

ritories.¹ Prior to May 1, 1938, they performed such transportation at rates lower than the established minimum rates, under authority granted by this Commission in Application No. 20629 (Decisions Nos. 29105 of September 14, 1936, and 29692 of April 26, 1937).² The lower rates so authorized applied only in connection with shipments weighing 18,000 pounds or less. They were graduated according to the weights of the shipments by use of eight weight brackets, and were named for transportation within and between three described zones.

Effective May 1, 1938, by Decision No. 50600, as amended, in Case No. 4121, the Commission established minimum rates for transportation of property of all kinds, for all weights, within extensive territory in the city and county of Los Angeles, including a portion of the territory within which the minimum rates established in Parts "A" and "M" of Case No. 4088 had previously been applicable, and within which applicants had been granted the special authority mentioned.

¹ Bethlehem Steel Company maintains a mill and warehouse at Slauson Avenue and Downey Road in the city of Vernon, and fabricating plants at 11100 South Central Avenue and 6900 Stanford Avenue in the city of Los Angeles. Transportation from the mill and warehouse is performed by Paxton Truck Company and that from the fabricating plants by DeLair Truck Company. Approximately 50 per cent of Paxton's facilities and 95 per cent of DeLair's facilities are devoted exclusively to this service.

² Minimum rates for transportation within the territory involved were first established by Decision No. 28761 in Part "A" of Case No. 4088. That decision, as amended, only established minimum rates for shipments weighing less than 4,000 pounds, but provided that the charge for shipments of greater weights should not be less than the charge therein established as minimum for a shipment weighing 3,999 pounds. After public hearing in Application No. 20629 the applicants here, and also J. A. Clark Draying Company, were granted authority to deviate from said Decision No. 28761 to the extent it affected shipments weighing 18,000 pounds and less. Thereafter, by Decision No. 29480 in Part "M" of Case No. 4088 minimum rates were established for transportation of shipments weighing 15,000 pounds or less, and Decision No. 28761 was superseded to that extent. However, the special authority was continued as to all three carriers by supplemental order in Application No. 20629.

Six weight brackets were provided, and rates were named between eight described zones, which differed considerably in territorial scope from the zones upon which applicants' original authority was predicated. That decision provided that the prescribed rates cancelled and superseded rates previously established, to the extent they were different. Applicants now ask that the original authority to charge lower rates for shipments weighing 18,000 pounds or less be reaffirmed as to them, and extended to include intracity shipments. In addition, they ask that a new scale of rates, subject to a minimum weight of 36,000 pounds, be authorized for the so-called "carload shipments."³

In so far as shipments weighing less than 18,000 pounds are concerned, applicants Paxton and Renick testified that the circumstances and conditions upon which the original authority was based remained unchanged, except that wage costs had since increased to some extent. Both asserted, however, that in their opinions this increased cost was more than offset by the fact that the authorized rates were themselves somewhat higher than rates which had been in effect prior to the issuance of Decision 28761, supra. They pointed out also that Bethlehem Steel Company had built a warehouse on the Slauson Avenue property which because of its central location is said to enable the carriers to operate more efficiently than had been possible when the original authority was granted.

Applicant Paxton asserted that the proposed zones were considered proper in that they were constructed by embracing territory within radii of 6, 12 and 18 miles respectively from Slauson and

³ Throughout the hearing the term "carload" was used to denote shipments weighing in excess of 18,000 pounds.

J. A. Clark Draying Company, which enjoyed the original authority jointly with Paxton and DeLair, has filed a supplemental application in Application No. 20629 seeking reaffirmance of the original authority as to shipments weighing 18,000 pounds and less.

Alameda Streets.⁴ He stated that this point is the approximate center of the iron and steel industry in the Los Angeles drayage area and that the bulk of the hauling is confined within a radius of 6 miles thereof (the proposed Zone 1). He stated further that the zones provided in Decision No. 30600, as amended, supra, were not adaptable to his operation, would unduly complicate the computation of charges and would create discriminatory situations between destinations located within identical distances from Bethlehem Steel Company's facilities. Applicant Renick confirmed this testimony.

