

Decision No. 17506

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
John Byrne, Agent for and on Behalf
of Los Angeles Steamship Company,
McCormick Steamship Company,
Nelson Steamship Company,
Pacific Steamship Company,
White Flyer Line,
For Permission to Establish Certain
Rates, Rules and Regulations Govern-
ing the Transportation of Freight.

APPLICATION NO. 13086

- Hugh Gordon, For Applicant,
- R.S.Sawyer, For Associated Jobbers of Los Angeles,
- H.R.Brashear, For Los Angeles Chamber of Commerce,
- C.A.Bland, For Long Beach Chamber of Commerce,
Long Beach Harbor Commission, and Smart & Final of
Wilmington,
- F.M.Chandler and W.S.Downing, for Certain-tyed Products
Corporation,
- Sanborn & Roehl, by H.H.Sanborn, For Pacific Portland
Cement Company,
- George A. Culbert, For Pacific States Electric Company,
- R.B.Mitchell, For Henry Cowell Lime & Cement Company,
- C.S.Connolly, For Albers Bros. Milling Company,
- C.F.Bovee, For Old Mission Portland Cement Company,
- Edson Abel, For California Farm Bureau Federation,
- H.W.Baugh, For Common Carrier Truck Lines between
Los Angeles and the Harbor,
- Wm.G.Higgins, For Santa Cruz Portland Cement Company,
- M.G.McCarthy, for Sperry Flour Company.
- E.D.Rapp, For F.W.Woolworth Company,
- L.B.Hughes, For Montgomery Ward & Company.

BY THE COMMISSION:

O P I N I O N

This is an application filed by John Byrne, as Agent for and on behalf of Los Angeles Steamship Company, McCormick Steamship Company, Nelson Steamship Company, Pacific Steamship Company and White Flyer Line seeking authority to publish and maintain a tariff denominated as Pacific Coastwise Freight Tariff, containing in the one tariff all of the local, joint and proportional rates, rules and regulations for the transportation of freight by those applicants and their connections of railroad, steamship and auto truck lines between San Francisco, Oakland, Berkeley and Alameda on the one hand and on the other San Pedro, Wilmington, Long Beach, Los Angeles and San Diego and also between Wilmington and San Diego.

The proposed rates, rules and regulations will result in both increases and reductions in the present freight rates.

Public hearings were held before Examiner Geary at Los Angeles September 2, 1926 and at San Francisco September 15 and 16, 1926 and the application having been duly submitted is now ready for our opinion and order.

For a number of years applicants have been rendering a common carrier service on the high seas between San Francisco Bay points and the ports of Los Angeles and San Diego and points contiguous thereto under tariffs lawfully on file with the Commission. Prior to November 2, 1925 the rates in effect were practically on a uniform basis, having been made with relation to the contemporaneously effective rates of the competing rail carriers, using the latter rates as a measure, less a differential, to offset certain fixed disadvantages confronting the shipper via

a water carrier. This method of establishing and maintaining rates had been adhered to for a number of years prior to November 2, 1925 and apparently was satisfactory to the shippers and applicants.

In January, 1925 the Los Angeles Dispatch Line commenced operations as a common carrier, rendering service between the points here involved, and this service was inaugurated under rates materially lower than those maintained by applicants. For approximately 11 months there was no special effort by applicants to meet the competition of the new line because of the claimed abnormally low volume of the rates. Due, however, to a continued loss of tonnage suffered, the White Flyer Line and McCormick Steamship Company on November 2, 1925 initiated rates comparable with those in effect via the Los Angeles Dispatch Line and the action of these two lines was successively followed, to some extent, by the Pacific Steamship Company on November 9, 1925; by the Nelson Steamship Company on December 6, 1925 and by the Los Angeles Steamship Company on December 8, 1925. It is claimed that at the time the reductions were made the new rates when applied to the normal amount of tonnage handled would not produce sufficient revenue to meet operating expenses and fixed charges, but it was the hope of applicants that the lower rates would stimulate traffic to an extent, offsetting in a measure the loss of revenue due to the changes in rates.

