

ORIGINAL

Decision No. 51249

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
into the rates, rules, regulations,)
charges, allowances and practices)
of all common carriers, highway)
carriers and city carriers relating)
to the transportation of general)
commodities (commodities for which)
rates are provided in Highway)
Carriers' Tariff No. 2).)

Case No. 5432
Petition for Modification
No. 22

Don Petty and John Scheifly, for the Chambers of
Commerce of El Monte, Whittier and Downey, petitioners.

Arlo D. Poe, J. C. Kaspar, and R. D. Boynton, for
California Trucking Associations, Inc.; John E. Robinson
and H. J. Bischoff, for Southern California Freight Lines
and Southern California Freight Forwarders; Cronwell
Warner, for Bradco Cartage and Distributing Co.; Senn W.
Porter, for Higgins Trucks, Inc.; L. M. Grainger, for
Merrifield Trucking Co.; interested parties.

Norman Haley, Senior Transportation Rate Expert, for
the Commission's staff.

SUPPLEMENTAL OPINION

The Los Angeles Territory is defined and described
in Item 270-A, Minimum Rate Tariff No. 2. The eastern boundary
thereof is State Highway No. 19 (Rosemead Boulevard and Lakewood
Boulevard). Portions of the Downey area and of the City of
El Monte, and all of the City of Whittier are east of State
Highway No. 19. The petition herein was filed on January 28,
1954, but at the petitioners' request, no hearing was held
thereon until February 23, 1955. By the petition, the Chamber of
Commerce of each of the three named places has requested that
the boundaries of the Los Angeles Territory be extended
eastward to include Painter Avenue (in Whittier),

State Highway No. 26, the San Gabriel River and Imperial Highway, to State Highway No. 19, the present boundary...

A public hearing was held in El Monte on February 23, 1955. There were no protestants. Evidence was presented on behalf of the California Trucking Associations, Inc., concerning the results of extending the territory as proposed.

The manager of a Whittier bank testified that he was with the Whittier Chamber of Commerce at the time the petition was filed. He stated that in 1950 Whittier had a population of 92,800, with 30,640 dwelling units, and in 1955 the population had increased to 136,500, and 16,200 dwelling units had been added; that in the Whittier area west of Painter Avenue, the proposed easterly limit of the Los Angeles Territory, there were 242 industrial firms with 7,180 employees, and 663 retail firms in August, 1954; and that the area east of Painter Avenue is mainly residential.

The executive secretary of the Downey Chamber of Commerce testified that Downey is an unincorporated community bounded by Telegraph Road on the north, Foster Road and Gardendale Street on the south, the San Gabriel River on the east, and by the Rio Hondo on the west. He stated that the population of this area has increased from 12,500 in 1940, to 70,000 in 1954, and that 30,000 of the residents entered the area in the period from 1951 to 1954, inclusive. The area's payroll, he said, has increased from \$1,500,000 in 1940 to \$60,000,000 in 1954. In the portion of Downey east of Lakewood Boulevard (State Highway No. 19) there are at present the North American Aircraft Supply Co. and the Rheem Manufacturing Corporation.

The traffic manager for the Clayton Manufacturing Company appeared for that company and for the El Monte Chamber of Commerce. He testified that the constructive mileage between Whittier and San Francisco is 475 miles, between Downey and San Francisco is 475 miles, and between El Monte and San Francisco is 468.5 miles. The constructive mileage between South Gate and San Francisco, he stated, is 468.5 miles, and between Torrance and San Francisco is 473.5 miles. The latter two communities are in the Los Angeles Territory.

Eight shipper witnesses appeared in support of the petition.

A representative of a Whittier manufacturer of steel welding rods testified that the company shipped 226,000 pounds, mostly in less-than-truckload shipments, to the San Francisco Territory in 1954 and that its only competitor is a Compton, California firm. Compton is in the Los Angeles Territory.

A representative of an El Monte iron foundry testified that the company has several accounts in the San Francisco Territory to which it shipped a total of 40 to 50 tons in 1954 in shipments weighing from 30 pounds to 40,000 pounds. There are, he stated, 52 iron foundries in Los Angeles and 30 of these compete with his firm in the San Francisco Territory. He claimed that this firm had lost several shipments to Los Angeles competitors due to the freight rate differential.

