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BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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In re: A-00109478, F0001, Am I Application of Carlisle Carrier Corporation SO AS TO PERMIT the transportation of property (excluding household goods in use and commodities in bulk), for Grand Metropolitan, PLC, and its subsidiaries, The Pillsbury Company and Alpo Pet Foods, Incorporated, between points in Pennsylvania Initial Hearing.

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Harrisburg, Pennsylvania  
August 3, 1994

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Pages 1 to 42, inclusive

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HOLBERT ASSOCIATES  
EUGENE W. HOLBERT, RPR  
P. O. Box 6144  
Harrisburg, Pennsylvania 17112-0144

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

- - - - -

In re: A-00109478, F0001, Am I Application of Carlisle Carrier, Corporation SO AS TO PERMIT the transportation of property (excluding household goods in use and commodities in bulk), for Grand Metropolitan, PLC, and its subsidiaries, The Pillsbury Company and Alpo Pet Foods, Incorporated, between points in Pennsylvania. Initial Hearing.

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Stenographic report of hearing held in Room 215, North Office Building, Harrisburg, Pennsylvania,

Wednesday,  
August 3, 1994  
at 10:00 o'clock a.m.

- - - - -

BEFORE

ROBERT A. CHRISTIANSON, ADMINISTRATIVE LAW JUDGE

APPEARANCES:

DAVID H. RADCLIFF, ESQUIRE  
2216 Walnut Street  
Harrisburg, Pennsylvania 17103  
Appearing on behalf of Applicant

- - - - -

HOLBERT ASSOCIATES  
EUGENE W. HOLBERT, RPR  
P. O. Box 6144  
Harrisburg, Pennsylvania 17112-0144

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1 JUDGE CHRISTIANSON: Let's be on the record. I am  
 2 Administrative Law Judge Robert Christianson. We are here  
 3 this morning for a hearing concerning this application of  
 4 Carlisle Carrier Corporation. We are a few minutes late  
 5 getting started. We had no trouble finding the room.

6 We are up in room 115 in a large conference room  
 7 here because the three hearing rooms are in use. The room  
 8 assignment was posted down in our standard bulletin board  
 9 and the people should have no trouble finding us up here.

10 I mention this partly because we have applicant's  
 11 people here -- I happened to see them down at the bulletin  
 12 board maybe 20 minutes ago -- but we don't have any  
 13 representative from protestors.

14 Now, I have checked a copy of the protest. This  
 15 corresponds to the address given on our hearing notice of a  
 16 vice president of the protestant, Kane Freight Lines. At  
 17 the time they filed, they didn't have a lawyer which at  
 18 that point is not a problem. But normally, a corporation  
 19 is expected to be represented at a hearing by a lawyer.

20 Now, Mr. -- let me back up. I'll check to make sure  
 21 the address is the same. I see nothing wrong with the  
 22 address so we assume that the hearing notice was sent and  
 23 received. It happens that I don't have the red folder.

24 I got the wrong folder number shipped up to me. I  
 25 can check the red folders for possible return receipt cards

1 but I think we can indulge in the presumption that  
2 protestant had notice of the hearing. One minor thing I  
3 did, we now frequently send letters out and I did send a  
4 letter to Mr. Radcliff, a copy to William Campbell dated  
5 June 20th just briefly touching on procedural aspects of  
6 the hearing.

7           So that should have alerted the protestant to a  
8 hearing as well. I mentioned a hearing Wednesday, August  
9 3rd. But I was speaking briefly to Mr. Radcliff.  
10 Evidently, he's had some conversations with or at least  
11 communications with the protestant.

12           I seem to vaguely remember Kane being involved in  
13 other cases I have had and like with many carriers, they'll  
14 amend out and not appear at hearing. But evidently, there  
15 was no amendment agreed upon. This is a statewide  
16 authority, very narrow authority for one shipper,  
17 basically.

18           But I think as Mr. Radcliff mentioned or agreed off  
19 the record, he still has standing as a protestant. That's  
20 enough for me said. At this point we'll hear from counsel  
21 and obviously, we'll see if protestant does show up. We'll  
22 be here for several minutes and I expect protestant will be  
23 able to find this place if there's been some  
24 misunderstanding or confusion about it. But go ahead,  
25 Counsel.

1 MR. RADCLIFF: Thank you, Your Honor. After receipt  
2 of your June 20th letter that you referred to, I called for  
3 Mr. Campbell. I was referred by him to Mr. Frank Ziskowski  
4 in the traffic department at Kane and on July 7 I called to  
5 Mr. Ziskowski about this case and discussed the fact that  
6 the hearing was coming up on August 3rd.

7 I had several phone conversations with Mr. Ziskowski  
8 after that date, did not receive the proposed amendment  
9 which he stated several times he was sending to my office,  
10 until the first of August, late in the day I received a FAX  
11 from Mr. Ziskowski proposing an amendment which I notified  
12 him then yesterday that that amendment was not acceptable  
13 and that it was broader than the actual authority of Kane  
14 because it left off several significant restrictions there  
15 included in their authority.

16 I did not hear from Mr. Ziskowski yesterday or this  
17 morning and I have not at any time heard from an attorney  
18 representing Kane in this proceeding.

19 JUDGE CHRISTIANSON: This is some additional  
20 indication that perhaps the protestant has just decided not  
21 to bother, just to sort of fold his tents and forget about  
22 it. Let's be off the record very briefly.

23 (Discussion off the record.)

24 JUDGE CHRISTIANSON: Just off on a minor procedural  
25 matter. Go ahead, Mr. Radcliff.

1 MR. RADCLIFF: Your Honor, the applicant is ready to  
2 proceed at this point. Not knowing what the protestant was  
3 going to do about its participation in this hearing  
4 scheduled for today, we requested that the supporting  
5 shipper send a witness from Parkesburg, Chester County, and  
6 he is present and of course, the applicant is present and  
7 we wish to proceed with the presentation of our evidence so  
8 we can make our record and develop this case and then ask  
9 you to rule on it.

