

DECISION NO. 21367

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of S. ERICE COWAN for Certificate
of Public Convenience and Necessity
to operate freight service between
Los Angeles Harbor points and num-
erous points in Southern California.

Application No. 14147

APPEARANCES

- Richard T. Eddy, for applicant.
- H.W. Kidd, for Motor Transit Company,
Sierra Van & Storage Company,
San Fernando Haulage Company,
Walker Transfer Line, and
Walter Basin Transfer Line, protestants
- H.J. Bischoff, for Motor Service Express,
Pacific Motor Express,
L.A. & Newport Freight Line,
Tolson Transportation Company, do
- Herman Exterstein, for Associated Transit Company, do
- Fred Russell, for L.A. & San Pedro Transp'n Co., do
- F.H. Asbury, for Asbury Truck Company, do
- Forrest A. Betts and A.E. Norrbom, for Pacific
Electric Railway Company, do
- E.E. Bennett, J.P. Quigley, and W.H. Lowden,
by E.E. Bennett, for L.A. & SALT LAKE
RAILROAD, do
- E.T. Lucey, for Santa Fe Railroad, do
- Devlin & Brookman, by Douglas Brookman, for United
Parcel Service of Los Angeles, Inc., do
- T.J. Wade, for Wade Transportation Company, do
- H.E. Fleischer, for Joe & Ed's Express, and for
L.A. & Oxnard Daily Express, do
- J.R. Zimmerman, for City Transfer & Storage Company
of Long Beach, do
- O.C. Butler, for Pacific Transportation Company, do
- Fred A. White, for White Truck & Transfer Company, do
- E. Nizer, for Alhambra Transfer and Storage Company, do

BY THE COMMISSION:

O P I N I O N

S. Erice Cowan, applicant herein, requests a certificate

of public convenience and necessity to conduct an operation from Los Angeles Harbor (hereinafter referred to as "the harbor") to various points in Southern California, including Los Angeles, Huntington Beach, Santa Ana, Riverside, San Bernardino, Pomona, Pasadena and Glendale, for the transportation of freight between termini and all intermediate points, together with a delivery zone five miles on either side of the seven routes proposed in his amended application.

Public hearings herein were conducted by Examiner Williams at Los Angeles, San Bernardino and Riverside. Twelve days were devoted to these hearings.

The certificate sought by applicant herein is intended to superimpose over the areas now served by approximately 60 carriers, rail and automotive, to points in Southern California. The essence of the proposed operation is the ability to receive at the harbor dock freight shipments from steamers and furnish direct transportation to destination without re-handling, and is based upon the alleged inadequacy of the present method of transporting such shipments to Los Angeles and distributing them from this point. The seven routes proposed are so constructed that each day applicant may, by following them, make a complete trip from the harbor to the farthest point, and the return trip by a different route, thus giving service to and from the harbor for all communities. The theory of applicant is that with the enormous volume of tonnage entering and leaving Los Angeles Harbor, it is economical and expeditious for the shipping public to have such a service available direct from the harbor to destination.

Applicant is now the owner of several operating rights in Southern California, the chief of which is the Triangle-Orange County Express operating between Los Angeles and Santa Ana and

other communities in Orange County. This operation now receives a considerable volume of harbor freight brought to its depot in Los Angeles by carriers from the harbor. In addition, applicant owns the Rice Transportation Company, a corporation, operating between Los Angeles, Santa Monica, Venice and other beach cities on the west, which also receives, by transfer, the same class of shipments from the harbor. Also, applicant possesses a certificate to conduct an operation direct from the harbor to Santa Ana and Orange County points, and which operation has been in existence several years. Applicant, also, through the Rice Transportation Company, had, at the time of the hearing, a lease upon the Donovan Transportation Company, a corporation, which possessed rights between Long Beach and Santa Monica for the transportation of freight. This lease, however, has expired, and no longer benefits applicant. Applicant also owns a freight line between Los Angeles and Glendale and Sunland, acquired from Verdugo Hills Transportation Co. under authority of this Commission; other operations owned by applicant are between Los Angeles and Burbank and Los Angeles and Compton. It will be seen, therefore, that applicant is already in possession of a number of certificates operating out of Los Angeles, and connected immediately with the transportation of property between the harbor and Los Angeles.

