

Decision 88 03 086 MAR 31 1988

ORIGINAL 2

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of R. S. Greitz,)
 Traffic Representative on behalf)
 of Pony Express Courier Corp.)
 requesting authorization of depar-)
 ture from General Order 147-A, as)
 provided in Rule 2 thereof, to)
 cancel Pony Express Courier Corp.,)
 Cal. P.U.C. No. 1. Also, in lieu)
 thereof, authorize Pony Express)
 Courier Corp., Cal. P.U.C. No. 2,)
 containing provisions of this)
 common carrier for the transporta-)
 tion of Small Shipments and)
 Package Rates and other services)
 related thereto.)

Application 87-10-008
(Filed October 8, 1987)

- AND -

For authority to depart from the)
 terms of Sections 452, 454, 461.5)
 and 491 of the Public Utilities)
 Code when accomplishing such)
 publication.)

O P I N I O N

Pony Express Courier Corporation (Pony), a Delaware corporation, is a highway common carrier (T-155,954) currently using the rates contained in its California Package and Shipment Tariff (package rate tariff), CAL PUC 1. R. S. Greitz (applicant) seeks authority on behalf of Pony for a rate increase which would increase the carrier's intrastate revenue by 10%.

This increase would be accomplished by canceling Pony's current package rate tariff and concurrently issuing California Package and Shipment Tariff (California package tariff), CAL PUC 2, as proposed in Exhibit A to the application. The new tariff would be a departure in structure from the carrier's present tariff; it would name rates calculated by shipment weight, number of shipments, and length of haul.

The current Pony package rate tariff contains zip code zone rates which were adopted from Pony's predecessor, Gelco Express Corporation. The adopted rates have their genesis as a "me-too" of Rate Reduction No. 1232 initially filed by Wycoff Company, Incorporated, a carrier which is no longer operating. Applicant intends to publish a schedule of rates in Pony's proposed California package tariff which will be on a similar level to the carrier's interstate rates, while also being competitive with the rates of other parcel carriers within California.¹

¹ Applicant also represents that Pony performs substantial courier service operations pursuant to the Commission's document entitled "Commodities and Geographic Areas Exempt from Rate Regulation", and that the business of Pony is primarily that of a courier carrier exempt from rate regulation.

Item 50 of the proposed California package tariff provides for the establishment of an average weight agreement based on the actual weight of shipments tendered to the carrier by the shipper during the preceding calendar month. We find the proposed average weight agreement to be a matter which requires further justification to allow ex parte processing at this time. Applicant has agreed to remove this provision from the proposed tariff to facilitate the filing of the publication.

Applicant has furnished financial data of Pony for the year ended December 31, 1986, setting forth actual revenue and expenses as well as projected results under the proposed rates. From this data, the staff has prepared a comparison of Pony's projected financial position using the stated revenue and expenses for 1986:

	<u>Test Period Ended December 31, 1987²</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$ 6,672,846	\$ 7,340,131
Expenses	7,763,247	7,763,247
(Loss)	(1,090,401)	(423,116)
Operating Ratio	116.3	105.8

² Does not include incremental revenue resulting from the 1.2% rate increase on less-than-truckload transportation authorized pursuant to Resolution TS-679.

Total revenue of the carrier from all transportation operations during 1986 is reported to be \$107,748,758. Total expenses were \$110,903,530, with an operating ratio of 102.9%.

The application was listed in the Commission's Daily Transportation Calendar of October 19, 1987. No objection to the granting of the application has been received. The application was not made pursuant to Section 496 of the Public Utilities (PU) Code.

Findings of Fact

1. Pony is seeking authority for a rate increase which will increase its California intrastate revenue by approximately 10%.
2. Pony is seeking the proposed rate increase to reduce its operating loss, and to place its intrastate rates on a similar level to its interstate rates.
3. Applicant estimates that the proposed rates will increase the annual revenue of the carrier by \$667,285.
4. Item 50 of the proposed Pony California Package and Shipment Tariff, CAL PUC 2, providing for an average weight agreement should be removed from the tariff before filing with the Commission.
5. The increases resulting from this proposal are justified.
6. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted.
2. This order should be made effective today, since there is an immediate need for rate relief.

O R D E R

IT IS ORDERED that:

1. Pony Express Courier Corporation is authorized to cancel its California Package and Shipment Tariff, CAL PUC 1, and issue California Package and Shipment Tariff, CAL PUC 2, as specifically provided in the body of the opinion.

2. Pony Express Courier Corporation is authorized a rate increase which will increase its California intrastate revenue by approximately 10%.

3. As specified in Finding 4, the proposed Item 50 providing for an average weight agreement shall be eliminated by Pony Express Courier Corporation from its California Package and Shipment Tariff, CAL PUC 2, prior to filing with the Commission.

4. Tariff publications authorized to be made as a result of this order shall be filed on or after the effective date of this order and may be made effective not earlier than 5 days after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

5. Pony Express Courier Corporation, in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of PU Code Section 461.5 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are modified only to the extent necessary to comply with this order; and schedules containing the rates under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

6. This authority shall expire if not exercised within 60 days from the effective date of this order.

7. The application is granted as set forth above.

8. This order is issued pursuant to Section 308 of the PU Code and Resolution TS-678.

This order is effective today.

Dated MAR 31 1966, at San Francisco, California.

P. J. Trohan

For NORMAN KELLEY, Director
Transportation Division

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

Victor Weitzer
Victor Weitzer, Executive Director