

Decision No. 9917

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of P.R. McCUTCHEEN and GEORGE CHAPPELL, co-partners, for certi- ficate of public convenience and necessity to operate freight truck service between Los Angeles and Randsburg, Atolia and Johannesburg.)))))))	Application No. 7274.
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Robert E. Abbott, for Applicant
 E. T. Lucey and G.E. Harris, for Atchison, Topeka
 and Santa Fe Railway, Protestamt
 T.A. Woods, for American Railway Express, Protestant.

BY THE COMMISSION:

O P I N I O N

P.R. McCutchen and George Chappell have applied to the Railroad Commission for a certificate of public convenience and necessity to operate freight truck service between Los Angeles and Randsburg, Atolia and Johannesburg.

A public hearing was held by Examiner Williams at Randsburg.

The service proposed by applicants is directly competitive with the Santa Fe Railway, the only rail carrier reaching the points named. The area to be served is small, the northern terminals being in an almost exclusive mining region that has recently shown much activity and with resultant sudden increase in population and commerce. Undoubtedly this stimulation has attracted applicants to this field and the service proposed seems fairly planned as to adequacy, rates, and responsibility. A serious weakness

appears to be in the great distance between Los Angeles and the northern termini, which is roundly 150 miles, a third of which is over unpaved desert roads. No intermediate service is proposed.

Witnesses for applicants were merchants and artisans of Randsburg who seemed unanimous that the service proposed, with its pick-up and delivery features at each end, would be of personal and public benefit. At present, freight and express is brought by local truckmen from Johannesburg to Randsburg, via the Santa Fe Railway and from Searles to Randsburg, Johannesburg and Atolia, via Southern Pacific Railway. This involves a small transfer trucking charge which witnesses said would be eliminated by applicants' free delivery service. There was also specific complaint that freight delivery was slow and delivery from freight station irregular.

Mr. B.E. Hall, Manager of the Rand Mercantile Company, probably the largest shipping consignee in the area, testified that all merchandise had been brought to the Company's store by truck during the last month, because it could be ordered by wire and brought from Los Angeles within twenty-four hours. Such service, he testified, could not be given by protestant Santa Fe Railway. Others gave similar testimony.

It was also shown that this truck operation had been conducted without legal authority by applicants herein, under the assumption that such authority was unnecessary. Applicants desisted when so advised by counsel and made application herein. As they had acted on other legal advice in beginning operations, it appears their operation was innocent.

The testimony discloses the usual demand for expeditious pick-up and door delivery that is the usual advantage of truck freight operation, and would be regarded as justifying operation providing the service of other carriers cannot be made reasonably adequate. No fair determination of this application can be made, however, without considering its effect on the protestant carrier, the Santa Fe Railway.

Santa Fe Railway has maintained under all conditions, service to the area affected by this application. During periods of depression it has reduced service to normal requirements, with reasonable adequacy. In order to maintain activity and prosperity in this isolated area, it has hauled water at a rate of 50 cents a ton, in order that this important necessity might be available to keep mining and commerce functioning. An exhibit filed by protestant Santa Fe Railway shows that the Company hauled 60 cars of water from Hinkley and Barstow to Johannesburg in September, and 55 cars in October. This movement was not at a compensatory rate, justified only by the policy of the Santa Fe to sustain an area that would confer return benefit in freight shipments. This fostering solicitude on the part of protestant should not be disregarded in considering the effect of competition for the freight that makes continuance of adequate rail service possible. If the through freight between Los Angeles and the region applied for is to be diverted to auto carriers, it must be because the rail carrier cannot adequately move it. In this case Mr. G.E. Harris, in behalf of protestant Santa Fe, testified that the rail service consists of four trains weekly; that decreasing business in the month of October caused hesitancy to augment this to daily service. There

was also testimony on behalf of protestant that its less than carload traffic from Los Angeles to Johannesburg had decreased 100,000 pounds in October. There was also testimony in applicants' case that this amount, approximately, was hauled by their trucks during the period of their illegal operation in that month.

It is our opinion that daily freight service by protestant Santa Fe Railway should be established to meet the convenience and needs of this active area, and that terminal distribution to Johannesburg, Randsburg, and Atoia should be by local carriers. It is contended by applicants that door delivery relieves the public of this terminal charge, but it is also true that their proposed rates are higher than the rail carrier. A comparison of chief class rates, per hundred weight, shows:

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Santa Fe Railway	\$1.20½	\$1.06½	\$.99	\$.87½
Applicants	1.30	1.16	1.09	.97

This comparison suggests that the terminal pick-up and delivery cost has been included in applicants' rates. True commodity rates on cement, groceries, lumber, and machinery, are less, but only in quantities of six tons or more.

As the Santa Fe Railway, through its witness, Mr. Harris, offered to establish daily and more efficient freight service, it is our opinion that this service should first be established before additional auto service is authorized. Unquestionably, the Santa Fe Railway has maintained adequate service until the sudden increase in activity in this mining region, and it should not be required to share prosperous periods with a competitor, who would undoubtedly withdraw if a period of depression came. Of course, if the Santa Fe Railway does not establish reasonably efficient service,

shippers of the region should appeal to the Commission for relief.

ORDER

P.R. McCutchen and George Chappell having applied to the Railroad Commission for a certificate of public convenience and necessity to operate auto truck freight service between Los Angeles and Randsburg, Atolia and Johannesburg, a public hearing having been held, the matter having been duly submitted, and now being ready for decision

IT IS HEREBY ORDERED BY THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA that public convenience and necessity do not require the establishment of service proposed by applicants, and that the application herein be and the same hereby is denied.

Dated at San Francisco, California, this 23^d day of December, 1921.

H. R. Brundage
H. J. Lovell
Quincy Martin
Charles H. Powell
W. L. Pennington
Commissioners.