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Decision No. 74494

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. 50312
(Filed June 13, 1968)

O P I N I O N

Railway Express Agency, Incorporated, (REA) transports air and surface express shipments in California, and also provides a similar transportation service nationwide. In this application REA seeks to increase many of its rates and charges for its surface express services within California.

Specifically, REA seeks to increase the first and second class rates and charges (a) for shipments of 100 pounds and less, by restating such charges in ten-pound increments, bringing forward the present charge for the highest weight in each grouping and increasing that charge by 30 cents; (b) for shipments over 100 pounds, by increasing rates by 3 percent, with no increase less than 25 cents; as set forth in its Class Tariff 18-I. Class rates on the proposed level have been in effect on interstate traffic and on intrastate traffic in many other states since December 31, 1967.

REA also proposes that Supplements 50, 53, 54, 56 and 57 to Official Express Classification 36 be made applicable to California intrastate traffic. The application contains a digest of the additions and changes in class ratings, rules and charges contained in said supplements. Generally, the increases in said supplements apply to accessorial charges, to charges for special services, and to ratings on light-and-bulky articles. Other changes reflect revisions in commodity descriptions and rules to bring such provisions up-to-date

and to add new material. Said supplements were made effective on interstate traffic on various dates between September 2, 1967 and May 11, 1968, and also are in effect with respect to intrastate traffic in many other states.

REA proposes to amend its Commodity Rate Tariff 33-C by cancelling said tariff and filing in its stead its Commodity Rate Tariff No. 33-G, which applies to a wider range of commodities, and which contains rates and charges generally higher than those set forth in Tariff 33-C. Tariff 33-G, as amended by Supplement 3 to said tariff, has been in effect on interstate traffic since January 9, 1968.

Applicant also seeks to cancel the following tariffs, which it alleges contain essentially "paper rates", as little or no traffic moves thereunder:

Cal PUC 243 - Exceptions to Official Express
Classification 36 - Daily Newspapers.

Cal PUC 246 - Exceptions to Official Express
Classification 36 - Race Horse Paraphernalia.

Cal PUC 265 - Commodity Tariff 34 - Cut Flowers.

Cal PUC 281 - Commodity Tariff 37-D - Miscellaneous
Merchandise.

Cal PUC 282 - Commodity Tariff No. 61 - Nursery Stock.

The application alleges that all rates and charges to be published in accordance with the authority sought herein are either equal to or higher than the rates prescribed as minimum for common carriers by the Commission, or will be made so by appropriate tariff supplement, except as to shipments of 100 pounds or less, which are exempted from the Commission's minimum rate orders.

Applicant alleges that its California intrastate surface express operations will be conducted at a loss, even if the proposed increases are authorized. A summary of applicant's estimated revenues

and expenses from California intrastate surface express operations for the year 1967 are incorporated in the application. The estimates are summarized below.

REA, INC. - CALIFORNIA INTRASTATE
ESTIMATED REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 1967

<u>Revenue</u>		\$2,171,384
Expenses and Taxes	\$1,877,779	
Purchased Transportation	<u>401,798</u>	
<u>Total Cost of Service</u>		<u>2,279,577</u>
<u>Excess of Cost Over Revenue</u>		\$ 108,193

The estimated revenues and expenses for intrastate surface express operations, adjusted to give effect to the rate increases sought herein and to known increases in expenses, are set forth below:

REA, INC. - CALIFORNIA INTRASTATE
ESTIMATED REVENUES AND EXPENSES
ADJUSTED FOR SOUGHT REVENUE INCREASE
AND KNOWN CHANGES IN EXPENSES

<u>Revenue</u>		\$2,283,528
Expenses and Taxes	\$1,940,010	
Purchased Transportation	<u>413,426</u>	
<u>Total Cost of Service</u>		<u>2,353,436</u>
<u>Excess of Cost Over Revenue</u>		\$ 69,908

The application states that current losses threaten REA's solvency and its ability to continue to render its historic express service, and that the sought rate increases will alleviate that problem to some degree.

The application points out that the proposals in the application will bring REA's intrastate rates and charges into parity with its rates and charges on interstate traffic, except that certain commodity rates and charges for shipments under 100 pounds will continue at a somewhat lower level than its corresponding interstate rates. The application asserts that substantial parity between interstate and intrastate express rates is necessary to avoid undue and unreasonable prejudice against shippers and localities involved in interstate commerce.

The application states that, with respect to the cancellation of unused rates and the restatement of charges in 10-pound increments, the proposal will result in tariff simplification. The proposal will simplify rate quotations and will reduce REA's cost of pricing and billing as substantially all express charges can be determined from three tariffs: Official Express Classification 36, Class Tariff 18-I, and Commodity Tariff 33-G.

In view of the asserted immediate need for additional revenues, applicant requests that the application be granted without a hearing and that it be permitted to establish the increased rates and charges on not less than ten days' notice.

The application was listed on the Commission's Daily Calendar of June 14, 1968. No objection to the granting of the application has been received.

In the circumstances it appears, and the Commission finds, that the proposed increases in rates and charges are justified. A public hearing is not necessary. The Commission concludes 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 and charges as proposed in Application No. 50312.

2. 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 of this order on not less than ten days' notice to the Commission and to the public.

3. The authority herein granted is subject to the express condition that applicant will never urge before the Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as a consent to this condition.

4. 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 6th
day of AUGUST, 1968.

William J. Lyons, Jr.
President
Robert E. McElroy
Stella J. McElroy
Max J. McElroy
Frederic P. Monsey
Commissioners