

Decision No. 9657

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

-oOo-

ORIGINAL

In the Matter of the Application of  
LOS ANGELES RAILWAY CORPORATION, a  
corporation, for an order readjust-  
ing rates and establishing just and  
reasonable rates for the transporta-  
tion of persons on the company's lines  
in the State of California.

)  
)  
) Application No. 13,323  
)  
)

BY THE COMMISSION:

ORDER DENYING REHEARING

Petition for a rehearing of our Decision No. 19,521 herein was filed by applicant, Los Angeles Railway Corporation, on April 14, 1928. We have carefully considered this petition and each and every allegation thereof, and in our opinion no good cause for the granting of a rehearing is therein stated.

In this connection, we hereby declare that in reaching our conclusion as to a fair rate base figure in this proceeding we took into consideration all of the evidence and claims of value which are before us. Such a rate base figure is of value solely for the purpose of testing the reasonableness of the rates, and in arriving at our finding upon this item we gave particular attention and weight to the estimates of reproduction cost new, less depreciation, and we took into consideration and made what we believe to be fair allowance for claimed intangible elements of value, in the light of all the surrounding circumstances.

It is significant that, on this record, a fair allowance for reproduction cost new, less depreciation, would, with fair allowance for all intangible items, amount to a sum considerably less than the figure which we have found as a rate base. The

testimony as to these items discloses wide variation in the several estimates, and in our opinion, not more than \$36,350,000 could fairly be said to represent the basic figure of reproduction cost new, less depreciation. We have given what we believe to be a proper weight to this item.

In final analysis, the matter of a rate base and its fixation upon the basis of diverse theories and conflicting testimony is a matter of judgment, and after a careful consideration of the petition for rehearing above mentioned, and a reconsideration of the testimony adduced in this case, we are of the opinion that we must adhere to our former judgment and finding that the highest rate base which can reasonably be used for the purpose of computing a fair return on the operative property of this corporation is the sum of \$42,000,000. In the light of the record before us in this proceeding, we are of the opinion that this finding is a most liberal one, and that it is the highest figure which may properly be used for the purpose of testing the fairness and reasonableness of the fares in force upon applicant's system.

IT IS THEREFORE ORDERED that the above mentioned petition for rehearing of Los Angeles Railway Corporation, applicant herein, be and the same is hereby denied.

Dated at San Francisco, California, this 23<sup>d</sup> day of April, 1928.

Leon Whitell  
C. Seavey  
Ernest J. [unclear]  
Paul [unclear]  
[unclear]  
Commissioners