

ORIGINAL

Decision No. 63479

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of FILM TRANSPORT CO. OF CAL., INC.,
a California corporation, for
authority to increase rates pur-
suant to Section 454 of the Public
Utilities Code.

Application No. 43834

(Filed October 13, 1961)

Theodore W. Russell, for Film Transport Co. of
Cal., Inc., applicant.

A. D. Poe, J. C. Kaspar and W. A. Dillon,
for the California Trucking Associa-
tions, Inc., interested party.

R. A. Lubich and R. J. Staunton, for the
Commission's staff.

O P I N I O N

Applicant herein, Film Transport Co. of Cal., Inc., is a California corporation operating as a highway common carrier of general commodities, including motion picture film and film accessories, between points in Southern California. It also operates as a freight forwarder of motion picture film and accessories in interstate commerce. By this application it seeks authority to increase its rates for its intrastate transportation of film and film accessories on five days' notice to the Commission and to the public.

Public hearing on the application was held before Examiner C. S. Abernathy at Los Angeles on December 8, 1961. Evidence was submitted by applicant's treasurer. Representatives

of the California Trucking Associations, Inc., and of the Commission's staff participated in the proceeding. The matter was taken under submission on December 18, 1961, upon the receipt of a late-filed exhibit.

According to the record herein, applicant has been subjected to substantial increases in operating costs in the past several years. Since April, 1955, its labor costs have increased 41 percent. Assertedly, labor costs represent about half of applicant's total operating costs. In addition to the increases in labor costs, there have also been material increases in other of applicant's costs.

During this same period applicant has made only one adjustment in its rates for transporting film and accessories to compensate for the cost increases. In December, 1958, it increased said rates by 6 percent pursuant to authority granted in connection with increases which the Commission prescribed in the minimum rates in Minimum Rate Tariff No. 2 that apply for the transportation of property by highway carriers generally.

Applicant's treasurer reported that in current circumstances the present rates for the intrastate transportation of film and accessories do not return the costs of the services performed, and that the resulting losses more than offset profits from applicant's other intrastate services. Revenue and expense data which the treasurer submitted in this regard are summarized in the following table:

TABLE NO. 1

Financial Results of California Intrastate Operations
January through October, 1961

	<u>Film</u>	<u>General Freight</u>	<u>Total</u>
Revenues	\$ 93,645	\$109,023	\$202,668
Expenses	<u>101,378</u>	<u>103,208</u>	<u>204,586</u>
Net Operating Revenues	<u>(\$ 7,733)</u>	\$ 5,815	<u>(\$ 1,918)</u>
Income Taxes	-	-	-
Net Income	<u>(\$ 7,733)</u>	\$ 5,815	<u>(\$ 1,918)</u>
Operating Ratio (before income taxes)	108.2%	94.7%	100.9%

○ Indicates loss

The treasurer also reported that since October, 1961, applicant has been subjected to a further increase in labor costs of about \$500 a month, an increase that is not reflected in the data in Table No. 1. He said that in December, 1961, applicant effected increases averaging about 7 percent in its rates for the transportation of general freight. These increases were made in compliance with an order of the Commission which prescribed increases in the rates and charges in Minimum Rate Tariff No. 2 as a measure to compensate for increases in labor costs that California highway carriers in general, as well as applicant, have experienced during the latter half of 1961. Corresponding adjustments, however, were not made in applicant's rates for film and accessories. As a consequence the further cost increases have added to applicant's losses from its film transportation under present rates.

By this proceeding applicant seeks authority to increase its rates and charges for the transportation of film and accessories by 20 percent.¹ Estimates were submitted by the treasurer

¹As an exception, the sought increases would not apply to applicant's charges for the services of collecting and transmitting funds in the handling of C.O.D. shipments. Applicant's proposals in this respect are that its charges be continued at the level of those which are prescribed in Minimum Rate Tariff No. 2 for such services.

to show the operating results that would be realized if the sought rates are established. In the development of these estimates the treasurer assumed that applicant's operations would be conducted during the ensuing ten months at essentially the same level as those for the ten months through October, 1961, and that the principal differences would be in the form of the additional revenues which the increased rates would yield and the increases in wage costs which have become applicable. The treasurer's estimates are summarized in Table No. 2 below:

