

Decision No. 23780.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of )  
 SOUTHERN PACIFIC COMPANY for order )  
 authorizing certain changes in the )  
 routes specified in Southern Pacific )  
 Company's G.F.D. Circular No. )  
 199-E, C.R.C. 2711, via which rates ) Application No. 17097.  
 between points on lines of applicant )  
 (Pacific System) apply when not other- )  
 wise specifically provided in individ- )  
 ual tariffs making reference thereto. )

James E. Lyons and A. L. Whittle, by A. L.  
 Whittle, for applicant.  
 E. J. Forman and R. P. McCarthy, for Globe  
 Grain and Milling Company, protestant.  
 C. S. Connolly, for Albers Bros. Milling  
 Company and Oakland Chamber of Commerce.  
 Carl R. Schulz, for San Francisco Milling  
 Company, Limited.  
 J. E. McCurdy, for Poultry Producers of  
 Central California.  
 E. B. Smith, for Sperry Flour Company.

BY THE COMMISSION:

O P I N I O N

This is an application by the Southern Pacific Company under Section 63 of the Public Utilities Act for authority to amend Item 350-A of G.F.D. Circular 199-E, C.R.C. No. 2711, as set forth in Exhibit "B" of the application as amended. This item specifies routes via which rates between points on applicant's lines apply when individual tariffs do not specifically provide otherwise.

Public hearings were held before Examiner Geary at Los

Angeles on February 25, 1931, and at San Francisco on March 4, 1931, and the application having been duly heard and submitted on briefs is now ready for our opinion and order.

Item 350-A of Routing Circular 199-E, C.R.C. 2711, which applicant proposes to amend, reads as follows:

Item No.:	BETWEEN	AND	Unless otherwise specifically provided in Individual Tariffs making reference hereto, rates in such Tariffs apply only via
350-A	:San Jose, Cal.	:Cruz, Cal.	:Gilroy, Cal.
350	:via Pacmanco and Ruric, Cal.	:and points beyond Watsonville Junction, Cal. and points beyond via Elkhorn, Cal.	
		:Santa Cruz, Cal.	:Watsonville Jct., Cal.
		:Davenport, Cal.	:Glenwood, Cal.
		:and points between	

In San Francisco Milling Co. Ltd. vs. Southern Pacific Company, 33 C.R.C. 178, decided June 10, 1929, the Commission found that under a reasonable interpretation of the item above quoted the line haul rates named in applicant's grain and grain products Tariff 659-D, C.R.C. 3283, from points north of Suisun-Fairfield to Southern California destinations applied via applicant's coast line via Gilroy (hereinafter referred to as the coast route). Applicant asserts that it was never the intention that this item should apply on such traffic and that until this Commission's decision in the San Francisco Milling Company case it was not so construed. It proposes to amend Item 350-A so as to restrict the coast route to traffic between points in Northern California on the one hand and Southern California points on the other only where the short line mileage is via that route.

Prior to March 22, 1924, the Gilroy routing provided in the

first block of Item 350-a was confined to the territory "Watsonville Junction, Cal. to but not including Santa Cruz, Cal." when to or from San Jose and points north thereof. On this date the item was amended to include the territory "Watsonville Junction, Cal. and points beyond via Elkhorn, Cal." when to or from San Jose and points beyond via Pacmanco and Ruric, which had the effect of eliminating the application of rates via the short line via Glenwood and Santa Cruz applicable under the provisions of Item 10. Applicant asserts that this change was made to remove a violation of the long and short haul provisions of Section 24(a) of the Public Utilities Act brought about by the existence of lower rates on grain to or from points Watsonville Junction and south than applied at intermediate points on the short line route via Glenwood and Santa Cruz and to eliminate this route on all traffic between San Jose and points north on the one hand and Watsonville Junction and points south on the other due to the difficult operating conditions encountered in handling traffic over that line. As an indirect result of this change and due to what applicant contends was an error in tariff publication the routing was unintentionally broadened so as to authorize the application of rates between points in Northern California on the one hand, and Southern California on the other, via applicant's coast line through Gilroy, irrespective of the fact that the short line mileage was via the San Joaquin Valley line through Mojave. A still further effect of the change applicant contends was to confine rates between the territory mentioned above to the coast line route, thus removing the application of such rates via the short line through the San Joaquin Valley and Mojave which had the effect of creating numerous increases in rates. However, this contention is directly contrary to our findings in the San Francisco Milling Co. case

that Item 350-1 applied "either via the San Joaquin Valley or via defendant's coast line through Watsonville", and fails to take into consideration other items of the circular which may apply.

