

ORIGINAL

Decision No. 49433

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
C. R. Becker, d.b.a. Delivery Service)
Company, for authority to establish)
certain increased rates applicable to)
Wholesale Service between points within)
the East Bay Drayage Area and points in)
Alameda, Contra Costa and Solano Counties)
and to Retail Service between points)
within the East Bay Drayage Area.)

Application No. 34758

In the Matter of the Investigation into)
the rates, rules, regulations, charges,)
allowances and practices of all common)
carriers, highway carriers and city car-)
riers relating to the transportation of)
property in the City and County of San)
Francisco and the Counties of Alameda,)
Contra Costa, Marin, Monterey, Napa,)
Santa Clara, San Mateo, Santa Cruz, San)
Benito, Solano and Sonoma.)

Case No. 5441
(Petition No. 6)

- Clifton E. Brooks, Philip A. Winter and
C. R. Becker, for applicant and petitioner.
- Maurice A. Owens, for Draymen's Association of
Alameda County, in support of applicant and
petitioner.
- R. D. Boynton, for Truck Owners Association of
California and Roger Ramsey, for United
Parcel Service, interested parties.
- J. L. Pearson, for the Commission's staff.

O P I N I O N

C. R. Becker, doing business as Delivery Service Company, operates as a highway common carrier, a highway contract carrier and a city carrier for the transportation of small shipments between points in East Bay cities and surrounding territory. These operations

commonly are referred to as parcel delivery services.¹ In these proceedings, Becker seeks an upward adjustment of 6 per cent in his common carrier rates and also in certain minimum rates established for parcel delivery service in the East Bay drayage area.² The proposals were consolidated for convenience of hearing and decision.

A public hearing of the matters was held at San Francisco on November 18, 1953, before Examiner Jacopi.

The common carrier rates which would be adjusted under Application No. 34758 are those named in Items Nos. 100 and 105 of applicant's tariff C.P.U.C. No. 6 applicable to retail parcel deliveries from retail stores to their customers situated in the East Bay cities shown in footnote 1 hereof and also those rates named in Item No. 105 of applicant's tariff C.P.U.C. No. 9 for wholesale parcel delivery service between the aforesaid cities and designated surrounding territory. The minimum rates involved in Petition No. 6 in Case No. 5441 apply for wholesale parcel delivery service in the

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Becker's highway common carrier operations consist of both retail and wholesale parcel delivery service between the East Bay cities of Alameda, Albany, Berkeley, El Cerrito, Emeryville, Oakland and Piedmont, and wholesale parcel delivery service between such cities and surrounding territory bounded generally by Vallejo, Antioch, Oakley, Brentwood, Livermore, Sunol and Warm Springs. The city carrier operations involve retail and wholesale parcel delivery services within each of the aforesaid East Bay cities. The contract carrier services involve a very limited amount of retail parcel delivery performed as an accommodation to certain of its shippers.

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The East Bay drayage area is comprised of the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont.

East Bay drayage area, supra.³ The parcel delivery rates in question generally vary with the number of shipments transported per week or per month, as the case may be, and with the number of daily deliveries provided. For special service, a higher basis of charge is provided.

Becker testified that the revenues derived from the present rates were insufficient to cover the cost of operation. It was explained that the parcel delivery rates involved herein last were adjusted by Decision No. 46544 of December 18, 1951, in Cases Nos. 4108 and 4109. Evidence was offered showing that since that time a number of upward adjustments had been made in the wages of employees, including the establishment of a health and welfare plan, and that advances had been experienced in the cost of fuel, fuel taxes, materials and supplies, and State highway-user taxes. According to the witness, the proposed increase of 6 per cent in the rates for the parcel delivery operations involved in these proceedings was needed to sustain the services under the higher cost levels. A like adjustment, the witness said, was necessary and would be made, with

