

Decision No. 81431

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of REA EXPRESS,  
INCORPORATED, to increase rates  
and charges applicable to air  
express service.

Application No. 53528  
(Filed August 15, 1972)

John J. Martin, Attorney at Law, for applicant.  
J. C. Kaspar, Herbert W. Hughes, and A. D. Poe,  
Attorney at Law, for California Trucking  
Association, interested party.  
Lionel B. Wilson, Attorney at Law, for the  
Commission staff.

O P I N I O N

This application was heard December 11 and 12, 1972 before Examiner Thompson and was submitted.

REA Express, Incorporated, is engaged in the transportation of express over the lines of common carriers, including air carriers, and in its own motor vehicles within California and throughout the United States. It here seeks authority to increase rates for the transportation of air express within California to the same levels it maintains in its tariff for interstate transportation. The proposed increases approximate \$1.00 per shipment. There are no protests.

During the year 1971 applicant had a loss from all operations of in excess of \$9 million. Its results from California intrastate air express operations was a loss of \$64,014. The additional revenue anticipated at the proposed increased rates is \$60,926. The proposed increased rates are lower than the current rates of competing air freight forwarders.

We find that:

1. REA Express, Inc. conducts express operations via surface carriers and via air carriers throughout the United States, including in intrastate commerce within California at rates maintained in its tariffs.

2. Its proposed increased California intrastate rates and charges for the transportation of general commodities via air express were made effective on interstate movements effective November 29, 1971 pursuant to authority granted by the Civil Aeronautics Board, and the proposed increased rates and charges for the transportation of live animals and birds via air express were made effective March 25, 1972 on interstate movements pursuant to authority granted by the Civil Aeronautics Board.

3. The proposed rates are at levels not greater than the rates and charges of competing forms of air transportation.

4. Applicant has been performing California intrastate air express service at a loss.

5. The revenues anticipated from the proposed increased rates will not be sufficient to cover the fully allocated costs of providing service at those rates.

6. The increased rates are expected to provide an increase in applicant's annual gross revenues of \$60,926, which additional amount will not provide applicant with any return on its California intrastate air express operations.

7. The increases are cost-justified and do not reflect future inflationary expectations.

8. The proposed increases in rates have been shown to be justified.

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that:

1. REA Express, Incorporated is authorized to establish the increased rates proposed in Application No. 53528. 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 to the public.

2. Common carriers, in establishing and maintaining the rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

3. 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 30<sup>th</sup>  
day of MAY, 1973.

Veronica L. Stevens  
President  
William J. Stevens  
William J. Stevens  
William J. Stevens  
William J. Stevens  
Commissioners