

Decision No. 28248

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of
G. F. D. LINES, INC., for enlarge-
ment of the operative rights so as
to include the transportation of pack-
ages, parcels and express matter be-
tween Los Angeles and Imperial Valley
points.

Application No. 19924

ORIGINAL

Phil Jacobson for applicant.

C. W. Cornell for Southern Pacific Company
and Pacific Motor Transport Co., protestants.

Edward Stern, J. W. Crawford and J. P. Crozier
for Railway Express Agency, Inc., protestant.

Wallace K. Downey for Pacific Freight Lines,
protestant.

BY THE COMMISSION:

O P I N I O N

Applicant seeks a certificate of public convenience and necessity to establish and conduct transportation of property between Los Angeles and Imperial Valley points (Brawley, Westmoreland, Imperial, El Centro, Holtville, Heber, and Calexico). The service is to be in addition to the certificated service already conducted by applicant for the transportation of motion picture films and accessories to the same points, such shipments to be limited to 150 pounds in weight, and excluding by stipulation perishables (as named in National Perishable Protective Tariff No.8, C.R.C. No.7, of R.C.Dearborn, Agent). Applicant proposes a single rate of nine cents per package plus one cent per pound for all packages up to 150 pounds.

Public hearings thereon were conducted by Examiners Hunter and Williams at Los Angeles and El Centro.

Applicant's fitness, financial ability and capability to perform with efficiency the service proposed are not seriously questioned by protestants whose opposition is based wholly on the adequacy of existing services and the reasonableness of the rates therefor. Eight oral shipper witnesses supported applicant and seventeen supported protestants. In addition, testimony of eighteen witnesses for applicant was stipulated as cumulative, and for protestants that of eleven witnesses. Protestants, in addition, filed eleven affidavits of Imperial Valley shippers (Exhibit No. 12). The crux of the record is the desire of some shippers and receivers of freight to use the proposed service because of the lower rate on small packages than is offered by other carriers now serving the district. Analysis of the testimony of applicant's shipper witnesses shows that each now ships to the Imperial Valley points using one or all of the following carriers, including pick-up and delivery:

Railway Express Agency, under varying minima from 25 cents (for matrices) to \$1.05 for general merchandise.

Pacific Motor Transport Company (express) and Pacific Freight Lines, 50 cents minimum up to 40 pounds L.C.L.

Parcel Post, zone rates.

In addition to these services Pacific Greyhound Lines has daily express services on its passenger stages limited to 100 pounds. No witness testified to use of this carrier as neither pick-up nor delivery are made by it (only depot to depot service); its block rates are non-competitive, this carrier's charge for fifteen pounds being sixty cents, based on 210 miles, the highway distance between Los Angeles and El Centro.

All these carriers furnish overnight service between terminal and intermediate points, with local distribution between 8:00 and 11:30 A. M. At El Centro the deliveries are usually completed by 8:30 A. M. In general, witnesses for both sides testified these services were

satisfactory.

Applicant's proposed service consists of one schedule leaving Los Angeles at 10:00 P.M. and arriving at El Centro at 6:00 A.M. the following morning (8:00 A.M. at Calexico). It is to be performed every day, including Sundays. In reverse the schedule leaves Calexico at 11:00 P.M. and arrives at Los Angeles at 8:00 A.M. the following day. Comparison of this schedule with those of the other carriers shows duplication of existing service but varying as to time of departure and arrival. It is admitted that the business day is between 8:00 A.M. and 6:00 P.M. and that it is exceptional when pick-up and/or delivery are made outside of these hours. As applicant now uses efficient light equipment in his motion picture film transportation and has fewer intermediate points to serve, the night running time easily may be shortened. But that is not more than an operating benefit to the carrier. Earlier local delivery than is now provided during business hours seems doubtful from the record, and becomes an unimportant advantage.

With this palpable duplication in mind the only remaining advantage offered by applicant is a lower minimum rate - 35 cents. It is this feature most forcibly emphasized in the testimony of applicant's witnesses. C. G. Anthony, Vice President of Pacific Freight Lines, testified that 44 per cent of all shipments to Imperial Valley points transported by this carrier were at minimum rates. ⁽¹⁾ He also presented itemized cost of operation for the service maintained (Exhibit No. 8) showing a cost of \$52.41 per ton, distance including pick-up and delivery. He testified that applicant, if certificated, would attract practically all of this minimum traffic thus leaving Pacific Freight Lines less than 60 per cent of its present volume.

1. This carrier's minimum was 75 cents but was reduced to 50 cents, together with Southern Pacific and Pacific Motor Transport Company on August 5, 1935, applicable to 40 pounds or less.

Assuming an average of 200 ten-pound (average) shipments daily at applicant's rate, his revenue per ton would be \$38.00, based on same service items included in Exhibit No. 8. Applicant did not furnish estimate of cost of service. He expects to combine the package business with the certificated film carriage to the same points, though consolidation of the two rights is not requested. Applicant also operates a combined film and package business between Los Angeles and Arizona points - Yuma to Tucson, via Phoenix - and all of his Los Angeles shipper witnesses now use this interstate service.

Morton G. Smith, testifying in behalf of Southern Pacific Company and Pacific Motor Transport Company, directed attention to a comparison of rates between applicant and the Transport Company (Exhibits Nos. 3 to 7 inclusive) and drew from them the conclusion that up to the 40 pound minimum, at 50 cents, applicant (with its rate of nine cents per shipment, plus one cent per pound) would attract minimum rate shipments, but would not those above minimum; thus depriving the Transport Company of the revenue from such minimum traffic, thereby burdening it with all weightier shipments. To illustrate: (2)

<u>Charges of</u>	<u>30 pounds</u>	<u>40 pounds</u>	<u>100 pounds</u>
Applicant	39 cents	49 cents	\$ 1.09
Pacific Motor Transport Co.	50 cents	50 cents	.75
Pacific Freight Lines	50 cents	50 cents	.75

For all shipments 60 pounds or over applicant's rate becomes progressively higher, pound by pound, and widens the gap between the minima of other carriers who transport as high as 150 pounds on the 75 cent minimum on most commodities.

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2. Railway Express Agency rates have many minima but generally, for the traffic involved herein, a 40-pound shipment would range from 79 cents to \$1.05.

This rate comparison is made only for the purpose of showing the line of cleavage that would affect all L.C.L. traffic if the application were granted. Apparently the only result would be to transfer the packages under sixty pounds now carried by existing operators to applicant's trucks without any practical difference except a few cents rate advantage. This is not a rate proceeding and the reasonableness or volume of the rates proposed are not involved except as they may tend to impair adequate existing services. All of the commodities involved herein can now move overnight from Los Angeles to Imperial Valley points with reasonable expedition. If the rates are disputable as unjust, the shippers' remedy is by proper rate adjustment and not by multiplication of services - a policy long pursued by this Commission.

After full consideration of the record we find that no public need nor convenience is proved and that the application should be denied.

O R D E R

G. F. D. LINES, INC., having made application as above entitled, a public hearing having been held and the matter having been duly submitted,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity do not require the establishment and operation of the transportation service herein proposed; and

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

Dated at San Francisco, California, this 30th day of September, 1935.

Leon Whiteley

W. H. Lee

M. B. Harris

Walter Moore

Francis R. Dalm

Commissioners