

ORIGINAL

Decision No. 69533

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 property within and
between all points and places in
Orange County and portions of Los
Angeles and San Bernardino Counties.

Case No. 6322

(Appearances are listed in Appendix A)

O P I N I O N

This general proceeding is an investigation into the minimum rates, rules and regulations that apply for the transportation of general commodities by for-hire highway carriers within portions of Los Angeles and San Bernardino Counties and within Orange County. The Commission has heretofore found that the minimum rates which apply within this general area should be revised. It has also concluded that the revised rates should be published in a single minimum rate tariff.

The present phase of this proceeding deals with the question of what, specifically, should be the area for which revised minimum rates should be prescribed. It also deals with the question of what zones should be established, for rate purposes, within this area.

On October 6, 1964, a public hearing was held before Examiner Abernathy at Los Angeles for the purpose of receiving recommendations in these regards. A proposed system of zones was submitted and explained by a rate expert of the Commission's staff. A supplemental proposal was presented by the Pomona Chamber of Commerce and other recommendations were made by representatives of various carriers and shippers who participated in the development of the record.

In general, the zones which were proposed by the rate witness would embrace that portion of Southern California that lies between the San Gabriel Mountains on the north, the Pacific Ocean on the south, Covina and Santa Ana on the east, and San Fernando and Topanga Canyon on the west. This area assertedly contains the principal business and industrial activities in Los Angeles and Orange Counties. The witness recommended that for rate purposes the area be divided into 57 zones, each about five miles square, and that in some instances -- in the most heavily congested portion of the area -- the zones be divided into subzones.

According to the testimony of the rate witness, his zone proposal was developed after extensive studies to determine what should be the area for which revised minimum rates should be established and what zoning of the area would be appropriate in the light of present and prospective traffic patterns. In these studies reference was made to land use maps to determine present and probable future centers of commercial and industrial activity. Consultations were had with representatives of the

chambers of commerce throughout the area. The witness personally traversed all of the zones for the purpose of making firsthand observations of the features thereof. In addition, before final formulation of the proposal was reached, the comments thereon of more than 600 persons believed to be interested were solicited and adjustments were made in the light of comments received.

With certain exceptions, the system of zones which the rate witness proposed in this matter is the same as that which the Commission has adopted heretofore in connection with Distance Table No. 5. However, some zones, or parts of zones, which were approved for Distance Table No. 5, would be excluded from the system of zones recommended by the rate witness. Two of said zones, and parts of two other zones, lie in the west portion of the Pomona Valley. The rate witness pointed out that these two zones, and parts of zones, are separated from the remainder of the area by the San Jose Hills. He said that in his opinion this circumstance justifies the exclusion of the zones for rate purposes. Other zones which would be excluded lie along the eastern boundary of the system of zones approved for Distance Table No. 5. In the opinion of the rate witness, said zones lie outside of the area for which need has been shown for the revisions in rates towards which this proceeding is directed.

Representatives of the Pomona Chamber of Commerce took issue with the recommendation of the rate witness that the Pomona Valley zones be excluded from the system of zones which he proposed. They presented evidence to the effect that the Pomona Valley area is rapidly expanding commercially and industrially,

and that it interchanges goods with shippers and receivers who are located in the Los Angeles and Orange Counties metropolitan area. They declared that the Pomona Valley zones should be included in the system of zones for the Los Angeles/Orange Counties metropolitan area in order that said Pomona Valley zones be identified as part of the metropolitan area and be under the same rates as those which would be made applicable throughout the area.

The California Manufacturers Association supported this request and urged that it be granted. The Los Angeles Chamber of Commerce offered a suggestion that final decision of the question be deferred for the time being, and that in the meantime the cost and rate studies which are yet to be made in this matter be progressed on the basis of the zones proposed by the rate witness, plus the Pomona Valley zones.

On the other hand, the California Trucking Association opposed the inclusion of the Pomona Valley zones on the grounds that the service to and from said zones is of a different character than that elsewhere in the Los Angeles/Orange Counties metropolitan area in that the latter service is in the nature of a drayage service, whereas that to and from the Pomona Valley zones is more of an interurban service in that it is limited to service over two principal routes. The representative for the California Trucking Association declared, furthermore, that the area included in the present zones recommended by the rate witness is sufficiently large and should not be extended by addition of the Pomona Valley zones.

A representative of the Traffic Managers' Conference of California stated that the zone proposals of the rate witness had been considered and had been approved by that organization insofar as the outer perimeter of the zoned area is concerned.

Some opposition was expressed by the California Manufacturers Association and the Los Angeles Chamber of Commerce to the subzoning of certain of the zones. This subzoning was proposed as a means to facilitate the development of cost and rate data for the zones in question to determine whether or not the subzones should be ultimately adopted. Such subzoning was opposed mainly on the grounds that it would constitute a variation from the zones which had been approved for Distance Table No. 5.