TABLE NO. 2

Estimated Financial Results of California Intrastate Operations
For 10 Month Period (See Note)
Under Sought Rates

	<u>Film</u>	<u>General Freight</u>	<u>Total</u>
Revenues	\$112,374	\$115,475	\$227,849
Expenses	<u>104,996</u>	<u>106,641</u>	<u>211,637</u>
Net Operating Revenues	\$ 7,378	\$ 8,834	\$ 16,212
Income Taxes	<u>2,459</u>	<u>2,945</u>	<u>5,404</u>
Net Income	\$ 4,919	\$ 5,889	\$ 10,808
Operating Ratio	95.6%	94.9%	95.3%

Note: In the development of the data in this table, the increased wage costs and a compensation insurance adjustment have been allocated between the film and general freight operations in proportion to the totals of the expenses to which the wage increases apply. Income taxes have been calculated on the approximate basis of the rates paid.

In order to demonstrate that the charges under the sought rates, if authorized, would not be excessive, the treasurer submitted figures showing that such charges would, in fact, be less

than those that would apply were the transportation of motion picture film subject to minimum rates. According to the figures thus presented, the charges under the sought rates would range from about one-third to about two-thirds of the charges that would apply if the rates in Minimum Rate Tariff No. 2 were assessed for the same services.²

The record shows that prior to the hearing in this matter applicant sent notices to its patrons regarding its proposals and the hearing to be held thereon. No one appeared in opposition to the sought rate increases.

Discussion, Findings and Conclusions

The showing in this matter is convincing that applicant's present rates for the transportation of film and film accessories within California do not return sufficient revenues to meet the costs of the services which are provided thereunder. It appears that the increases in such rates which applicant seeks are necessary to the maintenance of said services. It appears, furthermore, that the earnings which applicant would realize from its rates, as increased, would be reasonable.

Upon consideration of the record which has been adduced in this proceeding, the Commission finds and concludes that the sought increases in rates and charges have been shown to be justified. The increases will be authorized. In view of applicant's need for relief from present losses, the establishment of the increases on five days' notice to the Commission and to the public will also be authorized.

² The transportation of motion picture film is specifically exempted from the rates, rules and regulations in Minimum Rate Tariff No. 2 and from the provisions of various other of the Commission's minimum rate tariffs.

O R D E R

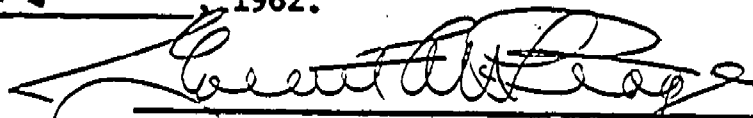
Based on the evidence of record and on the findings and conclusions contained in the preceding opinion,

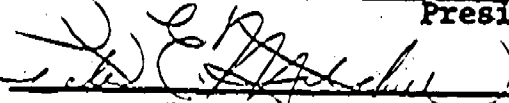
IT IS HEREBY ORDERED that Film Transport Co. of Cal., Inc., be, and it hereby is, authorized to amend its Local Freight Tariff Cal. P.U.C. No. 6 (Series of Benjamin S. Goldberg and W. Earl Goldberg, doing business as Film Transport Co. of California), to increase by 20 percent its rates and charges (except those for collecting and remitting funds collected on C.O.D. shipments) as set forth in said tariff. The tariff publications authorized to be made as the result of the order herein may be made effective not earlier than the tenth day after the effective date of this order, and may be made effective on not less than ten days' notice to the Commission and to the public.

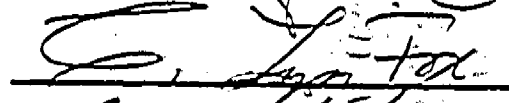
The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

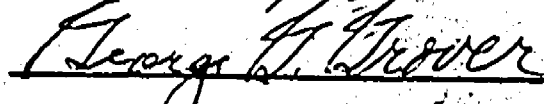
This order shall become effective twenty days after the date hereof.


Dated at San Francisco, California, this
27th day of MARCH 4, 1962.



President








Commissioners