

Decision No. 10020.



BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

SACRAMENTO BOX & LUMBER COMPANY,
SEITZER BOX COMPANY,
CAPITAL BOX FACTORY,
Complainants,

vs.

SOUTHERN PACIFIC COMPANY,
THE ATCHISON, TOPEKA AND SANTA FE
RAILWAY COMPANY,
THE WESTERN PACIFIC RAILROAD COMPANY,
SAN FRANCISCO-SACRAMENTO RAILROAD
COMPANY,
CENTRAL CALIFORNIA TRACTION COMPANY,
Defendants.

Case No. 2550.

- E. W. Hollingsworth, R. E. Boyd and Bishop & Bohler, for complainants.
J. E. Lyons, for Southern Pacific Company, defendant.
Elmer Westlake; Platt Kent and E. C. Pierre for The Atchison, Topeka and Santa Fe Railway Company, defendant.
James S. Moore, Jr. and J. F. Bon, for The Western Pacific Railroad Company, defendant.
G. H. Baker, for Larsson Traffic Service, representing Hazlett & Menguire and California Pine Box Distributors, interveners.
J. C. Sommers, for Stockton Chamber of Commerce, Stockton Box Company and Delta Box Company, interveners.

BY THE COMMISSION:

O P I N I O N

Complainants are corporations with their principal places of business at Sacramento. By complaint filed May 28, 1928, and as amended at the hearing it is alleged the rates on box shock in carloads from Sacramento to (a) Dixon, San Joaquin

Bridge and points west to and including San Francisco, Pardee, Hewitt and Macneil on the Southern Pacific; (b) Woodsbro and points west thereof on The Atchison, Topeka and Santa Fe Railway Company; (c) Nilegarden and points west thereof to and including San Francisco and San Jose on The Western Pacific Railroad Company; and (d) all branch line points on the Southern Pacific Company, The Atchison, Topeka and Santa Fe Railway Company and The Western Pacific Railroad in the territory just above described, are unjust and unreasonable, unduly prejudicial to Sacramento and unduly preferential of Stockton and San Francisco.

Just, reasonable, nonprejudicial and nonpreferential
rates for the future are sought.

The Stockton Chamber of Commerce, Stockton Box Company, Delta Box Company, Hazlett & Merguire and California Pine Box Distributors intervened on behalf of carriers in support of the present adjustment of rates.

Public hearings were held September 14 and 15, 1928, at San Francisco before Examiner Geary, and the case having been duly heard and submitted is now ready for our opinion and order. Rates will be stated in cents per 100 pounds.

Complainants maintain plants at Sacramento for the manufacture of box shook, using for this purpose approximately 40,000,000 feet b.m. of lumber per year, obtained from the Feather River district on the Western Pacific and from mills in Northern California and Southern Oregon on the Southern Pacific Company. The shook is marketed in the fruit and vegetable producing sections throughout the state, including the territory here involved, and in disposing of their products complainants meet with the competition of box shook mills located at San Francisco and Stockton, as well as at other producing points not here involved.

In establishing the present rates from Sacramento defendants have made no attempt to adhere to any fixed relationship

with the rates from Stockton and San Francisco, nor do the rates reflect any degree of consistency based on the length of haul. The present rate from Sacramento to San Francisco and Oakland is 14 cents for a haul of 63 miles, and from Stockton $8\frac{1}{2}$ cents for a haul of 78 miles via the short line. These rates are blanketed south of San Francisco to and including San Jose, with the exception that to the territory south of Redwood City to but not including Santa Clara the rates are carried on a slightly higher basis. In the intermediate territory between Sacramento-Stockton and San Francisco, including the branch line points, the adjustment on the whole is lower from Stockton or San Francisco, distance considered, than from Sacramento. The following statement compiled from complainant's exhibits is illustrative:

TO	FROM					
	Sacramento		Stockton		San Francisco	
	miles	rate, cents	miles	rate, cents	miles	rate, cents
Bethany	75	14	27	$8\frac{1}{2}$	76	$9\frac{1}{2}$
Avon	64	14	64	$8\frac{1}{2}$	38	5
Hookston	71	14	71	$11\frac{1}{2}$	45	9
Elmira	29	$9\frac{1}{2}$	77	$13\frac{1}{2}$	59	9
Rumsey	79	20	127	27	109	20
Calistoga	66	$22\frac{1}{2}$	135	25	97	17
Santa Rosa	39	16	137	16	99	13

