

Decision No. 23103

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

CAPITAL RICE MILLS, a partnership,
Complainant,)

vs.)

SACRAMENTO NORTHERN RAILWAY,
a corporation,)
Defendant.)

Case No. 2686.

WILLIAM CRAWFORD, an individual
doing business as the WOODLAND
RICE MILLS,
Complainant,)

vs.)

SACRAMENTO NORTHERN RAILWAY,
a corporation,)
Defendant.)

Case No. 2778.

C. R. Schulz, for the complainants.

L. N. Bradshaw, for the defendant.

BY THE COMMISSION:

O P I N I O N

Complainant in Case 2686 alleges that the rate main-
tained by defendant for the transportation of paddy rice from
Chico, Esquon, Durham, Blavo, Ramada, Shippee, Rio Bonito, East
Biggs, East Gridley, Live Oak, Sutter, Tarke and Meridian to
West Sacramento and Arbee are unduly prejudicial and disadvan-
tageous to complainant located at West Sacramento and unduly

preferential and advantageous to its competitor at Arbee. In Case 2778 complainant alleges that the rate from the same points of origin involved in Case 2686 to Woodland and Arbee are unduly prejudicial and disadvantageous to complainant located at Woodland and unduly preferential and advantageous to its competitor at Arbee.

Complainants ask that we remove the alleged undue prejudice and preference. Rates are stated in cents per 100 pounds.

A public hearing was held before Examiner Geary at San Francisco September 4, 1930. By stipulation the two proceedings were heard upon a common record and will be disposed of in one decision.

Both complainants are engaged in the milling of rice. The Woodland Rice Mills maintains a plant at Woodland for this purpose and the Capital Rice Mills has a plant at West Sacramento. There are other rice mills in the Sacramento Valley, including one at Arbee with which complainants are in competition. Generally the millers obtain paddy rice by competitive bidding at the point of production or at nearby warehouses. The freight rate, which largely determines the mill to which the paddy rice will move, is paid by the miller. Each 100 pounds of paddy rice will yield about 70 pounds of clean rice and 10 pounds of by-products. The balance is waste in the form of hulls.

Excepting from points on the Colusa Branch, the present rates from the points of origin here involved to West Sacramento and Woodland are on a parity, ranging from $8\frac{1}{2}$ cents to $15\frac{1}{2}$ cents for hauls varying from 55 to 112 miles. The corresponding local rates to Arbee are from 5 cents for 7 miles to $10\frac{1}{2}$ cents for 65 miles. In addition to the local rates to Arbee defendant also has in effect a blanket proportional rate of 5 cents.

There are no proportional rates in effect to West Sacramento or Woodland. Complainants do not attack the local rates to either West Sacramento, Woodland or Arbee, but they contend that in view of the 5-cent proportional rate now in effect to Arbee they should likewise be accorded a proportional rate to their mills not to exceed 7 cents.

The 5-cent proportional rate to Arbee was published effective November 12, 1928, in an endeavor on the part of defendant to retain to its rails a portion of the paddy rice traffic which was then moving to Biggs by truck at a rate of approximately \$1.00 per ton. The application of the 5-cent proportional rate is restricted as follows:

Applies only on shipments milled at Arbee, Cal., and reshipped from that point via Sacramento Northern Railway or Sacramento Northern Railway and its connections.

Full local rates will be charged into milling point and refund to basis of rates named in this item, or prior items, in effect as of the date of shipment from original point of origin, will be made upon evidence of reshipment of cleaned rice, broken rice, brewers' rice, paddy rice screenings, rice bran, rice hulls, rice meal (mixture of rice bran and rice polish) and rice polish, amounting to 75% or more of inbound tonnage.

Inbound charges must be paid by the same party who reships outbound and refund made only to said party.

Reshipment from milling point must be made within 12 months after date of arrival at such point.

Thus the 5-cent rate to Arbee may be used only when cleaned rice or the other products of paddy rice are reshipped by defendant's line or its connections from Arbee. Under the circumstances the 5-cent rate, per se, can not be held to create undue preference or prejudice, as it is only a part of a through rate. Obviously to determine whether undue preference or prejudice exists it is necessary to ascertain whether or not the 5-cent rate used in combination with rates beyond Arbee give to this point an undue advantage over complainants.

The record does not show the exact points of destination to which the products of paddy rice ordinarily move beyond

Arbee, West Sacramento and Woodland. The only evidence on this point was presented by a witness for complainants who testified the principal markets for cleaned rice were San Francisco, the eastern United States, the Hawaiian Islands, Porto Rico and various foreign countries.

In reaching San Francisco complainants now have a rate advantage over Arbee, both in connection with the local traffic and traffic moving through San Francisco via vessel to the Hawaiian Islands, Porto Rico and foreign countries. The following transportation charges paid by the Arbee, West Sacramento and Woodland mills from point of production to San Francisco, based upon a unit of 100,000 pounds of paddy rice inbound to the milling points and 80,000 pounds of the products outbound to San Francisco, are illustrative. The movement from the milling point to San Francisco is via rail in all cases, although if the complainant at West Sacramento availed itself of water transportation it would have a further advantage over Arbee.

To San Francisco		: Aggregate Transportation Charges on : Shipments Milled in Transit at			
From		:	:	:	
		:	Arbee	West Sacramento	Woodland
Chico		\$251	\$241		\$241
Durham		240	236		236
Esquon		240	226		226
Blavo)					
Ramada)	237		226		226
Shippee)					
Rio Bonito		237	216		216
East Biggs)					
East Gridley)	235		206		206
Live Oak		235	201		201
Sutter		232	246		271
Parke)					
Meridian)	231		256		236

Apparently complainants' disadvantage and the primary cause for this complaint are their inability to reach the eastern transcontinental markets at equal rates with Arbee. The rates

from Arbee, West Sacramento and Woodland to transcontinental points are on a parity; thus the lower inbound proportional rate to Arbee makes a lower through charge than from West Sacramento or Woodland. Although the final destination of this traffic is at interstate points, complainants contend we have authority to remove the alleged prejudice and cite in support thereof Alabama and Vicksburg Railway Company vs. R.R. Commission, 203 U.S. 495, and A.T. & S.F. Ry. vs. State, 267 Pac. 253. These cases however are not in point. In the Alabama and Vicksburg Railway case the only question decided was the power of the Railroad Commission of the State of Mississippi to force an equality of local rates between all parties shipping for the same distance over the same road, while in A.T. & S.F. Ry. vs. State the court upheld the right of the State Corporation Commission of Oklahoma to adjust the intrastate rates to remove a discrimination caused by interstate rates. Here the question is whether the mills at West Sacramento and Woodland are unduly prejudiced and Arbee unduly preferred by the aggregate charges from the point of production to the milling point and from the milling point to a final interstate destination. Apparently complainants proceed upon the theory that the movement from the point of origin to the mills is purely a local shipment and although the transit point is not the final destination the continuity of the shipment is there broken. There is nothing in this record to warrant this assumption, and in the absence of evidence showing conclusively that the continuity of the shipments subsequently moving to interstate points is definitely broken at West Sacramento, Woodland or Arbee, it must be presumed that the movement from the point of production to the final destination was interstate traffic, over which we have no jurisdiction.

The complaints will be dismissed.

O R D E R

These cases 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 preceding opinion,

IT IS HEREBY ORDERED that the above numbered proceedings be and the same are hereby dismissed.

Dated at San Francisco, California, this 24th day of November, 1930.

C. L. ...

Leon ...
Thos ...

Commissioners.