

61324

ORIGINAL

Decision No. _____

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 whole-
 sale service between points within
 the East Bay Drayage Area and points
 in Alameda, Contra Costa and Solano
 Counties, and to wholesale and retail
 service between points within the
 East Bay Drayage Area and El Cerrito.

Application No. 42815

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, Lake, Marin, Mendocino,
 Monterey, Napa, San Benito, San
 Mateo, Santa Clara, Santa Cruz,
 Solano and Sonoma.

Case No. 5441
 Petition for Modification
 No. 45

Philip A. Winter, for Delivery Service
 Company, applicant and petitioner.
Marcel J. Gagnon and E. M. Jennings, for
 the Commission staff.

O P I N I O N

Delivery Service Company is engaged in the transportation of packages and parcels between points in East Bay cities and surrounding territory as a highway common carrier, a highway contract carrier and as a city carrier. By application filed November 7, 1960, it seeks authority to increase the rates and charges in its highway common carrier tariffs by approximately ten percent. By petition filed the same day, it requests the Commission to make similar upward adjustments in the minimum wholesale parcel rates prescribed in Item 990 of City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A, hereinafter referred to as the drayage tariff.

Public hearing was held December 1, 1960, before Examiner J. E. Thompson, at San Francisco.

Applicant's present rates became effective April 15, 1960, pursuant to authority granted in Decision No. 59864, dated March 29, 1960, in Application No. 41773. At that time applicant made both upward and downward adjustments in its rates estimated to yield an increase in gross revenues of about twelve percent.

Applicant presented evidence showing that for operations conducted during the period January 1 to October 7, 1960, it had a net loss of \$5,781. This loss is due to the 3½ months of operations prior to the rate adjustment on April 15. For the period April 23 to October 7, 1960, applicant made a profit before income taxes of \$2,430 for an operating ratio of 98.67 percent.

On November 1, 1960, pursuant to a collective bargaining agreement with its drivers, applicant was required to pay its drivers an increase in wages of 8 dollars per week. Under the agreement the drivers are paid a guaranteed weekly wage. Wages of mechanics were increased 20 cents per hour retroactive to July 1960, and garage attendants or servicemen had an increase in wages of 17 cents per hour in October 1960. With the increases in the wages of drivers, applicant increased the salaries of managerial and clerical personnel.

Applicant's accountant presented an itemized statement showing the revenues and expenses for the period April 23, 1960, to October 7, 1960, expanded to reflect the increases in revenues from the proposed rate increases and the increases in expenses resulting from the wage and salary increases described above. Table I is a summary of that itemized statement.

TABLE I

DELIVERY SERVICE COMPANY
Summary of Recorded and Expanded
Revenue and Expenses
April 23 - October 7, 1960

	<u>Book Recorded</u>	<u>Increases</u>	<u>Expanded</u>
Revenue	\$181,574.23	\$16,943.17	\$198,517.40
Expenses			
Maintenance	10,422.44	172.80	10,595.24
Transportation	113,577.36	7,419.03	120,996.39
Terminal	5,988.07	107.01	6,095.08
Traffic	7,197.21	169.43	7,366.64
Insurance	5,513.89	434.19	5,948.08
Administrative	27,024.34	395.34	27,419.68
Depreciation	2,627.16		2,627.16
Taxes and Licenses	6,793.72	453.04	7,246.76
Total Expenses	<u>\$179,144.19</u>	<u>\$ 9,150.84</u>	<u>\$188,295.03</u>
Net Operating Income	\$ 2,430.04		\$ 10,222.37
Operating Ratio			
Before Income Tax	98.67%		94.86%
After Income Tax	99.14%		96.68%

The expansions of expenses reflect increases in salaries and wages and expenses related directly thereto, such as payroll taxes and compensation insurance expense, and increases in expenses directly related to increases in gross revenue, such as insurance expense, P.U.C. fees and Board of Equalization tax. Increases in fringe benefits to employees, such as increased sick leave benefits, were not capable of being measured in dollars of expense and are not included in the expanded expenses.

We find that the proposed increases are justified and that applicant should be authorized to make the proposed tariff adjustments on five days' notice.

In prior proceedings in Case No. 5441, we have found that the minimum rates in Item 990 of the drayage tariff should be predicated upon the operations of Delivery Service Company. The evidence in the instant proceeding corroborates that finding. We find that

the minimum rates proposed herein by petitioner are the just, reasonable and nondiscriminatory minimum rates to be assessed by city carriers and highway carriers for the transportation services described in Item 990 of the drayage tariff and that the increases resulting from the establishment of said minimum rates are justified.