10 Since it is now 10:15 and the protestant is not  
11 present, I would move that the protest of Kane Freight  
12 Lines be dismissed for non-participation.

13 JUDGE CHRISTIANSON: I certainly fully understand  
14 your motion. I won't grant it quite yet, just to get  
15 perhaps more time and of course, if I do grant it, it would  
16 be subject to the possibility of reconsideration if some  
17 really valid excuse is given. But your motion is now of  
18 record and we can grant it at any point.

19 I agree, I think the rule has changed over the  
20 years, but I think now we can keep it if it goes to  
21 hearing. I can also take the opportunity of making the  
22 record and shipping it over but I would personally prefer  
23 to keep it and that seems to be your desire as well.

24 Then I come with an initial decision presuming no  
25 exceptions would be filed and the thing will go final

1 automatically. Go ahead and call your witness.

2 MR. RADCLIFF: Thank you. Our witness for the  
3 company is David Metzler.

4 JUDGE CHRISTIANSON: Would you stand and raise your  
5 right hand.

6 DAVID L. METZLER, called as a witness, having been  
7 duly sworn, was examined and testified as follows:

8 JUDGE CHRISTIANSON: Be seated.

9 DIRECT EXAMINATION

10 BY MR. RADCLIFF:

11 Q State your full name for the record.

12 A My name is David L. Metzler, M-e-t-z-l-e-r.

13 Q What is your position with the applicant?

14 A President of the applicant.

15 Q Carlisle Carrier Corp now has its headquarters at  
16 what address?

17 A 6380 Brackbill Boulevard, Mechanicsburg,  
18 Pennsylvania, 17055.

19 Q When did that change of address occur?

20 A This past Saturday.

21 Q You are in the process --

22 A Effective Monday.

23 Q -- you are in the process of notifying the  
24 Commission's records unit about the change of address,  
25 also, are you?

1 A Yes, sir, I am.

2 Q How long have you been affiliated with Carlisle  
3 Carrier Corp?

4 A Since November of 1989.

5 Q In addition to being president, are you a  
6 stockholder and director?

7 A Yes; principal stockholder and director.

8 Q Does the carrier have authority from the  
9 Interstate Commerce Commission?

10 A Yes, it does.

11 Q What is your docket number with the Interstate  
12 Commerce Commission?

13 A MC-293588.

14 Q What's the scope of that authority from the  
15 Interstate Commerce Commission?

16 A We have three licenses. We are licensed as a  
17 contract carrier by motor vehicle, contract carrier by  
18 motor vehicle and we have authority to operate as a free  
19 corporation.

20 Q Is that broad scope nationwide authority in each  
21 instance?

22 A Yes. I am assuming it's between -- in the United  
23 States.

24 JUDGE CHRISTIANSON: ICC is a little different in  
25 policy as to scope.

1 MR. RADCLIFF: Sometimes it's difficult to get a  
2 lesser scope.

3 BY MR. RADCLIFF:

4 Q Mr. Metzler, from this Commission, does your  
5 company hold authority at A-109478?

6 A Yes, we do.

7 Q And have you caused a summary of that authority  
8 to be prepared in exhibit form today?

9 A Yes, I have.

10 Q I request that this be marked as Applicant's  
11 Exhibit Number 1.

12 JUDGE CHRISTIANSON: So identified your Exhibit 1.  
13 (Applicant's Exhibit No. 1 was produced and marked  
14 for identification.)

15 BY MR. RADCLIFF:

16 Q Mr. Metzler, does your company specialize in any  
17 particular type of transportation or any particular  
18 commodities?

19 A Yes. We are principally dedicated to serve the  
20 foodstuff and food products industry.

21 Q And as I look through here, you have specific  
22 shipper authority for a number of companies that are  
23 recognized as major names in that industry. I see Purina  
24 Mills, Folder 1 Amendment A authority, Daily Juice, Folder  
25 1, Amendment C and on the fourth page, Folder 1 Amendment H

1 there are such names as Quaker Oats and General Mills. Is  
2 that correct?

3 A Yes, sir, that's correct.

4 Q Today you are seeking authority for which  
5 company?

6 A For Grand Met and its subsidiaries, Alpo and  
7 Pillsbury.

8 Q Grand Metropolitan is the parent company. Is  
9 that correct?

10 A Yes. That's correct.

11 Q And the subsidiaries are recognized food and  
12 grocery business manufacturers? Is that right?

13 A Yes.

14 Q At the present time within Pennsylvania, what  
15 geographic scope do your operations cover?

16 A For --

17 Q For any one --

18 A From a general.

19 Q Any point or all shippers?

20 A In a number of those we have between points in  
21 Pennsylvania for the scope of authority for inbound and  
22 outbound and inter-plant and between facilities  
23 transportation for most of our customer clients.

24 Q And have you prepared an equipment list to be  
25 presented today?

1 A Yes, I did.

2 MR. RADCLIFF: I ask that this be marked Applicant's  
3 Exhibit 2.

4 JUDGE CHRISTIANSON: So marked number 2.

5 (Applicant's Exhibit No. 2 was produced and marked  
6 for identification.)

7 BY MR. RADCLIFF:

8 Q Mr. Metzler. On your equipment list, since there  
9 are several types of equipment, would you tell us the  
10 difference between road and local tractors?

11 A Road tractors are those tractors which we use  
12 over the road in both Pennsylvania intrastate operations as  
13 well as in our interstate operations. The local tractors  
14 are restricted to approximately 25 mile radius, their  
15 principal function is to move trailers around for  
16 pre-loading at shipper facilities in anticipation of the  
17 road tractors coming in and on unloading local business and  
18 the service vehicles are actually two pickup trucks and a  
19 van for minor maintenance, supply acquisition and the van  
20 is used for transporting drivers from our facility in  
21 Mechanicsburg to motel facilities or hospital facilities  
22 for physicals or drug testing or any of those type of  
23 personal passenger requirements.

24 Q And do you have owner/operators that work for  
25 your company under the Pennsylvania authority?

1           A We have three owner/operators and they transport  
2 any business that we -- any work that we provide to them,  
3 some of which is intrastate in nature; some of which is  
4 interstate in nature. They are not restricted to one type  
5 or another.

