

Decision No. 42852

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
E. B. Haunschild and Chas. H. Samuels)
d.b.a. U.C. Express & Storage Co. to) Application No. 30005
increase Hourly Moving and Accessorial)
Service Rates.)

Appearances

A. H. Glickman and Chas. H. Samuels,
for applicants.

O P I N I O N

Applicants operate as a highway common carrier of used household goods and related articles. By this application, as amended, they seek authority to increase certain of their rates and charges on less than statutory notice.

A public hearing was had at San Francisco before Examiner Jacopi.

The intrastate common carrier service performed by applicants consists of local and long distance moving of used household goods and related articles between points in northern California, and the performance of accessorial service in connection therewith.¹ Similar services are also provided for interstate traffic. In addition to these activities, applicants are engaged in the transportation of property as a permitted carrier and in providing warehouse facilities for the storage of used household goods.

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Applicants' Tariff Cal.P.U.C. No. 3 defines local moving as the transportation of shipments for distances not exceeding 30 constructive miles, and long distance moving as the transportation of shipments for greater distances.

The common carrier rates which applicants propose to increase are those maintained for local moving and for the accessorial services of packing, unpacking, crating and uncrating. For local moving, two scales of hourly rates are provided in applicants' tariff, one applicable for equipment having a loading area of 70 square feet or less, and the other for equipment exceeding 70 square feet. For the accessorial services, rates per man per hour are maintained. The foregoing rates vary according to the territory in which the services are performed. It is now proposed to cancel these rates and to establish in their stead single scales of increased local moving and accessorial service rates for uniform application in all territories served. No change is proposed in long distance moving rates nor in other rates set forth in applicants' tariff. The present and proposed rates are shown in the margin below.

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<u>Local Moving Rates, in Cents per Hour:</u>				<u>Proposed Rates</u>
	<u>Present Rates</u>			<u>Territories</u>
	<u>A</u>	<u>B</u>	<u>C</u>	<u>A, B and C</u>
Carrier's equipment having a loading area of 70 square feet or less:				
Carrier's equipment and driver	400	350	300	C
Carrier's equipment, driver and helper	600	525	500	A
Additional helpers, per man	250	225	200	N
				C
				E
				L
Carrier's equipment having a loading area over 70 square feet:				
Carrier's equipment and driver	450	400	350	500
Carrier's equipment, driver and helper	650	575	500	800
Additional helpers, per man	250	225	200	300

Accessorial Service Rates, in Cents per Hour:

Packing)				
Unpacking)				
Crating)	265	225	205	300
Uncrating)				

Territory A consists of the City and County of San Francisco, the counties of Alameda and San Mateo, and the City of Richmond.

Territory B consists of Sacramento Group, San Jose Group, Marin County, and the cities of Palo Alto and Stockton.

Territory C consists of all territory not embraced by Territories A and B.

Applicants' general manager testified that the hourly rates for local moving and accessorial services were insufficient to cover the cost of performing such services. He asserted that the rates in question generally corresponded with the minimum rates established by the Commission for such operations; that such rates do not reflect all of the costs normally incurred by any specific carrier; and that they are therefore low in relation to the actual cost of operation.

In support of the proposed establishment of uniform rates for all territories, the witness indicated that applicants maintain headquarters in Oakland, that it has always been the practice to dispatch men and equipment therefrom for all work performed, and that applicants' labor contracts provide for observing the Oakland metropolitan area wage rates regardless of the territory in which the service is performed. Under these circumstances, the witness said, the costs incurred in providing service in other territories were no lower than those obtaining within the metropolitan area.

A profit and loss statement for the first eleven months of 1948 submitted by applicants showed revenues of \$221,040 and expenses of \$223,470, leaving a deficit of \$2,430 for the period. These figures, however, represented the consolidated operating results of the various transportation and nontransportation services hereinabove described in which applicants are engaged. No revenue and expense or profit and loss statements were submitted showing the operating results for the highway common carrier operations involved herein.

A consulting engineer employed by applicants submitted a study purporting to show the current costs of providing the local moving and accessorial services in question. Based upon an operating ratio of 90 before provision for income taxes, the engineer

developed so-called "expanded costs" amounting to \$8.39 per hour for local moving operations involving equipment, driver and helper, and \$5.30 per hour for operations without a helper. For additional helpers, the "expanded cost" was shown as \$3.08 per man per hour. The study also showed that applicants do not operate equipment of less than 70 square feet of loading area.

