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BEFORE

ORIGINAL

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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In re: A-00102306, FO001, Am-K Application of Klapec Trucking Company For amendment so as to permit the transportation (1) iron and steel and iron and steel articles and materials used in the manufacture of iron and steel and iron and steel articles (excluding commodities in bulk) for First Miss Steel, Inc., between points in Pennsylvania; and, (2) paper and paper products, plastic and plastic products, and materials, equipment and supplies used in the manufacture and distribution of such commodities, for IVEX Corporation, from its facilities located in the Township of Pine, Mercer County, to points in Pennsylvania. Further hearing.

Pittsburgh, Pennsylvania
July 30, 1993

Pages 76 to 99, inclusive

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CERTIFIED ORIGINAL

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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In re: A-00102306, FO001, Am-K Application of Klapac Trucking Company For amendment so as to permit the transportation (1) iron and steel and iron and steel articles and materials used in the manufacture of iron and steel and iron and steel articles (excluding commodities in bulk) for First Miss Steel, Inc., between points in Pennsylvania; and, (2) paper and paper products, plastic and plastic products, and materials, equipment and supplies used in the manufacture and distribution of such commodities, for IVEX Corporation, from its facilities located in the Township of Pine, Mercer County, to points in Pennsylvania. Further hearing.

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Stenographic report of hearing held in Eleventh Floor Hearing Room, Pittsburgh State Office Building, 300 Liberty Avenue, Pittsburgh, Pennsylvania,

Friday
 July 30, 1993
 at 10:00 o'clock a.m.

BEFORE

JOHN H. CORBETT, JR., ADMINISTRATIVE LAW JUDGE

APPEARANCES:

JOHN S. PILLAR, ESQ.
 312 Blvd. of the Allies, Suite 700
 Pittsburgh, PA 15222
 appearing on behalf of Klapac Trucking Co.

REX W. McQUAIDE, ESQ.
 1405 Eisenhower Boulevard
 Johnstown, PA 15904
 appearing on behalf of W.C. McQuaide, Inc.

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WITNESS:

DIRECT

John H. Simmons

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1 ADMINISTRATIVE LAW JUDGE CORBETT: We will
2 open the record.

3 This is the place scheduled for a further
4 hearing on the Application of Klapac Trucking
5 Company at Docket No. A-00102306, Folder 1,
6 Amendment K.

7 I note for the record the presence of counsel
8 for the Applicant and the sole remaining
9 Protestant, W.C. McQuaide, Inc.

10 We have been delayed somewhat this morning
11 getting started because of a communication problem
12 in the Court Reporter's office that was not the
13 fault of the Court Reporter who is with us this
14 morning, but other problems arose and we are
15 getting started a little bit late this morning.

16 While we were waiting for the Court Reporter
17 to appear, Mr. Pillar on behalf of the Applicant
18 and Rex McQuaide on behalf of the sole remaining
19 Protestant, have had an opportunity to further
20 discuss their positions in this matter.

21 Mr. Pillar, I understand you have reached
22 some type of an understanding with Mr. McQuaide; is
23 that correct?

24 MR. PILLAR: Yes, Your Honor.

25 Behind every cloud there is a silver lining,

1 and this morning the delay caused us to sit down
2 and talk a little bit more, and we have arrived at
3 a Restrictive Amendment that will satisfy, as I
4 understand it, the interest of W.C. McQuaide,
5 Incorporated.

6 For purposes of the record and just so the
7 record will indicate the status of the case, we
8 have already presented the evidence of the
9 Applicant and one shipper, IVEX.

10 This morning this hearing was scheduled for
11 the purpose of presenting the testimony of the
12 witness from First Miss Steel, Incorporated. It's
13 that particular shipper that this Amendment that
14 I'm going to read into the record is directed to.

15 JUDGE CORBETT: All right.

16 MR. PILLAR: We intend to further amend the
17 application -- incidentally, Your Honor, I believe
18 that there's one Amendment that has already been
19 submitted to satisfy the interest of Mr. Chestnut's
20 client, Daily Express.