The representative of an El Monte firm which enamels cast iron plumbing fixtures testified that his company ships 50,000 to 120,000 pounds of enameled ware per month by truck to the San Francisco Territory. This firm has one competitor in the Los Angeles Territory and because of the rate differential has difficulty competing with the Los Angeles firm. The witness stated that he has some shipments to points in California east of El Monte and has an advantage over the Los Angeles manufacturer in these. The company cannot, he said, accumulate shipments until it gets a truckload as the consignees want fast service.

The owner of a fire brick company situated in Los Nietos (in the proposed extension of the Los Angeles Territory) testified that it shipped 500,000 pounds by truck, mostly in less-than-truckload shipments, to the San Francisco Territory in the past 12 months, and that his only California competition is in Vernon, California (Vernon is in the Los Angeles Territory). He stated that the rate from the Los Angeles Territory to San Francisco is \$1.46 and from Los Nietos to San Francisco is \$1.66. This 20-cent differential is, he said, 2 percent of the selling price per 100 pounds of his company's products.

The representative of a Whittier manufacturer of industrial heating equipment and automobile radiators testified that his company shipped 1,800,000 pounds to San Francisco in 1954, in less-than-truckload quantities, and that the company has direct competition from Los Angeles suppliers.

The traffic manager of a Downey supplier of chemical compounds testified that his firm shipped 1,100,000 pounds to the San Francisco Bay Area in 1954 and that this company has four Los Angeles Territory competitors for the San Francisco market.

The representative of an El Monte manufacturer of bronze valves and fittings testified that this company shipped 75,000 pounds of such material to San Francisco in the past 12 months and that it has one direct competitor in the Los Angeles Territory.

The traffic manager for an El Monte steam cleaning machine manufacturer testified that his firm shipped 400,000 pounds to the San Francisco Territory in the past 12 months and that it has two competitors for this business in the Los Angeles Territory.

The Director of Research for the California Trucking Associations, Inc., appeared as a witness. He stated that he neither supported nor resisted the petition, but that at his employer's request he had made a study of the results of the expansion of the Los Angeles Territory as proposed in Petition No. 22. This study was received in evidence as Exhibit No. 22-1. It purports to show that Los Angeles city-based pickup equipment handles more pounds per vehicle mile and more pounds per vehicle hour in the area within five miles of the Los Angeles Civic Center than in the area outside the five-mile radius but within the limits of the carriers' Los Angeles pickup zones, and that the performance in the proposed extended area would be approximately the same as that in the area outside the five-mile area

referred to above. The witness stated that the cost of service varies with the performance factors in that cost of service increases as the performance factors decrease. It was the opinion of the witness that if the expansion of the territory as proposed in the instant petition requires carriers to perform service in areas where their cost per hundredweight will be greater than in the existing territory, there are two possibilities, (1) either the territory will be expanded without a corresponding adjustment in the rate, in which case the carriers' revenues will suffer and in the long run the carriers will go out of business; or (2) the territory will be expanded and the general rate applying point to point will be increased by the amount necessary to make up the added cost, in which case it would appear that the shippers who are located in the downtown Los Angeles area will be penalized unfairly by being required to absorb or subsidize the added cost involved in the fringe areas of the territory.

The record herein shows that, on movements to the San Francisco Territory, shippers in El Monte, Downey and Whittier are at a disadvantage when attempting to compete with shippers of identical merchandise in the Los Angeles Territory. Conditions in the proposed area appear to be similar to conditions in the outlying areas of the existing Los Angeles Territory. The present Los Angeles Territory boundaries were established in 1938, and it is common knowledge that there has been a tremendous industrial expansion to the east of the Los Angeles metropolitan area since then. The studies presented by California Trucking Associations, Inc., (Exhibit No. 22-1), are based on the difference between the cost of pickup service

to a Los Angeles-based carrier making pickups within a radius of five miles of Washington and Alameda, in Los Angeles, as compared to the cost of the same carrier making pickups more than five miles from that point. Such comparison appears to have little relevancy in this matter for the reason that many of the points in the existing Los Angeles Territory are at least as far from the center of Los Angeles as the proposed territory.

Upon the record herein we are of the opinion and find that the proposed extension of the Los Angeles Territory is justified and the petition will be granted.

O R D E R

Based upon the evidence of record and the conclusions and findings set forth above,

IT IS HEREBY ORDERED that Minimum Rate Tariff No. 2 (Appendix D of Decision No. 31606, as amended) be and it is hereby further amended by incorporating therein, to become effective May 1, 1955, Third Revised Page 34 cancels Second Revised Page 34, which page is attached hereto and by this reference made a part hereof.

