

ORIGINAL

Decision No. 36480

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of	)	
J. N. Anderson, doing business under	)	
the firm name and style of THE J. N.	)	Application No. 25597
ANDERSON THEATRE SERVICE, for	)	
authorization to increase rates.	)	

- J. N. ANDERSON, in propria persona.
- C. E. KIMBROUGH, interested party.
- W. E. GOLDBERG, representing G.F.D. Lines, Inc.

CLARK, Commissioner:

O P I N I O N

In this proceeding applicant seeks authority to increase its rates for the transportation of motion picture films and theatrical accessories in Los Angeles County.

A public hearing was conducted in this matter at Los Angeles, June 30, 1943, at which time the matter was taken under submission and is now ready for decision.

Applicant conducts a common carrier service in the transportation of motion picture films and theatrical accessories between Los Angeles and Long Beach and the intermediate territory. In general, the show facilities are picked up at the film exchanges located at, or near, the intersection of 20th Street and Vermont Avenue in the city of Los Angeles. Other accessorial products to be transported are picked up at different locations in the business section of the

(1) city. The destination points of the materials transported are for the most part at the various motion picture theatres located along applicant's certificated routes. (2) In addition to the theatres along the routes, applicant transports motion picture films and accessories to certain schools, churches and military camps where such shows are displayed. With one exception, all motion picture establishments and other points of destination served by applicant are located outside the corporate limits of the city of Los Angeles; the exception being a theatre located along one of the routes in the city.

Applicant operates over the following three routes:

Route One: Between Los Angeles and Long Beach via Inglewood, El Segundo, Redondo, Torrance and San Pedro.

Route Two: Between Los Angeles and Long Beach via South Gate, Lynwood, Compton, Lomita and Wilmington.

Route Three: Between Los Angeles and Long Beach via Huntington Park, Downey, Norwalk, Clearwater, Artesia and Seal Beach.

Applicant's service is conducted through the operation of three trucks, consisting of:

<u>No. of Units</u>	<u>Mfr.</u>	<u>Year</u>	<u>Capacity</u>
1	Ford	1939	1½ tons
1	Chevrolet	1937	1½ tons
1	Ford	1940	1 ton

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- (1) Applicant is authorized to transport accessories necessary or incidental to the exhibition of motion pictures, such incidentals to be limited to projection machinery and parts thereof, advertising machines, electric lighting devices, advertising slides and tickets, with a maximum limitation of 100 pounds per shipment from any one consignor to any one consignee.
- (2) The authority for this operation was granted pursuant to the Commission's order of its Decision No. 16541, dated April 21, 1926, in Application No. 12482, and No. 26229, dated August 14, 1933, in Application No. 18504.

In this proceeding authority is sought to increase certain of the rates for the transportation service involved in accordance with the following schedule:

(3)  
ZONE 1.

<u>Item</u>	<u>Rates per week</u>	
	<u>Present</u>	<u>Proposed</u>
For places having 1 change of program a week	\$3.50	\$5.00
For places having 2 changes of program a week	3.50	5.00
For places having 3 changes of program a week	4.00	5.00
For places having 4 changes of program a week	4.50	6.00
For places having 5 changes or more of program a week	5.00	6.50

A minimum incidental service charge will be made to all places holding one program for a second or more consecutive weeks, to cover deliveries of minor accessories and automatic bookings such as news reels, serials, specials, shorts and similar films

1.00 3.00

(4)  
ZONE 2.

<u>Item</u>	<u>Rates per Week</u>	
	<u>Present</u>	<u>Proposed</u>
For places having 1 change of program a week	\$5.00	\$6.50
For places having 2 changes of program a week	5.00	6.50
For places having 3 changes of program a week	6.00	6.50
For places having 4 changes of program a week	7.00	7.50
For places having 5 or more changes of program a week	7.50	8.00

A minimum incidental service charge will be made to all places holding one program for a second or more consecutive weeks, to cover deliveries of minor accessories and automatic bookings such as news reels, serials, specials, shorts and similar films

2.00 4.00

ZONE 1 & ZONE 2.

<u>Item</u>	<u>Present</u>	<u>Proposed</u>
Service charge on all shipments consigned C.O.D. (per shipment)	.10	.20

(3) Deliveries to and from intermediate points between Los Angeles and Long Beach, Wilmington, or San Pedro within a radius of ten miles from the film exchanges in Los Angeles.

(4) Deliveries between Los Angeles and Long Beach, Wilmington, or San Pedro and all intermediate points of greater distance than ten miles radius from the film exchanges in Los Angeles.

