

Decision No. 14306

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
- - - - -

In the Matter of the Application)
of Lewis A. Monroe, Agent for)
F. G. Matthiessen, owner of San)
Fernando Haulage Company, for an)
order granting permission to)
increase rates.)

APPLICATION NO. 10346

BY THE COMMISSION:

O P I N I O N

The San Fernando Haulage Company, through its Agent, Lewis A. Monroe, made application to the Railroad Commission for authority to establish a revised freight tariff bringing about increases and reductions, but mainly increases.

A public hearing was conducted by Examiner Geary at Los Angeles October 22, 1924, and the proceeding having been duly submitted is now ready for an opinion and order.

The company operates an automobile freight service between Los Angeles and San Fernando-Owensmouth and intermediate points.

In justification of the proposed changes the application sets forth that the present rates are unremunerative, and are inadequate to meet the operating expenses. During the first six months of the year 1924 there was an operating loss of \$2307.27; this after deducting all operating expenses, depreciation and taxes. The taxes for this period amounted to \$902.08 and the depreciation to \$2827.18.

Subsequent to the hearing the applicant filed a statement showing the revenues and expenses for the first nine months of the year 1924 (ending September 30), which showed a net operating loss of \$2160.20. For the same period of nine months in 1923 there was an operating profit of \$1805.47 as compared with the operating loss of \$2160.20 in 1924. The revenue in 1924 showed a decrease of \$2203.95, while the operating expenses increased \$1761.72. Of the increase in operating expenses, almost half is represented by added State taxes.

At the hearing applicant was instructed to prepare a statement for a representative period showing the revenue which actually accrued under the rates in effect at the present time and the revenue which would have resulted had the proposed rates been in effect during the first nine months of the year 1924. This statement showed that the proposed rates would have resulted in a profit for the nine months of \$358.43 instead of a loss of \$2160.20.

No objection by interested shippers was presented at the public hearing held in Los Angeles, notwithstanding the fact that notice of the hearing was published in prominent newspapers and individual invitations to attend the hearing were mailed to practically all of applicant's regular shippers.

Following the submission of the proceeding a number of protests were received by mail, but these cannot be considered as controlling, as the protestants could not be cross-examined and they presented no facts upon which to base their conclusions.

The class rates proposed are materially higher than those now in effect via the Southern Pacific Company to the same destination points, therefore shippers are in a position to use the rail carrier's service if the rates of the automobile company are not

satisfactory.

It is apparent that the present freight rates will not produce sufficient revenue under the existing conditions to provide for all operating expenses and depreciation and a proper return upon the investment. We therefore find as a fact, based on the evidence and the exhibits before us, that the freight rates now charged are unjust, unreasonable and unremunerative to the extent they differ from the proposed rates as set forth in Exhibit A, attached to and made a part of the application. We believe the increases here authorized will produce sufficient revenue to meet all the requirements at the present time, but it would further appear that if the volume of the business increases in the future a reduction in the rates will be necessary.

The applicant will, therefore, file with the Commission within fifteen (15) days after the first of each month, for a period of six (6) months, a statement showing in detail the total revenue received under the rates authorized and what would have accrued under the rates now in effect, the total operating expenses, including depreciation, the taxes and the net operating revenue.

The proceeding will be held open for a supplemental order should the actual results obtained through the new freight rates make such action necessary.

O R D E R

The San Fernando Haulage Company having through its Agent, Lewis A. Monroe, filed an application with this Commission for authority to increase certain freight rates on its automobile route and a regular hearing having been held.

IT IS HEREBY ORDERED that the San Fernando Haulage Company be and it is hereby authorized to publish and file in a tariff to become effective within twenty (20) days from the date of this order and to thereafter charge freight rates as set forth in Exhibit A attached to and made a part of the application.

IT IS HEREBY FURTHER ORDERED that the applicant submit to the Commission on or before the fifteenth day of each month for a period of six (6) months, a statement showing in detail the total revenue received under the rates authorized and what would have accrued under the rates now in effect, the total operating expenses, including depreciation, the taxes and the net operating revenue.

IT IS HEREBY FURTHER ORDERED that this proceeding be held open for a supplemental order should the Commission deem further action necessary.

Dated at San Francisco, California, this 28th
day of November, 1924.

Clavery

Egerton Shore

J. T. Whittlesy
Commissioners.