

Decision No. 18262

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA HIGHWAY EXPRESS, Inc.,)
for certificate of public convenience)
and necessity to extend its present) Application
motor freight operations to include) No. 13105
an express service between San)
Francisco and Los Angeles.)

Warren E. Libby and Harry N. Blair, for Applicant.

Edward Stern for American Railway Express Company,
Protestant.

W. S. Johnson and L. N. Bradshaw, for Southern
Pacific Company, Protestant.

F. M. Mott, for Pacific States Express Company, Protestant.

BY THE COMMISSION -

O P I N I O N

California Highway Express, Inc., a corporation, by its amended application, has petitioned the Railroad Commission for an order that public convenience and necessity require the establishment by it of an express service between San Francisco and Los Angeles, such service to be in addition to the present motor freight service now operated by applicant between such points, said freight service being limited to the carriage of certain specific commodities.

Public hearings on this application were conducted by Examiner Handford at San Francisco and Los Angeles, the matter was duly submitted upon the filing of briefs, and is now ready for decision.

Applicant proposes a fast motor express service between San Francisco, Oakland and Los Angeles, via the San Joaquin Valley Route, the service being a through service between the foregoing terminals. The schedule proposed is daily, except

Sundays and holidays, the elapsed time between terminals being scheduled at twenty hours. Rates are proposed in accordance with a schedule marked "Exhibit A" as filed with and forming a part of the amended application. The equipment proposed to be used is to be pneumatic-tired trucks of a maximum capacity of not exceeding five tons.

Applicant relies as justification for the granting of the desired certificate on the following alleged facts: (1) that there are no motor carriers or any other carriers giving a service comparable to that proposed by applicant over the route herein sought, and that the only carriers now giving service between the terminals sought to be served are Southern Pacific Company and American Railway Express Company; (2) that frequent requests have been made of applicant for the establishment of a fast express service between the terminals proposed, (3) that there now exists a tonnage sufficient to justify the establishment of expeditious service by special equipment; (4) that there is no transportation service now available by which shipments may regularly be transported from point of origin and be delivered at destination on the following day; (5) and that a regular daily service of the character herein proposed is required by the public.

Chester A. Nelson, President and Manager of applicant corporation, testified that it was the intention of his company to use a van type of equipment, fitted with pneumatic tires, in the proposed service, and that the proposed schedule of twenty hours between terminals could be easily accomplished. The witness estimated that from 4 to 5 tons of express daily would be immediately available, and that with active solicitation the volume could be increased to from 7 to 12 tons daily. In support of the volume of tonnage moving between San Francisco and Oakland on the one hand and Los Angeles on the other hand

exhibits were presented showing the number and weight of shipments handled by the Red Line Transfer Company, and an abstract of these exhibits is as follows:

<u>Month</u>	<u>Los Angeles</u> <u>to</u> <u>San Francisco</u>		<u>San Francisco</u> <u>to</u> <u>Los Angeles</u>	
	<u>Number of</u> <u>Shipments</u>	<u>Weight</u>	<u>Number of</u> <u>Shipments</u>	<u>Weight</u>
May, 1926	- 56	17942	33	7899
June, "	- 63	25699	50	12095
July, "	- 66	23686	29	4742
August "	- 76	29057	40	8961
September 1926	- 59	28665	55	12540
October, "	- 67	48815	41	9852
November, "	- <u>58</u>	<u>58785</u>	<u>46</u>	<u>14465</u>
TOTAL -	445	232649	294	70554

The business of the Red Line Transfer Company has been under the control of the witness who has utilized truck service in Los Angeles and San Francisco for pick-up and delivery of shipments and steamer service for the transportation between Los Angeles Harbor and San Francisco. This business has moved at a rate of \$3.00 per hundred weight between San Francisco and Los Angeles and \$3.25 per hundred weight between Oakland and Los Angeles, rates including pick-up and delivery, but being subject to a minimum charge of \$4.50. Witness proposes the diversion of all business heretofore handled by steamer for the ^{Red} Line Transfer Company to the proposed express motor truck service.

