

Decision No. 79543

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. 233
(Filed August 18, 1971)

In the Matter of the Application of DELIVERY SERVICE COMPANY for authority to establish certain increased rates applicable to wholesale service between points within the East Bay Drayage Area and points in Alameda, Contra Costa, and Solano Counties, and to Wholesale Service between points within the East Bay Drayage Area and El Cerrito.

Application No. 52814
(Filed August 18, 1971)

Philip A. Winter, Attorney at Law, for
Delivery Service, Inc., applicant
and petitioner.
Arthur D. Maruna, H. Kollmyer and A. D.
Poe, Attorney at Law, for California
Trucking Association, interested party.
Alan Silvius, for the Commission staff.

O P I N I O N

Delivery Service Company, petitioner and applicant, is a highway common carrier of wholesale parcels between points in Alameda, Contra Costa and Solano Counties. In Application No. 52814, Delivery Service Company seeks an order authorizing it to establish on five days' notice, increases in the wholesale parcel delivery rates in its Tariff Cal. P.U.C. No. 8, applicable to service within the East Bay

Drayage Area, and in wholesale parcel delivery rates in its Tariff Cal. P.U.C. No. 9, applicable to service from points within the East Bay Drayage Area to points in Alameda, Contra Costa and Solano Counties. (The East Bay Drayage Area as defined in Minimum Rate Tariff 1-B consists of the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont.)

In Petition No. 233, Delivery Service Company seeks to increase the wholesale parcel rates in Item No. 840 of Minimum Rate Tariff 1-B (MRT 1-B) to the levels sought for service within the East Bay Drayage Area in its Application No. 52814.

The application and petition were consolidated for hearing on a common record which was held before Examiner O'Leary at San Francisco on September 28, 1971. The matters were submitted upon the filing of Exhibit No. 1 by the Commission staff on October 6, 1971.

The present minimum rates in Item 840 of MRT 1-B and applicant's published rates for wholesale parcel delivery service became effective April 12, 1971 pursuant to Decision No. 78414, dated March 9, 1971 in Case No. 5441, Petition for Modification No. 210 and Application No. 52295.

The application and petition allege that since the effective date of said rates, the cost of performing transportation services to which said rates are applicable has increased substantially. Pursuant to the labor contract executed November 1, 1970, the direct wages paid to drivers increased thirty cents (\$.30) per hour, on June 1, 1971, and eight cents (\$.08) per hour on July 1, 1971. In addition, other costs beyond the control of the carrier have substantially increased the total cost of transportation of parcels in the East Bay Drayage Area.

Evidence adduced at the hearing disclosed that although wages paid to drivers increased, Delivery Service Company's total labor expense figure set forth in the instant proceeding is less than the labor expense figure set forth in the application and petition

which resulted in the present rates. The executive vice-president of Delivery Service Company testified that the reduced labor expense figure was the result of the elimination of seven drivers and one mechanic from the labor force. The reduction of the labor force was necessitated because of the elimination of retail delivery service and a decrease in business.

The statement of revenue and expenses (Exhibits D attached to the application and petition) submitted in the instant proceeding is for the period March 23, 1971 to June 18, 1971. Delivery Service Company had a net operating loss of \$5,671.99 resulting in an operating ratio of 104.06 percent. The exhibits also show that the operating results for this period adjusted to reflect current operating costs and the increased rates sought herein would produce a net operating profit of \$6,621.86 and an operating ratio of 95.68 percent before taxes.

A comparison of said exhibit with the statements of revenue and expenses submitted in Application No. 52295 and Case No. 5441, Petition for Modification No. 210, discloses that the loss incurred by Delivery Service Company for the period March 23, 1971 to June 18, 1971 resulted because of decreased revenues rather than increased labor costs. The executive vice-president of Delivery Service Company testified that actual revenue did not reach expectations but that lately business had been picking up.

Delivery Service Company seeks to increase the rates per parcel in its Tariff No. 8, Tariff No. 9 and MRT 1-B by approximately 10 percent. Item No. 75 of Delivery Service Company's Tariff No. 8 and Item No. 840 of MRT 1-B provide a charge of 3 cents per pound for weight in excess of 40 pounds in one package. The instant application and petition seek to amend said provision so that the 3 cent per pound charge would apply to packages in excess of 25 pounds. Item 105 of Delivery Service Company's Tariff No. 9 provides a charge of 2 cents per pound for weight in excess of 25 pounds in one package. The instant application proposes that said 2 cent charge be increased to 3 cents.

