

Decision No. 61925**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of RAILWAY EXPRESS AGENCY,)
 INCORPORATED, for authority (a) to)
 provide collection and delivery of)
 express shipments by motor trucks from)
 Chico and Redding to termini in the)
 Chico and Redding areas; (b) to close)
 its offices now serving said termini;)
 and (c) to change the waybilling of)
 shipments from said offices thereby)
 increasing certain intrastate charges.)

Application No. 43118

Pillsbury, Madison & Sutro and Eugene M. Prince,
 by Dudley A. Zinke, for applicant.
Roger L. Ramsey, for United Parcel Service, pro-
 testant.
Otto B. Liersch, for the City of Corning; E. A.
McMillan, for California State Legislative
Committee, Brotherhood of Railway Clerks;
A. I. Lawrence, for Brotherhood of Railway
Clerks, interested parties.
Edward G. McLane and John R. Laurie, for the
Commission staff.

O P I N I O N

Railway Express Agency proposes to consolidate its express operations in the area lying generally between Corning, Paradise and Gridley, hereinafter designated the "Chico Area", and in the area lying generally between Redding and Red Bluff, hereinafter called the "Redding Area".¹ Said consolidation would be accomplished by furnishing collection and delivery service by motor trucks directly between Chico and points in the Chico Area, and between Redding and points in the Redding Area. Chico would be the waybilling point for the Chico Area and Redding the waybilling point for the Redding Area.

¹ The points involved herein are located in Shasta, Tehama, Glenn and Butte Counties.

As a necessary step in the accomplishment of its plan the Agency, by this application, as amended, seeks the following authority:

1. To close its offices at Anderson, Corning, Cottonwood, Gridley, Hamilton City, Orland, Oroville, Paradise, Red Bluff and Willows;
2. To operate as a highway common carrier (as defined in Section 213 of the Public Utilities Code) for the transportation of property, exclusive of certain specified articles, between Anderson, Chico, Corning, Cottonwood, Gridley, Hamilton City, Orland, Oroville, Paradise, Red Bluff, Redding, Redding Municipal Airport and Willows;
3. Authority to establish increased rates to the extent that such will result from the designation of Chico and Redding as waybilling points for the respective areas.

Public hearing of the application was held before Examiner Carter R. Bishop at Chico on March 1 and 2, 1961. Evidence on behalf of applicant was offered through its regional general manager, the superintendent of its Northern California, Nevada and Oregon Division, and eight shipper witnesses.

The instant application is one of a series of proceedings prompted by the Agency's program to consolidate many offices throughout California. This program, in turn, is part of a nationwide plan adopted by the Agency's management.²

Collection and delivery service is presently provided by applicant at Chico, Corning, Gridley, Orland, Oroville, Red Bluff, Redding and Willows. Under the proposed consolidation plan applicant

² The history of the Agency and its predecessor companies, the nature of its services, its methods of operation, its contractual relationships with the railroads, its financial difficulties, and the rehabilitation program which it has initiated have been set forth in some detail in Decision No. 59927 of April 12, 1960, in Application No. 41694. That proceeding relates to a similar consolidation plan of the Agency for operations in Oakland and vicinity.

would also provide such service at Anderson, Cottonwood, Hamilton City and Paradise.³ Additionally, the present collection and delivery areas of Orland, Oroville, Red Bluff and Redding would be enlarged.

The testimony of applicant's general manager discloses that there has been a marked decrease in the number of passenger trains operating in California on which applicant's traffic can be carried. The reduction has been most pronounced in local or short-haul service, and in service to smaller communities. This situation has resulted in increased handlings and delays due to long layovers while shipments are in transit. The superintendent pointed out that the proposed consolidation in Chico and Redding of area operations will have the effect of eliminating many of the handlings and will speed up the dispatch of shipments.

The essential part of the consolidation plan is applicant's offer to provide toll-free telephone service to its Chico and Redding offices for customers located in the Chico and Redding Areas but who are outside the local telephone calling areas of said cities. This arrangement will enable such patrons to request pickup service and to transact other business without having to pay a toll charge.

The proposal to make Chico and Redding the waybilling points for all shipments originating or terminating in the respective consolidation areas will result, as to surface shipments, in some minor increases and reductions. In most instances there will be no change in rates. Commodity rates published to or from the areas on a point-to-point basis, the superintendent stated, will be adjusted to provide for uniform application throughout the areas at

³ It is proposed to serve Anderson, Cottonwood and Red Bluff from Redding (which will include Redding Municipal Airport). All other points named in paragraph numbered 2 above would be served from Chico.

the lowest present rate levels. Air express shipments originating or terminating at many of the points in issue will experience a reduction in charges of not less than \$2.36, by reason of the proposed inclusion of all such points within the air terminal delivery areas of Chico and Redding.

