

Decision No. 18841.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
John Byrne, Agent for McCormick Steam-  
ship Company and Nelson Steamship Com-  
pany, for an order authorizing permis-  
sion to cancel certain rates shown in  
Pacific Coastwise Freight Tariff Bureau  
Tariff No. 1, C.R.C. No. 1. } Application No. 13542.

**ORIGINAL**

Hugh Gordon, for the applicants.

BY THE COMMISSION:

O P I N I O N

This is an application by John Byrne, agent for and on behalf of McCormick Steamship Company and Nelson Steamship Company, hereinafter referred to as McCormick Company and Nelson Company, under Section 63 of the Public Utilities Act for permission to cancel from Pacific Coastwise Freight Tariff Bureau Tariff No. 1, C.R.C. No. 1, certain class and commodity rates described in the tariff as Basis No. 2 rates.

The applicable rates after cancellation of these rates will be Basis No. 1 rates published in the same tariff.

Basis No. 2 rates apply only via Nelson Company and certain steamers operated by the McCormick Company, and the Basis No. 1 rates apply via all steamers operated by the Los Angeles Steamship Company, Pacific Steamship Company and the steamships Rose City and Newport operated by the McCormick Company.

A public hearing was held before Examiner Geary at Los Angeles April 20, 1927, and the matter having been duly submitted is now ready for our opinion and order.

Rates will be stated in cents per 100 pounds.

The rates sought to be cancelled were published effective December 1, 1926, and apply between San Francisco, Oakland, Berkeley and Alameda on the one hand, and on the other, Los Angeles, Long Beach, Wilmington, San Pedro and San Diego, also between Wilmington and San Diego. They are lower in most instances to the port points than to the City of Los Angeles, and reference will be made only to the Los Angeles rates. The class rates between San Francisco and Los Angeles are as follows:

Basis No.	1	2	3	4	5	A	B	C	D	E
1	80	65	57	50	32	36	36	32	32	29
2	78	63	55	48	30½	34½	34½	30½	30½	27½

The difference between the Basis 1 and 2 rates averages between 1 and 1½ cents per 100 pounds, and the most important articles moving under commodity rates are:

Canned goods 26½¢ and 25¢, cereal and cereal products 26½¢ and 25½¢, flour 30¢ and 29¢, dried fruit 28¢ and 27¢, iron and steel articles 22¢ and 21¢, lard 23½¢ and 22¢.

There is no differential in the rates on such articles as:

Cotton piece goods, envelopes, grain, printing ink, lard, caustic soda, vegetables, liquid Gas, etc.

Applicants stipulated at the hearing that the records in Application No. 13086, Decision No. 17506, should be made a part of this proceeding. In that application, decided October 21, 1926, the steamship companies operating between Northern and Southern California points were authorized to readjust rates, rules and regulations and consolidate the rates, rules and regulations formerly published by each line in individual

tariffs in a joint tariff designated as Pacific Coastwise Freight Tariff Bureau Tariff C.R.C. No. 1, referred to in this proceeding as the master tariff. The evidence indicated that the steamship lines suffered severe losses for a considerable period of time prior to the filing of the application. The McCormick Company submitted an exhibit showing that its loss for the first five months of the year 1926 was \$17,066.77.

Particular attention is called by applicants to the fact that the reason for establishing the Basis No. 2 line of rates was that at the time of filing Application 13086 the McCormick and Nelson Companies were giving a slow and infrequent service as compared with the lines operating under the Basis No. 1 rates via the combination passenger and freight steamers furnishing a faster and more frequent service. During the past two months applicants' service has been augmented by additional steamers, the McCormick Company now having three sailings per week and the Nelson Company two, as compared with the former service of two and one sailing weekly.

Witness for applicant McCormick Company testified that it had proved impracticable to maintain the differences in rates with the steamers operating on substantially the same schedules. Furthermore, it is confusing to shippers when consignments are delivered with intent to have them loaded on a steamer having the Basis No. 2 rates, and because the name of the steamer is not shown on the bill of lading, forwarded on the first available steamer, and the rate applicable by that particular steamer assessed.

Exhibits showing tonnage handled on Basis No. 2 rates, together with estimated increase in revenue if handled on Basis No. 1 rates, were submitted subsequent to the hearing. McCormick Company for the period from December 1, 1926, to March 31, 1927, handled 10,496.4 tons, and the Nelson Company 15,001.4 tons during

the period from January 1 to March 31, 1927.

There appears no reason why there should be two schedules of rates for practically the same service. The proposed adjustment will place all steamship companies parties to Pacific Coastwise Freight Tariff Bureau on an equality in so far as rates are concerned. A careful study of the exhibits and testimony in connection with Application No. 13086 and those presented in this proceeding indicates that Basis No. 1 rates are not unreasonable.

The cancellation of the rates sought will no doubt cause a loss of some traffic to the competing lines, therefore it is not possible to estimate the amount of operating revenue applicants will receive after the cancellation of Basis No. 2 rates.

There were no appearances in opposition although notice of the hearing was mailed to Chambers of Commerce and many other organizations and shippers at San Francisco, Oakland, Long Beach and Los Angeles. Witness for applicants stated that the proposed cancellation had been discussed with many large shippers and no objections were offered.

Upon all the facts of record we are of the opinion and find that the applicants should be permitted to cancel the rates as set forth in the application, and that the application should be granted.

#### 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 is hereby referred to and made a part hereof,

IT IS HEREBY ORDERED that the application of John Byrne, agent for McCormick Steamship Company and Nelson Steamship Company, be and the same is hereby granted, and applicant is hereby authorized to cancel Basis No. 2 rates as set forth in the application and published in Pacific Coastwise Freight Tariff Bureau Tariff No. 1, C.R.C. No. 1.

Dated at San Francisco, California, this 13<sup>th</sup> day of May, 1927.

Ernesto  
H. R. ...  
O. ...  
Leon ...  
Thos. ...  
Commissioners.