One of these operations is particularly concerned in the present proceeding, being the operation authorized between Los Angeles and harbor county points. This certificate limits applicant to a maximum of 3,000 pounds, a restriction imposed to protect the minimum of the Hodge Transportation System activities at the time the restriction was imposed but since out of business. This certificate permitted applicant to transport all commodities, whose single shipments did not exceed 3,000 pounds in weight, to

and from the harbor. It is significant that in the instant application, as amended, applicant seeks the same routing for his proposed operations, but fixes a considerably higher rate for the service. As a matter of fact, the rates fixed in the instant application are in the main higher than rates now charged by applicant on this service and other services conducted by him. Applicant introduced no testimony, whatever, indicating that there is any demand from Orange County points for additional service, and it must be assumed, therefore, that the service now being conducted by him to such points, is adequate. The application, so far as this routing is concerned, stands upon the mere desire of the operator, as testified to by him, and does not reflect the essential elements of public necessity required. For this reason this portion of the application may be dismissed without further discussion as to the question of necessity.

Applicant also rests his application, so far as transportation between Los Angeles Harbor and Los Angeles directly is concerned, practically upon his own testimony without support, that another service between the two points is required. In view of the fact that there are now 32 truck carriers operating between Los Angeles Harbor and Los Angeles, and four rail carriers it may be assumed without further discussion that this service is adequate. This permits discussion of the application in so far as it presents transportation from points other than Orange County and the City of Los Angeles.

The seven routes proposed by applicant from the harbor to points in Southern California and five miles on each side are:

Route 1: Harbor Boulevard - Redondo Road - Western Avenue - Olive Street - Hawthorne Boulevard - thru Lawndale, Hawthorne and Inglewood to Redondo Road - Slauson Avenue - Western Avenue - Olive Street return to Wilmington.

Route 2: Harbor Boulevard, Slauson - Vermont - Adams - Western - Sunset Boulevard - Cahuenga Pass - Lankershim - Sherman Way - North Sherman Way - West Sherman Way - Canoga Avenue - Chatsworth Avenue - San Fernando Road - McClay Avenue - Sunland Road - Michigan Avenue - Verdugo Canyon Road - Colorado - San Fernando Road - Avenue 20 - Main Street - Alameda Street - Harbor Boulevard.

Route 3: Anaheim Road - Long Beach Boulevard - Baker Avenue - Bandini Boulevard - Telegraph Road - Pasadena Avenue - Coyote Pass - Fair Oaks Avenue - Colorado Street - San Gabriel Boulevard - Garvey Avenue - Coyote Pass, thence via same route to Wilmington.

Route 4: Anaheim Road, Cherry Avenue, Downey and Clearwater Road, Telegraph Road, Valley Road, Whittier Boulevard (detour to Montebello) Valley Road - Durfee Avenue - Lexington Road - Arden Road - Dalton Avenue - Santa Ana Avenue - Foothill Boulevard - Grand Avenue - San Bernardino Road - Lark Ellen - Glendora Avenue - Azusa Road - Valley Boulevard - Workman Mills Road - Whittier Boulevard (detour to Whittier) Puente Mill Road - Norwalk Road - Artesia Road - Artesia Boulevard - Downey and Clearwater Road - Cherry Avenue - Anaheim Road.

Route 5: Anaheim Road - Los Alamitos Road - Lincoln Boulevard - Grand Avenue - Commonwealth - State Highway - Central Avenue - Brea Canyon Road - Valley Boulevard - Garvey Avenue - Mesa Avenue - Foothill Boulevard - Etiwanda Avenue - Wineville Road - Archibald Avenue - Chino Avenue - to Pomona, Valley Boulevard - Brea Canyon Road.

Route 6: Anaheim Road, Garden Grove Road, Center Street - Santa Ana Canyon Road - Magnolia Avenue - La Cadena Avenue - Redlands Road - Orange Street - Base Line Road - Foothill Boulevard - Riverside Avenue - return via Magnolia Avenue and Santa Ana Canyon Road.

Route 7: Anaheim Road, American Avenue, Coast Highway.

Applicant proposes a rate structure based upon radial zones from the harbor. Six zones are offered, each being five miles in width and, with class rates varying from 15¢ per 100 in Zone No.2, to 35¢ per 100 in Zone No.6, for fourth class matter, and increasing the other three classes by 5¢ differentials. Zone No.1 is not included in the rate schedule, applicant explaining that this is a pick-up

zone in the City of Los Angeles, and is intended only for such service for points outside of the zone. This pick-up zone is bound by Anaheim Road, north; Pacific Electric track, west; Long Beach western city limits, east, and the Ocean south, bringing it entirely within the area within the corporate limits of the City of Los Angeles. Exterior to these boundaries is Zone No.2, extending for ten miles in all directions from Harbor Boulevard and Anaheim Road. Applicant proposes a minimum charge in all zones of 75 cents. (His minimum charge between the harbor and Orange County points is now 35 cents). Other zones are at distances (radially) of 15, 20, 40 miles with termini as the ultimate.

