

ORIGINAL

Decision No. 43268

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

| | |
|--|-----------------------|
| In the Matter of the Application of) | |
| ARTHUR D. PAXTON, an individual) | |
| doing business as PAXTON TRUCK CO.,) | |
| for authority to charge less than) | Application No. 30476 |
| the minimum rates prescribed by this) | |
| Commission in Highway Carriers') | |
| Tariff No. 2.) | |

Appearances

Glanz & Russell, by Arthur Glanz, for applicant.

Arlo D. Poe, for Motor Truck Association of Southern California, interested party.

W. A. Steiger, for Southern California Freight Lines, interested party.

A. P. Heiner, for Kaiser Steel Corporation, interested party.

O P I N I O N

Arthur D. Paxton, an individual doing business as Paxton Truck Co., seeks authority under Section 11 of the Highway Carriers' Act to charge less than the established minimum rates for certain transportation services which he performs as a highway contract carrier for Kaiser Steel Corporation.

Public hearing was had before Commissioner Potter and Examiner Bryant at Los Angeles on August 11 and August 16, 1949. The matter is ready for decision.

The service herein involved consists of the transportation of full truckloads of iron and steel articles and related commodities from the Kaiser plant to various destinations in the

Los Angeles area.¹ Evidence in support of the application was offered by Paxton, by the general traffic manager of the Kaiser Steel Corporation, and by a consulting transportation engineer engaged by applicant. To handle the Kaiser tonnage Paxton has established what he terms the "Fontana Division" of his organization. Fifteen employees and 46 vehicles are devoted regularly and exclusively to the Kaiser service, and other vehicles are furnished when required.² The evidence shows that there exists an unusually high degree of cooperation between the carrier and shipper, all of which tends to reduce the over-all cost of performing the transportation service. Property on which the Fontana Division maintains its headquarters, consisting of two acres leased from the shipper for \$25 a month, is located directly adjacent to the Kaiser plant. Telephone service is furnished through the shipper's exchange. Orders for transportation service are transmitted by telephone, and are prearranged by the shipper in an efficient manner to avoid delays to the carrier's equipment. Shipper's employees perform all loading of the vehicles, do the necessary weighing, and prepare bills of lading and other shipping documents. The shipper is currently relocating its vehicle scales, at considerable expense, in order to reduce vehicle mileage within the plant; and is making other changes in order that receipts and clearance details may be completed at the weighing point.

1

The Kaiser plant is located in San Bernardino County, at Kaiser, near Fontana.

2

The employees are a supervising dispatcher, two mechanics, and 12 drivers. The vehicles currently in use consist of 29 trailers and semi-trailers, 4 auxiliary dollies, 12 power units, and one shop truck.

Paxton has developed a shuttle system of handling shipments from points of loading in the Kaiser plant to the nearby headquarters of his Fontana Division. Under this plan, designated drivers specialize in the shuttle service, and thus become thoroughly familiar with physical conditions at the various loading points and with the Kaiser shipping procedures. These drivers, using tractors of a type particularly suitable for intraplant operation, take empty trailers and semi-trailers into the plant and return to their headquarters with the loaded vehicles and the shipping documents. The line-haul drivers, thus relieved of all details and delays at point of origin, are enabled to make two round trips daily from Kaiser to points of destination in the Los Angeles area.

The minimum rates heretofore established by this Commission for transportation of steel and related articles between points in California vary with classification of the commodity, weight of the shipment, and length of the haul. For distances involved in the present application the truckload rates range from approximately 10½ cents to 18 cents per 100 pounds. Paxton herein seeks authority to perform the transportation for Kaiser Steel Corporation at rates of 10 cents and 12 cents per 100 pounds, depending upon the delivery zone. Both rates would be subject to a minimum weight of 36,000 pounds. No exception is sought from the rules, regulations, or accessorial charges of the minimum-rate tariff.³

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The present minimum rates are set forth in Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, in Case No. 4246, 41 CRC 671). The proposed rates, delivery zones, and commodity descriptions are shown in detail in Appendix "A" hereof.

The transportation consultant submitted exhibits setting forth results of his study of the expenses and revenues under present minimum rates and under those now proposed by applicant. The study was based upon the five-month period from August to December, 1948, with modifications to reflect subsequent changes in wages, rent, and fuel costs. One exhibit showed experience of the Paxton Truck Co. as a whole, with particular reference to the Fontana Division. A second exhibit segregated the figures of the Fontana Division between those directly involved in this proceeding and the remainder.⁴ The principal figures relating to the traffic herein involved are set forth in the following table:

| | <u>Actual - Present Rates</u> | <u>Modified - Proposed Rates</u> |
|-----------------------|-----------------------------------|--------------------------------------|
| Operating Revenue | \$ 66,548 | \$ 55,179 |
| Operating Expenses | 50,119 | 50,842* |
| Net Operating Revenue | 16,429 | 4,337 |
| Operating Ratio | 75.3% | 92.1% |

*Modification includes an increase in wages and rent and a reduction in fuel costs.

