ORIGINAL

Decision No. 47892

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 authorizing transporta-)
tion of property as a highway common)
carrier between Los Angeles and)
Bakersfield and all intermediate)
rail points, and for an in-lieu)
certificate.

Application No. 32326

In the Matter of the Application of)
PACIFIC MOTOR TRUCKING COMPANY for)
a certificate of public convenience)
and necessity authorizing transporta-)
tion of property as a highway common)
carrier between Famosa and Lerdo)
and intermediate rail points, in lieu)
of existing certificate.

Application No. 32823

William Meinhold and Frederick E. Fuhrman, for applicant. Gordon, Knapp and Gill, by Hugh Gordon and Adrian Adams, for Pacific Freight Lines and Pacific Freight Lines Express; Douglas Brookman, for California Motor Express, Ltd., and California Motor Transport Company, Ltd.; Lloyd A. Guerra for Western Truck Lines, Ltd.; Orville A. Schulenberg for Kings County Truck Lines, protestants. John B. Robinson for Southern California Freight Lines, interested party on Application No. 32823, and protestant on Application No. 32326. Arlo D. Poe for California Motor Transport Associations, Inc., interested party. A. R. Reader for Desert Express, interested party.

<u>opinion</u>

By Application No. 32326, as amended, applicant seeks a certificate of public convenience and necessity authorizing it to operate as a highway common carrier between Los Angeles, . Bakersfield and Lone Pine, California, serving all intermediate

points which are stations on Southern Pacific Company's line of railroad between the named termini, via designated primary and alternate routes. Other than the type of commodities to be carried, there are no restrictions proposed except that the service is to be limited to that which is auxiliary to or supplemental of the rail service of Southern Pacific Company. By Application No. 32823 applicant seeks the removal of restrictions preventing through operation between points north of Fresno and south of Bakersfield.

Applicant proposes to publish rates no lower than the minima prescribed by the Commission in Decision No. 31606, as amended, in Cases Nos. 4246 and 4808. Applicant also proposes to perform service in connection with the rail service of Southern Pacific Company under joint rate arrangements and to act as underlying carrier for express corporations.

After public hearings, the matter was submitted subject to the filing of briefs by counsel for the applicant and counsel for California Motor Transport Associations, Inc. These briefs have been filed and the matter is ready for decision.

Applicant is a wholly owned subsidiary of the Southern Pacific Company. It now serves as a highway common carrier between Saugus and Mojave and intermediate rail points, limited to traffic consigned to Southern Pacific Company; Pacific Motor Transport Company, Railway Express Agency, Inc., and other carriers of like class, with authority to perform store-door pickup and delivery service, subject to the following restrictions, among others:

"Applicant shall not transport any property having both origin and destination in the territory between Mojave and Rosamond and intermediate points. Nor, shall applicant transport any property between Saugus and Harold, and points intermediate thereto, having origin and destination in Los Angeles."(1)

Between Mojave and Lone Pine applicant has authority to serve all points which are rail stations on the line of the Southern Pacific Company, as an extension of its authority to serve between Lone Pine and Benton, subject to the following condition, among others:

> "Shipments transported by applicant by motor vehicle shall be limited to those which, in addition to the movement by motor vehicle, shall have either a prior or subsequent movement by rail."(2)

Prior to May 1, 1945, applicant had authority to carry freight previously consigned for transportation over the lines of various railroads and to perform services at all rail stations on the lines between Bakersfield and Fresno, both inclusive, with the exception that it could perform no services in the territory between Famosa and Lerdo. By Decision No. 37850, dated May 1, 1945, on Ninth Supplemental Application No. 19062, applicant was given authority to serve between Famosa and Lerdo, subject to

⁽¹⁾ Decision No. 30088, dated September 7, 1937, on Application No. 20297; Decision No. 31042, dated June 27, 1938, on Application tion No. 20297; Decision No. 31882, dated March 30, 1939, on Application No. 20297; Decision No. 33822, dated January 21, 1941, on Application No. 20297; and Decision No. 42846, dated May 10, 1949, on Application No. 20297.