In justification of the rates proposed for carload shipments,⁵ Paxton and Renick described in detail the manner in which "carload" shipments are handled in their respective operations. They explained that Bethlehem Steel Company provides telephone and office space at a nominal charge and cooperates with the carriers in arranging orders so that most efficient use of the carriers' equipment may be obtained. They said that Bethlehem's employees handle the billing, loading and dispatching of the trucks, that consignees ordinarily perform the unloading at destinations, and that loading and unloading are usually done by crane so that the delay to equipment in performing these operations is minimized.

Applicant Paxton and Marshall Buchanan (bookkeeper for DeLair Truck Company) introduced statements showing the costs experienced by their respective companies in transporting "carload" shipments for Bethlehem Steel Company during a three months' period from January 1

⁴ The zones upon which the proposed "carload" rates are predicated (Zones 1, 2 and 3) are the same as were previously authorized in connection with smaller shipments in Decisions Nos. 29105 and 29692, supra.

⁵ The rates proposed for "carload" shipments are 2½ cents within Zone 1, 3-3/4 cents within Zone 2 and 5 cents within Zone 3, all subject to a minimum weight of 36,000 pounds.

to March 31, 1938. These statements show estimated average costs per ton for the Paxton and DeLair operations of 50.7 and 40.4 cents respectively. The witnesses conceded that these figures were based upon certain arbitrary allocations, although they asserted that corrections of any possible errors in judgment should tend to produce lower rather than higher cost estimates.

Both applicants testified that the rates proposed for quantities in excess of 18,000 pounds were the same as had been charged for some time past. They introduced statements purporting to show that such rates produced an average revenue per ton of 56.7 cents for the Paxton operation and 64.6 cents for the DeLair operation during the three months' period covered by the cost statements before mentioned. The witnesses stated that traffic volume and earnings were considerably below normal during the period selected.

C. P. Desmond, treasurer's representative of Bethlehem Steel Company, stated that his company has operated its own trucks in the past and that should the rates here proposed not be authorized, it would give consideration to resuming its proprietary operations. He had made no study as yet to determine what the cost of performing transportation in such a manner would be.

No one presented any evidence in opposition to the granting of this application, although several interested parties participated in cross-examination of applicants' witnesses and attacked the accuracy of the cost estimates.

It appears from the record that the peculiar nature of applicants' operations permits unusually efficient use of equipment and eliminates various overhead costs which ordinarily accrue. In so far as shipments weighing less than 18,000 pounds are concerned there appears to be little doubt but that the original authority should be

reaffirmed. Some reduction in the rates proposed for 10,000-20,000 pounds weight bracket appears necessary, however, in order that the authorized rates will not exceed the level of the established minimum rates.

As to "carload" shipments applicants' cost estimates are deficient in many respects and it cannot be ascertained with any reasonable degree of certainty whether or not the rates of the volume here proposed will or will not be compensatory. The chief infirmity in the cost estimates is that they contain only resulting figures and do not set forth the basic figures used in arriving at the ultimate conclusions. Cost allocations made as between traffic handled for Bethlehem Steel and for other shippers and between large and small shipments are arbitrary in the extreme, and no satisfactory information has been made available from which the reasonableness of such allocations can be ascertained. Inasmuch as the profit on the Paxton operation for the first three months of 1938 was only 6 cents per ton (56.7 cents revenue less 50.7 cents costs) it will be seen that exact cost data are most important. While applicants have asserted that earnings and traffic volume were below normal during the period of the study, they have not offered anything to indicate that a material change in conditions may reasonably be anticipated in the near future.

