

ORIGINAL

Decision No. 41563

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application ) First Amended  
of Coast Van Lines, Inc., to in- ) Application No. 28780  
crease certain rates and charges. )

Appearances

Marquam C. George, for applicant.

Jackson W. Kendall, for Bekins Van Lines, Inc.

Harold J. Blaine, for Lyon Van Lines, Inc.,  
interested party.

O P I N I O N

By its first amended application in this proceeding, Coast Van Lines, Inc., a highway common carrier engaged in transporting used household goods and related articles within and between the metropolitan areas of Los Angeles and San Diego, and intermediate points, seeks authority to increase its hourly rates for local moving and for certain accessorial services. No changes are proposed in the so-called "long-distance" rates.

The matter was submitted at a public hearing held before Examiner Bryant at Los Angeles on April 28, 1948.

The principal tariff changes for which authority is herein sought would be an increase from \$5.75 to \$6.50 in the hourly rate for the use of a vehicle, with driver and helper in the metropolitan areas; and an increase from \$2.25 to \$2.50 in the rate per man-hour for such accessorial services as packing,

crating, unpacking or uncrating in those areas. Other rate changes are set forth in the margin below.<sup>1</sup>

Evidence in support of the application was introduced through the testimony of the manager and assistant secretary of Coast Van Lines, Inc. This witness offered and explained an exhibit consisting of a study of the hourly costs experienced by his company as of April 10, 1948. The study was based upon records of the company, using two typical vehicles for the development of direct mileage costs and annual fixed costs, and incorporating current wage rates and various other known expenses. As set forth in this exhibit, the direct costs, including the labor of driver and one helper, are \$5.52 for a tractor-and-semi-trailer vehicle unit, and \$4.45 for a smaller van. After addition of overhead expenses the full hourly costs as developed

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Applicant's present and proposed rates, in so far as they are involved in this proceeding, are as follows:

	<u>Present*</u>		<u>Proposed</u>
	<u>Columns</u>		
	<u>1</u>	<u>2</u>	
Vehicle, driver and not to exceed one helper	575	500	650
Additional helpers, per man	225	200	250
Packing, Unpacking, Crating, Uncrating, per man	225	205	250

Column 1 rates apply generally within the Los Angeles and San Diego metropolitan areas. Column 2 rates apply generally outside these areas. The proposed rates would apply equally in all territory served by applicant.

\* The present scale also provides certain lower rates which apply when no helper is furnished, and when the loading area of the vehicle does not exceed 70 square feet. These lower rates, as hereinafter explained, are proposed to be cancelled as obsolete.

by the witness are \$8.75 and \$7.06, respectively.<sup>2</sup> Full cost plus a reasonable profit, according to the testimony of this witness, would somewhat exceed \$9.41 an hour for the larger vehicles and \$7.59 an hour for the vans.<sup>3</sup> For furnishing extra labor and packers he developed hourly costs, without profit, of \$2.90 for drivers and packers, and \$2.68 for helpers.

It was pointed out that the rates for which authority is herein sought are substantially lower than the estimated costs of performing the services. The witness explained that the sought rates are essentially the same as those maintained by the principal competitors of Coast Van Lines, Inc., including both highway common carriers and permitted carriers.<sup>4</sup> He said that his company deemed it necessary to remain competitive, and for that reason was not seeking to establish rates sufficient to return full costs. He believed that losses incurred in local moving might be offset to some extent by earnings from storage and incidental services.

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Full costs were developed by expanding the direct costs by 37 per cent to provide for overhead expenses. Overhead expenses include maintenance, sales salaries and expenses, advertising, general officers' salaries and expenses, office payroll and expenses, law expenses, outside auditing, utilities, rents, and building repairs.

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Profit was developed by expanding the full costs for an operating ratio of 93 per cent.

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The only certificated competitors, to the knowledge of the witness, are Bekins Van Lines, Inc., and Lyon Van Lines, Inc. It was explained that these carriers maintain rates the same as those sought, except that their man-hour charge for incidental services is \$2.40 whereas the sought rate is \$2.50. Applications from these two companies to establish the latter charge have been filed. The "going" rates of permitted carriers, according to the instant record, correspond with those herein proposed.

Applicant now maintains lower rates than those hereinbefore discussed, (a) for use in local moving of vehicles having a loading area of 70 square feet or less, (b) for vehicles furnished with driver only, without helper, and (c) for local moving performed in territory intermediate between Los Angeles and San Diego metropolitan areas. Its proposal in this proceeding contemplates the cancellation of these several rates, permitting the higher basic charges to apply. In support of this proposal the manager testified that (a) the company has no vehicles in local moving service with a loading area as small as 70 square feet; (b) the company has found no occasion to dispatch local vehicles without both a driver and helper, hence tariff rates for driver only are obsolete; and (c) such little local moving as the company performs in the "intermediate" territory involves costs no less than, and usually greater than, those incurred in performing similar services in the metropolitan areas. In further explanation, the witness stated that Coast Van Lines, Inc. maintains offices and equipment only in Los Angeles and San Diego, and that local services performed at other points must necessarily be accomplished by employees paid at the wage rates prevailing in the metropolitan areas.

No one opposed the granting of this amended application. Representatives of Bekins Van Lines, Inc. and Lyon Van Lines, Inc. participated in the proceeding, but did not offer direct evidence.

The record is convincing that the amended application should be granted. It is reasonably clear that the increased rates and charges, whether considered individually or collectively, will be less than fully compensatory. From the available evidence it appears that they may be expected to return the direct costs

and a portion only of the assignable overhead expenses, with no provision for return on investment or profit. The proposed rates, with a minor exception heretofore noted, are of the same volume of those which have been heretofore authorized for and published by two other highway common carriers which compete directly with applicant.

Upon careful consideration of all of the facts and circumstances of record we conclude and find as a fact that the proposed increased rates and other tariff changes as set forth in the order which follows are justified.

O R D E R

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

IT IS HEREBY ORDERED that Coast Van Lines, Inc., be and it is hereby authorized to amend its Local Freight Tariff No. 5, Cal. P.U.C. No. 5 (series of Ellis Brown and F. M. Follensbee, d.b.a. Triangle Transfer and Storage Co.), to establish increased rates and charges as follows:

1. Amend Item 200-B to
  - (a) Cancel hourly moving rates involving the use of carrier's equipment having a loading area of 70 square feet or less.
  - (b) Cancel hourly moving rates set forth in Column 2.
  - (c) Cancel hourly moving rates for "Carrier's Equipment and driver."

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Rehearing on the original application in this proceeding, wherein applicant sought rates lower than those herein approved, was recently granted by the Commission. The rehearing was removed from the calendar, at applicant's request, pending consideration of the instant amended application. In view of our conclusions on the amended application, rehearing of the original application would serve no purpose. In order to clear the record, Application No. 28780, except as herein-after granted, will be denied.

- (d) Establish for local moving services an increased rate of \$6.50 an hour for carrier's equipment with driver and not to exceed one helper.
  - (e) Establish for the use of additional helpers an increased rate of \$2.50 per man per hour.
2. Amend Item 400-B to establish, in lieu of present hourly rates of \$2.25 and \$2.05 for accessorial services of packing, unpacking, crating and uncrating, an increased rate of \$2.50 per man per hour.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire except to the extent that it is exercised within ninety (90) days from the effective date of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects Application No. 28780, as amended, be and it is hereby denied.

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

Dated at Los Angeles, California, this 4th day of May, 1948.

K. F. Anderson  
Justice F. C. Cullen  
Leah A. Kinnell  
Harold A. Kule  
Samuel D. Potter

Commissioners