6           Q And under trailers you have a distinction between  
7 company owned and short term lease trailers. How are the  
8 short term lease trailer required?

9           A The process that we have used in our company is,  
10 as we have grown and developed our business and our trailer  
11 requirements is that we lease from Extra or TIP or some  
12 other leasing service on a month to month basis trailers  
13 that we use to supplement our fleet.

14           We use those both to enhance the growth of our  
15 company as we are going through a growth phase and most of  
16 our customers have month end, quarter end and year end peak  
17 time periods where we rent additional trailers to service  
18 those loads.

19           In fact, I can tell you specifically what we are  
20 doing right now as we get to around 25 or 30 leased  
21 trailers on a fairly consistent basis, we go out into the  
22 marketplace and we buy more trailers. We have 40 trailers  
23 coming from Great Dane in Lancaster. Twenty will be  
24 delivered and in August, 20 will be delivered and I see,  
25 once those are delivered the short term lease trailers go

1 away until we go through a growth period.

2 JUDGE CHRISTIANSON: Sort of like short term  
3 financing. You roll over.

4 THE WITNESS: Actually, I am aggressively  
5 conservative. Once you buy the trailers, we own them so we  
6 don't have that expense forever and ever. If we happen to  
7 go through a growth period and get those short term leases,  
8 which has not happened to us, fortunately, in our short  
9 term that we are not able to sustain the growth, we can  
10 always give those units back and while there is a little  
11 premium on the cost of those, it's not a three-year or  
12 two-year payment cycle.

13 JUDGE CHRISTIANSON: Okay.

14 BY MR. RADCLIFF:

15 Q You simply indicate trailers here. Is there some  
16 variation in types of trailer that your company owns and  
17 operates?

18 A There is some, yes, sir. Those are -- the 164  
19 and the short term lease trailers, so we have basically 194  
20 are van trailers. They are all 48 foot. There are five 53  
21 foot trailers we have leased for a particular customer.  
22 And most of them are 102 inches wide. There are a few  
23 earlier trailers that are 96 inches wide and of the 194  
24 there are six trailers which are equipped with insulation  
25 and mechanical refrigeration for the transportation of

1 refrigerated products.

2 Q And as you are doing presently, you could  
3 supplement your fleet of trailers with specialized  
4 equipment if so required by any of the shippers that you  
5 serve. Is that correct?

6 A Yes, sir, we could.

7 Q What facilities do you operate from at the  
8 Trindle Road -- Brackbill Boulevard address?

9 A At Mechanicsburg at Brackbill Boulevard we are on  
10 a ten-acre site. We have a four-bay shop, fueling  
11 facilities, we have parking for approximately 175 trailers  
12 and 25 tractors. We have we just renovated office space  
13 and doubled the office space, so we now have 5,000 square  
14 feet of office and the shop is 9,000 square feet.

15 Q In the shop, what degree of maintenance do you  
16 perform on your company equipment?

17 A Actually at this point, a fairly modest amount,  
18 we are just doing some temporary repairs to the tractors  
19 and trailers. Our maintenance has been contracted since we  
20 started our business, to Keene Transport and Leasing which  
21 is on Route 11 in Carlisle and at this point we have  
22 continued to use them to do that service because that's an  
23 area in which they specialize and it's been very  
24 effective.

25 What we are working with Keene on now actually is

1 for them -- now that we are moved into the facility because  
2 we have been using the facility during this remodeling  
3 process we simply couldn't be in -- is that they are going  
4 to transplant some of their mechanics that have been  
5 working on our equipment into our facility so that we are  
6 still going to contract with them to do the work because  
7 they have the purchasing power and they have some really  
8 well established maintenance programs that keeps our  
9 equipment in good shape and they'll move into Mechanicsburg  
10 and take most of the day-to-day service, inspection and  
11 repair work, principally on trailers and anything with  
12 major engine or transmission work on tractors, that engine  
13 and transmission work will then be shipped over to Carlisle  
14 to do in their larger shops.

15 JUDGE CHRISTIANSON: For that type maintenance you  
16 need more than a 19-year-old kid that likes trucks.

17 THE WITNESS: You can't be good at everything. We  
18 are probably good at service and operations and human  
19 resources, but we are not really great at maintenance so  
20 we'll hire somebody who's really great at maintenance.

21 BY MR. RADCLIFF:

22 Q This maintenance program that you have referred  
23 to, how does that tie into the safety program of your  
24 company?

25 A We meet, actually we meet in a variety of ways.

1 When we started maintenance programs with Keene what we did  
2 is our safety officer and ourselves met with the owner of  
3 Keene and we went through the programs that this, they have  
4 actually some very specific programs on S service, A  
5 service and B service for the normal routine inspections  
6 and maintenance of the equipment.

7 And we visited with them on that to make sure that  
8 that satisfied our personal needs for maintenance, which it  
9 does. It's very thorough and very effective.

10 Then in each one of the tractors we have books  
11 assigned to the drivers in which the drivers then have  
12 responsibility each day when they do the pre-trip  
13 inspection to identify any mechanical issues that may be  
14 not safe or need attention and then they write those up and  
15 they bring the truck in to Keene, leave a copy of the  
16 write-ups with them, turn a couple of the reports in to the  
17 safety officer at our company so we can monitor that that  
18 work is being cared for in a correct and safe manner.

19 Q What are some of the additional features of the  
20 safety program that your company operates?

21 A In addition to -- we have a variety of drug  
22 testing programs, pre-employment, random, post accident, we  
23 have a two-day orientation process in which we take the  
24 potential applicants through all of or processes and  
25 requirements.

1           They are interviewed at great length by the -- again  
2 by the safety officer. We do pre-employment checks. We  
3 check with a national driving record service to see if the  
4 drivers actually fit our requirements which are reasonably  
5 stringent.