For the rates proposed, applicant intends to conduct daily operations, except Sundays and holidays, over each of the seven routes proposed, and while his application does not so state, he offered, in his testimony, to make delivery before noon each day. As the routes are so constructed that each is a round trip from the harbor and return by different highways, applicant expects to use the entire trip for delivery and outgoing pickup, including points five miles on either side of the route. The time schedule proposed in the application was somewhat modified by applicant in his testimony, indicating a purpose to route the operation practically from midnight to morning in order to reach the extremes of the various routes within business hours. Just how this service is to accomplish a round trip of 40 miles or more, discharging and receiving freight, with deliveries in a ten-mile wide zone is not made clear by the testimony of applicant and must, therefore, be regarded as too vague and indefinite to base reliance on. It is noteworthy that Zone No.5 has one rate for 20 miles, though other zones break on a five-mile basis; also the outer (5th and 6th) zones propose

a haul of from 20 to 50 miles for 5 to 10 cents per 100 pounds. Likewise, this rate structure lacks reasonable explanation from applicant and, while it is not vague, it provides for long distance mileage apparently at the expense of short hauls. Applicant proposes the use of 15 trucks in this service at a cost of approximately \$60,000. with sufficient trailers as required. The investment in capital for all purposes approximates \$100,000. and it was applicant's testimony that he intends to establish this operation by the employment of only \$10,000. actual cash, the equipment to be procured by contract on deferred payments.

Applicant's system, as explained by him, contemplates the establishment of a terminal at the harbor, where all shipments will be assembled for distribution to the various routes. No estimate of this expense was given by applicant, but he did submit estimate of revenue and expense in connection with the operations. He estimated a cost of \$19.46 for 100 miles of operation which, plus trailers, would be increased to \$20.58, or a truck mile cost of 20.58¢. On the basis of such truck mile cost, applicant estimated (Exhibit No.33) a gross daily revenue on the seven routes of \$271.51, and an operating cost, (based upon mileage of \$151.99, overhead, taxes and other expenses, \$98.09, making a total operating cost of \$250.08) and resulting in an estimated daily profit of \$21.42. The tonnage listed on the various routes was a mere estimate on the part of applicant. The truck mileage cost was based upon applicant's experience with the same kind of equipment over a period of three years, according to his testimony.

The main support of the tonnage distribution was based on Exhibit No.36 prepared by witness R.A. Stewart, dock superintendent of the American-Hawaiian Steamship Company, and which exhibit fur-

nished the consignments to the various proposed routes passing over the docks of this company during December, 1927. This tonnage, however, was moved by existing carriers and merely indicated the volume passing over this dock and which might have moved to destination over the proposed routes. It showed that during the month 3,559,119 pounds were consigned to points on the various routes, of which 1,987,481 pounds were consigned to the harbor zone alone, and of this last 602,913 pounds were consigned directly to the business district of the City of Los Angeles. Mr. Stewart testified that this volume moved promptly from the docks; that only 12 or 15 packages were left after unloading and that these were mostly consignments where there was no direction as to carrier.

American Hawaiian Company's statistics furnish a practical cross-section of harbor tonnage in general. Each steamship company sends out advance notice of its cargo to consignees to enable them to select carriers in advance of dock delivery. Many have standing orders. Only when there is an emergency are cargoes unloaded, except between 8 and 5 day-time. Other hours require advance arrangement and 50% additional cost. Applicant indicated that, where necessary, he would expedite shipments by absorbing this additional expense, but his testimony did not reveal full knowledge of this cost, or its discriminatory rate nature; no rule governing this feature is proposed. Mr. Stewart's testimony further revealed that there has been very little complaint from shippers; that approximately 40 per cent of incoming shipments move via rail and the remainder via truck; that 40 per cent of incoming shipments are for points other than Los Angeles (city proper) and that 60 per cent are direct to Los Angeles.

