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Decision No. 74173

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
of DOMESTIC AIR EXPRESS, INC., a
corporation, for Certificate of
Public Convenience and Necessity as
a freight forwarder of general
commodities between points in the
State of California.

Application No. 49840
(Filed December 5, 1967)
(Amendments Filed
January 24, 1968 and
February 9, 1968)

O P I N I O N

By this application, as amended, Domestic Air Express, Inc. requests a certificate of public convenience and necessity pursuant to Section 1010 of the Public Utilities Code to conduct business as a freight forwarder of general commodities, utilizing the lines of air common carriers, highway common carriers, passenger stage corporations and permitted carriers between Long Beach, Los Angeles, Oakland, Sacramento, San Diego, San Francisco and San Jose, subject to the following conditions:

1. The underlying carrier used by Domestic Air Express, Inc. between airports shall be an air common carrier, except that in emergencies only highway common carriers or passenger stage corporations may be used as underlying carriers to provide the transportation.
2. The authority to ship via the lines of highway common carriers and passenger stage corporations is limited to pickup and delivery service within a twenty-five (25) mile radius of the above-named points, except as provided in Condition 1 above.

Applicant is presently engaged in business as a domestic air freight forwarder under Civil Aeronautics Board Operating Authority No. 19.

Applicant's principal office in California is located at Los Angeles. Agents are also located at Sacramento, San Diego and San Francisco.

In providing service as a freight forwarder applicant will pick up or cause to be picked up, commodities at the shipper's place of business. After consolidation, applicant will transport or arrange for transportation of such consolidated shipments by motor vehicle to airports, where the property will be transported by air carrier to destination airports, where the property in turn will be picked up by motor vehicle and after segregation delivered to the consignee. In the conduct of the proposed operations, applicant would utilize highway common carriers, air carriers, passenger stage corporations and permitted carriers as may be appropriate and would assume responsibility for the through transportation of the property from origin to destination.

Applicant alleges that the movement of air freight cargo by applicant intrastate is required in order for applicant adequately to serve its customers who ship interstate and to provide this service for its shippers within the State of California, and that the granting of the authority will enable applicant to serve its shipping public more efficiently by providing a complete specialized door-to-door service for air freight shipments with detailed relaying of information and permit simplified accounting for its shippers.

The applicant further alleges that the proposed service will be performed on an "on call" basis and as limited or restricted by the operating schedule of carriers operating under authorization of the Civil Aeronautics Board on this Commission.

Applicant's balance sheet dated September 30, 1967 shows total assets of \$1,214,012 and total current liabilities of \$450,240. Its profit and loss statement for the nine months ended September 30, 1967 shows total revenue of \$3,287,544 and a net loss of \$9,831. A statement filed by applicant's president on March 28, 1968 discloses that:

The loss for the first nine months of 1967 resulted from an expansion activity in which the company has been engaged during the year 1967. Prior to 1967 the company had a small operation in the West, principally conducted through the facilities of agents. Commencing around the end of 1966, the company expanded its operations into the Western states. It opened a very large company-operated terminal in Los Angeles and it hired personnel to operate this terminal. The volume of traffic at the commencement of operations at this terminal was insufficient to absorb the expense incident to the commencement of complete service. Over the period since the terminal has been in operation, the gross volume of freight handled has constantly grown and the operation is once more in balance. The loss experienced as a result of the commencement of operations in Los Angeles is typical of comparable situations which occurred when the company opened its own facilities in other large cities.

Copies of the application were served in accordance with the Commission's procedural rules.

The application was listed on the Commission's Daily Calendar of December 6, 1967, and amendments were listed on the Calendars of January 25 and February 13, 1968. There are no protests.

The Commission finds that:

1. Applicant possesses the experience and financial resources to institute and maintain the proposed service.
2. Public convenience and necessity require that the proposed service be authorized.
3. A public hearing is not necessary.

Domestic Air Express, Inc. is hereby placed on notice that operative rights, as such, do not constitute a class of property

which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Domestic Air Express, Inc., a corporation, authorizing it to operate as a freight forwarder as defined in Section 220 of the Public Utilities Code, between the points and subject to the conditions set forth in Appendix A attached hereto and made a part hereof.
2. In providing the service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations. Failure so to do may result in a cancellation of the operating authority granted by this decision.
 - a. Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. Applicant is placed on notice that, if it accepts the certificate of public convenience and necessity herein granted, it will be required, among other things, to file annual reports of its operation.
 - b. Within one hundred twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs in triplicate, in the Commission's office.

- c. The tariff filings shall be made effective not earlier than thirty days after the effective date of this order on not less than thirty days notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the establishment of the service herein authorized.
- d. The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 117.

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

Dated at San Francisco, California, this 28th
day of MAY, 1968

[Signature]
President

[Signature]
William [Signature]
[Signature]
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

Domestic Air Express, Inc., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to operate as a freight forwarder, as defined in Section 220 of the Public Utilities Code, via the lines of air common carriers, highway common carriers and passenger stage corporations, subject to the following conditions:

1. Applicant shall not ship or arrange to ship any property unless such property is transported by aircraft between two of the following airports:

Long Beach Municipal Airport
Los Angeles International Airport
Oakland International Airport
Sacramento Metropolitan Airport
Sacramento Municipal Airport
San Diego International Airport
San Francisco International Airport
San Jose Municipal Airport

2. In emergencies only, highway common carriers or passenger stage corporations may be used as underlying carriers to provide transportation between the airports specified in paragraph 1 hereof.
3. Except as provided in Condition 2, the authority to ship via the lines of highway common carriers and passenger stage corporations is limited to pickup and delivery service within a 25-mile radius of the following points served by air common carriers:

Long Beach
Los Angeles
Los Angeles International Airport
Oakland
Oakland International Airport
Sacramento
San Diego
San Francisco
San Francisco International Airport
San Jose
San Jose Municipal Airport

4. City carriers may be utilized in lieu of highway common carriers and passenger stage corporations, when necessary.

Issued by California Public Utilities Commission.

Decision No. 74173, Application No. 49840.