

Decision No. 8375

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of THE WHITE LINES to file tariff showing increase of freight rates between Stockton, Merced, Fresno and intermediate points.

Application No. 5885.

W. J. Quinn for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

The White Lines, a corporation, applies for authority to increase rates on freight transported by motor trucks between Stockton, Merced, Fresno and intermediate points.

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

Present rates and the proposed rates are shown below:

From Stockton	Modesto		To Merced		Fresno		Minimum charge		Pres. \$.40.	Pro. \$.50
	Pres.	Pro.	Pres.	Pro.	Pres.	Pro.	To 50 lbs.			
Class 1	\$.30	\$.37	\$.36	\$.46	\$.60	\$.75	51-60 "	\$.40		.55
2	.26	.32	.32	.41	.51	.64	61-70 "	.40		.60
3	.22	.27	.29	.36	.42	.54	71-80 "	.40		.65
4	.20	.24	.25	.33	.39	.49	81-90 "	.40		.70
							91-99 "	.40		.75

Applicant also requests leave to make changes in its classifications, which will bring it to about the classification used by the rail carriers in this territory. The proposed rates include store door pick up and delivery and are about 25% higher than rail rates in the territory served, which includes 28 cities and towns and the total distance of 125 miles between Stockton and Fresno.

Applicant shows revenue and operating expenses (including depreciation on trucks at 2% a month and on trailers at 3% a month) as follows:

Revenue and Expenses

	Jan. 1-July 1 <u>1919</u>	Jan.1-Aug.1 <u>1920</u>	July <u>1919</u>	July <u>1920</u>
Revenue	25,465.42	\$22,311.18	\$2,604.47	\$2,624.08
Expenses	<u>53,019.98</u>	<u>55,194.68</u>	<u>4,845.85</u>	<u>8,283.98</u>
Deficit	\$27,554.56	\$32,883.50	\$2,241.38	\$5,659.90

Applicant's present rates were established by its Supplement No. 1 to C.R.C. No. 1, effective June 24, 1919. Since the effective date of its present rates it shows heavy increases in cost of gasoline, oils, tires and wages.

It will be noticed that revenue for July, 1919 and July, 1920, is approximately the same, while

operating expenses have increased nearly 75%. It is very apparent, however, that applicant's showing of increase in unit costs of operating expense does not account for much of the increase. No doubt a considerable portion of it will be found by applicant to be due to various items of overhead expense incident to the establishment of a new business which are properly chargeable to development cost and not to operating expense, which it may be able to reduce or eliminate as the result of fuller experience. It is apparent that without reduction in overhead expense and increase in revenue over the increased rates applied for will not justify continued operation.

Notice of the hearing was given to Southern Pacific Company, The Atchison, Topeka & Santa Fe Railway Company and American Railway Express, all operating in applicant's territory and also to the Chambers of Commerce of Stockton, Modesto, Merced and Fresno. Neither of them, however, were represented at the hearing and no objection to increasing the rates has been lodged with the Commission.

Applicant operates a daily rapid service with 13 trucks, (5 of which are used for pick-up and delivery and three in reserve most of the time) and with 18 trailers. It appears to be endeavoring to give high-class service and being undoubtedly in need of financial relief, we grant the application.

O R D E R

A public hearing having been held upon the above entitled application, the matter being submitted and being now ready for decision,

IT IS HEREBY FOUND by the Commission that the present rates of applicant are inadequate and non-compensatory and that the rates hereinafter referred to are just and reasonable rates.

Basing its decision herein upon the above finding of fact and upon all of the findings of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that the White Lines, a corporation, be and it is hereby authorized and empowered to put into effect upon one day's notice after publication and posting at all its stations and filing with the Commission the rates and classification shown in its Exhibit "A" attached to and made part of its above described application.

Dated at San Francisco, California, this

26 th ~~November~~ day of ~~October~~, 1920.

Edwin O. Edgerton
H. D. Lybrand
Wm. R. Brown
H. B. Pennington
James Masterson
Commissioners.