In addition to Mr. Stewart's testimony reports of the Board of Harbor Commissioners of the City of Los Angeles were in-

troduced. The report for 1927 shows that incoming cargoes aggregated 5,331,218 tons (of which 2,336,110 tons were lumber), and outgoing cargoes aggregated 19,802,745 tons of which the largest percentages are oil and its products and citrus fruits. The fluid movement of this enormous tonnage has apparently been satisfying, as the Commissioners' report 60% of the general cargo moving by truck and 40% by rail. The report also points out that the harbor transportation facilities are based on rail movements and that the loading tracks have advantage over truck facilities; that the Commissioners (together with the Greater Harbor Committee) are promoting the unification of all harbor rail facilities, including the 57 miles of track of the Municipal Belt Line, and the tracks of the Southern Pacific Company, Los Angeles and Salt Lake Railroad Company, Pacific Electric Railway Company and The Atchison, Topeka and Santa Fe Railway, with a classification yard with a capacity of 8,000 cars.

The application was protested by twenty truck carriers operating under the authority of this Commission and four rail carriers. The witnesses presented by them were mostly operating officials, though some produced shippers. Of the 36 witnesses produced by all protestants, the most aggressive showing was made by those offered by Rex Transfer Company, Los Angeles & San Pedro Transportation Co., Pacific Electric Railway Company, Service Motor Express and Keystone Express. Their testimony leaves no question of the adequacy and expedition of these services, without going into detail. These carriers all serve the field by transfer at Los Angeles, the L.A. & S.P. Co. (only one of 32 truck lines between the harbor and Los Angeles) transporting approximately 100,000 tons

annually using about 50 trucks daily. All other protestants showed abundant equipment and rapid delivery.

Testimony in behalf of Pacific Electric Railway showed that this carrier has suffered, since 1921, a loss of 400,000 tons of freight between its gross of 1921 and 1927. In the last named year the gross was 150,000 tons. This loss was caused by diversion to truck carriers. To regain this tonnage this protestant, according to A.E. Norrbom, Chief Clerk in its Traffic Department, testified that Pacific Electric has arranged to give pickup and delivery in most of the points served by it, either by the use of trucks owned and operated by it or by leased trucks. He further testified that a subsidiary corporation, operating as an express company, would be formed to conduct this service and that it was planned to establish it in June or July, 1928. By this method, consignments to or from the harbor will have through transportation between shipside and store-door at freight rates. He also introduced exhibits (Nos. 27 to 32, inclusive) showing average shipments, in particular months, to 22 representative points on its system and their time in transit between the harbor and destination, and related detail.

Thorough study of the evidence and exhibits herein does not show the essential elements of necessity required to justify granting the certificate sought. Over 90 per cent of the points to be served have existing service of one or more carriers; some have two or three truck and two or three rail carriers. In some localities witnesses have been found who express need of the service proposed, but this necessity appears so small and sporadic as to be unimportant to the whole scheme. It may be debatable whether the present method of conducting the transportation to Los Angeles for its outlet in various directions is the best, but it is

certain that this method, according to the record herein, appears satisfactory to the shipping public as a whole. If it is not the most efficient method those in charge are constantly seeking its improvement. The unified harbor belt line has been established and promises to relieve harbor rail congestion and speed up transit to inland points; also pickup and delivery of Pacific Electric Railway has been established through a subsidiary (Application No.15137-Decision No.20578) and is now functioning in over 40 points sought by applicant, although not yet established at the harbor. There is, in addition, satisfactory evidence that the truck lines radiating from Los Angeles are efficiently acting as outlet channels for the harbor volume as well as other traffic and that the rates charged are reasonable. The whole transportation system, both rail and highway, has developed along natural lines and established on a basis that, except for small individual demands, seems to meet present public requirements. For these reasons, and upon the record herein, we find as a fact that public convenience and necessity do not require the service proposed herein by applicant. An order denying the application will, therefore, be entered.

ORDER

S.B. Cowan having made application to the Railroad Commission for a certificate of public convenience and necessity to establish transportation service by truck between Los Angeles Harbor and Los Angeles, Santa Ana, Riverside, San Bernardino, Pomona, Pasadena, Glendale and various other points in Southern California, a public hearing having been held, the matter having been duly sub-

mitted and now being ready for decision,

The Railroad Commission of the State of California hereby declares that public convenience and necessity do not require the service proposed herein and

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

Dated at San Francisco, California, this 8th day of July, 1929.

Thos S. Louitts
C. C. Seaver
W. A. Calkins
Commissioners