

ORIGINAL

Decision No. 67638

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE GREYHOUND CORPORATION for exemption from or for authority to deviate from certain provisions of General Order No. 84-D.

Application No. 45782
(Filed September 17, 1963)

McCutchen, Doyle, Brown, Trautman & Enersen,
by Frederick O. Koenig, for applicant.
John F. Specht, for the Commission staff.

O P I N I O N

Greyhound Lines, Inc., is a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, and as such is engaged in the transportation of passengers, baggage and express within California and throughout the United States.^{1/} By this application, as amended, it seeks an exemption from the provisions of paragraphs 2, 3, 4, 5, 6, 7(a), 7(h), and 9 of General Order No. 84-E.^{2/} The general order prescribes rules for the handling of C.O.D. (Collect on Delivery) shipments and for the collection, accounting, and remittance of C.O.D. moneys.

^{1/} The Greyhound Corporation was authorized to transfer all of its California intrastate operating authority to Greyhound Lines, Inc., on December 31, 1963, by Decision No. 66534, dated December 27, 1963, as amended by Decision No. 66654, dated January 21, 1964, both in Application No. 45946. The application was orally amended at the hearing to substitute Greyhound Lines, Inc., as the applicant.

^{2/} General Order No. 84-E, adopted February 1, 1964, by Decision No. 66552, dated December 27, 1963, in Case No. 7402, superseded General Order No. 84-D. The application, initially filed seeking relief from General Order No. 84-D, was orally amended at the hearing to seek relief from General Order No. 84-E. The provisions of both general orders are identical insofar as this application is concerned.

Public hearing in this matter was held in San Francisco on February 10, 1964, before Examiner Mooney, at which time the matter was submitted. Evidence was introduced in support of the sought exemption by the Director of Traffic of the Western Greyhound Lines Division of applicant. The Commission staff assisted in the development of the record. No one opposed the granting of the application.

The Director of Traffic testified that applicant performs a specialized express service for shipments not exceeding \$200 in value between all Greyhound terminals and stations in California and that applicant does not perform pickup and delivery service. He stated that Greyhound has performed C.O.D. express service for over 30 years and that during this entire period there has never been an instance in which a C.O.D. remittance draft issued by it has not been honored. The witness further stated that C.O.D. shipments transported by it in California intrastate operations each month average 3,195 in number and \$130,000 in value and that the average value of each shipment is \$40.69. An exhibit introduced by the director shows that during the month of August 1963, the total amount of C.O.D. collections in California on both interstate and intrastate shipments was \$224,731.79 and the average collection per shipment was \$40.61.

Paragraphs 2 through 6

Paragraph 2 of the general order provides that a passenger stage corporation, among others, shall not handle C.O.D. shipments unless and until it has a bond of not less than \$2,000 on file with

the Commission, and paragraphs 3, 4, and 5 prescribe the provisions of the bond.^{3/}

The director testified that applicant is financially able to respond to any claim in the amount of \$2,000 or any reasonable amount in excess thereof in connection with the handling of C.O.D. shipments. This, he asserted, is evidenced by authority granted to applicant by the Commission to self-insure its passenger stage operations^{4/} and by its annual reports filed with the Commission. Several financial statements introduced by the witness show a net income after taxes of \$23,116,865 for applicant's nationwide operations for the nine months ending September 30, 1963, and \$10,039,981 for its Western-Central Division for the same period.

Paragraph 7(a)

Paragraph 7(a) of the general order requires that applicant establish and maintain a separate bank account or accounts wherein all moneys (other than checks or drafts payable to consignor or payee designated by consignor) collected on C.O.D. shipments will be held in trust until remitted to payee, except C.O.D. moneys which are remitted within five days after delivery.

