

ORIGINAL

Decision No. 25243 .

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation)
on the Commission's own motion into ()
the operation of the various trans-)
portation systems doing business in ()
the State of California.)
()

Case No. 3154.

Associated Jobbers and Manufacturers by Rex Sawyer.
A. M. Akins, franchise carrier.
Albers Bros. Milling Co., by C. S. Connolly.
Associated Oil Company, by R. Hutcherson.
American Short Line R.R. Assn., by Clarence M. Oddie.
Atchison, Topeka and Santa Fe Ry., by Robert Bremen,
Gerald E. Duffy and Berne Levy.
Alameda Chamber of Commerce, by E. G. Ryder.
Acme Fast Freight Service, by W. Owen Pelkey.
Associated Produce Dealers and Brokers, by Homer A. Harris.
Asbury Truck Company, by F. H. Asbury.
Allied Truck Owners, by Horace T. Beverly, Nathan J. Elliott
and Sanborn, Roehl and Brookman.
Brotherhood of Railroad Trainmen, by Harry See.
Bekins Van & Storage Co., by Reed J. Bekins.
Baker, Hamilton and Pacific Co., by E. Hoffman.
Board of Harbor Commissioners of Long Beach, by
James F. Collins and Charles A. Bland.
Bay Shore Freight Lines, by L. A. Feeney.
Bishop and Bahler, E. W. Hollingsworth.
California Portland Cement Co., by Wm. Guthrie,
Asa V. Call.
California Farm Bureau Federation, by Edson Abel.
California Livestock Assn., by John F. Curry.
Canners' League of California, by W. S. Everts, I.F. Lyons.
California Transfer and Storage Co., by J.F. Vizzard.
Christenson-Hammond Line, by James H. Todd.
California State Chamber of Commerce, by Chas. S. Knight
and Wash. L. Connolly.
Chickering and Gregory, by Horace T. Beverly.
Citrus Soap Co., by George T. Franck.
Call and Murphy.
Consolidated Produce Co., by A. M. Klein.
Consolidated Steel Corporation, Ltd., by T. A. Loretz.
California - Arizona Cotton Ass'n., by F.A. Stewart.
Certain-teed Products Co., by Frank M. Chandler.
California Hay, Grain & Feed Dealers Ass'n., by
E. J. Foman.
Colgate-Palmolive-Peet Company, by W. M. Castleman.
California Raisin Growers Ass'n., by C. E. Byde.
California Interurban Motor Transportation Ass'n., by
C. S. McLennegan, C. G. Anthony, David Shearer,
H. J. Bischoff and Reginald L. Vaughan.
Carmichael Traffic Corporation, by B. E. Carmichael.
Credit Managers Assn. of Northern and Central California,
by O.E. Walker.
California Ink Co., by John M. Desch.

Dried Fruit Association of California and Rice Millers' Association by H. R. Higgins.
 Dunham, Carrigan & Hayden Co., by G. J. Olsen.
 Dinuba Chamber of Commerce by Mrs. J. Jacobson.
 Eureka Chamber of Commerce.
 El Centro Chamber of Commerce.
 Fibreboard Products Co., Inc., by H.A.Lincoln.
 Farnsworth and Ruggles by Geo. D. Hart.
 Fresno Chamber of Commerce and Commercial Club.
 Fresno Traffic Association, by Frank M. Hill.
 Great Northern Railway Co., by Earl and Hall, Wm. L. Oliver.
 Golden State Co.,Ltd. by L.H.Wolters.
 Gladding, McBean & Co., by John J. McGinnis.
 General Petroleum Company of Calif., by Robert McHenry.
 Globe Grain & Milling Co., Phillips Milling Co.,
 J. H. Baxter & Co. and Leslie- California Salt Co.,
 by R. P. McCarthy.
 Guggenlime and Company, by W. J. Lane.
 Healdsburg & Santa Rosa Auto Frt.Line, by S. M. Thomas.
 ✓ Howard Terminal by John P. Ventree.
 Holland and Holland by H. H. Holland.
 Humboldt County Board of Trade by L. D. Smith.
 Kern County Farm Bureau by J. J. Deuel.
 Key System, Ltd., East Bay Street Railways, Ltd. and Key
 Terminal Railway, Ltd., by Brobeck, Phleger & Harrison,
 James S. Moore, Jr.
 Los Angeles and San Francisco Nav. Co., by A.E.Gillespie.
 Lyon Van & Storage Co., by David C. Bole.
 Los Angeles and Salt Lake R.R.Co., by E.E.Bennett.
 Los Angeles Steamship Co., by McCutchen, Olney, Mannon
 & Greene and Allan P. Matthew.
 Los Angeles Chamber of Commerce by H. R. Brashear.
 Los Angeles Harbor Dep't. by W. A. Dahlquist.
 M.E. Lehr.
 Montgomery Ward & Co., by L.B.Hughes.
 Monolith Portland Cement Co., by W.D.Burnett, Waldo A.
 Gillette.
 Madera-Wawona Stage Line by F. J. Coulter.
 Merchants Exchange by E. H. Eart.
 McCloud River R.R. Co., and McCloud Transportation Co.,
 by D. M. Swobe.
 Merchants Freight Forwarding and Distributing Co.,
 by R. M. Stanbrough.
 Merchants Central Credit Ass'n., Ltd., and Merchants Ass'n.,
 Inc., by C.D. Callom.
 Northwestern Pacific R.R.Co., by E. H. Maggard.
 Nelson Steamship Co., by F. W. Windley.
 Napa Transportation and Navigation Co., by D.C.Russell.
 Oakland Chamber of Commerce by E. G. Wilcox.
 Overland Transfer Co., by E. A. Higdon.
 Porterville Poultry Ass'n., by W. B. Roby.
 Pacific Electric Railway Co., by Frank Karr and R.E.Wedekind.
 Petaluma Chamber of Commerce by H. S. Graham.
 Poultry Producers of Central California, by John E.McCurdy.
 Pacific Greyhound Lines, E.C. Lucas and Orla St.Clair,
 L. G. Markel and T. Finkbohner.
 Peoples Express Co., by Hyland Hinman.

