

ORIGINALDecision No. 65093

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 any and all commodities between and)
 within all points and places in the)
 State of California (including, but not)
 limited to, transportation for which)
 rates are provided in Minimum Rate)
 Tariff No. 2).)

Case No. 5432
 (Petition for Modification
 No. 268)

Case No. 5435
 (Petition for Modification
 No. 39)

Case No. 5438
 (Petition for Modification
 No. 32)

Case No. 5439
 (Petition for Modification
 No. 21)

And Related Matters

Case No. 5440
 (Petition for Modification
 No. 13)

Case No. 5441
 (Petition for Modification
 No. 61)

Case No. 5330
 (Petition for Modification
 No. 20)

Case No. 5603
 (Petition for Modification
 No. 14)

Case No. 6008
 (Petition for Modification
 No. 4)

A. D. Poe, R. D. Toll and J. X. Quintrall, for California
 Trucking Associations, Inc., petitioner.

C. W. Johnson, for Consolidated Freightways; Armand Karp, for
Callison Truck Lines, Inc.; Philip A. Winter, for Delivery
 Service Co., respondents.

Joseph T. Enright, Waldo A. Gillette and Eugene R. Rhodes, for
 Monolith Portland Cement Company; Dale Finley, by H. M. Long,
 for Mobil Oil Company; Robert R. Schwenig, for Sears, Roebuck
 & Co.; Eugene A. Read, for California Manufacturers Associ-
 ation; Chas. C. Miller, for San Francisco Chamber of Commerce;
 interested parties.

Edward E. Tanner, Robert Shoda and George H. Morrison, for the
 Commission staff.

SUPPLEMENTAL OPINION

By Petition for Modification No. 268 in Case No. 5432 and related petitions in the eight other minimum rate cases specified above, California Trucking Associations, Inc., seeks increases in the charges for handling "Collect on Delivery" shipments (so-called C.O.D. charges). The charges in issue are set forth in Item No. 180 of Minimum Rate Tariff No. 2 and in corresponding items of nine other minimum rate tariffs.^{1/}

Public hearing of the petitions was held on a common record before Examiner Bishop at San Francisco and Los Angeles on September 12 and October 17, 1962, respectively. Evidence was presented through a rate analyst from petitioner's research division. Members of the Commission's Transportation Division staff and several other parties assisted in the development of the record by examination of the witness.

Petitioner proposes increases in C.O.D. charges in the various tariffs involved to the extent necessary to place said charges on a parity with those set forth in Western Classification No. 23.^{2/} Such parity, the petitions state, existed when C.O.D. charges were first established in the minimum rate tariffs. The proposed adjustments are prompted also by increased operating costs

^{1/} A list of the tariffs and the numbers of their respective items embraced by the petitions herein are set forth in Appendix "A" hereof.

^{2/} The petitions herein are concerned only with the levels of the C.O.D. charges. By Case No. 7402 the Commission has instituted an investigation into the rules and regulations for the handling of C.O.D. shipments and collection of, accounting for and remittance of C.O.D. moneys.

which have been experienced since the various charges in issue were last increased. In Appendix B hereof is set forth a comparison of charges presently published in Minimum Rate Tariff No. 2 with those proposed by petitioner, for representative amounts collected.

A report prepared by the rate analyst discloses the following facts: C.O.D. charges were initially incorporated in the minimum rate structure in 1938 in Minimum Rate Tariff No. 2, the statewide general commodity tariff. The charges then established were not predicated on a cost study; they simply duplicated the scale of charges that was concurrently maintained in the Western Classification. During following years scales of C.O.D. charges were provided in other minimum rate tariffs, and the levels of these scales were generally the same as in Minimum Rate Tariff No. 2.^{3/} During the intervening years since the initial C.O.D. scale was published in Minimum Rate Tariff No. 2, the scales in the various tariffs were increased from time to time to meet rising costs of operation, but, during the same period, the charges in the Western Classification have been increased more frequently. The charges in Minimum Rate Tariff No. 2 were last