Mr. John J. Davidson, Manager of the San Francisco Branch of the United Parcel Service, Inc., operating a parcel delivery service in Los Angeles, San Francisco and Oakland, testified of frequent inquiry for deliveries in Los Angeles of merchandise originating in San Francisco; ^{that} heretofore such shipments have been consolidated by his company and forwarded by American

Railway Express; that if the proposed service were to be authorized it would be used by his company, it being his estimate that approximately 300 parcels per day would be handled, each averaging 6 pounds in weight. Witness stated his company could accumulate shipments at terminals, use applicant's service for the consolidated tonnage and thereby secure a lesser rate per package than now available by parcel post, which are the cheapest package rates available, and that with active solicitation the volume of business now available could be tripled; and that the service if authorized to be established would be used by his company on account of the lower rate proposed.

Mr. Eli Schumacher, Manager of the City Transfer Co., at San Francisco, testified that his company handled theatrical properties and paraphernalia originating in San Francisco and destined to Los Angeles, shipments now moving by American Railway Express Company or by steamer; that the proposed service would be from 12 to 24 hours faster than the steamer service; that approximately one ton of theatrical properties are so shipped each week from San Francisco to Los Angeles via American Railway Express, which service requires from 24 to 48 hours to accomplish delivery; and that his company would use the proposed service if established, forwarding about 2000 pounds per week.

Mr. Samuel Nichols, employed by H. Liebes & Co., dealers in furs and women's apparel at San Francisco, testified that the service proposed would be satisfactory to the Los Angeles customers of his firm; that frequently sales are made for Los Angeles delivery approximating 5 shipments per day, the packages weighing from one to ten pounds each. The parcel post and American Railway Express are now used in the forwarding of packages, each method of transportation being used to an equal extent, and some complaints having been received as to delayed deliveries by both methods.

Mr. W. C. Simpson, employed as ticket clerk with Pickwick Stages System at San Francisco, testified his company transported between 125 and 150 through passengers daily to and from Los Angeles; that 6 or 7 of such passengers have heavy trunks which cannot be transported by the stage company; that 5 to 6 prospective passengers decline to make trips by stage to Los Angeles by reason of their having heavy trunks and their complaint as to the cost of express transportation for their trunks and baggage over 60 pounds weight per piece.

Mr. Harold Bradley, district manager of Chicago Pneumatic Tool Company's branch at San Francisco, testified his concern maintained a branch in Los Angeles and frequently the San Francisco and Los Angeles branches were required to fill orders from each source of supply, an average of 5 packages daily of a gross weight averaging 60 pounds, being shipped to the Los Angeles branch, the parcel post and American Railway Express Company now being used. Witness has not considered the parcel post as giving rapid delivery, although 60 percent of the express packages receive delivery in Los Angeles on the day following their shipment from San Francisco. Witness would use the proposed service if its establishment were to be authorized.

Mr. Chas. D. Hall, General Passenger Agent of Pickwick Stages System and located at Los Angeles, testified six or seven passengers daily would use stage service, Los Angeles to San Francisco, if opportunity was offered for the prompt transportation of heavy baggage, such prospective stage passengers now using train service where their baggage requirements are cared for. The witness also cited instances of theatrical performers desiring to use stages but were not able to do so by reason of their baggage exceeding the weight authorized for stage transportation.

Mr. Lee Belden, proprietor of Atlantic and S. P. Transfer at Los Angeles, testified that his transfer business served seventy-five percent of the hotels and all the down-town theaters of Los Angeles; that he handles 30 to 40 trunks daily which are to be forwarded to Oakland or San Francisco, the average weight of the trunks being 150 pounds. The witness was of the opinion that the theatrical business to be offered the new service would be comparatively light, but that the service would appeal particularly to commercial travelers and be of advantage to shippers.

The witness would use the service to the extent of 10 to 12 trunks daily and later would more than double his use, although stating that the service should be daily to be of full value. This witness in his business operates in conjunction with the Peoples Express Company in Oakland and with the Union and Central Transfer Companies in San Francisco.

Mr. H. W. Brockway, an automobile tire dealer of Los Angeles, testified he frequently secured tires from San Francisco to fill orders for sizes which might temporarily be in his Los Angeles stock; that the rate of the American Railway Company on tires was too high to permit the use of their service although he would use the proposed "terminal to terminal" rate of the applicant. Witness now uses steamer shipments to care for his emergency orders from San Francisco, such shipments averaging two each week, and averaging a weight of 400 pounds per shipment.

