

ORIGINAL

Decision No. 51681

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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| In the Matter of the Application) | |
| of DE LUXE WATER TAXI COMPANY, a) | |
| California corporation, for author-) | |
| ity to cancel or suspend existing) | Application No. 36778 |
| authority; and for authority to) | |
| modify and revise existing rates,) | |
| rules and regulations.) | |

Hurwitz and Hurwitz, by Robert R. Hurwitz, for applicant. The Bureau of Franchises and Public Utilities of the City of Long Beach, by Henry E. Jordan; James Thurmond; Warren Walsh; Lloyd McCormick; Grant Sawyer; Earl J. Saxon; interested parties. Leonard Diamond, for the Commission's staff.

O P I N I O N

De Luxe Water Taxi Company, a California corporation, has authority from the Commission to transport passengers and freight between piers and landing places in the City of Long Beach, on the one hand, and vessels of the United States Navy and merchant vessels anchored in the Long Beach-Los Angeles Harbor, on the other hand; ⁽¹⁾ between the Pico Street Navy Landing in Long Beach, on the one hand, and the Bethlehem Shipyards on Terminal Island, on the other hand; ⁽²⁾ between landing places in the City of Long Beach, on the one hand, and places on Catalina Island, except Avalon, on the other hand; and between landing places in the City of Long Beach, on the one hand and points in the

(1) Decision No. 26214, dated August 7, 1933, in Application No. 18774; Decision No. 34510, dated August 19, 1941, in Application No. 23653.

(2) Decision No. 34242, dated May 27, 1941, in Application No. 24093.

Long Beach-Los Angeles Harbor, on the other hand. ⁽³⁾ Applicant's passenger and freight tariffs are on file with the Commission. Its freight tariff ⁽⁴⁾ specifies hourly rates for harbor services and for trips to Catalina Island, and contains a separate provision as follows:

"For each 100 pounds or part thereof which is carried on regular trips to the Navy vessels and Merchant Ships lying at anchor in Long Beach-Los Angeles Harbor...25¢."

By the application herein, filed on March 7, 1955, applicant requests authority ⁽⁵⁾ (a) to discontinue service between the Pico Street Navy Landing and the Bethlehem Shipyards on Terminal Island, (b) to revise and modify its existing rules and regulations concerning passengers and freight, and (c) to modify its freight tariff to provide for (1) a rate of 25 cents for each package, parcel or bundle of laundry or dry cleaning transported by applicant between landings and vessels of the United States Navy in the Los Angeles-Long Beach Harbor; (2) a parcel delivery rate of 25 cents per parcel; and (3) a rate of one cent per pound, with a minimum of \$1.00, which would alternate with the 25 cents per parcel service so that the lowest applicable rate would apply.

Public hearings were held in Long Beach on April 28 and May 5, 1955, before Examiner Kent C. Rogers.

(3) Decision No. 50572, dated September 21, 1954, in Application No. 35287.

(4) Cal. PUC No. 3, issued November 29, 1954, Exhibit "D" in the application.

(5) Applicant also requested authority to modify and revise its existing passenger tariff, but withdrew this request at the hearing.

Prior to the first hearing, notice thereof was posted and published as required by this Commission. Several dry cleaners and laundrymen appeared in protest to the application. They were informed by the applicant that it intended to continue to carry laundry and dry cleaning at the same rate as at present, and they thereupon withdrew their protests.

Abandonment of Service Between the Navy Landing and Bethlehem Shipyards at Terminal Island.

Applicant alleged that this service was a wartime measure; that since approximately 1945 it has not transported persons or property to or from the shipyards at Terminal Island and has had no request from any source that it do so. There was no opposition to the request to abandon service between the Navy Landing and Terminal Island.

Having fully considered the matter, the Commission is of the opinion and finds that the proposed abandonment of service is not adverse to the public interest. It will be permitted.

Proposed Changes in Applicant's Freight Rates.

As heretofore stated, applicant's freight tariff provides for hourly rates only, with the exception that it contains a provision for the collection of a charge of 25 cents for each 100 pounds or part thereof which is carried on regular trips to Navy vessels and merchant ships at anchor in the harbor. The tariff contains a single provision for reduced charges for volume business from single shippers. No other rates, rules or regulations have been published concerning applicant's freight business.

Applicant's business manager testified that the 25-cent per 100-pound rate has been in effect since 1933, and that when there is a boatload shipment the hourly rates prevail. He said that the applicant is primarily a passenger carrier and that 99½ percent of its revenue comes from passenger fares which applicant construes to include the charges for the transportation of laundry and dry cleaning, and the balance from the freight. The applicant now carries laundry and dry cleaning in bags from the dock via its boats to the gangplanks of the ships for 25 cents each, provided a man goes along and pays a fare of 25 cents each way. The witness explained that all laundry and dry cleaning is sent C.O.D., that applicant has neither the time nor the personnel to collect the C.O.D. charges, and that as a result it requires a fare-paying passenger to accompany the bags.