That tariff publications authorized to be made by common carriers as a result of the order herein may be made effective on not less than five days' notice to the Commission

and to the public if filed not later than sixty days after the effectiveness of the tariff changes herein involved.

In all other respects said Decision No. 31606, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California,
this 29th day of March, 1955.

John L. Mitchell
President

Justin F. Calmes

Raylo W. Luterer

Commissioners

Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.

Item No.	SECTION NO. 1 - RULES AND REGULATIONS OF GENERAL APPLICATION (Continued)
	<p style="text-align: center;">TERRITORIAL DESCRIPTIONS (Continued)</p> <p style="text-align: center;">(Items Nos 270 and 271)</p> <p>3. SAN FRANCISCO TERRITORY includes that area embraced by the following boundary: Beginning at the point the San Francisco-San Mateo County Boundary Line meets the Pacific Ocean; thence easterly along said boundary line to a point 1 mile west of U. S. Highway No. 101; southerly along an imaginary line 1 mile west of and paralleling U.S. Highway No. 101 to its intersection with the corporate boundary of the City of San Jose; southerly, easterly and northerly along said corporate boundary to its intersection with State Highway No. 17; northerly along State Highway No. 17 to Warm Springs; northerly along the unnumbered highway via Mission San Jose and Niles to Hayward; northerly along Foothill Boulevard to Seminary Avenue; easterly along Seminary Avenue to Mountain Boulevard; northerly along Mountain Boulevard and Moraga Avenue to Estates Drive; westerly along Estates Drive, Harbord Drive and Broadway Terrace to College Avenue; northerly along College Avenue to Dwight Way; easterly along Dwight Way to the Berkeley-Oakland boundary line; northerly along said boundary line to the campus boundary of the University of California; northerly and westerly along the campus boundary of the University of California to Euclid Avenue; northerly along Euclid Avenue to Marin Avenue; westerly along Marin Avenue to Arlington Avenue; northerly along Arlington Avenue to U. S. Highway No. 40 (San Pablo Avenue); northerly along U. S. Highway No. 40 to and including the City of Richmond; southwestly along the highway extending from the City of Richmond to Point Richmond; southerly along an imaginary line from Point Richmond to the San Francisco Waterfront at the foot of Market Street; westerly along said water front and shore line to the Pacific Ocean; southerly along the shore line of the Pacific Ocean to point of beginning.</p> <p>3½. SAN FRANCISCO BAY COUNTIES TERRITORY includes that area consisting of the City and County of San Francisco and the Counties of San Mateo, Santa Cruz, Santa Clara, San Benito, Monterey, Alameda, Contra Costa, Marin, Sonoma, Solano and Napa.</p> <p>34. LOS ANGELES TERRITORY includes that area embraced by the following boundary: Beginning at the intersection of Sunset Boulevard and U. S. Highway No. 101, Alternate; thence northeasterly on Sunset Boulevard to State Highway No. 7; northerly along State Highway No. 7 to State Highway No. 118; northeasterly along State Highway No. 118 through and including the City of San Fernando; continuing northeasterly and southeasterly along State Highway No. 118 to and including the City of Pasadena; easterly along U. S. Highway No. 66 to State Highway No. 19; southerly along State Highway No. 19 to Lower Azusa Road; easterly on Lower Azusa Road to its intersection with the San Gabriel River; southerly along the west</p>

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(1)

bank of the San Gabriel River to Beverly Boulevard; south-easterly on Beverly Boulevard to Painter Avenue in the City of Whittier; southerly on Painter Avenue to State Highway No. 26; westerly along State Highway No. 26 to the west bank of the San Gabriel River; southerly along the west bank of the San Gabriel River to Imperial Highway; westerly on Imperial Highway to State Highway No. 19; southerly along State Highway No. 19 to its intersection with U. S. Highway No. 101, Alternate, at Ximeno Street; southerly along Ximeno Street and its prolongation to the Pacific Ocean; westerly and northerly along the shore line of the Pacific Ocean to a point directly south of the intersection of Sunset Boulevard and U. S. Highway No. 101, Alternate; thence northerly along an imaginary line to point of beginning.

(Continued)

(1) Cancels that portion of Item No. 270-A appearing on Second Revised Page 34.

* Change)
o Reduction) Decision No. 51249

EFFECTIVE MAY 1, 1955

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.
Correction No. 651