

Decision No. 71272

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RAILWAY EXPRESS
AGENCY, INCORPORATED, to increase
intrastate rates and charges for
surface express service.

Application No. 48373
(Filed April 5, 1966)
(Amended May 10, 1966)

Pillsbury, Madison & Sutro by Noel Dyer and
Dudley A. Zinke, and James C. Ingwersen;
for applicant.
Jack K. Miller, H. F. Kollmyer and A. D. Poe,
for California Trucking Association,
Tad Muraoka, for IBM Corporation, interested
parties.
J. C. Matson, Paul Clover and Charles Astrue,
for the Commission staff.

O P I N I O N

This application was heard and submitted May 4, 1966 before Examiner Thompson at San Francisco. Copies of the application and notice of hearing were served in accordance with the Commission's procedural rules. There are no protests.

Railway Express Agency, Incorporated, seeks authority to increase rates on California intrastate surface express shipments. The increased rates are contained in applicant's Class Tariff 18-G, Commodity Tariff 37-D and Official Express Classification 36. All of said increased rates have been in effect on interstate traffic since prior to January 8, 1966 and are effective on intrastate commerce in most of the United States. At the hearing applicant amended its proposal to provide that in connection with Class Tariff 18-G and Commodity Tariff 37-D it will file supplements which will bring all rates and charges in those tariffs applicable to shipments weighing over 100 pounds into full compliance with the Commission's minimum rate orders.

Applicant contends that it requires increases in revenues in order to cope with continued increases in costs resulting from increases in wages, health and welfare benefits, railroad retirement and unemployment taxes, rents, claim payments on constantly increasing values, insurance rates, materials and supplies, taxes other than payroll, and line haul payments to carriers and also as a result of expenses for Medicare. ✓

The proposed increases in class rates are approximately three percent and the proposed commodity rates are approximately two percent higher than the present rates. Applicant estimated that the rate increases should provide \$117,389 additional gross revenue.

Applicant presented estimates of the results of California intrastate surface operations at present rates and at the proposed rates based upon operations conducted during the year ended June 30, 1965. The estimates are shown below:

RAILWAY EXPRESS AGENCY, INCORPORATED

Estimated Results of California
Intrastate Surface Operations
(Year Ended June 30, 1965)

	Actual Revenue and Expense	Adjusted to Present Levels at Present Rates	Proposed Rates
Revenue	\$1,996,062	\$2,043,887	\$2,161,276
Expenses & Taxes ^{1/}	<u>1,929,704</u>	<u>1,949,706</u>	<u>1,949,706</u>
Net	\$ 66,358	\$ 94,181	\$ 211,570
Line Haul Cost ^{2/}	<u>312,815</u>	<u>495,374</u>	<u>495,374</u>
Deficit	\$ 246,457	\$ 401,193	\$ 283,804

^{1/} Expenses excluding payments to underlying carrier railroads for line haul transportation.

^{2/} Estimate based upon car-foot mile formula for railroads in Mountain Pacific group.

The estimates were made by the same methods and procedures used by applicant in prior proceedings and explained in decisions of the Commission in said proceedings.^{1/} No contentions were made by any of the parties which would reflect unfavorably upon the reliability of the estimates.

We find that the increases 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 make Tariffs 18-G, 37-D, and Supplements 43 and 45 to Official Classification 36, now applicable to interstate commerce, applicable to California intrastate commerce by means of special supplements to said tariffs. Rule 5.8(e) provides that when changes of the same character are made in all or substantially all rates in a tariff or supplement or on a loose-leaf page, that fact and the nature of the change may be indicated on the title page of the tariff or supplement or at the top of the loose-leaf page. All of the rates in Tariffs 18-G and 37-D are increased rates so that fact may be designated on the special Supplements to said tariffs by the appropriate symbol prescribed in Rule 5.8(c). With respect to Supplement No. 43, all of the changes therein are designated by the appropriate symbols. In Supplement No. 45, the symbol "X" is used to denote that the change in rating on aluminum towers represents an increase in rates except on Broadcasting and Receiving Towers S.U. in Sections. The General Order does not provide a symbol which would denote a change in rates of this character. Section 491 of the Public Utilities Code provides that whenever a change is proposed in any rates or classification attention shall be directed to such change by some character to be designated by the Commission. We find that the use of such symbol in Supplement No. 45 is reasonable and is necessary.

^{1/} Decision No. 69240 dated June 15, 1965 in Application No. 47396.

Applicant requests authority to make the increased rates and charges effective on ten days' notice. The record shows that operations under the present rates are at a loss. There were no protests and the same rates have been effective on interstate commerce and on intrastate commerce in other states for some time. In the circumstances we find that the establishment of the rates to be effective on ten days' notice is justified.

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Railway Express Agency, Incorporated, is authorized to establish the increased rates proposed in Application No. 48373 and, in the establishment of said rates, shall comply with the requirements of Decision No. 31606, as amended in Cases Nos. 4246, 4808 and 5432, by increasing any rate lower than the established minimum rate for the transportation of shipments weighing more than 100 pounds up to the level of said minimum rate. 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. Applicant is authorized to establish the increased rates provided for in paragraph 1 hereof by the issuance of special supplements to its Tariff 18-G, Tariff 37-D and Official Express Classification 36 which shall clearly state thereon explanations of the changes in rates applicable to California intrastate commerce. In the establishment of the ratings in Item 2650-A of Supplement 45 to its Official Express Classification 36, applicant is authorized to depart from the requirements of Rule 5.8 of General Order No. 80-A in order to use the symbol "X" to denote the changes in that item.

3. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 13th day of SEPTEMBER, 1966.

George L. Tower President
Theodorick B. Holoboff

William T. Bunn
Raymond Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.