

ORIGINALDecision No. 52916

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
 into the rates, rules, regulations,)
 charges, allowances and practices)
 of all common carriers, highway)
 carriers and city carriers relating)
 to the transportation of uncrated)
 new furniture (commodities for)
 which rates are provided in Minimum)
 Rate Tariff No. 11-A).)

Case No. 5603
 Petition for Modification No. 3

Arlo D. Poe, J. C. Kaspar, and James Quintrall,
 for California Trucking Associations, Inc.,
 petitioner;
W. J. Balthazar, for Safe Transportation Company;
 and Gil Gouveia, for Re-Ly-On Van Service,
 respondents;
A. R. Day and Marcel Gagnon, for the Commission
 staff.

O P I N I O N

By petition filed November 7, 1955, the California Trucking Associations, Inc., seeks an interim increase of 5 per cent in the minimum rates for the transportation of uncrated new furniture within and from the San Francisco Bay area. The rates involved are the Column B rates in Items Nos. 60 and 400 series of Minimum Rate Tariff No. 11-A.

The Commission, by its Decision No. 50114 dated June 1, 1954 in Case No. 4808, established Minimum Rate Tariff No. 11-A containing minimum rates, rules and regulations for the transportation of new uncrated furniture. The said tariff became effective on July 1, 1954, and the Column B rates presently in effect were established at that time. By an interim order in Decision No. 51582 dated June 9, 1955 in Case No. 5603, Petition for Modification No. 2, the Commission authorized a 5 per cent surcharge to be applied to all rates except

Column B rates in Items Nos. 60 and 400 series of said tariff. The Column B rates apply to transportation of shipments having point of origin in one of the 12 San Francisco Bay Counties.¹ Petition for Modification No. 2, which was filed by the California Trucking Associations, Inc., is still before the Commission and the interim order in Decision No. 51582, supra, has not been made final. Further public hearings for the receipt of evidence respecting revisions and modifications in the rate structure urged by the petitioner have not been scheduled pending notice by the petitioner that it is prepared to proceed.

The petitioner alleges that since the hearings in Petition for Modification No. 2 culminating in Decision No. 51582, supra, the labor contracts applicable in the territory covered by Column B rates have been renegotiated and that the resulting increases in wage rates and fringe benefits have resulted in substantially increased operating costs. Petitioner alleges that because of increased costs the level of the Column B rates is generally too low to produce revenues required to meet the costs of operation.

Public hearing was held January 6, 1956, before Examiner J. E. Thompson, at San Francisco. Evidence was presented through testimony and exhibits presented by the director of research of petitioner and by an associate transportation engineer of the Commission staff.

The director of research testified that he and his associates had made a survey to determine the identities of carriers engaged in transporting uncrated new furniture subject to the minimum

¹ The counties of San Francisco, San Mateo, Santa Clara, Santa Cruz, San Benito, Monterey, Alameda, Contra Costa, Marin, Sonoma, Solano and Napa.

rates prescribed in Minimum Rate Tariff No. 11-A. With respect to Column B rates, he stated that Safe Transportation Company, a highway common carrier, is the only carrier operating more than two vehicles that derives its revenue predominantly from transportation subject to those rates. He testified that while there are other carriers engaged in transporting such traffic they are either smaller carriers performing transportation for one shipper or in the case of larger carriers, obtain the predominant portion of their revenues from transportation not subject to Minimum Rate Tariff No. 11-A. He stated that while there are a number of carriers located in southern California transporting as back hauls some traffic subject to Column B rates that the operating results of Safe Transportation Company provide the best readily available test of the sufficiency of revenues produced by the Column B rates.

The witness offered an exhibit showing the wage increases arising from labor contracts negotiated since the effective date of the present minimum rates under consideration herein and a summary profit and loss statement of Safe Transportation Company for the year 1954 and the first six months of 1955 showing the effect of the wage increase and of the proposed surcharge.

The Commission staff presented an exhibit showing results of the operation of Safe Transportation Company for the 12-month period ended September 30, 1955. It also shows an estimate of the operating results with expenses adjusted to the November 1955 cost level.

The results estimated by the petitioner and by the staff differ widely. This is due to the selection of different base periods, adjustments made because of change from a partnership to a corporation and because of different methods used in arriving at the results.

The summary profit and loss statement prepared by the petitioner's director of research was taken from statements furnished by Safe Transportation Company in response to a questionnaire sent by the petitioner. The statements were compared with the carrier's annual report and where there were discrepancies an investigation was made respecting the actual entries made in the carrier's books. In projecting the results to reflect current wages, the witness increased the total wages paid to both union and nonunion employees in all categories by 9½ per cent. This percentage was based upon the revision in the union contract regarding drivers and helpers.

