

Decision No. 75099**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 GARMENT CARRIERS, INC., a
 California corporation, for
 authority to increase rates, pur-
 suant to Sections 454, 460 and 491
 of the California Public Utilities
 Code.

Application No. 50601
 (Filed October 9, 1968; Amended
 November 21, 1968)

OPINION AND ORDER

Garment Carriers, Inc., is a highway common carrier engaged in the transportation of garments, clothing and wearing apparel, when transported on garment hangers, matching accessories and other commodities incidental thereto. The rates applicable to the transportation performed by applicant are contained in Garment Carriers, Inc., Local Freight Tariff No. 1. Cal.P.U.C. No. 2.^{1/} Applicant seeks authority, pursuant to Sections 454 and 491 of the Public Utilities Code, to increase its rates as set forth in Exhibit 1 of the application. The net effect of the requested relief will assertedly be an overall revenue increase under applicant's Local Tariff No. 1 of approximately 14 percent.

The stated purpose for the sought increase is to obtain additional revenues sufficient to compensate applicant for increased costs of operations experienced since its tariff rates were last increased. The Garment Carriers, Inc., Local Tariff No. 1 rates involved herein were last authorized to be increased,

^{1/} Garment Carriers, Inc., Local Tariff No. 1 provides rates for applicant's service generally from (1) Los Angeles and San Francisco, respectively, to Oxnard, Ventura, Santa Barbara, Bakersfield and Fresno; and (2) Sacramento to San Francisco peninsula points.

effective September 3, 1964, by Decision No. 67561 of July 21, 1964 in Application No. 46264. Since applicant's rates were last adjusted, costs of operations have increased substantially. Abstracts of labor contracts (Exhibit 9) show that all categories of labor and allied payroll costs increased significantly since July 1, 1963 through April 1, 1968. For example, on July 1, 1963 the rate of pay for a long-line driver, operating out of a Los Angeles union local, was \$2.97 per hour. As of April 1, 1968 this same hourly rate had been increased to \$3.68 an hour or 23.9 percent. During the same period so-called employer welfare fund contributions increased from \$19.90 to \$42.43 per month or 113.2 percent. Pension fund contributions also increased 50 percent during this same period. A review of the wage scales and allied payroll costs experienced by applicant under labor agreements in the San Francisco and Fresno areas indicates a similar percentage increase in applicant's labor costs over the same 5-year period.

Applicant also furnished, in the form of exhibits attached to the application, financial statements and estimates of the effect of the proposed increase in rates. For the 12-month period ending December 31, 1967 applicant experienced an operating ratio of 100.1 percent. The application also shows that Garment Carriers, Inc., 1967 labor costs, when adjusted to reflect the upward adjustments in labor and allied payroll costs which became effective April 1, 1968, would be increased by \$15,301. The results of operations for the 12-month period ending December 31, 1967 were used as the base year for forecasting the future operating results under the proposed rates. Revenues were modified to show the additional revenues that would be derived from the sought increase in rates, including the additional revenues anticipated from subhaul operations and other related

services due to increases in rates governing the transportation of general freight. The 1967 operating expenses were also adjusted to reflect increased labor and other allied payroll costs. The revenue and expense projections anticipated under applicant's rate proposal are summarized in Table 1.

TABLE I

Forecast of Operating Results of Garment Carriers, Inc.,
For a Rate Year Under Proposed Rates
(Base Rate Year: 12 months ending December 31, 1967)

	<u>Base Year</u>	<u>Adjustment</u>	<u>Forecast</u>
<u>Revenues</u>			
Garment Transportation	\$474,077	\$65,843	\$539,920
General Freight	116,941	8,477	125,418
Subhauls	<u>73,267</u>	<u>5,312</u>	<u>78,579</u>
Total Operating Revenue	\$664,285	\$79,632	\$743,917
<u>Expenses</u>			
1967 Operating Expenses	\$664,647		
Payroll		\$15,301	
Taxes and Insurance on Additional Revenue	<u> </u>	<u>4,173</u>	<u> </u>
Total Expenses	\$664,647	\$19,474	\$684,121
Operating Income	(362)	60,158	59,796
Provision for Income Taxes	<u> </u>		<u>26,398</u>
Net Income	(362)		\$ 33,398
Operating Ratio Before Taxes	100.1%		92.0%
Operating Ratio After Taxes	100.1%		95.5%

(Red figure)

The estimates of operating revenues and expenses, including taxes and depreciation submitted by applicant, as summarized in Table 1, fairly represent the results of applicant's operations for the purposes of the relief sought herein.

We find that:

1. Applicant's labor costs and other allied payroll expenses have significantly increased since its highway common carrier rates applicable to the transportation of garments on hangers were last generally increased, effective September 3, 1964.

2. Applicant's current operating revenues are not sufficient to absorb the increases in labor and allied payroll costs which Garment Carriers, Inc. has experienced as of April 1, 1968.

3. Applicant's estimates of operating revenues and expenses under its present and proposed rates fairly reflect the anticipated results of Garment Carriers, Inc. operations under the rate relief sought herein.

4. The proposed increases in rates are justified.

Application No. 50601, as amended, was listed on the Commission's Daily Calendar for October 11 and November 22, 1968. Major retail shipper associations have been notified and have expressed no objection to the requested consideration of the sought relief ex parte. A public hearing is not necessary.

We conclude that applicant should be authorized to establish the sought increase in rates on not less than ten days' notice to the Commission and to the public, subject to the condition that it will never urge before this Commission in any proceeding brought under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge.

IT IS ORDERED that:

1. Garment Carriers, Inc., is authorized to establish the increased rates proposed in Application No. 50601, 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 to the public.

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

3. Garment Carriers, Inc., in establishing and maintaining the rates authorized hereinabove, is hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code so as to adjust long- and short-haul departures which are necessary under the authority granted herein; and schedules containing the rates published under this authority shall make reference to this order.

4. The authority herein granted is subject to the express condition that applicant will never urge before this Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

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

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

William Synnott, Jr.
President

Robert L. Mitchell
David P. Monmssey
Commissioners

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