

Decision No. 89934 ; JAN 30 1979

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of AIRBORNE FREIGHT CORPORATION )  
for authority to increase and )  
decrease rates and charges, to )  
amend freight-forwarding author- )  
ity, to change commodity excep- )  
tions, to apply for long/short- )  
haul departure (Section 460), and )  
to deviate from minimum rates )  
(Section 452). )

Application No. 58387  
(Filed September 28, 1978)  
(Amended October 19, 1978)  
(Amended November 20, 1978)

OPINION AND ORDER

Airborne Freight Corporation operates as a freight forwarder between various points in California. By this application, as amended, it seeks to; (1) increase the rates and charges in its tariff;<sup>1</sup> (2) amend its freight forwarding authority<sup>2</sup> by adding service to and/or from the following airports: El Centro, Monterey, Palm Springs, Santa Rosa and Stockton and by deleting service to and/or from Modesto Municipal Airport; (3) amend its authority by changing the exceptions to general commodities it is authorized to transport; (4) depart from Section 461.5 of the Public Utilities Code; (5) deviate from the Commission's minimum charges on airport-to-airport shipments of general commodities weighing from one to seven pounds; (6) deviate from the Commission's minimum charges on Express Pack Service shipments weighing from one to six pounds; and (7) deviate from the Commission's minimum charges for Collect On Delivery shipments.

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<sup>1</sup>These rates are set forth in detail in applicant's proposed California Intrastate Rate Tariff No. 5, Cal. P.U.C. No. 2.

<sup>2</sup>The authority was originally granted by Decision 75528 in Application 50907, dated April 8, 1969.

Applicant avers that the sought increases would provide it with the much needed revenue to offset the labor costs and other cost increases and provide an additional annual gross revenue estimated to be \$119,375, which will amount to a 15 percent increase over the base year, 1978. Comparison of applicant's current and proposed tariffs (Exhibits F and G to the application) reveals an average 8 percent increase in airport-to-airport rates and charges, and an average increase of 34 percent in pickup and delivery service rates. The pickup and delivery service rates are subject to the greatest increase because applicant proposes to charge for this service where, in many instances, no charge was previously assessed. Applicant is attempting to align the higher pickup and delivery service charges with those areas and circumstances in which the lowest volume of shipments is tendered and the greatest cost for such service is incurred.

Applicant declares that the pickup and delivery points it proposes to add and delete will be consistent with its interstate tariffs, rendering them uniform in connection with services it performs in California.

Applicant alleges that the proposed changes in the exceptions to general commodities now in effect in its interstate tariffs should, for the sake of uniformity, correspond with its intrastate tariff when offering similar service.

Applicant asserts that it requires the sought departure from Section 461.5 of the Public Utilities Code, because distance of air transportation is not directly related to costs of providing this service. Volume of shipments or weight has a much larger bearing on cost than does distance. Air common carriers used by forwarders offer volume (weight) discounts, resulting in lower costs on high volume lane segments such as Los Angeles/San Francisco than a lane segment such as Los Angeles/Monterey on which a forwarder has only a single or minimum number of shipments. Therefore, it is reasonable to charge a lower rate on the lane segment with the lower cost but not necessarily the shortest distance.

Applicant affirms that the sought deviation from the Commission's minimum charges on airport-to-airport shipments of general commodities weighing from one to seven pounds is necessary to establish uniformity with the majority of its interstate tariffs. The sought deviation will apply from airport-to-airport, with pickup and delivery rates and charges shown separately. When either pickup or delivery is requested, without the sought deviation the total transportation charge would exceed the Commission's minimum charges and result in an unreasonable and uncompetitive charge. By segregating the service into its components of pickup, air freight, and delivery, a customer is not assessed for a service to which he has not subscribed or which has not been performed.

Applicant also affirms that the sought deviation from the established minimum on Express Pack Service shipments weighing from one to six pounds would create a needed uniformity with its tariff C.A.B. No. 43, which provides Express Pack Service from points within California to points without California. The sought deviation will apply on containerized shipments, when the container is loaded by the shipper and unloaded by the consignee, and will include pickup and delivery by the forwarder. Applicant avers that the sought deviation is needed to enable it to remove ambiguity between its interstate and intrastate tariffs and to satisfy consumer pressures for a competitive service with other forwarders.

Applicant stipulates that the sought deviation from the Commission's minimum charges for Collect On Delivery service is necessary in order to offer the same level of charges as that which is offered on its interstate service.

The tariff restructure proposed by applicant, including various increases and decreases, will result in a tariff nearly identical to that of Emery Air Freight Corporation and several other forwarders.

The application and amendments were listed on the Commission's Daily Calendars of September 29, October 20, and November 22, 1978, respectively. No objection to the granting of the application has been received.

In the circumstances, the Commission finds that:

1. Public convenience and necessity require the operation by applicant of the proposed service.
2. The proposed rate increases are reasonable and justified.
3. Public interest requires the establishment of service to and/or from the following airports: El Centro, Monterey, Palm Springs, Santa Rosa and Stockton.
4. The discontinuance of service at the Modesto Municipal Airport would not be adverse to the public interest.
5. The proposed changes in the exceptions to general commodities are reasonable and justified.
6. The sought departure from Section 461.5 of the Public Utilities Code is justified.
7. The sought deviation from the Commission's minimum charges on airport-to-airport shipments of general commodities weighing from one to seven pounds is reasonable and justified.
8. The sought deviation from the Commission's minimum charges on Express Pack Service shipments weighing from one to six pounds is reasonable and justified.
9. The sought deviation from the Commission's minimum charges for Collect On Delivery service is reasonable and justified.
10. The needs of commerce and the public interest require that the proposed rates be established.
11. The discontinuance of service at the Modesto Municipal Airport would result in minimal technical increases.