The director testified that Greyhound maintains company terminals in the large metropolitan areas and in addition has approximately 400 stations throughout the State that are operated by commission agents. He stated that drafts covering C.O.D. collections made at each company terminal are prepared by the terminal daily and are mailed directly to the payee. The witness testified that C.O.D. collections made by commission agents are

^{3/} It developed at the hearing that the requested exemption from paragraph 6 of the general order was not necessary. Paragraph 6 exempts independent-contractor subhaulers, dump truck transportation subject to Minimum Rate Tariff No. 7 and city carriers performing pickup and delivery service for common carriers from the bond filing requirements.

^{4/} Decision No. 66564, dated January 7, 1964, in Application No. 46014.

handled in the following manner: A daily report is prepared by each commission agent which lists all C.O.D. collections made during the day; the report is sent by bus mail to the Revenue Department at Greyhound's main office in San Francisco; the Revenue Department upon receiving the agent's report of C.O.D. collections immediately issues a settlement check to the payee; daily or weekly deposits of C.O.D. collections are made by the agent; in many instances, the Revenue Department will have issued the C.O.D. settlement draft before it receives the draft from the agent to cover the collection.

The witness testified that under Greyhound's established policy C.O.D. collections made by company terminals are promptly remitted but some delay does occur in connection with collections by commission agents. He stated that the time period between the date of collection by the agent and remittance by the Revenue Department is usually five or more days. If holidays or week ends intervene, he stated, the delay at times will be 10 days.

The director alleged that he has no knowledge of any complaint for failure to remit a C.O.D. collection. He asserted that the amount of C.O.D. money handled by each of the commission agents is relatively small and that to require each agency station to establish a separate bank account for holding C.O.D. collections in trust would require separate accounting and banking procedures for applicant's intrastate and interstate operations which would involve additional work and expense.

Paragraph 7(h)

Paragraph 7(h) of the general order requires that certain information regarding the bond be annotated on or appended to the shipper's copy of the C.O.D. shipping document.

The director stated that paragraph 7(h) would be inapplicable if the requested relief from the bond filing requirement is granted.

Paragraph 9

Paragraph 9 requires the delivering carrier on an inter-line shipment to notify the originating carrier when a C.O.D. collection is remitted to the payee.

The director alleged that if Greyhound were required to comply with paragraph 9, its postage expenses and clerical costs would be unnecessarily increased. He stated that under company procedures, should a shipper request information from an originating carrier regarding a C.O.D. remittance, the information can readily be obtained from the delivering carrier and that such requests are rare. He further asserted that applicant has never experienced any difficulties with its tracing procedures.

Findings and Conclusions

After consideration the Commission finds that:

1. Greyhound Lines, Inc., operates a specialized service for the transportation of express shipments not exceeding \$200 in value between all of its company operated terminals and agency stations in California.
2. Applicant is able to respond to any claims for C.O.D. moneys within the limitations of the \$2,000 bond specified in General Order No. 84-E or any reasonable amount in excess thereof.
3. Applicant's accounting, banking, and remittance procedures for C.O.D. collections are designed to protect its customers and itself from loss. These procedures are satisfactory for the specialized type of express service performed by applicant.

4. Applicant has experienced no difficulties and has had no complaints with its established tracing procedure for interline shipments.

5. The granting of the authority herein requested would not be adverse to the public interest.

It is, therefore, concluded that the application should be granted in accordance with the order following.

O R D E R

IT IS ORDERED that:

1. Greyhound Lines, Inc., is hereby authorized to handle C.O.D. shipments without providing and filing the bond required by General Order No. 84-E and recording on or appending to the shipper's copy of its C.O.D. shipping document information regarding the bond; without maintaining a separate bank account or accounts for holding C.O.D. moneys not remitted within five days after delivery; and without notifying the originating carrier on interline shipments delivered by it when C.O.D. moneys have been remitted to the payee.

2. In all other respects, the rules and regulations set forth in General Order No. 84-E shall govern the C.O.D. services involved in this proceeding.

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

Dated at San Francisco, California, this 11th day of AUGUST, 1964.

Fredrick B. Holshoff
President
George A. Hoover
William M. Belmont