Pacific Cotton-Seed Products Corporation, and
 California-Arizona Cotton Assn., by L.H.Stewart.
 Pacific Coast Aggregates and Kaiser Paving Co., by
 John E. Porter.
 Pacific Coastwise Steamship Conference Lines, by
 Allan P. Matthew.
 Pacific Freight Lines and Motor Freight Terminal Co.,
 by Wallace K. Downey.
 Paraffine Companies, Inc., by A. W. Brown.
 Quincy Railroad and Arcata & Mad River R.R. and Larrison
 Traffic Service by A. Larrison.
 Richmond Chamber of Commerce by P. M. Sanford, E.B.Bull
 and F. M. Chandler.
 Railway Express Agency, Inc., by A.L.Hammell and Edw.Stern.
 Redding Chamber of Commerce by Leslie T. Alward.
 San Diego Truck Owners Ass'n. and Oppenheimer Truck Co.,
 by Harold W. Dill.
 Southern Pacific Company and affiliated lines by Guy V.Shoup
 and E. J. Foulds.
 San Francisco Chamber of Commerce by Hal Remington.
 Stockton Chamber of Commerce by J. C. Sommers.
 Sacramento Wholesalers & Mfgs. Ass'n., by W. G.Stone.
 San Diego Chamber of Commerce by C.F.Reynolds.
 San Diego Consolidated Gas & Electric Co., Whitney & Co.,
 and Brunswick Drug Co., by C. J. Gamble.
 Sonke's Truck Service by J. J. Sonke.
 Standard Oil Co., by R. N. Slingerland and W. O. Banks.
 Smith Trucking Service by Louis E. Smith.
 Sperry Flour Co., and California Hay, Grain & Feed
 Dealers' Ass'n by E. B. Smith.
 Sierra Railway Company of California by J. T. Bullock
 and E. A. Butchart.
 San Diego and Arizona Railway Co., by R.G.Dilworth.
 San Diego Cooperative Poultry Assn., by G.C.Keeney.
 San Joaquin Marketing Assn., by Daniel Marceau.
 San Joaquin Farm Bureau Federation by H. S. Van Vlear.
 Standard Sanitary Manufacturing Co., by Tabor G.Differding.
 Schuler- O'Connell Grain Co., by E.R.Warren.
 San Francisco Milling Co. and Schulz Bros., by Carl R.
 Schulz.
 Susanville-Doyle Stage by D. S. Mitchell.
 Stockton, City of, et al., by Thomas S. Louttit.
 Sacramento Chamber of Commerce by A. S. Dudley.
 Santa Rosa Chamber of Commerce.
 State Dep't of Agriculture, Bureau of Market Enforcement
 by W. B. Woodburn.
 Santa Monica Chamber of Commerce by L. J. Muchenberger.
 Thelen & Marris for various transportation companies
 and shippers.
 Universal Transcontinental Freight Service by D.P.White.
 U.S.L.Battery Corporation by Frank C. Pettit.
 Union Oil Company of California by J. D. Reardon.
 Valley Truck Line by J. Hills Wythe.
 Western Pacific Railroad Co., by F. M. Angellotti,
 L. N. Bradshaw and Henry Poulterer, also representing
 affiliated lines.
 Wholesale Fruit & Produce Dealers' Assn., by Samuel T.Bush.
 Western Growers' Protective Assn., by C. B. Moore.
 Watsonville Apple Growers' Assn., by Wm. Pulswich.
 Wood and Seitz by P. F. Wood.
 A.W. Way, for certain franchise carriers.
 Youngs Market Company, Euggins-Young Company, by Chas.
 A.Schaeffer.

HARRIS, Commissioner:

O P I N I O N

The Railroad Commission on December 16, 1931, on its own motion instituted an investigation of freight transportation conditions in California. The reasons for the investigation were the radical changes taking place in transportation and the very apparent unsettled state in which transportation agencies and general business found themselves as a result of these changed and changing conditions. The purpose of the investigation was to find the facts and suggest remedies, and, as stated by the Commission at the opening hearing,¹ "upon the completion of this investigation to either take such positive regulatory action, even though it be of a most drastic character, that is necessary and possible under the existing law, or to make definite recommendations for legislative action, or both, as may be warranted in the general public interest".

Twenty-four hearings were had, at San Francisco, Los Angeles, San Diego, Fresno, Stockton, Sacramento, Redding, Santa Rosa, Eureka, El Centro and Bakersfield, beginning on January 4, 1932, and ending on June 24, 1932. There were 125 appearances, 241 witnesses testified, representing shippers and receivers of freight, Chambers of Commerce, shipping organizations, and all types of legally operated transportation agencies. Before the hearings commenced the Commission invited the cooperation of all state, county and municipal officers, and of all shippers, shipping organizations, Chambers of Commerce and other classes of the

¹ The complete statement of the Commission is shown in Appendix I, page _____.

public who were affected by the unstable transportation conditions. Special notices of the purpose of the investigation were sent to over 13,000. A questionnaire was sent to 12,418 shippers and receivers of freight.²

The investigation covered all phases of transportation, including the following carriers:

Railroads,
Certificated (regulated) trucks,
Uncertificated (unregulated) trucks,
Coastwise steamers,
Inland waterway vessels,
Express companies.

The concluding hearings were devoted to testimony as to the effect upon general business of existing transportation conditions.

For the sake of clarity and accuracy it should be stated here that the term "Uncertificated Trucks" includes the private carrier for hire, also called the "Contract Carrier", who has not dedicated his service to the public, and the so-called "Wildcat Truck" operator who poses as a private or contract carrier for hire but is really operating as a common carrier, and also carriers not for hire or the shipper-owned truck.

THE TRANSPORTATION PICTURE:

The hearings and the return to the questionnaire developed a very complete picture of the growth in California of each of the different classes of transportation, of the part that each now plays, of the changes that are now taking place in each; of their respective proper economic fields; of the general disastrous result that follows the invasion by a transportation agency of a

² A copy of the questionnaire is contained in Appendix II, page _____. An abstract of the information contained in the return thereto is contained in Appendix III, page _____.

field in which it does not economically belong; and of shifting trade centers and changing methods and conditions of business attributable to changing transportation conditions. Dominating all was the struggle, not for supremacy, but for existence of regulated carriers, both land and water, attacked upon all sides by the unregulated.

EFFECT OF BUSINESS DEPRESSION:

Carriers of all classes, regulated and unregulated, find it difficult and in some cases impossible to make both ends meet. While their difficulties are in part due to declining tonnage - the result of depressed business - there are other reasons to which their distress is due, which must be remedied before stability can return to the industry. Proof of this is to be found in statistics offered at the hearings which conclusively show that undermining influences were at work before the business depression began.³ Depression augmented and culminated conditions that bore in themselves the seeds of inevitable collapse.

UNDERLYING CAUSES OF DISTRESS:

In general, it can be said that the same causes were found underlying the distressed conditions of all classes of transportation agencies. Disregarding general

³ See Appendix IV, page _____.

business conditions, these causes may be summarized as follows:

(1) Carriers performing essentially the same transportation service, one class under strict state regulation and another class without regulation; one class supervised and controlled as to its service, schedules and rates and prevented by law from bidding freely in an open market for business; the other unlimited in all these respects; one class required to show financial responsibility before engaging in business and then bound to continuity of service; the other obligated to nothing.

(2) A rapid development of auto truck transportation following highway construction, with a lack of recognition and knowledge both upon the part of the railroads and truck operators as to the field which this class of transportation can economically serve.

(3) The failure to properly study the particular transportation needs of particular industries.

