

Decision No. 56537**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RAILWAY EXPRESS AGENCY,)
 INCORPORATED, a corporation, for)
 authority to change certain classifi-)
 cation provisions applying to rail)
 express service within the State of)
 California.)

Application No. 39725

Pillsbury, Madison & Sutro, by Eugene M. Prince,
Dudley A. Zinke and Harlan M. Richter, for
 applicant.

J. C. Kaspar, Arlo D. Poe and J. X. Quintrall,
 for California Trucking Associations, interested
 party.

O P I N I O N

By Application No. 39725, as originally filed, Railway Express Agency seeks authority to make certain increases in classification ratings applicable in connection with its California intrastate surface operations. By First Amendment to Application No. 39725 the Agency seeks authority to increase its charges for milk, cream and related products and its terminal and switching charges on carload traffic by five percent.^{1/}

Public hearing of the application, as amended, was held before Examiner Carter R. Bishop at San Francisco on February 18, 1958. Evidence in support of the proposals was adduced by applicant's regional traffic manager.

The sought classification changes, the record shows, are now in effect on interstate traffic, being published in Supplements

^{1/} The five percent increase sought herein is in addition to an increase of six percent in the same charges which was authorized by this Commission's Decision No. 56296 of March 3, 1958, in Application No. 38038.

Nos. 8 and 9 to Railway Express Agency Official Express Classification 36.^{2/} Most of the proposals involve increases from first class to one and one-half times first class. In two instances ratings would be increased from first class to double first class, and one commodity would be increased from second class to first class.^{3/}

Most of the proposed increases are predicated on the fact that the articles involved are of low density (light and bulky commodities), for which the presently applicable ratings are inadequate. Increased ratings are sought to compensate applicant for this category of traffic in relation to express traffic in general. The increase in rating for one commodity, pie crust, is sought because of the fragile nature of the article, and its high susceptibility to damage. The increased rating sought for metal automobile grille, other than steel, is the same as that now applicable to steel automobile grille. The purpose of this request is to establish uniformity of rating for all metal grille.

The proposed classification changes are sought also in order to maintain uniformity of classification throughout the United States, both on interstate and intrastate traffic. This is necessary, the witness stated, in order to avoid unreasonable prejudice and discrimination as between shippers, and to simplify the administration and application of the Agency's tariffs.

^{2/} The commodities for which increased ratings are proposed include: animals, mounted or stuffed; wreaths or center pieces; pie shells; certain articles of polyurethylene or of foam rubber or sponge rubber; metal grille, automobile; Christmas trees, treated; and radar screens.

^{3/} In addition to the above-mentioned increases, the proposed adoption, for California intrastate traffic, of the classification supplements in question will involve also certain reductions and changes resulting in neither increases nor reductions. For these modifications no authorization from this Commission is necessary.

A traffic check of shipments originating and terminating at applicant's larger stations in California during two representative ten-day periods disclosed no intrastate shipments of the commodities for which increased classification ratings are sought herein.

The proposed increase of five percent in applicant's charges for the transportation of milk, cream and related products and in its terminal and switching charges reflects the same percentage increase as was made, effective on various dates in 1957, in applicant's interstate transportation charges for the same commodities and services. The latter increase corresponded to a five percent increase in rail baggage rates and charges on milk, cream and related products, and in rail switching and terminal charges, which became effective on December 28, 1956, pursuant to a decision of the Interstate Commerce Commission in Ex Parte 206. On California intrastate traffic, the five percent rail increase was authorized by this Commission's Decision No. 55942 of December 10, 1957.^{4/}

Historically, the witness stated, it has been the policy of applicant to maintain its rates and charges for the movement of milk and cream on the same levels as those of the rail lines. Shipments of these products in express service and in railroad baggage service are often transported in the same baggage cars; hence, he asserted, the rates for these respective services should be maintained on the same levels in order to avoid discrimination.^{5/}

^{4/} In Application No. 38557, as amended. The record indicates that the rail increases pursuant thereto became effective on December 30, 1957.

^{5/} According to the record, each major railroad of California, excepting Western Pacific, reserves the right to handle in passenger train baggage service all milk and cream shipments transported wholly over its line. Thus the milk and cream traffic of applicant, involved herein, is largely limited to that having movement over two or more underlying railroads.

Similarly, it has been the practice to maintain express switching and terminal charges on a parity with those of the rail lines.

Traffic checks disclosed that only a small amount of milk, cream and related products is transported by applicant in California intrastate commerce. The witness stated, moreover, that during the years 1956 and 1957 none of applicant's traffic was subject to any of the switching or terminal charges for which a five percent increase is herein sought.

No one opposed the granting of the application, as amended.

It is clear from the record that the increases sought herein are for the purpose of maintaining long-established uniformity in certain rate and classification relationships, and that very little traffic would be affected by the proposals, if authorized. Upon careful consideration of all the facts and circumstances of record, we are of the opinion and hereby find that the proposed increased classification ratings and switching and terminal charges have been justified. Except as indicated in the following paragraph, the application, as amended, will be granted.

By the amendment to the application herein applicant seeks to establish the proposed increased switching and terminal charges on one day's notice to the Commission and to the public. No good cause has been shown, however, why publication should be made on less than statutory notice. The short notice request will be denied.

O R D E R

Based upon the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS ORDERED:

(1) That Railway Express Agency, Incorporated, be and it is hereby authorized to establish, on not less than thirty days' notice to the Commission and to the public, the increases in express rates and charges and the classification changes as proposed in the application, as amended, filed in this proceeding.

(2) That in all other respects Application No. 39725, as amended, is hereby denied.

(3) That the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 15th day of April, 1958

[Signature]
President

[Signature]

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Commissioners