

ORIGINAL

Decision No. 72880

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of)
)
RAILWAY EXPRESS AGENCY, INCORPORATED)
)
to increase rates and charges appli-)
cable to air express service and to)
otherwise revise its tariffs appli-)
cable thereto.)

Application No. 49250
(Filed March 30, 1967)
(Amended June 19, 1967)

OPINION AND ORDER

Railway Express Agency, Incorporated, is an express corporation engaged in the transportation of express over the lines of common carriers, including air transportation companies. It operates within California, as well as between California and other states and within and between other states. By this application, as amended, it seeks authority, on ten days' notice to the Commission and to the public, to increase its minimum charge for all air express traffic moving in California intrastate commerce to \$5.50 per shipment from \$5.20 per shipment, to increase its rates and charges applicable to general commodities and to round up to the nearest 5 cents its rates and charges on live animals and birds. Applicant also requests authority to substitute for currently applicable California air express tariffs a new tariff to govern the transportation of air express shipments within California.¹

¹ The current tariffs are Railway Express Agency, Incorporated, Air Express Division Tariff No. 1, Cal.P.U.C. No. 12-(AE) and Air Express Collection and Delivery Tariff No. 2-A, Cal.P.U.C. No. 13-(AE).

The proposed increased rates and minimum charge are the same as those applicable on interstate air express traffic throughout the United States and on intrastate traffic in all states except California and Nevada. The increased rates and minimum charge became effective on interstate traffic on December 9, 1966.

Air express is a joint undertaking by applicant and scheduled air carriers, and is conducted pursuant to an Air Express Agreement, dated July 31, 1964. Under the terms of that agreement, the scheduled air carriers have the responsibility of transporting shipments by aircraft between airports and applicant has the responsibility of picking up the shipments and transporting them to originating airports, transporting the shipments from destination airports to consignees, issuing shipping documents, publishing tariffs and collecting charges. Air carriers share with applicant the gross revenues received on the bases set forth in a settlement formula contained in the agreement.

The application, as amended, contains a development of the estimated expenses for performing air express service within California for the year ended January 31, 1967, and restated expenses which reflect current expense levels. Various allocations of expenses were necessary to separate from total expenses those which are applicable to California air express operations. The estimated expenses and the revenues actually received for the year ended January 31, 1967, and the estimated current expenses and the

revenues under the proposed increased rates and charges are set forth in the following table:

Revenues and Estimated Expenses for
Air Express Operations within California

	<u>Year Ended 1-31-67</u>	<u>Under Pro- posed Rates</u>
Revenues	\$764,151	\$813,594
REA Expenses	553,911	605,016
Airline Expenses	<u>221,689</u>	<u>221,689</u>
Total Expenses	775,600	826,705
Net Profit (Loss)	(11,449)	(13,111)
Operating Ratio	101.50	101.61

Applicant states that, based on the present rates in effect and costs restated to current expense levels, it would have incurred a deficit of \$62,554 in rendering its intrastate California air express service and that the proposed increases are required to cover in part the losses currently being experienced by it and the involved air carriers. According to applicant, it has incurred increased costs as a result of labor agreements entered into during May and December of 1966 and from an amendment to the Railroad Retirement Act requiring higher contributions from applicant.

Applicant avers that both the interstate and intrastate aspects of its California air express service were once governed by substantially identical tariffs and that the proposed new tariff would restore the interstate and intrastate rate relationship that existed prior to November 1, 1961. Applicant declares that reference to different tariffs to determine the applicable rates and rules for

its California air express service serves no useful purpose and is burdensome, time consuming and productive of errors. Applicant asserts that, except for the specific increases sought herein, the proposed new tariff would not increase any rate or charge or alter any rule or other provision so as to result in any increase in any rate.

The application and amendment were listed on the Commission's Daily Calendar of March 31 and June 20, 1967, respectively. No objection to the granting of the application, as amended, has been received.

In the circumstances, it appears, and the Commission finds, that increases resulting from publication of the rates and charges as proposed in the application, as amended, are justified. A public hearing is not necessary. The Commission concludes that the application, as amended, should be granted.

IT IS ORDERED that:

1. Railway Express Agency, Incorporated, is authorized to establish the increased rates and charges as proposed in Application No. 49250, as amended, to cancel Air Express Division Tariff No. 1, Cal.P.U.C. No. 12-(AE), and Air Express Collection and Delivery Tariff No. 2-A, Cal.P.U.C. No. 13-(AE), and to substitute therefor, the tariff as proposed in Exhibit I attached to the application, as amended. Tariff publications authorized to be made as the result of the order herein may be made effective not earlier than ten days after the effective date of this order 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.

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

Dated at San Francisco, California, this 8th day of August, 1967.

President
Edmund G. Bennett

August 8

William J. ...

Paul P. ...
Commissioners

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