The order which follows will amend the present certificate held by Airborne Freight Corporation.

The Commission concludes that the application should be granted to the extent indicated in the ensuing order. A public hearing is not necessary.

IT IS ORDERED that:

1. Airborne Freight Corporation is authorized to publish and file charges for Collect On Delivery; charges on airport-to-airport shipments of general commodities weighing from one to seven

pounds; and Express Pack Service shipments weighing from one to six pounds as set forth, and subject to the conditions specified, in Appendix A attached hereto and by this reference made a part hereof.

2. Airborne Freight Corporation is authorized to publish increased rates and charges as specifically proposed in the application, as amended.

3. Airborne Freight Corporation is authorized to add and delete pickup and delivery points as specifically proposed in the application, as amended, and as set forth in Appendix B of this decision.

4. 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 the fifth day after the effective date of this order on not less than five days' notice to the Commission and to the public.

5. Airborne Freight Corporation is authorized to depart from the provisions of Section 461.5 of the Public Utilities Code in establishing and maintaining the rates authorized herein. Schedules containing the rates published under this authority shall make reference to this order.

6. The certificate of public convenience and necessity granted by Decision 75528 is hereby amended by substituting First Revised Page 1 for Original Page 1 and First Revised Page 2 for Original Page 2 as set forth in Appendix B of this decision.

7. The authority granted herein shall expire unless exercised within ninety days after the effective date of this order.

This order shall become effective thirty days after the date hereof.

Dated at San Francisco, California, this 30<sup>th</sup> day of JANUARY, 1979.

Richard D. Powell  
President

Yvonne L. Sturgeon

Walter J. DeRisi

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Commissioner John E. Bryson

Present but not participating.

Commissioners

Commissioner Leonard M. Grimes, Jr.

Present but not participating.

## APPENDIX A

Original Page 1

Airborne Freight Corporation is authorized to publish and file the following charges, applicable only from airport-to-airport:

<u>Weight of Shipment</u> (In Pounds)	<u>Charge</u> (In Cents)
1	547
2	654
3	723
4	772
5	862
6	948
7	1077

Airborne Freight Corporation is authorized to publish and file the following charges, applicable only in Express Pack Service as defined and subject to the conditions specified in its California Intrastate Rate Tariff No. 5, Cal. P.U.C. No. 2:

<u>Container Type 1</u>		<u>Container Type 2</u>	
<u>Gross Weight</u> (In Pounds)	<u>Charge</u> (In Cents)	<u>Gross Weight</u> (In Pounds)	<u>Charge</u> (In Cents)
1	1211	1	1211
2	1211	2	1211
3	1211	3	1411
4	1411	4	1411
5	1411	5	1411
6	1411		

APPENDIX A

Original Page 2

Airborne Freight Corporation is authorized to publish and file the following charges for collecting and remitting the amount of the Collect On Delivery:

When accepted in accordance with provisions of Rule 9 of Airborne Freight Corporation California Intrastate Rate Tariff No. 5, Cal. P.U.C. No. 2, will be assessed a service fee, based on the actual C.O.D. amount of one (1) cent per dollar (U.S. currency) or fraction of a dollar subject to a minimum C.O.D. service fee of four dollars (\$4.00) per shipment.

In all other respects, the rates and rules in Airborne Freight Corporation California Intrastate Rate Tariff No. 5, Cal. P.U.C. No. 2 shall apply.

(END OF APPENDIX A)



Airborne Freight Corporation, 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 originate at one of the following airports:

Bakersfield Airport (Meadows Field)  
El Centro Airport  
Fresno Air Terminal  
Los Angeles International Airport  
Monterey Peninsula Airport  
Palm Springs Municipal Airport  
Sacramento Metropolitan Airport  
San Diego International Airport  
San Francisco International Airport  
Santa Rosa Air Center  
Stockton Metropolitan Airport

on the one hand, and terminate at the following points served by air common carriers, on the other hand:

Bakersfield	Los Angeles
Blythe	Marysville
Chico	Merced
Crescent City	Monterey
El Centro	Palmdale
Eureka	Palm Springs
Fresno	Red Bluff
Inyokern	Redding
Lake Tahoe Airport	Sacramento
San Diego	Santa Rosa
San Francisco	Stockton
San Luis Obispo	Visalia
Santa Maria	

Issued by California Public Utilities Commission.

Decision No. 89934, Application No. 58387.

2. The underlying carrier used by Airborne Freight Corporation between airports shall be an air common carrier, except that 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 the transportation.

3. No collection or distribution service shall be provided by Airborne Freight Corporation to or from any point more than 25 statute miles distant from any airport served by it unless said service beyond said 25 statute miles is performed by a highway common carrier. As used herein "point" means any point within 25 statute miles of the city limits of any city in which is located an airport, or 25 statute miles of any airport located in an unincorporated area.

EXCEPTIONS:

- a. The City of Paso Robles shall be deemed to be within the pickup and delivery service area of the San Luis Obispo County Airport.
- b. The City of San Jose shall be deemed to be within the pickup and delivery service area of the San Francisco International Airport.

4. Airborne Freight Corporation shall establish door-to-door rates for service between airports, including points within 25 statute miles thereof as defined in paragraph 3 herein. On traffic moving to or from points beyond said 25-mile radius, Airborne Freight Corporation 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.

5. Airborne Freight Corporation shall not forward any shipments containing commodities prohibited by law from transportation by aircraft.

(END OF APPENDIX B)