

ORIGINAL

Decision No. 18024

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

The Western Pacific Railroad Company,)
Complainant,)

vs.)

Northwestern Pacific Railroad Company,)
Defendant.)

CASE NO. 2253

- James S. Moore, Jr. for Complainant.
- R. W. Palmer, for Defendant,
- A. Larsson, for A. Larsson Traffic Service, Intervener
in favor of complainant,
- F. W. Mielke, for Southern Pacific Company, Intervener,
- L. F. Brockamp, for California Sugar and White Pine
Company,
- H. E. Cole and A. F. Wortman, for California Fruit
Exchange, Lumber Department.

BY THE COMMISSION:

O P I N I O N

Complainant is a corporation engaged as a common carrier by railroad of freight and passengers between various points within the State of California.

By complaint filed June 23, 1926 it is alleged (a) that public convenience and necessity require the establishment of a through route and joint rates for the transportation of lumber

and its products from various points on the line of complainant to various points of destination on the line of defendant; (b) that defendant has refused to join with complainant in the establishment of a through route and joint rates and by that refusal has in the past and will in the future subject complainant and the producers and shippers of lumber located on the line of complainant to unjust discrimination and prejudice and has and will afford producers and shippers of lumber located on other lines of railroads undue preference and advantage, and (c) that the present rates assessed and collected are unjust and unreasonable.

The Commission is asked to establish a through route via San Francisco and just, reasonable, non-discriminatory and non-preferential rates for the future and to fix and establish an equitable basis of divisions.

The Haslett & Merguire Shook Company, Clover Valley Lumber Company, S. Murphy Lumber Company and Hutcherson Lumber Company intervened in behalf of complainant. The Southern Pacific Company intervened in behalf of defendant.

Public hearings were held before Examiner Geary at San Francisco October 6 and 21, 1926 and the case having been duly submitted and briefs filed, is now ready for our opinion and order.

The points of origin on complainant's line embrace the lumber producing points of Oroville and Adelaide, hereafter collectively referred to as the Oroville group, and Spanish Peak, Gray's Flat, Quincy Junction, Massack, Spring Garden, Sloat, Cromberg, Penman, Blairsden, Delleker, Portola, Calpine and Loyalton, hereafter collectively referred to as the Loyalton group. The destination points on the Northwestern Pacific Railroad may be roughly described as including Shellville Junction,

Ignacio, Sausalito, San Rafael, Tiburon, Sebastopol, Forestville, Santa Rosa, Dos Rios and all main line and branch line points intermediate thereto.

From the Oroville group complainant seeks the same joint rates as are contemporaneously in effect from Oroville and Chico on the Southern Pacific to points on the Northwestern Pacific, and from the Loyalton group the rates concurrently in effect from Weed and Westwood on the Southern Pacific with the routing via San Francisco, where traffic can be interchanged through the medium of the State Belt Railroad.

There are 15 lumber mills in the origin territory having a combined yearly output of lumber, box and crate material totaling 246,000,000 feet, and the record indicates that in disposing of their products at points on the Northwestern Pacific the mills on the Western Pacific are more or less in direct competition with mills located at Oroville, Chico, Weed, Westwood and other points on the Southern Pacific Company.

The only joint rates now in effect from Western Pacific to Northwestern Pacific points apply on lumber from Loyalton, Delleker and Calpine to Santa Rosa, Sebastopol, Healdsburg and Ukiah. These rates apply via Western Pacific to Sacramento, Southern Pacific to Shellville Junction, thence Northwestern Pacific to destination and were published at the time the rail lines in California were endeavoring to establish specific rates canceling the provisions of Agent B.T. Jones' Combination Tariff C.R.C.No.1, which based the rates on the combination of locals and are higher to Sebastopol and Santa Rosa than the contemporaneously applicable rates from Weed

and Westwood. With these exceptions the rates are now combinations over the various junction points, resulting in practically every instance, in rates higher than the concurrently effective rates from competing points on the Southern Pacific. For example, the present rates from Loyalton to Forestville on lumber is 41 cents and on box shook 35 cents, while the applicable rate on both lumber and box shook from Weed and Westwood on the Southern Pacific to Forestville is $31\frac{1}{2}$ cents. The 41 cent lumber rate is made by combining over Fulton using the Joint commodity rate in effect from Loyalton to Healdsburg, held as maximum at Fulton, plus the class B rate from the latter point to Forestville, while the 35 cent rate on box shook is a combination of commodity rates over San Francisco. The present rates from the other producing points on complainant's line are made combination over either Sacramento, Shellville Junction, San Francisco, Portola or Ukiah, whichever makes lower, and to determine the lawful charge a rate check via these different basing points must be made. This method of constructing through rates for traffic moving in volume is extremely unsatisfactory and results not only in confusion, delay and uncertainty to both the shippers and the carriers, but has made it difficult for the lumber mills on the Western Pacific to profitably market their products at points on the Northwestern Pacific.

Defendant agrees there should be joint through rates on the basis sought by complainant and at the hearing offered to establish such rates via Sacramento and Shellville Junction, using the line of the Southern Pacific as the intermediate carrier. It is urged by defendant that this is the economical and logical route for the traffic in question and that the

route proposed by complainant, via San Francisco, is unduly circuitous, involves two bay transfers, two switching services by the State Belt Railroad and will result in excessive transportation costs, thus creating a burden on other traffic. The Southern Pacific Company is willing to join with complainant and defendant in establishing the rates via this route.

In view of the stipulation made by defendant to publish the rates via Shellville Junction the only question here to determine is whether the route via San Francisco sought by complainant is logical, practicable and not unduly circuitous.