(4) An excess of transportation facilities due in part to reduced freight volume and in part to the entry into the field by truck operators, attracted there by the opportunity to enter it practically without a capital investment, and to the advantage over competitors that freedom from regulation gave them.

INNOVATIONS IN TRANSPORTATION AND
BUSINESS CAUSED BY THE TRUCK:

With the flexibility of truck operations has come store-door pick-up and delivery,⁴ and a distribution in certain lines of business such as building materials from point of origin or some general center to the point of consumption, as to a house

⁴ Store-door pick-up and delivery services have also been inaugurated by the major rail lines and some of the coastwise and inland water carriers.

under construction. In this second case the tendency is toward the elimination of intermediate distributing centers.⁵ The evidence seemed to justify economically this new method of distribution, but its social advantages were seriously questioned. On the other hand in other lines of business, as in groceries, the tendency is to split up the intermediate distributing centers into smaller widely scattered units which subsist by hand-to-mouth buying and maintain themselves on a very small capital investment. And then there is the peddler truck suddenly achieving undue eminence, operating with or without regularity and destroying all stability in the produce and other markets without providing the consumer with an assured supply or dependable quality.⁶ And lastly and of portentous significance is the absorption by the truck and particularly the unregulated truck, of an increasingly large volume of the short haul business of the railroad, thus casting an increasing burden on their long haul or transcontinental freight, thereby handicapping California products and particularly those of the farm in the Eastern markets.⁷ The short line railroads, which of course have no local long haul income to sustain them, are in a particularly deplorable condition.⁸

EFFECT ON BUSINESS:

The effect of all this upon the carriers and upon agriculture, industry and business generally, may be summarized as follows:

RAILROADS, EXPRESS COMPANIES AND
CERTIFICATED TRUCKS:

Enormous freight losses resulting in greatly decreased

5 See Appendix V, page _____.
6 See Appendix VI, page _____.
7 See Appendix VII, page _____.
8 See Appendix VIII, page _____.

pay rolls and lessened service;⁹ the development of a freight solicitation condition under which these carriers are greatly handicapped by reason of their inability to change rates at will, a privilege which uncertificated trucks enjoy and an advantage that they avail themselves of to the utmost;¹⁰ and the forced reduction of thousands of rates, many below maximum reasonable rates.¹¹

COASTWISE STEAMERS AND INLAND
WATERWAY VESSELS:

The same divergent and unfair competitive conditions were found to exist between regulated and unregulated water carriers as exist between land carriers, aggravated by the ability of common carrier boat lines engaged in the coastwise trade to commence operations without first obtaining the authority of any regulatory body.¹²

UNCERTIFICATED OR UNREGULATED TRUCKS:

The chief cause for the disturbed condition of transportation is in the operation of these trucks. The evidence is conclusive that an enormous volume of their business is conducted at less than the cost of service.¹³ Their rates vary from day to day and are not uniform as between shippers or communities.¹⁴ To get business from regulated carriers many of them offer a reduced time in transit that can only be met by violating the highway speed laws.¹⁵ Many of them disregard weight, height and length limitations and other provisions of the Motor Vehicle Act. I may summarize the things that they do

⁹ See Appendix IX, page _____.

¹⁰ See Appendix X, page _____.

¹¹ The record shows that during the year 1931 and for the first five months of 1932 carriers under the jurisdiction of this Commission requested and were granted authority to publish on less than 30 days' notice approximately 63,000 reduced rates to meet unregulated truck competition. The Rate Expert of the Commission testified that a greater number of rates were reduced on regular statutory notice.

¹² See Appendix XI, page _____.

¹³ See Appendix XII, page _____.

¹⁴ Shipper after shipper testified they were handicapped in conducting their businesses by their lack of knowledge of transportation rates obtained from unregulated truck carriers by their competitors. Information to the same effect was contained in the return to the questionnaire.

¹⁵ The record shows that 5-ton trucks are operating from San Francisco to Los Angeles in an elapsed time of 13 hours, 12 minutes, an average speed of 34½ miles per hour for a haul of 455 miles and exceeding the running time of such passenger trains as the "Sunset Limited" and the "Lark" between the same points.

which regulated carriers cannot do, as follows: (a) Discriminate between persons and places; (b) Make rebates; (c) Grant secret rates; (d) Change rates at any time without notice; (e) Disregard reasonable hours of continuous service of truck drivers, thus making the operation unsafe for themselves and the public; (f) Disregard other safety precautions such as those relating to shipment of explosives and dangerous articles. They have disastrously affected the prosperity of regulated carriers, curtailed the ability of the latter to serve the public and at the same time have not prospered themselves as indicated by the continued change in truck ownership and by the lack of continuity in operation.

PUBLIC HAZARD:

A very important factor in the development of truck haul on the highways is the element of hazard to the general public using these highways. For many years most rigid supervision has been given to the safety features of rail and water transportation on the part of various governmental agencies and much legislation has been enacted to protect both the public and employees from undue hazards on railroads and steamships. The design and maintenance of equipment is carefully supervised. An extensive system of rules governing actions of employees is required and their details supervised by public authorities. Laws have been passed prescribing the size of crews and the hours of service of employees and this Commission maintains a special branch of its staff whose sole function is to supervise practices and standards relating to safety on the part of rail carriers. This Commission has promulgated certain rules (General Order No. 86) looking toward safe operation on the part of certificated truck carriers, but only the most general restrictions relating to weight and size of equipment, and maximum speeds of travel and certain general equipment features such as headlights and brakes, generally applicable to all vehicles, have been provided.

as to uncertificated carriers. The evidence shows that trucks are being frequently operated over such distances as that between San Francisco and Los Angeles at speeds comparable with those of fast passenger trains operated on private rights of way. Furthermore, there were evidences of instances where drivers had taken loads from San Francisco to Los Angeles, received return loads, and driven back to San Francisco without rest. While such instances are undoubtedly the exception rather than the rule, they are indicative of the total disregard of the fundamentals of public safety. This matter is important to the public, not only as respecting the inherent factor of public safety itself but as another example of inequality of regulation and burden between the various groups of carriers.

GENERAL BUSINESS:

While a few shippers were of the opinion that they benefited by the very low and non-compensatory rates they were able to secure under present conditions, the overwhelming majority of the witnesses for industry, agriculture and business and the shippers and receivers of freight to whom the questionnaire was sent were emphatic in their desire to see transportation stabilized.¹⁶ The present condition so far as discrimination between persons and communities is concerned was likened to that prevailing on the railroads before regulatory legislation was enacted.

A system of unknown transportation charges and practices is being introduced by unregulated carriers into an economic structure which has been built upon a system of known charges and practices with demoralizing results.

