

Decision No. 29730

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
LOS ANGELES STEAMSHIP COMPANY for
permission to temporarily discontinue
service.

} Application No. 20152
}

WAKEFIELD, Commissioner:

ORIGINAL

THIRD SUPPLEMENTAL OPINION

By Decision No. 28244 of September 23, 1935, and by first and second supplemental orders in the above entitled proceeding, Los Angeles Steamship Company, a corporation, having on file with the Commission tariffs naming rates for the transportation of passengers and freight between San Francisco Bay ports and ports in southern California, was authorized to suspend its passenger and freight service to and including May 1, 1937.

By supplemental application filed April 5, 1937, applicant alleges that conditions obtaining at the time the original suspension was authorized still prevail and that under such conditions, particularly the high cost of loading and unloading cargo, the limited cargo-carrying capacity of its vessel and the insufficient demand for passenger service, it will not be possible to operate said vessel for the carrying of cargo or passengers until May 1, 1938, except at a loss.

A public hearing was had on April 14, 1937. In support of its request for a further suspension of both passenger and freight service, applicant presented three witnesses all officers of applicant corporation. In general, they testified in confirmation of the facts alleged in the application. In addition, they pointed out that the steamship "YALE" operated by applicant, is primarily a passenger carrying vessel, and that its profitable operation is largely dependent

on passenger travel; and that while applicant, at one time, handled a considerable amount of expedited package freight in this vessel the faster schedules inaugurated by competing land carriers in recent years, together with a slower service by vessel resulting from labor conditions, made it difficult to retain any appreciable portion of such freight. Two exhibits were offered to show the revenue received from previous operation of applicant's vessel. Exhibit No. 1 is a statement of operating income during the period January 1, 1935 to September 30, 1935, immediately preceding the first suspension of service. During this period the exhibit shows applicant experienced a net operating loss from both freight and passenger operations of \$77,762.29. Exhibit No. 2 shows that upon resumption of passenger service for the period May 16, 1936 to July 6, 1936, following the expiration of the first period of suspension, applicant suffered a net operating loss of \$57,774.95, exclusive of depreciation, salaries of officers, taxes, or any other expenses not directly connected with the operation of the vessel.

* While expressing the opinion that conditions had not sufficiently improved to permit profitable operation at this time, these witnesses believe that with generally improved business conditions and the advent of the Golden Gate International Exposition in 1939, increased travel may justify a resumption of passenger service. Likewise they believe that stabilized labor conditions will expedite loading and unloading operations as well as reduce the cost of performing such services. They feel that these factors, together with increased revenues anticipated under certain recently increased coast-wise freight rates may permit the resumption of freight service on a profitable basis. The witnesses pointed out that it is to the advantage of applicant that its vessel be placed in service at the earliest date consistent with profitable operation but were of the opinion that this could not be accomplished prior to May 1, 1939.

Ordinarily, repeated and lengthy suspensions of service are not in the public interest. However, in view of the showing made concerning the impracticability of resuming service under existing conditions, I am of the opinion that this application should be granted but that applicant should be placed on notice that it will be expected, on or before the expiration of the period of suspension herein authorized, to resume its service or relinquish its operative rights.

The granting of this application will not deprive the public of means of transportation, as the territory is served by other carriers. These carriers have been informed by applicant's proposal and have offered no objection.

I recommend the following form of order:

O R D E R

A public hearing having been held in the above entitled application, and the matter having been submitted,

IT IS HEREBY ORDERED that the Los Angeles Steamship Company be and it is hereby authorized further to suspend its passenger and freight service until May 1, 1938, provided applicant promptly supplement its tariffs on file with the Commission to show that its service has been further suspended as authorized herein.

This order shall become effective on the date hereof.

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 3rd day of May, 1937.

Walter H. Hays
Frederick A. Hays
Frederick A. Hays
Frederick A. Hays
Frederick A. Hays
Commissioners.