

Decision No. 69093**ORIGINAL**

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 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. 86)
 (Filed February 8, 1965)

IN THE MATTER of the Application of)
 DELIVERY SERVICE COMPANY for Authority)
 to Establish certain increased rates)
 applicable to Wholesale and Retail)
 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. 47315
 (Filed February 8, 1965)

Philip A. Winter and Maurice A. Owens, for Delivery
 Service Company, petitioner and applicant.

C. D. Gilbert, A. D. Poe and J. C. Kaspar, for
 California Trucking Associations, interested
 party.

Arthur F. Burns and R. J. Carberry, for the
 Commission staff.

O P I N I O N

By the above-entitled proceedings, Delivery Service Company seeks increases in the retail and wholesale parcel delivery rates named in its common carrier tariffs applicable within its Zone 1 (East Bay Drayage Area) and between its Zone 1 and Zone 2 (remainder of Alameda County and Contra Costa County); and increases in the wholesale parcel delivery rates named in Item No. 840 of Minimum Rate Tariff No. 1-B (East Bay Drayage Tariff).

Public hearing was held and the matters submitted before Examiner Mallory at San Francisco on April 9, 1965.

The present minimum rates in Item No. 840 of Minimum Rate Tariff No. 1-B became effective September 1, 1963, and applicant's present common carrier rates became effective August 10, 1963 (Tariff No. 6, C.P.U.C. No. 6) and August 31, 1963 (Tariffs Nos. 8 and 9, C.P.U.C. Nos. 8 and 9, respectively). Both increases were made under authority of Decision No. 65686 dated July 9, 1963 in Case No. 5441, Petition No. 67 and Application No. 45075. In prior proceedings the Commission has found that the minimum rates in said Item No. 840 should be predicated upon the operations of Delivery Service Company, as that company is the ratemaking carrier in the local parcel delivery field.

The record shows that since the effective date of the present rates, the cost of performing services to which said rates are applicable have increased, principally because of increased driver labor costs and fringe benefits amounting to \$10.65 per week per employee. Operating statements presented by Delivery Service Company show that for the year ending December 31, 1964, applicant had revenues of \$520,905, and expenses of \$525,206, resulting in a net operating loss of \$4,301. Applicant presented another statement reflecting operating results for the year 1964 expanded to reflect current operating expenses and increased revenues herein proposed. This statement showed the following results:

Operating Revenues	\$554,660
Operating Expenses	<u>537,672</u>
Net Operating Profit	\$ 16,993
Operating Ratio:	
Before Income Taxes	96.94%
After Income Taxes	97.78%

A representative of the Commission's Transportation Division - Rate Branch staff presented an exhibit relating to Delivery Service Company's operations. This exhibit summarized applicant's recorded income statements for the past five years and showed that applicant has earned a profit in only one of the years (in 1963) and that its operating ratios for this period were as follows:

1960 - 101.8%
1961 - 100.8%
1962 - 101.2%
1963 - 98.8%
1964 - 100.8%

Applicant's parcel delivery rates have been adjusted several times during this period, as labor cost increases became effective. Applicant has never fully achieved the operating results estimated by it in prior rate increases proceedings.

The staff witness also made a comparison of the relative levels of parcel delivery rates and drayage rates set forth in Minimum Rate Tariff No. 1-B. This comparison showed that although Delivery Service Company experienced labor increases of similar magnitude as those experienced by local draymen in the East Bay Drayage Area, parcel delivery rates have not been increased to the same extent as the drayage rates. Based upon his analyses, the witness concluded that the operating results anticipated under the proposed rates will not produce excessive earnings and adoption of the proposed rates should not cause any diversion of traffic to other modes of transportation.

The staff witness also concluded that Delivery Service Company continues to be the ratemaking carrier in the parcel delivery field for which minimum rates are provided in Minimum Rate Tariff No. 1-B.

Upon consideration of all the facts and circumstances we find that the proposed increases are justified. Historically, the minimum rates in Item No. 840 of Minimum Rate Tariff No. 1-B have reflected the service provided by Delivery Service Company. We find that Delivery Service Company is the ratemaking carrier in the parcel delivery field for services for which rates are provided in Item No. 840. The minimum rates in this item should be adjusted to conform to the rates authorized to petitioner. We find that the minimum rates which are prescribed in the order herein are the just, reasonable and nondiscriminatory minimum rates for the transportation services to which they apply.

O R D E R

IT IS ORDERED that:

1. Delivery Service Company is hereby authorized to establish the increased rates set forth in Application No. 47315.
2. Minimum Rate Tariff No. 1-B (Appendix B of Decision No. 65834, as amended) is hereby further amended by incorporating therein, to become effective June 26, 1965, First Revised Page 43, which page is attached hereto and by this reference made a part hereof.
3. Tariff publications required or authorized 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; such tariff publications as are required shall be made effective not later than June 26, 1965; and as to tariff publications which are authorized but not required, the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

4. In all other respects the aforementioned Decision No. 65834, as amended, shall remain in full force and effect.

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

18th Dated at Los Angeles, California, this day of MAY, 1965.

Frederick B. Hallock
President

[Signature]

George H. Trotter

[Signature]

Commissioners
Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

SECTION NO. 3 - COMMODITY RATES (Concluded) In cents per 100 pounds, except as noted		Item No.
COMMODITY	RATE	
<p>PARCEL CITY DELIVERY (Wholesale Only) (See Note 1)</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> <p>1 to and including 100 packages per week ... 71 Over 100 " " " 400 " " " ... 55 " 400 " " " 800 " " " ... 50 " 800 packages per week 49</p> <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 service charge of 50 cents for each pickup stop made at consignor's place of business.</p> <p>^ NOTE 2.-The charge for collection and return of money on C.O.D. shipments will be 30 cents per shipment. (Exception to paragraph 12, Item No. 152.)</p>	<p>◇ In Cents Per Package</p> <p>(See Note 2)</p>	<p>8840</p>
<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 30 cents shall be assessed for each C.O.D. collected. (Exception to paragraph 12, Item No. 152.)</p>	<p>In Cents Per Package</p> <p>19 Plus 3 cents for each pound or fraction thereof. (See Note 3)</p>	<p>8850</p>

o Change)
◇ Increase)
△ Change, neither increase)
nor reduction)

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EFFECTIVE JUNE 26, 1965

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

Correction No. 74