

Decision No. 14782

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Great Western Electro-Chemical Company,  
a corporation.

Complainant.

vs.

Southern Pacific Company, a corporation.

Defendant.

ORIGINAL

CASE NO. 2058

McCutchen, Olney, Mannon & Greene, by Allan P. Matthew,  
John O. Moran and A. B. Mason, for Complainant.

H.W.Klein, V.S.Andrus and F.W.Meilke, for Defendant.

BY THE COMMISSION:

O P I N I O N

Complainant, Great Western Electro Chemical Company, is a corporation organized under the laws of the State of California, having its principal office in the city of San Francisco and its manufacturing plant at Pittsburg. It is engaged in the manufacturing, producing and selling of caustic soda and various other chemical products and uses large quantities of soda concentrates, shipped from Keeler to Pittsburg via the rails of the Southern Pacific.

By complaint filed October 25, 1924 and as amended, it is alleged that rate of 25 cents per 100 pounds, applicable to ship-

ments of soda concentrates from Keeler to Pittsburg since March 14, 1924 was, when exacted and now is, unjust, unreasonable and excessive and in violation of Section 13 of the Public Utilities Act.

We are asked to establish for the future a rate not in excess of 19½ cents per 100 pounds and to award reparation on shipments made since March 14, 1924.

Rates will be stated in cents per 100 pounds.

A public hearing having been held before Examiner Geary January 13, 1925 and the case having been briefed and duly submitted is now ready for an opinion and order.

The rate of 25 cents on soda concentrates, minimum 80,000 pounds, from Keeler to Pittsburg, was established March 14, 1924, prior to which date the rate was 31½ cents, minimum 60,000 pounds. The actual loading of the commodity approximates 90,000 pounds, and the shipments average 700 tons per month. It requires approximately two tons of soda concentrate to produce one ton of caustic soda, the principal commodity manufactured by complainant, and the cost of production is between \$62.00 and \$63.00 per ton.

Soda concentrates is a crude substance, consisting of sodium carbonate, sodium bi-carbonate, sodium chloride, potassium carbonate, potassium chloride, and borax. It is obtained from the shores of Owens Lake, near Keeler, put through an evaporation or drying process to eliminate the moisture, sacked and shipped to Pittsburg in box cars. Owens Lake is the only place in the United States where these soda concentrates are produced. The complainant owns the property at Owens Lake and leases the same to the National Soda Products Company and, in turn, repurchases under contract the Soda concentrates from its lessor, paying approximately \$7.00 per ton f.o.b. Keeler. The price of the soda concentrates is determined

by the sodium oxide content. The term "soda concentrates" as used in the tariff in connection with the rate from Keeler to Pittsburg was coined for use in tariff publication after consultation with representatives of complainant.

Complainant refers to the fact that sodium carbonate, because of the drying process it undergoes at Keeler, is a metal and, therefore, contends that the rate on soda concentrates should not exceed the rate on ore concentrates. The 19 $\frac{1}{2}$  cent rate proposed by complainant on soda concentrates from Keeler to Pittsburg was suggested by a like rate applying to ore and ore concentrates having a value of twenty dollars per ton, minimum 80,000 pounds.

Complainant submitted a number of exhibits setting forth many rates applying to ore concentrates and to speiss (arsenide, cobalt, nickel, iron and copper) from Nevada and Utah to California. The comparisons are very much weakened, however, by reason of the fact that ore, ore concentrates and speiss being entirely different commodities are in no manner in competition with soda concentrates.

Keeler is a local station on the Mina Branch of the Salt Lake Division, 490 miles distant from Pittsburg. The movement from Keeler involves a Narrow Gauge Branch Line 16.1 miles to Owenyo, a Broad Gauge Branch Line from Owenyo to Mojave 142.3 miles, and a Main Line from Mojave to Pittsburg, 331 miles. At Owenyo the tonnage must be transferred from Narrow to Broad Gauge cars.

