

ORIGINAL

Decision No. 41328

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
SIGNAL TRUCKING SERVICE, LTD., a	)	
corporation, for authority to depart	)	
from the rates, rules and regulations	)	
of City Carriers' Tariff No. 4, High-	)	Application No. 27666
way Carriers' Tariff No. 5, and High-	)	(Second Supplemental)
way Carriers' Tariff No. 2, under the	)	
provisions of the City Carriers' Act	)	
and of the Highway Carriers' Act.	)	

Appearances

Berol and Handler, by Edward H. Berol, for applicant.

Arlo D. Poe, for Motor Truck Association of Southern California, interested party.

F. H. Powers and A. L. Russell, for Sears, Roebuck and Company, interested party.

E. J. McSweeney, for Pacific Freight Lines, interested party.

SECOND SUPPLEMENTAL OPINION

By this application, Signal Trucking Service, Ltd., a corporation operating under permits of a highway contract carrier, a radial highway common carrier, and a city carrier, seeks authority to charge other than the minimum rates established for the transportation of property between points within and in the vicinity of Los Angeles.

Public hearing of the application was had before Examiner Abernathy at Los Angeles on February 17, 1948, at which time the matter was submitted for decision.

The transportation involved herein is that being currently performed by applicant for Sears, Roebuck and Company, a national

merchandising firm which operates a mail order establishment, retail stores, and private warehouses in the Los Angeles area. The record indicates that the company requires extensive and specialized transportation facilities of several types for the delivery of its merchandise to its stores or customers. Between stores and warehouses merchandise is transported by truck-tractors and trailers in a "shuttle" operation. Several trailers are used for each tractor, a loaded trailer being hauled by a tractor between warehouse and store while other trailers are being loaded or unloaded by the company's employees. For deliveries to customers three different services are utilized: a package delivery service for packages, parcels and bundles; a mail order service consisting of the delivery of crated and packed merchandise; and a "Deluxe Delivery Service" which consists of the delivery of uncrated furniture and household goods and which includes the installation of appliances, the laying of rugs, and the setting up and placement of furniture and other merchandise in customers' homes. It was stated that for the deliveries to customers special equipment and specially trained drivers and helpers are required. In addition to the foregoing delivery services the company requires for its exclusive use and control nine vehicles which it obtains from applicant on a lease basis. Over 125 of applicant's vehicles are employed by the company for all of the various delivery services.

The record also indicates that with the development of the particular transportation services special methods of assessing charges have likewise been developed. For the "shuttle" service applicant assesses rates on a weekly and monthly basis per unit of

<sup>1</sup>  
equipment used. Charges for the packages deliveries are based on the number and weights of the packages and are collected by applicant through the sales of special stamps to the shipper-company which affixes such stamps to the packages in the amounts equal to the applicable delivery charges. Rates for the mail order shipments vary according to the classification and weights of the shipments and the distances over which they are transported. For the "Deluxe Service" applicant assesses a uniform rate in cents per 100 pounds, subject to specified minimum charges. Rental for the leased equipment is based upon specified charges per month with additional allowances for excess mileage.

Applicant's president testified that the proposed rates and charges for which authority is sought herein are generally the same as those currently assessed. <sup>2</sup> It was his opinion that the proposed rates are reasonable, compensatory, and generally productive of greater revenues than would accrue from the minimum rates. <sup>3</sup>

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<sup>1</sup>  
By Decision No. 39339 in original Application No. 27666, applicant was authorized to assess, for transportation between Sears' warehouses and stores within the area involved herein, certain weekly and monthly rates not less than the minimum rates set forth in City Carriers' Tariff No. 4, Highway Carriers' Tariff No. 5, (Appendix "A" to Decision No. 32504 of October 24, 1939, as amended, in Case No. 4121). This authority was granted to expire with September 16, 1947, but was extended to March 27, 1948 (Decision No. 40700 in First Supplemental Application No. 27666).

<sup>2</sup>  
The rates for which authority is sought are set forth in Exhibits Nos. 1, 2, 3, 6, 7, and 9, of record in this proceeding. The area involved is that within a radius of 40 miles from the intersection of First at Main Streets, Los Angeles. Included in the exhibits is a schedule of hourly rates which applicant proposes to establish for service during peak periods and to meet emergency needs of the shipper. The exhibits also include a schedule of rates for the equipment leased without drivers. Although rates for the lease of equipment were so submitted, it was applicant's position that the lease arrangements are not subject to the Commission's jurisdiction.

<sup>3</sup>  
Counsel for applicant stated that authority for the proposed rates is sought in order to remove any question as to whether they result in any technical violations of the applicable minimum rate orders.