South of San Jose on the main line of the Southern Pacific the rates from Sacramento range from $16\frac{1}{2}$ cents at Lick, 129 miles, to $39\frac{1}{2}$ cents at Santa Susana, 467 miles, while the Stockton rates vary from 10 cents at Lick to $31\frac{1}{2}$ cents at Santa Susana. To the points intermediate between Lick and Santa Susana either via San Jose or Saugus, Stockton enjoys rates from $\frac{1}{2}$ cent to 3 cents lower than Sacramento, while the San Francisco rates are lower than those from either Sacramento or Stockton except that to Santa Barbara, Ventura, Chatsworth to Macneil and points between and Pardee, Stockton and San Fran-

cisco are accorded the same rate, 31½ cents, 6 cents lower than the rate from Sacramento to Santa Barbara, Ventura, Chatsworth, Macneil and points between and 6 cents lower than the rate to Pardee. The haul from Sacramento to the main line points south of San Jose where the short line mileage is via San Jose involves a maximum additional distance over Stockton of 44 miles and over San Francisco of 77 miles. Where the short line distance is via Saugus, Sacramento is 48 miles farther than Stockton but in many cases to points east of Ventura the distances from Sacramento and Stockton are less than from San Francisco. However, in all cases San Francisco is accorded the lowest rates except to the points heretofore mentioned, where Stockton and San Francisco are carried on the same basis.

Complainants contend that in order for them to successfully market their products the rates from Sacramento should be fairly related to those from Stockton and San Francisco. They point to our Decision No. 18773 in Case 2274, Sacramento Box Company et al. vs. Southern Pacific et al., 30 C.R.C. 338, wherein we prescribed rates on box shock from Sacramento to points in the San Joaquin Valley as far south as Slater, which reflected differentials over the Stockton rates varying from 1½ cents to 4 cents, while to Slater and south thereof to and including Greenspot we set a rate of 31½ cents from Sacramento, the same rate as contemporaneously in effect from both Stockton and San Francisco. The haul from Sacramento to the San Joaquin Valley and Southern California points is 48 miles greater than from Stockton, but slightly less than from San Francisco.

The following table is illustrative of the adjustment prescribed by us in Case 2274 as compared with the existing adjustment from Sacramento:

T O	F R O M						
	Present Rates:		Case 2274:		Present Rates:		Differential
	Sacramento		Sacramento:		Stockton		Sacramento
	Miles:	Rate	Miles:	Rate:	Miles:	Rate	over
							Stockton
Martinez	60	14¢	--	--	68	9½¢	5½¢
Oakdale	--	--	60	11¢	32	7¢	4¢
San Francisco	68	14¢	--	--	91	8½¢	5½¢
Oakdale	--	--	60	11¢	32	7¢	4¢
Palo Alto	118	17½¢	--	--	63	13¢	4¢
Merced	--	--	115	15½¢	67	13¢	2½¢
Watsonville	175	25¢	--	--	131	19½¢	5½¢
Barton	--	--	174	27¢	126	23¢	4¢
Gonzales	206	23¢	--	--	164	22½¢	5¢
Pagosa	--	--	210	30¢	162	27½¢	2½¢
Metz	226	36½¢	--	--	181	31½¢	5¢
Tipton	--	--	225	30½¢	177	29½¢	1¢
Coburn	232	38½¢	--	--	188	35¢	5½¢
Quail	--	--	238	31½¢	190	30¢	1½¢
San Lucas	246	38½¢	--	--	201	34¢	4½¢
Delano	--	--	245	31½¢	197	30¢	1½¢
Serrano	317	39½¢	--	--	272	37½¢	2¢
Marcel	--	--	319	31½¢	271	*31½¢	--
Chatsworth	459	39½¢	--	--	406	31½¢	6¢
Pomona	--	--	479	31½¢	431	*31½¢	--

* Rate also applies from San Francisco.

Complainants also compare the spread between the rates on shock from Sacramento to points on the Coast Division of the Southern Pacific, with those contemporaneously in effect from Klamath Falls, Oregon, to the same destination points. North of King City the rates from Klamath Falls are from 1 cent to 5½ cents higher than the Sacramento rates but south of King City both points are on a parity. The distance from Klamath Falls is 315 miles greater than from Sacramento. Complainants contrast these differentials with those they are compelled to pay from Sacramento over the Stockton and San Francisco rates for an additional maximum distance of approximately 78 miles over San

Francisco and 48 miles over Stockton.

