

ORIGINAL

Decision No. 41484

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MELVIN A. PIXLEY, doing business as)
FURNITURE FREIGHT FORWARDERS, for) Application No. 29146
authority to increase rates.)

Arlo D. Poe, for applicant.
R. C. Fels, for Mohawk Transportation Company,
interested party.
John E. McCurdy, for John Breuner Company,
interested party.
Omar E. Pullen, for Retail Furniture Association of
California, interested party.
F. F. Morgan, for Furniture Manufacturers' Associa-
tion of Los Angeles, interested party.
R. J. Honping, for Jackson Furniture Company,
interested party.
L. M. Hail, for Southern California Freight Lines and
Southern California Freight Forwarders,
interested party.

O P I N I O N

Melvin A. Pixley, operating under the name of Furniture Freight Forwarders, is engaged in the business of transporting new furniture, not crated nor wrapped, within California, as an express corporation as that term is defined in the Public Utilities Act. By this application he seeks authority to establish increased rates and charges.

Public hearing of the application was had before Commissioner Potter and Examiner Abernathy at Los Angeles on March 24, 1948, when evidence was received and the matter submitted for decision.

In addition to operating as an express corporation, applicant provides a highway common carrier service under the name of Furniture Fast Freight. This operation is restricted to serving Furniture Freight Forwarders as an underlying carrier. Applicant

also holds permits issued by the Commission to operate as a highway contract carrier, as a radial highway common carrier, and as a city carrier. Moreover, he is engaged in transporting shipments in interstate commerce. Only the rates of Furniture Freight Forwarders are involved in this proceeding.

The record indicates that the transportation of uncrated new furniture is a specialized service which is not comparable to the transportation of general commodities. The various articles of furniture are bulky in relation to their weight. Capacity vehicle loads on a weight basis are rarely if ever obtainable. Because of the nature of the commodity and of the fact that it is not protected by crating or wrapping, extreme care must be exercised by the carrier in order to keep damage to a minimum. Applicant testified that in order to provide this type of transportation economically, it is necessary to employ special equipment and specially trained men. He stated that with minor exceptions his was the only service of its kind available to shippers of new furniture in the State.

Applicant asserted that continuance of his operations has been jeopardized by losses resulting from increases in operating costs which have pyramided in recent months. He said that since July 1, 1947, fuel costs have risen, that he has had to grant substantial wage increases, and that he has had to meet additional taxes and fees. According to financial exhibits which the witness submitted, his operations earned a small profit during the first 5 months of 1947. However, this profit was offset by losses as expenses mounted during the remainder of the year, with the result that a loss of \$29,100 was incurred over the full 12-month period. The exhibits indicate that had the present level of expenses obtained

during the 7-month period June through December, 1947, applicant's operating losses would have been \$42,462.¹ The witness foresaw no changes in operating conditions in the near future which would materially improve his earnings. He believed that an increase in his rates was the only recourse available to him and that the sought rates should be allowed as an emergency action to preserve his operations. He estimated that the increased rates would return revenues only sufficient to meet present operating expenses and that no provision would remain for profit. He thought that the Commission should undertake to establish just and reasonable minimum rates for the transportation of new, uncrated furniture and that the sought rates should be considered as an interim measure pending specific Commission action.

With certain exceptions applicant proposes increases ranging from 20 per cent to 50 per cent in his rates and minimum charges. He said that increases in the rates for the transportation of bedroom furniture are not generally proposed because the present rates are sufficiently high. Moreover, considerable competition by permitted carriers exists for the transportation of this kind of furniture. The witness testified that in determining the volume of the sought increases he had given consideration to various factors of rate-making. However, because of the financial exigencies which confront

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The figures represent the combined operating results of the several transportation operations in which applicant is engaged. Although a consolidated showing under usual circumstances would not provide an acceptable basis for determining the revenue needs of a single carrier, it appears appropriate in the instant proceeding in view of the close relationship between Furniture Freight Forwarders and Furniture Fast Freight, and in view of the fact that the permitted operations assertedly are profitable and that the interstate operations were said to account for only a small fraction of the total revenues. (See 46 C.R.C. 745, Decision No. 39482 in Application No. 27604, October 8, 1946, where applicant's revenues as an express corporation were considered on a consolidated record.)

him, the proposed rates had been developed primarily with the view of obtaining additional revenues in the best possible manner. He further said that an effort has been made to equalize rates in some degree for corresponding distances and to eliminate errors in tariff structure which have developed with the growth of the territory served. Applicant also requests authority to increase his charges in addition to the proposed percentages of increase so they would end in "5" or "0". He asserted that such basis of rates would lessen clerical work thereby permitting economies in operation. He indicated that such adjustments would have only a small effect upon his gross revenues.