Business stability without adequate transportation

¹⁶ In the questionnaire sent to shippers and receivers of freight the following question was asked: "Do you favor the regulation by the State of the rates, rules and regulations of carriers operating on the public highways for compensation?" 1523 shippers answered in the affirmative and 227 in the negative, 87.04% being in favor of regulation. Those in favor of regulation reported shipments aggregating 14,483,574 tons and those against regulation 2,613,180 tons. On this basis 84.71% of the shippers want regulation. See Appendix III, page _____.

stability was declared by many witnesses to be impossible of attainment. Industry and agriculture were both said to be suffering from unsettled markets resulting in part at least, from unsettled transportation. There was much evidence to show that heavy losses were sustained and extensive frauds perpetrated upon farmers by the wholesale entry of financially irresponsible truck operators into the transportation field.¹⁷

There was much evidence that the transcontinental railroads are the most important to California of present transportation facilities;¹⁸ that these roads are in a serious financial condition; that this condition is due in part to inroads on their business by unregulated carriers;¹⁹ that the crippling of these roads or the necessity of increasing rates on long haul interstate traffic would work untold injury to California agriculture and to the public at large.

The importance to California of the proper maintenance of its interstate transportation agencies is seen in Appendix VII showing that the value of perishable farm products shipped from California in the year 1930 to interstate destinations was in excess of \$180,000,000. It is apparent that this value exists only because of an ability to market these products in large quantities in the East. Unless these products can be shipped both expeditiously and economically into that transcontinental territory their perishable nature would result in the destruction of their value. At the present time there is no known means by which the necessary speed of delivery into eastern markets can be secured for these crops except by the railroads. California's position in this regard is peculiar as it is the greatest producer of perishable products of any state in the union and is further distant from available markets than any other state.

THE WILDCAT CARRIER:

As heretofore stated, the crux of the whole situation is the unregulated or uncertificated operator. While the shipper-owned carrier and the genuine contract carrier are in part responsible, the main culprit is the "wildcat" operator who holds out

¹⁷ See Appendix VI, page _____.

¹⁸ See Appendix III, page _____.

¹⁹ See Appendix XIII, page _____.

his service to any or all of the public, and at the same time, using alleged contracts and other pretexts as a defense, denies that legally he is a common carrier.²⁰ If "wildcat" operators can be curbed, a large part of the transportation problem can be solved.

THE TRUCK AND THE HIGHWAY:

On land the public highways provide the opportunities and the truck the means of wildcatting, which has increased as highways have been extended and improved. Before the coming of the railroad, the wagon road and the waterways carried all the freight. After its coming freight practically vanished from the wagon roads and they were built and improved to accommodate purely local business and ordinary travel by buggy. Their use for transportation for hire practically ceased. Then came the automobile, the building of highways for its accommodation and to some extent a return to the highway of transportation for hire, but it is interesting and important to note that this return, while increasing in volume, has not yet monopolized the highways. The California

²⁰ Cases 3149 and 3217, Motor Freight Terminal Co. et al. vs. Moyer Forwarding Co. et al., Decision 25139, August 29, 1932. Case 3200, Motor Freight Terminal Co. vs. F. W. Dean (West Coast Forwarding Co.) et al., Decision 25140, August 29, 1932. Case 3050, Railway Express Agency, Inc. vs. Consolidated Package Service et al., Decision 25073, August 15, 1932. Case 3246, California Interurban Motor Transportation Association vs. Charles Hair, Decision 25017, July 30, 1932. Case 3023, Southern Pacific Co. et al. vs. L. E. Smith et al., Decision 25035, August 1, 1932. Case 3174, California Interurban Motor Transportation Assn. et al. vs. R. I. McConnell et al., Decision 25034, August 1, 1932. Case 3201, Motor Freight Terminal Co. vs. National Shippers Association, Ltd., et al., Decision 25034, August 1, 1932. Case 3172, Coast Truck Line vs. C. E. Boyle & Son, Decision 24870, June 13, 1932. Case 3177, Motor Service Express vs. Leonard and Dee Hill, Decision 24758, May 9, 1932. Case 3144, Motor Freight Terminal Co. vs. Henry Jensen et al., Decision 24747, May 2, 1932. Case 3129, Motor Freight Terminal Co. vs. Paul Morris Trucking Co., Decision 24748, May 2, 1932. Case 3208, Motor Freight Terminal Co. vs. Herman Bahls et al., Decision 25018, August 1, 1932.

Highway Patrol is authority for the statement that of the total traffic now on California roads 90.1% is in passenger cars and 9.9% in trucks.

The truck is here to stay. It plays an increasingly important part in the transportation field. It is so new that its functions and limitations are not yet thoroughly determined. It has the right to make its own place subject to regulation. The transportation system is in a constant stage of evolution, and the public is entitled to the most efficient means of transportation as they are developed.

INLAND AND COASTWISE VESSELS:

Wildcatting is not so conspicuous or so disastrous in transportation by water, though it does exist, but a deplorable condition obtains which is due in part to inadequacy of the law to which attention will be directed later.

FREIGHT FORWARDERS:

In the past few years the number of so-called freight forwarders has materially increased. Their method of operation varies but in general they undertake to pick up shipments at store door by truck, transport them to destination over the lines of railroads, steamship lines or other common carriers and effect store door delivery at point of destination by motor trucks. Through rates are maintained for the entire transportation service and there is a general holding out to the public to undertake the through transportation of freight from store door to store door through the medium, in part, of other carriers. The Commission has construed Section 2(k) defining an express corporation to include the type of freight forwarders referred to above In Re Frost Fast Freight Service 31 C.R.C. 668. All freight forwarders should be regulated.

TAXATION:

The diversion of freight from the railroads to the unregulated truck has resulted in a heavy decrease in taxes paid by the former to the state.²¹ As an illustration the tax payments by the Southern Pacific Company alone from March 1, 1930, to March 1, 1931, were decreased on this account \$900,000.00.²² Probably a small part of this diverted freight was carried by certificated truck lines and a gross receipt tax was paid on it by them instead of by the railroads. But there is no doubt that most of this freight

²¹ The major railroads pay a tax of 7 per cent. upon their gross receipts and the short-line railroads pay 5½ per cent. upon their gross receipts. Highway transportation companies operating as common carriers between fixed termini or over regular routes pay a tax of 5 per cent. upon their gross receipts. (Political Code, Secs. 3664(a) and 3664(aa), and California Constitution Article XIII Sections 14 and 15).

²² See Appendix XIV, Page _____.

went to "wildcat" operators and paid no gross receipt tax whatever to the state.²³ Strictly speaking, taxation problems are not within the province of this Commission, but they bear a relation to regulatory problems which justifies some consideration of them. It is strenuously maintained by the trucking interests that the tax they pay upon their property is at a heavier rate than the property tax paid by the railroads. On the other hand, the railroads contend that even if this is true trucking interests should pay something more than a mere tax on their trucks, by way of a payment or charge for use of the highways, so that the competitive agencies would be on an equality with respect to the gross receipts which they must turn over to the State.