(2) Decision No. 33759, dated December 21, 1940, on Application No. 23203; Decision No. 40682, dated September 10, 1947, on

Application No. 23203.
(3) Decision No. 27235, dated July 30, 1934, on Application No. 19062, and supplemental decisions.

the conditions, among others, that:

"No through trucks shall be operated between Bakersfield and points south thereof, on the one hand, and Fresno and points north thereof, on the other hand.

"The operative right granted hereunder shall not be used in combination with any other operative right held by applicant to permit the operation of through service between Fresno and points north thereof, on the one hand, and Bakersfield and points south thereof, on the other hand, without first obtaining from this Commission a certificate of public convenience and necessity permitting such through operation."

Relative to its request for authority to serve all railroad stations along U. S. Highway 99 between Famosa and Lordo, applicant alleges in its petition that it is operating a through truck service between Bakersfield and Fresno, disregarding the restrictions imposed by Decision No. 27235 and supplements thereto, and Decision No. 37850, referred to supra, upon the authority claimed to have been given by the Supreme Court of this state in Southern California Freight Lines vs. Public Utilities Commission, 35 Cal. 2d 586 (1950). In that matter the Commission originally gave Southern California Freight Lines a certificate as a highway common carrier between the Los Angeles territory and the San Francisco territory, subject to the condition that the rights granted could not be consolidated with existing rights. This condition was not consented to by the Southern California Freight Lines. On review, the Supreme Court held, referring to Section 50-3/4 (c) of the Public Utilities Act, that "the conclusion seems inescapable that by the 1941 changed in subsection (c) the Legislature intended to remove the prohibition against the consolidation, without Commission approval, by a highway common carrier of certificates and operative rights which it, itself, holds, but to maintain such prohibition insofar as concerns the consolidation of certificates held by different carriers." The order of the Commission was annulled insofar as it prohibited the consolidation of operating rights. the situation differs. In order to secure the operating rights between Lerdo and Famosa (Decision No. 37850 referred to above), applicant, represented by the same counsel who represented it in present hearings, stipulated that no through trucks shall be operated between Bakersfield and points south thereof, on the one hand, and Fresno and points north thereof, on the other hand, and that any operative right granted thereunder should not be used in combination with any other operative right held by applicant to permit the operation of through truck service between Fresno and points north thereof, on the one hand, and Bakersfield and points south thereof, on the other hand, without first obtaining from the Commission a certificate permitting such through operation. This stipulation was entered into in 1945, subsequent to the amendment in 1941 of Section 50-3/4 (c) of the Public Utilities Act. Applicant is presumed to know the law. The Commission has the authority to grant or deny an application for a cortificate (California Motor Transport Co., Ltd. vs. Railroad Commission, 30 Cal. 2d 184). Carriers serving the territory in which the authority was requested protested the granting of the authority.

⁽⁴⁾ By Statutes of 1951, Chapter 764, page 2070, Section 1066 of the Public Utilities Code was amended to specifically give the Commission power to prohibit the establishment of through routes by one highway common carrier having two routes with a common terminus.

Subject to the stipulation referred to, the authority was granted.

(5)

Applicant, in our opinion, waived the protection of

Section 50-3/4 (c) of the Public Utilities Act (now Section 1066 et al of the Public Utilities Code), and cannot be held to have an unlimited certificate. If the applicant had any objection to the restricted authority it stipulated it would accept, it was incumbent on the applicant to inform the Commission of that fact. The Commission then could have denied the application if it determined that public convenience and necessity did not require that applicant receive unlimited rights between Fresno and Bakersfield.

Applicant asserts that the authority requested should be granted for the reasons that (1) traffic originating between Fresno and Bakersfield and destined to the Los Angeles territory, and traffic originating between Lone Pine and Saugus and destined to the Los Angeles territory, will be handled more efficiently and expeditiously (2) there will be service improvements on traffic originating in the Los Angeles territory destined to points between Bakersfield and Fresno and between Saugus and Lone Pine (3) substantial economies to the rail properties will result in utilization of the more complete substitute truck service proposed (4) some transfers between rail and truck will be eliminated, resulting in reduction of delays and damage to shipments and (5) the benefits outlined will be extended to points outside the territory involved in the application here under consideration.

