

Decision No. 16637

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of ERICKSON NAVIGATION COMPANY,
for authority to increase certain
rates.

} Application No. 11468
}
}

Sanborn, Roehl and Smith, for the Applicant.
Seth Mann, for San Francisco Chamber of Commerce.
Edson Abel, for California Farm Bureau
Federation, Protestant.

E. W. Hollingsworth for Golden Eagle Milling
Company, George P. McNear & Company,
Coulson Stock Food Company, Protestants, and
Oakland Chamber of Commerce.

C. S. Connelly, for Albers Bros. Milling Co., Intervenor
M. J. McCarthy, for Sperry Flour Co., Protestant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Erickson Navigation Company, a corporation engaged as a common carrier in operating vessels between points on the Sacramento and San Joaquin Rivers and their tributaries, and San Francisco and intermediate points, has applied under section 63 (a) of the Public Utilities Act, for permission to increase its rates on grain from points on the Sacramento River, south of Sacramento, and on the San Joaquin River, west of Stockton, to San Francisco, Oakland and Petaluma from \$2.00 per ton to \$2.20 per ton. The existing minimum of 40,000 pounds will not be disturbed.

A public hearing was held before Examiner Austin at San Francisco on October 13, 1925, when evidence was offered and

the matter was submitted on briefs to be filed thereafter, and on the furnishing of certain data by applicant, which has since been supplied. At the hearing appearances were entered by San Francisco Chamber of Commerce, Oakland Chamber of Commerce, California Farm Bureau Federation, Golden Eagle Milling Company, George P. McNear & Company, Coulson Stock Food Company, Sperry Flour Company, and Albers Milling Company.

From the evidence offered by applicant it appears that its grain rates formerly maintained from lower Sacramento and San Joaquin River points to San Francisco and Oakland were \$2.20 per ton, and to Petaluma \$2.40 per ton. Upon information that the grain rates generally were to be lowered, applicant without adequate investigation reduced these rates, effective July 28, 1924, to \$2.00 per ton. The reduction in the Petaluma rates was influenced to some extent by unlawful rate manipulation said to have been indulged in by other boat lines.

As a result of this reduction it is asserted that applicant operated at a loss, which during July, 1925, amounted to \$1500. and in August, 1925, \$1569., these amounts representing net loss after charging to the grain traffic its direct proportion of operating costs. During the same period in 1924 its profits were \$2200. is at its peak during this period, the movement
The grain movement/occurring throughout July, August and September.

In recent years operations have become more expensive, due to the greater number of landings along the river caused by the subdividing of the larger farms, which requires more time for loading shipments. At San Francisco more landings are necessary than formerly in order to discharge the barges, and at Petaluma tidal conditions interfere with operations. This causes delays and consequent expenses. At Port Costa and Vallejo, where no change is

proposed in the present \$2.00 rates, the points of delivery are not widely separated, as at San Francisco, consequently deliveries can be completed more expeditiously.

Protestants pointed to the large volume of beets handled by applicant at lower rates. This moves between August 15th and December 1st, largely in leased barges devoted entirely to this service. The rate of \$1.00 per ton, minimum 50 tons, provides for shipper's load and discharge, with loading and unloading time guaranteed. The running time is shorter than on grain, most of the beets being delivered at Tracy, and the quantity handled is greater than any other commodity. Even under these favorable conditions applicant suffered a loss of \$596. on its beet operations during July, 1925. Reference was also made to a rate of \$1.25 per ton proposed to be established by applicant on bulk grain from the Sacramento River to Oakland. Here, however, applicant will save the cost of loading and unloading in sacks (estimated at \$1.00 per ton), through handling the grain with suction pumps; in addition a guaranteed minimum as to time required for loading, unloading and transportation will be exacted. This rate has not been established, being merely in contemplation, and is dependent on the result of negotiations with the shippers.

Protestants also referred to certain competitive rates lower than those proposed, asserting that due to these applicant will be unable to handle the business. Among them is the rail rate of \$2.10 per ton, minimum 60,000. pounds, on whole grain from Sacramento to San Francisco. This does not cover the cost of loading and unloading from warehouse to car and from car to warehouse which will exceed the differential of 10 cents per ton, all such loading and unloading service being included in applicant's \$2.20 rate. Most of the river lines observe a rate of \$2.20 per ton on grain.

As to those which maintain lower rates, applicant does not care to meet their competition, which would require him to operate at a loss.

Grain constitutes a substantial part of applicant's tonnage. According to a statement filed since the hearing covering the movement of certain commodities, not including beets, during the period June to September, inclusive, in both 1924 and 1925, applicant handled 4319 tons of grain in 1924, and 7523 tons in 1925, which constituted 43.3 percent. of the total tonnage in 1924 and 60.2 percent. of the same in 1925. This bears out applicant's contention that the loss suffered in 1925 is largely attributable to grain.

By way of comparison, protestants referred to the rate of \$2.00 per ton on grain maintained by Island Transportation Co. from Rio Vista west. Applicant explained that Rio Vista is the breaking point, and that in this respect its rates will be identical. Protestants also referred to the rates published by California Transportation Co. in items 120 and 124, tariff C.R.C. 48, effective May 7, 1924, on whole grain in lots not less than 40,000 pounds, from San Joaquin points, as follows:

<u>Item 120</u>	<u>Rate per ton.</u>
<u>To San Francisco and Port Costa, from:</u>	
Wakefield	\$ 1.80
Elmwood Tract, off Main River,	2.25
Wright, off Main River,	2.25
Ridge	1.80
Ridge, off Main River,	2.25
Black Slough.	1.80
Venice Island, Main River,	1.80
 <u>Item 124</u>	 <u>Rate per ton.</u>
<u>To San Francisco and Port Costa from:</u>	
Bouldin Island (Main River),	\$ 1.80
Bradford Tract " "	1.80
Jersey Tract " "	1.80
Sherman Island " "	1.80
Los Medanos " "	1.80
Piper Slough	2.25

Since protestants failed to show any similarity of circumstances and conditions incident to the handling of this traffic by the carriers involved, we can give this evidence no weight in determining the reasonableness of the rates proposed by applicant. At most, it is merely a tariff study.

Upon full consideration of the evidence, we are of the opinion and hereby find as a fact that applicant has justified the proposed increases in its rates, and that the application should be granted.

An order will be entered accordingly.

O R D E R

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

IT IS HEREBY ORDERED that the application of Erickson Navigation Company (a corporation) be and the same is hereby granted and said applicant is hereby authorized to establish on 15 days notice to the Commission and to the public a rate on grain from points on the Sacramento River south of Sacramento and on the San Joaquin River west of Stockton, to San Francisco, Oakland and Petaluma, respectively, of \$2.20 per ton of 2000 pounds, minimum 40,000 pounds.

Dated at San Francisco, California, this 4th day of June 1926.

H. B. Brown
C. Seaver
Frederick