by Decisions Nos. 40598 and 41145, supra, the operating loss of \$6,000 from transportation operations in the January-through-September 1947 period is of little or no value in determining the extent to which, if at all, further increases are necessary. The rates of Bekins Van Lines, the only competing carrier actively participating in the hearing, are higher for transportation and lower for additional helper and accessorial services than those proposed. This inconsistency with applicant's representations concerning the competitive rate situation was not explained. The showing made thus falls short of demonstrating the reasonableness and propriety of the rates proposed to be established. We are of the opinion and hereby find that the rates sought have not been justified on this record. It is not shown that applicant needs any increase in rates above those authorized in Decision No. 41145 to become effective on or before March 1, 1948. The application will be denied.

O R D E R

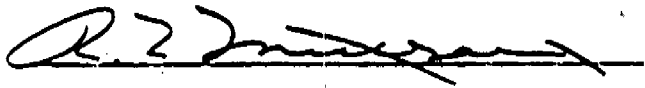
Public hearing having been had in the above entitled application, full consideration of the matters and things

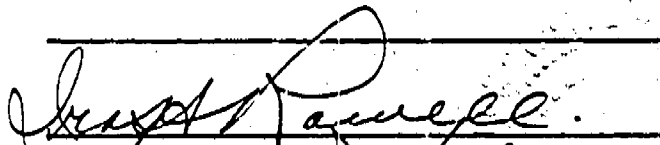
involved having been had, and the Commission being fully advised,

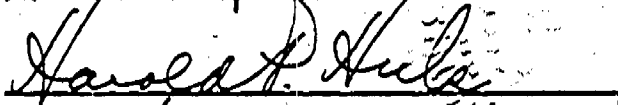
IT IS HEREBY ORDERED that the above entitled application
be and it is hereby denied.

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

Dated at Los Angeles, California, this 17th day of
February, 1948.








Commissioners