The consultant explained that the period covered by his study represented the developmental period of the Fontana Division, and declared that if a later study were made it would show a more profitable operation because of subsequent improvements and economies.

⁴

Handled by the Fontana Division but not involved in this application is the movement of steel from the Kaiser plant to various destinations other than the Los Angeles area, and the "back-haul" movement of materials and supplies to the Kaiser plant.

Interested parties participated in cross-examination of applicant's witnesses. No one opposed the granting of this application.

The record shows that applicant is performing a transportation service under exceptionally favorable operating conditions. Close cooperation between shipper and carrier, and other circumstances surrounding this particular service, permit operating economies not ordinarily possible. The evidence is convincing that the proposed reduced rates will be fully compensatory.

Upon careful consideration of all of the facts and circumstances of record the Commission concludes and finds as a fact that the rates proposed in this proceeding have been shown to be reasonable. The application will be granted. Due to the fact that the conditions which justify authorization of the sought rates may change at any time, the authority will be limited in duration to a period of one year.

O R D E R

This application having been duly heard and submitted, full consideration of the matters and things involved having been had, and based upon the conclusions and findings in the preceding opinion,

IT IS HEREBY ORDERED that:

1. Arthur D. Paxton, an individual doing business as Paxton Truck Co., be and he is hereby authorized to transport certain commodities for Kaiser Steel Corporation at rates lower than those heretofore established as minimum for such transportation,

but not lower than those specifically set forth in Appendix "A", which by this reference is incorporated in and made a part of this order. The rates herein authorized apply only within the territorial limitations and for transportation of the commodities designated and described in said Appendix "A".

2. The authority herein granted shall expire one (1) year after the effective date of this order, unless sooner canceled, changed or extended by order of the Commission.

3. This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 29th day of August, 1949.

R. Z. [Signature]
James F. [Signature]
[Signature]
[Signature]

Commissioners

APPENDIX "A"

RATES, RULES AND REGULATIONS

1. Transportation authorized by this decision is subject to rules, regulations, and charges provided in Highway Carriers' Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended, 41 CRC 671).
2. Rates for transportation of commodities listed in paragraph 3 of this appendix from Kaiser Steel Corporation (Fontana Plant) to points in the zones named below. (For zone descriptions refer to paragraph 4.)

| | <u>Rates in Cents Per 100 Pounds</u> | <u>Minimum Weight In Pounds</u> |
|----------------------|--|-------------------------------------|
| Los Angeles Zone 1 | 10 | 36,000 |
| Los Angeles Zone 2 | 12 | 36,000 |
| Los Angeles Zone 2-A | 12 | 36,000 |
| Los Angeles Zone 2-B | 12 | 36,000 |

3. Rates apply only for the transportation of the following named commodities:

Iron and Steel Articles, viz.:

Bands,
Bars, plain corrugated, twisted or bent,
Billets,
Bolts,
Castings, rough,
Fencing,
Fittings, pipe,
Forging, rough,
Hoops,
Ingots,
Nails,
Nuts,
Pipe,
Rivets,
Rods,
Sheets, black, galvanized, corrugated or plain,
✓ Strip, coiled or flat,
Ties, bale,
Tinplate,
Washers,
Wire.

APPENDIX "A" (Continued)

Iron and Steel, structural, fabricated or unfabricated, consisting of:

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

4. The rates apply for transportation of shipments from the plant of Kaiser Steel Corporation, located near the city of Fontana in San Bernardino County, to points in Los Angeles County in the zones described below:

LOS ANGELES ZONE 1

Beginning at the intersection of Azusa Avenue and Foothill Boulevard in the City of Azusa, thence westerly along Foothill Boulevard, (Highway 66) to Shamrock Avenue, north on Shamrock Avenue to Foothill Boulevard, east on Foothill Boulevard to Sierra Madre Boulevard, southerly on Sierra Madre Boulevard to Colorado Street, westerly along Colorado Street to North Figueroa Street, southwesterly on North Figueroa Street to Amabel Street, northwesterly on Amabel Street and Isabel Street to Macon Street, southwesterly on Macon Street to Cypress Avenue, northwesterly on Cypress Avenue and its prolongation to the intersection of San Fernando Road and Eagle Rock Boulevard, northwesterly on San Fernando Road to Edward Avenue, northerly on Edward Avenue to Marguerite Street, southwesterly on Marguerite Street to West Avenue 32, northwesterly along

APPENDIX "A" (Continued)

