

Decision No. 43156

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 BEKINS VAN LINES, INC., and LYON )  
 VAN & STORAGE Co. for authority to )  
 increase their handling rates and )  
 certain of their accessorial charges, )  
 as public warehousemen in the City )  
 of San Diego, California, and to )  
 establish certain new accessorial )  
 charges, and to eliminate from )  
 their tariff certain specific com- )  
 modity rates. )

Application No. 30083

Appearances

Arlo D. Poe, for applicants.

Harold J. Blaine, for Lyon Van & Storage Co.

O P I N I O N

This opinion relates to evidence received in the application of Bekins Van Lines, Inc. and Lyon Van & Storage Co., California corporations operating as public utility warehousemen within the City of San Diego, for authority to increase certain of their rates and charges and to cancel from their tariff various commodity rates on less than statutory notice.

Public hearing of the application was had before Examiner Abernathy at San Diego on March 28, 1949. A proposed report of the Examiner was distributed on May 12, 1949. Exceptions have been filed by applicants, and the matter is ready for decision.

Applicants seek authority to increase their handling rates by 45 per cent, and to establish various other revised or additional

charges.<sup>1</sup> The Examiner concluded that Lyons had not justified any increase in handling rates; that Bekins had justified an increase of 30 per cent in its handling rates; and that with respect to the other services, the application should be granted as to both applicants.<sup>2</sup>

Applicants take exception to the Examiner's proposal only to the extent that he does not recommend an increase of 30 per cent in the handling rates of Lyons. Lyons asserts that the Examiner erred in giving controlling weight to a 1948 revenue statement without proper regard to other pertinent financial evidence or to substantial increases in costs of labor since the tariff rates were established. Bekins says that in recommending rate increases for the one applicant and not for the other, the Examiner has not given proper consideration to the public interest in maintaining uniformity of rates as between the only two public utility warehousemen in the City of San Diego. It asserts that as a practical matter it cannot establish rates higher than those of its competitor, and that to do so would discriminate against its patrons and service.

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Applicants' rates and charges are set forth in Warehouse Tariff No. 14, Cal.P.U.C. (C.R.C.) No. 63 of California Warehouse Tariff Bureau, L. A. Bailey, Agent. The term "handling" as defined in the tariff, and as described by applicants, covers the ordinary labor and duties incidental to receiving and placing merchandise in storage and making delivery after storage to warehouse door. As used in this opinion it also includes, as a matter of convenient reference, certain related accessorial services such as assorting, repiling, weighing, marking, stenciling and tagging. The "revised or additional charges" referred to hereinabove are for unloading merchandise from railroad cars, for clerical operations in making deliveries from storage; and for the storage and handling of certain specified commodities.

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For convenience Bekins Van Lines, Inc. and Lyon Van & Storage Co. are referred to herein as Bekins and Lyons.

A description and discussion of the evidence is set forth in the Examiner's report of record. Further detailed explanation is unnecessary except in the respects to which exceptions were taken by the applicants. No other exceptions were filed.

Although the Examiner in his report, and the applicants in their exceptions, discussed various details of the evidence from differing viewpoints, it is clear from analysis of the whole record that only two questions of valid or material difference are raised.

The first point is this: Lyons introduced, without analysis, a statement of the revenues and expenses of its San Diego Division for the year 1948. The Examiner, noting the differences between the annual figures and the first six-months' figures submitted on another exhibit concluded that there was an unexplained and substantial improvement during the latter half of 1948. It is Lyons' position that the Examiner erred in attempting to draw conclusions from the annual revenue and expense statement which was introduced in evidence by the company's treasurer. Assertedly this statement was introduced for the principal purpose of showing the results of the company's combined public utility and other operations in the San Diego area for the year 1948. It is contended that the exhibit shows nothing except that which is evident on its face, and that with respect to the company's handling operations, the exhibit shows nothing more than that the company's combined handling services in its utility and other operations were unprofitable.<sup>3</sup>

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<sup>3</sup> In addition to the services involved in this proceeding, Lyon Van & Storage Co. is engaged in providing various transportation services and in warehousing used household goods and personal effects.

Regardless of the limitations which Lyons would place upon the evidentiary weight to be accorded its 1948 operating statement, the statement should be considered in relation to the other evidence of record. As developed from the exhibits, it appears that the company's revenues from handling and its direct labor handling costs, for each of the six-month periods, were as follows:

	Six Months Ending	
	<u>June 30, 1948</u>	<u>December 31, 1948</u>
Handling Revenues	\$8,354	\$14,565
Direct Labor	7,599	7,638

From the foregoing, it is clear that during the latter half of 1948, Lyons was able to effect a substantial increase in its handling revenues with virtually no increase in its principal item of handling expense. In view of the unexplained increase in revenues during the second half of 1948, the Examiner correctly concluded that Lyons had not sustained the burden of showing the sought increases in its handling rates to be justified. The increases in labor costs do not themselves justify higher rates in the absence of either a showing of the cost of providing the services involved or a satisfactory revenue showing. Furthermore, aside from any question as to whether Lyons' earnings under its more recent level of revenues would be adequate, particularly if the other rate increases recommended by the Examiner were in effect, the record does not provide a basis for finding that any particular increase in Lyons' handling rates is justified.