About eight months ago, the witness said, a manufacturer of food products approached him concerning the transportation of freight from the landings to ships at anchor in the Long Beach-Los Angeles Harbor and offered to pay \$1.00 per 100 pounds plus tax for this service. Applicant accepted this offer and started hauling at said rate for this shipper. The income from this service is reflected under the item "freight" on Exhibit "F" on the application. It amounted to about \$700 in 1954. The witness stated that the reason applicant accepted this freight at the stated rate was that it was under the impression that the existing rate of 25 cents is the rate per parcel and does not apply to freight. The witness stated that the applicant can not afford to carry freight at the rate of 25 cents per hundred pounds and that it will make a profit at the proposed rate. On cross-examination

the witness stated that he does not know the applicant's rate base, its rate of return, or its operating ratio.

Exhibit "E" on the application shows that on December 31, 1953, applicant apparently had a rate base of \$20,000⁽⁶⁾ on which it had net earnings for the year 1953 of \$7,974⁽⁷⁾ which gave it a rate of return of approximately 38% before income taxes for that year.

Exhibit "F" in the application shows that for the year 1954 the applicant had a net income before income taxes of \$20,391. If the 1953 rate base referred to above is used without allowing any depreciation for the year 1954, applicant had a rate of return before income taxes of better than 100% for 1954.

Under the plain wording of its present tariff applicant is bound to carry a 100-pound shipment for 25 cents no matter how many separate pieces are involved. Under its proposal, general freight, excluding dry cleaning and laundry, would be carried for 25 cents per parcel, or, in the alternative, one cent per pound, with a minimum charge of \$1.00, the shipment to be carried at the lowest applicable rate. An increase in rates clearly results. For instance, if a shipment were composed of parcels weighing ten pounds each and totalling 100 pounds in weight, handled on the proposed parcel basis, the shipping cost would be \$2.50; handled on the proposed weight basis the shipping cost would be \$1.00; and under applicant's present tariff the shipping cost would be 25 cents. Upon the evidence of record herein, the Commission is of the opinion and finds that applicant's proposal to charge 25 cents per parcel, or one cent per pound

(6) Exhibit "E" in the application, Page 1.

(7) Exhibit "E" in the application, Page 2.

with a minimum charge of \$1.00, the lowest applicable rate to apply, for the transportation of freight other than laundry or dry cleaning, would result in an increased rate for the transportation of freight, is not justified by the record herein, and that authority will be denied.

Under applicant's present freight tariff, laundrymen are entitled to have laundry and dry cleaning transported for 25 cents per 100 pounds without an accompanying passenger. Under applicant's proposal, not only would the size of the laundry or dry cleaning bag be restricted to 100 pounds in weight, five feet in length and two feet in diameter, but the shipper would be required to send a fare-paying passenger with the freight at an additional cost of 25 cents one way or 50 cents for the round trip. As hereinbefore stated, applicant's alleged reason for requiring the fare-paying passenger is that all these laundry shipments are C.O.D. and applicant will not undertake to collect the laundry charges. The proposed maximum size and weight of the bags are, according to applicant's witness, the maximum size and weight of the laundry and dry cleaning bags now carried by applicant. Several of the dry cleaners and laundrymen who would be affected appeared at the hearing. They stated that the applicant is now handling laundry and dry cleaning pursuant to its proposed freight rules and regulations and that they are satisfied with that arrangement.

Upon the evidence of record herein, we are of the opinion, and find, that applicant's proposed charge of 25 cents per bag or package of laundry or dry cleaning is justified. Also justified are the proposed revised regulations, including the requirement that a fare-paying passenger accompany the shipment when consigned C.O.D. The proposed size and weight limitations on the laundry or dry-cleaning bags or parcels have not been justified on this record.

O R D E R

An application having been filed, public hearings having been held thereon, the Commission having made the findings set forth above, and based upon said findings,

IT IS ORDERED that the De Luxe Water Taxi Company, a corporation, be and it hereby is authorized to abandon service (heretofore authorized by Decision No. 34242, dated May 27, 1941, in application No. 24093) between the Pico Street Navy Landing in Long Beach, on the one hand, and the Bethlehem Shipyard on Terminal Island on the other hand, subject to the following conditions::

- (1) The public shall be given not less than five days' notice of the proposed discontinuance of service by the posting of a notice in applicant's Pico Street Landing.
- (2) Applicant shall make all necessary changes in its tariffs and timetables and shall, within 30 days after the discontinuance of service, notify the Commission in writing thereof.

IT IS FURTHER ORDERED:

(1) That De Luxe Water Taxi Company, a corporation, be and it hereby is authorized to amend its Local Freight Tariff Cal. P.U.C. No. 3 on not less than 30 days' notice to the Commission and to the Public to establish the rate of 25 cents per bag or parcel of laundry or dry cleaning irrespective of the size and weight thereof, and to establish revised passenger and freight rules and regulations as set forth in Exhibit 4 filed in this application with the exception that restrictions on the size and weight of laundry or dry cleaning bags or parcels, shall be omitted.

(2) That the authority herein granted shall expire unless exercised within 60 days after the effective date hereof.

IT IS FURTHER ORDERED, that except as granted by the terms of this order, Application No. 36778 is hereby denied.

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

Dated at San Francisco, California,
this 12th day of July, 1955.

Justin J. Casper
President
Ronald L. Lutz
William J. Lutz
Ed. H. Lutz

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.