Mr. Everett Mc Cabe, Vice President of United Parcel Service, Inc., and its manager at Los Angeles, testified his company operated about 100 units of equipment in the Los Angeles territory, serving over 400 patrons.

Service is also operated in Oakland and San Francisco. Witness has had numerous requests from his patrons for service between Los Angeles and San Francisco, and estimates a thousand

packages per day could be handled if applicant's proposed service were to be authorized, as the rates and schedules were satisfactory, their being now no comparable service available. Witness anticipates being able to use applicant's facilities and by so doing to offer his patrons an improved service at rates equivalent to those of the parcel post. The weight of the packages would range from 10 to 20 pounds, shipments would be consolidated at San Francisco or Los Angeles, be forwarded in bulk under the "terminal to terminal" rate and distributed at terminals by United Parcel facilities. The service of the steamer lines is not sufficiently regular to meet the needs of witness.

Mr. Rodney S. Spriggs, manager of Premier Fireproof Warehouse at Hollywood, and interested in the local transfer business in Hollywood, knew of the proposals of applicant and that business could be secured from Hollywood theaters if the application were to be granted. Witness was of the opinion that he could offer 300 to 500 pounds daily for transportation to San Francisco or Oakland, the present rates being considered too high and the steamer service being other than daily. Witness had discussed the scope of the application with the Merchants Bureau of the Hollywood Chamber of Commerce and with other transfer and warehouse men, all of whom believe the proposed service desirable. Witness stated 48 hours were required to exchange shipments between Hollywood and Oakland or San Francisco by American Railway Express due to express being handled by Pacific Electric Railway Company on the portion of the trip between Hollywood and Los Angeles.

Mr. B. H. Nuenburg, employed with Ionica Company at Los Angeles, testified his company forwarded 1000 units of its product each week to Oakland and San Francisco, and had been using the service of the Red Line Transfer Company for regular shipments and that of American Railway Express Company

for rush or emergency shipment. Witness company would use the proposed service if it were authorized.

The granting of the application is protested by American Railway Express Company, Southern Pacific Company and Pacific States Express .

Mr. F. M. Mott, General Agent of Pacific States Express and located at Los Angeles, testified his company performed a general express service between Los Angeles and Oakland-San Francisco, the California Truck Company performing the pick-up and delivery service in Los Angeles and the transportation between Los Angeles and Wilmington, the steamers of the Los Angeles Steamship Company being used between Wilmington and San Francisco. Shipments picked up in San Francisco at 5:00 P.M. are delivered to consignee in Los Angeles before 5:00 P.M. on the following day. In the opposite direction shipments leave Los Angeles at 1:00 P.M. and are delivered in San Francisco the following day.

Mr. W. S. Johnson, employed in the Freight Traffic Department of Southern Pacific Company, testified regarding the free baggage allowance of 150 pounds available for patrons of his company, the special baggage car privilege accorded theatrical or other party movement in parties of 25 to 49.

Witness for protestant American Railway Express Company testified as to the service and facilities available in Los Angeles, Oakland and San Francisco. In Los Angeles 159 automobile trucks and horse-drawn vehicles are employed, seven depots are maintained for the receipt and delivery of express, three of which are open for a twenty-four hour period each day; free pick-up and delivery is given over a territory over 49 square miles in area in the Los Angeles district, with frequency commensurate with the volume of business in the different sections of the free delivery territory. At San Francisco four stations are maintained, two of which are open daily for a 24 hour period;

a free pick-up and delivery service is available in a territory approximately 23 square miles in extent.

Mr. F. W. Ashton, Traffic Manager for Bullocks, a department store in Los Angeles, testified that his establishment used all existing service, that the collective service so used was ample and satisfactory for all existing needs. Similar testimony was given by Mr. W. J. Fitzpatrick, Traffic Manager for the May Company, a department store.

Mr. Wm. J. Lansing, employed by Bullock & Jones, gents furnishings at Los Angeles, testified his concern used American Railway Express Company's service practically daily, receiving overnight service from San Francisco, deliveries being made about 10:00 A.M. of shipments forwarded from San Francisco the previous day, and that in extreme emergencies a messenger was sent to the train to receive the express immediately upon arrival.

