

IN

ORIGINAL

Decision No. 22271

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFIC)
MOTOR TRUCKING COMPANY, a corporation, for)
a certificate of public convenience and)
necessity to operate motor vehicles for the)
transportation of property over the public) Application
highways between Auburn, California, and) No. 22921
Sacramento, California, and to consolidate)
such operations with existing operations)
between Auburn and Lake Tahoe.)

APPEARANCES

R. E. WEDEKIND, for applicant, Pacific Motor
Trucking Co.

WARE & BEROL, by Marvin Handler, for United Motor
Transport Lines, Inc., and Valley Express
Co., protestants.

W. G. STONE, for Sacramento Chamber of Commerce,
an interested party.

CRAMER, COMMISSIONER:

O P I N I O N

By application filed August 15, 1939, the Pacific Motor
Trucking Company seeks a certificate of public convenience and
necessity to operate motor vehicles as a highway common carrier for
the transportation of property between Auburn and Sacramento, (1)
and to consolidate said operation with its existing highway common

(1) Applicant does not propose to render truck service locally from
Sacramento to Roseville, but would render service in the reverse
direction between those points. No local truck service is pro-
posed from Sacramento to Auburn, but shipments from Auburn,
destined to Sacramento and points beyond Sacramento, would be
handled on the proposed route. Truck service would be rendered
primarily between Roseville on the one hand, and Rocklin, Loomis,
Penryn, and Newcastle, on the one hand, on shipments originat-
ing at Sacramento, or at points beyond. Such shipments would
move from Sacramento to Roseville by rail.

carrier operations between Auburn and Lake Tahoe. (2)

Public hearings were had at Auburn on October 11, 1939, and January 10, 1940, and at Sacramento on January 11, 1940, and the matter was submitted on the record. Subsequently, and by its order of January 16, 1940, the Commission set aside said submission and reopened the proceeding for oral argument before the Commission en banc in San Francisco which was duly had on January 30th and 31st, February 1st and 6th, 1940. The matter was again taken under submission and is now ready for decision.

The United Motor Transport Lines, Inc., and Valley Express Co. appeared at the hearings as protestants and offered testimony in support of their protest.

The proposed plan of operation is generally similar to the kind of truck service now furnished by applicant in other parts of the State. Inbound traffic would move in rail cars from Sacramento to Roseville, and distribution would be made by truck from that point to the towns of Rocklin, Loomis, Penryn, and Newcastle. No

(2) By Decision No. 28366, in Application No. 20258, (November 18, 1935), Pacific Motor Trucking Company was authorized to acquire highway common carrier operating rights between Lake Tahoe and Brockway, Lakeside, and Fallen Leaf Lodge, from the Lake Tahoe Transportation Company.

By Decision No. 29696, in Application No. 21067, (April 26, 1937), the Pacific Motor Trucking Company was authorized to operate as a highway common carrier between Tahoe City and Truckee, and between Truckee and Auburn.

There is no authority at present permitting the Pacific Motor Trucking Company to join or link up the foregoing operative rights so as to permit a through highway common carrier operation between Auburn and Lake Tahoe.

inbound service is proposed by truck: (1) From Sacramento to Roseville; (2) From Sacramento to Auburn; nor (3) From Roseville to Auburn. Inbound service would continue to be all-rail on such shipments. On outbound traffic, however, truck service would be rendered from Auburn to Sacramento serving the intermediate points of Newcastle, Penryn, Loomis, and Roseville, handling outbound shipments for Sacramento or points beyond.

Pick-up and delivery store-door service is proposed at Rocklin and Penryn, which points do not now enjoy such service. Pick-up and delivery service is now rendered at Sacramento, Roseville, and Newcastle by applicant under contract with local draymen, and at Loomis and Auburn by the applicant with its own or leased equipment. It is proposed to replace the contract drayman at Newcastle where applicant will render pick-up and delivery service with its own equipment. Contract draymen will continue to be employed at Sacramento and Roseville as heretofore.