⁽⁵⁾ Section 3513 of the Civil Code of California. Patton vs. Patton, 32 Cal. 2d 520 (1949).

From the evidence we find that the applicant has sufficient experience, finances, and equipment to enable it to perform the proposed services, and such matters will not be further considered herein.

Applicant now has authority, with restrictions, to serve all rail stations on the lines of the Southern Pacific Company and certain affiliated rail lines between Fresno and Bakersfield and intermediate points, and rail points between Saugus and Lone Pine. It has independent trucking rights between Lone Pine, Benton, Bishop and Laws, and it has authority to serve between Los Angeles and points west, south and east thereof to the Arizona border, known as the Los Angeles Transfer. At present traffic between Los Angeles and the Los Angeles Transfer, on the one hand, and Bakersfield, Tulare and Fresno, and intermediate points, on the other hand, and between Los Angeles and the Los Angeles Transfer, on the Los Angeles Transfer, on the one hand, and Laws and intermediate points, on the other hand, is handled by a combination of rail-truck services.

The granting of the requested authority would permit applicant to carry property by truck between points north of Fresno, Fresno, Tulare, Bakersfield, Los Angeles, and points beyond. Applicant would also be enabled to carry property between Benton, Laws, Lone Pine, Scarles, Mojave, Palmdale, Saugus, Los Angeles, and points beyond, and between Mojave and Bakersfield and intermediate points.

Southern Pacific Company's San Joaquin Valley main line goes from Los Angeles through Saugus, Palmdale, Lancaster, Mojave,

Bakersfield, Tulare and Fresno. From Fresno lines run to Stockton and Oakland. A branch line proceeds from Mojave through Searles (6) and Lone Pine to Laws.

Present and Proposed Services.

Exhibit No. 1 is a map showing the rail lines of the Southern Pacific Company and affiliates in the proposed service area, together with tinted areas surrounding the cities of Fresno, Tulare, Bakersfield and Mojave. The tinted area surrounding each named city delineates roughly the area served by the combined rail-truck operations from each of the named cities.

- 1. From Los Angeles and Los Angeles Transfer, on the one hand, to the tinted area surrounding Bakers-field and Tulare, and to the City of Fresno proper, excluding the tinted area surrounding the City of Fresno.
 - (a) Existing service:

Overnight service by rail car in regular merchandise train with cars set out at Bakersfield, Tulare and Fresno, with distribution by applicant's trucks from set out points.

(b) Proposed service:

The same as now except that overflow traffic which occasionally does not make the train would go out on the truck scheduled to the area to the extent there is room for it.

2. From Los Angeles and Los Angeles Transfer, on the one hand, to the tinted area surrounding the City of Fresho, but not including the City of Fresho, on the other hand.

⁽⁶⁾ Exhibit No. 4.

(a) Existing service:

Two days' transit time accomplished by setting out car at Fresno from the train described in 1 (a) above, with delivery by applicant's trucks.

(b) Proposed service:

Overnight service by truck all the way from Los Angeles to all consignees in area, with delivery by applicant's trucks, resulting in a 24-hour improvement time in transit to consignees.

- 3. From the Cities of Fresno, Tulare and Bakersfield and the tinted areas surrounding those cities, on the one hand, to Los Angeles and Los Angeles Transfer, on the other hand.
 - (a) Existing service:

Pickup by applicant's trucks and haul to Fresno or Bakersfield and then movement in rail cars (not merchandise service) to Los Angeles with second to fourth morning delivery in Los Angeles and same availability for Los Angeles Transfer.

(b) Proposed service:

An overnight service to Los Angeles and Los Angeles Transfer from all points accomplished by truck service all the way.