Irrespective of what applicants' operating costs may be, however, it must be observed that the proposed rates give little recognition to the apparent difference in unit costs of hauling small as against large volume shipments. Although the average of all shipments in excess of 18,000 pounds transported by Paxton was 17.42 tons and by DeLair was 16.42 tons, the rates proposed are based on a minimum weight of 18 tons. Thus the proposed minimum weight actually exceeds the actual average load. Moreover, the proposed "carload" rates are

approximately one half of the rates proposed for a minimum of 10,000 pounds. The effect of this is that the rates proposed for a minimum weight of 36,000 pounds "break back" to 18,000 pounds, the same charge being applicable for a shipment weighing 36,000 pounds as for a shipment weighing 18,000 pounds. Witness Desmond of the Bethlehem Steel stated that it was no great convenience to his company to have a flat charge assessed regardless of the weight of the shipment and this appears to be the only basis upon which an arbitrary rate scheme of this type could be justified.

While no evidence was offered as to the cost to the shipper of performing the transportation here involved, it seems improbable that rates of the volume of the commodity rates now provided in Decision No. 30836 would encourage the diversion of business from for-hire to proprietary carriage. As a matter of fact it is not apparent that the proposed rates would produce substantially less revenue in the aggregate than would result from observance of the established minimum rates if the established zones were to be revised. In this connection it should be noted that the rates established for transportation of iron and steel articles in the territory involved were reduced substantially after the instant application was filed, so that in many instances the proposed rates are in fact higher than the established minimum rates.⁵

The Commission is of the opinion therefore that the proposed rates have been justified as to shipments weighing 18,000 pounds or

⁵ Item 650 of Appendix A of Decision No. 30785 (the effective order when this application was filed) named rates of 6, 7, 8 and 9 cents, respectively, for transportation of 4th class articles in quantity lots within and between zones taking rate bases A, B, C and D. By Decision No. 30836, effective May 3, 1938, Item 730 of that appendix was amended by adding commodity rates for iron and steel articles of 4, 4½, 5 and 5½ cents, using the same rate bases.

less, subject to the modification noted, and that the proposed zoning arrangement has been justified for all weights. It is of the further opinion that applicants have failed to show that the proposed "carload" rates will be compensatory, that they are reasonably related to the cost of performing the service or that they are required to prevent diversion of the traffic to proprietary carriage.

The authority sought in connection with shipments weighing less than 18,000 pounds will be granted, except that the rates proposed for a minimum of 10,000 pounds will be reduced to the level of those provided as commodity rates in Decision No. 30836, supra, for shipments of such volume in rate bases A, B and C. The zoning arrangement proposed for "carload" shipments will be authorized but rates of 4, $4\frac{1}{2}$ and 5 cents per 100 pounds (the volume of the commodity rates provided in Decision No. 30836, supra), subject to a minimum weight of 20,000 pounds, will be substituted for the proposed rates of $2\frac{1}{2}$, $3\frac{3}{4}$ and 5 cents per 100 pounds, subject to a minimum weight of 36,000 pounds. In this way, deviation from the general basis will be lessened and greater recognition will be given to the cost of performing the service. The conclusions herein being based on existing conditions, the authority will be granted for a temporary period only, expiring in one year unless sooner changed, cancelled or extended.

O R D E R

The matter having been duly heard and submitted,
IT IS HEREBY ORDERED that A. D. Paxton, doing business as Paxton Truck Company, and M. E. DeLair and R. B. Renick, doing business as DeLair Truck Company, be and they are hereby authorized to assess and collect rates less than the minimum rates heretofore

established by the Commission, but not less than the rates set forth in Appendix "A" attached hereto and hereby made a part hereof, for transportation for Bethlehem Steel Company of the property and within the territories described in said Appendix "A".

The authority herein granted shall expire one year from the date hereof, unless sooner changed, cancelled or extended by appropriate order of the Commission.

This order shall become effective three (3) days from the date hereof.

Dated at San Francisco, California, this 13th day of May, 1938.