21 JUDGE CORBETT: Right.

22 MR. PILLAR: And that Amendment was dated
23 June 30th, so this will be a further restriction to
24 the application and it's in three paragraphs and it
25 will read as follows:

1 Provided that no right, power or privilege is
2 granted to provide service from the Borough of
3 Hollsopple, Somerset County, to the City of
4 Johnstown, Cambria County, and those townships and
5 boroughs contiguous to said City and vice-versa.

6 Second, provided further that no right, power
7 or privilege is granted to provide service in the
8 Borough of Hollsopple, Somerset County, to the
9 facilities of Phoenix Pipe and Tube located in
10 Phoenixville, Chester County, and vice-versa.

11 And, third, provided that no right, power or
12 privilege is granted to provide service for First
13 Miss Steel, Inc., in van trailers.

14 Now those restrictions are acceptable to the
15 Applicant and we will submit them in written form.
16 I don't have them typed, but for purposes of the
17 record, that's the restriction, Your Honor.

18 JUDGE CORBETT: All right.

19 Mr. McQuaide, is that satisfactory to your
20 client?

21 MR. McQUAIDE: Yes, Your Honor.

22 And on behalf of the Protestant, W.C.
23 McQuaide, Inc., and in consideration and reliance
24 upon the Restrictive Amendment, as read into the
25 record this morning, I'm authorized on behalf of

1 the Protestant to withdraw their protest upon
2 acceptance by the Commission.

3 JUDGE CORBETT: All right. Very good.

4 MR. PILLAR: Your Honor, I'll send the
5 Amendment to you and the signed copy to Mr.
6 McQuaide and ask they then notify you in writing of
7 the withdrawal.

8 JUDGE CORBETT: Yes, please, if you will.

9 MR. McQUAIDE: I'll be happy to do that.

10 JUDGE CORBETT: All right. Very good.

11 And also, Mr. Pillar, when you send your copy
12 to me, would you also send a copy to the Secretary
13 for the Commission?

14 MR. PILLAR: Yes, I will.

15 JUDGE CORBETT: All right. Very good.

16 As I understand it, Mr. Pillar, the
17 withdrawal of McQuaide's protest would be the last
18 protest to this application; is that correct?

19 MR. PILLAR: That's correct, Your Honor.

20 And I wanted to complete my record in this
21 case by putting on my witness from First Miss Steel
22 and asking him some questions.

23 JUDGE CORBETT: All right. Very good.

24 MR. McQUAIDE: Your Honor, I'd ask for
25 permission then to leave these proceedings this

1 morning.

