

Decision No. 39898**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC MOTOR TRUCKING COMPANY for)
 a certificate of public convenience)
 and necessity to operate motor truck) Application No. 26103
 service as a common carrier between)
 Los Angeles, California, and Long)
 Beach, California.)

FRANK KARR and E. L. H. BISSINGER, for applicant.

HUGH GORDON and WYMAN C. KNAPP, for Pacific Freight Lines,
 Pacific Freight Lines Express and Valley Express
 Company, protestants.

H. P. MERRY, for Southern California Freight Lines and
 Southern California Freight Forwarders, protestants.

CRAEMER, Commissioner

OPINION ON REHEARING

Pacific Motor Trucking Company, a subsidiary of Southern Pacific Company, seeks a certificate of public convenience and necessity, under Section 50-3/4 of the Public Utilities Act, authorizing the operation of a highway common carrier service between Los Angeles and Long Beach, to be coordinated with the rail service of both Southern Pacific Company and Pacific Electric Railway Company, also a Southern Pacific subsidiary. Certain carriers appeared as protestants, viz., Pacific Freight Lines, Pacific Freight Lines Express, Valley Express Company, Southern California Freight Lines and Southern California Freight Forwarders.

Following a public hearing, the application was denied by Decision No. 38387, rendered November 13, 1945. This ruling rested upon a finding that applicant's showing was based primarily upon the then prevailing war conditions. Thereafter, rehearing was granted

and the decision set aside. Such rehearing was had at Los Angeles on January 16 and 17, 1946, when the matter was resubmitted.

In support of its proposal, applicant produced operating officials of both Southern Pacific Company and Pacific Motor Trucking Company, as well as shipper witnesses. To establish their objections, protestants called certain operating officials.

Intrastate traffic offered for transportation between Los Angeles and Long Beach under the billing of Southern Pacific or Pacific Electric now moves by rail over the lines of Pacific Electric. Interstate traffic is carried by truck, under operating authority which applicant holds. At Los Angeles and Long Beach, applicant provides a pickup and delivery service for both rail lines.

At Los Angeles freight tendered to Southern Pacific Company is received at the North Spring Street Station, where it is loaded into box cars which are hauled by Southern Pacific switch engines to the Pacific Electric inter-change, situated at Butte Street. There the cars are picked up by Pacific Electric, consolidated into trains and hauled to Long Beach. Freight offered Pacific Electric is received at the latter's station, situated at 7th and Alameda Streets, where it is loaded into box cars and transported to Long Beach. Between these points the traffic moves exclusively over Pacific Electric rails. Shipments received at Long Beach are transported to Los Angeles where they are delivered locally, or transferred, through the Los Angeles freight station, to trains serving California points north and east of that city.

Between Los Angeles and Long Beach, Pacific Electric operates a motor-box-car daily except Sunday and holidays. During the war the service was withdrawn for a time but it has since been

restored. The less-car-load freight handled by this car averages about three tons daily. Similar service is provided by Pacific Electric between other points on its system.

Applicant proposes to establish a trucking service between Los Angeles and Long Beach available daily excepting Sundays and holidays, transporting only traffic offered under Southern Pacific or Pacific Electric billing. Freight moving between Long Beach and points situated beyond Los Angeles would be transferred at the Los Angeles freight station to or from trains serving these points. Traffic moving locally between Los Angeles and Long Beach would be carried only on certain schedules⁽¹⁾. All available routes would be used. Store-door pickup and delivery service would be performed both at Los Angeles and Long Beach, within the zones prescribed by the rail tariffs. At the outset, the service would be conducted under the time schedule shown below⁽²⁾. The inauguration of fast overnight train service, between Los Angeles and California points north and east, might necessitate the modification of this schedule.

Under applicant's proposal, it appears, a more efficient service would be provided. Freight moving locally between Los Angeles and Long Beach would receive overnight instead of second-day delivery, as at present. Freight moving between Long Beach and points such as San Francisco and Fresno at the outset would receive third morning instead of fourth-morning delivery. The reestablishment of fast overnight merchandise trains would permit the overnight delivery of shipments moving between these points.

(1) Applicant has consented to the imposition of a restriction confining the movement of local traffic to the first morning schedule from Los Angeles, and to the first afternoon schedule from Long Beach.

