

Decision No. 33575

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
United Motor Transport Lines, Inc.,  
a corporation, for authority to dis-  
continue all operations as a highway  
common carrier between Auburn and  
Georgetown and intermediate points.

) ORIGINAL  
)  
) Application No. 23461  
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)  
)

WILLARD S. JOHNSON, for Applicant.

BEN F. SNIDER, in Propria Persona.

BY THE COMMISSION:

C O P I N I O N

By supplemental application filed in this proceeding November 19, 1940, United Motor Transport Lines, Inc. (referred to hereafter for brevity as United) seeks authority to abandon its operations between Auburn and Georgetown and intermediate points, including Cool and Greenwood. Ben F. Snider, a highway contract carrier operating in this territory, appeared as an interested party, but no one protested the granting of the application.

A public hearing was had before Examiner Austin at Auburn on January 10, 1941 when evidence was produced, the matter submitted, and it is now ready for decision.

By its original application herein, United requested permission to lease this segment of its operative right to Ben F. Snider. This was heard jointly with a companion application (Appl. No. 23559) where United sought to lease another part of its operative right to El Dorado Motor Transportation Company, and both were denied by Decision No. 33570, rendered October 1,

1940. Our order therein was made without prejudice to the filing of a supplemental application to abandon service between these points. Within the time granted, this supplemental application was presented.

In support of its proposal, United called its manager E. J. Muzzio who described the operations conducted, and presented an exhibit showing the resulting revenues and expenditures. The evidence produced at the previous hearing in this matter and the decision rendered therein were incorporated in the present record by reference.

United operates as a highway common carrier between Sacramento and Auburn, between Sacramento and Wheatland, and between Auburn and Georgetown, and intermediate points (subject to certain exceptions). For a more complete description of its operative right, which has been unified and consolidated, reference is made to Decision No. 33570. To distinguish the operative right just described from other operations conducted by applicant, it is referred to as the Auburn Division. At present, a tri-weekly service is conducted, the truck which serves Georgetown being also utilized on alternate days to provide the Wheatland service.

The route proposed to be abandoned traverses a sparsely settled, mountaineous country, lying in the Sierra Nevada foothills. The distance between Auburn and Georgetown, though actually eighteen miles as measured along the highway, is considered as twenty-eight constructive miles for rate-making purposes. <sup>(1)</sup> In this region mining is the chief industry. Unlike

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(1) Appendix "A," Decision No. 31605, as supplemented.  
(Distance Table No. 3).

the Sacramento-Auburn operation, this line taps no fruit producing or agricultural territory.

Substantially all the traffic tributary to the Georgetown area is transported by other carriers or agencies of transportation; United, notwithstanding its efforts to participate in the business, has attracted but a meager share. This condition has prevailed throughout the past year. The record shows that this tonnage has been handled by radial highway and highway contract carriers, by the local stage line (which is authorized to transport express), and by proprietary trucks.

Applicant's Georgetown service, it was shown, had been conducted at a loss. From the statement of revenues and expenses submitted at this and at the previous hearing, it appears that the loss experienced in the Georgetown operation is relatively higher than that incurred in the operation of the entire Auburn Division. During a period of eleven months, extending from January to November, 1940, inclusive, the revenues for the Auburn Division were \$17,099.79, and for the Georgetown operation, \$766.60. During this period the total operating expenses were \$18,540.45 and \$1,517.03, respectively, resulting in an operating loss of \$1,440.66 for the Auburn Division, and \$750.43 for the Georgetown operation. Deducting expenses of \$74.03 which would have occurred regardless of the Georgetown service, the net loss for the latter operation was \$676.40. If the net loss of \$676.40, resulting from the Georgetown operation, were eliminated, the loss incurred upon the Auburn Division would be reduced from

(2)

\$1,440.66 to \$764.26. The details appear in the margin.