At the present time merchandise traffic is handled by all-rail service. Cars originating at San Francisco, Oakland, or Sacramento with traffic destined to Auburn are handled through to that point on a 14-hour schedule and are distributed by the applicant in store-door service at Auburn. No change in this method of handling is proposed in so far as Auburn traffic is concerned. Applicant's proposal contemplates, chiefly, an improvement in the handling of less-carload inbound shipments from San Francisco, Oakland, and Sacramento to Rocklin, Loomis, Penryn, and Newcastle. These shipments are now handled by all-rail cars to Auburn and are then moved by local switching train service and a way-freight car to the named points. From San Francisco these shipments are handled on a schedule of $42\frac{1}{2}$ hours, and from Sacramento, $18\frac{1}{2}$ hours. The

proposed truck service would allow the San Francisco, Oakland, and Sacramento shipments to move to Roseville by all-rail, break-bulk at that point, and thence move by truck to the destinations named under a through schedule of $13\frac{1}{2}$ hours. The saving in time on San Francisco and Oakland shipments would be about 29 hours, and on Sacramento shipments about 5 hours under the present schedule.

Under the proposed coordination of rail and truck service the local freight trains would not be eliminated but would continue to handle carload business exclusively. Relieving these trains of the less-carload traffic, however, would permit the elimination of stops on route and reduce the time now required to handle merchandise traffic at the intermediate points, i.e., Rocklin, Loomis, Penryn, and Newcastle, thus cutting down total running time and reducing overtime operating costs.

To render the proposed truck service applicant would operate one truck daily, except Sundays and holidays. This truck would tie up at Roseville upon the conclusion of its daily operations. Under the time schedule proposed the truck would leave Roseville at 4:45 a.m. and make store-door deliveries at the respective towns of Rocklin, Loomis, Penryn, and Newcastle, arriving at Auburn at 7:30 a.m. At that point the truck would be used to make store-door delivery of shipments from Sacramento, San Francisco, and Oakland which arrive at Auburn by all-rail car at 7:30 a.m. It is estimated that this local distribution service would be concluded by 2:15 p.m., permitting the truck to depart for its return trip, making stops at the intermediate points of Newcastle, Penryn, Loomis, and Rocklin to pick up outbound shipments, and arrive at

Roseville at 4:00 p.m. At that point the truck would pick up the less-carload outbound shipments for Sacramento and points beyond and carry them to Sacramento, arriving there about 4:45 p.m. to connect with fast merchandise trains for the north, west, and south. After unloading, the truck would leave Sacramento at 5:15 p.m., returning to Roseville where it would tie up for the night.

The estimated cost of rendering the truck service, including taxes and depreciation, is \$7,594 per annum. The present cost of performing pick-up and delivery service at Auburn (which will be performed by the new truck) is \$2,122 per annum. This amount would be saved by the inauguration of the new service so that the net cost of the proposed truck service would amount to \$5,472 per annum. The estimated economies in rail operations, due to the elimination of crew overtime incident to merchandise handling and to the reduction in fuel costs and other operating expenses, would amount to a saving of approximately \$2,002 per annum. This amount deducted from \$5,472 leaves a difference of \$3,470 per annum, which would represent the amount which the proposed service would cost in excess of the cost of the present operation:

An exhibit introduced in evidence by applicant shows the following number of less-carload shipments received at, or forwarded from, the stations which will receive the benefit of the proposed truck service for a representative month in 1939:

<u>Station</u>	<u>Number of Consignees Receiving Shipments</u>	<u>Number of Shipments Received</u>	<u>Number of Consignors Forwarding Shipments</u>	<u>Number of Shipments Forwarded</u>
Auburn	(a)	(a)	50	74
Newcastle	26	65	1	4
Penryn	15	34	-	-
Loomis	32	80	7	10
Rocklin	8	11	-	-
Roseville	<u>(b)</u>	<u>(b)</u>	<u>36</u>	<u>99</u>
Total	81	190	94	187

- (a) Auburn received shipments will be handled all-rail
 (b) Roseville received shipments will be handled all-rail

The above tabulation indicates that the affected points would receive and forward an average of 15 inbound and outbound shipments per day, based upon a 26-day working month. A witness for the Southern Pacific Company testified that the average weight of less-carload shipments, according to a study made by his company, is 351 pounds each. At this figure the average total weight of the daily shipments received at, and forwarded from, the stations here involved would amount to approximately 5,200 pounds.

Of the 190 shipments received at the affected points 158 shipments, or roughly 83 per cent, originated at points west of Sacramento, i.e., at San Francisco, Oakland, San Jose, etc. Only 11 of the shipments received originated at Sacramento proper, 18 shipments originated at points north or south of Sacramento, and 3 shipments were interstate in origin.