The staff's exhibit was prepared by an associate transportation engineer from the entries in the carrier's books of account. Adjustments were made because of the change from a partnership to a corporation in January 1955. In projecting the results the engineer made adjustments in expense so as to reflect the November 1955 cost level. The adjustments not only covered wages but also maintenance expense and tires.

A comparison of the estimates follows:

Item	Petitioner Estimates			Staff Estimates		
	Year 1954			12 Mos. Ended Sept. 30, 1955		
	At	Under		At	Under	
	Present	Proposed		Nov. 1955	Proposed	
	Wage Cost	Rates		Cost Level	Rates	
Item	Actual	Wage Cost	Rates	Record	Cost Level	Rates
Revenue	\$110,148	\$110,148	\$115,105 ¹	\$127,091	\$127,091	\$133,446 ²
Expenses	108,894	115,347	115,347	115,094	123,686	128,847
Income	1,254	(5,199)	(242)	11,997	3,405	9,599
Operating Ratio Before Income Taxes	98.9%	104.7%	100.2%	90.6%	97.3%	92.8%
Income Tax	(3)	-	-	\$ 3,935	\$ 1,117	\$ 3,149
Net Income	(3)	\$(5,199)	\$(242)	8,062	2,288	6,450
Operating Ratio	(3)	104.7%	100.2%	93.7%	98.2%	95.2%

(Red Figure)

- 1 Actual revenues increased by 4.5%, allowing .5% for traffic not moving subject to Minimum Rate Tariff No. 11-A and for gross receipts charges.
- 2 Actual revenues increased by 5%.
- (3) Not computed.

Conclusions

The record shows that the experience of Safe Transportation Company provides a reasonable test of the sufficiency of the minimum rates prescribed for the transportation of uncrated new furniture within the territory covered by the Column B rates. The evidence shows that known increases in expense have had the result of increasing the total cost of operation by more than 5 per cent. The record herein is sufficient to show that a 5 per cent increase in the rate level of the Column B rate will not provide a greater than minimum reasonable return and that the increase sought should be prescribed pending the determination by the Commission of just, reasonable and nondiscriminatory minimum rates for the transportation of uncrated new furniture on a state-wide basis. This matter is presently before the Commission in Petition for Modification No. 2 in this proceeding.

Upon careful consideration of the facts and circumstances of record, the Commission is of the opinion and finds that an interim increase of 5 per cent in the rates in Items Nos. 60 and 400 series of Minimum Rate Tariff No. 11-A is justified. The interim adjustment will be established by the issuance of a supplement to Minimum Rate Tariff No. 11-A, canceling Supplement No. 1 and providing for a surcharge of 5 per cent to be applicable on the charges computed under all rates, rules and regulations contained in the tariff. The matter of the establishment of definitive minimum rates being before the Commission in Petition for Modification No. 2, now pending in this case, the proceedings in Petition for Modification No. 3 will be terminated.

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 ORDERED that Minimum Rate Tariff No. 11-A (Appendix A of Decision No. 50114, as amended) be and it is hereby further amended by incorporating therein to become effective May 15, 1956, Supplement No. 2 cancels Supplement No. 1, which supplement is attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that tariff publications required to be made by common carriers as a result of the order herein may be made effective not earlier than the effective date hereof on not less than five days' notice to the Commission and to the public; that such required tariff publications shall be made effective not later than May 15, 1956; and that common carriers are authorized to depart from Rule 6 of General Order No. 80 to the extent necessary to carry out the effect of the order herein.

IT IS HEREBY FURTHER ORDERED that further consideration of the interim increase prescribed herein may be had in the proceeding involving Petition for Modification No. 2 in this case and that the proceedings in Petition for Modification No. 3 herein be and are hereby terminated.

In all other respects said Decision No. 50114, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 17th day of April, 1956.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

SUPPLEMENT NO. 2
(Cancels Supplement No. 1)

TO

MINIMUM RATE TARIFF NO. 11-A

NAMING

MINIMUM RATES, RULES AND REGULATIONS

FOR THE

TRANSPORTATION OF UNCRATED NEW FURNITURE

OVER

THE PUBLIC HIGHWAYS WITHIN THE

STATE OF CALIFORNIA

BY

RADIAL HIGHWAY COMMON CARRIERS

AND

HIGHWAY CONTRACT CARRIERS

◊ APPLICATION OF SURCHARGE

(a) Compute the amount of charges in accordance with the rates, rules and regulations of this tariff. Increase the amount so computed by five percent. Fractions will be disposed of in accordance with paragraph (b) below.

(b) Fractions of less than one-half cent shall be dropped; fractions of one-half cent or greater shall be increased to one cent.

◊ Increase, Decision No. 52916

EFFECTIVE May 15, 1956

Issued by the
Public Utilities Commission of the State of California
State Building, Civic Center
San Francisco, California