

Decision No. 59816**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 W. ROSS STARKEY, dba PACIFIC MESSENGER
 SERVICE, for authority to publish in-
 creases in special expedited-service
 Parcel Rates in Applicant's Local
 Freight Tariff No. 1, Cal. P.U.C.
 No. 1.

Application No. 40768

T. A. L. Loretz, for applicant.O P I N I O N

W. Ross Starkey, an individual doing business as Pacific Messenger Service, operates as a highway common carrier of freight between points located within the City of San Diego and near-by cities and communities. A substantial part of his services consist of the transportation of packages or parcels. By this application, filed January 22, 1959, and amended March 23, 1959, he seeks authority to increase certain of his package rates. He also seeks authority to make the increased rates effective on five days' notice to the Commission and to the public.

Public hearing on the application was held before Examiner C. S. Abernathy at San Diego on March 27, 1959, at which time testimony in support of the sought rates was submitted by applicant.

The package delivery services which applicant provides as a highway common carrier are of four principal types:

- a. Regular service, in which deliveries are made the day following the date of pickup;
- b. Same-day service, in which deliveries are made the same day as date of pickup, and one call per day is made for the pickup of shipments.
- c. Same-day service, in which deliveries are made the same day as date of pickup, and two calls per day are made for the pickup of shipments.
- d. Immediate service, in which delivery is made from consignor to consignee without prior return of applicant's vehicles to his terminal.

Applicant's basic package rate is that for his regular services. He maintains higher rates for the "same-day" and "immediate" services. Assertedly, in the original establishment of his rate scale, applicant undertook to set his rates at a level which reflected fairly the costs of the different types of service and which also took into consideration competitive rates and the rates which, pursuant to minimum rate orders of the Commission, applied as the minimum rates for the transportation of packages or parcels within the area in and about San Diego designated as the San Diego Drayage Area.

As originally published in his tariff in January, 1958, applicant's package rates were as follows:

Regular service	16 cents per package, plus 2 cents per pound of the weight of the package.
Same-day, one-pickup service ..	25 cents per package, plus 2 cents per pound of the weight of the package.
Same-day, two-pickup service ..	32 cents per package, plus 2 cents per pound of the weight of the package.
Immediate service	22½ cents per mile for the distance between origin and destination of the shipment; minimum charge, \$2.60 per shipment.

In January, 1959, applicant increased the poundage rate for his regular service by $\frac{1}{2}$ cent per pound, making the total rate 16 cents per package plus $2\frac{1}{2}$ cents per pound of the weight of the package. This increase was made in response to the Commission's order in Decision No. 57749, dated December 16, 1958, which prescribed a like rate in Minimum Rate Tariff No. 9-A for the transportation of packages or parcels within the San Diego Drayage Area. However, under the authority granted by said decision applicant was unable to make corresponding increases in other of his package rates, since such rates were generally higher than the aforesaid minimum rate, as increased. His other package rates were adjusted only to the extent that they would not result in lower charges than the charges under the minimum package rate. Applicant's resultant, and present rate structure is set forth in the margin below.

Regular service	16 cents per package, plus $2\frac{1}{2}$ cents per pound of the weight of the package.
Same-day, one-pickup service ..	Packages of 18 pounds or less: 25 cents per package, plus 2 cents per pound of the weight of the package.
	Packages of more than 18 pounds, 16 cents per package, plus $2\frac{1}{2}$ cents per pound of the weight of the package.
Same-day, two-pickup service ..	Packages of 31 pounds or less, 32 cents per package, plus 2 cents per pound of the weight of the package.
	Packages of more than 31 pounds, 16 cents per package, plus $2\frac{1}{2}$ cents per pound of the weight of the package.
Immediate service	$22\frac{1}{2}$ cents per mile for the distance between origin and destination of the shipment; minimum charge, \$2.60 per shipment.

By its proposals in this matter applicant seeks to restore his rates for the "same-day" services to the same relationship to his basic package rate as prevailed prior to the increase in the basic rate in January, 1959. In other words, applicant seeks authority to establish the following rates for his "same-day" services:

- Same-day, one-pickup service 25 cents per package, plus
2½ cents per pound of
the weight of the package.
- Same-day, two-pickup service 32 cents per package, plus
2½ cents per pound of
weight of the package.

No other adjustments in applicant's rates are proposed in this matter.

The increase in the package rate in Minimum Rate Tariff No. 9-A which was prescribed by Decision No. 57749, supra, was based on a finding by the Commission that the increase was justified by increases which the carriers had experienced in their costs of operations.² As justification for the rate increases which he seeks herein, applicant alleges that his "same-day" services have been subjected to the same cost increases as those upon which the increase in the minimum package rate was based. Applicant states, furthermore, that the rate structure which he established in order to comply with the provisions of Decision No. 57749 has proved to be confusing to his patrons, and that a simpler rate structure is essential to his operations.

² The increase in the package rate was part of a general increase in the San Diego drayage rates which was ordered by Decision No. 57749.

The record shows that prior to the filing of this application, applicant undertook to inform the patrons of his "same-day" services concerning his rate proposals and the reasons therefor. In addition, notices of the hearing on the application were sent by the Commission's secretary to the aforesaid patrons, to the San Diego Chamber of Commerce, to the City of San Diego, and to the County of San Diego. No one appeared at the hearing in opposition to the granting of the application.

The increases which applicant seeks to make in the rates for his "same-day" services should be authorized. Inasmuch as the "same-day" services are an expedited type of service, it appears that the costs per delivery are generally more than the costs per delivery in applicant's regular service. It appears, furthermore, that the "same-day" services have been subjected to cost increases which are at least as great as those which were found to justify the rate increases prescribed by Decision No. 57749. From a cost standpoint it appears that increases as sought in the "same-day" rates are warranted.

Aside from the matter of costs, it may be pointed out that under applicant's present rate structure the same rates apply for some of the "same-day" services as those which apply for the regular service. Because of the expedited nature of the "same-day" services, it appears that somewhat higher rates for said services would be reasonable. For this reason, also, it is concluded that restoration of the rate differential which applicant originally maintained between the "same-day" and the regular services is warranted.

In consideration of these factors and of the other circumstances of record the Commission is of the opinion and finds that the increases in rates which applicant seeks in this proceeding have been shown to be justified. Establishment of the rate increases on five days' notice to the Commission and to the public likewise appears justified. The application will be granted.

O R D E R

Based on the evidence and on the conclusions and findings contained in the preceding opinion,

IT IS HEREBY ORDERED that W. Ross Starkey, doing business as Pacific Messenger Service, be, and he hereby is, authorized to amend his Local Freight Tariff No. 1, Cal. P.U.C. No. 1, to establish on not less than five days' notice to the Commission and to the public, increased rates for his "same-day" services, as hereinbefore described, as follows:

Same-day, one-pickup, service ... 25 cents per package or piece, plus 2½ cents for each pound or fraction thereof of its gross weight.

Same-day, two-pickup, service ... 32 cents per package or piece, plus 2½ cents for each pound or fraction thereof of its gross weight.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 22nd day of March, 1960.

Ernest W. Page
President
John H. ...
...
...
Theodore Jensen
Commissioners