

**ORIGINAL**Decision No. 66722

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SANTA BARBARA SPECIAL DELIVERY, INC.)  
 for authority to increase tariff )  
 rates and provisions pursuant to )  
 Sections 454 and 491 of the Public )  
 Utilities Code. )

Application No. 45687  
 (Filed August 19, 1963)

Russell & Schureman, by Carl H. Fritze, for applicant.  
 Smedlow, Glikbarg & Berkowitz, by Allen Albala, for  
 Southern California Theatre Owners' Association,  
 protestant.  
W. A. Dillon, Arlo D. Poe and J. C. Kaspar, for  
 California Trucking Association, interested party.  
Robert Shoda, C. R. L'Ecluse and J. M. Jenkins, for  
 the Commission staff.

O P I N I O N

Applicant is a corporation operating as a highway common carrier transporting motion picture film, advertising matter, motion picture accessories and other motion picture supplies between suppliers in Los Angeles and motion picture theaters located generally in the San Fernando Valley, at Fillmore and Santa Paula and along the coast from Oxnard to Morro Bay and Atascadero.<sup>1/</sup>

By this application, applicant seeks increases in certain of its per-change-of-film rates in amounts ranging from 50 cents to \$1.95 and increases in related weekly minimum charges ranging from \$1.50 to \$5.85 per week.<sup>2/</sup>

<sup>1/</sup> Applicant also performs certain transportation services as a permit carrier which are not involved herein.

<sup>2/</sup> At the hearing on December 17, 1963, applicant amended the application orally to eliminate certain points included in the application but not served under its certificate.

This matter was heard before Examiner Lane in Los Angeles on October 24 and December 17, 1963. On the latter date it was taken under submission.

Testimony in support of the application was given by applicant's president, by an accountant and by a traffic consultant. Counsel for protestant and members of the Commission staff assisted in developing the record. No testimony was adduced by protestant in opposition to the granting of the application.

Applicant's president testified that on or about April 29, 1962 he acquired controlling interest, and undertook the management of, applicant's operations. In addition to performing the management functions, he does all servicing, repair and maintenance work on the truck equipment and normally drives one of the trucks two days a week.

He testified that he had instituted a number of operating efficiencies. As examples, he said that by rescheduling routes he had reduced the number of drivers needed from six to four. He had also been able to reduce the office force from four persons to one. In addition, as a result of his experience in the automotive repair field, he had been able to effect savings on the costs of repairs, repair parts and other supplies. He alleged that the carrier was, and had been for some time past, operating at a deficit and that, notwithstanding improved operations and savings in some areas, he was unable to eliminate the deficit in the face of overall rising costs. He stated further that he was faced with an urgent need to raise drivers' wages which will further increase operating costs. Currently, wages to drivers are below union scale and the drivers have threatened to quit if pay raises are not forthcoming. He

testified that agreement had been reached on salary increases to drivers which he will be compelled to meet in the immediate future. He said he had been able to forestall paying the increased salaries, pending the outcome of this application. Whether or not the increase in rates is granted, he will have to pay salaries on the level agreed to retain his current drivers.

The president also testified that well-trained, efficient drivers are important to the successful operation of applicant and that to hire and train new drivers was time consuming and costly. He said that the nature of the operation requires that new drivers undergo a training period of three to four months under direct supervision before they can be expected to handle a route on their own. He expressed doubt that he could hire other drivers at salaries on the level his current drivers have agreed to accept.

The accountant testified that he had performed accounting functions for applicant and its predecessor for a number of years. He corroborated the testimony of applicant's president relating to operating efficiencies and increased costs of operations. He stated that the salary problem of applicant was chronic and required immediate solution.

The accountant introduced a statement of operations of applicant and its predecessor for the years 1954 through 1962. This statement indicates a loss from operations over the period of \$9,008.99. The accountant also introduced statements showing the operating results for the year from April 29, 1962 through April 29, 1963 and for the period from January 1 through November 30, 1963. These statements are summarized below:

<u>Period</u>	<u>Operating Revenue</u>	<u>Operating Expense</u>	<u>Loss</u>
4/29/62 - 4/29/63	\$48,889.71	\$53,999.01	\$5,109.30
1/1/63 - 11/30/63	46,397.26	46,762.43	365.17

The accountant also presented an estimate of operations based on the proposed rates and reflecting the increased wages agreed upon. This statement is summarized below:

Operating Revenue	\$57,034.85
Operating Expense	<u>59,527.25</u>
Loss	\$ 2,492.40

The accountant testified that the sought increase would do little more than offset the increases in drivers' wages.

The traffic consultant testified that he had developed the proposed increases in rates and charges to provide additional revenues to offset applicant's operating losses and increased operating costs as developed by the accountant. He stated that applicant's rates had not been adjusted since 1954. He further stated that the current rate scales of applicant resulted from combining two earlier tariffs in which the levels of the rates varied. As a consequence, he said, applicant's rates to Santa Maria and points north were on a relatively higher basis than to the points south thereof. In his proposal he made no adjustments in rates to Santa Maria and points beyond but had adjusted the rates to points south of Santa Maria in line with the rates to the northern points. He said the proposed rates would remove discrepancies in the current rate progression and would more properly distribute the cost burden throughout the rate scale.

It is clear from the record that applicant's business is being conducted at a loss under current rate schedules. It is also clear that applicant is confronted with imminent and substantial increases in labor costs which will further increase operating expenses. The evidence shows that the proposed increases in rates and charges will return little, if any, revenues in excess of applicant's costs of operation. It also shows that the proposed scale of rates will be an improvement over that currently in effect. Upon consideration of the evidence, the Commission finds that the increases in rates and charges proposed in this application are justified.

The Commission concludes that Application No. 45687 should be granted. Applicant requests that it be permitted to establish the increased rates and charges on five days' notice. The order which follows will provide that the increases in rates and charges therein authorized may be published and filed to become effective on not less than ten days' notice to the Commission and to the public.

O R D E R

IT IS ORDERED that:

1. Santa Barbara Special Delivery, Inc. is authorized to establish the increased rates and charges as proposed in Application No. 45687, as amended. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and the public.

2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 28th day of January, 1964.

*William A. Bennett*  
 President

*John S. [unclear]*

*Wesley W. [unclear]*

*George L. [unclear]*

*Fredrick B. Holoboff*  
 Commissioner's