Walter H. Brown
Leon A. B. Smith
Frank A. Smith
Raymond W. Smith
Ray & Rice
Commissioners

APPENDIX "A"

DESCRIPTION OF ARTICLES

Iron and Steel, Articles of, viz.:

Bands	Hoops	Pipe Fittings
Bars, plain, corrugated, twisted or bent	Ingots	Bale Ties
Billets	Nuts	Tinplate
Bolts	Nails	Rivets
Castings, rough	Washers	Rods
Forgings, rough	Wire	Sheets, black, galvan- ized, corrugated or plain
	Fencing	
	Pipe	

Structural Iron or Steel,
Fabricated or Unfabricated,
consisting of:

Angles	Girders	Railings, bridge
Bars, truss	Guides, elevator	Rails
Bases, post	Hangers, joist	Shoes, riveted or cast
Beams	Ladder Assem- blies, tank or tower	Tees
Braces	Piling	Trusses
Caps, post	Plates	Tubing, pier
Channels	Plates, fish	Turnbuckles
Columns	Pulley, tank or reservoir	Weights (not including sash weight)
Frames, circular		Zees

RATES

(Except as otherwise noted, rates are in dollars per shipment)

<u>Weight of Shipment</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
Not over 250 lbs.	.50	.75	1.00
Over 250 lbs. and not over 500 lbs.	.75	1.00	1.25
Over 500 lbs. and not over 1,000 lbs.	1.00	1.25	1.75
Over 1,000 lbs. and not over 1,500 lbs.	1.25	1.75	2.25
Over 1,500 lbs. and not over 2,000 lbs.	1.50	2.00	2.50
Over 2,000 lbs. and not over 6,000 lbs.	.07*	.10*	.12*
Minimum charge	1.50	2.00	2.50
Over 6,000 lbs. and not over 10,000 lbs.	.06*	.09*	.11*
Minimum charge	4.20	6.00	7.20
Over 10,000 lbs. and under 20,000 lbs.	.05*	.06*	.07*
Minimum charge	6.00	9.00	12.00
20,000 lbs. and over	.04*	.04½*	.05*

*Cents per 100 pounds.

DESCRIPTION OF ZONES

Rates apply between plants and warehouses of Bethlehem Steel Company located on property at Slauson Avenue and Downey Road in the city of Vernon and at 11100 South Central Avenue and 6900 Stanford Avenue in the city of Los Angeles on the one hand, and points within the following zones on the other hand:

Zone 1

All the territory bounded as follows:

Beginning at the intersection of Alameda Boulevard and Compton Boulevard in the city of Compton, west along Compton Boulevard to Vermont Avenue, north along Vermont Avenue to Imperial Highway, west along Imperial Highway to Cypress Avenue, north along Cypress Avenue to Manchester Avenue, west along Manchester Avenue to Crenshaw Boulevard, north along Crenshaw Boulevard to Wilshire Boulevard, east along Wilshire Boulevard to Alvarado Street, north along Alvarado Street to Sunset Boulevard, southeast along Sunset Boulevard to Figueroa Street, north along Figueroa Street to San Fernando Boulevard, south along San Fernando Boulevard and Avenue 20 to Main Street, east along Main Street and Valley Boulevard to Indiana Street, south along Indiana Street to Brooklyn Avenue, east along Brooklyn Avenue to Atlantic Avenue, south along Atlantic Avenue to Whittier Boulevard, east along Whittier Boulevard to Churchvill Avenue, south along Churchvill Avenue to Anaheim-Telegraph Road, southeast along Anaheim-Telegraph Road to Paramount Road, southwest along Paramount Road to Compton Boulevard, west along Compton Boulevard to the point of beginning.

