

Decision No. 37628

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation on)
the Commission's own Motion into the)
Operations and Practices of All)
Railroad Corporations for the Purpose)
of Determining and Establishing)
Principles and Methods for Ascertaining)
Costs in Railroad Transportation)

Case No. 4402

ORIGINAL

BY THE COMMISSION:

ORDER OF DISMISSAL

The Commission instituted the above-entitled investigation February 27, 1939. The primary purpose was to receive evidence on the subject of an accurate and practical method of determining the total actual costs of transporting any particular commodity over the line of steam railroads.

It appears that, at that time, no regulatory agency had prescribed a formula for determining such costs. Studies then presented to the Commission on that subject by representatives of the steam railroads in connection with the establishment of rates were questioned by highway carriers and other interested parties who looked to this Commission and its staff for some check upon the railroad carriers' costs estimates, with the view of stabilizing rates on an equitable basis for the various types of carriers.

Following the institution of this investigation the Commission instructed its engineers to make a study of the matter and bring before it recommendations as to a method or methods of determining actual rail costs for any particular movement.

Public hearings were held on April 7, September 6 and November 9, 1939 and January 10, May 8 and May 27, 1940. At the last hearing the matter was taken under submission with respect to certain features of the investigation. During the course of the hearing a number of cost studies were presented, based upon data taken from the various carriers' records, as well as from actual field checks. Two comprehensive cost studies were presented, one by Prof. C. E. Day of the Southern Pacific Company's engineering staff and the other by Dr. Ford K. Edwards of this Commission's Transportation Department.

Before the entire case was taken under submission, Dr. Edwards, who had devoted several months to this investigation, resigned from the Commission's staff to accept a position with the Interstate Commerce Commission as Head Cost Analyst. At that time the Interstate Commerce Commission instituted an investigation which covered practically the same ground, and with the same objective, as is involved in the instant proceeding. The Interstate Commerce Commission during the past few years has conducted many hearings on this matter incident to the fixation of rates and has issued a number of orders prescribing methods of determining the transportation costs applicable to shipments of various commodities by railroads as well as other types of carriers.

With a full realization of the importance of this proceeding at the time it was commenced and in the light of the development that has taken place since then, it appears appropriate to dismiss this proceeding with the proviso that, if desirable, it can be revived at a later date. The Commission would then have the benefit of many recent studies as well as the recent developments

in the art of determining costs of rail transportation for any particular commodity. Such a plan has the further advantage of coordinating regulation by this Commission with that of the Interstate Commerce Commission.

Therefore, good cause appearing,

IT IS ORDERED that the above-entitled proceeding be and it hereby is dismissed.

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

Dated at San Francisco, California, this 16th day of January, 1945.

Richard Lachse
Justice F. Quinn
Francis Cowley
August Powell
Donald Hudson
COMMISSIONERS