(2) Service would be provided under the following time schedule:

7:00 AM	LV	0	Los Angeles	AR	5:15	PM
8:15 AM	AR	21	Long Beach	LV	4:00	PM

Substantial economies, it was shown, could be effected.

The elimination of three box cars daily, now assigned to this service, would result in a saving of 918 cars, or 2754 car days annually.

These would include some 624 foreign line cars upon which per diem charges presently accrue. A large share of the expense incurred for transferring freight at the Long Beach station would also be eliminated. This would result from the loading of part of the traffic in line haul trucks, at Los Angeles, sorted in store-door order for delivery at Long Beach. The annual savings, it is estimated, would aggregate \$11,643; the details are shown below. ⁽³⁾ Against this figure,

(3) The annual rail operating economies, resulting from the proposed rail-truck operation, were estimated as follows:

Eliminate handling merchandise cars operating between Los Angeles and Long Beach	\$ 4,863.
Per diem charges on foreign freight cars used	<u>2,153.</u>
Saving in train operating costs	\$ 7,016.
Discontinue transfer expense handling less-than-carload traffic at Long Beach freight house	<u>4,627</u>
Total economy per annum	\$ 11,643.

The per diem charges saved on foreign-line cars — 1872 car days at \$1.15 per day — would amount to \$2,153.

The saving in transfer expense at Long Beach is thus explained:

All rail less-carload freight destined to Long Beach, originating at points beyond Los Angeles, now breaks bulk at Los Angeles, where it is transferred to box cars for the rail movement to Long Beach. There, it is again unloaded. Local freight also moves in these cars; it must be loaded at Los Angeles and unloaded at Long Beach. These operations involve an expense of \$1.50 per ton for transferring or loading the freight at Los Angeles, and an additional \$1.50 per ton for unloading at Long Beach.

Under applicant's proposal, all rail less-carload freight destined to Long Beach would be transferred to or loaded in trucks at Los Angeles, for which an expense of not less than \$1.50 per ton would be incurred. At Long Beach one-half of this traffic would still be unloaded and handled through the freight house, at an expense of \$1.50 per ton. The remaining half would be loaded in trucks at Los Angeles, the freight being stowed in store-door order for delivery direct to the consignees at Long Beach. Since this traffic would not be handled through the Long Beach freight house, the unloading charge of \$1.50 per ton would be avoided. However, at Los Angeles, an additional expense of 50 cents per ton would be incurred for stowing the freight in store-door order. For transferring and loading this part of the traffic, therefore, a total expense of \$2.00 per ton would be incurred

(Continued on next page)

however, there must be offset the expense incurred in conducting the trucking operation, estimated at \$4,437 per annum. Thus, the net annual benefit occasioned by the establishment of the trucking service would amount to \$7,206.

The volume of traffic moving under Southern Pacific or Pacific Electric billing between Los Angeles and Long Beach is substantial, so the record discloses. During November, 1945, assertedly a fairly representative period, the combined interstate and intrastate movement of less-carload freight transported between these points aggregated 668.5 tons, or an average of 26.74 tons daily. (4)

The Los Angeles-Long Beach service did not reflect, at the time of hearing, the influence of wartime conditions, so applicant's operating witness testified; in his judgment these conditions, with respect to operations between these points, had cleared up. Assertedly, applicant has available both equipment and drivers sufficient to

Footnote (3) Continued

representing a saving of \$1.00 under the aggregate expense of \$3.00 per ton which otherwise would be incurred for transferring, loading and unloading the freight both at Los Angeles and Long Beach.

It is estimated that, under this arrangement, the annual saving would amount to \$4,627.

(4) The volume of less-carload freight received at and forwarded from Long Beach by Southern Pacific, during November 1945, is indicated by the following tabulation:

	<u>INTRASTATE</u>		<u>INTERSTATE</u>		<u>COMBINED INTRASTATE AND INTERSTATE</u>	
	Total (Tons)	Average Per day (Tons)*	Total (Tons)	Average Per Day (Tons)*	Total (Tons)	Average Per Day (Tons)*
Rec'd	268.323	10.733	224.857	8.994	493.180	19.727
Frw'ded	96.861	3.874	78.466	3.139	175.327	7.013
TOTAL	365.184	14.607	303.323	12.133	668.507	26.740

*Daily average is based on a 25-day month.

provide an adequate service.