Defendants admit the present adjustment is inconsistent but contend that the rates here in issue are influenced by water competition created by the influx of lumber by boat from the Pacific Northwest and by competition of vessels operating on the high seas between California ports and on the bay and rivers, thus making it impracticable to maintain any definite relationship between the three points, not only as to the box shock rates but also as to class rates and commodity rates on such articles as grain, flour, fruit, canned goods and sugar. Water competition, they maintain, particularly influenced the 9½-cent rate from Stockton to San Francisco, and although this competition was likewise prevalent between Sacramento and San Francisco, it was not as acute as between the first two named points, thus justifying the publication of the higher rate of 14 cents from Sacramento. The present boat rate from Stockton to San Francisco via the California Transportation Company is 9½ cents, the same as the rail rate, but from Sacramento to San Francisco it is 11 cents, 3 cents lower than the rail rate. Thus from Stockton defendants have met the water rate but from Sacramento they have failed to extend to Sacramento the same consideration, although in the reverse direction from San Francisco to Sacramento defendants have established the 11-cent rate for the rail haul.

Defendants contend that although the Sacramento rates are on a somewhat higher basis than Stockton and San Francisco, they are not in and of themselves unreasonable. In support of this contention they refer to the rates established by this Commission in Case 1951, Los Angeles Lumber Products vs. S.P. Co. et al., and Case 1973, Madera Sugar Pine Lumber Co. et al. vs. S.P.Co. et al., 23 C.R.C. 217, wherein we prescribed rates on lumber from San Pedro, Madera, Pinedale and Merced Falls to

various points in California, where the rates are in some instances on a higher basis than now in effect from Sacramento. On the other hand, in these proceedings we also set as just, reasonable and nondiscriminatory a rate of 31½ cents from San Pedro to San Francisco, San Jose, Stockton, Sacramento and the points between for a maximum haul of 491 miles, 6 cents lower than the 39½-cent rate here under attack from Sacramento to points on the Coast Division of the Southern Pacific Company for a maximum haul of 467 miles. We likewise directed the establishment of a blanket rate of 29 cents from San Pedro to Oceano, King City and the points between for an average haul of 280 miles, which is 10½ cents lower than the present rate of 39½ cents from Sacramento to Docas, 251 miles.

The record in this proceeding clearly indicates that Sacramento is laboring under a mal-adjustment of rates to the territory here involved. We are of the opinion and so find that the rates assailed will be for the future unjust, unreasonable, unduly prejudicial and preferential to the extent they exceed the following:

FROM SACRAMENTO			
TO	Rate, Cents	TO	Rate, Cents
Elmira	7	Watsonville	22
Hertley	8½	Pacific Grove	22
Rumsey	17½	Salinas	22
Calistoga	17½	Gonzales	24
Santa Rosa	12½	Molus	31
San Francisco	11	Soledad	31
Mountain View	13	Metz	31½
San Jose	11	San Luis Obispo	31½
Los Gatos	16	Ventura	31½
Coyote	15½	Macneil	31½
Hollister	19½	Hewitt	31½
		Pardee	31½

Because of the scope of the territory here involved it is impracticable to prescribe rates to each individual point. Defendants will be expected to establish rates to points not specifically named in harmony with those set forth and to concurrently adjust the rates from Stockton when necessary to avoid unauthorized violations of the long and short haul provision of the State Constitution and Section 24(a) of the Public Utilities Act.

O R D E R

This case being at issue upon complaint and answer on file, 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, which said opinion is hereby referred to and by reference made a part hereof,

IT IS HEREBY ORDERED that the defendants, Southern Pacific Company, The Atchison, Topeka and Santa Fe Railway Company, The Western Pacific Railroad Company, San Francisco-Sacramento Railroad Company and Central California Traction Company, according as they participate in the transportation, be and they are hereby notified and required to cease and desist on or before forty-five (45) days from the date of this order and thereafter abstain from publishing, maintaining and applying rates on box shock in carloads not in accordance with those set forth in the opinion immediately preceding this order.

IT IS HEREBY FURTHER ORDERED that the defendants, Southern Pacific Company, The Atchison, Topeka and Santa Fe Railway Company, The Western Pacific Railroad Company, San Francisco-Sacramento Railroad Company and Central California Traction Company, according as they participate in the transportation, be and

they are hereby notified and required to establish on or before forty-five (45) days from the date of this order upon notice to this Commission and to the general public by not less than five (5) days' filing and posting in the manner prescribed in Section 14 of the Public Utilities Act and thereafter to maintain and apply to the transportation of box shock in carloads the rates as set forth in the opinion immediately preceding this order.

Dated at San Francisco, California, this 29th day of March, 1929.

Thos. G. Brown

W. H. Brown

James G. Brown

Leon Whiteley

M. J. Carr
Commissioners.