

ORIGINALDecision No. 74689

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 any and all
 commodities between and within all
 points and places in the State of
 California (including, but not
 limited to, transportation for
 which rates are provided in Minimum
 Rate Tariff No. 2).

Case No. 5432
 Petition for Modification
 No. 509
 (Filed July 8, 1968)

Handler, Baker & Greene, by Marvin Handler, for
 petitioner A & B Garment Delivery of San Francisco.
Arthur A. Maruna, Hamilton F. Kollmyer, and A. D. Poe,
 for California Trucking Association; and N. I.
Molaug, for J. C. Penney Co.; interested parties.
Jerome Parke, for the Commission staff.

O P I N I O N

A & B Garment Delivery of San Francisco (A & B), a corpor-
 ation, is a highway common carrier which specializes in the transpor-
 tation of garments.^{1/} It holds a certificate for the transportation
 of general commodities between points in the territory generally en-
 compassed by Santa Rosa, Sacramento, Modesto, San Jose and San
 Francisco. In this petition, A & B seeks authority to increase its
 piece rates for garments on hangers in bags, as set forth in Item
 No. 2048 of Pacific Motor Tariff Bureau Local and Express Tariff
 No. 8-A. Said rates were last increased pursuant to Decision
 No. 66274, dated November 5, 1963, in Case No. 5432, Petition No. 301.

A duly noticed public hearing was held before Examiner
 Mallory at San Francisco on August 1, 1968. The matter was submitted

^{1/} A & B also holds permits to operate as a radial highway common
 carrier, a highway contract carrier, and as a city carrier.

subject to the filing of late-filed Exhibit 2, received August 12, 1968. Two witnesses testified on behalf of petitioner. A Commission staff representative and a representative of a shipper assisted in the development of the record. There are no protests.

Petitioner's vice-president and general manager testified that A & B is in urgent need of additional revenue, as operations are currently being conducted at a loss. He explained the operations conducted by petitioner and also introduced an exhibit showing an estimate of revenues for the current year based upon increases in rates for the traffic here under consideration and for other traffic handled by petitioner. The witness explained that, in addition to the service involved in the instant petition, A & B transports garments within its certificated area at hourly rates, and also transports packaged goods at rates maintained at the levels of the applicable minimum class rates and charges. A & B, in addition, furnishes pickup and delivery service within its certificated area on shipments of garments for two affiliated companies.^{2/} The witness testified that its rates maintained in a parity with the minimum rates were increased in the early part of 1968 concurrently with increases in said minimum rates; that its hourly vehicle unit rates were increased pursuant to Decision No. 73405, dated November 28, 1967, in Case No. 5432, Petition No. 479; and that some of its rates for pickup or delivery of interlined freight will be increased pursuant to contracts with affiliated carriers. The witness stated that increases in the rates for garments on hangers in bags, as requested herein, are necessary in order that A & B's operations as a whole will be profitable.

^{2/} Garment Carriers, Inc. and A & B Garment Delivery of Los Angeles.

A certified public accountant employed by petitioner presented in evidence profit and loss statements for the year 1967 and for the first three months of 1968; and balance sheets as of December 31, 1967 and March 31, 1968. Petitioner's profit and loss statement for the year 1967 shows that operations were conducted at a profit, as indicated by an operating ratio of 98.6 percent before income taxes. The profit and loss statement for the three-month period ending March 31, 1968 shows that petitioner operated at a loss, as evidenced by an operating ratio of 105.1 percent. The witness stated that operations for the full year 1968, based on current levels of expenses and levels of rates which will be in effect during the year, except for those rates sought to be increased herein, would result in an operating loss for the year, as represented by an operating ratio of 101.2 percent.

The accounting witness also presented in evidence an analysis of petitioner's expenses revised to give effect to known changes therein since 1967. Most items of expense will be increased, including labor and related expenses. Minor reductions will occur with respect to operating rents and certain items of insurance.

The following table contains summaries of A & B's profit and loss statement for the year 1967, and adjustments thereto to give effect to changes in revenues and expenses which are expected to occur during the year 1968.

TABLE I
A & B GARMENT DELIVERY
OF SAN FRANCISCO

	<u>Year 1967</u> <u>(Actual)</u>	<u>Year 1968</u> <u>(Estimated)</u>
<u>Operating Revenues</u>		
Garments on Hangers (1)	\$183,899	\$225,343
Other Operating Revenues	<u>\$712,158</u>	<u>\$751,630</u>
Total	\$896,057	\$976,973
<u>Operating Expenses</u>	\$883,802	\$946,113
<u>Net Operating Income</u>	\$ 12,255	\$ 30,860
<u>Operating Ratio (%)</u>	98.63%	96.84%

(1) Under piece rates named in Item 2048 of PMTB 8-A

The Commission finds as follows:

1. Petitioner's operations for the year 1967 were conducted at a profit; but were conducted at a loss in the first three months of 1968.

2. The rates for the majority of the services conducted by A & B, other than on garments for which increases are sought herein, have recently been increased pursuant to authorization of this Commission.

3. The estimates of revenues and expenses of A & B for the year 1968, as set forth in Table i, are reasonable for the purposes of this proceeding.

4. A & B will operate at a loss during the year 1968, unless the rate increase sought herein is granted.

5. If the rate increase sought is authorized, petitioner's operations will be conducted at a profit, as represented by an operating ratio of 96.8 percent before provision for income taxes. Said operating ratio is reasonable for the type of operations conducted by petitioner.

6. The increase in rates sought herein is justified.

The Commission concludes that the petition should be granted. Petitioner requests authority to depart from the long- and short-haul provisions of the Public Utilities Code in establishing the increased rates, and requests authority to publish said rates on ten days' notice. These requests also should be granted.

O R D E R

IT IS ORDERED that:

1. Petitioner, A & B Garment Delivery of San Francisco, a corporation, is authorized to establish the increased rates and charges proposed in Case No. 5432, Petition No. 509. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and 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 to the public.

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

3. A & B Garment Delivery of San Francisco, in establishing and maintaining the rates authorized hereinabove, is hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this

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authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

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

Dated at San Francisco, California, this 17th day of SEPTEMBER, 1968.

William J. Squire, Jr.
President
John E. Mitchell
William W. Bennett
Augustus
W. P. Morrissey
Commissioners