Representatives of the Retail Furniture Association of California, of the Furniture Manufacturers' Association of Los Angeles, and of a retail furniture company in Oakland participated in the cross examination of applicant.² In general, they opposed rate increases because of resistance of their customers to the increases which would follow in the selling prices of furniture. The representative of the Furniture Manufacturers' Association of Los Angeles commended the service of applicant as being the best service of its kind that has been maintained. He testified that the manufacturers are desirous of having rates on new furniture stabilized and that they would favor action by the Commission to this end.

The evidence submitted in this proceeding was directed principally to disclosing applicant's requirements for additional revenue. In this respect the record is convincing that applicant is confronted with an acute need for additional revenue to meet increases in operating costs, and that unless present deficits can be

2

In response to requests therefor, authority was granted to file briefs within five days from the close of the hearing. Only one filing was made and was received subsequent to the five-day period. Such filing has not been considered herein.

overcome, his ability to continue his common carrier services is seriously threatened. His invested capital, which was shown as \$36,109 as of the close of December, 1947, will soon be wholly dissipated should he continue to experience losses of the volume herein set forth. The evidence indicates that the additional revenues from the higher rates and charges would do no more than enable applicant to meet his expenses of operation and return net revenues of about \$25 a month from average gross revenues exceeding \$41,000 a month. Clearly, applicant has shown a need for revenues equivalent to those anticipated from the proposed increases.

The rate increases for which applicant seeks authority entail revisions in rate relationships which have been maintained over a period of years. It appears that applicant has been motivated primarily by his need for additional revenue to preserve his operations, and that the differences in volume among the sought increases stem from his efforts to meet proprietary and other competition. For these reasons, and since the proposed rates include but little provision for profit, principal consideration is being given to the revenue aspects of the proposal. Applicant conceded that his tariff contains some rate disparities which would be continued under his proposal. He should undertake to correct any unreasonable differences in his tariff rates and charges within the limits of the increases hereinafter authorized.

It appears that two of the proposed increases are disproportionately large in relation to other of the sought increases and not justified by the evidence offered in support thereof. For accessorial services involving pickup or delivery of shipments at other than street level or at points further than 25 feet from the

tailgate of the highway vehicle, applicant proposes to raise his present rates of 6½ cents per 100 pounds to 50 cents per 100 pounds and to raise his minimum charges of 33 cents for these services to \$1.00. For accessorial services not otherwise specified he proposes to raise his minimum charge from \$1.32 to \$2.25. Although he referred to higher labor costs as justification for these higher rates and charges, he did not show that the higher labor costs specifically warrant increases as great as he seeks to establish. In view of this fact, the increase authorized herein in these rates and charges will not exceed the greatest percentage of increase otherwise allowed. With reference to applicant's proposal to increase his minimum charges per piece of furniture or per group of pieces of furniture so that they would end in "5" or "0", it appears that the burden of these adjustments would be greatest, on a percentage basis, upon smaller pieces of furniture which move at the lower charges. The effect of the adjustments can be equalized by allowing applicant to increase or decrease his charges to the nearest multiple of "5." On this basis the adjustments will be authorized.

With these exceptions, upon careful consideration of all the facts and circumstances of record, we conclude and find as a fact that the proposed rates and charges have been shown to be justified. To that extent the application will be granted.

In regard to the recommended stabilization of rates, an appropriate filing may be made when interested parties are prepared to propose such adjustments as they may deem necessary and to make a showing in support thereof.