Except for the above, the present rates, rules and regulations are to remain in effect under applicant's proposal.

In this application it is alleged that subsequent to the time present rates were established, April 1939, the cost of providing the service has materially increased as a result of: increased labor rates, increased cost of materials and supplies and the reduced speed a truck is required to travel, resulting from the 35 miles per hour maximum allowable highway speed, as well as dim-out restrictions.

The record shows that during the year 1942, applicant's gross revenue amounted to \$16,237 and after paying the operating expenses incident to this service, including outside employment, there remained \$1,631 which represents compensation to J. N. Anderson and his wife for their personal services, without any consideration for interest return on the investment in property employed in this public service. The record also shows that Mr. Anderson devoted his entire time to this business and actually drove a truck on one of the routes. His wife's service to the business consisted of office and clerical work, which required about four hours of her time per day.

It is applicant's contention that the duties of truck drivers in this type of service are so highly specialized that it is necessary to train them over a period of time, varying from two to three months, in order that they may efficiently operate and properly serve the customers. It is applicant's position that unless relief is granted as prayed for, it will be necessary to discontinue this common carrier service in the near future, particularly in view of the fact that Mr. Anderson is now engaged in active war duty which

necessitates the employment of another driver to replace him at a cost in excess of the return Mr. Anderson has received in the past.

Exhibit "E" attached to application shows that applicant has circulated a petition among its patrons and has received the approval of practically all of them to the proposed increase in rates as evidenced by their signing the petition which accompanies the application.

A report on applicant's operation was presented as Exhibit No. 1 by Associate Engineer Benn W. Porter of the Commission's staff. This exhibit shows that in applicant's operation, labor expenses increased 25% for the first five months of 1943 as compared to the same period of 1942. Also, that for the first three weeks of June 1943, the payroll increased 43% over that same period for 1942. This latter substantial increase in labor expenses is due in part to the fact that Mr. Anderson's services were replaced by a hired driver at an increased operating cost.

This exhibit further shows that had the rates proposed herein been applied to the business conducted by the applicant during the year 1942, the gross revenue therefrom would have exceeded the direct outside cost of providing the service by \$116. In this estimate, it is assumed that Mr. Anderson's service was replaced by an employed driver, also the estimate does not provide any salary allowance for Mrs. Anderson's service throughout the year for managing the business; furthermore, there is no allowance in the estimate providing for interest on investment. While this estimated operating result would appear to be inadequate compensation to applicant for this service, it was pointed out by the Commission's engineer that certain operating economies could be effected which would

decrease the operating expenses and in turn increase the earnings available to applicant. It would appear that the volume of business may be increased in the future which would improve the financial results of the operation.

Other operators, engaged in a similar common carrier service to that of the applicant in the Los Angeles area, testified that they were experiencing financial difficulties in the conduct of their business similar to that of applicant, and it was their intention to apply to the Commission, in the near future, for authority to increase their rates along the same levels as those sought by the applicant herein. There are six such operators in the Los Angeles Metropolitan District conducting common carrier service outside the city of Los Angeles. Two of these operators have already informally applied to the Commission for an increase in their rates. No opposition developed to the granting of this application.

A review of this record supports the finding that this application should be granted, and accordingly, the following form of order is recommended.

#### O R D E R

Based upon the evidence of record and upon the conclusions and findings set forth in the opinion,

IT IS ORDERED that J. N. Anderson, an individual, doing business as The J. N. Anderson Theatre Service, be and he is hereby authorized to establish on not less than one (1) day's notice to the

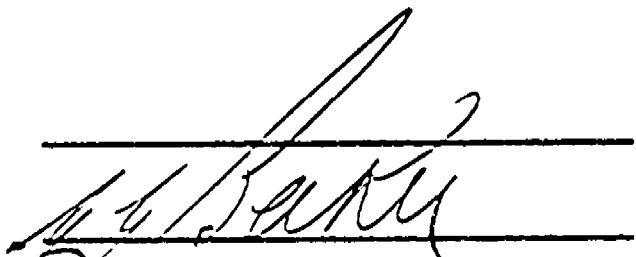

Commission and to the public, the increased rates proposed in the above-entitled application and as set forth in the foregoing opinion.

The authority herein granted shall be void unless the increased rates authorized by this order are published and made public not less than sixty (60) days from the effective 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.

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

Dated at San Francisco, California, this 12<sup>th</sup> day of July, 1943.

  
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 Justice D. Caseman  
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 COMMISSIONERS