According to the record, the costs in question were developed from a study of applicants' books. It was indicated that the expenses incurred in performing the local moving and accessor-ial services here involved were commingled in the books with those applicable to other intrastate common carrier services, and to permitted carrier, interstate carrier, and storage operations. It was also indicated that basic operating data, such as the number of hours, men and equipment were in service and the number of vehicle miles operated in the various services, were not maintained. In the circumstances, the costs of record were largely developed on the basis of allocations. On cross-examination, the engineer stated that the fixed, running and other expenses shown in the cost study largely reflected the averages of such expenses incurred for all transportation services in which the company was engaged.³ In the absence of basic operating data, the witness said, he was unable to make direct allocations of the over-all expenses to the common carrier and other services. He indicated that the use of averages of the expenses was the only method that could be devised under the circumstances.

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The witness also stated that, without basic operating data being available, the equipment use factor was estimated from a study of the total wages including overtime paid to all drivers employed by the company, the total driver hours that appeared to be involved, and the estimated number of vehicles in service during the year. It was conceded that the result obtained largely represented the average for all equipment operated.

The engineer's study also showed the estimated cost of providing the men performing the accessorial services of packing, unpacking, crating and uncrating. In these calculations, the basic hourly wage of \$1.6875 per hour was increased to provide for the cost of compensation insurance, pay roll taxes, vacations, and paid holidays, and to provide for administrative and general expenses. As so increased, the cost per man per hour was indicated as \$2.77. Expansion of the cost for an operating ratio of 90.0 before provision for income taxes resulted in a final figure of \$3.20 per man per hour.

It was pointed out by the witnesses for applicants that the proposed rates are lower than the "expanded costs" of record. They explained that it was deemed necessary for applicants to remain competitive with other carriers, and that, consequently, higher rates were not being sought.

No one opposed the granting of the application.

The record shows that applicants' over-all operations resulted in a loss of \$2,430 for the first eleven months of 1948. However, the meager detail of the expenses maintained under applicants' accounting procedures affords no basis for segregating those incurred in providing the common, permitted, and interstate carrier services. Thus, it cannot be determined on this record the extent to which, if at all, the local moving rates contributed to the operating loss in question. Moreover, no evidence was offered as

to the relative volume of revenue produced by the various rates nor as to the additional revenue anticipated from the proposed increases. Neither was any evidence introduced regarding the adequacy of other common carrier rates on which no increase is sought, and of the interstate rates. Under the circumstances, it must be concluded that the alleged inadequacy of the local moving rates has not been established on this record.

In regard to the accessorial services, the record shows that the existing charges for packing, unpacking, crating and uncrating are insufficient to cover wages and other known expenses. In order to remain competitive with other carriers, applicants propose to establish increased charges that are less than the estimated cost of record. The sought adjustment of the accessorial service charges appears to be reasonable and will be authorized.

The proposals to establish uniform local moving and accessorial service rates on the basis of those applicable in the Oakland metropolitan area, and to cancel rates for equipment having a loading area of 70 square feet or less, likewise appear to be reasonable and will be authorized. The former proposal reflects the labor and other costs involved under applicants' long-standing practice of dispatching men and equipment from Oakland headquarters for all work. As to the latter proposal, applicants do not operate equipment of the size in question in moving service.

Upon careful consideration of all of the facts and circumstances of record, we are of the opinion and hereby find that the increased rates and charges as set forth in the order which follows are justified. To this extent the application will be granted. In all other respects it will be denied.

O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that E. B. Haunschild and Chas. H. Samuels, doing business as U. C. Express & Storage Co., be and they are hereby authorized to amend, within sixty (60) days after the effective date of this order and on not less than five (5) days' notice to the Commission and to the public, their Local Freight Tariff No. 3, Cal.P.U.C. No. 3, as follows:

1. Amend Item No. 310-C by cancelling all rates for carrier's equipment having a loading area of 70 square feet or less; by cancelling the Columns B and C rates and reference to equipment over 70 square feet and establishing the rates shown in Column A for application in all territories served; and by cancelling Notes 2 and 3 and the territorial application of the column rates in said item.

2. Amend Item No. 320-B by cancelling the Columns A, B and C rates and the territorial application thereof, and establishing a rate of \$3.00 per man per hour for application in all territories served.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire ninety (90) days after the effective date of this order.

IT IS HEREBY FURTHER ORDERED that in all other respects the above-entitled application, as amended, be and it is hereby denied.

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

Dated at San Francisco, California, this 10th day of May, 1949.

R. F. [Signature]
Justus F. [Signature]
[Signature]
[Signature]
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Commissioners