- 4. From Los Angeles and Los Angeles Transfer to Mojave and the tinted area surrounding Mojave and points Bena to Mojave, including Tehachapi and Monolith.
 - (a) Existing service:
 - (1) Overnight service to points in the tinted area surrounding Mojave, accomplished by the train mentioned in 1 (a) above, which sets out a car at Mojave, and then deliveries by applicant.
 - (2) Points Bena to Cameron, such as Tehachapi and Monolith, served second day or later with rail car and depot delivery on a triweekly basis.

(b) Proposed service:

- (1) All by truck directly from Los Angeles with the same transit time. The only change in this service is hauling by truck from Los Angeles to Mojave instead of in a rail car, thereby eliminating set out rail cars at Mojave and saving a transfer of lading at Mojave, but not making any change in the transit time.
- (2) All points Bena to Mojave will get overnight store-door service by truck five days per week!
- 5. From Mojave and the tinted area surrounding Mojave and points Bena to Mojave, on the one hand, to Los Angeles and Los Angeles Transfer, on the other hand.
 - (a) Existing service:
 - (1) Pickup by applicant at points in the tinted area surrounding Mojave and thence by rail car to Los Angeles with third-morning availability.
 - (2) Consignors in the area from Bena to Mojave, including Tehachapi and Monolith, must bring their merchandise to the depot and thence it moves by rail car in triweekly service to Mojave and Los Angeles, resulting in third to fourth morning availability in Los Angeles.
 - (b) Proposed service:

Overnight service to Los Angeles from all points and all accomplished by truck. Bena to Mojave points will receive storedoor pickup five days per week.

6. From all points in the tinted area in the San Joaquin Valley, on the one hand, to Mojave and the tinted area surrounding Mojave and points Bena to Cameron, on the other hand.

(a) Existing service:

- (1) Second to fourth morning to consignees in Mojave and the tinted area surrounding that point accomplished by truck to Bakersfield, thence rail to Mojave, and thence by truck from Mojave.
- (2) Second to fourth morning points
 Bena to Cameron, including
 Tehachapi and Monolith, accomplished by truck to Bakersfield,
 rail to Mojave, and thence back
 by rail from Mojave.
- (b) Proposed sorvice:

Overnight service to all points from Bakersfield and the tinted area surrounding Bakersfield, all accomplished by truck. Second-day service from Tulare and Fresno and the tinted areas surrounding those points, all accomplished by truck.

7. From Mojave and the tinted area surrounding Mojave and the points Bena to Cameron, on the one hand, to points in the tinted areas in the San Joaquin Valley, on the other hand.

(a) Existing service:

- (1) Pickup by applicant at all points in tinted area surrounding Mojave, thence by rail car to Bakersfield and delivery from there by applicant, resulting in second to fourth morning availability at all points in the tinted areas.
- (2) Consignors Bena to Cameron at such points as Tehachapi and Monolith must take shipment to depot where they receive triweekly service to Bakersfield, thence by truck to destination, resulting in second to fourth morning availability at all points in the tinted areas.

(b) Proposed service:

Overnight service from all points to Bakersfield and the tinted area surrounding Bakersfield, and second-day service to Tulare and Fresno and the tinted area surrounding those points, all accomplished by truck with storedoor pickup at points Bena to Cameron, and all service five days per week. (7)

Figures showing the average number of less-than-carload shipments handled by the Southern Pacific Company in an average month are set forth in Exhibits Nos. 7 to 10, inclusive. These exhibits, taken in conjunction with the expedited services outlined above, show that a substantial number of shippers will be benefited if the truck services are substituted for the present rail services.

Savings resulting from the substitution of truck services for rail services.

In the past we have granted certificates of public convenience and necessity to rail subsidiaries when, among other things, it has been shown that at an expense less than or not greatly exceeding that incurred by the rail services, a coordinated rail-truck service could be provided which would provide quicker and more efficient services.