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:

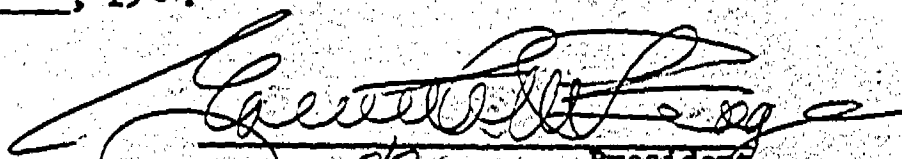
1. That Delivery Service Company is authorized to establish the proposed parcel delivery rates as set forth in its application, to be effective not earlier than the effective date hereof on not less than five days' notice to the Commission and to the public.
2. That the foregoing authority is subject 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.
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 February 11, 1961, Tenth Revised Page 40, which page is attached hereto and by this reference made a part hereof.

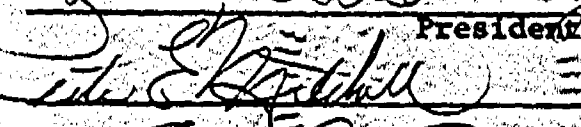
5. That tariff publications required to be made by common carriers as a result of Paragraph 4 of this order may be made effective not earlier than the effective date hereof on not less than five days' notice to the Commission and to the public, and shall be made effective not later than February 11, 1961.

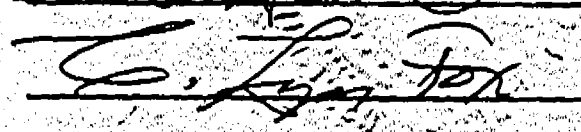
6. That in all other respects the aforementioned Decision No.41362, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 4th day of January, 1961.



President




Commissioners

Item No.	SECTION 3 - COMMODITY RATES (Continued) In cents per 100 pounds, except as noted	RATE																				
COMMODITY		RATE																				
	<p>PARCEL CITY DELIVERY (Wholesale Only) (See Notes 1 and 2)</p> <p>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.</p> <table border="0" data-bbox="346 687 1255 815"> <tr> <td></td> <td>1 to and including</td> <td>100 packages per week</td> <td>-----</td> <td>◊ 57</td> </tr> <tr> <td>Over</td> <td>100 " " "</td> <td>400 " " "</td> <td>-----</td> <td>◊ 42</td> </tr> <tr> <td>"</td> <td>400 " " "</td> <td>800 " " "</td> <td>-----</td> <td>◊ 41</td> </tr> <tr> <td>"</td> <td>800 packages per week</td> <td></td> <td>-----</td> <td>◊ 40</td> </tr> </table> <p>(1) On all packages exceeding 40 pounds in weight, an additional charge of 3 cents per pound shall be made for each pound or fraction thereof in excess of 40 pounds.</p> <p>NOTE 1.-The above rates are subject to a guarantee of ten parcels per week for regular pickup service.</p> <p>NOTE 2.-Where consignor does not guarantee a minimum of ten parcels per week, a charge of 25 cents will be added to the above rates for each pickup.</p>		1 to and including	100 packages per week	-----	◊ 57	Over	100 " " "	400 " " "	-----	◊ 42	"	400 " " "	800 " " "	-----	◊ 41	"	800 packages per week		-----	◊ 40	<p>In Cents Per Package</p>
	1 to and including	100 packages per week	-----	◊ 57																		
Over	100 " " "	400 " " "	-----	◊ 42																		
"	400 " " "	800 " " "	-----	◊ 41																		
"	800 packages per week		-----	◊ 40																		
995	<p>PARCEL CITY DELIVERIES</p> <p>Within and between all zones, and applies on deliveries from manufacturers, manufacturers' agents, wholesalers, jobbers and commercial distributors. (See Notes 1 and 2.)</p> <p>Weight per package, 70 pounds or less -----</p> <p>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.</p> <p>NOTE 2.-All charges must be prepaid.</p> <p>NOTE 3.-An additional charge of 20 cents for each \$1.00 or fraction thereof shall be assessed for each C.O.D. collected.</p>	<p>In Cents Per Package</p> <p>16 Plus 3 cents for each pound or fraction thereof. (See Note 3.)</p>																				
<p>* Change) ◊ Increase) Decision No. 61324</p>																						
<p>EFFECTIVE FEBRUARY 11, 1961</p>																						
<p>Issued by the Public Utilities Commission of the State of California San Francisco, California</p>																						
<p>Correction No. 225</p>																						