REMEDIES SUGGESTED BY WITNESSES:

Many suggestions were made as to the remedy for these conditions.²⁴ These may be summarized as follows:

1. Equality of opportunity for different classes of transportation performing essentially the same service through the imposition of a substantial equality of regulation. Matters relative to equality of taxation, working hours, bonding and crating requirements, etc., were emphasized by many witnesses in this connection.
2. Adequate enforcement of present laws: One recommendation repeatedly advanced was the establishment of a board of inquiry and enforcement within the Railroad Commission.
3. Closer coordination of the efforts of present state agencies charged with authority over transportation agencies, particularly the Railroad Commission, the State Board of Equalization, and the California Highway Patrol. More adequate enforcement of speed and weight laws governing trucks was asked.
4. Limitation of truck lengths and the elimination of trailers.

²³ The preponderance of the tonnage transported on the highway for hire is hauled by unregulated carriers. See Appendix XIII, page _____

²⁴ At the request of the Commission Professor Ford K. Edwards, Chairman of the Department of Transportation University of Southern California, made an extensive study of transportation conditions in California. Professor Edwards' testimony, in part, is contained in Appendix XIV, page _____.

5. Lightening of regulation upon the regulated carriers, and in particular a lessening of the period required to make changes in rates, if equality of regulation can not be achieved.

6. A greater degree of physical coordination of railroad and truck transportation.

CONCLUSIONS:

Regulation by the State is for the protection and welfare of the public and only incidentally for the protection of the regulated business. It had its inception in the need of protecting the public against the oppression and exactions of monopoly and is applied particularly in those cases where monopoly is clothed with a public interest. This power of the State is also involved where a business is clothed with a public interest, even though it is not strictly a monopoly but by reason of position has an advantage of bargaining power over the public. It would be difficult today to cite a case of a transportation agency which is a monopoly or which has any advantage over the public in bargaining power with respect to intrastate traffic. Hardly any business is more intensely competitive than transportation but this very change in its position has perhaps brought more vividly to view the public interest with which it is clothed. Because of this public interest, regulation by the State is necessary. When transportation was a monopoly discrimination between persons and places, excessive rates, rebates, inadequate service and other abuses were corrected by state and federal regulation but that regulation was over all transportation agencies. The advent of new transportation agencies, and the shifting of transportation from the rail and the water to the truck and the highway have brought about changed conditions which the law does not adequately cover. The very evils which regulation is intended to correct have returned in even more vicious form under a condition of the law where some of the transportation agencies are rigidly regulated, some are

or may be partly regulated and some are not regulated at all. The public interest demands that regulation be extended alike over all or that it be withdrawn from all and the law of the jungle be given full and equal play.

Which of these two courses should be pursued is a matter of state policy to be determined by the legislature. If one course is deemed by that body to be the one which should be taken, there are various provisions of the Public Utilities Act and related Acts dealing with common carriers which should be repealed or revised so that the hand of public authority should rest as lightly as possible upon those agencies of transportation which are now supervised and controlled in so many aspects of their businesses. The other course, to-wit, the extension of processes of regulation to cover alike, as nearly as may be, all agencies of transportation, involves many practical and legal difficulties. Because of the preponderant belief of the shipping public,²⁵ as disclosed by this proceeding, that this is the road which should be taken, it seems appropriate that the difficulties to be encountered and the Commission's judgment as to the best means of surmounting them should be considered at some length.

Under the Constitution of California all transportation companies are declared to be common carriers. The right of the legislature to confer powers upon the Railroad Commission for their regulation is declared to be plenary and unlimited by any provision of the Constitution. The Railroad Commission shall have such power and jurisdiction to supervise and regulate public

²⁵

A large majority of the witnesses who appeared at the hearings were in favor of regulation of all transportation companies operating on the highways for compensation. See also footnote 16, page

utilities as shall be conferred upon it by the Legislature. A very limited jurisdiction over common carrier truck operations is vested in the Commission under Section 22 of Article XII of the Constitution, wherein it is provided in part:

"Said commission shall have the power to establish rates of charges for the transportation of passengers and freight by railroads and other transportation companies, and no railroad or other transportation company shall charge or demand or collect or receive a greater or less or different compensation for such transportation of passengers or freight, or for any service in connection therewith, between the points named in any tariff of rates, established by said commission, than the rates, fares and charges which are specified in such tariff. The commission shall have the further power to examine books, records and papers of all railroad and other transportation companies; to hear and determine complaints against railroad and other transportation companies; to issue subpoenas and all necessary process and send for persons and papers; and the commission and each of the commissioners shall have the power to administer oaths, take testimony and punish for contempt in the same manner and to the same extent as courts of record; the commission may prescribe a uniform system of accounts to be kept by all railroad and other transportation companies."

Under Western Association R.R. vs. Railroad Commission (1916), 173 Cal. 802, the Supreme Court of California held that "transportation companies" as used in the above quoted constitutional provision embraced certain common carrier truck and stage operations being conducted between fixed termini, and the Commission was directed to require the operators there involved to file their rates, fares, charges and classifications with the Commission. Shortly thereafter, at the 1917 session of the Legislature, steps were taken to draft a comprehensive statute for the regulation of such common carrier truck and stage operations. The result was the enactment of the so-called "Auto Stage and Truck Transpor-

tation Act", Statutes 1917, Chapter 213. This Act has been amended from time to time and is now applicable solely to common carrier truck operations where the operations are conducted between fixed termini or over regular routes. The provisions of the Act applicable to the regulation of stage companies were superseded by amendment to the Public Utilities Act in 1927 (Sections 2½ and 50½ of the Public Utilities Act) and by amendment deleted from the Act in 1928. It has been demonstrated in this proceeding that it is illogical to regulate only the common carrier trucks operating between fixed termini or over regular routes, and the Truck Act (Statutes 1917, Chapter 213) should be amended to apply alike to all common carrier truck operations. From an administrative viewpoint it would be preferable to embody in the Public Utilities Act, the provisions of the said Truck Act with the suggested amendments and to repeal the Truck Act. In like manner the Public Utilities Act should be amended so as to be applicable to all common carrier operations by water. This could be done by deleting from Section 2(1) thereof the words "regularly" and the phrase "on regular routes". Section 2(k) should be amended by including therein all forwarding companies.

All transportation companies on land and water operating as common carriers should be required to procure certificates of convenience and necessity. Without this requirement there can be no adequate control and no prevention of destructive competition.

