

ORIGINAL

Decision No. ~~62961~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RAILWAY EXPRESS AGENCY, )  
 INCORPORATED, to increase certain )  
 intrastate rates and charges for )  
 surface express service within the )  
 State of California. )

Application No. 44296

Pillsbury, Madison & Sutro, Eugene M. Prince,  
 Noel Dyer, by Dudley A. Zinke, for applicant.  
Timothy J. Canty and John R. Laurie, for the  
 Commission staff.

O P I N I O N

By the above-entitled application, filed March 27, 1962, Railway Express Agency seeks authority to increase its less-than-carload express rates and charges applicable to California intrastate operations by 10 cents per shipment.<sup>1/</sup> Applicant also seeks authority to make certain increases in rules and ratings published in its Official Express Classification.

According to the application the increase of 10 cents per shipment went into effect on interstate traffic throughout the country on February 8, 1962. The classification changes became effective on interstate traffic at various times since April 6, 1961.

Public hearing was held before Examiner William E. Turpen at San Francisco on April 11, 1962. Evidence on behalf of applicant was offered through three witnesses. Members of the Commission's staff assisted in developing the record.

<sup>1/</sup> The proposed increase would not apply to shipments of citrus fruits, fish and other seafood, cut flowers, and daily newspapers.

Increases in California intrastate surface express rates and charges were last made pursuant to Decision No. 62160, dated June 20, 1961, in Application No. 43106. Since then, according to the record, applicant has experienced additional costs as a result of increases in employer's tax under Railroad Retirement and Railroad Unemployment Insurance Acts and constant increases in other taxes and materials and supplies expenses.

Applicant's regional marketing manager contended that, as was also the case in the prior proceeding, the increased costs incurred vary in close relationship to the number of shipments handled and therefore a uniform increase per shipment seemed the fairest method of recovering the additional costs of operation. He also testified that the same conditions which justified increases in the interstate express rates prevailed with respect to the California intrastate rates.

An accounting witness presented an exhibit in which he had developed estimated revenues and expenses under present and proposed rates, based on the traffic handled during the 12-month period ended October 31, 1961. After adjustment to give effect to the 1961 rate increase, the exhibit showed estimated revenues under present and proposed rates of \$1,969,512 and \$2,017,423, respectively. Estimated operating expenses for the same period, adjusted to present expense levels, were shown as \$1,738,940. According to the exhibit these operating results would leave \$230,572, under present rates, and \$278,483, under proposed rates, available for distribution to the rail carriers. The accountant said that his study showed the amount required to meet the rail carriers express costs would be \$319,412, so that even under the increased rates sought herein, applicant's

California intrastate revenues would be deficient by \$40,929 for the year in meeting the rail costs.

The marketing manager explained that the proposed changes in rules and ratings in the Official Express Classification all involve items that do not move in California intrastate traffic and authority is sought for the increases only to retain tariff uniformity.

The evidence shows that applicant's present rates do not return the costs of the service and that even the proposed rates will not return all the costs. Upon careful consideration of the record we hereby find that the sought increase of 10 cents per shipment and the proposed increase in rules and ratings have been justified.

Applicant seeks relief from the long- and short-haul provisions of the Constitution and of the Public Utilities Code in order to establish the sought increases in connection with certain rates which are nonintermediate in application. Applicant also seeks relief from the provisions of Tariff Circular No. 2 to the extent necessary to publish the increased rates and charges in the same form as tariffs filed with the Interstate Commerce Commission. These requests appear reasonable and will be granted. Authority is also sought to make the proposed tariff adjustment effective on less-than-statutory notice. In view of the demonstrated need for additional revenue this request also will be granted.

O R D E R

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

IT IS ORDERED that:

1. Railway Express Agency, Incorporated, be and it is hereby authorized to establish the adjustments in express rates and charges as proposed in the application. The tariff publications authorized to be made as a result of this order may be made effective not earlier than the tenth day after the effective date hereof, and may be made effective on not less than ten days' notice to the Commission and to the public.

2. Applicant be and it is hereby authorized to depart from the provisions of Article XII, Section 21, of the Constitution of the State of California and of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained in applicant's tariffs under outstanding authorizations, and to depart from the terms and rules of Tariff Circular No. 2 of this Commission to the extent necessary to accomplish publication of the rate increases herein authorized in the same form as authorized by the Interstate Commerce Commission on interstate traffic. Applicant shall, thereafter, publish in its tariffs the specific increased rates and charges authorized herein not later than one hundred eighty days after the effective date or dates of the rates and charges.

3. 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 constitutes 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 shall be construed as consent to this condition.

4. The authority herein granted shall expire unless exercised within one hundred twenty days after the effective date hereof.

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

Dated at San Francisco, California, this 17th  
day of JULY, 1962.

George T. Grover  
President

[Signature]

[Signature]

[Signature]

Frederick B. Hallock  
Commissioners