

Decision No. 53114**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Lumber Trucking Co. for)
 a certificate of public convenience)
 and necessity to operate as a common)
 carrier for the transportation of)
 property.)

Application No. 37444

Robert P. Baugh for applicant.O P I N I O N

By this application, as amended by testimony of applicant's president, authority is sought to operate as a highway common carrier for the transportation of limited commodities, finished lumber products such as doors, pallets, plywood, cut stock and other semifinished pieces, between the City of Vernon, on the one hand, and points and places within a radius of 150 miles of said city, and intermediate points, on the other hand.

A public hearing was held in Los Angeles before Examiner Mark V. Chiesa. Oral and documentary evidence having been adduced, the matter was submitted for decision.

The evidence of record shows and we find that applicant is a California corporation which has operated as a permitted carrier since 1948, having succeeded to a trucking business which had been conducted as a partnership since 1942. It now possesses a city carrier and a radial highway common carrier permit. It is a closed corporation the outstanding shares of which are all owned by its president and general manager, Robert P. Baugh, and its vice president, William E. Baugh. Its secretary-treasurer is Frank R. McLean. As of July 31, 1955, its financial condition was

sound, having total assets of \$297,300.97, liabilities of \$24,846.41, and a net worth of \$272,454.56, represented by capital stock outstanding, \$167,400, and an earned surplus of \$105,054.56.^{1/} As of the year ending July 31, 1955, applicant's net profit, after Federal income tax, was \$11,873.13 derived from a total revenue of \$323,732.18. Applicant lists ten trucks and three trailers as its operating equipment. Its terminal and principal place of business is located in Vernon. It has experienced management and personnel.

Applicant's president was the only witness to testify. The record shows that in excess of 80 per cent of its transportation services are performed for an affiliate corporation, Baugh Bros. and Company, which is engaged in selling finished and semifinished lumber products such as applicant proposes to transport. The outstanding capital stock of the latter corporation is also entirely owned by Robert P. Baugh and William E. Baugh, and the officers of said company are the same except that William E. Baugh is president and Robert P. Baugh is vice president. It also appears that of the total revenue approximately 30 per cent is derived from city carrier operations, and between 5 and 10 per cent from shipments having a point of origin other than Vernon. Exclusive of the business derived from applicant's affiliate, the city carrier service and "other origin" shipments approximately 13 per cent of applicant's shipments are for the account of other shippers. Applicant presented a list of some sixteen lumber dealers (other than Baugh Bros. and Company) who occasionally use

^{1/} Applicant has a stock structure consisting of 6,000 Preferred, 2,500 Class "A" Common and 1,500 Class "B" Common shares each of the par value of \$100 per share. There are 1,574 Class "A" and 100 Class "B" Common shares outstanding.

applicant's transportation service (Exhibit No. 1). Only five of said shippers are located in Vernon.

Applicant filed an exhibit with its application (Exhibit No. 3) showing all shipments for the month of January 1955. Of the 275 shipments originating at Vernon, 246 were for the account of Baugh Bros. and Company and the remaining 29 were shipped by four other lumber dealers. The testimony of applicant's president indicates that only a very small number of shippers avail themselves of applicant's service because of the competitive nature of their business and that of applicant's affiliate.

No shipper or public witnesses were called to testify in support of the application.

Having considered the entire evidence of record, this Commission is unable to find that public convenience and necessity require that applicant establish and operate a highway common carrier service as herein proposed. Applicant's transportation business appears to be more suited for a contract carrier type of operation and, in conjunction with its city carrier and radial highway common carrier authority, its operations could be conducted within the scope of said permits.

The application will be denied.

O R D E R

A public hearing having been held, the Commission being fully advised in the premises and being unable to find that public convenience and necessity require applicant's proposed highway common carrier service as hereinabove set forth,

IT IS ORDERED that Application No. 37444 of Lumber Trucking Co., a corporation, be and it hereby is denied.

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

Dated at San Francisco, California,
this 22nd day of May, 1956.

[Signature]
President
[Signature]
[Signature]
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Commissioners