In support of its proposal, applicant called some 21 shipper witnesses at the rehearing, representing 20 firms engaged in business in this area, and including the Long Beach Port Traffic Manager. They dealt in a variety of products.⁽⁵⁾

They described the nature of their shipments and the need for an adequate transportation service. The less-car-load traffic of these shippers, it was shown, moves in substantial volume between Long Beach, Los Angeles and other California points. Those engaged in business at Los Angeles ship regularly to Long Beach. Those situated at Long Beach ship locally between that city and Los Angeles, and also to and from other points within the San Francisco Bay Area, the Sacramento and the San Joaquin Valleys, Coast Line territory and the area south of Los Angeles extending to San Diego and the Imperial Valley. For some of this traffic they have used the facilities of Southern Pacific, and have found the service slow. If the proposed coordinated rail-trucking service were established, they would use it for the transportation of a substantial share of their tonnage. The saving in time, it was said, is desirable, and would be advantageous.

(5) The Long Beach shippers, some 10 in number, comprised manufacturers and distributors of automobiles and parts, unfinished furniture, and wheels and castors; distributors of soap and vegetable fats; wholesale dealers in groceries, hardware and household equipment, liquor, tobacco and confections, pipes, valves, fittings and plumbing; a retail dealer in hardware and a structural industrial and marine engineer. The Los Angeles shippers, of whom 9 were represented, included manufacturers and distributors of childrens' furniture, fireplace equipment, industrial garments, pottery, and washable uniforms; manufacturers' representatives dealing in Chinaware, glassware, household utensils, electric appliances and paper products; distributors of electric refrigerators and home appliances, glassware, silver-plated ware and novelties and a jobber of furniture and floor coverings. A witness also testified on behalf of a Pomona firm which deals in paper products. Two of these shippers were also represented at the earlier hearing.

Many of these shippers, it appears, also have used the common carriers now operating between Los Angeles and Long Beach, including the protestants, for the transportation of part of their freight. Some had found the service satisfactory; others complained of delays, which, for the most part, occurred during the war period. Some testified that prior to the war the service had been slow. A few had used highway contract carriers, or proprietary trucks. Several pointed to the advantage of employing a given carrier to handle all freight consigned to points which it served, thus avoiding unnecessary congestion at their plants.

The traffic offered, so many of these shippers testified, is commercial in character. Unlike the situation shown to exist at the time of the first hearing, very little of their tonnage could be attributed to wartime activities.

The Port Traffic Manager of Long Beach testified that adequate transportation facilities were essential to facilitate the handling of water-borne traffic through the port. In the past, he said there had been a substantial movement by water between California points. In his judgment the resumption of this service reasonably may be anticipated. During the war, he said, the population of Long Beach had increased substantially.

Operating officials of both Pacific Freight Lines and Southern California Freight Lines described the service furnished by those protestants and their affiliated express corporations. Each operates over a comprehensive network, the system of Pacific Freight Lines extending from Fresno and San Luis Obispo through Los Angeles to the Imperial Valley, and that of Southern California Freight Lines extending from Los Angeles to San Diego and Imperial Valley. For many years each has provided a service between Los Angeles and Long

Beach, maintaining pickup and delivery service at both of these points.

Throughout the war period, these carriers were required to curtail their operations. Previously each had conducted a twice daily service between Los Angeles and Long Beach. Under this arrangement shipments picked up in the morning were delivered that afternoon, and those picked up during the afternoon were delivered the next morning. During the war, pursuant to the directions of the federal Office of Defense Transportation and of this Commission, the service was reduced to one schedule daily, under which overnight delivery was afforded. This step was taken to conserve both equipment and manpower. Both carriers, it appears, plan the early resumption of a twice-daily service between these points.

The restoration of service, measuring up to prewar standards, it appears, has been retarded because of protestants' inability to obtain needed equipment, and because of the difficulty of securing and retaining operating employees. Equipment ordered many months previously, it was shown, had not been delivered. And each of these carriers has experienced a rapid turnover of its operating personnel — a circumstance which materially impaired their efficiency.

Pacific Freight Lines offered to provide for applicant a service between Los Angeles and Long Beach which would be coordinated with the rail operations of both Southern Pacific and Pacific Electric. Instances were cited where similar arrangements had been made. Applicant, however, declined to avail itself of this offer.