Mr. A. N. Moline, proprietor, Moline Millinery of 640 South Broadway, Los Angeles, testified he used American Railway Express service from San Francisco to Los Angeles receiving delivery on the day following their shipment, shipments being daily and varying from a few pounds to several hundred pounds in weight. By stipulation the testimony of this witness was supported by that of Mr. Ed Whitney of Butler-Schultz, wholesale milliners; Mr. E. C. Griswold of Dettmer Bruener & Macy, wholesale woollens; and W. A. Hatch of A. G. Spalding & Bros., sporting goods.

Applicant has proposed a service daily except Sunday, leaving the terminals of San Francisco and Los Angeles at 3:00 P.M. The service of the protesting carriers, American Railway Express Company and Pacific States Express is as follows:

American Railway Express Company -

Daily Service leaving Los Angeles - 8:00 A.M.

12:30, 6:05, 6:15, 7:45, 8:30 and 11:15 P.M.

Daily Service leaving San Francisco 8:00, 11:40 A.M.,

3:40, 6:15, 8:30, 9:00 and 11:40 P.M.

Pacific States Express -

Leave San Francisco on Tuesdays, Wednesdays, Fridays and Saturdays at 4:00 P.M.

Leave Los Angeles on Tuesdays, Wednesdays, Fridays and Saturdays at 1:00 P.M.

The rates proposed by applicant are on the basis of \$2.00 per CWT. for terminal to terminal delivery with additional charges for pick-up and delivery in Los Angeles, San Francisco and Oakland of from 25 to 50 cents per hundred pounds, according to the tonnage picked up or delivered. A minimum charge of \$2.00 per CWT. is to be assessed.

The rates of the American Railway Express Company are graduated according to the weight of the shipment and range from 50 cents as a minimum for a five pound package to \$3.50 per hundred pounds on first class express, and on commodities from a minimum of 52 cents for a twenty-five pound package to \$2.07 per hundred pounds. All rates are on a basis which includes pick-up and delivery within the established free limits in the cities of San Francisco, Oakland and Los Angeles.

The rates of the Pacific States Express are on a graduated scale from a minimum of 50 cents for a ten pound packages to rates of \$1.85, \$2.25 and \$2.95 per CWT., depending on the class or commodity rate applicable to the particular shipment.

We have given careful consideration to the evidence, exhibits and briefs filed in this proceeding.

In our opinion applicant has herein proposed a service advantageous to a very limited portion of the shipping public and the rate structure proposed is of a nature that the ordinary merchant or shipper would be compelled to patronize present existing carriers, who now offer lower rates and more expeditious delivery for the same character of service. The proposed operation is useful for, and would appeal to, shippers who by the nature of their business had many small consignments which when consolidated at point of shipment would move to the point of destination by applicant's facilities, there to be delivered and distributed by local facilities. The record shows no need of a service such as is proposed with the exception of the use that might be made of such service by United Parcels Service, Inc., and from whom applicant would secure its greatest volume of business.

The record shows that by the use of the proposed service it is anticipated by United Parcels Service, Inc., that a rate could be made on parcels which would approximate the rates of the parcel post, against which rates no complaint is voiced but the service as regards time required to accomplish deliveries is criticized. There is no assurance that the general public would receive the advantage of such reduced rate, which is of service only to certain shippers whose business requires the transportation of a large volume of small consignments, and the high minimum rate proposed would render the service unattractive to the small shipper unless extreme emergency required expeditious handling between terminals, and even in such instances the available rail express service is superior both as to rate and elapsed time. We see no reason justifying the granting of the application herein in view of the reasonable rates and adequate service for all classes of shippers available by the service of existing facilities.

ORDER

Public hearings having been hold on the above entitled application, the matter having been duly submitted upon the filing of briefs and the Commission being now fully advised,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity do not require the operation by California Highway Express, Inc., a corporation, of a through motor express service between San Francisco, Oakland and Los Angeles, via the San Joaquin Valley Route, and

IT IS HEREBY ORDERED that this application be and the same hereby is denied.

The effective date of this order is hereby fixed as twenty (20) days from the date hereof.

Dated at San Francisco, California, this ¹⁵ 20 day of April, 1927.

[Handwritten signatures]

COMMISSIONERS.