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The minimum rates in question are named in Item No. 990 series of City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A. The adjustment proposed in the minimum rates also would be made in Becker's corresponding common carrier rates named in his tariff C.P.U.C. No. 8.

a minor exception, in the rates charged for the company's permitted carrier services not involved herein.⁴

Studies of the financial results anticipated if Becker's over-all operations were continued under the present rates and current cost levels and what the estimated results would be under the higher rates which are proposed were presented by an auditor retained by Becker and also by a transportation engineer of the Commission's staff.⁵ In these calculations, all of the rate increases proposed to be made for the over-all operations were provided for in the revenue estimates. Likewise, the operating expenses were adjusted to include the full effect of all known advances in costs. The estimates as calculated by the auditor and by the staff engineer were based upon analyses of the company's book records and of the operating data maintained. The staff engineer developed additional operating data through on-the-job studies of vehicle movements and terminal operations. It should be pointed out, however, that the financial studies submitted by the two witnesses are not entirely comparable because of the different operating periods employed. The auditor based his figures upon the operations for the period January 1

⁴ Intracity movements within the East Bay drayage area and intercity movements for distances of not more than 35 constructive miles, of parcels weighing 100 pounds or less per package, or per piece delivered from retail stores are not subject to the established minimum rates. The permitted carrier rates which would not be increased are those for a recently established "overnight parcel delivery service" which is still in the development stage. Assertedly, the slower movements in these operations were less expensive to handle than the other parcel deliveries which involved delivery to the consignee the same day the parcels were received from the shipper. The overnight service accounts for about 2 per cent of the total revenue derived from the over-all operations.

⁵ The auditor's studies showed also that the company earned from its over-all operations net operating revenue of \$4,581 before provision for income taxes under the present rates in the period January 1 to September 11, 1953. The corresponding operating ratio was 96.7 per cent based on revenues of \$138,795 and expenses of \$134,214. It was pointed out, however, that the book operating results included various increases in expenses only for the portion of the aforesaid period during which they were in effect.

to September 11, 1953; whereas the engineer used those for the 12-month period ended September 11, 1953. As summarized from the exhibits submitted by the witnesses, the estimated earning position of Becker's over-all operations under the present rates and the increased rates which would be observed in the future are as follows:

Estimated Revenues and Operating Expenses
for the Over-all Parcel Delivery Operations
Under the Present and Proposed Rates for
the Periods Indicated Below

	Applicant (1)		Commission Engineer (2)	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Revenues	\$138,795	\$147,122	\$202,960	\$214,591
Operating Expenses:				
Maintenance	11,664	11,664	17,354	17,354
Transportation	80,567	80,567	117,144	117,144
Terminal	4,702	4,702	6,704	6,704
Traffic	8,544	8,544	12,727	12,727
Insurance and Safety	4,536	4,536	6,680	6,680
Administrative and General	21,616	21,616	29,575	29,604
Depreciation	5,110	5,110	6,827	6,827
Operating Taxes and Licenses	<u>3,744</u>	<u>4,094</u>	<u>5,131</u>	<u>5,207</u>
Total Expenses	\$140,483	\$140,833	\$202,142	\$202,247
Net Before Income Taxes	(<u>\$ 1,688</u>)	\$ 6,289	\$ 818	\$ 12,344
Income Taxes	-	<u>1,887</u>	<u>151</u>	<u>4,024</u>
Net After Income Taxes	-	\$ 4,402	\$ 667	\$ 8,320
Operating Ratio	101.4%	97.01%	99.7%	96.12%

(1) Estimated results based on operations for the period January 1 to September 11, 1953.

(2) Estimated results based on operations for the 12-month period ended September 11, 1953.

() - Indicates loss.

The principal difference in the foregoing figures involves the bases used in the calculations of depreciation expense. For the revenue equipment and the service cars, depreciation expense was developed by the auditor in accordance with the 4-year service life provided for in the book depreciation schedule. The staff engineer, on the other hand, allowed annual depreciation expense based on service lives of 6 years for revenue equipment and 4 years for service cars which he found to be the company's actual experience. On this record, the staff engineer's estimates of the operating results appear more accurately to reflect the various conditions surrounding the services in question and will be adopted for the purpose of these proceedings.

