

Decision No. 66292**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of WINGS AND WHEELS)	
EXPRESS, INC., for increase in)	Application No. 45675
air freight rates between San)	Filed August 13, 1963
Francisco and Los Angeles.)	

Edward L. Richter, for applicant.
Ralph Staunton and Fred P. Hughes,
 for the Commission staff.

O P I N I O N

Wings and Wheels Express, Inc., is a freight forwarder by air operating between the Los Angeles and San Francisco areas.¹ By this application it seeks authority to increase various of its rates and charges.

Public hearing was held before Examiner Lane on September 19, 1963, at Los Angeles. Testimony in support of the application was presented by applicant's president. Members of the Commission staff assisted in the development of the record. No one appeared in opposition to the sought authority.

Applicant furnishes pickup and delivery service on shipments handled by it within specified terminal areas. From and to the so-called local pickup and delivery areas, the basic tariff rates apply. For service from, to, or between so-called extended pickup and delivery areas, charges in addition to the basic tariff rates are assessed. Within the local areas, applicant operates its own equipment to perform pickup and delivery services. From and to

¹ Applicant (Wings and Wheels) also operates interstate serving numerous cities throughout the United States, including Alaska and Hawaii.

points in the extended areas, the services of highway carriers normally are utilized to perform the pickup and delivery services under contract, although applicant occasionally uses its own equipment from and to these areas.

Applicant's president stated that the main purpose of the application was to place applicant's intrastate rates on the same level as its lowest scale of interstate rates.² He characterized Wings and Wheels' traffic, and the resulting revenue, between Los Angeles and San Francisco as insignificant in comparison with the overall operations. He said that applicant handles fewer than 10 shipments a week between the two points. Of some 250,000 shipments transported annually by Wings and Wheels throughout its system, less than 500 are intrastate within California.

Applicant's president stated that applicant is not in a position, and makes no attempt, to compete for traffic between Los Angeles and San Francisco. Air freight forwarders are unable to compete effectively with surface transportation for distances generally under 600 miles. Furthermore, he said that the high quality and quantity of surface transportation between these areas, together with rates considerably lower than applicant's, virtually removes Wings and Wheels as a competitor for this traffic.

The shipments applicant handles intrastate in California assertedly originate from shippers who ship principally interstate from Los Angeles and San Francisco and rarely ship between the two points, or from emergency situations which arise after line-haul surface transportation has departed for the day from either terminal.

² Both increases and reductions result from applicant's proposed rate adjustment. Authority of the Commission is not required to make the reduction in rates indicated in the application.

No adjustments have been made in applicant's rates since they were first published effective June 15, 1959. Line-haul costs of applicant are dependent upon the rates of direct air carriers which applicant must pay on its shipments. It is alleged that since 1959 such rates of the direct air carrier have increased 10 percent. Terminal pickup and delivery costs have also increased because of asserted increases in wages and costs of operating motor vehicles. In addition, the rates applicant pays to other carriers for pickup and delivery services were said to have increased in amounts ranging from 25 to 35 percent between 1959 and the present time.

According to the record, applicant started using electronic computer equipment about 18 months ago for accounting and automatic billing. To facilitate programming for computer use, scales of rates involving a different rate for each weight have been developed. The rates are scaled upward with increase in weight on a direct mathematical progression. These rates assertedly apply via applicant's system except on California intrastate traffic. Wings and Wheels' current intrastate scale of rates does not follow a regular progression. It is alleged that lack of conformity of California rates with rates throughout the rest of the system requires computer billing to be manually corrected on California intrastate shipments at additional expense.

It is clear from the record that the increased freight revenues which reasonably may be expected to result from the proposed rates and charges are of little significance insofar as applicant's earnings are concerned.

Upon consideration of the evidence, the Commission finds that the sought increases in rates and charges are justified.

The Commission concludes that the application should be granted as set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. Wings and Wheels Express, Inc., is authorized to establish the increased rates as proposed in Application No. 45675. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than thirty days after the effective date hereof on not less than thirty days' notice to the Commission and to the public.

2. The authority herein granted shall expire unless exercised within one hundred twenty days after the effective date of this order.

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

Dated at San Francisco, California, this 5th day of NOVEMBER, 1963.

William W. Bennett
President

George T. Brewer
Commissioners

Frederick B. Holcomb
Commissioners