The San Francisco gateway in all cases is longer than the route through Sacramento and Shellville Junction. The average length of haul from both the Oroville and Loyalton groups to representative destination points north and south of Ignacio is 356.2 miles via San Francisco and 275.8 miles via Sacramento and Shellville Junction, or 80.4 miles further via the former route than via the latter. To points east of Ignacio, on the Sonoma Valley branch, the average distance via San Francisco is 327.9 miles and via Sacramento and Shellville Junction 222.4 miles, a difference of 105.5 miles in favor of the latter route.

In addition to a longer haul, if rates are established via San Francisco complainant will be confronted with two barge movements across San Francisco Bay, the first from Western Pacific mole to San Francisco and the second from San Francisco to Tiburon. It will also be necessary to absorb two State Harbor Commission wharfage tolls of 5 cents per ton each at

San Francisco and a State Belt Railroad switching charge of \$3.50 per car for movement from the ferry slip of the Western Pacific to the slip of the Northwestern Pacific. The total cost of performing this service is computed by defendant to be \$11.92 per car, arrived at by using an estimated expense of \$3.54 per car for the barge service from Oakland to San Francisco, \$2.47 per car State Harbor Commission wharfage toll (based on an average load of 24.7 tons per car); \$3.50 per car State Belt Railroad switching, and \$2.41 per car barge service from San Francisco to Tiburon. The estimated expense of \$3.54 for the barge service between San Francisco and Oakland represents the cost to the Southern Pacific in performing a similar service via its line. At the hearing complainant suggested if it were allowed the Shellville Junction division of earnings when the movement was via the San Francisco gateway it would assume all costs of delivering the cars to the Northwestern Pacific at Tiburon.

The proposed rate on lumber and box shock from Adelaide to Sebastopol, as representative of the Oroville group, is 27 cents, and based on the average load of 24.7 tons per car would yield a per car revenue of \$133.38. If the Shellville Junction basis were used for traffic via San Francisco, as proposed by complainant, the Northwestern Pacific would receive \$38.53 for a 51 mile haul and the Western Pacific \$94.85 for a haul of 202.8 miles. Deducting from the latter amount \$11.92 per car for the bay transfers the net earnings of the Western Pacific would be \$82.93 for a haul of 199.3 miles from Adelaide to the Western Pacific mole at Oakland, or a per car mile revenue of 41.6 cents. If the traffic were hauled

via Sacramento and Shellville Junction and the Northwestern Pacific received the same division it now receives on traffic from Oroville on the Southern Pacific, the Western Pacific would receive for the 64 mile haul, Adelaide to Sacramento, \$47.42, or a per car mile revenue of 74.1 cents.

From Cromberg to Sebastopol, as representative of the Loyalton group, the per car earning would be \$140.79 under the proposed rate of 28½ cents. The proportion of the Northwestern Pacific via San Francisco would be \$39.52 for a 51 mile haul and the Western Pacific proportion, exclusive of the amount allocated for the bay haul, would be \$89.35 for a rail haul of 299.8 miles, a return of 29.8 cents per car mile. This same rate if published via Sacramento and Shellville Junction would yield the Western Pacific Railroad \$69.16 per car, or 41.9 cents per car mile, for the 165 miles to Sacramento. In other words, if the rates are made to apply via Sacramento and Shellville Junction instead of San Francisco, the Western Pacific will receive a car mile revenue of 74.1 cents instead of 41.6 cents from Oroville group points and 41.9 cents instead of 29.8 cents from Loyalton group points.

Complainant maintains that with three carriers, Western Pacific, Southern Pacific and Northwestern Pacific, participating in the transportation, delays would occur in interchanging the cars at the junction points. This contention, however, is not borne out by the record, for an exhibit filed by defendant shows that during the period from January 1 to August 31, 1926 the average time for handling 25 cars of lumber from Western Pacific Railroad points to Northwestern Pacific Railroad points via Shellville Junction was 5.6 days per car, while during the same period the time required to move

35 cars via San Francisco averaged 6.1 days per car.

Interested shippers testified they would be satisfied with rates from the mills on the Western Pacific on a parity with the rates from competitors' plants on the Southern Pacific. The actual movement of tonnage via either Shellville Junction or San Francisco is of no controlling importance except in connection with the diversion privilege which, however, in this situation is seldom availed of to the destinations involved.

Operating conditions are entitled to consideration in determining the reasonableness or practicability of two routes and apart from the question of distance, which is approximately 100 miles greater through San Francisco than through Shellville Junction, the record shows the difficulties of operation through San Francisco and the various movements necessary.

Section 33 of the Public Utilities Act provides that when no satisfactory through route and joint rates exist between points and public convenience and necessity demand their establishment the Commission may order common carriers to establish the necessary route and rates subject to the provisions that where any railroad has itself an equally satisfactory route such railroad shall have the right to its local rate over the portion of the line comprised in such through route.

When joint rates can be established over a direct route adequately responding to the reasonable requirements of the public, carriers should not, against the interests of the public, be compelled to perform wasteful transportation by maintaining the same rates over indirect and circuitous routes.

It is expected that the defendant, Northwestern Pacific, in conjunction with the Southern Pacific and Western Pacific, will promptly adjust the rates in conformity with our conclusions in this proceeding. If they do not, consideration will be given

to such further action as may be necessary to put the rates into effect.

An order will be entered dismissing the complaint.

O R D E R

This case 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,

IT IS HEREBY ORDERED that the complaint in this proceeding be and it is hereby dismissed.

Dated at San Francisco, California, this 24th day of February, 1927.

Emmert

H. R. Brundage

C. Stearns
Leon Whitely
Thos. S. Rowland

Commissioners.