

ORIGINAL

Decision **83 08 036** August 3, 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ALL AMERICAN AIRFREIGHT,)
CORP., a corporation, pursuant)
to Section 1063 of the Public)
Utilities Code, for a certificate)
of public convenience and)
necessity to operate as a highway)
common carrier.)

Application 82-10-51
(Filed October 22, 1982)

O P I N I O N

Applicant All American Airfreight Corp. is an Oregon corporation qualified to do business in California. It is engaged as a common carrier in interstate and foreign commerce transporting general commodities between points in Multnomah County, Oregon, on the one hand, and points in King County, Washington, on the other hand, under a certificate of public convenience and necessity issued by the Interstate Commerce Commission (Docket No. MC-150489, Sub No. 1). Applicant is currently applying to that Commission for general commodity authority between all points in Washington, Oregon, California, and Idaho. It also holds Oregon contract carrier authority (191537).

By this application it requests a certificate of public convenience and necessity under Public Utilities (PU) Code § 1063 to serve all points in the State of California. However, applicant will not initially be ready to serve throughout its service territory. During the first year, it plans to make certain pickups in Los Angeles and San Francisco areas. Applicant may later open a terminal in either Sacramento or Chico. It will run overnight service between San Francisco and Los Angeles and will transport both common carriage freight and air freight. It proposes to establish competitive rates and to establish through rates and routes between all points. It

operates four tractors. Another two tractors are on order. It also operates six trailers. Initially, applicant's California terminal will be located in South San Francisco.

Applicant asserts that it is financially qualified to hold a common carrier certificate. It has \$13,000 in cash in the bank with another \$90,000 in savings and certificates. Accounts receivable amount to nearly \$100,000. Its trucks and trailers are carried at a cost of \$134,000 with a depreciation of \$30,000. It has total assets of \$400,000. Its current liabilities amount to \$63,000 and long-term debt adds another \$33,000. It has \$300,000 of retained earnings. In a recent year its total truck operations grossed nearly \$500,000 with a direct expense of \$320,000. It also has substantial warehouse operations.

Applicant's president has 14 years of experience with airlines in the handling of air freight. Another shareholder/officer has 12 years of experience with an airline and functions as operations manager. It also has an experienced office manager.

Applicant claims that the authority it seeks is necessary to minimize unproductive deadheading which would otherwise result from unbalanced traffic flows moving between points in California. The application would allow applicant to increase the efficiency and productivity of its existing operation and also to offer the general public an overnight service between Los Angeles and San Francisco. It claims that such service is not always available with existing carriers. It asserts that California shippers have a wide variety of general commodities available for transportation by applicant.

To support its request, applicant submitted an affidavit signed by its attorney, who had conducted a survey of a dozen prospective shippers. The shippers contacted were named together with a listing of the types of freight to be transported and the territories in which service was needed.

Applicant in June supplied additional support documentation. One supporter is an air freight forwarder whose customers occasionally need nonexempt intrastate transportation. This corporation's customers will use applicant's services for the transportation of approximately 40,000 pounds of merchandise per week, moving between points such as the San Francisco Bay Area, Fresno, Stockton, Sacramento, San Diego, and greater Los Angeles. One-eighth of this traffic, on the average, would be tendered to applicant.

Another holds authority as a custom house broker and as an air freight forwarder. It also holds authority as a carrier from the Federal Maritime Commission. It ships, on the average, 80,000 pounds each month between those California points and Redding, Chico, and Bakersfield as well. If applicant is certificated, it could expect to receive 60 percent of this freight.

The third is an air freight forwarder operating under authority of the Civil Aeronautics Board. It also acts as agent for foreign airlines in the movement of intrastate traffic between points such as Santa Rosa, the Bay Area, and Los Angeles.

It currently engages applicant to haul exempt traffic between these points. If the authority is granted it will tender applicant "numerous" intrastate shipments.

The first supports the application because it would be convenient and efficient to add intrastate traffic to the exempt and interstate shipments already tendered to applicant. It also complains that existing carriers are unable or unwilling to provide expedited service.