2 JUDGE CORBETT: Yes, your request to leave is
3 granted, Mr. McQuaide. Thank you very much for
4 attending.

5 MR. McQUAIDE: Thank you.

6 MR. PILLAR: I call Mr. Simmons.

7 JUDGE CORBETT: All right.

8 Would you come forward, sir, please?

9 Would you please raise your right hand, sir,
10 to be sworn.

11 JOHN H. SIMMONS, called as a witness, having
12 been first duly sworn, was examined and testified
13 as follows:

14 JUDGE CORBETT: All right, please have a
15 seat.

16 Would you begin, please, by giving us your
17 full name and spelling your last name for the
18 record, please?

19 THE WITNESS: My full name is John Howard
20 Simmons, S-I-M-M-O-N-S, but I go by Jack, though.

21 JUDGE CORBETT: All right, Mr. Pillar.

22 DIRECT EXAMINATION

23 BY MR. PILLAR:

24 Q Mr. Simmons, by whom are you employed?

25 A I'm employed by First Miss Steel, Inc.

1 Q What is your business address?

2 A The business address is Route 601,
3 Hollsopple, Pennsylvania.

4 Q What county is Hollsopple in?

5 A I believe it's in Somerset County.

6 Q What is your position with First Miss
7 Steel?

8 A My position is I'm a small business unit
9 manager, manager of value-added products.

10 Q How long have you been employed by the
11 Company?

12 A Two years June 15th.

13 Q Have you been authorized by your company
14 to appear here and testify in support of this
15 application?

16 A I have been authorized to appear here.

17 Frank Winters, who is the CEO of First Miss
18 Steel and I spoke as late as last evening.

19 Q Mr. Simmons, do you have knowledge of the
20 transportation needs of your company?

21 A I have knowledge of the transportation
22 needs of First Miss Steel, yes, sir.

23 Q Now tell us what is the business of First
24 Miss Steel?

25 A First Miss Steel is a specialty steel,

1 carbon steel and alloy steel ingot producer.

2 Also, we take our ingots and have them
3 converted to specialty steel products for the heavy
4 steel industry.

5 Q Where is thee plant located?

6 A The plant for First Miss Steel, the melt
7 shop, is in Hollsopple, Pennsylvania, and we add
8 value to our products by using subcontractors;
9 converters is the term we use in the specialty
10 steel industry, that are local converters that
11 share their equipment on a per pound tool basis
12 with First Miss Steel.

13 Q Are these local converters then located
14 throughout the Commonwealth of Pennsylvania?

15 A They are located throughout the
16 Commonwealth of Pennsylvania; New York, Maryland,
17 local states where we can produce material that we
18 do not have the equipment for.

19 It's not an uncommon practice in the
20 specialty steel industry.

21 Q So in other words, your company is not a
22 fully integrated steel company?

23 A We are not fully integrated such as U.S.
24 Steel with a melt shop and a rolling mill side by
25 side. We melt and then we will rent peoples'

1 equipment such as McGinnis'.

2 There's a press up in Corry or Bravern, New
3 Kensington or Rohm Metals up in Zelienople, Smith
4 Machine in Eighty-Four, Pennsylvania, and dozens of
5 other places.

6 Q And the commodities that you're actually
7 producing at Hollsopple, would you describe them;
8 you know, what they are. What are those
9 commodities?

10 A Heavy steel products.

11 We will take ingots and send them out and
12 have large bar, which is a semi-finished product,
13 bill it, which is a semi-finished product, to the
14 forge shop, extrusion blanks we send out for hot
15 workings for machining when our own machine shop is
16 full, for grinding when our own grinders are full.
17 Plus, then we ship the final product after final
18 inspection to our customer base.

19 Q Has the Company experienced any
20 transformation in the past two years?

21 A The value-added product is a brand new
22 product line as of two years ago.

23 When I came on board, they had zero value-
24 added product. Value products has grown to about
25 500 tons a month in shipment, which means that's

1 500 tons in and out of the facility now for
2 processing. That's all brand new to us.

3 Q For purposes of the record, explain what
4 the situation was at Hollsopple prior to the
5 addition of value-added products and then what the
6 effect of that has been on your plant.

7 Their core business up until two years ago
8 was ingot and continuous cast billet to the
9 industry. They did not add any value to the
10 product.

11 Since the addition of this new product line,
12 we do a lot of new routes that involve local
13 converters.

14 This is all brand new business to First Miss
15 and continuing to grow at a very rapid rate.

16 Q Now you mentioned something about hot
17 workings. What are hot workings?

18 A Hot workings is where we take an ingot and
19 have it hot deformed on a press or a rolling mill
20 such as McGinnis, Natural Forge in Irvine, Erie
21 Forge up in Erie, Bravern.

22 We are negotiating with Lucans for a rolling
23 contract in Coatsville, Pennsylvania.

24 We have used the Bridgeville Rolling Mill
25 over in Bridgeville, Pennsylvania, where we change

1 the shape of an ingot from a large crude mass of
2 steel to a plate or a bar.

3 Q Is hot workings shipped hot or is it
4 shipped cold?

5 A Some of it is shipped cold, and we have a
6 growing line of product line of people who are
7 wanting to buy hot ingots because of the energy it
8 saves.

