

Decision No. 13890.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

CALIFORNIA CATTLEMEN'S ASSOCIATION,
CALIFORNIA WOOL GROWERS' ASSOCIATION,

Complainants,

vs.

MINARETS AND WESTERN RAILWAY COMPANY,
SOUTHERN PACIFIC COMPANY,

Defendants.

Case No. 2494.

ORIGINAL

- John Curry, for Complainants.
- C. S. Thomas, for Minarets and Western Railway Company, Defendant.
- F. W. Mielke and J. L. Fielding, for Southern Pacific Company, Defendant.
- E. G. Wilcox, for Oakland Chamber of Commerce.
- Edson Abel, for California Farm Bureau Federation.

BY THE COMMISSION:

O P I N I O N

Complainants are the California Cattlemen's Association and California Wool Growers' Association, unincorporated voluntary organizations rendering service to cattlemen and sheepmen. In this proceeding, filed February 3, 1928, they allege that the rates on cattle and sheep, carload, from North Fork to San Francisco, Oakland, San Jose, Swanston and Los Angeles are unreasonable, unjustly discriminatory and unduly prejudicial to the extent they exceed rates for similar distances between other points in California.

We are asked to prescribe just and reasonable rates

for the future. Rates are stated in amounts per 36-foot car.

A public hearing was held before Examiner Geary at San Francisco May 10, 1928, and the case having been duly submitted is now ready for an opinion and order.

North Fork is on the Minarets and Western Railway Company, hereinafter referred to as the Western, 34 miles from Friant, the junction point with the Southern Pacific Company, hereinafter referred to as the Southern Pacific. Friant is on the Clovis branch of the Southern Pacific 25 miles north of Fresno and 219 miles from San Francisco.

In support of the allegation of unreasonableness the complainants compare the rates assailed with the mileage rates on like traffic for similar distances between Arizona and California and between Nevada and California. They also cite specific rates on livestock from Klamath Falls and Lakeview, Oregon; Alturas, Millux, Maricopa, South Fork and Scotia, California, to Oakland, and certain other interstate rates to Los Angeles. Although the compared rates yield lower revenue per car mile than those from North Fork to the same destinations no information whatever is vouchsafed as to the comparative conditions under which the respective services are rendered. In default of more persuasive or convincing proof of the unreasonableness of the rates assailed it is necessary to review the earnings yielded by this traffic in the light of circumstances disclosed of record under which the traffic moves, particularly with respect to operating conditions, revenues and expenses of the Western, as the complaint was directed principally against that carrier.

The Western traverses a mountainous territory, with a severe grade for practically its entire length. The maximum grade against the haul encountered in the run from Friant to

North Fork is 2.5%, which prevails for more than 50% of the distance. Due to this situation it is necessary to handle small trains. The average trains moving to North Fork consist of only 35 empty cars and approximately the same number of loaded cars per train are handled in the reverse direction. The road was constructed primarily for the purpose of transporting lumber and the records show that 96.4% of its carload traffic from July, 1923, to December 31, 1927, consisted of forest products. During the same period its livestock traffic was slightly less than 3/10 of 1% of the total carload freight carried. The annual reports on file with this Commission show that the Western has failed to earn its fixed charges, depreciation, operating and other expenses any year since operations were commenced in July, 1923, the total deficit as of December 31, 1927, being \$141,121.94. Its exceptional situation and exceptional circumstances make rate comparisons per mile with the movement of livestock over standard trunk lines in Arizona, Nevada, New Mexico and other sections of California wholly out of the question.

The rates in effect on livestock, carload, from North Fork are the combination rates based on rriant, representative of which are:

<u>TO</u>	<u>MILES</u>	<u>CATTLE</u>	<u>SHEEP S.D. CARS</u>
San Francisco	253	107.00	88.50
Oakland	249	102.00	88.50
Los Angeles	335	126.00	103.50

These rates yield car-mile revenues ranging from 37.6 cents to 42.3 cents on cattle and 30.9 cents to 35.6 cents on sheep. Defendants contend that the assailed rates are not unreasonable and show by exhibits introduced at the hearing rates on livestock from points on certain short line railroads to San

Francisco and Sacramento, also the differentials in rates from points on the short lines over those from the interchange points. Certain of the rates cited on cattle are: From Minden, Nevada, to Sacramento 196 miles \$93.00, to Stockton 243 miles \$100, to San Francisco 346 miles \$130.50; from Bartle to Sacramento 280 miles \$115.50 and to San Francisco 346 miles \$130.50. These rates yield revenue ranging from 37.7 cents to 47.4 cents per car mile. The records show that the differential in rates of the short lines over those from the interchange point with the Southern Pacific are not materially different from the rates from North Fork to Friant, distance considered. Defendants also cite rates on lumber, carload, from Pinedale on the Western to various points in California yielding higher revenue per car-mile than those assailed.

The matter of rates from points on short or weak lines has been considered by the Interstate Commerce Commission in many cases. In Cotton Mills Products Co. vs. A. & V. (120 I.C.C. 473) the Commission found that the sixth class rate of 75½ cents per 100 pounds was not unreasonable as compared with the rate of 56 cents per 100 pounds for similar distances prescribed in Southern Class Rate Investigation (100 I.C.C. 513). The Federal Commission said that the Birmingham and Southeastern Railway was a weak line therefore entitled to special rate treatment.

No evidence was submitted with respect to the allegations of unjust discrimination or undue prejudice.

After a careful consideration of the testimony and exhibits we are of the opinion and find that the rates assailed are not unreasonable, unjustly discriminatory or unduly prejudicial. The complaint will be dismissed.

O R D E R

This case being at issue upon complaint and answers on file, having been duly heard and submitted by the parties involved, full investigation of the matters and things having been had, and basing this order on the findings of fact and the conclusions contained in the opinion, which said opinion is hereby referred to and made a part hereof,

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

Dated at San Francisco, California, this 13th day of June, 1928.

Leon Whitell

C. S. Seaver

Edmund A. ...

Paul ...

W. A. ...
Commissioners.