

ORIGINAL

Decision No. 65160

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application No. 45118
(Filed January 17, 1963)

Pillsbury, Madison & Sutro, by Noel Dyer
and Dudley A. Zinke, for applicant.
Chas. J. Astrue and John R. Laurie, for
the Commission staff.

O P I N I O N

This application was heard before Examiner Thompson at San Francisco on February 4, 1963, and was submitted February 6, 1963 on the filing by applicant of Exhibit 6. Copies of the application and notice of hearing were served in accordance with the Commission's procedural rules. There were no protests.

Applicant seeks authority to increase its first class and second class surface express charges for shipments weighing from 1 pound to 99 pounds by adding ten cents and adjusting all charges upwards to the nearest multiple of five cents. The class rates in cents per 100 pounds are equal to the charges for shipments weighing 99 pounds. Class rates are proposed to be increased by the same amounts as the proposed increases in charges for shipments of 99 pounds. It is proposed to increase the minimum charge per shipment from \$2.66 to \$2.90. No increases are sought in commodity rates.

According to applicant the purpose of the proposed new rates is twofold: to offset in part increases in wages and other expenses which have been incurred since the present rates were authorized and, to simplify the rates and the tariff containing them.

The proposed rates are set forth in Railway Express Agency Class Tariff 18-D which is a tariff of 53 pages that became effective on interstate commerce on January 1, 1963. There are some 300 pages in the tariff prescribing the present rates.

The present class rates were authorized by the Commission on July 17, 1962 in a proceeding which was submitted April 11, 1962. Applicant entered into a wage agreement on July 27, 1962 with the Brotherhood of Railway Clerks which provides for increases in compensation to those employees of 4 cents per hour retroactive to February 1, 1962 and an additional 6.28 cents per hour retroactive to May 1, 1962. Recently applicant negotiated an agreement with the International Brotherhood of Teamsters which provides for increases in wages to those employees of 20 cents per hour retroactive to January 1, 1962, an additional 10 cents per hour which became effective January 1, 1963 and a further increase of 10 cents per hour which is to become effective January 1, 1964.

Applicant estimated that the wage increases through January 1, 1963 result in an additional payroll cost for California operations of \$332,318. The total California expenses were allocated to interstate and intrastate transportation in proportion to the number of surface shipment handlings. The intrastate portion was determined to be 15.82 percent of total. Applicant assigned \$52,330 of the additional payroll cost to California intrastate transportation. It was also estimated that the proposed increased rates would provide \$45,333 in additional California intrastate revenue, or less than the amount of additional expenses. It was contended that the additional expenses relate only to the terminal costs or the cost of handling the shipments rather than to line haul cost and, therefore, the proposed increase in cents per shipment provides an equitable means to recover the additional expenses.

Applicant presented an estimate of the results of California intrastate surface operations at present and proposed rates based upon operations conducted during the year ended August 31, 1962. The estimated additional expenses through January 1, 1963 were included in the results; a savings in expense of \$4,463 resulting from authorized office consolidations was not included. The estimates shown below are revised to reflect that cost savings.

RAILWAY EXPRESS AGENCY, INC.
Estimated Results of California
Intrastate Operations for
A Rate Year

	<u>Present Rates</u>	<u>Proposed Rates</u>
Intrastate Revenue	\$1,866,167	\$1,911,500
Expenses & Taxes Less Savings	<u>1,674,658</u>	<u>1,674,658</u>
Net	\$ 191,509	\$ 236,842
Line haul Cost*	<u>254,991</u>	<u>254,991</u>
Deficit	\$ 63,482	\$ 18,149

*Estimated cost to the railroads in the Mountain Pacific Group, of which California is a part, based upon the unit cost per car-foot mile applied to the total California intrastate car-foot miles.

We find that the proposed increases in rates are justified. Applicant requests authority to depart from the requirements of Rule 5.8 of General Order No. 80-A to the extent necessary to establish the rates in Class Tariff 18-D for California intrastate transportation. In that connection, symbols designating the rates which are increases would not be shown. Section 491 of the Public Utilities Code provides that whenever change is proposed in any rate, attention shall be directed to such change on the schedule filed with the Commission by some character immediately preceding or following the item. All of the proposed rates in Tariff No. 18-D which would be applicable to California intrastate transportation are changes which result in increases. In those circumstances it would serve no useful

purpose to designate by symbol each and every rate in Tariff No. 18-D; therefore, applicant will be authorized to make the rates in Tariff No. 18-D effective on California intrastate transportation by the issuance of a supplement thereto which shall show thereon the appropriate symbol provided in General Order No. 80-A for increases in rates and shall also clearly state thereon in bold print that all of the rates therein applicable to California intrastate transportation are changes which result in increases.

O R D E R

IT IS ORDERED that:

1. Railway Express Agency, Incorporated, is authorized to establish the increased rates as proposed in Application No. 45118. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and to the public.
2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.
3. Applicant is authorized to establish the increased rates authorized in paragraph 1 hereof by the issuance of a supplement to its Class Tariff No. 18-D which shall show thereon the appropriate character or symbol provided for in General Order No. 80-A for changes resulting in increases in rates and shall also clearly state

thereon in bold print that all of the rates applicable to California intrastate transportation in said Class Tariff No. 18-D are changes which result in increases.

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

Dated at San Francisco, California, this 2nd day of APRIL, 1963.

George G. Crow
President
[Signature]
[Signature]
Fredrick B. Hilbluff
[Signature]
Commissioners