He stated that they eliminate need for much classification of shipments; that they permit reduction in billing costs; and that they permit efficient methods for Sears, Roebuck and Company to pay and applicant to collect shipping charges. He declared that the corresponding delivery methods are desirable because they reduce supervisory costs; they result in high-load and use factors for the vehicles; and they permit the exclusive use of the vehicles in a manner which the shipper deems necessary to the conduct of its business.

A consulting engineer for applicant submitted evidence to show the costs of performing certain of the delivery services involved herein. His exhibit included, in addition to the cost data, various comparisons of proposed rates with established minimum rates, and a statement of applicant's revenues and expenses for nine months of 1947 indicating a net operating profit for the period of \$113,413 and an operating ratio of 93.3 per cent.

An official of Sears, Roebuck and Company testified in support of the application. He stressed the need of the company for special transportation service, and said that both the service and the charges of applicant are satisfactory. He was of the opinion that unless the service and charges of the kinds involved herein were authorized, Sears, Roebuck and Company would be compelled to establish its own transportation system for the Los Angeles area as it has done elsewhere.

No one appeared in opposition to the granting of the application.

The evidence is convincing that the transportation requirements of Sears, Roebuck and Company are such as to merit special consideration in establishing rates therefor. The volume of the services and the particular nature thereof are factors which tend to distinguish those services from others generally performed under the prevailing minimum rates. It appears that various practices which applicant has developed with the cooperation of the company operate to promote efficiencies and to reduce costs. The results of such practices would in themselves impart a measure of justification for different charges. However, with respect to the reasonableness of the rates and charges for which applicant herein seeks authority few data of probative value were submitted as proof thereof.

Authority to deviate from established minimum rates may be granted where the rates a carrier proposes to charge are shown to be reasonable. A finding that the proposed rates are reasonable may not be made in the absence of an affirmative showing that no loss will result from operation at such rates. Such specific evidence as was submitted in this proceeding to show the compensatory nature of the proposed rates related only to the extra trailers employed in the shuttle operation and to the vehicles which are leased without drivers. That other of the proposed rates are reasonable is suggested by various rate comparisons included in the engineer's exhibit, but such comparisons do not in themselves provide a basis for a finding of reasonableness in the absence of supporting data to show that the carrier can profitably operate at the sought rates under current conditions.

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For example, the comparisons do not show that the rates for the "Deluxe Delivery Service" compensate for such services as laying of rugs or the placement or setting up of furniture; nor do they show that the rates for the "shuttle" service as a whole are, in fact, compensatory in the light of present operating costs.

The reasonableness of the proposed rates has not been sufficiently established on this record to permit the granting of all of the sought authority.<sup>5</sup> In view of the contention of applicant's counsel, however, that the differences between the proposed rates and the present minimum rates are principally technical ones, and in view of the convincing showing of the special nature of the transportation services performed for and required by Sears, Roebuck and Company, we believe that applicant should be permitted a period of time within which it may offer further justification of the proposed rates without the necessity of revising, in the meantime, its present arrangements with the shipper. Such a result shall be accomplished by the granting of temporary authority to depart from the applicable minimum rates, rules and regulations for the transportation herein involved. Applicant is placed on notice that it will be expected to make timely filing of a supplemental application and to submit full data to show the reasonableness of its proposals as a condition precedent to granting of any further authority to maintain the rates and charges in issue herein.

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<sup>5</sup> The evidence supports authorization of the charges proposed for additional trailers employed in the "shuttle" operation. We conclude, however, that granting of this authority and withholding the remainder would be productive of illogical results.

O R D E R

The above-entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and based upon the conclusions and findings in the preceding opinion,

IT IS HEREBY ORDERED that

1. Signal Trucking Service, Ltd., be and it is hereby authorized to depart, to the extent proposed in the instant proceeding, from the rates, rules and regulations set forth in Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, in Case No. 4246) and in City Carriers' Tariff No. 4, Highway Carriers' Tariff No. 5 (Appendix "A" to Decision No. 32504, as amended, in Case No. 4121), in so far as such rates, rules and regulations apply to shipments transported for Sears, Roebuck and Company between points within a radius of 40 miles from the intersection of First and Main Streets, Los Angeles.

2. The authority herein granted shall expire one hundred twenty (120) days from the effective date of this order, unless sooner cancelled, changed, or extended by appropriate order of the Commission.

The effective date of this order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 16<sup>th</sup> day of March, 1948.

R. B. [Signature]  
Justice J. [Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners