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 the Commission now being fully advised,

IT IS HEREBY ORDERED that

1. Melvin A. Pixley, doing business as Furniture Freight Forwarders, be and he is hereby authorized to establish and publish in his Local Express Tariff No. 100, Cal. P.U.C. No. 1, on not less than five (5) days' notice to the Commission and to the public, increases in rates and charges as set forth in Appendix "A" attached hereto and by this reference made a part hereof.

2. In computing the increased rates and charges herein authorized, the following will govern in the disposition of fractions:

Fractions of less than $1/2$ or .50 of a cent omit.

Fractions of $1/2$ or .50 of a cent or greater, increase to next whole figure.

3. In establishing and publishing increased minimum charges per piece of furniture or per group of pieces of furniture in accordance with the foregoing provisions, applicant be and he is further authorized to adjust such charges in the manner set forth below:

(a) Increase charges ending with the figures "3" or "4" and decrease charges ending with the figures "6" or "7" so that they end with the figure "5."

(b) Increase charges ending with the figures "8" or "9" and decrease charges ending with the figures "1" or "2" so that they end with the figure "0."

Concurrently with the establishment and publication of such adjusted charges, applicant may amend his Local Express Tariff No. 100, Cal. P.U.C. No. 1, to make corresponding adjustments in the minimum charges per piece of furniture or per group of pieces of furniture which are not otherwise affected by the provisions of this order.

A. 29146 - AH

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire 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 20th day of April, 1948.

R. B. Johnson
Justice J. C. Green
Justice H. Lowell
Commissioners

APPENDIX "A" to Decision No. 41484

Table of Increases in Rates and Charges Authorized to be
Established in Local Express Tariff No. 100, Cal. P.U.C. No. 1 of
Melvin A. Pixley, doing business as Furniture Freight Forwarders.

Item No. 45-B. Accessorial Charges.

- Section (b), 1. Increase additional charge to 10 cents per 100 pounds, minimum charge 50 cents, for pick-up at or delivery to points not at street level when vehicular elevator service or vehicular ramp is not available.
- Section (b), 2. Increase additional charge to 10 cents per 100 pounds, minimum charge 50 cents, for pick-up at or delivery to points further than 25 feet from tailgate of highway vehicle.
- Section (b), 3. Increase minimum charge for services not otherwise specified in tariff to \$2.00.

Item No. 50-A. Charge for Inside Pickup or Delivery.

- Section (d) Increase charge for laying rugs, rug pads, or liners, not larger than 9 feet by 12 feet, to 90 cents. Increase additional charge for larger rugs, rug pads, or liners to 17 cents per square yard.

Item No. 85-C. Minimum Charges.

- Section (a) Increase minimum charge per shipment of 100 pounds or less to \$1.50. Increase minimum charge per shipment in excess of 100 pounds to \$1.59.

Item No. 90-C. Minimum Charges.

Increase minimum charge per shipment of 100 pounds or less to \$1.50. Increase minimum charge per shipment in excess of 100 pounds to \$2.00.

Item No. 175-B. Minimum Charges per Piece on Uncrated Furniture.

Increase all charges, except those applying on bedroom furniture as specified in this item, by the following percentages:

Group A charges	-	20 per cent
Group B charges	-	20 per cent
Group C charges	-	33-1/3 per cent
Group D charges	-	25 per cent
Group E charges	-	33-1/3 per cent
Groups F and G charges	-	20 per cent

Item No. 180-B. Minimum Charges per Piece on Uncrated Furniture.

Increase all charges, except those applying on bedroom furniture as specified in this item, by 33-1/3 per cent.

Item No. 200-B. Minimum Charges per Piece on Commodities Described in Item No. 15 series.

Increase all charges, except those applying on bedroom furniture as specified in this item, by the following percentages:

Group H charges	- 30 per cent
Group I charges	- 30 per cent
Group J charges	- 33-1/3 per cent
Group K charges	- 20 per cent

Items Nos. 205-B, 206-A, and 207-A - Commodity Rates.

Increase all rates 30 per cent.

Items Nos. 210-B, 215-B, 220-B, 225-B, 230-B, 235-B, and 240-B. Minimum Charge per Piece or Indicated Group.

Increase all charges 30 per cent.

(End of Appendix)