

ORIGINAL

Decision No. 58133

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
DELIVERY SERVICE COMPANY for authority )  
to establish certain increased rates )  
applicable to Wholesale Service between )  
points within the East Bay Drayage )  
Area and between the East Bay Drayage )  
Area and points in Alameda, Contra )  
Costa and Solano Counties. )

Application No. 40662

In the Matter of the Application of )  
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 and El )  
Cerrito. )

Application No. 40663  
(As amended)

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 property in the City )  
and County of San Francisco and the )  
Counties of Alameda, Contra Costa, )  
Santa Clara, San Mateo, Marin, Monterey, )  
Napa, Santa Cruz, San Benito, Solano )  
and Sonoma. )

Case No. 5441  
Petition for Modification  
No. 33

Phillip A. Winter, for Delivery Service Company,  
applicant, petitioner.

Edward E. Tanner, A. R. Day and Grant L. Malquist,  
for the Commission staff.

O P I N I O N

Delivery Service Company, a California corporation, oper-  
ates as a highway common carrier, a highway contract carrier and a  
city carrier in the transportation of packages and parcels between  
points in East Bay cities and surrounding territory. The highway  
common carrier operations consist of both retail and wholesale parcel

delivery service between El Cerrito, Albany, Berkeley, Emeryville, Oakland, Piedmont and Alameda which applicant terms Zone 1, and surrounding territory in Alameda, Contra Costa Counties and Vallejo and vicinity, such latter territory being termed by applicant as Zone 2.

In these proceedings, Delivery Service Company seeks authority to increase, by 10 percent, its rates other than for the transportation of parcels in wholesale overnight service between Alameda, Oakland, Piedmont, El Cerrito, Emeryville, Berkeley and intermediate points. The rates for the latter transportation applicant proposes to increase to 16 cents per package plus 3 cents per pound.

Public hearing was held before Examiner Jack E. Thompson on February 2 and 6, 1959, at San Francisco. Applicant was authorized to file an amendment to its Application No. 40663 after the hearing in order to correct an oversight. Submission of the proceedings was deferred until ten days after the filing of the amendment to the application if no protests were received. The amendment was filed February 9, 1959. No protests or requests for further hearing have been received. The matters were taken under submission on February 20, 1959.

Exhibit No. 1 sets forth the increased rates being sought. Applicant developed the proposed rates by increasing the present rates by 10 percent and rounding off to the nearest cent.

The record shows that since November 1, 1958, petitioner has incurred increased expenses by reason of higher wages paid to drivers and mechanics as a result of recently negotiated labor contracts and by reason of an increase in its contributions to State Unemployment Insurance and Federal Old Age Benefits. Since 1956 when the applicant's rates were last adjusted, other expenses have

also increased. The price of motor vehicle equipment, for example, has increased on the order of 15 percent.

Applicant maintains its books and accounts on a weekly basis. Exhibit No. 2 shows the operating results of applicant for eleven four-week periods ending October 31, 1958. In Exhibit No. 4 applicant showed the effect the increase in drivers' and mechanics' wages would have upon the results for that period. The following is a summary of the data appearing in those exhibits.

STATEMENTS OF REVENUES AND EXPENSES  
December 28, 1957 to October 31, 1958

	<u>Actual</u>	<u>Pro Forma At Present Rates</u>	<u>Pro Forma At Proposed Rates</u>
Revenue	\$267,135	\$267,135	\$292,772
Expenses	<u>257,749</u>	<u>273,035</u>	<u>273,035</u>
Net Income	\$ 9,386	<u>(\$ 5,900)</u>	\$ 19,737
Operating Ratio			
Before Income Taxes	96.5%	102.2%	93.3%
After Income Taxes	97.7%	102.2%	95.6%

(Red Figure)

The expenses shown in the pro forma statements are underestimated in that they reflect only increases in drivers' and mechanics' wages and not increases resulting from certain increased fringe benefits provided for in the labor contracts and known increases in payroll taxes, equipment costs, and clerical and administrative expense.

No one opposed the granting of the increases sought. The Commission's staff participated by cross-examining applicant's witnesses.

We find that the increases sought by applicant have been shown to be justified. In prior proceedings and decisions concerning the establishment of minimum rates in the East Bay Drayage Area, we have found that the parcel rates set forth in Item No. 990 of Highway Carriers' Tariff No. 1-A - City Carriers' Tariff No. 2-A,

should be predicated upon the operations of Delivery Service Company.<sup>1</sup> Applicant is the rate-making carrier in the parcel delivery field for services for which rates are provided in Item No. 990. We find that the rates proposed in Petition No. 33 herein are the just, reasonable and nondiscriminatory minimum rates for the transportation services described in Item No. 990 of said minimum rate tariff and that increases resulting from the establishment of said rates are justified.

Delivery Service Company requests authority to establish the increases on not less than five days' notice to the Commission and to the public. The record shows that the increased expenses are being incurred daily. The relief sought is justified and will be granted.

O R D E R

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

IT IS ORDERED:

1. That Delivery Service Company is authorized to establish the increased parcel delivery rates as set forth in its applications, as amended, filed in these proceedings, to be effective not earlier than the effective date hereof on not less than five days' notice to the Commission and to the public.

2. That the foregoing authority is subject to the express condition that applicant will never urge before the Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitutes 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.

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<sup>1</sup>The more recent of said decisions is Decision No. 57296, dated September 2, 1958, in Case No. 5441, Petition No. 30.

3. That the authority conferred above will expire unless exercised within sixty days after the effective date of this order.

4. That City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A (Appendix "A" of Decision No. 41362, as amended) is further amended by incorporating therein, to become effective April 17, 1959, Seventh Revised Page 40, which page is attached hereto and by this reference made a part hereof.

5. That tariff publications required to be made by common carriers as a result of paragraph 4 of this order 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, and that such tariff publications shall be made effective not later than April 17, 1959.

6. That in all other respects the aforementioned Decision No. 41362, 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 March, 1959.

E. L. Fox  
President  
W. H. ...  
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Commissioners

Theodore H. Jenner  
Commissioner Everett C. McKenna, being necessarily absent, did not participate in the disposition of this proceeding.

SECTION 3 - COMMODITY RATES (Continued) In cents per 100 pounds, except as noted		
Item No.	COMMODITY	RATE
*990-E Cancels 990-D	<b>PARCEL CITY DELIVERY (Wholesale Only)</b> 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.	<u>In Cents Per Package</u>  065 057 045 034 033
	1 to and including 50 packages per month -----	
	Over 50 " " " 100 " " " -----	
	" 100 " " " 400 " " " -----	
	" 400 " " " 1600 " " " -----	
	" 1600 packages per month -----	
	(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	<b>PARCEL CITY DELIVERIES</b> 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 -----	<u>In Cents Per Package</u>  16 Plus 2 cents for each pound or fraction thereof. (See Note 3.)
	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. 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.	
* Change ) o Increase ) Decision No. 58133		
EFFECTIVE APRIL 17, 1959		
Issued by the Public Utilities Commission of the State of California, San Francisco, California.		
Correction No. 199		