

ORIGINAL

Decision No. 43104

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
ROBERT E. HUNT, dba CORONADO TRANSFER,)	
for relief from G.O. No. 84-B to)	Application No. 30226
continue to operate under bond of)	
\$1,000 in the handling of C.O.D.)	
shipments, Coronado, San Diego County.)	

Appearances

Calvin E. Dobbins and W. A. Taylor, for applicant.

O P I N I O N

Robert E. Hunt, an individual doing business as Coronado Transfer, is engaged in performing transportation as a highway common carrier between San Diego, Coronado, and North Island. In this proceeding he seeks authority to handle C.O.D. (collect-on-delivery) shipments under a \$1,000 surety bond in lieu of the \$2,000 bond required by the Commission's General Order No. 84B.

Public hearing was had before Examiner Abernathy at San Diego on June 10, 1949.

Applicant alleges that the volume of the C.O.D. shipments which he handles does not justify maintenance of a surety bond in excess of \$1,000. Witnesses who submitted evidence in his behalf were his bookkeeper and the superintendent of his freight operations. They stated that applicant's present fees do not return the costs incurred in making and remitting C.O.D. collections. They indicated that reduction of the expense incident to handling such shipments is the most desirable course open to applicant to minimize losses incurred in performing the service. Assertedly, the fees cannot be increased because of competitive considerations. Discontinuance of

C.O.D. service was deemed to be an undesirable alternative because these shipments account for an appreciable amount of total tonnage transported. Neither was any limitation upon the amount which applicant would handle believed desirable. The superintendent believed that a limitation of this kind would be inconsistent with the nature of the service applicant is undertaking to provide. The witnesses were of the opinion that, in view of the character of applicant's operations, costs incurred for a surety bond in excess of \$1,000 would be an unnecessary expense.¹ They explained that the amounts of individual collections are small and are remitted promptly. They stated that applicant's service is almost wholly local in character; that he has been in business in the San Diego area for about thirty-five years; that he owns the properties which are used in his business; and that his general financial responsibility is known to his patrons.²

The bookkeeper-witness introduced an exhibit consisting of an itemized record of C.O.D. shipments handled by applicant during the 17-month period from January 1, 1948 to May 31, 1949. According to the exhibit, applicant handled a total of 267 such shipments of which only 12 exceeded \$100; the largest amounted to \$220. C.O.D. moneys for each shipment were remitted to consignors within four days from date of collection. During the 17-month interval the largest amount of unremitted moneys in the carrier's possession at any one time

1.

It was stated that the annual premium cost of a \$1,000 surety bond is \$20 and that for a \$2,000 bond it is \$40.

2.

In addition to the highway common carrier operations involved herein, applicant is engaged in buying, selling, and storing furniture and related articles. He also holds permits authorizing the transportation of property as a city carrier and as a radial highway common carrier.

did not exceed \$300. The largest amount handled during any ten-day period did not exceed \$575.³

No one appeared in opposition to granting of the application.

The matter of handling C.O.D. shipments is one which imposes particular responsibilities upon carriers who elect to provide such service. In addition to the services of transportation and delivery, the carriers collect for the value of shipments and account for the proceeds to consignors or other designated parties. That the matter of collecting and accounting for moneys involves hazards is a matter too well recognized to require discussion here. The bonding requirements herein involved were established to afford a reasonable measure of protection to shippers who, in the ordinary course of business, entrust their funds to carriers. The requirements were established after due consideration to needs of both shippers and carriers. A carrier which holds itself out unreservedly to transport C.O.D. shipments may not be relieved of obligations consistent with its undertaking without full justification, including a showing that applicable requirements impose an unreasonable burden and that modification thereof will not be prejudicial to the public interest involved. In considering the public interest in the matter, the carrier's past experience is not necessarily determinative, since the public need for a specified service is not a constant thing. More weight must be given to the extent of the carrier's undertaking. Measured in relation to the public interest in the maintenance of adequate provisions to assure proper handling of moneys from C.O.D.

3.

Applicant's tariff provides: "In the handling of C.O.D. shipments carrier shall, immediately upon collection of any and all moneys, and in no event later than ten (10) days after delivery to the consignee, unless consignor, in writing, instructs otherwise, remit to consignor all moneys collected by it on such shipment."

shipments, it does not appear on this record that the expense of a \$2,000 surety bond constitutes an unreasonable burden upon applicant or that the saving of \$20 in annual expense which applicant would effect is of such consequence as to justify reduction of the present surety requirements. Applicant has not made a showing which would justify granting the sought authority. The application 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 application of Robert E. Hunt, doing business as Coronado Transfer, filed April 14, 1949, be and it is hereby denied.

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

Dated at San Francisco, California, this 6th day of July, 1949.

R. J. [Signature]

[Signature]
[Signature]
[Signature]
COMMISSIONERS