

ORIGINAL

Decision No. 79684

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application No. 52846  
(Filed September 3, 1971)

Eugene Garfinkle, Attorney at Law, for applicant.  
Alan Silvius, for the Commission staff.

O P I N I O N

REA Express, Incorporated (REA) is an express corporation operating throughout the United States including Hawaii and Alaska in both surface and air express service. By this application REA seeks to increase its intrastate rates and charges applicable to its surface express traffic.

Public hearing was held before Examiner O'Leary at San Francisco on November 15, 1971 at which time the matter was submitted. Applicant presented evidence through two witnesses: a traffic consultant and a regional auditing manager. A member of the Commission's Transportation Division assisted in the development of the record through the examination of applicant's witnesses.

Applicant's traffic consultant testified that on April 30, 1971, applicant issued and filed with the Interstate Commerce Commission (ICC) Class Tariff 18-M (ICC 10), which the ICC permitted to become effective on June 2, 1971, throughout the United States with respect to interstate traffic and also issued and filed with the ICC supplements 71 and 76 to Official Express Classification. Said supplements became effective May 19, 1970 and May 5, 1971 respectively with respect to interstate traffic.

The present first class charges in effect on California intrastate traffic are set forth in Class Tariff 18-K and Supplement 1. Class Tariff 18-M sets forth increased first class charges. Supplement 71 to the Official Express Classification amends four previous supplements, cancels five previous supplements and supplements six previous supplements. Said supplement provides for one rate increase, namely, Item 1430-B which pertains to human remains. Presently Item 1430-A provides that when human remains are shipped, the charge will be double the one way adult passenger fare. The proposed revised Item 1430-B provides that the charge for shipment of human remains will be two times the first class rate.

Supplement 76 amends Supplement 71 and cancels and supplements other supplements. Said supplement restates certain rules published in the Official Express Classification and provides for an additional charge of \$2.00 for pickup of a single shipment at one address.

Exhibit 7 sets forth applicant's results of intrastate operations at present and the proposed rates. The exhibit discloses that for the year 1970 applicant's revenue was \$1,295,785, its expenses totaled \$1,284,976 and its profit was \$10,811. Applicant estimates that for the same period under the rates proposed herein its revenue would have been \$1,365,413, its expenses would have remained constant and its profit would have been \$80,437. Based on the figures set forth in Exhibit 7, applicant's operating ratio for 1970 was approximately 99.1 percent. Under the rates proposed in the instant application, applicant's operating ratio for 1970 would have approximated 94 percent.

After consideration, the Commission finds that:

1. The increased rates and charges proposed in Application No. 52846 are justified.

2. Under existing federal guidelines the proposed increases would appear to be consistent with the Federal Government's economic stabilization program. Data for the Federal Price Commission are shown in Appendix A.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Applicant is hereby authorized to increase its tariff rates and charges as proposed in Application No. 52846.
2. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and 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 the public.
3. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.
4. 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 consent to this condition.

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

Dated at San Diego, California, this 17<sup>th</sup> day of FEBRUARY, 1972.

William J. ... Chairman  
[Signature]  
[Signature]  
[Signature]  
[Signature] Commissioners

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

APPENDIX A

Data Regarding Rate Increase  
Authorized for  
Rea Express, Incorporated

Pursuant to provisions of Section 300.16 of the Economic Stabilization Act Amendments of 1971, the Public Utilities Commission of the State of California does hereby certify to the Federal Price Commission as follows:

1. For the year ended December 27, 1970, carrier transported 184,690 shipments on which it realized a profit of \$10,811. Based upon the same number of shipments the rates authorized herein will realize a profit of \$80,437.
2. The increased rates are expected to provide increased revenues of \$69,628. This represents an increase of 5.4 percent.
3. Net revenue as a percent of gross revenue is expected to be 5.9 percent as compared with 0.8 percent under present rates, a difference of 5.1 percent.
4. Operating ratio is expected to be 94.1 percent as compared with 99.2 percent under present rates, a difference of 5.1 percent.
5. Sufficient evidence was taken in the course of the proceeding that determined that the criteria set forth in paragraph (d), (1) through (4) of Title 6, Chapter III, Part 300, Section 300.16 of the Code of Federal Regulations, as amended effective January 17, 1972, were met by the rate increase.
6. The increase is cost-based, and does not reflect future inflationary expectations; the increase is the minimum required to assure continued, adequate and safe service and to provide for necessary expansion to meet future requirements; the increase will achieve the minimum rate of return needed to attract capital at reasonable costs and not to impair the credit of the public utility. This appendix to the rate decision constitutes the certification required by the Code of Federal Regulations.