The executive secretary of the Draymen's Association of Alameda County testified that Becker's proposal had been considered by his organization and that it was in favor of the granting of the sought rate adjustments. An investigation of the East Bay carriers affected by the minimum rates in issue, he said, disclosed that Becker was the only carrier operating wholly in this field. He said also that parcel delivery service was provided by other East Bay carriers only to a limited extent and then only as a convenience to their patrons. No one appeared in opposition to the rate relief sought herein.

The evidence of record is convincing that the present parcel delivery rates involved in these proceedings are insufficient and that the higher rates proposed are necessary to maintain the services.

Upon consideration of all of the facts and circumstances of record, we are of the opinion and hereby find that the increase of 6 per cent in parcel delivery rates as sought in these proceedings is justified.

O R D E R

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

IT IS HEREBY ORDERED that C. R. Becker, doing business as Delivery Service Company, be and he is hereby authorized to establish in his Tariff No. 6, C.P.U.C. No. 6, and in Tariff No. 9, C.P.U.C. No. 9, on not less than five days' notice to the Commission and to the public, the increased parcel delivery rates as set forth in Exhibits "D" and "E", respectively, of Application No. 34758, as amended, filed in these proceedings; that the foregoing authority is subject to the express condition that applicant will never urge before this Commission in any proceeding under Section 734 of the Public Utilities Code, 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; and that the authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

IT IS HEREBY FURTHER ORDERED that City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A (Appendix "A" of Decision No. 41362, as amended) be and it is hereby further amended by incorporating therein, to become effective January 15, 1954, Fifth Revised Page 40 cancels Fourth Revised Page 40, attached hereto and by this reference made a part hereof; and that tariff publications

of common carrier respondents filed as a result of this ordering paragraph may be made effective on not less than five days' notice to the Commission and to the public.

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

Dated at San Francisco, California; this 15th day of November, 1953.

A. J. [Signature]
President
Justus J. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners

SECTION 3 - COMMODITY RATES (Continued) In cents per 100 pounds, except as noted		
Item No.	COMMODITY	RATE
0990-C Cancels 990-B	PARCEL CITY DELIVERY (Wholesale Only)	In Cents Per <u>Package</u>
	Within and between all zones, and applies on packages containing property, weighing not to exceed (1)40 pounds per package, and only on deliveries from jobbers, wholesalers, industries and retail stores to other jobbers, wholesalers, industries and retail stores.	
	1 to and including 50 packages per month	55
	Over 50 " " " 100 " " "	48
	" 100 " " " 400 " " "	38
	400 packages per month-----	29
	(1) On all packages exceeding 40 pounds each in weight, each additional 25 pounds or fraction thereof shall be considered an additional package and charge will be at the rates applicable for a 40 pound package.	
995	PARCEL CITY DELIVERIES	In Cents Per <u>Package</u>
	Within and between all zones, and applies on deliveries from manufacturers, manufacturers' agents, wholesalers, jobbers and commercial distributors. (See Notes 1 and 2.)	
	Weight per package, 70 pounds or less-----	16
	NOTE 1.--The consignor must elect in writing in advance to utilize the rate in this item for all packages weighing 70 pounds or less tendered to the carrier during any calendar week.	Plus 2 cents for each pound or fraction thereof. (See Note 3.)
	NOTE 2.--All charges must be prepaid.	
	NOTE 3.--An additional charge of 20 cents for each \$100 or fraction thereof shall be assessed for each C.O.D. collected.	
◊Increase, Decision No. 49433		
EFFECTIVE JANUARY 15, 1954		
Issued by the Public Utilities Commission of the State of California, San Francisco, California.		
Correction No. 141		