



Public hearing was held before Examiner Gagnon, at San Francisco, on April 26 and 27, 1967. The sought relief is opposed by several competing carriers and the Draymen's Association of San Francisco.

Applicant's local pickup and delivery service is subject to the Commission's City Carriers' Tariff No. 1-A. The specific minimum rate provisions involved are (1) Item 200, the minimum charge per shipment rule; (2) Item 250, the tariff provision which requires that all shipments be rated separately; and (3) the parcel delivery rates named in Item 425 of the tariff. The minimum charges named in Item 200 of the tariff are as follows:

Weight of Shipment		Minimum Charge
<u>Over</u>	<u>But Not Over</u>	<u>(In Cents)</u>
-	25	165
25	50	185
50	75	220
75	100	250
100	-	310

Item 250 of City Carriers' Tariff No. 1-A provides that each shipment shall be rated separately. Shipments shall not be consolidated or combined by the carrier. Item 425 of the tariff names parcel delivery rates of 19 cents per package, plus 3 cents for each pound or fraction thereof. In addition a service charge of \$2.00 per week must be assessed. The parcel rates in Item 425 of the tariff are, among other things, limited to packages or articles weighing not more than 50 pounds nor exceeding 108 inches in length and girth combined.

Applicant states that his local pickup and delivery service is highly specialized and requires a scale of rates specifically tailored thereto. Application of the minimum charges per shipment named in City Carriers' Tariff No. 1-A, in connection with the express package service performed by Bus Express Service, imposes, according to applicant's testimony, exorbitant freight charges upon his shippers. Applicant further claims that, although the parcel delivery rates set forth in Item 425 of the minimum rate tariff may be entirely satisfactory for the services performed by such parcel carriers as the United Parcel Services, Inc., they are not appropriate for the local pickup and delivery of express packages from or to the passenger terminals of the bus lines.

In lieu of the governing minimum rates, applicant desires to establish a scale of express package rates predicated upon the number of shipments tendered per month. The proposed rates are as follows:

Number of Shipments		Charge Per Package
<u>Per Month</u>		<u>(In Cents)</u>
Less Than	50	125
Not Less Than	50	110
" "	75	100
" "	100	90
" "	150	80
" "	200	70
" "	300	60
" "	400	50

The proposed rates would not apply to the transportation of any package or article weighing more than 100 pounds or exceeding 141 inches in length and girth combined. Each way-bill is to be considered as a separate shipment, with charges summarized and billed on a monthly basis.<sup>2/</sup>

Applicant avers that the proposed rates are fully compensatory and that he can perform the service involved thereunder profitably. In support of this contention, a statement of projected revenue and operating costs anticipated under the proposed rates was presented by applicant. The projected revenue is predicated upon an estimated volume of traffic and the costs of operations were based upon the carrier's operating experience, supplemented by maintenance cost factors from manufacturers or extracted from available contracts on leased or owned truck equipment. Applicant estimates that the proposed service will produce an hourly per vehicle income of \$12.25 and that the hourly costs of operation will be \$7.19.

Applicant states that he is assured of an additional volume of traffic from two shippers in the event the proposed rates are authorized. He is further confident that, if the sought relief is granted, traffic heretofore lost to proprietary carriage will be recaptured and applicant will be able to generate new business.

The sought authority was vigorously protested. The protestants are concerned that the sought relief, if granted, would have an adverse effect upon their ability to maintain an equality of competitive opportunity with applicant for the express package

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<sup>2/</sup> Other provisions governing the application of the proposed rates are set forth in Exhibit No. 2 of Application No. 49186.

traffic involved. Protestants point out that the proposed rates, if authorized, would apply exclusively to shipments transported by applicant; whereas competing carriers would be required to observe the higher charges or more restrictive provisions contained in the governing minimum rate tariff. Protestants also assert that since applicant's revenue and cost projections are speculative in nature, he has failed to demonstrate that the proposed rates are reasonable. Protestants further claim that applicant's failure to introduce evidence relative to the financial effects the sought relief may have upon his overall operations is fatal to any favorable consideration of the sought relief.

A witness for the protesting carriers testified, among other things, that he would like a rate structure similar to that proposed by applicant incorporated into the minimum rate tariff. The witness was of the opinion, however, that the rates proposed by applicant were not compensatory. Applicant also testified that he had no objection to his rate proposal being incorporated into the minimum rate tariff, thereby making such rates available to all competing carriers. He emphasized that the sole objective of the sought relief was to obtain a realistic rate structure for handling express package shipments in local pickup and delivery service.

Applicant, for all practical purposes, is exclusively engaged in the local pickup and delivery of express packages from or to the bus terminals. Protestants, on the other hand, are only partially involved in such service. It is clear that, should the sought relief be granted, applicant would enjoy a substantial competitive advantage over the protesting carriers.

Except for oral agreements of a general nature with two shippers, applicant did not submit any factual information in

support of the alleged increase in traffic anticipated under the proposed rates. According to applicant's testimony, the source of such increase in traffic would generate from new business and from existing proprietary operations. To what extent, if at all, the sought relief would divert protestants' traffic to applicant was not specifically disclosed, although the protestants are considerably disturbed over the obvious likelihood that such a diversion would actually materialize should the sought relief be granted.

Before the Commission may authorize applicant's sought relief it must, under Section 4015 of the Public Utilities Code, be established that the proposed rates are reasonable and consistent with the public interest. Applicant's transportation service is similar to that performed by several other competing carriers who are currently governed by the established minimum rates. To grant applicant exclusive authority to deviate from such rates would create a condition of competitive inequality as between applicant and other parcel carriers which, in this instance, is deemed not to be consistent with the public interest. Aside from the question concerning the reasonableness of the proposed rates, the general nature and scope of application of such rates would require that their approval by the Commission be reflected in its City Carriers' Tariff No. 1-A. Both the applicant and protestants have acknowledged the advantages of such alternative action.

With respect to the reasonableness of the proposed rates, it is clear that applicant's cost and revenue projections are predicated upon a substantial increase in traffic which is generally uncommitted to applicant. Finally, no factual evidence was introduced which would indicate that, under the proposed rates, applicant's operating experience would be compensatory or otherwise profitable.

Upon consideration, we find that:

1. The pickup and delivery service performed by applicant is similar to the service performed by protestants.

2. The authority sought by applicant would accord him an unjust competitive advantage over other parcel delivery carriers operating within the San Francisco drayage area.

3. Applicant's justification for the proposed rates is predicated upon cost and revenue projections which are relatively uncertain or speculative in nature.

4. The general nature of the sought relief is such that, if granted, the public interest requires it be made available to all competing city carriers.

5. If the applicant or any of the protestants desire rate provisions similar to those proposed herein established in the Commission's City Carriers' Tariff No. 1-A, their request, together with evidence in support thereof, may be presented to the Commission by the filing of an appropriate petition in Case No. 5441.

We conclude that the proposed rates have not been shown to be reasonable and consistent with the public interest as required by Section 4015 of the Public Utilities Code. The application will, therefore, be denied.

A. 49186 GLF

O R D E R

IT IS ORDERED that Application No. 49186 of James F. Oates, doing business as Bus Express Service, be and it is hereby denied.

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

Dated at San Francisco, California, this 20th day of JUNE, 1967.

[Signature]  
President

[Signature]

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Commissioners