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Decision No. 79986

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Transcon Lines, a California )  
corporation, for a Certificate of )  
Public Convenience and Necessity )  
as a freight forwarder of general )  
commodities between points in the )  
State of California. )

Application No. 52921  
(Filed October 12, 1971)

O P I N I O N

By this application Transcon Lines, a California corporation, 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 from and to points within 25 miles of the origin and destination points listed in Exhibit A attached to the application.

Applicant is presently authorized to operate in the State of California as a highway common carrier pursuant to Decisions Nos. 53154 and 63991. Applicant presently also operates as a motor common carrier of general commodities in interstate and foreign commerce in the State of California pursuant to Docket No. MC-110325, and Subs thereto, issued by the Interstate Commerce Commission. In addition to its activities in the State of California as a motor carrier, applicant is engaged in the performance of air cargo transportation in interstate commerce as an air freight forwarder under Civil Aeronautics Board Operating Authorization No. 363 for domestic operations. The interstate commerce activity of the air freight forwarder operation is of a like nature to that which is being sought herein.

Applicant proposes to handle freight at all points shown on Exhibit A, attached to the application, which points are all

presently served by aircraft, and it will utilize for airfreight the most expeditious services offered by the direct air carriers serving such points, as the underlying service for the authority sought herein. In the event direct air carrier service is unavailable due to adverse weather or other emergency conditions, applicant proposes to use a highway common carrier or a passenger stage corporation to perform the underlying transportation. Pickup or delivery services will be provided in applicant's own vehicles, common carrier's, passenger stage corporation's, or those of its designated agents, as all may be appropriate.

As a freight forwarder by air, applicant does not operate any aircraft directly and is limited to the use of aircraft operated by common carriers by air. Applicant will avail itself of the most convenient and expeditious schedules available to it to serve the shipping needs of its customers under the authority which it seeks.

Applicant proposes rates, rules and regulations which are generally competitive with Emery Air Freight Corporation, on file as Air Freight Tariff No. 1., Cal. PUC No. 6.

Applicant alleges that public convenience and necessity require that it be granted a certificate of public convenience and necessity to provide service as a freight forwarder by air between those points in the State of California as shown on Exhibit A for the following reasons, among others:

- (1) Applicant has, since commencing its interstate air freight forwarding operation within State of California, been tendered shipments by shippers, which were both in the interstate and intrastate category at the same time. Additionally, applicant has been requested to pick up shipments which were purely intrastate, having their origins and destinations within the State of California. Applicant has had to refuse the shipments, advising the shipper that it had no authority to transport such shipments. Extension of applicant's interstate service to encompass intrastate operations will make available to its shippers in the State of California an integrated air freight forwarding system capable of serving all of the demands and needs of the shipping public now utilizing applicant's

service by providing experienced, efficient, economical and expedited air freight service, all to the benefit of the shipping public.

- (2) Pursuant to governing tariff regulations, applicant will pick up or cause to be picked up general commodities at shipper's door, arrange for transportation by air carrier to other California airport cities, and deliver or cause to have them delivered, after segregation, to consignee's door.
- (3) In the conduct of the proposed operations, applicant will utilize air carriers, passenger stage corporations, its own motor vehicles, highway common carriers, and permitted carriers, all as may be appropriate.
- (4) Applicant would, in performing the proposed service, assume responsibility for the through transportation of the property from point of origin to point of destination pursuant to tariff rates, charges, rules and regulations filed with this Commission.
- (5) Applicant's proposed service will be performed on an "on call" basis as is limited or restricted by the operating schedules of carriers operating under authorization of the Civil Aeronautics Board and of this Commission.

In support of the application, applicant filed four verified statements from persons whose firms would utilize applicant's service if the application is granted. Said verified statements are hereby received in evidence as Exhibit No. 1.

Exhibit B attached to the application contains a copy of applicant's balance sheet as of June 30, 1971 and a copy of applicant's statement of income and expenses for the years 1969 and 1970 and the six-month period ending June 1971. The balance sheet discloses assets totaling \$56,407,017 offset by liabilities of \$27,084,854. The statements of income and expenses discloses applicant's profits after income taxes for 1969, 1970 and the first six months of 1971 to be \$2,882,892, \$1,261,482 and \$1,854,459, respectively.

After consideration the Commission finds that:

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

The Commission concludes that the application should be granted as set forth in the ensuing order.

Transcon Lines 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, these rights extend to the holder a full or partial monopoly of a class of business. 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 Transcon Lines, 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 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 operations.

- 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 25th  
day of APRIL, 1972.

William L. Sykes, Jr. Chairman  
John L. Sturgeon  
[Signature] Commissioners

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

Transcon Lines 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 shall have transportation by aircraft originating at one of the following named airports:

Bakersfield-Kern County Airport  
Burbank Municipal Airport  
Fresno Air Terminal  
Long Beach Municipal Airport  
Los Angeles International Airport  
Merced Municipal Airport  
Modesto Municipal Airport  
Oakland International Airport  
Ontario International Airport  
Sacramento Metropolitan Airport  
San Diego International Airport  
Palmdale International Airport  
San Francisco International Airport  
San Jose Municipal Airport  
Santa Barbara Municipal Airport  
Santa Ana Municipal Airport  
Stockton Metropolitan Airport  
Visalia Municipal Airport

on the one hand, and the following points served by air common carriers, on the other hand.

Apple Valley  
Arcata  
Bakersfield  
Blythe  
Burbank  
Chico  
Crescent City  
El Centro  
Eureka  
Fresno  
Indio  
Inyokern  
Laguna Beach  
Lake Tahoe  
Lancaster

Long Beach  
Los Angeles  
Marysville  
Merced  
Modesto  
Monterey  
Oakland  
Ontario  
Oxnard  
Palmdale  
Palm Springs  
Paso Robles  
Red Bluff  
Redding  
Riverside

Sacramento  
Salinas  
San Bernardino  
San Diego  
San Francisco  
San Jose  
San Luis Obispo  
Santa Ana  
Santa Barbara  
Santa Maria  
Santa Rosa  
Stockton  
Ventura  
Visalia  
Yuba City

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2. In emergencies only, such as an airport being closed because of inclement weather, 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. No collection or distribution service shall be provided by Transcon Lines, to or from any point more than 25 airline miles distant from any airport served by it unless said service beyond said 25 airline miles is performed by a highway common carrier. As used herein "point" means any point within 25 airline miles of the city limits of any city in which is located an airport, or 25 airline miles of any airport located in an unincorporated area.
4. Transcon Lines, shall establish door-to-door rates for service between airports, including points within 25 miles thereof as defined in paragraph 3 herein. On traffic moving to or from points beyond said 25-mile radius, Transcon Lines, shall, in addition to said door-to-door rates, assess the lawful tariff rates of any highway common carrier utilized to perform said beyond service

(END OF APPENDIX A)

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