⁽⁷⁾ The evidence shows that from one to four days will be saved on shipments from Los Angeles to 53 points in the service area. Eighty-three stations now receive delivery the day following shipment from Los Angeles and will continue to receive this service. The remaining stations, approximately 29, now are served only one to three times per week from Los Angeles. They will continue to receive this service. All shipments into Los Angeles will be delivered in Los Angeles the morning following pickup. For information as to specific stations involved, see Exhibit No. 13. Time schedules reflecting the service proposed are contained in Exhibits Nos. 2 and 3.

The out-of-pocket cost to applicant for performing the proposed services for one year is estimated at \$57,093, broken down as follows: fuel, \$7,701; oil, \$650; maintenance, \$19,789; tires, \$7,606; wages, \$18,409; contingencies, \$1,082; and gross revenue taxes, \$1,850. Such items as depreciation, interest, license fees, insurance, loading and unloading, and supervision, are not taken into consideration in arriving at the estimated cost of performing the services.

If the proposed services are authorized, Southern Pacific Company will allegedly save \$78,776.90 annually in the handling of less-then-carload traffic between Los Angeles, Fresno (9) and Laws. In arriving at this estimate, called out-of-pocket savings, all conceivable items of expense were taken into consideration, including such items as locomotive expenses, maintenance of way and structures, line-haul cost, the cost of old-age retirement benefits and unemployment insurance.

The claimed savings, the difference in the cost to Pacific Motor Trucking Company of certain enumerated items and the savings to Southern Pacific Company, amount to \$21,684 (10) annually.

Forty-four public witnesses were called by the applicant.

These witnesses were shippers and receivers of all types of

commodities, and ship to and receive from places in the proposed

service area, including Los Angeles and the Los Angeles Transfer.

⁽⁸⁾ Exhibit No. 5.

⁽⁹⁾ Exhibit No. 11.

⁽¹⁰⁾ Exhibit No. 12.

⁽¹¹⁾ The Los Angeles Transfer includes all points on the lines of the Southern Pacific Company and the Pacific Electric Railway Company, and the truck routes of the applicant, south, west and east of Los Angeles in California, exclusive of Los Angeles.

The majority of these witnesses ship or receive in less-thantruckload quantities only. They use the services of applicant and other carriers to take care of their shipping needs. All of them would like to see applicant's services improved and would continue to use applicant's services, or would use them to a greater extent, if it gave the expedited and improved service it proposes.

Evidence in opposition to the application was presented by Western Truck Lines, Ltd. This corporation is a California highway common carrier serving between Los Angeles, on the one hand, and Bishop and Laws, on the other hand, via U.S. Highways 6 and 395, serving all points intermediate between Mojave, Bishop and Laws, and off-highway points within one mile of the highway traversed. It renders service six days a week, has terminals at Los Angeles, Bishop, Lone Pine and China Lake, 13 miles east of Inyokern, and has approximately 525 pieces of equipment. In the territory involved, three schedules are maintained, Los Angeles to China Lake, Los Angeles to Lone Pine, and Los Angeles to Bishop. Protestant holds itself out to give overnight service to all points in the service area.

⁽¹²⁾ Decision No. 21195, dated June 10, 1929, on Application No. 19544 (33 C.R.C. 154), as amended by Decision No. 33820, dated January 21, 1941, on Application No. 23419; Decision No. 37110, dated June 6, 1944, on Application No. 26139.
(13) Exhibit No. 18.
(14) Exhibit No. 19.

⁽¹⁵⁾ Exhibits Nos. 22, 23 and 24. These exhibits reflect instances where delivery the day following pickup was not rendered. Protestant's witness explained that these instances were due to intervening weekends, or the shipment was consigned to protestant's station and not picked up by the consignee until the delivery date shown on the exhibits.

merchandise in truckload and less-than-truckload lots, with lessthan-truckload lots predominating. During the course of a year shipments from Los Angeles to Lone Pine averaged 15,000 pounds per day, from Los Angeles to Inyokern 34,000 pounds per day, and from Los Angeles to Bishop 34,000 pounds per day.

On the southbound movement truckload low-grade shipments predominate. During the course of one year shipments from Lone Pine to Los Angeles averaged 95,000 pounds per day, from Inyokern to Los Angeles they averaged 6,000 pounds per day, and from Bishop to Los Angeles 14,000 pounds per day.