6           We hire very slow. We are very selective in order  
7 to make sure we have good, safe people and have minimum  
8 turnover. Then we have periodic training. About four  
9 times a year, actually four times a year we have driver  
10 safety meetings in which we'll bring in resources from  
11 Keller or our insurance companies or our safety officer  
12 will find training films or in fact, we have a safety  
13 committee which has been certified by the Department of  
14 Labor in Pennsylvania which meets monthly and an accident  
15 review committee which meets monthly and they tend to be  
16 sponsors of a variety of new techniques, have done some  
17 video films on safe handling of doors and proper stacking  
18 of pallets to avoid injury so the process is basically a  
19 continuous one.

20           We do a weekly safety bulletin, a newsletter in  
21 which we provide for the drivers information as to highway  
22 hazards within the territory that we are working and  
23 construction sites and we have a system in which we respond  
24 to customers who, or other people who may get -- you get  
25 letters or union letters when you are driving.

1           We bring drivers in for those interviews and have a  
2 disciplinary procedure that if we have -- frankly there's a  
3 point system that if you get too many speeding tickets, or  
4 you have an accident or the accident review committee finds  
5 it's preventable and you know, you are just not measuring  
6 up, you have to go away.

7           Q   You mentioned a safety officer.  Who's the safety  
8 officer for Carlisle Carrier?

9           A   Loretta Metzler, M-e-t-z-l-e-r.

10          Q   Are there other persons in the safety department  
11 or on the safety staff?

12          A   There's a lady who assists her, Peggy McDonald.  
13 The two of them have primary responsibility for the  
14 management of the human resource, safety, record keeping  
15 functions.  They also oversee the safety committee which  
16 have our drivers and some loaders and further then at  
17 safety meetings we have -- actually our operations officer  
18 is also involved, in fact, our offices are together.

19          We have operations and safety together where the  
20 drivers come in and so they are really very much a part of  
21 the safety program because they are the ones that have  
22 minute by minute, day-to-day contact with the drivers and  
23 are always the ones that assign the workload and are the  
24 ones that can ensure that we are not assigning workload  
25 that would put our people in situations where they would be

1 fatigued or stressed beyond their abilities.

2 Q On the personnel side, how many drivers do you  
3 employ?

4 A We have 86 drivers plus ten loaders.

5 Q And how many maintenance personnel are there?

6 A Well, actually the maintenance personnel are at  
7 Keene. So the maintenance staff is at Keene. We have  
8 three people who have involvement in maintenance, four  
9 people, actually. Joe Feldish, who is in our operations  
10 department also schedules the maintenance with Keene and  
11 takes driver input and substitutes vehicles and coordinates  
12 some of the day-to-day maintenance process with them. And  
13 then Loretta has communications with Keene on maintenance  
14 items and safety items. So we don't actually have a  
15 maintenance person hired because we have a maintenance  
16 company hired.

17 JUDGE CHRISTIANSON: At one point, you said you'll  
18 get the maintenance people on your site. You may have  
19 three or four maintenance people at that time.

20 THE WITNESS: What we have talked about on a  
21 preliminary basis, sir, is that we are going to have fully  
22 four people on a first and second shift and three people on  
23 a third shift.

24 JUDGE CHRISTIANSON: Who will be dedicated to your  
25 facility?

1 THE WITNESS: Dedicated to our facility. Dedicated  
2 to our equipment.

3 BY MR. RADCLIFF:

4 Q And dispatchers, how many do you have?

5 A We have an operations manager who serves in a  
6 dispatch function. We have a chief dispatcher; that's  
7 Feldish, and we have an assistant dispatcher, which is  
8 Blair Thompson. That's on the operating side of the  
9 world.

10 We split customer relations and we have three people  
11 who deal with customer relations and putting the freight on  
12 the book. They take orders, schedule the shipment, put the  
13 freight on the books and we have the three people that I  
14 have described to you that actually execute the plan. They  
15 work with the drivers and they make sure that that plan  
16 comes true and within that same operation, we have an OS&D  
17 clerk who deals with the OS&D issues which occur and that  
18 does some ancillary work in terms of pallets.

19 Q How many hours a day is your operations  
20 department open for dispatch and customer relations,  
21 scheduling freight and receiving orders?

22 A The operations department comes to work at 6:00  
23 o'clock, 6:00 a.m. in the office. I'd like to tell you  
24 that they get to work sometimes between six and seven.  
25 Truth the of the matter is they probably don't get out of

1 there until 8:00 o'clock or after. Customer service side  
2 report to work at quarter to eight and they are there until  
3 6:00 or 6:30.

4 Q How many days per week?

5 A Five days a week, we are in there half a day on  
6 -- well, actually, from 7:00 a.m. till 3:00 p.m. on  
7 Saturday. Not with a full crew but with a skeleton crew.  
8 Then we have after hour telephone numbers and answering  
9 service for hours other than that and Sundays.

10 Q And what communications facilities do you have at  
11 the Mechanicsburg location?

12 A We have actually, we have 12 voice lines and  
13 three data lines in the facility. There's an answering  
14 service which answers when we don't answer, because there's  
15 nobody in the building. Those are hooked with inbound WATS  
16 line as well as inbound WATS lines for communications.

17 Q How do you maintain contact with the drivers on  
18 the road?

19 A At this point we talk to the drivers by  
20 telephone. We actually load our trucks on an average of  
21 1.3 times a day and we talk to our drivers on average three  
22 times a day. Later on this fall, we are going to equip the  
23 truck with satellite communications which will give us  
24 constant communications as well as locations. Today we do  
25 it by telephone.

1 Q Have your customers recognized your service as  
2 providing for their needs in a particular way?

3 A We have received two nice awards of we are  
4 carrier of the year for Nabisco Food Group in the northeast  
5 region in 1992 and we were carrier of the year, truckload  
6 carrier of the year for Exel Logistics which is our largest  
7 customer in terms of work we do for them as well as the  
8 principals that move out of their facilities as their  
9 truckload carrier of the year for 1993.