Of the 187 shipments forwarded from the affected points 107 shipments, or roughly 57 per cent, were destined to points west of Sacramento, 40 shipments to points east, south, and north of Sacramento, 8 shipments to Sacramento proper, and 32 shipments were interstate with respect to point of destination.

Under the proposed plan of truck operation from Roseville a large majority of the foregoing shipments, both inbound and outbound, would have a prior or a subsequent rail haul in connection with the proposed truck movement.

Thirteen shippers or receivers of freight at points on the proposed route testified as witnesses on behalf of the applicant. Some witnesses asserted that they need more expeditious transportation service on inbound and outbound shipments, particularly on shipments from and to the San Francisco Bay Area and other points beyond Sacramento. The present all-rail service, involving a 24-hour delay at Sacramento, was declared to be unsatisfactory and inadequate to meet their transportation requirements. They agreed that the proposed service would be generally satisfactory to them despite the unusually early hour of store-door delivery offered by the applicant. (3) Other witnesses stated that while they presently use the services of protestants, United Motor Transport Lines, Inc. and Valley Express Co., and that such service is satisfactory, they prefer to have the service of the applicant and Southern Pacific Company made available to them, provided that the latter service can be improved and expedited.

Upon cross-examination of applicant's operating witnesses protestant's counsel pointed out that at the present time three of applicant's all-rail merchandise cars from San Francisco, Oakland,

(3) Applicant proposes to render store-door delivery service at various points as follows: Rocklin, 5:55 A.M.; Loomis, 6:15 A.M.; Penryn, 6:30 A.M.; and Newcastle, 6:45 A.M. Some witnesses testified they would be ready to receive shipments at those hours, others said the delivery time would be too early. It is proposed to deliver the shipments to the railroad depot when store-door delivery is not made, and the applicant's patrons may then pick up their shipments at their own convenience, or they may have store-door delivery in the afternoon when the truck passes through their city on its return trip to Roseville.

and Sacramento, respectively, arrive at Auburn at 7:00 A.M. with freight for Auburn and the other points here involved. It was also shown that shipments for Newcastle, Penryn, Loomis, and Rocklin are presently held up at Auburn until 10:00 A.M. awaiting connection with a local switching train prior to making deliveries at Newcastle and the other points named. Protestant's counsel urged that this 3-hour delay at Auburn could be eliminated by the Southern Pacific Company by making a better connection with the local train operating westbound from Auburn. Counsel further contended that the present layover of 24 hours at Sacramento on shipments which have their origin or destination at San Francisco and Oakland could be eliminated by the Southern Pacific Company and thus would accomplish the desired improvement in service without the necessity of instituting the proposed truck operation.

Protestant United Motor Transport Lines, Inc. contends that it has rendered adequate highway common carrier transportation service between the points here involved for a number of years; that its gross revenues from operations in the year 1938 and 10 months of 1939 were \$25,867.02 and \$20,424.63, respectively, upon which the company earned a total net operating revenue of \$120.16 in 1938 and sustained a net loss of \$258.80 for the 10-month period of 1939. This protestant offered an exhibit showing that it maintains two schedules of service daily, except Sundays and holidays, between Sacramento and Auburn serving the intermediate points here involved. The eastbound schedules from Sacramento leave at 10:30 A.M. and 2:00 P.M. serving the intermediate points here involved and arriving at Auburn at 2:30 P.M. and 6:00 P.M., respectively; in the reverse direction their scheduled trucks leave Auburn at 8:00 A.M. and 2:30 P.M. serving said intermediate points and arriving at Sacramento at 10:30 A.M. and 5:30 P.M., respectively. On Tuesdays, Thursdays, and

Saturdays this protestant operates a third schedule leaving Sacramento at 9:30 A.M., arriving at Auburn at 1:00 P.M., and the return schedule leaving Auburn at 3:30 P.M. arrives at Sacramento at 6:00 P.M. This truck also serves the intermediate points affected by this application.

Fourteen shipper witnesses testified, or had their testimony stipulated to, on behalf of this protestant. These witnesses testified substantially that protestant's service is adequate and satisfactory to meet their transportation requirements; that they make numerous shipments of fresh fruits to Sacramento and to points beyond for which United Motor Lines time schedules are satisfactory and that the proposed time schedule of applicant would be unsatisfactory; and that inbound and outbound shipments of general merchandise are promptly and expeditiously handled by this protestant and its connecting carrier, the Valley Express Company, without loss or damage.