^{3/} At the present time, the scales of C.O.D. charges in all of the minimum rate tariffs involved herein are, with two exceptions, identical. Minimum Rate Tariffs Nos. 9-A and 10 have lower charges than those set forth in Minimum Rate Tariff No. 2. The following tariffs do not contain scales of C.O.D. charges and are not included in the petitions herein: Minimum Rate Tariffs Nos. 3-A, 6, 7 and 12. In addition, Minimum Rate Tariff No. 14 was established by the Commission effective January 19, 1963, after the submission of the instant petitions. Minimum Rate Tariff No. 14 was essentially a transferral from Minimum Rate Tariff No. 2 of the rates, rules and charges for the transportation of baled hay, fodder and straw. However, the C.O.D. provisions were not transferred. The question of C.O.D. charges in Minimum Rate Tariff No. 14 is procedurally within the scope of the instant Petition No. 268 in Case No. 5432, inasmuch as C.O.D. charges on baled hay, fodder and straw were provided in Minimum Rate Tariff No. 2 at the time of submission of the instant proceeding. (See also Appendix "A" hereof.)

adjusted in 1957, while the charges in the other tariffs involved in these proceedings were last increased during the period ranging from 1956 to 1959.

The above-mentioned report includes tables comparing the increases in hourly labor costs for carrier employees who perform functions directly related to C.O.D. shipment services. These duties are performed by such employees as rating, billing, cashier and C.O.D. clerks and by drivers and driver helpers. The figures thus shown for said hourly costs for services performed under Minimum Rate Tariff No. 2 have increased by amounts ranging from 35.8 to 40.0 percent. Those costs include fringe benefits and payroll taxes. Other hourly labor cost comparisons show increases of approximately 25 and 27 percent for drivers in San Francisco and East Bay drayage areas, respectively, and an increase of approximately 21 percent in both areas for clerical employees. The tables show increases of approximately 19 percent in the Los Angeles area for both driver and clerical labor costs. It should be noted that the hourly labor cost figures for the Bay Area and Los Angeles drayage areas, from which the above-stated percentages were derived, reflected only the base wage rates. They did not include payroll taxes or the cost of fringe benefits. None of the hourly labor cost figures shown in the report included indirect expenses. According to the witness, the hourly labor cost figures, shown in the report, for transportation and accessorial services under Minimum Rate Tariff No. 2 are generally reflective of wage rates for the same classes of employees performing transportation services under those tariffs involved herein as to which no labor costs were shown.

The analyst's report also compared vehicle hourly fixed costs. He found that such costs had increased by amounts ranging from 10 percent to 17 percent, depending on the type of vehicle employed. The comparison was made between costs as of May 1, 1957, the effective date of the present C.O.D. charges in Minimum Rate Tariff No. 2, and July 1, 1962. This element of cost was shown, the witness said, as an indication of the expense involved while equipment is idle pending collection by the driver of C.O.D. charges in the form of cash or certified check.

All of the cost data utilized in the aforesaid report were taken from Commission staff studies introduced in various minimum rate proceedings.

In his closing statement counsel for petitioner pointed out that the Commission has never made a study of the costs incurred in the rendition of the services for which C.O.D. charges are assessed. He had no knowledge, moreover, of any such study having been made by carriers or shippers. In his opinion, increases in labor costs which are generally applicable furnish the proper foundation for determining the percentages of increase in the cost of performing the C.O.D. collections.

The representative of California Manufacturers Association stated that his association has no objection to increases being made in C.O.D. charges in order to offset increased costs. He was of the opinion, however, that the charges proposed by petitioner are higher than necessary to accomplish such purpose.

Two purposes are disclosed by the filing of the petitions herein, namely, to offset increased costs of performing C.O.D. services and to restore uniformity of charges among the various

minimum rate tariffs and with the Western Classification. The hourly labor costs set forth in the analyst's report are incurred when the carrier's employees are performing the services involved in the making and processing of C.O.D. collections, as well as when said employees are engaged in discharging their other duties. The above-described increased labor and equipment costs appear to be a fair measure of the increases in the cost of rendering C.O.D. services which have occurred since the present levels of C.O.D. charges here in issue were established, subject, however, to the qualification that the labor cost increases shown for the San Francisco Bay and Los Angeles drayage areas are understated, since they do not include payroll expense and the cost of fringe benefits. In this latter category, increases in operating costs have been particularly noticeable in recent years.

