

ORIGINAL

Decision No. 36705

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 C. E. KIMBROUGH for an order authorizing)
 him to increase rates and to alter rules) Application No. 25792
 and regulations so as to effect increases)
 in rates on motion picture films and)
 advertising matter.)

C. E. Kimbrough and Frank W. Turcotte,
for applicant

CLARK, Commissioner,

O P I N I O N

C. E. Kimbrough, an individual, filed the above entitled application seeking authority to increase rates for the transportation of motion picture films and theatrical accessories in Los Angeles, San Bernardino and Riverside counties.

Public hearing was conducted in this matter in Los Angeles on October 2, 1945, at which time the matter was duly submitted and is now ready for decision. The applicant is engaged in the transportation of motion picture films, theatrical advertising matter and supplies between Los Angeles, San Bernardino, and Riverside and intermediate points ¹ as a highway common carrier. ²

The applicant collects motion picture films and advertising material from the film distributing agencies located in Los Angeles and, in some cases, supplies are transported by the applicant which are obtained from other locations in the business section of Los Angeles. The applicant conducts his transportation service by use

1. Applicant serves theatres in Alhambra, Monterey Park, Lamanda Park, Sierra Madre, Arcadia, Monrovia, Azusa, Glendora, Covina, Baldwin Park, Pomona, Chino, Ontario, Uplands, San Bernardino, Colton, Redlands and Riverside, together with certain military camps enroute.

2 Applicant operates as a highway common carrier subject to a certificate of public convenience and necessity granted to applicant by Decision No. 12285, dated June 28, 1923, and by Decision No. 16120, dated March 8, 1926.

of two 1940 G.M.C. panel body trucks, and one 1931 G.M.C. panel body truck, the latter being used by applicant as a spare for emergency purposes.

Authority is sought to change certain transportation rates, some of which represent increases, as shown in the schedules below. The tariff proposed by the applicant provides that rates be assessed on the basis of changes of films per week, rather than the provision in his present tariff showing rates on a weekly basis for two program changes, and added rates for each additional change of program per week. The proposed rates are as follows:

BETWEEN LOS ANGELES (Except as noted) AND	COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4
Alhambra				
Monterey Park				
Lamanda Park				
Sierra Madre				
Arcadia	\$2.00	\$5.00	\$6.00	\$2.00
Monrovia				
Azusa				
Glendora				
Covina				
Baldwin Park				
Pomona			\$5.00	
Chino	\$3.00	\$6.00	(1) 6.00	\$2.00
Ontario				
Upland				
San Bernardino				
Colton	\$4.00	\$8.00	\$10.00	
Redlands			(1) 7.00	\$2.00
Riverside				

(1) Applies only when all of the changes of Films in a calendar week are picked up at a theatre in the same city or town.

Column 1 - Rates apply on one change of films per week with no additional deliveries of Single Reels, Previews or Advertising Matter.

Column 2 - Rates apply on two changes of Films per week with no additional deliveries of Single Reels, Previews or Advertising Matter.

Column 3 - Rates apply on one or two Changes of Films per week and include the delivery and return of any Single Reels, Previews and Advertising Matter in addition to the Change or Changes of Film during the calendar week

Column 4 - Additional charge per Change of Films when more than two Changes of Films per calendar week are made.

The current rates as provided in the applicant's existing tariff are shown in the following table:

Between LOS ANGELES AND	Rate per week for 2 program changes	Rate for each additional change of program per week
Alhambra Monterey Park Lamanda Park Sierra Madre Arcadia Monrovia Azusa Glendora Covina Baldwin Park Pomona Chino Ontario Upland	\$6.00	\$1.50
San Bernardino Colton Redlands Riverside	\$8.00	\$2.00

In addition, certain changes are proposed in the rules and regulations of the present tariff so as to:

- More clearly define the technical terms employed;
- Clarify the application of the rates;
- Provide intermediate application of rates to cover points not named in the tariff; and
- Name the routing to be followed by applicant.

The present rule governing the handling of C.O.D. shipments is to remain in effect.