10 Q Was that award announced in the Transport Topics  
11 of August 1, 1994?

12 A If that's what this says, yes, it was.

13 MR. RADCLIFF: I request that this copy of the  
14 Transport Topics article be marked Applicant's Exhibit 3.

15 JUDGE CHRISTIANSON: So marked your number 3.

16 (Applicant's Exhibit No. 3 was produced and marked  
17 for identification.)

18 BY MR. RADCLIFF:

19 Q Mr. Metzler, have you brought with you  
20 consolidated accounts for the period ended June 30, 1994?

21 A Yes, I have.

22 MR. RADCLIFF: Your Honor, I request that this be  
23 marked as Applicant's Exhibit 4.

24 JUDGE CHRISTIANSON: So identified your number 4.

25 (Applicant's Exhibit No. 4 was produced and marked  
for identification.)

1 BY MR. RADCLIFF:

2 Q Mr. Metzler, is your company financially sound?

3 A Yes, we are.

4 Q Do you have insurance on file with this  
5 Commission now under the requirements of the regulations in  
6 Pennsylvania?

7 A Yes, we do.

8 Q And you have tariffs on file for the current  
9 authorities which you have?

10 A Yes, we do.

11 Q And I notice in your Exhibit 4 that you have  
12 total current assets in excess of \$1.8 million.

13 A Yes.

14 Q And your cash accounts, apparently you have three  
15 different cash accounts listed there that in combination  
16 are approximately a half million dollars?

17 A Yes.

18 Q One of those accounts shows a negative balance on  
19 a particular account. Why is that shown as a negative  
20 balance?

21 A Well, actually, the current book balance in our  
22 company on our checking and payroll accounts and it  
23 represents, it's a typical overdraw from a book standpoint  
24 that represents the nature of the fleet that tends to work  
25 through the banking, federal reserve processes which we

1 simply take advantage of.

2 Well, that's cash management, I guess. We have most  
3 cash in money market accounts as opposed to in the bank's  
4 account and then we don't bounce any checks. We put our  
5 money where it earns a little interest for us.

6 JUDGE CHRISTIANSON: Judging from that and from this  
7 exhibit you have access to computers. You obviously  
8 calculated your percentages and stuff using computer  
9 programs.

10 THE WITNESS: Yes, Your Honor, we do.

11 JUDGE CHRISTIANSON: Go ahead.

12 BY MR. RADCLIFF:

13 Q What service do you propose to offer to the Grand  
14 Metropolitan subsidiary in Pennsylvania?

15 A We have been, I guess it's continuation of the  
16 service which we have provided to them on an interstate  
17 basis that we provide them truckload services. We provide  
18 multiple stops. We provide pallet exchange. We provide  
19 driver assistance in unloading if we are required.

20 We have done some work where there have been special  
21 projects for specific customers in which we have done what  
22 are known as store door deliveries, as opposed to  
23 delivering to a warehouse we deliver directly to stores in  
24 order to facilitate that process for them. At some of  
25 these --

1 Q That process relates to particular promotions of  
2 a product line within a store? Is that --

3 A I believe that to be correct, yes. They are  
4 special events, certainly, in which specially prepared  
5 products are moved directly to the stores as opposed to  
6 being delivered through distribution centers which is  
7 typically how it works in the industry that we serve.

8 At some of the origins there are fairly narrow  
9 windows of shipping times which if we meet those, tend to  
10 enhance the operations of our customers so we work very  
11 hard to meet those shipping windows.

12 In some of the lanes in which we service we are not  
13 a first request carrier. We are not a primary carrier and  
14 so therefore, we are called if some other carrier is  
15 available and we work real hard to make sure that we have  
16 service and capacity available to meet those emergency  
17 requirements of our customers.

18 Q Is your company ready, willing and able to  
19 provide this additional service throughout Pennsylvania for  
20 the supporting shippers?

21 A Yes, sir. Absolutely.

22 MR. RADCLIFF: I have no further questions for this  
23 witness.

24 JUDGE CHRISTIANSON: There's not going to be any  
25 cross examination since we don't have the protestant here.

1 Let me ask a couple of quick questions.

2 BY JUDGE CHRISTIANSON:

3 Q For at least some, do you consider yourself to be  
4 the house carrier or sorts, like the contract carrier or  
5 closely dedicated?

6 A Yes. It is an objective with our top customers  
7 to be their number one carrier. Either on a dedicated  
8 correspondence contract carrier basis.

9 Q Just on another topic, to your knowledge, does  
10 the protestant here carry any of the traffic you are  
11 looking for with this application?

12 A To my knowledge, he does not.

13 Q That would suggest a dog in the manger, I guess.  
14 That's all I have. Unless you have a follow-up on that.

15 MR. RADCLIFF: That's all.

16 JUDGE CHRISTIANSON: Witness is excused.

17 MR. RADCLIFF: We have Wayne Grosskettler as our  
18 shipper witness if you'll swear him in.

19 JUDGE CHRISTIANSON: Yes. Could you stand and raise  
20 your right hand.

21 WAYNE GROSSKETTLER, called as a witness, having been  
22 duly sworn, was examined and testified as follows:

23 DIRECT EXAMINATION

24 JUDGE CHRISTIANSON: Fine. Be seated.

25 BY MR. RADCLIFF:

1 Q State your full name for the record, sir.

2 A My name is Wayne Grosskettler,  
3 G-r-o-s-s-k-e-t-t-l-e-r.

4 Q And by what company are you directly employed?

5 A I am employed by the Pillsbury Company, which is  
6 a subsidiary of Grand Metropolitan PLC.

7 Q Where is your business office?

8 A My office distribution center is at Post Office  
9 Box 6A, as in apple, Route 372, and that's in Parkesburg,  
10 Pennsylvania 19365.

11 Q And sir, for the record, Parkesburg is in Chester  
12 County?

13 A Correct.

14 Q What is your title with the Pillsbury Company?

15 A My title is distribution center manager of the  
16 Parkesburg Distribution Center.

17 Q How long have you been employed by the Pillsbury  
18 Company?

19 A Twenty-four years.

20 Q And what has your experience covered during that  
21 24-year period in time?

22 A Experience has covered manager of the Camp Hill  
23 distribution center, manager of the Buffalo, New York  
24 distribution center, manager of the Parkesburg Green Giant  
25 distribution center, a manager of warehousing and other

1 distribution centers out of our Terre Haute, Indiana  
2 facility and also, again, manager the Parkesburg Pillsbury  
3 combined Green Giant distribution center in Parkesburg.

