

Decision No. 19989**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BAY SHORE FREIGHT LINES operating a)
 combination water and truck trans-)
 portation line between San Francis-)
 co, Oakland and Alameda on the one)
 hand and Gilroy, San Jose, Los Gates,)
 Saratoga and intermediate points on)
 the other hand, for authority to in-)
 crease class and commodity rates.)

Application No. 14151.

Rufus H. Kimball for applicant.

BY THE COMMISSION:

O P I N I O N

This is an application by William Quinby Wright, Frank Chapman Willson and Godfred Thuesen, as trustees, associates doing business under the firm name and style of Bay Shore Freight Lines, for an order granting permission to adjust rates, rules and regulations for the transportation of property via its combined boat and automobile freight lines as set forth in Exhibit "A" attached to and made a part of the application. The proposed rates, rules and regulations result in increases over the present rates.

The applicant alleges that the adjustment sought is necessary for the reason that the net revenue derived from freight transported under the present rates is inadequate and does not cover even the total cost of the operations.

A public hearing was held before Examiner Geary on

November 3, 1927, and the case having been submitted is now ready for our opinion and order.

The rights of applicant extend from San Francisco, Oakland and Alameda to Gilroy, San Jose, Los Gatos, Saratoga and points intermediate thereto, via Port South Shore, and were originally granted to the South Shore Port Company, a corporation, by Decisions Nos. 13189 and 13923, dated February 20, 1924, and May 14, 1925, respectively.

By authority of our Decision No. 18821, Application No. 13962, September 20, 1927, these applicants purchased the property and the record of that proceeding is by stipulation made part of the instant proceeding. It will not be necessary to review in detail the facts set forth in Decision No. 18821 except to recite that the original company was organized in 1920 and that on March 11, 1927, a petition was filed in the District Court of the United States of the Northern District of California for an order adjudging the South Shore Port Company a bankrupt. On July 11, 1927, the properties were sold by the referee in bankruptcy to these applicants.

The annual reports show there has been a deficit for every year since the commencement of operation, and that on December 31, 1926, the accumulated deficit was \$62,288.29, with an outstanding indebtedness on that date of \$120,288.77.

The present and proposed commodity rates applying to principal tonnage are shown below.

Between	:	And	:	Commodity	: Present Rate	: Proposed Rate	: Increase
San Francisco)	:	Santa Clara)	:	Nails	15¢	16¢	1¢
Oakland)	:	San Jose)	:				
"	:	"	:	Paper	15¢	16¢	1¢
"	:	"	:	Sheet Steel	16 ¹ / ₂ ¢	17 ¹ / ₂ ¢	1¢
"	:	"	:	Building)	15¢	16¢	1¢
	:		:	Paper)	*16¢	17¢	1¢

* From Oakland.

From	To	Commodity	Present Rate	Proposed Rate	Increase
San Francisco	Palo Alto) Los Altos) Cupertino)	Pipe	13½¢	15¢	1½¢
Oakland) Alameda)	"	Pipe	14½¢ #15½¢	16¢ 16¢	1½¢ 1/2¢

From Alameda.

There will also be increases in the class rates, with slight reductions from the proposed standard class rates when the shipments move in lots weighing 2,000 pounds and over. Applicants contend that the original owners of the property, in their desire to secure large tonnage at the beginning of operations, published rates entirely too low to make the venture a success. At the present time and under the rates now in effect the revenue is barely sufficient to pay the out-of-pocket costs of operation, leaving nothing for taxes, depreciation, or return on investment. The appraised value of the property secured through the bankruptcy proceedings was given as \$110,000, and applicant is arranging for some \$65,000 of new capital with which to purchase automobile trucks, dredge the waterway, and make other necessary improvements. With the new capital there will be property used and useful in the utility service having a value of approximately \$175,000.

A witness for the applicant testified that a thorough canvass had been made of all important shippers concerning the proposed rates, and the necessities for the adjustment clearly explained, and that these patrons supported and endorsed the proposed increased rates. An exhibit consisting of letters from 35 shippers was presented, approving the service and urging that it be continued. There was one witness, representing a large hardware company at San Jose, who also testified in favor of the

application.

A number of exhibits were introduced setting forth the capital investment, the results from operations during the past years, tonnage checks showing the tonnage carried between all points, and other details. From the facts developed it is manifest applicant should be given the rates sought.

We conclude and find, in view of the circumstances of record in this proceeding, that the present freight rates are unreasonable and insufficient, and that applicant should be permitted to establish the freight rates as set forth in Exhibit "A" attached to and made part of the application.

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 said opinion is hereby referred to and made a part hereof,

IT IS HEREBY ORDERED that William Quinby Wright, Frank Chapman Willson and Godfred Thuesen, trustees, associates doing business under the fictitious name and style of the Bay Shore Freight Lines, be and they are hereby authorized to establish within twenty (20) days from the date hereof, the freight rates applying between San Francisco, Oakland and Alameda to Gilroy, San Jose, Los Gatos, Saratoga and points intermediate thereto via Port South Shore, as set forth in Exhibit "A" and as amended, attached to and made part of the application.

Dated at San Francisco, California, this 2nd day of ~~December~~ November, 1927.

Emmuel D. O'Sullivan
Lionel Whidell
Thos. J. Powell
W. F. Carr
Commissioners.