Zone 2

All the territory, exclusive of that lying within Zone 1, bounded as follows:

Beginning at the intersection of Cherry Avenue and Willow Street in Signal Hill, west along Willow Street and Sepulveda Boulevard (Long Beach-

Redondo Road) to the shore of the Pacific Ocean in Redondo Beach, northwest along the shore line to Culver Boulevard at Playa del Rey, northeast along Culver Boulevard to Overland Avenue, northwest along Overland Avenue to Pico Boulevard, northeast along Pico Boulevard to the westerly city limits of Beverly Hills, northwest along the westerly city limits of Beverly Hills to Sunset Boulevard, east along Sunset Boulevard to Laurel Canyon Road, north along Laurel Canyon Road to Hollywood Boulevard, east along Hollywood Boulevard to Cahuenga Boulevard, north along Cahuenga Boulevard and Lankershim Boulevard to Riverside Drive, east along Riverside Drive to Sonora Avenue, northeast along Sonora Avenue to Kenneth Road, east along Kenneth Road to the end thereof, east along a straight line from the end of Kenneth Road to the intersection of La Canada Boulevard and Verdugo Road, south along Verdugo Road to Colorado Street, east along Colorado Street to San Gabriel Boulevard, south along San Gabriel Boulevard to Mission Drive, southeast along Mission Drive to Valley Boulevard, east along Valley Boulevard to Lexington-Gallatin Road (Hoyt Street), south along Lexington-Gallatin Road to Durfee Avenue, southwest along Durfee Avenue to Beverly Boulevard, east along Beverly Boulevard to its intersection with the city limits of Whittier, east and south along the northerly and easterly city limits of Whittier to Whittier Boulevard, northwest along Whittier Boulevard to Painter Avenue, southwest along Painter Avenue to Los Nietos Road, southeast along Los Nietos Road to Carmenita Road, south on Carmenita Road to Orangethorpe Street, west along Orangethorpe Street to Pioneer Boulevard, south along Pioneer Boulevard and Norwalk Road to Carson Street, west on Carson Street to Cherry Avenue, south along Cherry Avenue to the point of beginning.

Zone 3

All territory, exclusive of that lying within Zones 1 and 2, bounded as follows:

Beginning at the end of Los Alamitos Road on the shore of the Pacific Ocean at Seal Beach, northwest along the shore line to Beverly Boulevard, east along Beverly Boulevard to Sepulveda Boulevard, north along Sepulveda Boulevard to Sherman Way, east along Sherman Way to Lankershim Boulevard, north on Lankershim Boulevard to San Fernando Boulevard, southeast along San Fernando Boulevard to Sunland Boulevard, north and east along Sunland Boulevard to Foothill Boulevard, southeast along Foothill Boulevard to its intersection with New York Avenue, east along a straight line from said intersection to the north city limits of Sierra Madre, east along the north city limits of Sierra Madre to the city limits of Monrovia, north, east and south along the west, north and east city limits of Monrovia to Foothill Boulevard, east along Foothill Boulevard to Irwindale Avenue, south along Irwindale Avenue to Holt Avenue, east along Holt Avenue to Glendora Avenue, southwest along Glendora Avenue to Vine Avenue, east along Vine Avenue to Pass and Covina Road (Covina Avenue), south along Pass and Covina Road to Pomona Boulevard, west along Pomona Boulevard to Anaheim-Puente Road (Grazide Road), south along Anaheim-Puente Road to Fullerton Road (U.S.101), south on Fullerton Road to the northerly city limits of Fullerton, west and south along the northerly and westerly city limits of Fullerton to Orangethorpe Avenue, east along Orangethorpe Avenue to Brookhurst Street, south along Brookhurst Street to Lincoln Avenue, west along Lincoln Avenue to Stanton Avenue, south along Stanton Avenue to Katella Avenue, west along Katella Avenue to Hansen Street, south along Hansen Street to Ocean Avenue, west along Ocean Avenue to Los Alamitos Road, south along Los Alamitos Road to the point of beginning.

NOTE: Business houses and industrial plants fronting on both sides of streets or highways serving as exterior boundaries in the zone descriptions, shall be deemed to be within the zone so bounded by such streets or highways.