The second asserts that "[t]he ability of All American to handle these PUC regulated intrastate movements as well as the exempt and interstate shipments would greatly simplify our shipping needs. All American Airfreight system is specifically set up to provide the type of service we need; use of the All American service instead of

other general freight carriers will eliminate certain problems in freight control and transit time."

The third would prefer All American because its service "will be organized and operated in a manner which would enable us to provide more expeditious delivery services as well as far better control of our traffic while in transit. The increasing competition in our area of business forces us to utilize a more specifically designed motor carrier service in order to keep our competitive position."

Notice of this operation appeared in the Commission's Transportation Calendar on October 17, 1982. No protests have been received.

Findings of Fact

1. Applicant possesses satisfactory fitness and financial responsibility to conduct the proposed transportation services.
2. Public convenience and necessity require the service proposed by applicant.
3. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
4. The following order has no reasonably foreseeable impact upon the energy efficiency of highway carriers.
5. A public hearing is not necessary.

Conclusion of Law

Applicant has demonstrated public convenience and necessity, and the application should be granted. The names of highways and roads in the certificate are those currently in use.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to All American Airfreight Corp., a corporation, authorizing it to operate as a highway common carrier, as defined in PU Code § 213, between the points listed in Appendix A.

2. Applicant shall:

- a. File a written acceptance of this certificate within 30 days after this order is effective.
- b. Establish the authorized service and file tariffs within 120 days after this order is effective.
- c. State in its tariffs when service will start; allow at least 10 days' notice to the Commission; and make tariffs effective 10 or more days after this order is effective.
- d. Comply with General Orders Series 80, 100, 123, and 147, and the California Highway Patrol safety rules.
- e. Maintain accounting records in conformity with the Uniform System of Accounts.

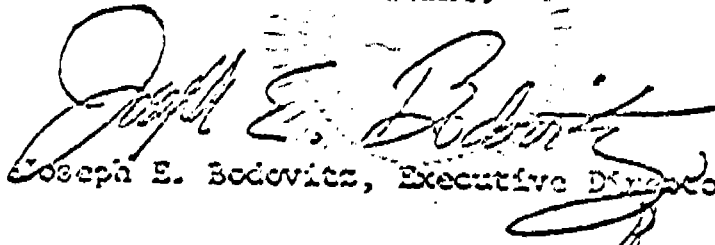
- f. Comply with General Order Series 84 (collect-on-delivery shipments). If applicant elects not to transport collect-on-delivery shipments, it shall file the tariff provisions required by that General Order.

This order becomes effective 30 days from today.

Dated AUG 3 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. CREW
DONALD VIAL
WILLIAM T. SAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director

All American Airfreight, Corp., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to conduct operations as a highway common carrier as defined in Public Utilities Code Section 213 for the transportation of general commodities as follows:

Between all points and places in the State of California.

Except that under the authority granted, carrier shall not transport any shipments of:

1. Used household goods and personal effects, office, store, and institution furniture and fixtures.
2. Automobiles, trucks, and buses, new and used.
3. Ordinary livestock.
4. Liquids, compressed gases, commodities in semiplastic form, and commodities in suspension in liquids in bulk in any tank truck or tank trailer.
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5. Mining, building, paving, and construction materials, except cement or liquids, in bulk in dump truck equipment.
6. Portland or similar cements, either alone or in combination with lime or powdered limestone, in bulk or in packages, when loaded substantially to capacity.
7. Trailer coaches and campers, including integral parts and contents when contents are within the trailer coach or camper.
8. Explosives subject to U.S. Department of Transportation regulations governing the transportation of hazardous materials.
9. Fresh fruits, nuts, vegetables, logs, and unprocessed agricultural commodities.
10. Any commodity, the transportation or handling of which, because of width, length, height, weight, shape, or size, requires special authority from a governmental agency regulating the use of highways, roads, or streets.
11. Transportation of liquid or semisolid waste, or any other bulk liquid commodity in any vacuum-type tank truck or trailer.

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In performing the service authorized, carrier may make use of any and all public streets, roads, highways, and bridges necessary or convenient for the performance of this service.

(END OF APPENDIX A)

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