

ORIGINAL

Decision No. 89678 NOV 28 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AMERICAN HOME DELIVERY, INC., a California corporation, for an Order authorizing Applicant to Deviate from the provisions of MRT 15 in leasing of equipment with driver, to AVON PRODUCTS, INC., pursuant to Section 3666 of the Public Utilities Code.

Application No. 58246  
(Filed July 19, 1978;  
amended August 24, 1978)

OPINION AND ORDER

By this application, American Home Delivery, Inc., a corporation, seeks authority to deviate from the unit of measurement provisions of Items 200, 500, 520, and 530 of Minimum Rate Tariff 15 (MRT 15). Applicant requests permission to assess freight charges on the basis of \$2.173 per stop, subject to a minimum charge per month of \$3,079<sup>1/</sup> for two-axle van-type trucks, 12 feet and over lineal loading space, for Avon Products, Inc. from Santa Clara to bay area destinations.

Applicant alleges that the conditions under which deliveries of Avon products are made differ substantially from operations performed in more conventional vehicles. The deliveries herein are made from step-vans, permitting rapid egress and ingress from and to the vehicle at each stop. The average weight per stop (42.13 pounds) is easily handled by one person without hand truck equipment, and the drivers are compensated on a per stop basis, thus promoting greater efficiency the savings from which applicant proposes to pass on to the shipper.

Applicant uses owner-operators who own and drive their equipment. Applicant compensates the owner-operators on the basis of \$1.65 per stop, permitting them to earn on an average \$3,437 each month based on 2,083 stops. Owner-operators are guaranteed \$2,338.05 per month, whether or not any transportation is performed during the month.

1/ Correct minimum charge should be \$3,021.

Applicant further alleges that the operations subject to this application are the only ones it conducts and represent 100 percent of its business. Therefore, the transportation expense set forth in Exhibits "E" and "F" represents the amount paid to the owner-operators for providing the service. No reduction in the amount paid to owner-operators will result from approval of the proposed deviation; all of the reduction will come out of applicant's net profit.

Applicant has submitted cost data supporting the reasonableness and profitability of the proposed charge. Applicant has also submitted subhauler costs which adequately detail a profitable return to the subhaulers.

The application and amendment were listed on the Commission's Daily Calendars of July 24 and August 28, 1978. California Trucking Association (CTA) by letter dated August 2, 1978 objected to the ex parte handling of this matter, stating that applicant's projected expenses as set forth in Exhibit "E" for "Repairs and Maintenance" and "Depreciation of Revenue Equipment" appear to be considerably understated. While we will not set forth in detail here the data submitted by applicant, we find that applicant in its amendment to the application has overcome CTA's objections.

We find applicant's proposed rates under its alternative unit of measurement are reasonable. A public hearing is not necessary.

The Commission concludes that the application, as amended, should be granted as set forth in the following order. In accordance with Item 52, paragraph (g), of MRT 15, participating subhaulers should dedicate their equipment to the exclusive use of the shipper.

The effective date of this order should be the date hereof because there is an immediate need for this rate relief.

IT IS ORDERED that:

1. American Home Delivery, Inc. is authorized to perform the transportation shown in Appendix A attached hereto at not less than the charges set forth therein.

2. The authority granted herein shall expire one year after the effective date of this order unless sooner canceled, modified, or extended by further order of the Commission.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 28<sup>th</sup> day of NOVEMBER, 1978.

Commissioner Vernon E. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Robert Batunich  
President  
William S. Lyons, Jr.  
John D. Hoyle  
David J. DeBral  
Commissioners

APPENDIX A

T-117,157

Carrier: American Home Delivery, Inc.

Shipper: Avon Products, Inc.

Origin: Santa Clara

Destinations: Points and places within a radius of 250 air miles from Santa Clara.

Commodities: Distribution of Avon products.

Charges: \$2.173 per stop, subject to a minimum charge per month of \$3,021 for two-axle van-type trucks, 12 feet and over lineal loading space.

Conditions:

1. A one-year written agreement between carrier and shipper shall be executed as provided for in Item 90 of Minimum Rate Tariff 15.
2. The following named subhaulers are the only ones authorized to participate in this deviation. They shall receive \$1.65 per stop, subject to a guaranteed amount of \$2,338.05 per month, whether or not they perform any transportation during the month. The equipment used shall be dedicated to the exclusive use of the shipper.
  - T-109,096 - Kevin N. Garza, dba Kevin Garza & Son
  - T-109,102 - Millard Girvin House, dba Select Trucking Service
  - T-115,973 - Miles Ronald Post, dba Ron Post Delivery
  - T-117,878 - Vicki Bonnelle & Dennis Bonnelle, dba First Day Delivery Service
  - T-117,880 - Ray A. Sim, dba R&S Transport Service
3. In all other respects, the rules in Minimum Rate Tariff 15 except the provisions of Items 500, 520, and 530 shall apply.