

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of THE AMERICAN TRANSFER AUTO DELIVERY, THE LONG BEACH TRANSFER AND WAREHOUSE COMPANY and THE UNION TRANSFER COMPANY, each of Long Beach, California, for permission to advance all freight, express and baggage rates between Los Angeles, California, and Long Beach, California.

Application No. 5815.

Harry W. Blair for The American Transfer Auto Delivery.

Lewis A. Monroe for The Long Beach Transfer and Warehouse Company and The Union Transfer Company.

R. C. Gortner for Pacific Electric Railway Company.

BY THE COMMISSION:

O P I N I O N

Each of the applicants above named is engaged in the business of transporting freight by auto truck between Los Angeles and Long Beach and is also engaged in the business of local draying, transferring and warehousing in the City of Long Beach. They apply herein for increases in rates on freight between Los Angeles and Long Beach only.

A public hearing upon the application was held by Examiner Westover at Los Angeles.

At the hearing each asked authority to establish the same rates as were authorized by the Commission by its

Decision No. 8037, Application No. 5744, for Thos. Richards Express, serving the same territory.

To justify increases sought each applicant presented figures showing its revenues and expenses under present rates.

The American Transfer Auto Delivery submitted an exhibit showing total revenue and operating expenses for the year ending July 1, 1920, covering all business done and the cost of its equipment. This it has segregated in the exhibit between its business as a common carrier for hire between Los Angeles and Long Beach and its drayage, transfer and warehouse business in Long Beach, on a percentage of revenue basis. It shows 67.73% of its revenue to be derived from the interurban business affected by the application and therefore assigns to the business in question equipment valued at \$12,471.12 of a total value of \$18,413. Gross earned revenue for this year from all sources was \$35,480.64, with disbursements of \$50,308.42, including depreciation of 2% per month, but not including salaries of partners, Wm. T. Hudson and L. C. Hudson, who devote all their time to the business. Included in the above disbursement is an item of \$8,116.20, evidently capital invested in equipment, which should be deducted. This would leave disbursements shown as operating expenses \$22,192.22 for the year, or a net operating revenue of \$14,288.42, after liberal allowance for depreciation, which may prove to be larger than necessary. The net revenue from the interurban business, amounting to 67.73%, (of which 34.87% represents baggage) would thus amount to \$9,678.23.

The Long Beach Transfer and Warehouse Company

has kept its accounts in such manner that it cannot accurately segregate its interurban revenue and expenses, but estimates these at 25% of its total. It submitted an exhibit showing its estimated interurban revenue and expenses by months for the year ended April 30, 1920. This shows revenue at \$16,500 and operating expenses at \$16,838; depreciation at 2 1/2% a month, (including tires) \$1200; and return on investment \$320. These total \$20,558, or a deficit of \$4,050. It has 11 trucks in all and two trucks and a trailer of the estimated value of \$4,000 are used in its interurban business.

Union Transfer Company submitted its application upon statement previously made to the Commission for 1919 showing gross revenue from its express business of \$14,547.13 with disbursements of \$12,396.66, including depreciation of \$3500, although its trucks and shop equipment are valued at \$6925. This statement was not available at the hearing and the depreciation item is not explained. It is noted also that disbursements therein do not show any salaries paid, and "clerical and office expenses" are stated at \$27.75. Subsequent detailed verified statement was therefore requested and this, long delayed by illness, has just been received. It shows for the year ending June 30, 1920, gross revenue of \$16,503.57, and operating expenses, \$13,716.14, with \$1691.16 for depreciation at 25%, ~~gross revenue~~ ~~of \$16,503.57~~. These all total \$16,090.85 or \$412.72 more than sufficient to provide operating expenses, depreciation, and applicants' claim of a fair return. Applicant estimates that about 40% of its total business covered by above statement is interurban, and would be affected by the rates requested.

It appears from the showing made that the owners of the American Transfer Auto Delivery and Union Transfer Company are not in need of financial relief through increase in rates. Long Beach Transfer and Warehouse Company may be ~~in need of relief~~ in need of relief but the figures submitted are mere approximations and are not satisfactory proof ~~that its rates should be increased.~~ ~~Neither of the applicants showed what the effect upon revenue would be if the application to increase rates were granted.~~ There was considerable testimony relating to increases in various items of cost of operation, such as wages and gasoline and we are aware that some of these increases have occurred since periods covered by the exhibits.

Applicants for increases in rates should be able to show by proper records, even if kept for only brief periods, what portions of their revenue and expenses arise from operations as "transportation companies" as defined by the Act, and actual unit costs of transportation, as well as the effect upon revenue of putting into effect the rates applied for. Denial of application will be without prejudice to right of Union Transfer Company to renew its application when proper showing can be made.

#### O R D E R

The American Transfer Auto Delivery, The Long Beach Transfer and Warehouse Company and The Union Transfer Company having applied for authority to increase rates, a public hearing having been held upon the application, and it appearing for the reasons above stated that applicants failed to justify the increases sought,

IT IS HEREBY ORDERED that the application  
be and it is hereby denied.

25<sup>th</sup> Dated at San Francisco, California, this  
day of October, 1920.

H. D. Lybrand  
Wm. K. R. R. R.  
H. B. Bourdige  
Dwight M. Mason  
Commissioners.