

ORIGINAL

Decision No. 38439

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
ALBERT L. WEBB for authority to file)	
and approval of revised tariff elimin-)	Application No. 26667
ating obsolete provisions in current)	
tariff and setting forth rate increases))	
necessary to sustain business.)	

BY THE COMMISSION:

Appearances

Wallace L. Ware and John E. Hunt, for applicant.	1
Earl Goldberg, for G.F.D. Lines, Inc. interested party.	
Ed Hunter, for Gilboy Company of Los Angeles, interested party.	

OPINION ON REHEARING

Albert L. Webb, an individual operating as a highway common carrier, a city carrier, a radial highway common carrier, and a highway contract carrier, doing business as Webb Theatre Service, is engaged in the transportation of motion picture films and accessories between Los Angeles and theatres located in Los Angeles, Alhambra, Belvedere Gardens, Glendale, Pasadena, South Pasadena, Montrose, La Canada and Tujunga. By this application he seeks authority to make certain increases and adjustments in his highway common carrier rates and charges.

Following the original public hearing the application was denied for lack of justification (Decision No. 38265, October 2, 1945).

Wallace L. Ware appeared for applicant at the original hearing, and filed the petition for rehearing. At the rehearing applicant was represented by John E. Hunt.

The record then available established applicant's need for additional revenue, but did not show that rates as high as those proposed were necessary, and did not afford a basis for measuring the revenue effect of any partial grant of the authority sought. Further, no justification appeared for the varying rates of increase which it was proposed to make in the existing tariff rates.²

Applicant petitioned for a rehearing in order that he might offer additional evidence in support of his rate proposal. Rehearing was granted, and was had before Examiner Bryant at Los Angeles on

² The proposed rates, including some revised rules, definitions, and descriptions, are set forth in detail in a proposed tariff submitted with the original application as Exhibit I thereof. The application sets forth a comparison of the present tariff rates, and those now proposed, as follows:

Between Los Angeles and	Present Rates			Proposed Rates
	Per Week	Change of Program	Per Month	Per Week
Glendale	\$4.00	(1) \$2.00 (2) 4.00 (3) 5.70	\$15.90	\$6.50
Montrose	4.24	--	--	7.00
La Canada	4.24	--	--	8.00
Tujunga	4.24	--	--	8.00
Alhambra	((1) 2.00	--	
South Pasadena	(4.00	(2) 4.00 (3) 5.70	--	6.00
Pasadena	4.00	(1) 2.00 (2) 4.00 (3) 5.70	--	7.00

- (1) One change of program and lobby display.
- (2) Rate applies when two changes of program and lobby display are tendered to carrier at one time.
- (3) Rate applies when three but not more than five changes of program and lobby display are tendered to carrier at one time.

October 31, 1945. This decision is based upon all of the evidence of record in this proceeding.³

At the rehearing Webb, testifying in his own behalf, explained his operations in considerable detail. He declared that his current rates are not only noncompensatory, but are also maladjusted to the different costs of serving the several theatres. By comparing the present and proposed rates with the cost of rendering the various services, based upon his best estimates, he undertook to justify the proposed rates in their relation to the services rendered, to the rates currently charged, and to each other. He testified that he had discussed his proposed rates with all of his patrons, and that none of them offered any objection thereto.

An associate transportation engineer of the Commission's staff, who had introduced a revenue study at the original hearing, offered a supplementary exhibit at the rehearing. This exhibit contains operating data for the years 1942, 1943, 1944 and the first nine months of 1945, and also shows anticipated results under the proposed rates. According to this study, Webb had a profit of \$2,152 in 1942, a profit of \$1,413 in 1943, a loss of \$1,320 in 1944, and a further loss of \$1,816 in the nine months of 1945. The engineer showed that if the nine months data were expanded to cover a period of 12 months, and if the rates now proposed were applied throughout the entire year, the carrier would have had a net return for the year of \$736.95. The engineer stated that in his opinion the proposed rates were fair, considering the lengths of haul, the topography of the country, and the grouping of the theatres in the various communities.