Exhibits submitted by applicants show the specifically published class rates and the commodity rates on crude and fuel oil, grain and grain products, sheep and goats and lumber and articles taking lumber rates between representative Sacramento Valley points and coast line points which exceed by varying amounts the rates to Los Angeles shown by the exhibits. It is pointed out by applicant that unless the proposed routing restriction is authorized it will result in a disruption of a long established rate structure causing substantial reductions in its rates and revenues. It is apparent from this record that the present rates between Sacramento Valley points and Los Angeles and other Southern California points were not intended to apply via the coast route.

Applicant contends that due to this error in tariff publication there has been opened up a new route via the coast line which on traffic between the Sacramento Valley and Southern California points is not only circuitous but from an operating standpoint is more burdensome than the San Joaquin Valley route. From Davis, a typical Sacramento Valley point, to Los Angeles, a typical Southern California point, the short line mileage via the valley route through Mojave is 460 miles as against the short line mileage via the coast route through Gilroy of 530 miles, a difference of 70 miles representing a circuitry via the coast route over the valley route of approximately 15%. This percentage slightly decreases as the mileage increases from points north of Davis. The record also shows that traffic from Sacramento Valley points to Southern California is and for many years has been handled via

the San Joaquin Valley route through Mojave, such traffic being consolidated at Roseville and moved in through trains. Owing to the manner in which applicant's facilities are laid out and the availability of tonnage in making up through trains this is the logical and economical route for handling such traffic and to move traffic via the coast route, in addition to the longer operating mileage, involves more extensive terminal handlings and a delay in moving to or from Los Angeles over this route.

The Oakland Chamber of Commerce and certain milling companies protested the granting of the application. Their principal objection to the proposed routing restriction is that they will be deprived of the coast route in connection with shipments of grain originating at Sacramento Valley points, when milled in transit at San Francisco or Oakland and destined to points in Southern California. Under the provisions of paragraph F of Item 1400-G of Southern Pacific Company's Terminal Tariff 230-J, C.R. C. 3183, they are now able to use the longer mileage via coast route to void the out-of-line charge they would otherwise be compelled to pay by reason of their geographical location. While not denying that the privilege they now enjoy was obtained through an error in tariff publication they contend that the additional mileage via the coast route does not create a route which is more circuitous than many alternative routes permitted by other items in the routing circular. In this protestants are correct, but obviously they have failed to give consideration to the higher operating costs in handling the traffic via the coast route. While some objection was made by protestants to the curtailment of the reconsignment privileges no evidence was offered to show that the route sought to be eliminated is a necessary and normal route for traffic moving between points in the Sacramento Valley

and Southern California.

After consideration of all the facts of record we are of the opinion and find that the proposed amendment is justified and reasonable, and that applicant should be authorized to confine its coast line routing to rates between points in Northern California on the one hand, and Southern California points on the other where the short line mileage is via that line.

The method of publication proposed by applicant to accomplish the proposed routing restriction results in the establishment of 77 separate routes to take the place of three now shown in Item 350-A. This publication is unduly complicated and if used in connection with other items of the circular will result in a cumbersome routing circular. Item 350-A as applicant proposes to amend it will not here be approved. The record will be held open for a period of 60 days to permit applicant to submit to the Commission for its approval a less cumbersome form of publication.

#### O R D E R

This application 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 foregoing opinion,

IT IS HEREBY ORDERED that applicant, Southern Pacific Company, be and it is hereby authorized to amend Item 350-A of its Routing Circular 199-E, C.R.C. No. 2711, to the extent shown in the opinion which precedes this order, subject to the condition that applicant submit within sixty (60) days from the date hereof

a form of publication which shall meet with the approval of the Commission.

IT IS HEREBY FURTHER ORDERED that this proceeding be held open for a period of sixty (60) days from the date hereof for the purpose set forth in the foregoing paragraph.

Dated at San Francisco, California, this 15<sup>th</sup> day of June, 1931.

C. Scary  
Leon Whitney  
M. H. C.  
M. B. Harris  
Fred G. Stewart  
Commissioners.