

Decision No. 14832

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
South San Francisco Belt Railway, a)
corporation, for an order authorizing)
it to increase its rates for switch-)
ing carload traffic at South San)
Francisco, California.)

APPLICATION NO. 10829

ORIGINAL

Sanborn & Roehl and DeLancey C. Smith, by A.B. Roehl,
for Applicant.

E.W. Hollingsworth and Bishop & Bahler, by E.W. Hollingsworth,
for Pacific Coast Steel Company and Growers Rice &
Milling Company.

Seth Mann, for San Francisco Chamber of Commerce.

SQUIRES, COMMISSIONER:

O P I N I O N

The applicant, South San Francisco Belt Railway, a corporation, with its principal place of business at South San Francisco, California, has petitioned, in accordance with Section 63 of the Public Utilities Act, for authority to increase from \$3.50 to \$4.00 per car its charge for switching freight of any description, regardless of weight, between the transfer track with Southern Pacific Company and wharves or industries served by South San Francisco Belt Railway at South San Francisco, and between industries or wharves within its yard limits; also to publish a new item, and thereafter to maintain and collect a detention charge of \$1.00 per day, or fraction thereof, for each

car, except stock or private cars, actually held by consignors or consignees and used for interplant or intraplant switching.

A public hearing was held March 18, 1925, when evidence was given and the case having been duly submitted is now ready for an opinion and order.

South San Francisco Belt Railway, hereinafter referred to as the Belt Line, was incorporated November 2, 1907 under the laws of the State of California. It serves numerous industries on its line and has 3.192 miles of standard gauge track, one steam locomotive, machine shops, tools, equipment, and other property necessary to properly render common carrier service.

A statement attached to the application shows that as of December 31, 1924 its property and equipment had a book value of \$84,202.02. The record also shows that the Interstate Commerce Commission, as of June 30, 1916, fixed the reproduction cost of its property and equipment at \$82,064.00 and the reproduction cost, less depreciation, at \$65,590.00.

During the year 1924 applicant collected \$50,865.50, charges for switching 14,533 cars at \$3.50 per car, and demurrage in the amount of \$627.00, making a total of \$51,492.50, while its total expenses were \$54,728.21, a net loss of \$3,235.71. For the years 1920, 1921 and 1922 its net loss was \$21,229.81, \$11,685.84, and \$744.17, respectively. For the year 1923 there was a net gain of \$1205.37. This appears to be the only year in the Belt Line's history that a profit has been shown. The total deficit as of December 31, 1924 was \$47,833.40, accumulated since the commencement of operations.

Based on operating results obtained during the calendar year 1924, the Belt Line's revenue for the entire year 1925 by the

adoption of the proposed increase would be augmented \$7,893.50, producing a net profit of approximately \$4500.00. However, applicant's witness testified that this amount would probably be eliminated by the increased cost of fuel oil, which, under prevailing prices, would amount to approximately \$4000.00 more for the year 1925 than was expended during the year 1924. In addition, he stated that the traffic handled during the first two months of 1925 was 300 cars less than during the same months in 1924.

The Belt Line owns no rolling stock, with the exception of one locomotive, hence is dependent upon the use of other carriers' cars. For each day, or fraction thereof, that applicant retains such cars in its possession there is assessed a per diem charge of \$1.00 per car. On cars used in line haul traffic the Belt Line receives a free time allowance of two days, but for cars used in interplant or intraplant switching, no free time allowance is made.

The testimony indicates that the proposed detention charge of \$1.00 per car per day for cars used in interplant or intraplant switching will not materially increase applicant's revenue, but will probably offset the per diem charge assessed against the Belt Line by the car-owning companies.

In applying this detention charge in the future, applicant asks permission to exempt stock and private cars, on the ground that such cars are controlled by National Car Demurrage Rules and are exempt from demurrage when under load. But there is a marked difference between detention and demurrage charges, though the reasons for imposing both may be analogous, and in considering this proposal it seems clear to me that to grant applicant's request would produce undue discrimination between

the owners of private cars using its line and other shippers. One of the main purposes of the Public Utilities Act is to secure service by railroads to all persons similarly circumstanced without allowing undue advantage to any, and if private cars moving on applicant's line are exempt from detention charges and other cars are burdened with such a charge, some shippers are certainly given an advantage over others doing business under similar conditions. Handling private cars on railroads has been the subject of considerable litigation, in most of the cases the owners of such cars seeking advantages over other shippers, but the Courts in interpreting the statutes have uniformly endeavored to place the owners of private cars on an equality with other shippers who, from the nature of their business cannot afford to own such cars. (P.C.C. & St.L.Ry. vs. Freedom Oil Works, 247 Fed. 573, cases cited, and Swift Co. vs. Hocking Valley Ry. Co., 243 U.S. 287). It is my conclusion, therefore, that to differentiate between private cars handled on its line and other cars, as proposed by applicant, would produce unlawful discrimination and that in this respect its request should be denied.

Applicant submitted in evidence letters from the officers of the Atchison, Topeka & Santa Fe Railway Company, Southern Pacific Company and Western Pacific Railroad Company, signifying that those lines are willing to and will, in case the increase applied for is granted, absorb the increased switching charge of \$4.00 exactly as they now absorb the present charge of \$3.50.

It is thus evident from the testimony that the proposed increases will result in comparatively small contributions annually from the industries located on the Belt Line, for the reason that

where the switching charge is incidental to a line haul the charge will be absorbed by the connecting carriers. Applicant's witness estimated that approximately 90 per cent of the cars handled by the Belt Line are incidental to a line haul.

After giving consideration to all the testimony and exhibits, I am of the opinion that the application should be granted, subject to the following conditions: That the Atchison, Topeka & Santa Fe Railway Company, the Southern Pacific Company, and the Western Pacific Railroad Company will absorb the increased switching charge in the same manner they now absorb the present charge; that provision for such absorption shall be published and made effective concurrently with applicant's increased switching charge and that detention charges, if imposed at all, shall be uniformly imposed on all cars which receive switching service on applicant's line.

I recommend the following form of order:

O R D E R

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and conclusions contained in the opinion, which opinion is hereby referred to and made a part hereof.

IT IS HEREBY ORDERED that South San Francisco Belt Railway be and it is hereby authorized to establish, on fifteen (15) days notice to this Commission and to the public, a charge of \$4.00 per car for switching freight of any description, regardless of weight, between its transfer track with the Southern Pacific

and wharves or industry tracks, and between wharves and industries served by it at South San Francisco, provided the Atchison, Topeka & Santa Fe Railway Company, the Southern Pacific Company, and the Western Pacific Railroad Company will publish and concurrently make effective in their respective tariffs the same provision for absorption of the increased switching charge herein authorized as is now in effect for the absorption of the present switching charge.

IT IS HEREBY FURTHER ORDERED that the South San Francisco Belt Railway be and it is hereby authorized to establish, upon fifteen (15) days notice to this Commission and to the public, a detention charge of \$1.00 per car per day on all cars for which switching service is performed on its line.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 21st day of April, 1925.

Clarence

Egerton Shore

George W. Squires

Emmanuel
Commissioners.