

Decision No. 61794

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WESTERN AIR LINES, INC.,)
for the authority to make certain)
changes in its intrastate air freight)
rates, resulting in increase.)

Application No. 43225

OPINION AND ORDER

Western Air Lines, Inc., is a common carrier by air of passengers and property between points in California, among other places. By this application, filed March 13, 1961, it seeks authority to adjust its intra-California air freight rates, resulting generally in increases.

Specifically, applicant proposes to increase its general commodity air freight rates by ten percent for shipments of 100 pounds or more, and by one cent per pound for shipments of less than 100 pounds. It also proposes to adjust its premium rates based on percentages of general commodity rates, resulting in both increases and reductions.

The application shows that applicant has not increased its California intrastate air freight rates since May 24, 1952, at which time these rates were increased by approximately five percent. The application states that the increases now proposed place applicant's California intrastate air freight rates on the same level as the rates already applicable on its interstate traffic.

Applicant alleges that the new revenues to be derived from this increase are of relatively little significance; that the primary purpose of the increase is to make the interstate and intrastate rates the same on all traffic moving over segments within the State of California; and that the present conflict between intrastate and interstate freight rates causes a great deal of difficulty and confusion, both among the shipping public and applicant's personnel.

In Appendix B attached to the application, applicant has computed its intra-California air freight revenues under the present rates and under the proposed rates for the year ended June 30, 1960. The intra-California air freight revenues for this period, under the present rates, amounted to \$32,829 and, under the proposed rates, would be \$36,615, an increase of \$3,786 or 11.5 percent. These revenues reflect line-haul charges only and do not include such items as pickup and delivery charges and excess valuation charges, which would not change.¹

Based upon applicant's estimate of its expenses assignable to the California traffic herein involved (as developed in an Appendix C to the application), applicant's earnings from the intra-state air freight traffic for the year ended June 30, 1960, were \$3,184 under the present rates, and would have been \$5,002 under the proposed rates.

The application shows that on or about March 10, 1961, a copy thereof was served on competing airlines and on all cities and counties from and to which the proposed rates apply. No objection has been received to the granting of the application.

It is clear from the information set forth in the verified application that the increased freight revenues which reasonably may be expected to result from the proposed rates and charges (less the \$4,000 for the test year) are of little significance insofar as the earnings of Western Air Lines, Inc., are concerned. For that reason it is unnecessary to discuss or further consider applicant's expense allocations for purposes of the instant application. Establishment of the sought rates will serve the primary purpose of providing relative rate uniformity.

¹The revenues were determined by sample, utilizing every fifth bill and expanding the sample data by five. The sample covered 1,057 shipments weighing 95,638 pounds.

In the circumstances, it appears, and the Commission finds, that the proposed increases are justified. A public hearing is not necessary. Applicant requested authority to make the increased rates effective on not less than three days' notice. It appears that a period of five days' notice is justified. With that exception, the application will be granted.

Therefore, good cause appearing,

IT IS ORDERED:

(1) That Western Air Lines, Inc., is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the rates for air freight transportation proposed in the above-entitled application.

(2) That the authority herein granted shall expire unless exercised within 120 days after the effective date hereof.

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

Dated at San Francisco, California, this 4th day of April, 1961.

Robert A. Bagg
President

John E. [unclear]

[unclear]

George A. [unclear]

Fredrick B. [unclear]
Commissioners