4 Q And as manager of that facility, do you  
5 specifically have responsibilities regarding  
6 transportation?

7 A My responsibilities include oversight and direct  
8 supervision of all transportation functions of our  
9 particular facility, including appearances as a witness on  
10 behalf of the company before regulatory agencies. I am  
11 familiar with the operations and facilities of the shipper  
12 and I am authorized to present this testimony on behalf of  
13 Grand Metropolitan PLC.

14 Q Where are the headquarters of Grand Metropolitan  
15 PLC in the United States?

16 A They are located in Minneapolis, Minnesota.

17 Q Has someone at the Minneapolis office  
18 specifically authorized you to appear here today?

19 A Yes. Leo Kurtz from Minneapolis is the director  
20 of transportation for Grand Metropolitan and directed me to  
21 appear for Grand Metropolitan and its subsidiaries. Paul  
22 Davis, traffic manager for Alpo specifically directed me to  
23 appear on behalf of Alpo.

24 Q How are carriers selected for use by the Grand  
25 Metropolitan units in Pennsylvania for Pennsylvania

1 shipments specifically?

2 A Carrier selection for the Pillsbury Company in  
3 Pennsylvania is made by myself. Specific scheduling of  
4 calendar year is handled either by myself or another person  
5 in the company from the list of selected car fleets. Alpo  
6 and Grand Metropolitan have separate traffic departments  
7 and approve and schedule their own carriers.

8 Q Are you familiar with the service proposed under  
9 this application?

10 A I was provided with a copy of the scope of the  
11 application which seeks authority to serve Grand  
12 Metropolitan to PLC and its subsidiary, Pillsbury Company  
13 and Alpo Pet Foods between points in Pennsylvania.

14 Q Would approval of this application benefit Grand  
15 Metropolitan and its named subsidiaries?

16 A Yes. Approval of this application would result  
17 in the availability of an additional carrier in  
18 Pennsylvania and to better service our customer on a timely  
19 basis.

20 Q What facilities does the Pillsbury Company  
21 maintain in Pennsylvania?

22 A Right now in the State of Pennsylvania, we  
23 maintain the Parkesburg distribution center and the Alpo  
24 production facility in Lehigh Valley. They also partake in  
25 a third party contract with an outside logistics company in

1 Fogelsville.

2 Q The Fogelsville, Lehigh County third party  
3 arrangement is relatively new, isn't it?

4 A Yes.

5 Q That was previously at Greenfield in Montgomery  
6 County?

7 A Yes. Parkesburg -- I am sorry. Pillsbury closed  
8 a facility in East Greenfield, Pennsylvania and Fogelsville  
9 took over the distribution of all products that the East  
10 Greenville facility used to do. They also are third party  
11 and logistics managers for all our frozen and food service  
12 items that originally came from Vineland, New Jersey. We  
13 also have one other third party carrier in --

14 Q A third party carrier or --

15 A I am sorry. Third party logistics management  
16 group out of Mechanicsburg, Pennsylvania which is Exel  
17 distribution, or dry food service.

18 Q So from time to time, these third party  
19 arrangements may be moved or may be created as new in order  
20 to serve the current needs for Pillsbury or Grand  
21 Metropolitan?

22 A Correct. In each case, however, Pillsbury  
23 maintains the management of the transportation into and out  
24 of third party facilities.

25 Q Currently, what are some representative

1 destinations of the Pillsbury traffic in Pennsylvania?

2           A Okay. Basically, Philadelphia, Harrisburg, York,  
3 Lancaster, Oaks, Milton, Pittsburgh, Punxsutawney, Altoona,  
4 New Kingston, Scranton, Wilkes-Barre, Wyomissing, Yeadon,  
5 Chambersburg, Christiana, Clearfield, DuBois, Fairless  
6 Hills, Greencastle, Stroudsburg, Swedesburg, Tobyhanna,  
7 Langhorne, New Cumberland, Belle Vernon, Pittston,  
8 Quakertown, Mechanicsburg, Temple, Uniontown,  
9 Williamsport.

10           Q Is there any distinction between the destinations  
11 of traffic from Fogelsville or Parkesburg as far as  
12 Pillsbury is concerned?

13           A No. They will basically be all the same cities,  
14 same customers, just different shipping points.

15           Q I believe you heard Mr. Metzler's testimony  
16 earlier when he was talking about some current service and  
17 interstate work for Pillsbury being primarily to  
18 distribution centers. Is that the way it works in  
19 Pennsylvania?

20           A Yes, correct. The majority of our products all  
21 go to distribution centers that are owned by the various  
22 grocery wholesalers and grocery chain stores, wholesalers  
23 being someone like Super Value or Fleming and chain stores  
24 being somebody like Acme and Weis Markets.

25           Q And also heard mention of the term store door

1 delivery. Is that a requirement in Pennsylvania?

2 A Yes. It's a requirement of the past, present and  
3 particularly in the future; where we deliver directly from  
4 our distribution centers directly to the store. Right now,  
5 most of the time it's basically caused by strikes at the  
6 customers' warehouses so we bypass their warehouse or in  
7 the case of special sales, which we put what we call mod  
8 packs together or special pallets of a group of different  
9 products that can be sent directionally to the store and  
10 put directly on a display. That will usually entail a  
11 stop-off of one to three stores per truck.

12 Q And --

13 JUDGE CHRISTIANSON: Those stores can be most  
14 anywhere in the state?

15 THE WITNESS: Usually, they are right in one city  
16 but they could be anywhere in the state.

17 JUDGE CHRISTIANSON: One --

18 THE WITNESS: One truck per city, but they could be  
19 throughout the state in all of the different cities I just  
20 mentioned.