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The evidence introduced at the original hearing, having been fully described and discussed in Decision No. 38265, supra, will not be further discussed in this opinion.

A representative of Gilboy Company of Los Angeles, a carrier engaged in transportation similar to that performed by Webb, testified on behalf of his company as an interested party. The witness described somewhat more fully than had Webb the service requirements in the handling of motion picture films and accessories. He declared that the rates assessed for these services in the metropolitan Los Angeles area were lower than those collected in other large cities throughout the United States, and said that in his opinion the rates sought by Webb were justified.

The record shows that timely notice was given to the Office of Price Administration. No one opposed the granting of this application.

There were three principal deficiencies in the original record (Decision No. 38265, supra). First, it did not show that rates as high as those proposed were necessary; second, it did not offer any justification for the varying rates of increase proposed in the existing tariff rates; and third, it did not show why a proposed penalty charge of \$3.00 for return calls should be assessed against theatres located in some communities and not against those located in other communities. These three deficiencies appear to have been satisfactorily met in the further record developed on rehearing. First, the record is convincing that the total revenue which may be expected from the proposed rates will not exceed that necessary to sustain the operation. According to the study of the Commission engineer, the net revenue under the proposed rates, after allowing for necessary operating expenses, would be less than \$750 a year. Second, the varying rates of increase over the present tariff rates appear to be based upon sound justification. Webb compared the present and proposed rates with the cost of rendering the various services, based upon his best estimates. From these comparisons it

appears that the current rates are maladjusted to the different costs of serving the several theatres, and that the proposed rates bear a reasonable relationship to the costs of rendering the various services. Third, the proposal to make the penalty charge applicable only at Tufunga, Montrose and La Canada, and not at theatres located in other communities served, was shown to be based upon substantial differences in the cost of performing the service in question at the several communities. Webb testified that return calls to the three communities named would in every case necessitate an extra trip, the cost of which would exceed the proposed charge. At all of the other communities, because they are served daily in any event, return calls involve only a negligible, if any, extra expense to the carrier:

Upon careful consideration of all of the facts and circumstances of record, we find as a fact that the increased rates and charges proposed by the applicant in this proceeding are justified. The application will be granted.

O R D E R

Rehearing having been had in the above entitled application, the proceeding having been duly submitted; full consideration of the matters and things involved having been had, and the Commission now being fully advised;

IT IS HEREBY ORDERED that Albert L. Webb, doing business as Webb Theatre Service, be and he is hereby authorized to establish, on not less than ten (10) days' notice to the Commission and to the public, increased rates and charges as specifically provided in the proposed tariff submitted with his application as Exhibit I thereof.

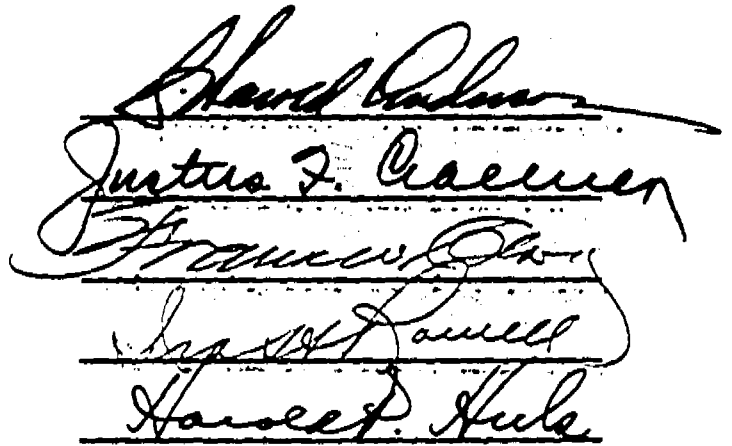
IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the express condition that applicant herein will never urge before this Commission in any proceeding under Section 71

of the Public Utilities Act, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless the rates and charges authorized in this order are published, filed, and made effective within ninety (90) days from the effective date hereof.

This order shall become effective ten (10) days from the date hereof.

Dated at San Francisco, California, this 27th day of November, 1945.


Commissioners