The amount of increase sought in the C.O.D. charges is, for most of the tariffs, approximately 28 percent. In the light of the foregoing appraisal of the cost evidence, such proposed increase in charges appears reasonable. Additionally, the desirability of uniformity in C.O.D. charges among the various minimum rate tariffs and with the corresponding charges provided for shipments between California and interstate points is self-evident.^{4/} To accomplish the sought result with reference to Minimum Rate Tariff No. 14, the C.O.D. charges and governing rules of Minimum Rate Tariff No. 2 should be carried forward into Minimum Rate Tariff No. 14.

^{4/} The record shows that the level of charges herein sought for the minimum rate tariffs is now in effect not only in the Western Classification but also in the Uniform Classification, which has largely superseded the Western Classification as the governing publication of its kind for western railroads and highway carriers.

Upon consideration, we find that the increases in C.O.D. charges proposed in the several petitions involved herein have been justified. The petitions will be granted. In order to avoid duplication of tariff distribution, all minimum rate tariffs involved herein, other than Minimum Rate Tariff No. 2, will be amended by separate orders.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Minimum Rate Tariff No. 2 (Appendix D of Decision No. 31606, as amended) is hereby further amended by incorporating therein to become effective May 11, 1963, Ninth Revised Page 22, which revised page is attached hereto and by this reference made a part hereof.

2. Tariff publications required to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order on not less than ten days' notice to the Commission and to the public and shall be made effective not later than May 11, 1963.

3. Common carriers, in establishing and maintaining the rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

4. In all other respects said Decision No. 31606, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 19th day of MARCH, 1963.

George H. Dwyer
President
John J. Doherty
Wesley W. Coag
Fredrick B. Hilchoff
William W. Durand
Commissioners

APPENDIX "A"

LIST OF TARIFFS AND ITEMS IN WHICH C.O.D.
CHARGES ARE SET FORTH

<u>Tariff</u>	<u>Item</u>
City Carriers' Tariff No. 1-A	110
City Carriers' Tariff No. 2-A - Highway Carriers' Tariff No. 1-A	130
Minimum Rate Tariff No. 2	130
" " " " 4-A	320
" " " " 5	150
" " " " 8	190
" " " " 9-A	#
" " " " 10	140
" " " " 11-A	210
" " " " 13	120
" " " " 14	Ø

C.O.D. charges for this tariff are published in Item No. 170 of Classification No. 1.

Ø C.O.D. regulations and charges were omitted from the initial Minimum Rate Tariff No. 14 (hay, straw and fodder) but Item No. 120 of Minimum Rate Tariff No. 2 applied on these commodities when the instant proceeding was submitted. (See Footnote 3, supra.)

APPENDIX "B"

COMPARISON OF REPRESENTATIVE C.O.D. CHARGES

<u>Amount Collected</u>	<u>C.O.D. CHARGES</u>		
	<u>MRT No. 2</u>		<u>Western Classification</u>
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>
Not over \$20.00	\$0.63	\$0.81	\$0.81
Over \$ 50.00 but not over \$ 60.00	1.04	1.32	1.32
Over \$ 100.00 but not over \$102.50	1.39	1.78	1.78
Over \$ 200.00 but not over \$250.00	2.05	2.62	2.62
Over \$ 500.00 but not over \$550.00	3.88	4.97	4.97
Over \$ 700.00 but not over \$750.00	5.11	6.54	6.54
Over \$1,000.00	6.62	8.48	8.48
	Per \$1,000.	Per \$1,000.	Per \$1,000.