21 JUDGE CHRISTIANSON: Fine, thank you.

22 BY MR. RADCLIFF:

23 Q Now, with regard to Alpo, are there outbound  
24 destinations in Pennsylvania for the Alpo traffic?

25 A The outbound destinations for Alpo would be

1 basically the same as the Parkesburg distribution centers.  
2 They can ship to the exact same grocery wholesalers, chain  
3 stores, chain distribution centers and also do store door  
4 delivery at different times.

5 Q So there is again a need for service throughout  
6 the State of Pennsylvania?

7 A Correct.

8 Q Does Alpo receive inbound traffic?

9 A Inbound traffic from the State of Pennsylvania is  
10 limited basically to Hazleton, Scranton, Lancaster,  
11 Fredericksburg, Wyomissing.

12 Q And what type of materials are brought inbound  
13 from those locations?

14 A Inbound basically from some place like Inland  
15 Container would be cardboard, slip sheets, probably labels  
16 for packaging supplies like that. The other one out of  
17 Lancaster would be Container Corporation of America, which  
18 would basically be cardboard boxes, slip sheets, things  
19 like that, packaging material.

20 Q Now, the outbound products from Alpo, I presume  
21 are pet foods, do they have other items beyond pet foods  
22 that Alpo distributor.

23 A Pillsbury Pet Foods, predominantly dog food, cat  
24 food, things like that.

25 Q I should ask you what Pillsbury products are

1 moved between points in Pennsylvania also?

2           A In Pennsylvania out of the Parkesburg  
3 distribution center we ship what we call dry products like  
4 flour, cake mix, brownies, instant mashed potatoes. Also  
5 out of Parkesburg, Green Giant canned goods such as peas,  
6 beans, corn.

7           Out of Fogelsville, they handle basically what we  
8 call our PDP, prepared dough products, which are biscuits,  
9 a biscuit line that goes into the stores' refrigerated case  
10 and frozen food from both the Green Giant, basically Green  
11 Giant frozen food area and some pizza products, also.

12           Q And is your company supporting Carlisle Carrier  
13 for this authority?

14           A Yes. We are supporting Carlisle. We are  
15 basically interested in their experienced personnel, their  
16 prompt response to customer requests, familiarity with our  
17 customers' facility and our products, their excellent  
18 safety record and full range of trailer types to provide  
19 service appropriate for the product, including some  
20 refrigeration.

21           Q Do you have any other evidence to add in support  
22 of this application?

23           A Some of the things that we need right now is  
24 additional trucking within the State of Pennsylvania  
25 because of the reduction of the number of available

1 carriers, reduction of the number of truck drivers  
2 available at the remaining carrier, the increase in demand  
3 by our customers for on time delivery.

4 Also, the increase by our customers to order less,  
5 more often and Carlisle Carriers has shown us excellent  
6 service, on-time delivery and customer acceptance in the  
7 various points outside the State of Pennsylvania that we  
8 have used them for over the last plus year or so.

9 MR. RADCLIFF: Thank you, Mr. Grosskettler. I have  
10 no further questions.

11 JUDGE CHRISTIANSON: Just a little bit of  
12 follow-up.

13 BY JUDGE CHRISTIANSON:

14 Q When you look for a carrier, do you tend to look  
15 for a specialized carrier? You wouldn't look for a regular  
16 LTL carrier or a carrier who doesn't specialize in  
17 foodstuffs?

18 A The number one thing we'll do first is look for a  
19 carrier who specializes in foodstuffs. We do have one LTL  
20 carrier for foodstuffs. LTL only counts for about one, two  
21 percent of our total business. The other 98 percent is  
22 really full truckload.

23 One of the first things we look for in a carrier is  
24 a carrier that can service and arrive on time at our  
25 particular distribution centers because we are --

1 Q It goes in and goes out again, I guess?

2 A Yes. No. Not -- in some cases, but basically,  
3 we need to schedule them. They need to show up on time so  
4 the first thing we look for is that they'll show up on time  
5 because sometimes we'll ship between 20 and as high as 77  
6 outbound trucks in one day just from Parkesburg, as an  
7 example, sometimes.

8 Q So you get congestion?

9 A Congestion if they don't show up on time. So  
10 from my standpoint of view, at the Parkesburg distribution  
11 center and at Alpo and at Fogelsville they would look for  
12 some resemblance of order to show up on time. Also, to be  
13 able to furnish the proper sized equipment, clean  
14 equipment, and in most cases on the east coast, pallets to  
15 carry the product on.

16 After that is done, the most important thing is that  
17 the carrier arrive on time at my customers' dock. We try  
18 to -- we strive to give the customer what he wants when he  
19 wants it. And so therefore, there is various objectives  
20 set that the distribution centers are judged on and on the  
21 biggest one is on time delivery and it's kind of out of our  
22 hands and in the hands of our carriers.

23 So therefore, we have to work very close with our  
24 carriers to make sure that that goal is accomplished.

25 Q Do you have some of your own fleet to do some of

1 this work?

2 A We no longer have any of our own Pillsbury  
3 fleet.

4 Q It's obvious, but I'll follow up. Do you have  
5 some difficulty in obtaining the sort of service you are  
6 looking for?

7 A Over the last two years we have found it more  
8 difficult and the present carriers that do have, and  
9 especially the carriers that have Pa. authority, we have an  
10 awful difficult time to getting the number of trucks and  
11 drivers when we went this direction. There's probably no  
12 problem. The main problem is getting the drivers. The  
13 demand --

14 Q Getting a driver at all? Also drivers who are  
15 good to you?

16 A Across the board. All the trucking companies  
17 that we use have told me basically that they have a number  
18 of trucks parked because of the lack of drivers.

19 Q That's slightly surprising. I guess I have been  
20 working a bit on coal haulers and dump operations and they  
21 complain about laying off drivers and having over  
22 capacity. But this doesn't seem to be your problem. You  
23 don't have an over-capacity in your trucking?