Protestant claims that the certification of the applicant between Los Angeles and points north to Bishop and Laws will render its services so unprofitable as to require discontinuance of a portion of its services. On July 3, 1951, Desert .Express received authority from this Commission to extend its operations as a highway common carrier from Red Rock to Inyokern, Searles, Bridgeport and China Lake. Exhibits Nos. 20, 21 and 26 show that protestant's traffic between Los Angeles and Inyokern (China Lake), has, except for monthly fluctuations, maintained a constant level. There is nothing in the record to show that the granting of the requested authority will adversely affect the operations of Western Truck Lines, Ltd.

The other protestants having authority to operate over portions of the route proposed by applicant, or proposing to apply for such authority, presented no evidence in support of their protests.

On behalf of California Motor Transport Association, Inc., it is argued that the grant of authority as sought "would permit service for which no need whatever was shown, and for which no proposal has been made", for the reasons, "first, the certificate sought would be unrestricted as to less carload and carload traffic, notwithstanding the fact that no proposal has been made by the applicant and its parent company, the Southern Pacific Company, to substitute truck service for rail service in the transportation of carload traffic. No proof was made of improved service in the handling of railroad traffic.

"Second, the certificate sought would be unrestricted as to the origin and destination of traffic, notwithstanding the fact that no proposal was made, or need shown, for truck service in the transportation of traffic moving between points south of Bakersfield, on the one hand, and points north of Fresno, on the other hand."

Each of these contentions has merit. While there was some evidence of desire by shippers for services on shipments in carload or truckload lots, the majority of the witnesses made or received shipments in less-than-carload or truckload quantities. All exhibits presented by the Southern Pacific Company, relative to savings to be realized by that company, concerned the discontinuance of merchandise cars hauling less-than-carload shipments only.

Concerning the second point, the evidence presented by the Southern Pacific Company engineer, Mr. Wells, shows that savings on the "Oakland to Fresno" operations of the Southern Pacific Company are included in estimated savings resulting from the granting of the requested authority (Exhibit No. 11, statement "C"), for the reason that "if we have rights to operate
between Fresno and Bakersfield, we will then consolidate in the
Fresno Transfer car the freight which moves in the OaklandBakersfield car today and that will be transferred across the
platform at Fresno and put in the southbound trucks at Fresno and
taken to Bakersfield."

Few of applicant's witnesses ship to or receive from points outside of the service area here involved. From the testimony set forth above, it appears that traffic from points north of Fresno will continue to come to Fresno by rail car if the application is granted. Los Angeles and the Los Angeles Transfer, on the other hand, is an important point of origin or destination for many of the shipments.

Having carefully considered the evidence herein and the briefs presented, we are of the opinion and find that public convenience and necessity require that Pacific Motor Trucking Company be authorized to operate as a highway common carrier as set forth in the order herein.

ORDER

Public hearings having been held in the above-entitled matters, briefs having been filed and the evidence and briefs having been fully considered, and the Public Utilities Commission having found that public convenience and necessity require that the rights set out below, subject to the pertinent restrictions thereon which follow, be granted to applicant,

day of

IT IS FURTHER ORDERED that, in providing service pursuant to the certificate herein granted, there shall be compliance with the following service regulations:

- (a) Within thirty (30) days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted.
- (b) Within thirty (30) days after the effective date hereof, and upon not less than five (5) days' notice to the Commission and the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective tariffs and time schedules satisfactory to the Commission.

IT IS FURTHER ORDERED that the certificate of public convenience and necessity herein and hereby granted to applicant shall supersede the certificates of public convenience and necessity granted in and by Decisions Nos. 37850, 30088, 31042, 31882, 32079, 33759, 33822, 40682 and 42846, which said certificates are hereby revoked.

IT IS FURTHER ORDERED that, except as expressly granted herein, the applications are denied.

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

Dated at Saturday, California, this Jul

Commissioners