According to the superintendent, none of applicant's employees will lose their jobs if the application is granted. No supervisory positions will be eliminated, and all nonsupervisory positions in the offices to be consolidated will be continued at the Redding and Chico offices. Four of the offices sought to be closed are operated by merchant commission agents and at four others joint commission agents are in charge. The agents in the first-named group are engaged principally in businesses of their own, while those in the latter group are employees of Southern Pacific Company, who handle the express business as an adjunct to their railroad duties. If the application herein is granted each of these eight commission agents will continue in his principal occupation.

Applicant estimates that the consolidation plan here under consideration will result in net savings of over \$6,000 per year in operating expenses. This amount does not include certain additional anticipated savings, the dollar amount of which could not be estimated. Among the latter are the reduction in administrative, supervisory, auditing and tariff expenses which will result from centralization of the Agency's activities in two terminals instead of six separate offices, as at present; and the decrease in loss and damage payments which will follow the reduction in the number of handlings that will be accorded shipments.

The testimony of the shipper witnesses was offered to show the continuing need for the transportation service here in issue, as proposed to be performed under the sought highway common carrier

certificate. These witnesses severally represented six retail stores, an olive cannery and a shipper of turkey eggs. The businesses in question are located at various points in the Chico and Redding Areas at which express offices are sought to be closed. The testimony of these witnesses was substantially as follows: All are patrons of the Agency; for each establishment applicant's services are essential, notably because of the fast service and specialized handling accorded shipments; all would benefit by the more expeditious service contemplated under the Agency's proposed plan of operation; and the Agency's value to those concerns which do not now enjoy store door collection and delivery service of express shipments will be enhanced if such service is accorded them.

United Parcel Service does not oppose applicant's plan to consolidate operations nor the granting of the sought highway common carrier certificate, provided that such certificate is restricted to traffic which shall move under a through bill of lading or express receipt, and which shall receive, in addition to the highway carrier movement in question, an immediately prior or subsequent movement by rail, water, air or line-haul truck transportation. As in the earlier proceedings in this series, United's counsel asserted that, while applicant is not now competitive with parcel delivery carriers or with general freight carriers, it could, under an unrestricted certificate, establish a full scale truck operation at competitive rates. He pointed out that none of the public witnesses had testified as to any local movement via the Agency within either of the consolidation areas and that applicant's superintendent had found, in a 6-month test period, only eight shipments moving between points within the Chico Area and none within the Redding Area.

Representatives of the City of Corning, of an employees' organization and of the Commission's Transportation Division assisted

in the development of the record through examination of applicant's witnesses.

Conclusions

The evidence of record shows that adoption of the proposed consolidation plan as hereinbefore set forth will result in the following principal advantages: (1) the Agency will be in a position to furnish service to the public more efficiently and more expeditiously than under the present methods of operation; (2) collection and delivery service will be extended to areas not now served; (3) the elimination of multiple handlings will result in faster service and in fewer loss of damage claims; (4) the surface transfer charge of not less than \$2.36 per shipment in air express traffic will be completely eliminated from the consolidation areas; and (5) the proposed consolidation of offices will result in substantial savings in operating costs.

Based upon careful consideration of all the evidence and argument of record, we hereby find as follows:

1. That consolidation in the Chico and Redding offices of applicant of the service now rendered through the 10 offices herein proposed to be closed will not be adverse to the public interest.
2. That, concurrently with consolidation in applicant's Chico and Redding offices of said service, public convenience and necessity will no longer require applicant to maintain any of the offices sought, by the application herein, to be closed.
3. That extension of the pickup and delivery limits as proposed in the application herein, as amended, is in the public interest and should be concurrently placed in effect together with the consolidation of offices hereinabove authorized.
4. That the increases in rates and charges as proposed in said application are justified.

5. That public convenience and necessity require the issuance to applicant of a certificate of public convenience and necessity as a highway common carrier between all points set forth in paragraph numbered 6 of said application, as amended. Said certificate shall be subject to the conditions stated in paragraphs numbered 7 and 8 (relating to routes of travel and to commodity exclusions, respectively) of said application and subject further to the condition hereinbelow set forth.

