

Decision No. 25041.**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension by the
Commission on its own motion of certain
reduced rates named in LOS ANGELES-LONG
BEACH DESPATCH LINE Local Freight Tariff
No. 1, C.R.C. No. 1, between San Fran-
cisco, Oakland, Berkeley and Alameda and
Long Beach.

Case No. 3262.

In the Matter of the Suspension by the
Commission on its own motion of certain
reduced rates named in SOUTH COAST
STEAMSHIP COMPANY Local Freight Tariff
No. 5, C.R.C. No. 5, between San Fran-
cisco and Oakland and Los Angeles Harbor.

Case No. 3263.

In the Matter of the Investigation on the
Commission's own motion into the class
and commodity rates, or any of them, of
SOUTH COAST STEAMSHIP COMPANY, a corpora-
tion operating vessels as a common carri-
er between San Francisco Bay points and
Monterey and Los Angeles Harbor (San
Pedro).

Case No. 3264.

In the Matter of the Suspension by the
Commission on its own motion of certain
reduced rates named in LOS ANGELES-LONG
BEACH DESPATCH LINE Joint Freight Tariff
No. 2, C.R.C. No. 4, between San Francis-
co, Oakland, Alameda and Berkeley, and
Long Beach, Los Angeles, San Pedro and
Wilmington.

Case No. 3282.

Reginald L. Vaughan, by Scott Elder, for California
Interurban Motor Transportation Association.
Gwyn E. Baker, for South Coast Steamship Company and
Los Angeles-Long Beach Despatch Line.
Lillick, Olson & Graham, by Ira S. Lillick and
Chalmers G. Graham, for Standard Steamer Lines,
Pacific Coast Conference, lines being McCormick
Steamship Company, Los Angeles Steamship Company,
Nelson Steamship Company, Christenson-Hammond
Line, Los Angeles-San Francisco Navigation Com-
pany and Chamberlain Steamship Company.
E. G. Wilcox, for Oakland Chamber of Commerce.
C. S. Booth, for California Truck Company, Inc.,
and Citizens Truck Company, Ltd.
Wm. Gissler, for Los Angeles-Long Beach Despatch Line.

SEAVEY, Commissioner:

O P I N I O N

By orders dated May 23 and June 20, 1932, in Cases 3262, 3263 and 3282 the Commission suspended certain reduced commodity rates between San Francisco Bay points on the one hand and Long Beach, Los Angeles or Los Angeles Harbor points on the other, as published in Items 545-A, 595-D, 605-E, 625-B, 747-B and 748 of Los Angeles-Long Beach Despatch Line Local Freight Tariff No. 1, C.R.C. No. 1 (filed to become effective May 28, 1932); Items 360-A, 385-A, 400-A, 401 and 410-A of South Coast Steamship Company Local Freight Tariff No. 5, C.R.C. No. 5 (filed to become effective May 30, 1932); and Items 3, 20-A, 25-A, 35-A and 57-A of Supplement No. 1 to Los Angeles-Long Beach Despatch Line Joint Freight Tariff No. 2, C.R.C. No. 4 (filed to become effective June 25, 1932), to determine if such rates were unduly low or otherwise unlawful. Case No. 3264 was instituted on the Commission's own motion to determine if the class rates contained on page 14 and the commodity rates named in Items 245, 285, 290, 365, 440, 495, 505 and 515 of Local Freight Tariff No. 5, C.R.C. No. 5 of South Coast Steamship Company, applicable between San Francisco Bay points and Los Angeles Harbor were in the public interest.

Public hearings in all four of the proceedings were held at San Francisco June 9, 24 and 25, and submitted on the latter date.

Respondents are common carriers of property by vessel between San Francisco Bay points and Southern California points and points intermediate thereto. The South Coast Steamship Company owns and operates two wooden vessels of steam schooner type.

On the south-bound voyage Monterey, San Simeon and San Luis Obispo are served; north bound Monterey is made a port of call. A bi-weekly schedule is maintained. The Los Angeles-Long Beach Despatch Line owns no vessels but operates under charter wooden steamers of a type similar to those owned by the South Coast Steamship Company. It has a sailing approximately once a week.

Protestants McCormick Steamship Company, Los Angeles Steamship Company, Nelson Steamship Company and Christenson-Hammond Line, members of the Pacific Coastwise Conference, operate in competition with respondents.

While respondents advanced several minor reasons for desiring to make effective the proposed rates the record convinces me that their primary purpose was to attempt to obtain traffic from their competitors. This they did without giving any serious consideration to the cost of service. Neither respondent is operating at a profit. The total investment of the South Coast Steamship Company is approximately \$26,000 and that of the Los Angeles-Long Beach Despatch Line \$2,000. According to a statement filed at the hearing the South Coast Steamship Company during the first four months of 1932 operated at a loss of \$2,504.56. The Los Angeles-Long Beach Despatch Line during the first four months of this year lost \$776.93. During the ten months of the previous year that this service was in existence this respondent sustained a loss of \$5,345.61. Protestants, although maintaining rates in excess of those proposed by respondents, are likewise operating at substantial losses.

Respondents attempted to show that rates should be maintained by their lines lower than those in effect via the Conference Lines for the reason that their service was slower and insurance costs were higher. The record shows however that service of several of the Conference Lines is neither materially faster nor

more frequent than that of respondents; nor is there any difference in the insurance cost on respondents' vessels and that applicable to the wooden vessels and some of the steel vessels operated by several of the Conference Lines.

Respondents have failed to sustain the burden of justifying the rates here involved. The Commission should find that the rates under suspension should be cancelled. The class and commodity rates involved in Case 3264 should not be lower than the rates concurrently in effect via the Los Angeles-Long Beach Despatch Line. This should not be construed, however, as a finding that the rates of the Los Angeles-Long Beach Despatch Line are maximum reasonable rates.

I recommend the following form of order:

O R D E R

These proceedings 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 opinion which precedes this order,

IT IS HEREBY ORDERED that respondents Los Angeles-Long Beach Despatch Line and South Coast Steamship Company be and they are hereby ordered and directed to cancel and withdraw on or before August 23, 1932, on not less than five (5) days' notice to the Commission and the public all of the rates involved in these proceedings.

IT IS HEREBY FURTHER ORDERED that respondent South Coast Steamship Company be and it is hereby ordered and directed to establish concurrently with the cancellation of the rates involved in Case No. 3264 like rates not lower than those now maintained by the Los Angeles-Long Beach Despatch Line.

IT IS HEREBY FURTHER ORDERED that upon the cancellation of these rates our suspension orders of May 23 and June 20, 1932 be and they are hereby vacated and set aside and all four of these proceedings discontinued.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 8th day of August, 1932.

Al Shaver
Leon Whidley
M. A. Carr
W. B. Harris
Fred G. Stewart
Commissioners.