9 If an ingot can arrive hot at 1200 degrees,
10 it saves a lot of energy to reheat it, so we are
11 starting to ship hot loads of steel.

12 Q Would the outbound shipments from your
13 plant ordinarily move on flatbed trailers?

14 A Outbound shipments to converters would
15 always move on flatbed trailers.

16 As far as final product, mix of final product
17 shipments, I would estimate it at 90 percent
18 flatbed, 5 percent lowboy, and about 5 percent
19 rail.

20 Q And the 5 percent lowboy, would those be
21 the hot ingots?

22 A They would be the hot ingot.

23 Q Are hot ingots shipped in some special way
24 that they require a lowboy?

25 A Yes.

1 They are inside a furnace, what we call a hot
2 box, contained on the truck. When ingots are
3 stripped and put in the box, the ingots are
4 approximately 1800 to 1900 degrees, so it's very
5 warm and it's a protective box that the ingot goes
6 in and sits in a cradle and is sealed in that box
7 so it's safe to go down the highway on.

8 Q Now would you tell us, first, the volume
9 that your company ships outbound from its plant to
10 customers in Pennsylvania?

11 A Two different types of shipments occur;
12 one is direct plant shipments of finished goods to
13 customer base, and those average right now between
14 9,000 and 10,000 tons per month of finished product
15 to the customer base.

16 Q Okay.

17 A Then there's the product line that goes
18 out for conversion and back, and that's 500 tons
19 each way. So there's about a thousand tons of that
20 product.

21 To define it in terms of Pennsylvania, I do
22 not have that information as far as final
23 shipments.

24 Q Okay.

25 Now in terms of the traffic that moves to the

1 converters, you're estimating that it's about 500
2 tons a month to these converters and then 500 tons
3 of steel coming back to Hollsopple?

4 A A lot of times, though, they don't come
5 directly back; they may move between converter to
6 converter. They may go from a forge shop to a
7 machine shop; from a forge shop to a heat treater;
8 from a heat treater to a machine shop. They
9 ultimately end up back at First Miss for final
10 inspection and certification.

11 Q Now, tell us where in Pennsylvania you
12 have converter facilities or places where you ship
13 to from Hollsopple.

14 A Starting up in the corner of the State,
15 you've got Erie, Pennsylvania, Titusville, Corry,
16 Pennsylvania, Eighty-Four, PA, New Kensington,
17 which is Lower Burrell.

18 Moving across the State, Coatsville for
19 Lucans, Brackenridge, Zelienople. They're probably
20 the major hits.

21 Q In the information that we have provided
22 to opposing counsel, we listed such points as
23 Bridgeville.

24 Would that be a location?

25 A Bridgeville is -- the Armco of

1 Bridgeville, yes, we do use that.

2 Q How about Falston?

3 A Falston, we use them as -- there's a shop
4 in Falston and Export has a machine shop in Export
5 that we use.

6 Q How about Midland?

7 A Midland, we have talked with Midland. We
8 have not, to my knowledge, done any work at the
9 Midland facility.

10 Q Aliquippa?

11 A The Aliquippa Forge is over there. I
12 believe we have done some work at the Aliquippa
13 Forge.

14 Q How about New Castle or McKeesport; are
15 those converter locations?

16 A McKeesport is -- we go from Bridgeville to
17 McKeesport, McKeesport to First Miss, yes. It's
18 good for truckers.

19 Q And is New Castle one?

20 A We have, I believe -- Rohm has a facility
21 in New Castle, yes.

22 Q Now to these points, Hollsopple would be
23 shipping to these points, from these points back to
24 Hollsopple, or it could be between these points?

25 A A lot of inter-transfer moves.

1 Q And it also could move in some cases from
2 these points directly to a customer?

3 A If we source inspect it and release it
4 from that point to expedite delivery, we could do
5 that, yes.

6 Q Now how about the customer location; can
7 you give us some representative points in
8 Pennsylvania to which you made shipments that are
9 customer locations, either from Hollsopple or from
10 the converters?