24 A Not in the food industry, correct. Another  
25 problem in the food industry is our customers have a

1 tendency to not exactly fit right in with what most  
2 trucking -- truck drivers like to say as their particular  
3 job and i.e., or explaining that a little further is they  
4 demand an awful lot of hand stacking unloading the truck,  
5 giving them a rough time to unload, taking a long time to  
6 unload.

7           Therefore, it really hurts the owner/operators that  
8 the various carriers have because their entire economic  
9 life is based on how many loads they can pick up and  
10 deliver in a certain period of time and if anybody delays  
11 them, they don't like to be part of that industry.

12           So this is one of the reasons why there's a truck  
13 driver shortage. That's being advertised and worked on by  
14 myself, which various other manufacturers and most  
15 importantly by our customers, to try to turn some of that  
16 around because everybody realizes that the shortage is  
17 there and it's adversely affecting our business.

18           Q You have got to give them better conditions or  
19 pay them more or do something to be able to --

20           A Yes.

21           JUDGE CHRISTIANSON: That's certainly enough for  
22 now. Anything from counsel?

23           MR. RADCLIFF: I have nothing further from this  
24 witness but perhaps I could bring the applicant witness  
25 back for a final question.

1 JUDGE CHRISTIANSON: You have nothing for this  
2 witness.

3 DAVID L. METZLER, recalled as a witness, having been  
4 previously duly sworn, was examined and testified further  
5 as follows:

6 FURTHER DIRECT EXAMINATION

7 BY MR. RADCLIFF:

8 Q Mr. Metzler, with regard to drivers, you have  
9 told us the persons you are presently hiring, are you  
10 experiencing any shortage of drivers at Carlisle Carrier?

11 A As we speak, I think if you put together my  
12 testimony you see that we have 86 drivers and we have 100  
13 tractors, so we have about 14 or 15 trucks empty just as we  
14 speak. Now, a part of that is because we just -- we bought  
15 20 more tractors and we put them on in April and May and as  
16 I testified, we are real slow in hiring.

17 We just -- we are real particular because we want  
18 somebody who's going to fit the culture and stay with us.  
19 That's a better customer service driver and a better safe  
20 driver. It's clearly difficult.

21 Mrs. Metzler will go through, she's constantly  
22 advertising and talking to drivers on the phone -- she and  
23 Ms. McGillan -- and she will go through somewhere in the  
24 area of 20 to 25 applications. She'll probably take 50  
25 phone calls to get 20 applications. They will go through

1 20 applications to get one driver who we can hire.

2 Q Do you anticipate any difficulty in hiring a  
3 sufficient number of drivers to meet the needs of supplying  
4 equipment for Grand Metropolitan and its subsidiaries?

5 A Well, I think --

6 JUDGE CHRISTIANSON: Trouble you'll have --

7 THE WITNESS: Trouble we'll have, will we achieve  
8 that objective? We can meet the requirements but we are,  
9 it will take us 90 days to fill those 15 trucks, 60 to 90  
10 days to fill those 15 trucks.

11 MR. RADCLIFF: I have no further questions.

12 JUDGE CHRISTIANSON: If you get desperate, you  
13 probably can drive a truck, yourself.

14 THE WITNESS: No, sir. I cannot. I have been in  
15 the transportation business since 1967 and if my life  
16 depended on it, I could not drive a truck.

17 JUDGE CHRISTIANSON: I could not either. That makes  
18 us even. I have nothing further for the witness.

19 MR. RADCLIFF: Thank you, Mr. Metzler. You Honor,  
20 we have a motion pending to dismiss the protestant. I'll  
21 note for the record that the protestant has not entered the  
22 hearing room and it's now past 11:00 o'clock. At this  
23 point, the applicant rests, and we request that you retain  
24 the proceeding for a decision.

25 JUDGE CHRISTIANSON: Fine. Obviously, it's trivial

1 but your various exhibits are accepted into the record.

2 (Applicant's Exhibits Nos. 1 through 4 were admitted  
3 in evidence.)

4 MR. RADCLIFF: Thank you, Your Honor.

5 JUDGE CHRISTIANSON: At this point, subject to the  
6 possibilities of reconsideration, your motion is granted  
7 and the protest is dismissed from the case. I will keep  
8 it.

9 I see no reason to brief it, obviously. I'll just  
10 turn it around, probably wait for the transcript and I am  
11 not very backlogged right now. I go on vacation for a week  
12 the middle of the month. But probably when I come back,  
13 the transcript will be there and I'll probably get to it  
14 promptly.

15 If you want to call me or do anything further, go  
16 ahead. But I should be able to get to this by the  
17 beginning of September if all goes well. And maybe a  
18 little quicker if all goes a little better than I  
19 expected. But I don't think you have to provide me with  
20 findings.

21 I usually go through the transcript myself. So I  
22 don't depend on briefs in these cases. I think it's just  
23 not worth your effort to go through it. I'll go through it  
24 myself and probably write a fairly short order.

25 JUDGE CHRISTIANSON: Anything further?

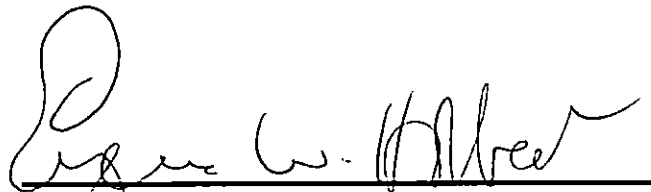
1 MR. RADCLIFF: Nothing further.

2 JUDGE CHRISTIANSON: At this point, the protest is  
3 struck and, subject to the possibility of renewal or recall  
4 if something turns up, the record's closed and I'll be  
5 proceeding to write my decision.

6 (Whereupon, at 11:15 a.m., the hearing was  
7 adjourned.)

8 I hereby certify that the evidence and  
9 proceedings are contained fully and accurately in the notes  
10 taken by me during the hearing of the within cause, and  
11 that this is a true and correct transcript of the same.

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EUGENE W. HOLBERT  
Registered Professional Reporter

HOLBERT ASSOCIATES  
EUGENE W. HOLBERT, RPR  
P. O. Box 6144  
Harrisburg, Pennsylvania 17112-0144

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