

Decision No. 22833.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

THE TEXAS COMPANY,

Complainant,

vs.

SOUTHERN PACIFIC COMPANY,
LOS ANGELES & SALT LAKE RAILROAD
COMPANY,
HARBOR BELT LINE RAILROAD COMPANY,

Defendants.

ORIGINAL

Case No. 2780.

B. W. Max, for complainant.
James E. Lyons, for defendant Southern Pacific
Company.
E. E. Bennett, for defendants Los Angeles &
Salt Lake Railroad Company and Harbor Belt
Line Railroad Company.

BY THE COMMISSION:

O P I N I O N

Complainant is a corporation engaged in the production and distribution of petroleum and its products. By complaint filed November 1, 1929, and as amended, it is alleged that a rate of 4 cents charged during the period October 31, 1927, to June 1, 1928, and a rate of 3½ cents charged subsequent to June 1, 1928, against shipments of petroleum refined oils from industrial tracks at Thernard north of Los Angeles Harbor on the rails of the Southern Pacific Company, hereinafter referred to as the Southern Pacific, to industry tracks at East San Pedro on the Los Angeles & Salt Lake Railroad Company, hereinafter referred to as the Los Angeles & Salt Lake, were and are unjust and unreasonable in violation of Section 13 of the Public Utilities Act and prejudicial and

discriminatory in violation of Section 19 of the Act. The prayer is for just and reasonable rates for the future and reparation with interest. The original name of this complainant was the California Petroleum Corporation, and same was changed to The Texas Company by decree of the Superior Court of Los Angeles County entered May 18, 1928.

A public hearing was held before Examiner Geary at Los Angeles April 23, 1930, and the case having been duly submitted and briefed is now ready for our opinion and order. Rates will be stated in cents per 100 pounds.

Shipments prior to June 1, 1929, moving from Thenard to East San Pedro first received a service by the Southern Pacific from the industry tracks at Thenard to interchange tracks with the Los Angeles & Salt Lake at (Mead) Thenard, thence Los Angeles & Salt Lake to East San Pedro, an actual distance of 4.78 miles. On and after June 1, 1929, the terminal properties of the four trunk line carriers, The Atchison, Topeka and Santa Fe Railway Company, Los Angeles & Salt Lake Railroad Company, Pacific Electric Railway Company and Southern Pacific Company serving the Harbor, were merged for operating purposes. (I.C.C. Docket 6878, C.R.C. Application 14899.) The agreement for the unified railroad operations at the Los Angeles Harbor embraces all freight transportation facilities and services within the district bounded on the north by Anaheim Street; on the south by the southerly boundary line of the City of Los Angeles; on the east by a line extending southerly from Anaheim Street along the easterly line of Badger Avenue to its intersection with the boundary line between the cities of Los Angeles and Long Beach, and thence southerly along said boundary line to the southerly boundary line of the City of Los Angeles; and on the west by the westerly boundary line of the City of Los Angeles. The area included within this terminal comprises about 13.5 square

miles, with 125 miles of tracks, having a claimed property value of \$59,000,000, and is within what were formerly three separate and independent switching limits, that of Wilmington, across the northern part of the zone, San Pedro along the western part, and East San Pedro along the eastern part.

Concurrently with the consolidation of the properties at Los Angeles Harbor, defendants cancelled the joint rate of 4 cents applying via the Southern Pacific and Los Angeles & Salt Lake, and the Southern Pacific established a local rate of $3\frac{1}{2}$ cents from Thenard to the Los Angeles Harbor.

The reduction to the $3\frac{1}{2}$ -cent rate effective June 1, 1929, was the former single line rate of the Southern Pacific applicable via its own rails from Thenard to Wilmington, but which did not apply for the two-line haul from Thenard to Wilmington or East San Pedro on the Los Angeles & Salt Lake.

The record covering the history of the rates here involved on petroleum refined oils, including gasoline, shows that they are responsive to a competitive situation originating with a rate of 3 cents effective December 16, 1908, published in order to meet rates established by the Santa Fe from El Segundo to Los Angeles between which points the oil companies threatened construction of a pipe line. With the war-time increases and reductions this rate became consecutively 4 cents June 25, 1918; $7\frac{1}{2}$ cents August 10, 1918; $8\frac{1}{2}$ cents August 26, 1920; and $6\frac{1}{2}$ cents April 8, 1921, following which date the oil companies again threatened the construction of a pipe line and the Santa Fe again reduced the rate from El Segundo to Los Angeles in keeping with which the Thenard rate became 4 cents as of February 28, 1922, remaining in effect until the beginning of unified operations at the Harbor.

There is also the further contention that the oil rates

between many points in Southern California are greatly depressed below reasonable railroad rates because of the severe motor truck competition which exists in this territory.

Complainant is contending for a rate of 2 cents, but it is apparent that any such rate would manifestly have to apply to all points within the Los Angeles Harbor where there is already in effect a higher switching rate of 3 cents between the extreme points within the Harbor switching limits. Complainant's proposed adjustment would automatically enlarge the Harbor area and extend the agreed and defined boundaries.

The record shows that in all of the Los Angeles territory the producers, refiners, consumers and carriers are in most active competition, that the railroads have been forced to reduce rates many times and that they have endeavored to keep the producing points on or near an equality, particularly as between the Los Angeles fields and the Harbor points. The complaint seems to be based principally upon the fact that the distance from Thensard to the Harbor is less than from other shipping points, but such a situation is inevitable where rates are made on the group plan. In the making of group or zone rates distances must be and are subordinated to the other considerations, as here the competition between the producing points. The assailed rates have not been shown to be either unreasonable per se, prejudicial, discriminatory or otherwise unlawful. The complaint will be dismissed.

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 the order on the findings of fact and the conclusions contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the above entitled proceeding
be and the same is hereby dismissed.

Dated at San Francisco, California, this 30th day
of September, 1930.

C. L. Leavelle

Leon A. Pittell
John D. Curtis

W. H. Lee
Commissioners.