11 A Lemape, Pennsylvania.

12 Q How do you spell that, L-E-M-A-P-E?

13 A Yes, Lemape Forge.

14 Downington, because that's where --
15 Coatsville-Downington area. The forge shop up in
16 Erie. A lot of the forge shops that we convert at
17 are also customers, so Erie, Corry, Irvine,
18 Bethlehem, PA, Coatsville, Lemape, Lower Burrell,
19 Bridgeville.

20 Q In the information we provided to counsel,
21 we also mentioned such points as Burnham; is
22 Burnham a customer?

23 A Burnham -- Standard Steel in Burnham.

24 Q And Oakmont?

25 A I'm sure we've got customers in Oakmont.

1 It's probably a -- oh, I know, that's a forge shop.

2 Yes, we have a forge shop in Oakmont that we
3 sell material to on the Allegheny River.

4 Q Does your company have need for service
5 between all points in Pennsylvania?

6 A Yes.

7 Q And is that why you requested Klapec to
8 seek authority so that it would not only be able to
9 provide service from your plant to your plant but
10 also between other points?

11 A Being a non-integrated facility, there's
12 great pressure on value-added products to move
13 material between our shop and outside converters as
14 if we were in the same location on the same piece
15 of property.

16 So there's a great need for expedited
17 equipment and service in order to serve our
18 customer base.

19 Q Mr. Simmons, do you have shipments moving
20 from your plant to these customers or converters in
21 Pennsylvania on a daily basis?

22 A Yes.

23 Q And would you have a number of shipments
24 moving on a daily basis throughout the State?

25 A Yes, we do.

1 Q How is the traffic presently moving, and
2 I'm not asking you to identify all the carriers you
3 use, but what type of service are you using at the
4 present time?

5 A First Miss has Ray Trans as a dispatching
6 service for First Miss Steel. We call the loads
7 into Ray Trans or fax the loads in. They assign
8 the equipment based on rate and delivery and First
9 Miss' needs.

10 We have had shortages of equipment where we
11 have not been able to move loads on a timely basis
12 and that's why we are supporting some new people
13 coming in.

14 Q Are you personally in touch with Ray Trans
15 almost on a daily basis?

16 A Yes.

17 Q And why do you contact Ray Trans?

18 A Because I have the responsibility for all
19 the outside converters and all the value-added
20 product customers, so I'm ultimately responsible to
21 get the shipments to the final customer on time.

22 Q So what directions then do you give to Ray
23 Trans?

24 A Move it.

25 I call them and tell them where to move it

1 and how fast I need it.

2 Q Then they call the carriers?

3 A Yes, sir.

4 Q And do you supply them with names of
5 carriers that you either know through your own
6 experience or through the Company?

7 A If they cannot find carriers, I have given
8 them a list of carriers that I have had prior
9 experience with that I thought could help us find
10 additional equipment to service our customer base.

11 Q Have you had prior experience with Klapec
12 Trucking Company?

13 A Yes, I have.

14 Q In what way; how did you have that?

15 A I was General Manager of Operations of
16 what they called rock products at a company called
17 Ellectralloy Corporation in Oil City, Pennsylvania.

18 Q For how long?

19 A I was with Ellectralloy Corporation for
20 twelve years and in the capacity of General Manager
21 for seven.

22 Q And during the time at Ellectralloy, then,
23 did you come to know about Klapec Trucking?

24 A Yes, sir.

25 Q Were they one of your primary carriers?

1 A Ellectralloy was one of our primary
2 carriers (sic).

3 Q Klapec was one of your primary carriers.

4 A I'm sorry, Klapec, yes.

5 Q And do you have an opinion as to whether
6 Klapec has the equipment and the ability to provide
7 service to First Miss Steel?