The expected increase in tonnage did not materialize; in fact, the Los Angeles Steamship Company and Pacific Steamship Company suffered an actual loss immediately following the establishment of the reduced rates. During the six months immediately prior to the inauguration of the lower rates the Los Angeles Steamship Company handled 17585 tons of freight and the Pacific Steamship Company

18243 tons of freight, while for the six months' period immediately subsequent to the inauguration of the reductions there were but 13754 and 16166 tons, respectively, a loss of 3831 tons by the Los Angeles Steamship Company and 2077 tons by the Pacific Steamship Company. The lower rates produced a slight increase in tonnage via the McCormick Steamship Company, Nelson Steamship Company and White Flyer Line, but the combined tonnage handled by the five lines for the first six months after the reduced rates became effective was 2849 tons less than for the same period immediately preceding the reductions. Applicants could give no satisfactory explanation for this loss of tonnage other than a reference to the fact of a slight business depression.

As a result of the unexpected decrease in tonnage these applicants suffered severe operating losses. From exhibits presented at the hearing it was shown that for the first five months of 1926 the loss of the Los Angeles Steamship Company was \$14,707.50; McCormick Steamship Company \$17,066.77; Pacific Steamship Company \$169,728.28, and White Flyer Line \$9516.11.

The Los Angeles Dispatch, the newly established service during 1925, showed an operating loss of \$65,403.69, and in the early part of 1926, due to continued losses, discontinued operations as a common carrier.

The class rates these applicants now propose are practically those in effect prior to the general reductions in November and December, 1925. The Los Angeles Steamship Company and Pacific Steamship Company will restore the old rates without change and only slight changes will be made in the rates of the White Flyer Line, McCormick Steamship Company and Nelson Steamship Company.

The proposed commodity rates result in both increases and reductions and were arrived at following conferences with the shippers' representatives in an effort to so equably adjust the situation as not to place an undue burden on either the shippers or the carriers.

Protests were made with respect to increasing the rates on cement between San Francisco and the Los Angeles and San Diego Harbor points. The testimony and exhibits showed that for some time past practically no cement tonnage moved via these applicants' lines. Subsequent to the hearing the petition was further amended eliminating any change in the existing cement rates and the protests were withdrawn.

A shipper of roofing and building materials protested the rate of 23 cents to Los Angeles and rates of 24 and 25 cents to San Diego. The present rate to Los Angeles is 23 cents via the Los Angeles, the Pacific, the White Flyer and the McCormick lines and is only increased from 22 to 23 cents when via the Nelson Steamship Company. To San Diego the present rate is 23 cents via all lines and is increased to 25 cents except via the McCormick, where the increase is from 23 to 24 cents. The contemporaneous rail rate between San Francisco and Los Angeles and between San Francisco and San Diego is $31\frac{1}{2}$ cents. The total movement of roofing and building materials via the five lines amounted to an average of 325 tons per month for the six months November 1, 1925 to April 30, 1926. It has not been shown that the proposed rates on this commodity are either excessive or unreasonable.

The proposed adjustments will disturb present differentials existing between the San Pedro-Wilmington-Long Beach rates on the one hand and Los Angeles on the other,

creating both increases and reductions and in some cases eliminating entirely the existing differentials. There is no testimony in this record per se to determine the reasonableness of the rates or the proper differentials at the harbor points. However, should the differentials in the rates after a test prove unsatisfactory to the shippers the matter may be brought to our attention in a subsequent proceeding for further consideration.

Approximately twenty witnesses, representing some of the largest industrial concerns located at Los Angeles and San Francisco who utilize applicants' service, indorsed the proposed rates, rules and regulations and were particularly in favor of their publication in a consolidated freight tariff.

The plan to eliminate publication of five separate tariffs and to unify and consolidate the proposed rates, rules and regulations in a master tariff is a decided step in the right direction. The publication of a single tariff not only effects an economy to the carrier in publication expense, but also will be an advantage to the shipping public in affording a means of quickly and accurately locating the rates of the competing lines with a minimum amount of effort.

After careful consideration of all the facts of record we are of the opinion and find that the applicants should be authorized to publish and file the proposed rates, rules and regulations in a consolidated tariff, as shown in amended Exhibit A of the application.

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 opinion which precedes this order and which said opinion is hereby referred to and made a part hereof,

IT IS HEREBY ORDERED that the applicants, Los Angeles Steamship Company, McCormick Steamship Company, Nelson Steamship Company, Pacific Steamship Company and White Flyer Line be and they are hereby authorized to publish and file in a consolidated tariff the rates, rules and regulations shown in Exhibit A, attached to the application and as subsequently amended.

Dated at San Francisco, California, this 21st day of October, 1926.

H. R. Brundage
C. S. Lewis
Emmert
Leon A. Russell
Thos. P. Quinn
Commissioners.