West Avenue 32 to the boundary of Forest Lawn Memorial Park, southwesterly and northwesterly along the boundary of Forest Lawn Memorial Park to Rosslyn Street, southwesterly on Rosslyn Street to San Fernando Road, southeasterly on San Fernando Road to Tyburn Street, southwesterly on Tyburn Street and its prolongation across the Southern Pacific right-of-way to Casitas Avenue, southeasterly on Casitas Avenue to Fletcher Drive, southerly on Fletcher Drive to Glendale Boulevard, northwesterly on Glendale Boulevard to Rowena Avenue to Hyperion Avenue, southwesterly on Hyperion Avenue to Fountain Avenue, westerly on Fountain Avenue to Normandie Avenue, southerly on Normandie Avenue to Wilshire Boulevard, westerly on Wilshire Boulevard to Irolo Street, southerly on Irolo Street to Olympic Boulevard, westerly on Olympic Boulevard to Victoria Avenue, southerly on Victoria Avenue to Exposition Boulevard, easterly on Exposition Boulevard to Crenshaw Boulevard, southerly on Crenshaw Boulevard to Stocker Street, westerly on Stocker Street to Victoria Avenue, southerly on Victoria Avenue to Slauson Avenue, westerly on Slauson to Brynhurst Avenue, southerly on Brynhurst Avenue to 59th Street, easterly on 59th Street to Van Ness Avenue, southerly on Van Ness Avenue to 74th Street, easterly on 74th Street to Normandie Avenue, southerly on Normandie Avenue to 88th Street, easterly on 88th Street to Vermont Avenue, thence southerly on Vermont Avenue to 120th Street, easterly on 120th Street and its prolongation to Alameda Street, northerly on Alameda Street to Imperial Highway, easterly on Imperial Highway to Lakewood Boulevard, northeasterly along Lakewood Boulevard and Rosemead Boulevard to Garvey Avenue, easterly along Garvey Avenue to Azusa Avenue, northerly along Azusa Avenue to point of beginning.

LOS ANGELES ZONE 2

Beginning at the intersection of Imperial Highway and Lakewood Boulevard, thence southwesterly on Lakewood Boulevard to the Pacific Coast Highway, thence westerly on Pacific Coast Highway to Cherry Avenue, southerly on Cherry Avenue to the Pacific Ocean, thence westerly along the shore line of the Pacific Ocean to the western boundary of the City of Los Angeles, thence northerly along the western boundary of the City of Los Angeles to Sepulveda Boulevard, westerly on Sepulveda Boulevard to Hawthorne Boulevard, northerly on Hawthorne Boulevard to El Segundo Boulevard, westerly on El Segundo Boulevard to Sepulveda Boulevard, northerly and northwesterly on Sepulveda Boulevard to Pico Boulevard, northeasterly on Pico Boulevard to Crenshaw Boulevard, southerly on Crenshaw Boulevard to Stocker Street, westerly on Stocker Street to Victoria Avenue, southerly on Victoria Avenue to Slauson Avenue, westerly on Slauson Avenue to Brynhurst Avenue to 59th Street, easterly on 59th Street to Van Ness Avenue, southerly on Van Ness Avenue to 74th Street to Normandie Avenue, southerly on Normandie Avenue to 88th Street, easterly on 88th Street to Vermont Avenue, thence southerly on Vermont Avenue to 120th Street, easterly on 120th Street and its prolongation to Alameda Street, northerly on Alameda Street to Imperial Highway, easterly on Imperial Highway to point of beginning.

APPENDIX "A" (Concluded)

LOS ANGELES ZONE 2-A

Beginning at the intersection of Fletcher Drive and the east bank of the Los Angeles River, thence northeasterly on Fletcher Drive to San Fernando Road, thence southeasterly on San Fernando Road to Verdugo Road, northerly on Verdugo Road to Mountain Avenue, easterly on Mountain Avenue to Central Avenue, northerly on Central Avenue to Kenneth Road, northwesterly on Kenneth Road to Burlos Avenue, westerly on Burlos Avenue to Clybourn Avenue, southerly on Clybourn Avenue to Sherman Way, westerly on Sherman Way to Lankershim Boulevard, southerly on Lankershim Boulevard to Victory Boulevard, easterly on Victory Boulevard to Clybourn Avenue, southerly on Clybourn Avenue to the east bank of the Los Angeles River, southerly along the east bank of the Los Angeles River to point of beginning.

LOS ANGELES ZONE 2-B

Beginning at the intersection of Lakewood Boulevard and the Pacific Electric right-of-way in Clearwater, thence southeasterly along the Pacific Electric right-of-way to First Street in Santa Ana, thence easterly along First Street in Santa Ana to State Highway 55, thence northerly along Highway 55 to State Highway 18, thence northeasterly along Highway 18 to the Orange County Line, thence northwesterly, westerly and southerly along the Orange County line to Whittier Boulevard in Whittier, thence northwesterly along Whittier Boulevard (Highway 101) to Rosemead Boulevard, thence southwestery along Rosemead Boulevard and Lakewood Boulevard to point of beginning.

End of Appendix "A"