

ORIGINALDecision No. 63915

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)
 operated from Pasadena to termini in)
 the San Gabriel Valley Area; (b) to)
 close its offices now serving said)
 termini; and (c) to change the way-)
 billing of shipments from said offices)
 to the Pasadena office, thereby)
 increasing certain intrastate charges.)

Application No. 43854
(Amended)

(For List of Appearances see Appendix "A")

O P I N I O N

Railway Express Agency proposes to consolidate its express operations in that portion of Los Angeles County bounded generally by Pasadena, Glendora, Alhambra, and the City of Industry, which area is hereinafter referred to as "San Gabriel Valley Area". The consolidation would be effected by providing collection and delivery service by motor trucks directly between its Pasadena office and 24 communities in said area.

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

1. To close its offices at Alhambra, Azusa, Baldwin Park, Covina and South Monrovia.
2. To operate as a highway common carrier (as defined in Section 213 of the Public Utilities Code) in the transportation of property, exclusive of certain specified articles, between Alhambra, Altadena, Arcadia, Azusa, Baldwin Park, Bradbury, Covina, Duarte, El Monte, Glendora, Industry, Irwindale,

La Puente, Monterey Park, Monrovia, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, South San Gabriel, Temple City and West Covina.^{1/}

Public hearing of the application was held before Examiner Carter R. Bishop at El Monte on January 30 and 31 and February 1, 1962, and at Los Angeles on April 10, 11 and 12, 1962. Following oral argument on the last-mentioned date, the matter was taken under submission.^{2/}

Evidence on behalf of applicant was offered through its regional general manager, the superintendent of its California-Arizona-New Mexico Division, two division supervisors, and seven 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 management in an effort to place the company's operations on a sound basis and to assure its continued existence as an essential transportation agency.^{3/}

^{1/} In the application as originally filed, applicant proposed to make Pasadena the waybilling point for all points in the consolidation area, and sought authority to make the increases in rates which would result thereby. However, by amendment to the application the plan for a single waybilling point and the request for rate increase authority were eliminated. Under the proposal as amended there would be no increases or reductions in rates.

^{2/} Pursuant to stipulation entered into by applicant and counsel for certain protesting highway common carriers, the record in Application No. 43897 was incorporated by reference into the record in the instant proceeding. The application in question related to a similar consolidation proposal involving the Agency's offices in the Fresno-Tulare area.

^{3/} 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.

At the present time, applicant provides collection and delivery service in all of the communities in numbered paragraph 2 above except Bradbury and Glendora. The latter cities also would, under the consolidation plan, receive such service. Additionally, it is proposed to make extensions in the present service areas in the eleven communities named in the margin.^{4/}

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 testified that the proposed consolidation in San Gabriel Valley Area operations would have the effect of eliminating some of the handlings and would expedite the dispatch of shipments.^{5/}

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

^{4/} The communities in question are Altadena, Arcadia, Azusa, Baldwin Park, Covina, Duarte, El Monte, Industry, Irwindale, La Puente and Monrovia.

^{5/} The record discloses that line-haul service from and to the Agency's offices at Alhambra, Azusa, Baldwin Park and South Monrovia is now performed, for account of the Agency, by certain highway common carriers operating between said offices and rail terminals at Los Angeles. The Agency maintains shuttle service with its own trucks between Baldwin Park and Covina, the latter being a branch of the Baldwin Park office.

According to the division superintendent, there will be no reduction in employment, if the proposed consolidation plan is placed in effect. The salaried agents at Alhambra and Baldwin Park will be transferred to similar positions elsewhere and the existing classified positions will be transferred to Pasadena. Additionally, it is planned to add two new positions at the latter point. At Azusa, Covina and South Monrovia the Agency's business is handled by so-called joint commission agents, who are full-time railroad employees, operating the express offices as a sideline. After consolidation these latter agents would continue with their principal occupations.

Applicant estimates that the consolidation plan here under consideration will result in net savings of approximately \$22,000 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 one terminal 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 by applicant to show the continuing need for the transportation here in issue, as proposed to be performed under the sought highway common carrier certificate. These witnesses represented a medical center and several retail and manufacturing establishments located at various points in the consolidation area. The testimony of the shipper witnesses was substantially as follows: All are regular

patrons of the Agency;^{6/} for each establishment applicant's services are important, notably because of the fast service, and to some extent the specialized handling, accorded express shipments; for most of the concerns the proposed expansion of service hours to include collection and delivery of air express shipments on Saturdays would be highly advantageous; all would benefit by the more expeditious and flexible service contemplated by the proposed plan of operation; applicant'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.

Applicant currently holds two highway common carrier certificates, for operation between Pasadena and Monrovia and between Alhambra and El Monte, respectively. Applicant's superintendent testified that such certificates should be revoked concurrently with the granting of the highway common carrier certificate herein proposed.

Testimony in opposition to the proposed closing of the Agency's office at Azusa was given by representatives of four business concerns, three of which are located at Azusa and one at Duarte.^{7/} Similar testimony, relative to the proposed closing of the Alhambra and Covina offices, was presented by a representative of an orchid nursery located at San Gabriel and by an individual who conducts a mail order business at Covina, respectively. The San Gabriel protestant stated that his firm has satisfactory

^{6/} The use of applicant's service by one of the concerns in question, the record shows, is presently confined to inbound shipments, because of the absence of store door service to its premises.

^{7/} Two additional witnesses, called by protestants, testified as to the collection and delivery procedures of the Agency's Azusa agent.

service, including collection and delivery from the Alhambra office. He objected to the proposed service out of the Pasadena office because he understood that under such arrangement his shipments would remain in the Agency's pickup trucks for longer periods of time, due to longer routes, to the detriment of the highly perishable orchids. The Covina shipper is located outside either the present or proposed Covina collection and delivery limits. He protests because, with the closing of the Covina office, he would be compelled to go to either Pasadena or Pomona to make his express shipments.

The Azusa office protestants urged that the Azusa office be kept open as an over-the-counter office because of the fact that when rush shipments are to be made and the express driver has already made his pickup for the day, protestants themselves may take the shipments to the Azusa office for outbound movement the same day. The closing of the Azusa office, they said, would necessitate trips to Los Angeles or Pasadena, under such circumstances. One protestant claimed to be receiving delivery service currently although his company, according to the Agency's tariffs, is located outside the present collection and delivery limits.^{8/} This witness was concerned about his ability, under the consolidation plan, to secure certain essential information about air express shipments at the time such shipments are tendered to the Agency's driver. Another witness was of the opinion, based on experience of several years ago, that the Pasadena office would not be able to provide satisfactory collection and delivery service, such as he now receives from the Azusa office.

^{8/} Under the proposals herein, the Agency's collection and delivery limits would be extended to include the location in question.