The application alleges that the present rates were established in October 1932, at which time costs of labor, material, repairs and equipment were extremely low as compared to similar commodities at the present time; that the cost of performing the service of transporting motion picture films has increased materially during recent years, due to increases in labor and materials and to war time restrictions, such as the application of the maximum speed over the highway of 35 miles per hour, and that subject to orders of the Office of Defense Transportation, applicant eliminated

all special deliveries of films and advertising matter which in prior years had been a source of considerable revenue; also in order to reduce the number of miles traveled per month, applicant eliminated city deliveries which likewise were the source of substantial revenue.

The record shows that in 1941 and 1942 the applicant paid himself as manager, a salary of \$5,000 each year. It was shown that the applicant himself drives one of the trucks a portion of the time, and that his wife keeps the books, answers the telephone and does what clerical work is necessary, for which no compensation is provided. In 1941 the gross revenue of the applicant was \$12,627.84, and in 1942 was \$15,519.80, or an increase of 22.9%. From the method used by the applicant in keeping books, it is difficult to show the total expenses for both years as related to the gross revenue, owing to the fact that after providing \$5,000 for official's salary, the item of Miscellaneous Expense is employed to balance the total expense and gross revenue. What difference exists apparently goes into, or is deducted from, the proprietor's account.

An exhibit showing the applicant's operations was introduced by Senior Engineer C. E. Jacobsen of the Commission's staff. This testimony verified that made by the applicant in regard to relation of revenue and expenses during the years of 1941 and 1942, and added information showing data for the first half of 1942 and of 1943, which is as follows:

<u>DIRECT RUNNING EXPENSES</u>	<u>1942</u> <u>(first six months)</u>	<u>1943</u>	<u>Percent</u> <u>Change</u>
Labor (Drivers)	\$2,466.81	\$2,817.00	14.2%
Gasoline & Oil	791.00	784.50	.8-
Tires	174.00	319.85	83.6%
Repairs (Labor & Material)	<u>392.61</u>	<u>488.62</u>	24.5%
Total	\$3,824.42	\$4,409.97	15.3%
<u>INDIRECT & FIXED EXPENSE</u>			
Salaries (Officials)	\$1,500.00	\$1,300.00	13.3-
Clerical and Office	590.38	379.95	35.6-
Stationery & Printing	105.00	98.56	6.3-
Miscellaneous	342.50	397.46	16.0%
Insurance	279.90	297.73	6.4%
Taxes	273.47	320.77	17.3%
Licenses	37.30	28.60	23.3-
Rent	<u>550.00</u>	<u>515.50</u>	6.3-
Total	\$3,678.55	\$3,338.35	
Depreciation	<u>490.00</u>	<u>560.00</u>	11.4%
Grand Total	\$7,992.97	\$8,308.32	3.9%
Revenue (Gross)	\$7,992.97	\$8,308.32	3.9%
Revenue (Net)	-	-	
Truck Mileage	65,000	60,000	

During that period in 1943 the labor for drivers increased 14.2%, repairs to equipment increased 24.5%, and total running expenses, including wages of drivers, gas and oil, tires and repairs, increased 15.3%, as related to that period in 1942.

Testimony of the Commission's witnesses indicated that the driver's wages in January 1942 averaged 75¢ per hour, and in January 1943 averaged \$1.08½ per hour, or an increase of 44.7%.

Accompanying the application is a copy of a petition signed by approximately 90% of the theatre operators served by applicant, indicating that they had no objection to the proposed increase in rates. No one appeared at the hearing opposing the granting of this application. Review of the records supports the findings that this application should be granted; therefore, I recommend the following form of order:

O R D E R

A public hearing having been held in the above entitled matter, evidence having been received, and the matter submitted for decision,

IT IS HEREBY ORDERED that C. E. Kimbrough 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 rates proposed in the above entitled application and set forth in the foregoing opinion. The authority herein granted shall be void unless the rates authorized 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 19th day of

November, 1943.

Francis A. Havenue
J. D. M. M.
Justin F. Cotterell
Richard L. ...
James @ ...
COMMISSIONERS