A representative of the American Can Company presented a statement in opposition to the northern boundary which the rate witness had proposed for the zone which would encompass the Long Beach and Los Angeles Harbor areas. He said that his company has a plant which is but a short distance north of the proposed boundary, and that under the zones proposed his company would be required to pay interzone rates on its shipments to the harbor area whereas a principal competitor whose plant is located within the zone would enjoy the benefit of lower intrazone rates. He urged that the boundary to be adopted be located about one-half mile north of the present proposed boundary in order that his company's plant be also included in the harbor zone and subject to intrazone rates on its shipments to the harbor area.

One further aspect of the proposals of the rate witness to be touched upon deals with the delineation of the boundaries

between zones. The rate witness recommended that the dividing line between zones be the center line of the thoroughfares that constitute the zone boundaries. This proposed rule is the same as that which has been approved for Distance Table No. 5. However, it differs from that which applied under the previous Distance Table No. 4. It differs also from the rule that applies under the Commission's minimum rate tariffs for the transportation of general commodities in the Los Angeles, San Diego, San Francisco and Oakland/East Bay drayage areas. Under the provisions of Distance Table No. 4 and of the minimum rate tariffs for the several drayage areas specified, the zones include both sides of the thoroughfares that constitute the zone boundaries.

The rate witness stated that where both sides of thoroughfares are used as zone boundaries, there is a question as to just where a zone stops -- whether it extends only to the property line, or whether it includes all locations on properties abutting the thoroughfares involved. This question, he said, has never been specifically resolved. However, with the adoption of the center line as the boundary line, the question would cease to exist, and a definite determination of the applicable rate would be possible in every instance.

Discussion

Three principal questions are presented for consideration in the present phase of this general proceeding. They are:

- a. What should be the total area for which revised minimum rates are to be established as a result of the further studies to be made?

- b. What should be the zoning of said area?
- c. What rules should govern the zoning that is adopted?

The question as to what should be the total area for which revised minimum rates should be established is one that should be resolved by considerations of commercial and industrial needs. On this question the record is clear that with the exception of the western portion of the Pomona Valley, all parties who participated in the proceeding are in agreement that the area which would be encompassed by the zone proposals of the rate witness would constitute an area that, because of commercial and industrial considerations, should be treated as a single area for transportation purposes. By the same standards, it appears from the evidence presented on behalf of the Pomona Chamber of Commerce that the western portion of the Pomona Valley should likewise be considered a part of the area. We do not view the San Jose Hills as so dividing the western part of the Pomona Valley from the Los Angeles/Orange Counties metropolitan area that the western portion of the Pomona Valley should be excluded from the Los Angeles/Orange Counties metropolitan area for minimum rate purposes.¹ The area recommended by the rate witness, plus that recommended on behalf of the Pomona Chamber of Commerce, will be adopted as the basis for our further studies toward the establishment of revised minimum rates.

¹ Were the interposition of the San Jose Hills to be accepted as the controlling consideration, the San Fernando Valley area should likewise be excluded from the Los Angeles/Orange Counties metropolitan area, since access to and from the San Fernando Valley is substantially limited by the Santa Monica and Verdugo Mountains.

The zones, including the subzones which the rate witness proposed, should likewise be adopted. Although the subzones represent a deviation from the zones approved in Distance Table No. 5, they are intended to permit rate and cost studies needed for determination of whether special circumstances within the area involved require retention of the subzones as a permanent part of the revised rate structure. The adoption of the subzones by the order which follows will be for this limited purpose. If they are to be further continued, recommendations in this regard should be presented with supporting reasons and data.

The recommendation of the representative of the American Can Company that the boundary of the zone which includes the Long Beach and Los Angeles Harbor areas be established about one-half mile north of the boundary recommended by the rate witness will not be adopted. Such change would constitute a departure from the zones heretofore approved for Distance Table No. 5. The uniformity of zones between those in Distance Table No. 5 and those established for the Los Angeles/Orange Counties metropolitan area which was the objective of the rate witness and various interested parties should be maintained in the absence of compelling reasons otherwise.

Nevertheless, we are not persuaded that the plant of the American Can Company is so unrelated to the harbor zone that it should be considered as wholly excluded therefrom insofar as shipments between said plant and locations within the zone are concerned. For the purposes of applying the minimum rates to be hereafter established to shipments moving between said plant and points

within the zone, said plant will be deemed as being located within the harbor zone. In all other respects it will be deemed as being within the zone in which it is located under the proposals of the rate witness.

With the exception of the rule which the rate witness proposed concerning the use of the center line of thoroughfares as the dividing line between zones, the rules which would apply to the ZONES appear reasonable. They should be adopted.