In my opinion the public interest demands that contract carriers operating over the public highways should also be required to procure certificates of public convenience and necessity and that legislation to this end should be enacted, assuming

that such may be done constitutionally. It is, of course, recognized that the constitutionality of such legislation is questioned and has not yet been definitely determined by the Supreme Court of the United States.²⁶

In the absence of legislation requiring certificates of contract carriers it is doubtful if regulation will protect the public against the evils that flow out of discrimination between persons and places, rebates, secret rates and violent rate fluctuations.²⁷

26

In Stephenson vs. Binford (1931), 53 Fed. (2d) 509, a three-judge statutory court upheld the validity of the Texas statute requiring a permit (in the nature of a certificate of public convenience and necessity) as a condition precedent to contract operations. The Texas statute provides in part that "no application for permit shall be granted by the commission until after a hearing nor shall any such permit be granted if the commission be of the opinion that the proposed operation by any such contract carrier shall impair the efficient public service of any authorized common carrier or common carriers then adequately serving the same territory * * *".

An appeal to the Supreme Court of the United States has been taken from the final decree of the court in the matter and will probably be argued in October or November of the present year.

The Supreme Court of Montana in Barney vs. Board of Railroad Commissioners of Montana, decided June 25, 1932, reached a conclusion at variance to that found in Stephenson vs. Binford, supra. In the Montana case the state statute forbidding contract truck operations without first obtaining a certificate of public convenience and necessity from the Board of Railroad Commissioners and in this regard comparable to the Texas statute, was held to be in violation of the Fourteenth Amendment to the Federal Constitution. The case will no doubt likewise reach the Supreme Court of the United States in the near future.

27

Should it be determined by the Supreme Court that a state may not constitutionally deny the use of its highways to contract carriers, legislation should be enacted requiring a permit or license from this Commission or other state authority. An adequate permit system should include provisions (a) requiring formal applications and hearings; (b) requiring a showing of financial responsibility and safe equipment; (c) requiring that public liability insurance or surety bonds be filed to protect third persons and their property and the property of the state; (d) requiring a showing by the applicant that the highways which he proposes to use are in such condition as to construction and use as to permit the use sought to be made thereof by the applicant without unnecessary wear and tear thereof and unnecessary or unusual inconvenience and hazard to other users; (e) requiring limitations in any permit issued as to the highways over which it might be used; as to the hours of the day or the days of the week in which it might be used; as to the commodities or classes of commodities that might be carried; and

The use of the public highway by a transportation company for hire, even by private contract, at once clothes the business with public interest. Certainly the right of the parties to the private contract is inferior and subordinate to the right of the public whose road is being used.

The use of the public highway for transportation purposes should be viewed as an extraordinary use and a privilege which may be forbidden altogether and may be regulated by the State not only for the protection of that part of the public transportation system which operates on the highways but as well for the protection of the transportation system as a whole. As said by Chief Justice Hughes of the United States Supreme Court, speaking for a unanimous Court in the case of Sproles vs. Binford, decided May 23, 1932 (76 Law Ed. Adv. Op. 827),

"The use of highways for truck transportation has its manifest conveniences, but we perceive no constitutional ground for denying to the state the right to foster a fair distribution of traffic to the end that all necessary facilities should be maintained and that the public should not be inconvenienced by inordinate use of its highways for purposes of gain. This is not a case of denial of the use of the highways to one class of citizens as opposed to another or of limitations having no appropriate relation to highway protection."

A certificate of convenience and necessity should issue to the contract carrier only upon a showing (1) of convenience and necessity, (2) financial responsibility, (3) an enumeration of the

where necessary requiring limitations as to the weight of load and truck and size and speed of truck less than those prescribed by law; (f) limiting hours of labor of drivers; (g) requiring them to carry on their trucks at all times copies of the contracts upon which the operation is based; (h) including a legislative declaration that any contract for the transportation of property for hire by motor truck is void as against public policy unless the charge for such transportation is not less than a reasonable charge to be determined by the Railroad Commission. The use of the public highways for such transportation should be prohibited except upon condition that the carrier exact such charge as a minimum.

The legislation setting up such a permit system should embody appropriate penalties for transportation under contract in violation of law and suitable provision should be made for the maintenance by such carriers of records of all transportation service rendered and the compensation received therefor, subject to inspection by officers of the state charged with the enforcement of such legislation.

contract or contracts upon which the operation is based, and (4) a showing that the contract rates are not less than reasonable rates. Contract carriers should be required to carry on their trucks at all times copies of the contracts upon which the operation is based.

A certificate should not be required of contract carriers operating within a radius of thirty (30) miles beyond the corporate limits of any city or village or shipping point, provided the operation is not between cities, villages or shipping points. This exception will protect merchants in their right to deliver goods in territory tributary to their places of business and will safeguard farmers and orchardists from delay during peak time movements of crops from farms to shipping point and from orchard to cannery.

ENFORCEMENT OF THE LAW:

It must be recognized frankly that if an attempt is made by the Legislature to extend the processes of regulation to cover all transportation agencies, additional funds would have to be provided to set in motion the machinery to secure obedience to the laws and regulations made pursuant thereto. The Commission is naturally hesitant in suggesting additional appropriations in view of the present fiscal condition of the State. Should the Legislature deem it advisable to thus extend the processes of regulation so as to require additional funds, it is suggested that it would be appropriate to provide for their collection by some system of charges against the agencies concerned.

PLATES FOR ALL CARRIERS:

The adoption of distinguishing plates for trucks operating as common carriers, contract carriers, or shipper-owned whereby they can be readily distinguished.

SEIZURE OF EQUIPMENT:

Provision in the law should be made, probably by amendment to the Motor Vehicle Act, whereby license plates to all carriers, common carriers and contract carriers, will be issued only upon a showing that the operator of the equipment is possessed

of the required certificate of public convenience and necessity or permit from the Railroad Commission, and, in the event of revocation of such authority by the Railroad Commission, the Motor Vehicle Department should be authorized and required to forthwith revoke the license plates theretofore issued to the operator in question. The Motor Vehicle Department should be given summary authority to seize, hold and finally sell equipment where such equipment is found to be in illegal use.

MORE DRASTIC MEASURES:

If it is believed that the foregoing recommendations will not accomplish the result sought and there seems no other way to provide for the protection of business, adequate public service and proper enforcement of the law, then the legislature should give serious consideration to a more comprehensive method of bringing order out of our transportation chaos. If commercial and shipping interests are to be stabilized, then definite rates and permanent transportation facilities must be open on an equality to the public. If proper and adequate transportation facilities are to be provided, transportation companies must be protected in their service to the public. The operation of the unregulated carrier on the highway is the basic trouble in the problem before us. An adequate and sure way to accomplish these ends, may be to take the seemingly drastic step of prohibiting private carriers for hire from operating on the public highways. This would leave the publicly built and owned

highways open to the pleasure car, the privately owned and operated truck and the certificated common carrier.

STATE REGULATORY LAWS:

In Appendix XVII will be found a summary of the laws of the states relating to regulation of motor vehicles as common and contract carriers. This will be of particular value to those who may be considering a revision or redrafting of California laws on that subject.

