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 W. T. LUCOT,
 Complainant
 vs.
 AMADOR CENTRAL RAILROAD COMPANY
 Defendant.

ORIGINAL

Case No. 440

F. Alleyne Orr, for Complainant

Heaven & Ainsworth, for Defendant

ESHELMAN, Commissioner.

O P I N I O N

The complainant in this case attacks as excessive and unreasonable all of the class and commodity rates of the Amador Central Railroad Company.

To substantiate allegations that the rates of this line are excessive attorney for complainant introduced four exhibits and the testimony of several witnesses of Amador County who testified that they believed the rates of the Amador Central Railroad Company were too high.

According to contention of complainant, as outlined in Exhibit No.4, the Commission is asked to prescribe a scale of class rates which would be so low as to in each case cut under the commodity rates and, under the rules of the Commission that commodity rates can in no case exceed the class rates, practically all of the important commodity rates would be eliminated.

The only exhibits with reference to commodity rates of the defendant introduced covered ore and flour, and in each case complainant compares the rates of the Amador Central Railroad Company with rates for similar distances on the Southern Pacific Company.

The Amador Central Railroad Company is a corporation which came into existence in 1909 and took over what was known as the Ione and Eastern Railroad, the property of that company having been thrown into receivership because of inability to meet operating expenses and fixed charges.

The statement attached indicates that for the five years 1909 to 1913, inclusive, since the reorganization of this property and it commenced operating under the name of the Amador Central Railroad Company, bond interest amounting to \$67,500.00 and dividends amounting to \$29,000.00 have been paid; a total return on the investment in this property for five years of \$96,500.00 or an average of \$19,300.00 per annum. This represents an annual return of 5% on \$386,000.00. A dividend paid in 1911 and 1912 on the stock of the corporation appears to have been made out of a surplus accumulated prior to that date. The surplus on hand, therefore, is only that which accrued during the fiscal year ending June 13, 1913, and hardly represents an amount large enough to purchase a locomotive, which I understand the road badly needs at this time.

The changes proposed by the complainant would involve a reduction in class rates which would, through the operation of the Commission's rules, have the direct effect of reducing many commodity rates, and from a check of the various commodities handled by this road, based on one year's business, would result in reductions of revenue amounting approximately to \$15,000.00 per annum. The defendant railroad is not in a position to stand a reduction of such an amount as this.

The Commission found as a result of its investigations that the reproduction value of the Amador Central Railroad Company was \$389,843.23 and at the present value, with due allowance for depreciation, is \$333,920.94. Based on the present value of the property bond and stockholders have received less than six per cent interest per annum thereon for an average of the last five years and the surplus does not appear to be a sum in excess of what is needed for renewal of facilities worn out in the service.

The Amador Central Railroad Company is approximately twelve miles in length, running from Ione to Martell. On a small railroad property of this size it is manifestly improper that a comparison of its rates should be made with that of a larger line like the Southern Pacific Company operating, as it does, many thousands of miles. A line the size of the Southern Pacific Company with its enormous tonnage of all kinds could handle the comparatively small tonnage of the Amador Central Railroad Company for practically nothing and the result would have no appreciable effect on its revenue.

It is a serious proposition, however, to curtail the revenue of a small line like the Amador Central Railroad Company when it is plainly apparent that the railroad has had a rather stormy career. Operating as it does in a mountainous district where the wagon roads are not in the best condition for travel in winter time it is highly important to citizens of the district served by this road that it be kept in operation continuously and that every encouragement be given the owners to continue such operation.

If we were to adopt the suggestions of the complainant in this case the result would be that the revenue of this line would be so impaired that it would be forced to curtail its service and eventually permit the property to fall into a dilapidated condition. I feel that it is to the best interest of the public generally served by this road, and in this I am borne out by some of the heaviest shippers, that no impediments be placed in the way of its continued operation but on the contrary every encouragement should be given to stimulate the improvement of the roadbed, motive power and equipment, which will not be possible should the revenue of the road in any way be impaired.

It is apparent from the consideration of all the facts that the rates of the Amador Central Railroad Company are not excessive. The class rates do not appear to be spread on a proper basis and should be revised in the following manner, which will have very little effect on its revenues:

1	2	3	4	5	A	B	C	D	E
13	12	11	10	9	9	8	7	6	5

Complainant made a particular point of the fact that at one time the Amador Central Railroad Company made a minimum charge of 15 cents for the transportation of any single shipment of freight which it subsequently raised to 25 cents. This minimum charge is in effect on all railroads in California and I see no merit in the contention of complainant that it should be reduced.

The complaint should be dismissed and I recommend the following order:

O R D E R

W. T. Lucot having filed with this Commission a complaint alleging that all class and commodity rates of the Amador Central Railroad Company are excessive and unreasonable and a regular hearing having been held and the Commission being fully apprised in the premises and basing its order on the findings of fact set forth in the opinion which precedes this order,

IT IS HEREBY ORDERED, that said complaint be and the same is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18th day of December, 1913.

John W. ...
H. D. ...
...
Edwin W. Edgerton

EARNINGS AND EXPENDITURES OF AMADOR CENTRAL R. R. CO.

Fiscal YEAR ending June	EARNINGS		Gross Earnings	Operating Expenses	Operating Income	Bond Interest	Other Interest	Taxes	Permanent Improvements	Other Deductions	Total Deductions	Net Income	Deficit	Dividends	Additions and Betterments	Surplus
	Passenger	Freight														
1909	7,764.57	19,615.09	31,462.74	16,538.72	11,719.26	7,500.00	570.69	843.01	"	450.11	9,574.61	2,344.65	"	"	543.72	1,600.93
1910	26,820.34	59,084.50	86,129.70	43,218.79	55,878.54	15,000.00	455.43	1,745.28	"	1,613.03	18,812.54	17,066.00	"	"	6,255.62	10,810.39
1911	26,571.25	69,813.83	96,888.25	46,954.84	42,609.66	15,000.00	"	3,352.72	"	1,663.32	20,016.04	22,593.62	"	4,000.00	1,826.02	16,767.60
1912	27,981.16	74,651.54	104,853.78	49,369.66	48,043.19	15,000.00	"	4,039.10	"	2,974.67	22,013.77	26,029.42	"	25,000.00	3,774.66	2,745.26
1913	18,234.26	71,265.86	92,566.29	43,525.13	49,041.16	15,000.00	"	4,500.00	"	3,322.06	22,822.06	26,219.10	"	"	11,133.28	15,085.82
TOTALS	107,371.58	304,529.18	411,900.76	224,608.95	187,291.81	67,500.00	1,026.12	14,478.91	"	10,033.99	93,039.02	94,252.79	"	29,000.00	23,533.31	41,719.48

Outside Operations.

* Other Sources.