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)																								
	COLLECT ON DELIVERY (C.O.D.) SHIPMENTS																								
	<p>(a) No carrier shall handle any C.O.D. shipment unless and until it has on file with the Commission a good and sufficient bond in such form as the Commission may deem proper, in a sum of not less than Two Thousand Dollars.</p> <p>(b) The bond required by paragraph (a) hereof, shall be filed by the carrier as principal and by some solvent surety company, authorized to do business in the State of California, as surety, payable to the State of California, and/or any person or persons to whom any amount may be due on any C.O.D. shipment transported by said carrier and not remitted to the person or persons to whom it is due within ten days after delivery of any such shipment; however, when the carrier has filed with any municipality or board thereof, pursuant to ordinance, a bond in a sum not less than Two Thousand Dollars, payable to said board or municipality and/or any person or persons to whom any amount may be due on any C.O.D. shipment transported by said carrier and not remitted to the person or persons to whom it is due within ten days after delivery of any such shipment, the filing by such carrier of a certified copy of said bond with this Commission shall be deemed compliance herewith. Each bond filed pursuant to the foregoing shall specify the extent to which the carrier's operations are covered thereby and may cover more than one operative authority held by the same carrier. When a carrier with such a bond or bonds on file with the Commission obtains additional operative authority, said bond or bonds shall be revised or reissued to show whether or not the additional operative authority is covered thereby. No C.O.D. bond shall be canceled on less than thirty days' notice to the Commission.</p> <p>(c) In the handling of C.O.D. shipments carrier shall, promptly upon collection of any and all C.O.D. moneys, and in no event later than ten days after delivery to consignee, unless consignor instructs otherwise in writing, remit to consignor all C.O.D. moneys collected by it on such shipments.</p> <p>(d) The charges for collecting and remitting the amount of C.O.D. bills collected on C.O.D. shipments shall be as follows:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">When the amount collected is</th> <th style="text-align: right;">Charge for collecting and remitting will be</th> </tr> </thead> <tbody> <tr> <td>Not over \$20.00 -----</td> <td style="text-align: right;">0.81</td> </tr> <tr> <td>Over \$20.00 not over \$25.00 -----</td> <td style="text-align: right;">0.85</td> </tr> <tr> <td>Over 25.00 not over 40.00 -----</td> <td style="text-align: right;">0.98</td> </tr> <tr> <td>Over 40.00 not over 50.00 -----</td> <td style="text-align: right;">1.06</td> </tr> <tr> <td>Over 50.00 not over 60.00 -----</td> <td style="text-align: right;">1.32</td> </tr> <tr> <td>Over 60.00 not over 80.00 -----</td> <td style="text-align: right;">1.38</td> </tr> <tr> <td>Over 80.00 not over 100.00 -----</td> <td style="text-align: right;">1.44</td> </tr> <tr> <td>Over 100.00 not over 102.50 -----</td> <td style="text-align: right;">1.78</td> </tr> <tr> <td>Over 102.50 not over 105.00 -----</td> <td style="text-align: right;">1.84</td> </tr> <tr> <td>Over 105.00 not over 110.00 -----</td> <td style="text-align: right;">1.91</td> </tr> <tr> <td>Over 110.00 not over 120.00 -----</td> <td style="text-align: right;">1.96</td> </tr> </tbody> </table>	When the amount collected is	Charge for collecting and remitting will be	Not over \$20.00 -----	0.81	Over \$20.00 not over \$25.00 -----	0.85	Over 25.00 not over 40.00 -----	0.98	Over 40.00 not over 50.00 -----	1.06	Over 50.00 not over 60.00 -----	1.32	Over 60.00 not over 80.00 -----	1.38	Over 80.00 not over 100.00 -----	1.44	Over 100.00 not over 102.50 -----	1.78	Over 102.50 not over 105.00 -----	1.84	Over 105.00 not over 110.00 -----	1.91	Over 110.00 not over 120.00 -----	1.96
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Over	120.00	not over	140.00	-----	2.04
Over	140.00	not over	150.00	-----	2.09
Over	150.00	not over	160.00	-----	2.24
Over	160.00	not over	180.00	-----	2.29
Over	180.00	not over	200.00	-----	2.32
Over	200.00	not over	250.00	-----	2.62
Over	250.00	not over	300.00	-----	3.01
Over	300.00	not over	350.00	-----	3.41
Over	350.00	not over	400.00	-----	3.79
Over	400.00	not over	450.00	-----	4.19
Over	450.00	not over	500.00	-----	4.60
Over	500.00	not over	550.00	-----	4.97
Over	550.00	not over	600.00	-----	5.34
Over	600.00	not over	650.00	-----	5.75
Over	650.00	not over	700.00	-----	6.14
Over	700.00	not over	750.00	-----	6.54
Over	750.00	not over	800.00	-----	6.92
Over	800.00	not over	850.00	-----	7.33
Over	850.00	not over	900.00	-----	7.71
Over	900.00	not over	950.00	-----	8.10
Over	950.00	not over	1,000.00	-----	8.48
Over	1,000.00 at rate of \$8.48 per \$1,000.00				

⚡ Change
 ⬠ Increase

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Decision No. **65093**

EFFECTIVE MAY 11, 1963

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

Correction No. 1311