COORDINATION OF VARIOUS STATE AGENCIES:

In addition to the Railroad Commission the following state departments have responsibilities with respect to transportation matters:

1. State Board of Equalization for taxation purposes.
2. Division of Motor Vehicles in the matter of registration.
3. California Highway Patrol in the enforcement of traffic laws, including sizes of equipment and weights of loads.
4. Department of Agriculture, Division of Markets, in respect to regulation of peddler trucks handling agricultural products.

This Commission desires to cooperate with these departments and all local regulatory authorities to the end that all activities may be harmonized and coordinated. We suggest conferences from time to time of representatives of all these departments and of this Commission.

The Commission will retain jurisdiction of this case for

the purpose of issuing supplementary opinions when in its judgment circumstances justify them.

The foregoing opinion is hereby approved, ^{and ordered filed} as the opinion of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 10th day of ~~September~~ ^{October}, 1932.

15m

Cl. Seaver
Leon A. Hill
M. H. Carr
M. B. Harris
Fred G. Stewart
Commissioners.

APPENDIX I

SHIPPER'S QUESTIONNAIRE CASE NO. 100
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
THE COMMISSION

STATEMENT OF PRESIDENT HAWLEY

The Commission has prepared a statement that it wishes to make at this time before proceeding further.

The Railroad Commission has initiated and instituted this investigation in the common knowledge that the condition of freight transportation of this State is extremely unsettled. Similar transitory periods of transportation changes have taken place in the past, but at no time have these changes been of such magnitude or so combined with general financial depression as to bring into all business dealings such a degree of uncertainty as exists at the present time. We are of the belief that the time has arrived when the public interest demands a careful appraisal of the changed conditions of transportation as a basis for the application of any remedies which may seem necessary or justified.

To this end we have cited to appear before us all transportation companies operating under our jurisdiction to ascertain from them all basic facts within their knowledge which may throw light upon the present somewhat chaotic situation. We will also welcome the appearance and assistance of all other transportation facilities, such as the contract carriers who are not under our jurisdiction.

The Commission also particularly desires the assistance of all interested State, County and Municipal officers, and of all shippers and other business interests and organizations who are affected by the unstable transportation conditions. It is only through the cooperation of all of these instrumentalities that this Commission may hope to get adequate information.

It is the purpose of this Commission upon the completion of this investigation to either take such positive regulatory action, even though it be of a most drastic character, that is necessary and possible under the existing law, or to make definite recommendations for legislative action, or both, as may be warranted in the general public interest. A detailed statement of the data believed generally to be necessary will be offered by a member of the Commission's staff; suggestions for changes or amendment in the form of the proposed questionnaire, as well as a thorough discussion of the procedural steps necessary to carry this matter to a quick and satisfactory conclusion will, of course, be welcome.

There are certain things which must be constantly in mind throughout the hearing. The public interest is the real test; the public is entitled to the most efficient and complete transportation service available at the least total cost. On the other hand, preference to or discrimination against any form of transportation is unsound in economics and un-American in principle. One of the main problems is how to work out the relationship of the various competing forms of transportation so as to provide the maximum of public service at the least cost to the shipper and consumers, and with fair compensation to labor and capital employed.

It is our present plan, in addition to eliciting this general information, to have a series of public hearings, probably separately for each of the various agencies of transportation, with the idea of developing the conditions under which each is now operating. The investigation has been assigned to Commissioner Harris, who will have immediate charge of further proceedings in connection therewith.

SHIPPERS' QUESTIONNAIRE—CASE 3154

APPROVED TO STATE DEPT OF TRANSPORTATION CALIFORNIA

Investigation on the Commission's own motion into the operations of the various Transportation Systems doing business in the State of California.

(NOTE: If unable to answer all questions please answer those upon which you have information.)

1. Name: _____

2. Address: _____

3. Commodity or Commodities Shipped between Points in California: _____

4. Which of the following forms of transportation are used by you? _____

- (a) Railroad
- (b) Steamship { Coastwise
- Inland waterways
- (c) Express
- (d) Certificated trucks (see footnote 1)
- (e) Non-certificated trucks (see footnote 2)
- (f) Privately owned or leased trucks (see footnote 3)
- (g) Forwarding or consolidating companies (see footnote 4)

Footnote 1. Certificated carriers are those who file tariffs with the California Railroad Commission.

Footnote 2. Non-certificated carriers are those who do not file tariffs with the California Railroad Commission but who transport freight over the public highways between termini for compensation.

Footnote 3. Privately owned or leased trucks are those used by you in the conduct of your business.

Footnote 4. Forwarding or consolidating companies are those who consolidate individual shipments for others and forward them in consolidated shipments between the termini of common carriers, and who render a pickup or delivery service, or both, at the termini.

5. Upon which of the following forms of transportation are you dependent? Please indicate the order of importance to you.

- (a) Railroad
- (b) Steamship { Coastwise
- Inland waterways
- (c) Express
- (d) Certificated trucks
- (e) Non-certificated trucks
- (f) Privately owned trucks
- (g) Forwarding or consolidating companies.

6. To what extent did you use the following forms of transportation in 1931 in shipping your commodities? (If accurate information is not available please give an estimation and indicate whether actual or estimation.)

Under the column headed "Actual" enter the actual amount of commodities shipped by each mode of transportation. Under the column headed "Estimation" enter the estimated amount of commodities shipped by each mode of transportation.

Mode of Transportation	Actual (pounds)		Estimation (pounds)	
	L. C. L.	C. L.	L. C. L.	C. L.
RAILROADS				
STEAMSHIP LINES				
EXPRESS				
CERTIFICATED TRUCKS				
NON-CERTIFICATED TRUCKS				
PRIVATELY OWNED TRUCKS				

Mode of Transportation	Actual (pounds)		Estimation (pounds)	
	L. C. L.	C. L.	L. C. L.	C. L.
FORWARDING COMPANIES				

7. *If you use trucks (certificated, non-certificated or privately owned), what percentage of your truck movement in 1931 was—

50 miles or less	_____ %
100 miles and over 50 miles	_____ %
200 " " " 100 "	_____ %
300 " " " 200 "	_____ %
400 " " " 300 "	_____ %
500 " " " 400 "	_____ %
Over 500 miles	_____ %

*If accurate information is not available please give an estimation and indicate whether actual or estimation.

To what extent did you use the following forms of transportation in 1934? (If you used more than one form, indicate the extent of use for each.)

8. Under the columns naming the forms of transportation which you principally use, indicate by X the reason or reasons which influenced your selection:

	Rail-road	Steam-ship	Ex-press	Certifi-cated Trucks	Non-cer-tificated Trucks	Privately Owned Trucks	For-warding Cos.
Rates							
Packing re-quirements							
Time in Transit							
Pickup and Delivery Service							
Customers' Demand							
Nature of Commodity							
Safety in Transit							
Other Reasons (name specifically)							

9. Do you find difficulty in obtaining adjustments of loss and damage claims from carriers not under the jurisdiction of this Commission? If so, briefly describe the difficulty.