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Labor assertedly is the most important element of cost in handling. An accurate determination of other of the company's handling expenses for the latter part of 1948 cannot be made from the available evidence.

The second point of apparent difference between the Examiner and applicants lies in applicants' position that "uniformity of rates should be given weight as a factor in fixing the rates of equal competitors." The Examiner, in his report, did not discuss the question of uniformity. The principle of uniformity may be properly considered in adjusting rates and charges within the zone of reasonableness, but may not be given controlling weight in the consideration of rate increases which are not shown to be otherwise justified. If the applicants herein believe, as a matter of managerial judgment, that uniformity of charges is essential in their operations, such uniformity must be accomplished with due regard to Section 63(a) and other provisions of the Public Utilities Act.

Upon careful consideration of all of the facts and circumstances of record, it is concluded that the Examiner's recommended findings, as set forth below should be adopted. The Commission is of the opinion and finds as a fact that Bekins Van Lines, Inc. and Lyon Van & Storage Co. have shown as justified the increased rates, proposed charges, and other tariff changes hereinafter authorized in the order which follows. To this extent the application will be granted; in all other respects it will be denied.

#### O R D E R

A public hearing having been had in the above-entitled application, and based upon the evidence received and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that

1. Bekins Van Lines, Inc. and Lyon Van & Storage Co. be and they are hereby authorized to amend their rates and charges published in California Warehouse Tariff Bureau Warehouse Tariff No. 14, Cal. P.U.C. No. 63, on not less than ten (10) days' notice to the Commission and to the public, as follows:

- (a) To amend tariff rule No. 18 to establish a charge of 50 cents per 2,000 pounds for unloading from rail cars merchandise other than sugar as described in Item No. 2068 series of the tariff.
- (b) To amend tariff rule No. 24 in the manner proposed in the application to establish a charge of 25 cents for each delivery of merchandise from storage.
- (c) To increase the hourly charge for labor specified in tariff rules Nos. 16, 17, 25, and 27 to establish a charge of \$2.50 per man per hour, minimum charge 25 cents.
- (d) To cancel from the tariff specified commodity rate items, as particularly set forth in Exhibit D of the application, as amended.

2. Bekins Van Lines, Inc. be and it is hereby authorized to amend its rates and charges published in California Warehouse Tariff Bureau Warehouse Tariff No. 14, Cal.P.U.C. No. 63, on not less than ten (10) days' notice to the Commission and to the public, as follows:

- (a) To increase by 30 per cent all handling rates contained in tariff item No. 10 and items Nos. 14 to 2352, inclusive.
- (b) To increase certain accessorial charges by amending specified tariff rules in the manner set forth in Appendix "A" attached hereto and by reference made part hereof.
- (c) In computing the increased rates and charges herein authorized, fractions will be disposed of in the manner set forth in Exhibit No. 3 in this proceeding, by reference made part hereof.

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 application be and it is hereby denied.

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

Dated at San Francisco, California this 26<sup>th</sup> day of July, 1949.

R. E. Johnson  
Justice J. Wallace  
Deputy Justice  
Harold P. Holt  
Kenneth L. Potter  
Commissioners

APPENDIX "A" TO DECISION NO. 43156 SETTING  
FORTH INCREASES WHICH BEKINS VAN LINES, INC. IS  
HEREIN AUTHORIZED TO ESTABLISH IN ITS CHARGES  
AS PUBLISHED IN CALIFORNIA WAREHOUSE TARIFF  
BUREAU WAREHOUSE TARIFF NO. 14, CAL.P.U.C. NO. 62

Rule No. 14 Increase the minimum handling charge per lot from 25 cents to 35 cents. Increase the minimum monthly charge to one account for handling from \$1.00 to \$1.30.

Rule No. 15 Increase the assorting charge from 35 cents per 2,000 pounds to 45 cents per 2,000 pounds.

Rule No. 17 Increase the charge for weighing merchandise from 2 cents per 100 pounds to 2½ cents per 100 pounds, minimum charge 20 cents. Increase the charge for weighing and reporting separately weights of individual packages from 3 cents per 100 pounds to 4 cents per 100 pounds.

Rule No. 21 Increase the charge for marking, stenciling, or tagging packages on outgoing shipments from 1 cent per package to 1.3 cents per package, minimum charge 20 cents per outgoing order or shipment.

Rule No. 22 Increase the rate for taking and reporting marked weights, gallonage or serial numbers on arrival from 1 cent per package to 1.3 cents per package.

Rule No. 23 Increase the charge for extra labor incidental to delivery of merchandise from storage by designated serial or pattern from 5 cents per package to 6½ cents per package, minimum charge 20 cents per shipment or order.

(End of Appendix)