

Decision No. 39628

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 INTERCITY TRANSPORT LINES, a co-part-)
 nership, consisting of C. G. McLenegan,) Application No. 27883
 Cutler S. McLenegan and H. M. Hayes for)
 authority to increase rates and charges.)

Appearances

H. M. Hays and W. H. Kessler, for applicants.
 Myron D. Alexander and C. O. Burgin, for Office
 of Price Administration, intervenors.
 Walter A. Rohde, for San Francisco Chamber of
 Commerce, interested party.

O P I N I O N

Intercity Transport Lines is an express corporation operating generally between San Francisco Bay points, San Jose, Los Gatos, Saratoga, Crescent City and intermediate points along U. S. Highway 101. It seeks authority to increase by 15 per cent the rates and charges applicable to traffic moving between points on its so-called "Southern Division".¹

A hearing was had before Examiner Krause in San Francisco, on October 28, 1946.

An exhibit was introduced by applicant's traffic manager covering revenue and estimated expenses for the "Southern Division" during the period June 20 to July 31, 1946. This exhibit indicates that Intercity experienced a loss of approximately \$2,000 for that period. The record shows that applicant employed the use of

¹ "Southern Division" traffic is traffic moving between San Francisco, Oakland, Alameda, Berkeley, Piedmont, Albany, Richmond, Oleum and Martinez on the one hand and San Jose, Campbell, Saratoga, Los Gatos and intermediate points on the other hand.

theoretical rather than actual costs in arriving at such important items as fixed and running expenses and that no studies were made to confirm the validity of such expenses to Intercity's operation. The remainder of the expense items, applicant's witness testified, were either actual "Southern Division" expenditures or based on actual system-wide expenditures and prorated according to the per cent of "Southern Division" traffic.² It was developed that certain expenses for salaries of personnel were not adjusted to compensate for regular duties performed for one of applicant's affiliated underlying carriers. According to the witness, the shortage of time and personnel prevented a showing of longer duration as well as the use of actual rather than estimated expenses during the period selected. He stated that applicant experienced a \$12,216.84 loss for the entire operation during the 6 month period ending June 30, 1946. He was unable to disclose what effect a 12 per cent rate increase published by applicant, effective June 10, 1946, has had, or will have, on its system-wide operating results.

The showing in this proceeding was limited to "Southern Division" operating revenues and expenditures experienced during a six-week period. If a period of such short duration is relied upon it should be shown by concrete evidence that it is entirely representative of applicant's operating results and financial needs. The showing made was not supported by such evidence.

Upon the record made in this proceeding the Commission is unable to make a finding that the increase sought is justified. The application will be denied.

2

Expenses were prorated to the "Southern Division" on the basis of 36.8 per cent, the proportion of "Southern Division" tonnage to over-all tonnage.

O R D E R

The above entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that the above entitled application be and it is hereby denied.

This order shall become effective twenty (20) days from the date hereof.

Dated at Los Angeles, California, this 15th day of November, 1946.

Harold A. Kule

Justin F. Craven

Earl H. Lowell

Commissioners