

ORIGINAL

Decision No. 41448

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Lyon Van Lines, Inc.) Application No. 29061
to increase Local Moving Rates.)

Appearances

Gordon and Knapp, by Wyman C. Knapp, for applicant.

Jackson W. Kendall, for Bekins Van Lines, Inc. and
Bekins Van and Storage Company, intervenors in
support of the application.

O P I N I O N

Lyon Van Lines, Inc. is engaged in the transportation of used household goods and related articles as a highway common carrier. By this application it seeks authority to increase certain of its rates on one day's notice.

The matter was submitted at public hearing held before Commissioner Potter and Examiner Bryant at Los Angeles on March 26, 1948.

The rates herein involved are those maintained by applicant for "local moving" as defined in its tariff.¹ They are stated in the form of charges per hour for equipment with driver and not to exceed one helper. The present rates are \$6.50 in the San Francisco Bay area, and \$5.75 elsewhere. Applicant proposes to increase these rates to \$7.50 and \$6.50, respectively. It alleges that the existing

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"Local moving," as defined in Item No. 40 of Lyon Van Lines, Inc. Local Freight Tariff Cal.P.U.C. No. 6, means the transportation of a shipment having point of origin and point of destination (a) within the same incorporated city, or (b) within the same metropolitan area or group, or (c) the transportation of a shipment for a distance not in excess of 30 constructive miles.

rates are not compensatory, and that the proposed rates will do no more than meet the major portion of the cost of performing the service.

An officer of Lyon Van Lines, Inc. explained that the company's principal business is the long-distance moving of used household goods. It operates large vehicles designed primarily for over-the-road travel. Local moving, mostly within the metropolitan areas, is performed upon request when feasible. The sought rates for local moving, he stated, are the same as those currently maintained by Bekins Van Lines, Inc., a major competitor. Moreover, he said, the rate proposed for the San Francisco Bay area is the same as that generally assessed by all other for-hire carriers in the area. Within metropolitan Los Angeles, according to the witness, most carriers are charging \$6.00 an hour, compared with the sought rate of \$6.50. However, he anticipated that a wage increase recently granted in the Los Angeles area would soon necessitate an increase in the rates of other carriers.

Applicant's assistant secretary and assistant treasurer introduced, in exhibit form, a statement of the company's income and expenses for the year 1947, and a study showing the calculated hourly costs of local moving of household goods in San Francisco and Los Angeles. According to the first exhibit, the 1947 revenues were \$808,493, and expenses were \$831,181, resulting in a net operating loss of \$22,688. According to the second, the direct cost of operating a tractor and van, with driver and helper, is \$5.74 an hour in San Francisco and \$5.09 an hour in Los Angeles. As expanded in the exhibit to cover general and administrative expenses and to provide an operating ratio of 93 per cent, contended

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Minimum rates established by this Commission are \$6.50 in the San Francisco Bay area and \$5.75 in the Los Angeles area, as provided in Decision No. 41145 of January 19, 1948, in Cases Nos. 4246, 4434, and 4730.

for by applicant, the figures for full cost and profit are \$8.56 an hour in San Francisco and \$7.59 an hour in Los Angeles.³ The witness testified that wages and general and administrative expenses had been understated in the exhibit, and that costs were actually greater than those therein calculated.

No other witnesses testified. Bekins Van Lines, Inc. appeared as intervenor in support of the application, but did not offer evidence. No one opposed the granting of this application.

So-called local moving is a relatively small part of applicant's operations, producing gross revenue of only a little over \$200 a month in 1947. The revenue and cost evidence of record is not greatly detailed as it relates to this particular service. Nevertheless, from the available evidence it is reasonably clear that applicant's present rates for local moving are below the cost of performing the service. For use of tractor, van, and crew, according to applicant's analysis, the rates herein proposed are below the bare costs, before any provision for profit. For smaller equipment the proposed rates are above bare costs as shown in the exhibit, but are insufficient to return a profit based upon operating ratio of 93 per cent as contemplated in applicant's figures.

Upon consideration of the evidence of record the Commission is of the opinion and finds as a fact that the increase in rates sought by applicant in this proceeding is justified, and that the publication of such rates on five days' notice to the Commission and to the public is justified. The application will be granted.

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Corresponding figures, substituting a truck for the tractor and van, are \$7.70 an hour in San Francisco and \$6.73 an hour in Los Angeles. Before provision for profit or expansion for gross revenue expense the tractor-and-van figures are \$7.86 for San Francisco and \$6.97 for Los Angeles, while the truck figures are \$7.07 for San Francisco and \$6.18 for Los Angeles.

O R D E R

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

IT IS HEREBY ORDERED that Lyon Van Lines, Inc. be and it is hereby authorized to amend Item No. 395-C of its Local Freight Tariff Cal.P.U.C. No. 6, on not less than five (5) days' notice to the Commission and to the public, by increasing the rate of 650 cents therein provided to 750 cents, and by increasing the rate of 575 cents therein provided to 650 cents.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire except to the extent that 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 6th day of April, 1948.

R. F. Donohue
James J. O'Connell
Walter L. Russell
Harold P. Kula
Samuel P. Lott
Commissioners