8 A I believe that Klapec Trucking can provide
9 this service to First Miss Steel.

10 Q And they have provided some service to
11 your company up to the present time?

12 A Yes, they have.

13 Q Now does First Miss Steel have a need for
14 this service that Klapec is proposing within
15 Pennsylvania?

16 A We have a continuing need and a growing
17 need for truckers to provide us with good service,
18 yes.

19 Q Do you have an expectation as to how this
20 business is going to develop in the future?

21 A We project it to grow, the value-added
22 projects which entail more interstate movements,
23 will grow very rapidly.

24 Q More interstate?

25 A Within the State of Pennsylvania.

1 Q And dos your company generally control the
2 routing of the shipments that you're involved in?

3 In other words, you select the carrier?

4 A We call Ray Trans; they select the
5 carrier.

6 Q But Ray Trans is your agent?

7 A Yes.

8 Q They're acting on behalf of First Miss
9 Steel?

10 A They are authorized to act on behalf of
11 First Miss Steel.

12 Q And on the shipping document, your company
13 is the shipper?

14 A Yes, sir.

15 Q Does your company utilize any private
16 carrier, any private trucks?

17 A Not to my knowledge, no, sir.

18 Q The destination points that you have given
19 us, are they intended to be a complete listing of
20 all the points in Pennsylvania?

21 A No, because we are not -- we have
22 developed all the product lines that value-added
23 will entail.

24 We had meetings this week with a new company
25 over in -- that took over the old Beaver Falls B&W

1 facility and we may start conversion over there, so
2 as our product lines grow and our ability to
3 utilize other peoples' equipment grows, locality --
4 geography is important, of course, to value-added.

5 Q So that you feel you8 do have a need for a
6 carrier that can provide service anywhere in
7 Pennsylvania?

8 A Yes, sir.

9 Q If this application is granted, will you
10 use the services of Klapec Trucking?

11 A Yes, sir.

12 Q Will you continue to use the service of
13 other carriers that you presently use?

14 A Absolutely.

15 MR. PILLAR: Your Honor, I don't think I have
16 any other questions.

17 Do you have any questions of the witness?

18 JUDGE CORBETT: No, I have no questions.

19 MR. PILLAR: Your Honor, that completes the
20 presentation of the case for Klapec.

21 JUDGE CORBETT: All right.

22 Mr. Simmons, sir, you're excused.

23 THE WITNESS: Thank you.

24 JUDGE CORBETT: Thank you very much.

25 You may stay in the room, if you wish.

1 Sorry, Mr. Pillar.

2 MR. PILLAR: I'll submit the Restrictive
3 Amendment that I read into the record.

4 As soon as I get back to the office, I'll
5 have that prepared and sent to you and a copy to
6 the Secretary.

7 JUDGE CORBETT: Okay.

8 MR. PILLAR: I'll make sure that Mr. McQuaide
9 gets you a letter and I notice in the file that Mr.
10 Chestnut's letter has not yet been received
11 withdrawing Daily's protest, although I have talked
12 to him about it and he says it's just been an
13 oversight on his part.

14 So the record will be complete in terms of
15 all the opposition being out and that completes our
16 presentation.

17 I think I offered all of my exhibits and I
18 believe they are all admitted.

19 JUDGE CORBETT: Right, they were offered and
20 admitted at the last hearing.

21 So at this point I'll wait to receive the
22 transcript of today's hearing and as my schedule
23 permits, I'll sit down and write a decision in this
24 case as quickly as I can, but I can't make any
25 promises as to when it will go out. I will try to

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expedite it as much as I can.

Thank you very much, everyone, for your time and patience. You will receive my decision in due course.


Thank you.

This hearing is adjourned.

(The hearing concluded at 11:55 a.m.)

- - -

I hereby certify that the proceedings and evidence taken by me in the above-entitled matter are fully and accurately indicated in my notes and that this is a true and correct transcript of same.



Dawn Forsythe, Reporter/slg

END