A review of the evidence leads to the conclusion that although public convenience and necessity require the establishment by the Southern Pacific Company of expedited and improved service for the handling of less-carload merchandise traffic between San Francisco, Oakland, and Sacramento, on the one hand, and points between Roseville and Auburn, both exclusive, on the other hand, the record does not warrant a conclusion that the applicant should be authorized to establish the proposed trucking service at this time.

It is clear from the record that the new service here proposed would cost the applicant \$3,470 per annum more than the present cost of service rendered jointly by the Southern Pacific Company and applicant. It is evident, therefore, that no economy would result either to the applicant or to the Southern Pacific Company under the proposal here involved.

The failure of applicant to fully utilize the proposed truck service between Auburn and Sacramento is clearly uneconomical, disregards the efficient use of truck equipment, and by reducing the load factor, increases the unit cost of the proposed truck operations. The estimated average weight of shipments to be transported, both inbound and outbound, is approximately 5,200 pounds. Applicant proposes to operate a 3½-ton truck capable of carrying 5 tons of merchandise traffic without overloading. However, it estimates that it will carry only about 1½ tons in each direction, or a load factor of only 25 per cent.

The proposed time schedule, which contemplates the truck passing through Rocklin at 5:55 A.M., Loomis at 6:15 A.M., Penryn at 6:30 A.M., and Newcastle at 6:45 A.M., appears to ignore the usual business practices of the merchants doing business at these points. Regardless of the apparent willingness of certain of applicant's shippers to use the proposed store-door delivery service at these hours it is inconceivable that business houses, generally, at these points, would be ready to take store-door delivery of their shipments from applicant at those hours. The alternative would be that shipments would be delivered to the Southern Pacific depot, as they are today, and the merchant would be required to pick up his shipments or wait for the truck passing through on the afternoon return trip to make delivery of the shipments.

A fair view of applicant's proposal, therefore, is that public convenience and necessity would not be accommodated by the proposed time schedule. Moreover, applicant's time schedule is a fixed and unchangeable element of its proposed service. The truck must leave Roseville at 4:45 A.M. and must pass through the intermediate towns arriving at Auburn at 7:30 A.M. to begin store-door delivery of

Auburn shipments which arrive at that point overnight by rail. Applicant proposes to deliver these shipments between 7:30 A.M. and 2:15 P.M. with this truck prior to its departure on the return trip to Roseville.

In conclusion it appears that the Southern Pacific Company has not given sufficient consideration to the possible efficiency which could be accomplished in its existing all-rail service for the handling of less-carload merchandise traffic from and to the points in the affected area. First, there appears to be no need for a 24-hour layover of San Francisco and Oakland shipments at Sacramento. Second, there appears to be no need for a 3-hour layover at Auburn waiting for the local train to pick up the merchandise cars. Third, the estimated expenditure of \$3,470 per annum over and above present operating costs which the proposed truck service will cost the parent company of the applicant is not justified by the number or the density of the shipments from and to the points involved.

After fully considering the evidence in this proceeding, I am of the opinion and find that the record does not justify an affirmative finding of public convenience and necessity sufficient to authorize the authority here sought. The application should be denied, without prejudice to the filing of a supplemental application amended in such manner as to give recognition to the criticisms and suggestions discussed herein. A supplemental application, however, should not be filed by the applicant unless and until the Southern Pacific Company has first given careful study and consideration to the possibility of expediting its merchandise car schedules and endeavored to arrange other ways of accomplishing the proposed improvement in service.

I recommend the following form of order.

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- (4) A witness for the Southern Pacific Company testified that during the month of April, 1939, approximately 1,132 shipments were received at Auburn for local delivery, or approximately 43 shipments per day.

O R D E R

Pacific Motor Trucking Company, a corporation, having made application as above entitled, a public hearing having been held, evidence received, oral argument had, the matter submitted, and the Commission now being fully advised.

IT IS HEREBY ORDERED that the said application be and it is hereby denied without prejudice.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 3rd day of

June, 1941.

Ray L. Kelley
Justus J. Coenen
Francis D. Haverstick
Richard H. ...
COMMISSIONERS