

ORIGINAL

Decision No. 8472

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of LOS ANGELES & SAN PEDRO TRANSPORTATION COMPANY, Inc. for permission to establish on one day's notice a line of class rates, and to adopt Monroe's "Ship by Truck" Freight Classification, together with certain exceptions thereto and rules and regulations, to apply between Los Angeles, San Pedro and Wilmington and intermediate points.

Application No. 5884.

Lewis L. Monroe for applicant.
 Frank Kerr by George F. Squires
 for Pacific Electric Railway Company.

BY THE COMMISSION:

C O P Y

Los Angeles & San Pedro Transportation Company applies for authority to increase rates for transporting freight by auto truck between the business portion of Los Angeles and its harbor district, including San Pedro and Wilmington.

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

The reason assigned by applicant for asking the increase in rate is the increased cost of doing business resulting from increases in cost of gasoline, oil, tires, repairs, labor and clerical help. In support of its claim it has submitted exhibits showing in detail revenue and operating expenses monthly for the year 1919 and ten months of 1920 with a traffic check for five days May 3d to 8th, 1920, showing revenue actually earned for the period and what its revenue would have been if the rates requested as shown by tariff accompanying the application had been in effect at that time. New rates would have increased its revenue 16% over the present rates which were established when applicant began business in August, 1918. The period chosen for the traffic check is probably fairly illustrative as the revenue for May, 1919, appears to be about the average monthly revenue for the entire year.

Applicant's revenue earned during September and October, 1920, was \$21,097.70 and its operating expenses \$19,461.72, leaving \$1,635.98 operating revenue applicable to depreciation and return upon investment. This is not enough to meet claimed depreciation on equipment at the rate of 25% per year, amounting for the two months to \$1,965.72. The two months period in question is one during which all of the increased costs of operation were in effect and the revenue for the period is apparently a fair average for the year, judging from the applicant's experience during 1919. If the revenue were increased by 16% it would apparently provide not only full depreciation but a return of about \$18,000 a year on truck and trailer equipment, inventoried at \$47,693.32, a rate of return which the shipping public cannot be required to carry.

Applicant further claimed as justification for an increase in rates a heavy increase in cost of operation due to the necessity for increasing its clerical force a few months ago to take care of its growing business. The increased business has apparently covered this item and justified the expenditure and will no doubt cover an item of increased rent incident to a necessary move to larger quarters, concerning which applicant has advised since the hearing.

Apparently applicant's increasing traffic is not sufficient at its present rates to meet its increased cost of doing the business and we conclude that its rates may properly be so increased as to produce an increase of 5% in revenue.

The applicant can best prepare the proposed tariff of rates designed to produce this percentage of increase based upon the traffic check and upon receiving such a tariff the rates therein shown will be authorized by a supplemental order herein.

O R D E R

A public hearing having been held upon the above described application, the matter having been submitted and the Commission being now fully advised,

IT IS HEREBY FOUND that the revenue produced by the rates of applicant now in effect and applicant's classification, rules and regulations are all inadequate, but that the applicant has not justified the establishment of classifications, rules and regulations set forth in the application herein.

IT IS HEREBY ORDERED that Los Angeles & San Pedro Transportation Company, a corporation, be and it is hereby authorized to submit a new proposed tariff of rates with rules, regulations and classifications similar to that set forth in Exhibits "A" and "B" attached to and made part of its above described application, but designed to increase applicant's revenue 5% instead of 16%.

IT IS HEREBY FURTHER ORDERED that application to establish the specific rates set forth in the application be and it is hereby denied.

Dated at San Francisco, California, this

20th day of December, 1920.

Edwin J. Egan
H. D. ...

H. H. ...
Dwight Martin
Commissioners.