

ORIGINAL

Decision No. 46819

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the establishment)	
of rates, rules, classifications)	
and regulations for the transpor-)	Case No. 4084
tation of property within the City)	
and County of San Francisco.)	

Appearances

Clair W. McLeod, for petitioner.
 Daniel W. Baker, for Draymen's Association
 of Alameda County, and Russell Bevans,
 for Draymen's Association of
 San Francisco, in support of petition.
 Scott Elder, for Merchants Parcel Delivery
 and California Delivery Service,
 protestants.

SUPPLEMENTAL OPINION

Item No. 425 series of City Carriers' Tariff No. 1-A
 (Appendix "A" to Decision No. 41363, as amended) provides a minimum
 rate of 31 cents per shipment for the transportation, within
 San Francisco by city carriers, of packages weighing 25 pounds or
 less. This rate applies only on deliveries from jobbers, whole-
 salers, industries, public warehouses or retail stores.

By petition filed November 9, 1951, V. Fred Jakobsen,
 doing business as Transbay Motor Express Company, requests that a
 rate of 45 cents per shipment be established as minimum for the
 above referred to transportation in lieu of the present rate.

Public hearings were held at San Francisco on December 7,
 1951 and February 8, 1952, before Examiner Lake.

Petitioner specializes in the transportation of small shipments. His services are conducted with lightweight panel and walk-in type equipment. His terminal is equipped with conveyor belts which permit the rapid handling and dispatch of the shipments. Three pickup and delivery services are accorded each weekday. Shipments picked up in the morning and those picked up before 3:00 p.m. are delivered the same day. Shipments picked up between 3:00 p.m. and 5:00 p.m. are delivered the following morning.

In addition to city carrier operations within San Francisco, petitioner conducts a common carrier operation of small shipments between San Francisco and East Bay cities. The terminal facilities and pickup equipment used in the San Francisco operation are also used for sorting and picking up, respectively, of eastbound transbay shipments.¹

According to the record, petitioner restricts his operations within San Francisco almost exclusively to shipments weighing less than 100 pounds.² Eighty-two percent of the total number of shipments handled weigh 25 pounds or less and are subject to the rate in issue.

Petitioner alleges that for shipments weighing 25 pounds or less the established minimum rate is unjust and unreasonably low based upon the cost of performing the transportation service.

¹ Except for a few deliveries to outlying San Francisco areas, the westbound transbay deliveries are made with equipment dedicated to transbay service.

² The record shows that only about 1½ percent of the total revenues are derived from shipments weighing over 100 pounds. This traffic is largely comprised of shipments of parcel post moving to United States post offices.

According to the exhibits of record, petitioner's combined operations during the first 9 months of 1951 earned revenues of \$139,392 and incurred expenses of \$135,734, leaving a net income before provision for income taxes of \$3,658 and an operating ratio of 97.38 percent. The revenues and expenses for the city operation during the same period are indicated as \$39,330 and \$44,783, respectively, resulting in a loss of \$5,453 and an operating ratio of 113.86 percent. Based upon petitioner's experience during the first 9 months of 1951, the rate proposed would produce additional revenues of \$7,957 and a profit of approximately \$2,500. The operating ratio, before provision for income taxes, would be 94.70 percent.³ The cost of handling shipments weighing 25 pounds or less was determined by petitioner's accountant to be 41.18 cents before provision for income taxes or profit.⁴

The accountant testified that in determining the financial result of the separate operations he had assigned the direct operating expenses, except where the city and East Bay operations were performed by the same equipment, to the operation in which these expenses were incurred. The direct expenses incurred by the pickup equipment engaged in the dual operation were allocated to the separate services on the basis of the number of stops in each operation. The general overhead and administrative expenses were allocated to each operation on the basis of the percentage ratio which the direct operating expenses bear to the total expenses.

³For the combined operations the operating ratio would be 92.11 percent.

⁴Supplemental exhibits submitted at the February 8th hearing indicate a cost per shipment of 45.92 cents. This figure was developed when the cost of performing the service with the equipment assigned to the dual operations was allocated on the basis of the number of shipments handled in lieu of the number of stops made.

The secretary-manager of the Draymen's Association of San Francisco testified that petitioner's request had been the subject of a meeting of the membership of his association and that he had been instructed to support the sought increase. He stated that although the membership of the association includes carriers specializing in the small shipment traffic none of the members objected to the association's support of the petition.

Representatives of the California Delivery Service and Merchants Parcel Delivery opposed the establishment of the sought rate. They testified that the business their companies handled was competitive with that of petitioner but that they did not render the same class or frequency of service. They alleged that the majority of their shipments weighed less than 25 pounds and did not require expedited service and that if any increase were made in the present rate a substantial portion of their traffic would be diverted to parcel post. They expressed the opinion that petitioner was according too much service and asserted that if service were curtailed Jakobsen may well be able to conduct profitable operations under the present rate. These witnesses urged that no increase be made in the present rate and that petitioner's request be denied.

On cross-examination one of the protestants admitted that he was unaware of recent increases in the parcel post rates. The other witness stated that his company was not making a profit but that it was just breaking even.

In this proceeding the Commission is called upon to establish for city carriers, operating within San Francisco, an increased minimum per shipment rate for the transportation of shipments weighing 25 pounds or less upon a showing of the costs of but one carrier. The record clearly demonstrates that upon this showing the present rate is insufficient for the service rendered by petitioner. However, applicant is not the sole carrier specializing in this class of traffic.⁵ There are others who contend that the present rate is sufficient for the service that they perform and that any increase in that rate would cause a substantial loss of their traffic.

Petitioner conducts a specialized business with rapid and frequent deliveries. The class of service and the value it has to the shippers who use it no doubt warrant a rate higher than that now applicable. However, the record shows that other carriers engaged in this type of traffic do not render, and that the shippers apparently do not require, in all instances, the superior service offered by petitioner. We believe that those not desiring such service should not be required to pay the higher rate which this type of service warrants. It is to be noted that the present rate is minimum in application and that petitioner is not precluded from assessing a higher rate. In the circumstances the petition will be denied.

⁵ The record shows that there are at least six other so-called parcel carriers operating within San Francisco.

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 the petition filed by V. Fred Jakobsen, doing business as Transbay Motor Express Company, on November 9, 1951, be and it is hereby denied.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Angeles, California, this 4th day of March, 1952.

R. E. Anderson
President
Justus J. Caswell
Harold P. Hule

Commissioners