

Decision No. 76931

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Petition)	
for Suspension and Investigation)	
by LOOMIS COURIER SERVICE, INC.,)	(I&S) Case No. 9028
of Air Freight Forwarder Tariff)	
No. 1, of American Courier)	
Corporation, Cal.P.U.C. No. 1.)	

ORDER OF INVESTIGATION AND SUSPENSION

By petition filed March 5, 1970, Loomis Courier Service, Inc., seeks suspension and investigation of Air Freight Forwarder Tariff No. 1, Cal.P.U.C. No. 1, of American Courier Corporation, which is scheduled to become effective March 11, 1970.

Petitioner operates as an air freight forwarder between San Francisco, Los Angeles, and San Diego in connection with the transportation of business records, audit media, tabulation cards, data processing material, checks, drafts, securities and transit items. American Courier Corporation was recently authorized to operate as an air freight forwarder pursuant to Decision No. 76236, as amended by Decision No. 76334 in connection with transportation of the same and additional commodities between San Francisco, Los Angeles, San Diego and various other points.

Petitioner states that it has a fleet of approximately 100 units of equipment, consisting of vans and station wagons, strategically located at principal cities throughout California, with which it provides the land transportation from shippers to airports and from airports to consignees. Petitioner avers that it also operates terminals at such principal cities for the distribution and assembly service involved in its air freight forwarder service. Petitioner declares that its principal customers are banks, department stores, discount stores, chain stores, data processing services, manufacturing companies and similar types of businesses.

Petitioner contends that one of its principal accounts has been White Front Stores, which operates discount department stores at numerous points in the San Francisco Bay area and the Los Angeles Basin Territory and at Sacramento, Fresno and San Diego. Petitioner alleges that on February 1, 1970, the White Front Stores account was lost by it to American Courier Corporation and that the diversion of this business was occasioned by the assessment of rates and charges by American Courier Corporation (without a tariff being on file) on the same or approximate level as those proposed in the tariff complained of herein. Petitioner asserts that this diversion resulted in the loss of air freight forwarder business of White Front Stores in the sum of approximately \$2,500 per month and highway contract carrier business in the Los Angeles area of approximately \$2,650 per month.

According to petitioner, a 50-pound shipment of audit media transported by American Courier Corporation under its proposed tariff rates from Los Angeles Zone 1 to San Francisco Zone 1, as defined in the tariff would cost the shipper on a door-to-door movement \$8.60, out of which \$6.00 would be paid to the airline as its minimum charge. Petitioner states that the same shipment under its tariff rates would cost the shipper \$15.00 which is made up of \$11.50 for airport-to-airport handling plus the land transportation cost of approximately \$3.50. Petitioner asserts that its land charges are closely related to those shown in the American Courier Corporation tariff of \$2.00 at the San Francisco International Airport and \$1.50 at Los Angeles International Airport for a total of \$3.50 for the land transportation costs.

Petitioner declares that it consolidates shipments of various weights, which it tenders to a certificated air carrier as a single shipment and that, if it has three shipments weighing 10 pounds each or less, it would pay the airline only one minimum charge of \$6.00. In this case, petitioner avers that its revenue would be approximately \$31.50 including the land charges whereas the comparable charge by American Courier Corporation would be \$22.80 or approximately 30% less than its tariff charges. Petitioner alleges that at this time American Courier

Corporation's only shipper is White Front Stores and that American Courier cannot be consolidating shipments in which event the airline would absorb most of the revenue.

Petitioner contends that American Courier Corporation commenced diverting traffic from it prior to the filing and effectiveness of the tariff rates and charges involved herein. Petitioner alleges that this diversion was accomplished by application of rates and charges by American Courier Corporation to the shipments of White Front Stores, which are drastically lower than those set forth in its tariff.

Petitioner avers that the proposed rates of American Courier Corporation fall below that carrier's costs and those of competing air freight forwarders. Petitioner contends that it cannot meet the rates proposed by American Courier Corporation and still remain a viable operator of air freight forwarder service. Petitioner declares that any reduction in its rates by as much as 10 percent would put it in a loss position and a reduction of 30 percent, as proposed by American Courier Corporation, would be disastrous. Petitioner asserts that it is clearly impossible for American Courier Corporation to break even under its proposed tariff rates and charges without subsidy from some other source.

Petitioner requests that the Commission suspend Air Freight Forwarder Tariff No. 1. of American Courier Corporation and order an investigation and formal hearing in this matter.

The Commission is of the opinion and finds that the effective date of the tariff herein in issue should be postponed pending a hearing to determine its lawfulness.

Good cause appearing,

IT IS ORDERED that:

1. The operation of American Courier Corporation, Air Freight Forwarder Tariff No. 1, Cal.P.U.C. No. 1 filed to become effective March 11, 1970, is hereby suspended and the use thereof deferred until July 9, 1970, unless otherwise ordered by the Commission.

2. Copies of this order shall be forthwith served upon Marvin Handler of Handler, Baker & Greene, upon Loomis Courier Service, Inc., and upon American Courier Corporation.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 10th day of March, 1970.

William J. Brown Jr.
President

Augustine

Thomas L. Sturgeon
Commissioner

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.