(2) Revenues and Expenses, January to November, 1940, inclusive, of entire Auburn Division,<sup>(a)</sup> with Georgetown apportionment.<sup>(b)</sup>

	(1) Entire Auburn Division	(2) Georgetown Apportionment
<u>Revenues</u>	\$ 17,099.79	\$ 766.60
<u>Expenses</u>		
Equipment, Maintenance and Garage Expense . . . . .	\$ 3,212.52	\$ 311.82
Transportation Expense . . . . .	8,098.54	788.82
Terminal Expense . . . . .	1,723.62	75.67
Sales, Tariff and Advertising Expense . . . . .	206.43	9.40
Insurance and Safety Expense . . . . .	725.26	32.58
Administration and General Expense . . . . .	773.00	34.56
Depreciation Expense . . . . .	1,785.02	173.92
Amortization Expense . . . . .	40.90	1.88
Taxes . . . . .	1,719.95	76.94
Operating Rents . . . . .	255.21	11.44
Total Operating Expenses	\$ 18,540.45	\$1,517.03
Net Operating Income	\$ 1,440.66 <sup>(d)</sup>	\$ 750.43
	(loss)	(loss)
Expenses Incurred Regardless of Georgetown Operation, <sup>(c)</sup>		74.03
Loss on Georgetown Operation		\$ 676.40
Total Miles Operated	64,310	6,255
Total Tons Carried	3,926	102.5

(a) "Auburn Division" includes the intrastate operations conducted by United Motor Transport Lines, Inc., as a highway common carrier, between Sacramento and Auburn, Roseville and Wheatland, and Auburn and Georgetown.

(b) Column 2 shows the apportionment of the revenues and expenses relating to the Georgetown operations. Actual revenues have been shown. Some of the expenses represent those actually incurred; others have been apportioned on a mileage or a revenue basis.

(c) This represents fixed costs having no relation to the additional mileage involved in the Georgetown operation. It includes, wholly or in part, such items as "All other Transportation Expense," "Terminal Expense," "Sales, Tariff and Advertising Expense," "Administration and General Expense," "Amortization Expense," "All other Taxes," and "Operating Rents."

(d) Between May and November, 1940, inclusive, the net operating income for the Auburn Division yielded a profit of \$630.54. This substantiated the testimony given by Mr. Muzzio at the former hearing to the effect that during this period the back haul of deciduous fruit from Placer County, tributary to the Sacramento-Auburn operation, ordinarily would result in a profit. (Tr. pp 15, 16).

Business houses and others who formerly had patronized United as shippers, in this territory, had been advised of applicant's proposal to abandon the service, so Mr. Muzzio testified. None voiced any opposition to the application.

From the showing made, it appears that the Georgetown service has been operated at a substantial loss, proportionately higher than that incurred upon the operation of the entire Auburn Division; that the traffic formerly enjoyed by United has been deflected to other agencies of transportation, such as highway carriers, proprietary trucks, and the local stage operator; and that there is no reasonable prospect of increased future business. The record does not indicate that applicant could hope to recapture the traffic through improvements in its service; the increased cost of operation would serve only to magnify the loss. Under the circumstances, we are convinced that applicant should be authorized to abandon this service, and such will be the order.

O R D E R

Application having been made as above entitled, a public hearing having been had, evidence having been received, the matter having been duly submitted, and the Commission being now fully advised:

IT IS ORDERED that United Motor Transport Lines, Inc., a corporation, be and it hereby is authorized to discontinue and abandon all of its operations as a highway common carrier between Auburn and Georgetown and intermediate points, including Cool and Greenwood, subject to the following conditions:

- (1) That not less than five (5) days prior to the actual cessation of such operation, applicant shall publish in a newspaper of general circulation published at Auburn, California, in not less than one issue of said newspaper, a notice of the abandonment of said service. Proof of such publication shall be filed with the Commission within thirty (30) days after such cessation of operation.
- (2) That applicant shall cancel, in conformity with the rules of the Commission, all freight tariffs and time schedules applying to the freight service herein authorized to be abandoned.

The effective date of this order shall be the date hereof.

Dated at *Los Angeles*, California, this 18<sup>th</sup> day of February, 1941.

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COMMISSIONERS