

Decision No. 24923

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of G. F.)
 SQUIRES, Agent, for and on behalf of:)
 HARBOR BELT LINE RAILROAD, an operating)
 agency of The Atchison, Topeka and Santa)
 Fe Railway Company, Los Angeles and Salt)
 Lake Railroad Company, Pacific Electric)
 Railway Company and Southern Pacific Com-)
 pany (Pacific Lines), for authority under)
 Section 63 of the Public Utilities Act to)
 establish certain increased rates.)

Application No. 17826.

George F. Squires, Manager, and R. E. Wedekind,
 Attorney, for the applicant.

B. F. Carmichael and F. W. Turcotte, for Crescent
 Wharf and Warehouse Company and Carmichael
 Traffic Corporation, protestants.

H. R. Brashear, for Los Angeles Chamber of Com-
 merce, protestant.

C. E. Barry and Charles A. Bland, for Board of
 Harbor Commissioners of the City of Long Beach,
 interested party.

W. A. Dahlquist, for the Los Angeles Harbor De-
 partment, interested party.

BY THE COMMISSION:

O P I N I O N

Applicant G. F. Squires is the General Manager and
 Tariff Publication Agent of the Harbor Belt Line Railroad, an
 operating agency for and on behalf of The Atchison, Topeka and
 Santa Fe Railway Company, Los Angeles & Salt Lake Railroad Com-
 pany, Pacific Electric Railway Company, Southern Pacific Com-
 pany and the City of Los Angeles. By this proceeding authority
 is sought under Section 63 of the Public Utilities Act to cancel

Items Nos. 890, 930-A and 950, published in first revised page 28 of Belt Line Terminal Tariff No. 1, C.R.C. No. 1.

The items are as follows:

<u>Item No.</u>	<u>Intra-Terminal Switching Zone within which Rates apply</u>	<u>Between</u>	<u>And</u>	<u>Commodity</u>	<u>Rate Per Car</u>
890	East San Pedro	Wharves within switching limits of East San Pedro Zone as described in Item No. 830 series	Tracks of Crescent Wharf & Warehouse Company	Freight.... Carloads	\$3.60
930-A Cancels 930	San Pedro	Tracks of Los Angeles Compress and Warehouse Company	Tracks serving Municipal Pier No. 1, Municipal Warehouse No. 1 and Interchange Tracks with Outer Harbor Terminal Railway Company	Cotton... Carloads	\$5.00
950		<u>From</u> Interchange Tracks with O.H.T.Ry.Co.	<u>To</u> Industry Tracks or Wharves within Switching Limits of San Pedro Zone as described in Item No. 840 Series	Freight.. Carloads When originating at Industry Tracks or Wharves within switching limits of connecting lines at same station	\$3.60

The applicable rate after cancellation of the items will be 34 cents per ton or 2000 pounds, minimum \$7.20 per car, as per items 860 and 900.

Public hearings were held before Examiner Geary at San Pedro February 19, 1932, and at Los Angeles April 1, 2 and 26, and the proceeding having been duly submitted and briefs filed, is now

ready for an opinion and order. At the hearing the Crescent Wharf and Warehouse Company, the Carmichael Traffic Corporation and the Los Angeles Chamber of Commerce intervened in opposition to the application.

The Harbor Belt Line Railroad (hereinafter referred to as the Belt Line) is an agency for the owners of the properties, and since June 1, 1929, has conducted the operations of the railroad facilities as a unit within a described territory known as the Los Angeles Harbor, by virtue of an agreement between the parties and under authority of a certificate of public convenience and necessity issued by the Interstate Commerce Commission in Finance Docket No. 6878 (150 I.C.C. 649) and of Application No. 14899 before the Railroad Commission of the State of California.

The zone of unified operations embraces an area of approximately 13 square miles, with 126 miles of tracks, including some 56 miles owned by the Harbor Department of the City of Los Angeles. The territory includes the communities of Wilmington, San Pedro and East San Pedro. Since the decision in I.C.C. Docket No. 6878, supra, carefully and completely sets forth all details of the Belt Line activities, it will not here be necessary to further discuss them.

For rate making purposes the Los Angeles Harbor is divided into three zonal switching limits, East San Pedro, San Pedro and Wilmington. Within each of these zones the tariff provides for freight in car loads, a charge of 34 cents per ton, minimum \$7.20, applying between all depot, industry and wharf tracks. The three items to be cancelled constitute an exception to this general item and applicant contends that their cancellation is necessary in order to bring about a logical, reasonable and orderly adjustment of the intra-terminal switching charges and that the increased rates

proposed will be just, reasonable and non-discriminatory.

Item 890 in effect at East San Pedro applies only when to or from tracks of the Crescent Wharf and Warehouse Company, Item 930-A at San Pedro on cotton and only between tracks of Los Angeles Compress and Warehouse Company and tracks of Municipal Pier No. 1 and interchange track of Outer Harbor Terminal Railway, while Item No. 950 applies at San Pedro from interchange tracks of the Outer Harbor Terminal Railway to industry tracks or wharves.

Testimony showed that Item 930-A, the rate for switching cotton, was established in 1921, since which date conditions have changed, the facilities modernized, and among other things the tonnage is now being moved by stevedoring arrangements with tractors from the wharves to the storage lots. No California cotton has been handled under the rate for several years. Under Item 950 the \$3.60 charge applies only from the interchange tracks of the Outer Harbor Terminal Railway when cars originate on industry tracks in the Outer Harbor, to industry or wharf tracks located on the Belt Line in the San Pedro zone. Applicant proposes to publish a joint rate of 34 cents, minimum \$7.20, for this completed service, thus placing the Outer Dock shippers on a parity with shippers on the Belt Line within the San Pedro zone. There were no serious objections to the cancellation of these two items.

