

ORIGINAL

66417

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 LADS FURNITURE FAST FREIGHT, INC.,  
 a corporation, for authority to  
 increase rates for the transportation  
 of uncrated new furniture and fix-  
 tures pursuant to Sections 454 and  
 491, Public Utilities Code

Application No. 45436  
 Filed May 15, 1963

- Carl H. Fritze, for Lads Furniture Freight, Inc., applicant.
- R. C. Fels, for Furniture Manufacturers Association of California, interested party.
- Robert R. Schwenig, for Sears Roebuck & Co., interested party.
- Cromwell Warner, for North American Van Lines, interested party.
- Fred P. Hughes and Ralph J. Staunton, for the Transportation Division of the Commission's staff.

O P I N I O N

Lads Furniture Freight, Inc., operates as a highway common carrier of uncrated new furniture, fixtures and appliances within California. By this application it seeks authority to establish increased rates on less than statutory notice.

Public hearings on the application were held before Examiner Abernathy at Los Angeles on August 7 and 8, 1963.

The rate increases which are sought in this matter would apply mainly in connection with transportation which applicant performs within southern California over distances of 60 miles or less. The following are the rates which applicant seeks to

establish for said transportation:

| <u>Rate</u><br>(in cents per<br>100 pounds) | <u>Weight of Shipment</u><br>(in pounds) |                          |
|---|--|--------------------------|
|   | <u>More than</u>                         | <u>But not more than</u> |
| 220   | 0  | 500                      |
| 175   | 500                                      | 2,000                    |
| 154   | 2,000                                    | -                        |

Applicant's present tariff rates for said transportation are as follows:

| <u>Distance in Miles</u> |                          | <u>Rate in Cents per 100 Pounds</u> |     |     |
|--------------------------|--------------------------|-------------------------------------|-----|-----|
| <u>More than</u>         | <u>But not more than</u> | (a)                                 | (b) | (c) |
| 0                        | 5                        | 168                                 | 124 | 104 |
| 5                        | 10                       | 171                                 | 127 | 108 |
| 10                       | 15                       | 175                                 | 132 | 111 |
| 15                       | 20                       | 183                                 | 138 | 116 |
| 20                       | 25                       | 186                                 | 142 | 120 |
| 25                       | 30                       | 189                                 | 146 | 124 |
| 30                       | 35                       | 193                                 | 149 | 129 |
| 35                       | 40                       | 196                                 | 153 | 133 |
| 40                       | 45                       | 202                                 | 158 | 137 |
| 45                       | 50                       | 205                                 | 161 | 140 |
| 50                       | 60                       | 213                                 | 167 | 147 |

- (a) Rates for shipments of less than 500 pounds.
- (b) Rates for shipments subject to a minimum weight of 500 pounds.
- (c) Rates for shipments subject to a minimum weight of 2,000 pounds.

Applicant alleges that the increases in its rates which are here sought have been made necessary by losses which it is experiencing in providing the transportation involved. According to applicant's vice-president, the losses stem largely from the costs of receiving, handling and loading the shipments transported, and from the nature of the traffic transported to destinations within a radius of about 60 miles from applicant's terminal at Los Angeles.

The vice-president explained that the care that must be exercised in the receiving, handling and loading processes in connection with the transportation of uncrated new furniture results in a high level of costs for the terminal operations.<sup>1/</sup>

He explained, furthermore, that the shipments which are delivered in and about the Los Angeles metropolitan area are generally smaller than those transported to more distant destinations. Hence, the costs which are incurred in the local deliveries are relatively greater than those to the farther points.

Cost and other financial data which the vice-president submitted indicate that applicant's terminal costs are about \$1.00 per 100 pounds, and that the wage, fuel and related tax costs

---

<sup>1/</sup> It appears that most of the shipments which applicant transports are brought to applicant's terminal by manufacturers and other large shippers of uncrated new furniture. Additional charges apply when the shipments are picked up by applicant.

incurred in the delivery of shipments for distances up to about 60 miles are an additional \$1.31 per 100 pounds. Applicant asserts that on the basis of these costs - - apart from other costs that also apply - - the increases in rates are justified.

The rate increases which applicant seeks were not opposed. A representative of the Furniture Manufacturers Association of California stated that applicant's services are essential to the furniture industry. He urged that the rate increases be authorized in order to support the maintenance of said services. A representative of Sears, Roebuck and Co., another of applicant's principal patrons, also supported the granting of the application.

Applicant's showing of terminal and delivery costs incurred in connection with the transportation involved herein indicates that said costs total \$2.31 per 100 pounds. Other costs or expenses which the evidence shows are incurred in applicant's operations include such expenses as equipment maintenance, traffic, insurance, administration and depreciation. The record does not show specifically how much these costs are for that portion of applicant's total transportation services for distances of 60 miles or less. On an over-all basis, however, it appears that said costs, in total, are at least half of the terminal and delivery costs. ✓

In the circumstances we are persuaded that applicant's costs of service for distances of 60 miles or less are sufficient to justify the rates which applicant seeks to have authorized. We find that the sought increases in applicant's rates have been shown to be justified.

Said rate increases will be authorized. Also, authority will be granted to establish the increased rates on five days' notice to the Commission and to the public. The authority herein granted will be made applicable to applicant's operations only.<sup>2/</sup> The authority will be further limited so that it will not result in applicant's assessing higher charges thereunder for the transportation of smaller shipments than for larger shipments between the same points.

---

<sup>2/</sup> The rates and charges in applicant's tariff apply to joint services which applicant provides in conjunction with the Southern Pacific Company as well as to the services which applicant provides locally. The Southern Pacific Company is not an applicant in this proceeding and the joint rates are not in issue.

O R D E R

IT IS ORDERED that:

1. Lads Furniture Freight, Inc., be, and it hereby is, authorized to amend Item No. 270 of its Local and Joint Freight Tariff No. 3, Cal. P.U.C. No. 4, to establish the following as its local Column "A" rates for transportation over distances not in excess of 60 constructive miles:

| <u>Rate in cents<br/>per 100 pounds</u> | <u>Weight of Shipment</u>    |
|---|------------------------------|
| 220                                     | Less than 500 pounds         |
| 175                                     | Minimum weight, 500 pounds   |
| 154                                     | Minimum weight, 2,000 pounds |

Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. In the establishment of the rates authorized by Paragraph 1, above, Lads Furniture Freight, Inc., shall make said rates subject to the following rule:

"When the charges accruing on a shipment based upon actual weight exceed the charges computed upon a rate based upon a greater minimum weight, the latter shall apply."

3. 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 3rd day of DECEMBER, 1963.

*William L. Bennett*  
President  
*George E. Hoover*  
*Frederick B. Hallock*  
Commissioners