Before any changes are made in the rule that both sides of thoroughfares be considered as the boundaries of zones, additional information should be developed concerning need and other justification for such changes as are proposed. A further hearing for this purpose has been ordered. (Order dated June 15, 1965, Case No. 6322, Setting Aside Submission and Reopening for Further Hearing.)

On the question of what portions of Los Angeles, San Bernardino, and Orange Counties should be brought under a single minimum rate tariff, we find that the area, in total, should be comprised of (a) that area which is represented by the zones (other than Zones Nos. 222 and 238) described on Pages Nos. A-2 to A-27, inclusive, of Exhibit A-7 of record in this proceeding (Case No. 6322), and (b) that area which is described in Distance Table No. 5 as Zones Nos. 211, 222, 238 and 239.

We find that the zones which are described in Exhibit A-7 (except Zones Nos. 222 and 238), together with Zones Nos. 211, 222, 238 and 239, as described in Distance Table No. 5, constitute a reasonable system of zoning for the purpose of developing and

applying revised minimum rate provisions for the transportation of general commodities within the area described in the preceding paragraph. Insofar as the subzones are concerned, our findings concerning the reasonableness of said subzones are limited to the use of said subzones as a basis for cost and rate studies to determine whether said subzones should be incorporated as part of the revised minimum rate structure to be hereafter established in this general proceeding.

We find that with respect to transportation between points within Zone No. 251 and the plant of American Can Company at 110 East Sepulveda Boulevard, near the Wilmington District of the City of Los Angeles, said plant shall be deemed as being located within Zone No. 251. To this extent Zone No. 251 shall be modified.

We further find that, subject to the exception noted above concerning the use of street center lines as zone boundaries, the rules governing boundary descriptions which are set forth on Page No. A-1 of Exhibit A-7, are reasonable rules to govern the system of zones herein found reasonable.

O R D E R

IT IS ORDERED that, subject to the exceptions and modifications specified in our findings above, the system of zones (except subzones), and the rules related thereto, which are found to be reasonable by said findings, are adopted as a basis for revised minimum rates, rules, and regulations to be hereafter

established in this general proceeding for the transportation of general commodities within said system of zones by for-hire highway carriers.

IT IS FURTHER ORDERED that the subzones referred to in our findings above may be used for the limited purpose of the development of cost and rate studies thereon and of the presentation of further recommendations, if any, as to whether said subzones should be adopted as a basis for the establishment of the revised minimum rates, rules and regulations referred to in the preceding ordering paragraph.

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

Dated at San Francisco, California, this 10th day of AUGUST, 1965.

Frederick B. Helloff
President
John L. Ditchell
Wygatan
William C. Bennett

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

List of Appearances

Charlie Johnson (by William A. Large), for Consolidated Freightways, respondent.
John R. Burbidge (by William A. Large), for Clark Inland Cartage, respondent.
Clyde R. Hoagland, for Redway Truck & Warehouse Co., respondent.
Jackson W. Kendall, for Bekins Van & Storage Co., respondent.
Anthony J. Konicki, for Pacific Motor Trucking Co., respondent.
Otto Broyles, for Anaheim Truck & Transfer Co., respondent.
William Davidson, for O & H Trucking and Ace Truck Lines, respondents.
LeRoy E. Bell, for Bargsten Truck Lines, respondent.
Don Wellen, for the City of Industry, interested party.
Eugene A. Read, for California Manufacturers Association, interested party.
Morton S. Colgrove and Fred W. Burtner, for Pomona Chamber of Commerce, interested party.
A. Stanley Hayes, for Sears Roebuck and Co., interested party.
Gordon Larsen, for American Can Co., interested party.
Thomas B. Kircher, for Spreckels Sugar Company, interested party.
William H. McGurty, for San Bernardino County Board of Trade, interested party.
LeRoy E. Bell, for Fullerton Chamber of Commerce, interested party.
Morton S. Colgrove, for Northwest Paper Co., interested party.
Paul J. Humenik and D. M. Becker, for Sun-kist Growers, Inc., interested party.
Lane Martin, for Gould National Battery, interested party.
A. E. Norrbom, for Traffic Managers Conference of California, interested party.
J. P. Hellman, for Allied Chemical Co., interested party.
E. F. Westerberg (by R. M. Shillito), for California Retailers Association, interested party.
Don M. Enos (by Joseph D. Stava), for Owens Illinois Glass Co., interested party.
William J. Newlove, for Radio Corporation of America, interested party.
Edwin L. McDonald, for the City of Fountain Valley and the Orange County Coastal Chamber of Commerce, interested parties.
Robert A. Lane, for the Commission's staff.

(End of Appendix)