Exhibit 1 which was submitted by the Commission staff sets forth a comparison of the present and proposed rates and the percentage increase in charges should the proposed rates be adopted. With respect to Item No. 75 of Delivery Service Company's Tariff No. 8 and Item No. 840 of MRT 1-B the exhibit shows that on parcels weighing 25 pounds or less the percentage increase in charges ranges from 9.6 to 10.4 percent. For parcels weighing between 26 and 100 pounds the increase in charges ranges between 13.2 to 75.4 percent. The greater percentage increase on parcels weighing over 25 pounds results from the proposal to assess the 3 cent per pound rate on weight in excess of 25 pounds rather than the present 40 pounds. With respect to Item No. 105 of Delivery Service Company's Tariff No. 9 the exhibit shows that on parcels weighing 25 pounds or less the percentage increase in charges ranges from 9.8 to 10.6 percent. On shipments weighing between 26 to 100 pounds on parcels which would be subject to the proposed 3 cent charge per pound in excess of 25 pounds the percentage increase in charges ranges from 10.3 to 32 percent. Parcels containing liquor are not subject to the present or proposed charge for weight in excess of 25 pounds. Parcels containing liquor are subject to a rate of 2 cents per pound for excess of 40 pounds. No increase in this rate is sought herein. Delivery Service Company estimates that the proposed increases would generate additional revenue of \$13,513.10 or approximately 13.7 percent. It appears from the data in Exhibit 1 that Delivery Service Company gave little or no consideration to what additional revenue would be generated from its proposal to amend the excess weight provisions in Item No. 75 of its Tariff No. 8, Item 840 of MRT 1-B and Item 105 of its Tariff No. 9.

Based on the evidence adduced the Commission finds that:

1. Delivery Service Company continues to be the rate-making carrier in connection with the wholesale parcel delivery services for which rates are provided in Item 840 of MRT 1-B.

2. Delivery Service Company is presently operating at a loss and is in need of additional revenue.

3. The proposal to increase the rates per parcel are justified.

4. The proposals to amend the excess weight provisions contained in Items Nos. 75 of its Tariff No. 8, 840 of MRT 1-B and 105 of its Tariff No. 9 have not been shown to be justified.

5. The minimum rates established by the order which follows are the just, reasonable and non-discriminatory rates to be observed by all highway carriers for the services to which they apply.

Under the order herein it is estimated that annual revenues will be increased by 7 percent or about \$6,900. The rates authorized by this decision are consistent with the purposes of the Federal Government's economic stabilization program as they are within the zone of reasonableness and will not engender any undue inflationary pressures.

The Commission concludes that the application and petition should be granted in part and denied in part as set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Delivery Service Company, a corporation, is authorized to publish and file increased rates in Item No. 75 of its Tariff No. 8 as follows:

<u>WEEKLY VOLUME</u>	<u>RATES PER PARCEL</u>
1 to 100 parcels per week	117
101 to 400 parcels per week	91
Over 400 parcels per week	76

2. Delivery Service Company, a corporation, is authorized to publish and file increased rates in Item No. 105 of its Tariff No. 9 as follows:

<u>WEEKLY VOLUME</u>	<u>RATES PER PARCEL</u>
1 to 35 parcels per week	165
36 to 110 parcels per week	153
111 to 300 parcels per week	146
Over 300 parcels per week	133

Charge per parcel where consignor tenders 4 or more parcels at one time for delivery to a single consignee at one point of destination - Rate Per Parcel 44

3. Minimum Rate Tariff 1-B (Appendix B of Decision No. 65834, as amended) is further amended by incorporating therein, to become effective February 12, 1972, Thirteenth Revised Page 43, attached hereto and made a part hereof.

4. To the extent not granted in the order herein the petition and application are denied.

5. Tariff publications required or authorized to be made by common carriers 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 the tenth day after the effective date of this order, on not less than five days' notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than February 12, 1972; 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.

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

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

Dated at San Francisco, California, this 4th day of JANUARY, 1972.

Chairman

Commissioners

MINIMUM RATE TARIFF 1-B

SECTION 3--COMMODITY RATES (Concluded) In Cents Per 100 Pounds, Except As Noted		ITEM
COMMODITY	RATE	
<p>PARCEL CITY DELIVERY (Wholesale Only) (See Note)</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 ----- Over 100 to and including 400 packages per week ----- Over 400 packages per week -----</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.--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>In Cents Per Package</p> <p>117 91 76</p>	<p>840</p>
<p>FREIGHT, REGARDLESS OF CLASSIFICATION, transported within and between all zones:</p> <p>PARCEL DELIVERIES</p> <p>1. The rates and provisions of this item are limited in their application to shipments of general commodities, except articles of unusual value, dangerous articles (Class A and B explosives), household goods, commodities in bulk, and commodities requiring temperature control or special equipment. Each package or article shall be considered as a separate and distinct shipment.</p> <p>2. The provisions of this item will not apply to the transportation of:</p> <p>(a) Any package or article weighing more than 50 pounds or exceeding 108 inches in length and girth combined.</p> <p>(b) Any packages or articles weighing in the aggregate more than 100 pounds from one consignor at one location to one consignee at one location during a single day.</p> <p>(c) Any package or article when consignor requests delivery on the same day that package or article is picked up at consignor's place of business or delivered to carrier's terminal.</p> <p>(d) Any shipment between retail stores and their branches or warehouses on the one hand, and on the other hand, the premises of the customers of such stores.</p> <p>3. Rates and charges in this item shall apply only on prepaid shipments and only where the shipper elects in writing in advance to utilize the rates and charges herein for all packages weighing 50 pounds or less tendered by said shipper to the carrier for delivery during the same calendar week.</p> <p>NOTE.--In addition to the rates named herein the carrier shall assess a service charge of \$2.00 per week unless all packages or pieces are tendered at carrier's terminal.</p>	<p>In Cents Per Package 39</p> <p>Plus 3/4 cents for each pound or fraction thereof</p> <p>(See Note)</p>	<p>850</p>
<p>Change } Decision No. 79543 Increase }</p>		
EFFECTIVE		
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.		
Correction		