The operating witnesses called by protestants expressed the opinion that freight, now moving by rail between the Southern Pacific freight station in Los Angeles and the transfer point where it is

delivered to Pacific Electric, could be more efficiently transported by truck from the Southern Pacific freight station to that of Pacific Electric, where it would be loaded into freight cars. Applicant disagreed with this contention, pointing out that three complete loading and unloading operations would be involved.

The present rail service, so the record shows, is slow and inadequate. The Pacific Electric motor-box-car service cannot adequately accommodate the less-carload traffic moving between Los Angeles and Long Beach. The delays now encountered, it appears, would be obviated if applicant were permitted to establish a trucking service to be conducted in coordination with the rail operations, as proposed. Such a service would be more efficient than that now afforded, and would result in substantial economies. Upon this record, we see no justification for requiring applicant and its affiliated rail carriers to accept the offer of protestant, Pacific Freight Lines to provide a trucking service in connection with the rail operations.

Although the Commission previously has dealt with operations sought to be established by the present applicant in this territory (Decision No. 31135, rendered July 30, 1938, in Application No. 18981, where the application was denied) that ruling is not conclusive. There it appeared that the less-carload movement between Los Angeles and Long Beach represented local traffic largely, that moving incidentally to a rail-haul being negligible in volume. The local service provided by the existing carriers, we found, was adequate. Here we are concerned with traffic moving incidentally to rail operations from and to points beyond Los Angeles, as well as with the local traffic.

The application, accordingly, will be granted, subject to

the limitations suggested by applicant, excepting that relating to pickup and delivery service, which is unnecessary, in view of the terms of the 1945 amendments to sections 2-3/4 and 50-3/4, Public Utilities Act, (Statutes 1945, Ch. 1175). The provision confining local traffic to certain schedules will inure to the benefit of the protestants. In other respects, these restrictions coincide with those usually imposed in a proceeding of this type.

ORDER ON REHEARING

Application having been made as above-entitled; rehearing having been had; the Commission being now fully advised; and it having been found that public convenience and necessity so require,

IT IS ORDERED as follows:

(1) That a certificate of public convenience and necessity be and it hereby is granted to Pacific Motor Trucking Company, a corporation, authorizing the establishment and operation of service as a highway common carrier, as defined by Section 2-3/4, Public Utilities Act, between Los Angeles and Long Beach. Said certificate is granted subject to the following limitations:

- (a) The service to be performed by applicant shall be limited to that which is auxiliary to or supplemental of the rail service of Southern Pacific Company and Pacific Electric Railway, or either of them.
- (b) Applicant shall not render service to or from, nor interchange traffic at, any point not a station on the rail lines of Southern Pacific Company or Pacific Electric Railway Company.
- (c) The service authorized shall be limited to the transportation of shipments which applicant may receive from or deliver to Southern Pacific Company and Pacific Electric Railway Company, or either of

them, and to shipments which it may transport for any express corporation. All of said shipments shall receive, in addition to the trucking movement provided by applicant, a prior or a subsequent movement by rail, except that traffic originating at Los Angeles destined to Long Beach, or vice versa, shall be transported from Los Angeles to Long Beach only on applicant's first morning schedule and transported from Long Beach to Los Angeles only on applicant's first afternoon schedule.

(2) That in the operation of such highway common carrier service, pursuant to the foregoing certificate, Pacific Motor Trucking Company shall comply with and observe the following service regulations:

- (a) Applicant shall file a written acceptance of the certificate herein granted within a period of not to exceed 30 days from the effective date hereof.
- (b) Within 60 days from the effective date hereof and on not less than 5 days' notice to the Commission and the public, applicants shall establish the service herein authorized and comply with the provisions of General Order No. 80 and Part IV of General Order No. 93-A by filing, in triplicate, and concurrently making effective appropriate tariffs and time tables.
- (c) Subject to the authority of this Commission to change or modify the same by further order, applicant may conduct said highway common service over and along any and all available and appropriate public streets and highways between Los Angeles and Long Beach.

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

Dated at San Francisco, California, this 21st day of January, 1947..

Harold Huls
Justice F. Crocker
Frank Howell
R. T. Johnson