

ORIGINAL

Decision No. 8291

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application)
of PASADENA ELECTRIC EXPRESS COM-)
PANY for an order permitting an)
increase in express rates.)

APPLICATION NO. 6082

W. H. Archdeacon, for applicant.

LOVELAND, Commissioner -

O P I N I O N

This is an application by the Pasadena Electric Express Company for authority under Section 63 of the Public Utilities Act to increase express rates between Los Angeles, South Pasadena, Alhambra and Pasadena.

The proposed changes are set forth in an exhibit attached to and made a part of the application. The increases amount to approximately 25%, and a segregation has been made providing different charges for pick-up and delivery service as distinguished from service performed at the depots. The rates are in every instance lower than those now being assessed by the American Railway Express Company, operating between the same points.

The Pasadena Electric Express Company was organized June 7, 1919, under the laws of the State of California, and is a reorganization of the Pasadena Electric Express. The company has property consisting of real estate, buildings and

equipment having a total purchase value of \$57,950.15 and an estimated present value of \$69,902.20. All of this property is devoted to the public service and the testimony of a witness was to the effect that the facilities now were inadequate and that it would be necessary in the very near future to secure additional terminal facilities in order to properly and economically handle the traffic.

An Exhibit was presented showing the operating revenue, expenses and income deductions and net operating income covering the twelve and one half months, June 16, 1919 to June 30, 1920. This statement shows that in the months of June, July, August and September, 1919, and the months of February and June 1920, the revenue was insufficient to meet operating expenses and fixed charges. The total net operating revenue for the twelve and one half months period was \$882.40, or an average of \$70.59 per month.

The rates now being assessed have been in effect with but few changes for a number of years during which time it is shown by exhibits and testimony that the wages of employees have been increased forty four percent (44%), and the cost of materials has also advanced; gasoline being purchased in 1914 for ten and one half cents (10½¢) per gallon now costs twenty seven cents (27¢) per gallon, or an increase of nearly 300%.

Applicant uses cars of the Pacific Electric Railway in moving the express matter between Los Angeles and Pasadena. This charge has been increased within the last few years from an average of \$333.00 per month to \$400.00 per month.

When the original company commenced operations, the business section of the city of Pasadena was comparatively small and the cost of making pick-up and deliveries was correspondingly low. Since the growth of the city, the area over which the trucks operate has been greatly increased, materially adding to the operating costs of this applicant. The testimony also shows that during

the past few years gross revenue has materially declined by reason of the privately and publicly owned automobile trucks handling traffic in competition with this applicant.

Acting on instructions from the Commission, applicant notified its principal patrons of the necessity of increasing its rates in order to continue the service. A witness at the hearing stated that there had been no objection from individuals or from the Chambers of Commerce located at the points served but that as a matter of fact the merchants in the different communities were in favor of the increases in rates, they realizing that the applicant could not continue in the business unless additional revenue was secured. One prominent merchant, doing a large business at Pasadena, appeared as a witness for the applicant and urged that the increases be authorized, this on the ground that there was a public necessity for a service at all times dependable and prompt and that the patrons of the company would be seriously damaged if this express service were discontinued.

The General Manager of the company stated that there was a necessity for a readjustment of wages of certain employees, thus adding to the operating expenses within the very near future.

It is not necessary to go into the question of valuation and reasonable return in this proceeding for the reason that no dividends have ever been paid by this company and the proposed rates will not produce more than sufficient to meet operating expenses and small return upon the claimed value of the property.

After giving careful consideration of all of the testimony and exhibits introduced in this proceeding, I am of the opinion and find that the present rates are noncompensatory and unreasonable and that a sufficient showing has been made to justify the granting of the application.

O R D E R

The Pasadena Electric Express Company having applied to the Railroad Commission for an order authorizing the increasing of its rates , a public hearing having been held and the Commission being fully apprised in the premises hereby finds as a fact that the rates now in effect are noncompensatory and unreasonable and that the rates set forth in Exhibit "A" attached to the application are just and reasonable.

IT IS HEREBY ORDERED that the Pasadena Electric Express Company be authorized to file with this Commission within twenty (20) days from the date of this order tariffs carrying the rates set forth in the application.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 28th day of October, 1920.

W. D. Leonard
Allen C. Hill
H. B. Burdige
Irving Martin
COMMISSIONERS.