6. That said certificate of public convenience and necessity shall be subject to the condition that transportation thereunder shall be limited to movements under a through bill of lading and having a prior or subsequent rail, water, air or truck haul.

The application, as amended, will be granted to the extent indicated in the foregoing findings.

Applicant is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

ORDER

Based upon the evidence of record and upon the findings and conclusions set forth in the preceding opinion,

IT IS ORDERED that:

1. Railway Express Agency, Incorporated, is authorized concurrently with the consolidation of service in its Chico and Redding offices, as proposed in the application, as amended, filed herein, to discontinue its offices at Anderson, Corning, Cottonwood, Gridley, Hamilton City, Orland, Oroville, Paradise, Red Bluff and Willows, subject to the following conditions:

- a. Within one hundred twenty days after the effective date hereof, and not less than ten days prior to the discontinuance of said agencies, applicant shall post a notice of such discontinuance at each of said offices, and, within one hundred twenty days after the effective date hereof and on not less than ten days' notice to the Commission and to the public, applicant shall file in triplicate amendments to its tariffs showing the changes authorized herein and shall make reference in such notice and tariffs to this decision as authority for the changes. In no event shall the agents be removed pursuant to the authority hereinabove granted earlier than the effective date of the tariff filings required hereunder.
- b. Within thirty days after discontinuance of service as herein authorized, applicant shall notify this Commission in writing thereof and of compliance with the above conditions. Concurrently with discontinuance of said offices, applicant shall establish service to the extended pickup and delivery limits described in the application.

2. A certificate of public convenience and necessity is granted to Railway Express Agency, Incorporated, authorizing it to operate as a highway common carrier as defined by Section 213 of the Public Utilities Code for the transportation of property between the points, over the routes and subject to the conditions particularly set forth in Appendix A attached hereto and made a part hereof.

3. In providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

- a. Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules and other regulations of the Commission's General Order No. 99 and insurance requirements of the Commission's General Order No. 100-A. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the provisions of General Orders Nos. 99 and 100-A, may result in a cancellation of the operating authority granted by this decision.
- b. Within one hundred twenty days after the effective date hereof, and on not less than ten days' notice to the Commission and to the public, applicant shall establish the service herein authorized and file in triplicate, and concurrently make effective, tariffs satisfactory to the Commission.

4. Applicant is authorized to establish, on not less than ten days' notice to the Commission and to the public, and concurrently with the closing of offices and the institution of highway common carrier service, as authorized in paragraphs numbered 1 and 2 hereof, the increased rates and charges proposed in the application filed in this proceeding.

5. In all other respects Application No. 43118, as amended, is denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 1st day of May, 1961.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Railway Express Agency, Incorporated, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to transport all commodities except the following:

1. Used household goods and personal effects not packed in accordance with the crated property requirements set forth in paragraph (d) of Item No. 10-C of Minimum Rate Tariff No. 4-A.
2. Automobiles, trucks and buses, viz.: new and used, finished or unfinished passenger automobiles (including jeeps), ambulances, hearses and taxis; freight automobiles, automobile chassis, trucks, truck chassis, truck trailers, trucks and trailers combined, buses and bus chassis.
3. Commodities requiring the use of special refrigeration or temperature control in specially designed and constructed refrigerated equipment.
4. Liquids, compressed gases, commodities in semi-plastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semitrailers or a combination of such highway vehicles.
5. Commodities when transported in bulk in dump trucks or in hopper-type trucks.
6. Commodities when transported in motor vehicles equipped for mechanical mixing in transit.
7. Excepted commodities as enumerated in Railway Express Agency, Incorporated's tariffs filed with this Commission and in effect on the effective date of Decision No. _____, in Application No. 43118.

Issued by California Public Utilities Commission.

Decision No. 51925, Application No. 43118.

Appendix A

RAILWAY EXPRESS AGENCY,
INCORPORATED

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BETWEEN the following points:

Anderson, Chico, Corning, Cottonwood, Gridley,
Hamilton City, Orland, Oroville, Paradise, Red
Bluff, Redding, Redding Municipal Airport and
Willows.

VIA any and all convenient public streets and highways between said
points.

SUBJECT to the following condition:

The highway common carrier service herein authorized
shall be limited to the transportation of express
traffic of Railway Express Agency, Incorporated,
under a through bill of lading or express receipt,
and said traffic shall receive, in addition to the
highway carrier movement by applicant herein author-
ized, an immediately prior or immediately subsequent
movement by rail, water, air or truck transportation.

End of Appendix A

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