

ORIGINAL

Decision No. 45261

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
FURNITURE FAST FREIGHT,)
a corporation,)
for authority to increase its rates.)
-----)

Application No. 31937

Arlo D. Poe for applicant.
Henry W. Falhorst for Furniture
Manufacturers' Association of
Southern California, interested party.
C. H. Jacobson for Transportation Department,
Public Utilities Commission of the
State of California.

O P I N I O N

By this application, Furniture Fast Freight, a highway common carrier and express corporation of uncrated new furniture and other household articles, seeks authority to increase its rates and charges by 15 per cent. A public hearing was held before Examiner Bradshaw at Los Angeles on December 27, 1950.

Applicant operates in the territory extending south from Sacramento and Napa to the Mexican border on the south and to Redlands and Riverside on the east. Its rates are published in cents per 100 pounds, subject, in most cases, to varying minimum charges per piece. The traffic handled moves largely from manufacturers to retailers -- predominantly from the Los Angeles area -- and the per-piece charges usually apply on the shipments transported. According to applicant's president, the last general rate adjustment occurred in May, 1948, and no substantial changes in rates have been made since that time. Increases in applicant's rates in cents per 100 pounds, however, were

published pursuant to Decisions Nos. 41768, dated June 22, 1948, and 43462, dated October 25, 1949, in Case No. 4808. It is claimed that the sought increase is urgently required to permit continued operations without seriously impairing applicant's financial condition.

A balance sheet as of October 31, 1950, was received in evidence. The figures are summarized in the following tabulation:

ASSETS

Current assets	\$ 48,946.25
Tangible property	89,033.42
Franchises and permits	4,820.74
Prepaid taxes and insurance	1,125.67
Total	<u>\$143,926.08</u>

LIABILITIES

Current liabilities	\$ 53,293.74
Capital stock	102,250.00
Deficit	11,617.66
Total	<u>\$143,926.08</u>

The same compilation indicates an earned surplus as of January 1, 1950, of \$18,264.50 and a loss since that date to October 31, 1950, of \$29,882.16, of which amount \$25,368.78 was attributed to operations.

Another exhibit of record purports to disclose applicant's revenues and expenses for the calendar year 1949 and the ten months ended October 31, 1950. A summary of the data follows:

	Year 1949	First Ten Months 1950
Operating revenues	\$300,691	\$279,533
Operating and maintenance expenses	\$282,589	\$273,604
Depreciation	20,456	15,349
Operating taxes	12,406	12,108
Operating rents	10,477	14,244
Total operating expenses	\$325,928	\$315,305
Net operating loss	25,237	35,772
Other income	(147)	10,403
Net loss	\$ 25,384	\$ 25,369

() denotes expense

Applicant's president testified that the maintenance expense included in the operating expenses was subnormal, due to equipment not having been kept up to a proper standard; that it will be necessary to incur additional maintenance expenses in the future; and that new equipment will have to be purchased. He cited various increases in the cost of certain materials and labor.

The witness further testified that applicant's employees are now on strike, having demanded increased wages; that applicant is unable financially to meet their demands; and that it is impossible to overcome the present losses under the existing rate structure. It was asserted that one certificated carrier is in competition with applicant and that the rates of such carrier are upon a higher level.

Applicant contends that an increase of 15 per cent in rates will not be sufficient to meet its requirements, although might result in meeting operating expenses if delayed maintenance can be continued. If the revenues received during the first ten months of 1950 had been 15 per cent greater, applicant would have earned an operating income of approximately \$6,000, equivalent to an operating ratio of 98 per cent, and a net income of about \$16,560. Applicant stresses the fact that the showing presented does not take into consideration any increases in costs which it claims to be confronted with in the immediate future.

It is applicant's desire to be permitted to apply the proposed increase by publishing the same as a surcharge to be added to the present rates and charges. The publication of a new tariff, according to applicant's president, would be unnecessarily expensive, especially in view of the pendency of proceedings in Case No. 4808, relating to the establishment of revised minimum rates for the transportation of uncrated new furniture by highway common carriers,

radial highway common carriers and highway contract carriers. An examiner's proposed report recommending the adoption of revised minimum rates was recently released.

It is applicant's intention upon the prescription of minimum rates in Case No. 4808 to review its rate structure to determine what readjustments may be appropriate or necessary at that time. As a practical matter, the sought increase may, therefore, be considered as in the nature of an interim measure to provide additional revenue.

No one opposed the granting of the application.

Upon the facts presented, the Commission is of the opinion that, in view of the circumstances disclosed by the record, applicant should be permitted to increase its rates and charges, as proposed in the application. The increases in rates and charges herein authorized are hereby found to be justified.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon and based upon the evidence received and the conclusions and findings set forth in the preceding opinion,

IT IS ORDERED:

(1) That Furniture Fast Freight, a corporation, be and it is hereby authorized, on not less than five (5) days' notice to the Commission and the public, to increase by fifteen (15) per cent its rates and charges, as published in Furniture Fast Freight Local Express Tariff No. 100, Cal. P.U.C. No. 1 (of Melvin A. Pixley, doing business as Furniture Freight Forwarders).

(2) That in establishing the increase in rates and charges herein authorized, applicant may publish and file a supplement to its present tariff, setting forth in appropriate columns tabulations of its present rates and charges and the amounts to which such rates and charges are increased. In computing the increased rates and charges, the following shall govern in the disposition of fractions:

Fractions of less than 1/2 or .50 of a cent, omit.
Fractions of 1/2 or .50 of a cent or greater, increase to the next whole figure.

(3) That the authority herein granted is subject to the express condition that Furniture Fast Freight, a corporation, will never urge before this Commission in any proceeding under Section 71 of the Public Utilities Act, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

(4) That the authority contained herein shall expire unless exercised within sixty (60) days after the effective date of this order.

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

Dated at San Francisco, California, this 16th day of January, 1951.

R. Z. [Signature]
Justice F. [Signature]
Harold A. [Signature]
[Signature]

COMMISSIONERS