The primary issue in this proceeding involves the cancellation of Item 890, naming a charge of \$3.60 for freight carloads switched at East San Pedro between tracks in the open storage yards of the Crescent Wharf and Warehouse Company and the municipal wharves.

The testimony of witnesses for protestant Crescent Wharf and Warehouse Company disclosed that as early as 1910 the railroad serving East San Pedro had in effect a charge of \$2.50, which by

reason of war-time changes and other adjustments created the present charge of \$3.60. In 1918, because of harbor developments the Terminal Island (East San Pedro) properties were inoperative and continued closed until 1923. After the use of the lands was restored this protestant entered into a 24-year lease with the Union Pacific and on the faith that the switching charge would be maintained, invested approximately \$82,000 in a warehouse and \$24,000 in the storage yards.

Protestant's shipments consisted principally of boiler tubes, steel and wrought pipe, pig iron, crude rubber and lumber. In the year 1931, of the 154 cars handled to the open storage yards only one was intrastate, the other 153 being from interstate or foreign points. Applicant showed that the charge for switching to storage yards at Wilmington and San Pedro was 34 cents a ton, with a car minimum of \$7.20, but further testimony revealed that the shippers actually stevedored the tonnage into the storage yards of protestants' competitor by use of tractors and practically none moved by rail. The record also shows that protestants are in competition with the storage yards in the Outer Harbor district, located on the Outer Harbor Terminal Railway at San Pedro, where a rate of \$3.60 to the open storage yards remains in effect.

In support of its contention that both its present and proposed switching charges are unremunerative, applicant presented exhibits giving results for the entire Belt Line operations, showing that for the year 1931 the average revenue per car for intra-terminal switching was \$11.20 and the system's average gross terminal cost per loaded car handled was \$10.27, leaving a net revenue of \$1.03 per car. These figures are exclusive of any allowance for taxes or return on valuation of the properties devoted to the services. The total number of loaded cars handled in 1931 by

the Belt Line was 82,500, and of these only 4,436, or slightly more than 5%, were moved in the intra-terminal service. The exhibit also showed that the average engine service cost for 1931 was \$8.06 per hour. A test was made by applicant, of the time consumed in the movements of three cars, starting empty from the Dock Street storage yards, loaded at the wharves, hauled to the industry tracks of the Crescent Wharf and Warehouse Company and returned empty to point of commencement. This service required 115 minutes, or an average of 38 $\frac{1}{3}$ minutes per car, which at the rate of \$8.06 per hour average engine costs, amounted to \$5.15, plus trackage charges and car rentals, making a total cost of \$9.18 per car.

Protestant secured in March, 1932, a time check in connection with six cars covering the same switch performance and accounted for but 41 minutes, 35 $\frac{1}{2}$ % of that claimed by applicant, or \$1.83 per car instead of \$5.15, to which they added \$1.00 for track charges, the same as applicant, and 54 cents for car rental instead of \$3.00 claimed by applicant, making a total per car cost of \$3.37 instead of \$9.18.

The distance from the wharves to Crescent storage yards is 8,800 feet, equal to 1.67 miles, but distance is not controlling in switching costs; the time consumed in rendering the service is more important and this element will differ according to conditions with every service rendered.

Protestant generally objected to the increase and contended that the cost studies being based upon averages and estimates had no evidential value. They refer to the basic rate having been in effect for more than 20 years, the large investment made upon the belief that the rate would continue, the short haul involved, the placing of cars at both terminals with protestant's motors, the continuation of the \$3.60 charge for their competitors

at the Outer Harbor and the fact that certain other competitors passing tonnage over the municipal wharves use tractors, a service not possible or employment by the Crescent because of the differing thoroughfare conditions.

Uniform switching charge applying to all commodities alike, within prescribed zones, is of course desirable, but where as in the instant proceeding the competition between the delivering facilities used by the shippers controls the tonnage there is no justification for changing a charge long in effect, which will increase rather than remove a claimed discrimination and result in disaster to the users of the rate to be cancelled. There are deviations from the uniform switching charges at many stations in California where selected commodities or tracks are given special treatment to meet unusual situations, such as now exist to the storage yards of the Crescent Wharf and Warehouse Company at East San Pedro.

This application was filed December 1, 1931, since which date, and effective January 28, 1932, because of an emergency increase of 10% granted to all railroads the switching charge became \$3.96 and the new factor must be considered instead of the old one of \$3.60.

Upon the record we find that applicant has not justified the cancellation of Item No. 890. An order will be entered permitting the cancellation of Item No. 930-A. Item No. 950 may be cancelled upon the publication of a joint charge of 34 cents per ton, minimum \$7.20 per car, applying from points on the Outer Harbor Terminal Railway to industry tracks and wharves of the Belt Line within the switching limits of the San Pedro zone.

ORDER

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 preceding opinion,

IT IS HEREBY ORDERED that applicant Harbor Belt Line Railroad, G. F. Squires, Agent, be and it is hereby authorized to cancel from Harbor Belt Line Railroad Terminal Tariff No. 1, C.R. C. No. 1, Item No. 930-A, and to cancel Item No. 950 after the publication of a rate of 34 cents, minimum \$7.20 per car, from points on the Outer Harbor Terminal Railway to industry tracks and wharves on the Belt Line within the switching limits of the San Pedro zone.

IT IS HEREBY FURTHER ORDERED that in all other respects the application be and it is hereby denied.

The authority herein granted shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 27th day of June, 1932.

C. Seaver
Leon Swisher
W. D. Lee
M. B. Harris
Fred G. Stewart
Commissioners.