Defendant, in exhibits and testimony, gave details of the operating conditions from Keeler to Pittsburg, showing that labor and fuel costs on the line from Keeler to Mojave were higher than on other parts of the system, also that because of heavy grades and severe curves, helper engines are necessary at points between Keeler and Bakersfield. In transferring the tonnage from the

Narrow Gauge to Broad Gauge cars there is a labor cost of approximately 30 cents per ton, while all costs for the transferring, estimated by defendant, including switching, maintenance and checking, is between 40 and 50 cents per ton. During the year 1924, based upon figures secured at the Owenyo agency, 126 Broad Gauge cars of soda concentrates required the use of 488 Narrow Gauge cars, or a ratio of 3.87 Narrow Gauge cars for every Broad Gauge car used. It was further shown that approximately 80 per cent of the Narrow Gauge cars used to move the soda concentrates from Keeler to Owenyo returned to Keeler empty; also that approximately 75 per cent of the Broad Gauge cars were moved empty from Mojave to Owenyo for the outbound movement.

The total consumption of caustic soda on the Pacific Coast was 34,000 tons during the year 1924 and of this amount complainant manufactured approximately 9,000 tons. Complainant's plant is the only one in California, but it is claimed that because of the freight rates and other costs it cannot meet competition and market the finished products at points outside of the San Francisco Bay territory. The competition encountered is from the caustic soda manufactured at Syracuse, New York and other eastern points, transported by water to the Pacific Coast points of distribution, Seattle, Tacoma, Everett, Washington; San Francisco and San Pedro, California. The eastern manufacturer has an advantage of  $25\frac{1}{2}$  cents at Seattle, Tacoma and Everett and 31 cents at Los Angeles.

As a showing that the present rate of 25 cents is not

unreasonable, defendant presented the following comparisons of rates, many from the same general territory, applying to different alkaline earths:

Commodity	From	To	Miles	Min. Car-load Wt. in Lbs.	Rate
Soda Concentrates	Keeler,	Cal. Pittsburg	490	80000	25
Trona (crude salts)	"	" San Francisco	528	60000	28½
Silica	"	" "	528	80000	28½
Talc	"	" "	528	80000	28½
Soapstone	"	" "	528	40000	28½
Lime	"	" "	528	60000	24½
Crude Bicarbonate of Soda	"	" San Luis Obispo	424	60000	43
Soda Ash	Keeler	" Los Angeles	260	60000	21½
Salt Cake	McKittrick	" San Francisco	349	80000	23
Soapstone, crude	Acton	" "	415	80000	28½
Silica	Sisson	" Richmond	295	80000	21½
Salt Cake	Wasbuska	Nev. San Francisco	328	80000	23
Crude Bicarbonate of Soda	Bango	" "	293	60000	28½
Crude Salt	Trona	Cal. Pittsburg	411	80000	25
Trona (crude salts)	"	" San Francisco	448	60000	33
Barytes, crude	Kinkad	Nev. Nitro, Cal.	394	80000	25
Barytes	Laws	Cal. San Francisco	566	60000	28½
Crude Salts	Trona	" Bakersfield	147	60000	20

Complainant, as heretofore stated, makes comparisons only with the rates on ore concentrates and speiss and bases its contention upon the fact that because these commodities have a rate of 19½ cents such rate should not be exceeded for the movement of soda concentrates. It is not difficult to select from the great mass of rates applying to the thousands of different commodities rates either higher or lower than those under attack, but before this Commission can conclude that a rate is too high because it is higher than some other rate, we must have proof that the rate sought to be established is in and of itself reasonable per se.

The present rate of 25 cents, minimum 80000 pounds, for 490 miles, yields \$200.00 per car, 41 cents per car mile and 1.02 cents per ton mile; based on the average loading of 90000 pounds, the charge

is \$225.00 per car, or approximately 45 cents per car mile.

That the complainant is laboring under difficulties in competing with eastern Manufacturers who forward their commodities to the Pacific Coast via the Panama Canal, seems apparent, but upon this record and taking into consideration all of the operating difficulties and the comparison of rates, the present rate of 25 cents is not shown to be unreasonable or excessive.

We find as a fact that the rate of 25 cents per 100 pounds, minimum 80000 pounds, applying to soda concentrates from Keeler to Pittsburg, is not unjust, unreasonable, excessive or otherwise in violation of the State Constitution and of the Public Utilities Act. The proceeding will be dismissed.

### O R D E R

This case being at issue upon complaint and answer on file, having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and basing its order on the findings of fact and conclusions contained in the opinion, which said opinion is hereby referred to and made a part hereof,

IT IS HEREBY ORDERED that the complaint in the above entitled proceeding be and the same is hereby dismissed.

Dated at San Francisco, California, this 13<sup>th</sup> day of April, 1925.

W. B. Dunning  
C. C. Tracy  
Egerton Shaw  
George D. Squires  
Ernest Wood  
Commissioners.