

Decision No. 41569

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation )  
into the rates, rules, regulations, )  
charges, allowances and practices ) Case No. 4808  
of all common carriers, highway )  
carriers and city carriers relating )  
to the transportation of property. )

Appearances

C. W. Schenk, for Auto Parts Delivery, Inc.  
petitioner.

Preston W. Davis, for United Parcel Service of  
Los Angeles, Inc.

O P I N I O N

Auto Parts Delivery, Inc. is a highway common carrier engaged in the transportation of automobile parts and related articles between designated communities in the Los Angeles area. By petition in this proceeding it seeks authority to reduce certain of its minimum charges below those prescribed by the Commission for carriers generally.<sup>1</sup>

Public hearing was had before Examiner Bryant at Los Angeles on April 20, 1948. The matter is ready for decision.

Petitioner's president testified in justification of the proposed reduced charges. He stated that the value of small shipments of automobile parts is not great, and that the margin of profit to the dealers is frequently insufficient to permit the payment

<sup>1</sup>

Petitioner also holds permits issued under the Highway Carriers' Act and City Carriers' Act. Only the certificated highway common carrier operations are involved in the petition herein considered.

of minimum charges as high as those now maintained in petitioner's tariff. He explained that, although his company provides service over a relatively wide area, the principal distributors of automobile parts are concentrated within a space of about four square miles. This concentration, together with the fact that about 90 per cent of the business is delivered to fifteen consignees, facilitates pickup and delivery service. Under these circumstances he believed that the proposed charges would be compensatory, whereas those now in effect are considered too high<sup>2</sup> to retain the traffic in competition with proprietary vehicles.

According to the witness, the present charges have caused a considerable diversion of shipments from his line. He believed that the traffic had been lost principally to proprietary trucks, rather than to other for-hire carriers. Comparative statements were introduced to show that net operating income of some \$15,000 in 1946 had dropped to \$5,275 in 1947, that the number of shipments was reduced by 48 per cent, and that most of the losses occurred in the lower weight brackets.<sup>3</sup> The witness was of the opinion

<sup>2</sup>

The present charges, and those proposed, as amended at the hearing, are as follows:

<u>Weight of Shipment</u>	<u>Minimum Charge in Cents</u>	
	<u>Present</u>	<u>Proposed</u>
25 pounds or less	47	47 *25
Over 25 pounds, but not over 50 pounds	59	59 *40

Charges prefixed by (\*) apply only when shipper or consignee (see Note) guarantees in writing to ship a minimum of not less than \$10.00 per week of shipments weighing 50 pounds or less. When shipper executes guarantee, shipments must be prepaid and when consignee executes guarantee, shipments must move collect.

NOTE: Where both shipper and consignee guarantee a minimum as specified herein, the shipments prepaid by one must not be used to make up deficit of other.

<sup>3</sup>

The charges were assertedly increased on January 1, 1947, when the first tariff was filed under certificate issued by Decision No. 39312 of August 13, 1946. Earlier operations were conducted under permits. Charles W. Schenk, the present president, operated as an individual prior to July 14, 1947, when the rights were acquired by the corporation.

that establishment of the sought reduced charges would permit his company to retain its present business and to recover a portion of that which had been lost. He explained also that relatively low rates for the small shipments, as herein proposed, would have the effect of attracting many larger shipments which would otherwise move by other means of transportation.

No one specifically opposed the granting of the petition. However, United Parcel Service of Los Angeles, Inc., through its commerce attorney, offered testimony and argument designed to show possible consequences of granting relief such as herein sought. This witness pointed out that the lowest rate proposed would produce charges considerably lower than those of his company for packages heavier than six pounds. He expressed the opinion that the proposed charges would not be compensatory. The rates proposed, he stated, would give petitioner a competitive advantage in that Auto Parts Delivery, Inc. would have charges lower than the "parcel" carriers for large shipments, and charges lower than the "freight" carriers for smaller shipments. Referring to petitioner's exhibits, he argued that although the traffic decline was principally in the lower weight brackets in so far as numbers of shipments are concerned, it was in the heavier weights that the greatest revenue reduction was felt. It was his view that the traffic losses could be attributed to increasing availability of vehicles, fuel and supplies for proprietary transportation, rather than to the level of the minimum charges. The witness urged also that petitioner's operating certificate was granted on the basis of rates comparable to those maintained by freight carriers generally, and that petitioner should not now complain if it experienced the loss of small-package business because of the level of such rates.<sup>4</sup>

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<sup>4</sup> The witness introduced in evidence an excerpt from the transcript of the certificate proceeding, consisting of a stipulation that applicant would not publish package rates without first requesting authority to do so by formal application. He did not contend that the instant proposal is in violation of the stipulation.

The minimum rates and charges from which petitioner herein seeks authority to depart were established upon the basis of substantial evidence. Carriers seeking authority to publish lesser rates or charges should be prepared to show that the rates which they propose are necessary and reasonable. The purposes of rate stabilization would be obstructed if carriers were authorized to establish non-compensatory charges on particular traffic in order to attract related tonnage which might be more lucrative. The instant record is lacking in proof that the proposed charges would be compensatory, nor has it been shown that added traffic under such charges would increase petitioner's net revenues.

Upon careful consideration of the facts and circumstances of record, the Commission finds that the sought minimum charges have not been shown to be justified. The petition of Auto Parts Delivery, Inc. will be denied.

O R D E R

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

IT IS HEREBY ORDERED that the petition of Auto Parts Delivery, Inc., filed in Case No. 4808 on January 26, 1948, be and it is hereby denied.

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

Dated at San Francisco, California, this 11th day of May, 1948.

R. J. [Signature]  
James F. [Signature]  
Wm. H. [Signature]  
Harold P. [Signature]  
Samuel [Signature]  
 Commissioners