10. Do you find difficulty in obtaining C. O. D. refunds from carriers not under the jurisdiction of this Commission? If so, briefly describe the difficulty.

11. Do you find difficulty in ascertaining the rates and charges of carriers not under the jurisdiction of this Commission? _____

12. Do you find difficulty in ascertaining the rates and charges paid by your competitors to carriers not under the jurisdiction of this Commission? If so, briefly describe how this affects your business. _____

13. Do you favor the regulation by the State of the rates, rules and regulations of carriers operating on the public highways for compensation? _____

XXXXXX

RAILROAD COMMISSION OF CALIFORNIA

STATE OF CALIFORNIA

STATEMENT SHOWING TOTAL TONNAGE HANDLED VIA CERTIFICATED, NON-CERTIFICATED AND PRIVATELY OWNED TRUCKS SEGREGATED ACCORDING TO DISTANCE OF HAUL INDICATED IN RESPONSE TO QUESTION 7 OF SHIPPERS' QUESTIONNAIRE

XXXXXX

(See Appendix II page-)
CALENDAR YEAR 1931

Column (1)	(2)	(3)
Miles Hauled	Tons	% of Total Reported
50 or Less	3,038,148	61.34
50 to 100	1,046,986	21.14
100 to 200	597,440	12.06
200 to 300	197,790	3.99
300 to 400	39,469	0.79
400 to 500	29,944	0.60
Over 500	3,978	0.08
Total Tons Accounted for	4,953,755	100.00

XXXXXXXXXX

XXXXXXXXXX

XX

XX

RECAPITULATION OF ANSWERS TO QUESTIONS NOS. 9,
 10, 11, 12 and 13 of SHIPPERS' QUESTIONNAIRE
 XXX
 (See Appendix II Page -)
 - CALENDAR YEAR 1931 -

Column (1):	(2)	(3)	(4)	(5)	(6)
Question No.	Yes	No	Total Answers	% Yes	% No
9	59	1007	1066	05.53	94.47
10	43	803	846	04.85	95.15
11	192	960	1072	10.45	89.55
12	194	568	782	24.81	75.19
13	1523	227	1750	87.04	12.96

QUESTION NO. 13

Column (1):	(2)	(3)	(4)
Answer	Total Answers	Total Weight in Tons Shipped by Each Group	% Based on Total Weight of Answers
Yes	1523	14,483,574	84.71
No	227	2,613,160	15.29
Total	1750	17,096,734	100.00

XX

XX

APPENDIX IV

The economic conditions existing since 1929 unquestionably have contributed largely to the present plight of transportation. But giving due consideration to this the record shows that transportation companies, and especially those under the Commission's jurisdiction, have been faced with steadily declining traffic, particularly the short haul, for a number of years prior to 1929. A constant struggle has been going on for the transportation of the commerce of the state. On the one hand the railroads, steamship lines and certificated trucks have sought to retain or augment their traffic. On the other hand the unregulated truck carriers have sought the traffic and in a large measure because of the freedom from regulation have successfully increased the traffic handled.

A particularly aggravated situation exists between Los Angeles and the Harbor, which is illustrative, to a lesser or greater degree, of transportation conditions existing throughout the state. These points are served by four railroads, namely, The Atchison, Topeka and Santa Fe Railway Company Los Angeles & Salt Lake Railroad Company, Pacific Electric Railway Company and Southern Pacific Company. Over one hundred trucking companies likewise serve the two points, 28 of them being regulated and the rest unregulated. The unregulated trucks in their struggle for the traffic indiscriminately cut rates, with the inevitable result that the regulated truck lines were forced to do likewise. (In Re Ashton, 36 C.R.C. 778.)

The railroads have adhered to their published schedules. But although they have materially reduced some rates they have been forced to watch their traffic dwindle. Illustrative of this is the carload lumber movement outbound from Los Angeles Harbor and Long Beach for a six-year period commencing with 1925:

	<u>Los Angeles Harbor</u>	<u>Long Beach</u>	<u>Total</u>
Tons during 1925	394,186	2,747	396,933
" 1926	468,287	32,620	500,907
" 1927	363,003	87,041	450,044
" 1928	239,130	73,541	312,671
" 1929	189,429	76,959	266,388
" 1930	120,223	50,798	171,021

More pronounced has been the loss of the less than carload traffic. The Pacific Electric Railway cited as typical the volume of such traffic handled from and to Santa Ana. The evidence in this proceeding shows that post-office receipts, telephones, bank deposits, assessed valuation and automobile registration at Santa Ana have doubled in volume during the last past 10-year period, while the less than carload business transported is less than half of what it was ten years ago.

Following our decision In Re Ashton, supra, the regulated truck lines operating between Los Angeles and the Harbor established a uniform tariff effective November 1, 1931. The rates shown in this tariff were adhered to. But because of the competition of unregulated carriers who indiscriminately cut their rates below those

of the regulated carriers the traffic of the latter immediately fell off to a marked degree. The following table showing the tonnage and revenues of the Los Angeles and San Pedro Transportation Company for 1931 illustrates forcibly the effect on the regulated truck of unregulated competition:

	<u>Tonnage Handled</u> (1931)	<u>Gross Revenue</u> (1931)
January	7052	\$21,194.12
February	6498	20,331.55
March	6245	19,362.18
April	7307	20,717.26
May	5296	17,538.18
June	6852	17,866.59
July	5771	15,671.31
August	6236	16,306.96
September	4297	13,356.75
October	5431	15,791.59
*November	3844	9,721.27
*December	2454	7,785.31

* Months during which the uniform tariff was in effect.

APPENDIX V

Trucks are used extensively in hauling lumber and building supplies from the main distributing points at tidewater direct to buildings under construction at the interior points. Until a few years ago the entire movement was from the wholesale yard to the local distributor and thence to the point of construction. Local distributors at points in the Sacramento, San Joaquin and Russian River Valleys testified in this proceeding that a continued growth of this practice eventually would eliminate the local distributor from business. Considerable of the difficulty of the local dealers is the unknown transportation costs of their competitors who use the trucks. Several testified to this, but the testimony of one witness taken from the record is illustrative:

"We distribute in the vicinity of Merced in this way: we distribute in Merced County in a retail way south of there. . . . We find considerable difficulty in determining what transportation costs from by points to jobs, and in that manner find more or less competition that we find hard to compete with. . . . We know the cost of the stuff at the bay, we know the railroad rates; we don't know the truck rates. We have ourselves found on one job three different truck rates lower than rail rates.

"Question. Do you find the rates vary from day to day?

"Answer. Yes.

"Q. Would it be any benefit to you if you were able to determine precisely what the rates by all transportation companies were?

"A. Yes.

"Q. Do you believe that trucks operating on the highways for compensation should be under the same regulation as the railroads and other forms of transportation companies?

"A. Yes.

* * * * *

"Q. Do you believe that unregulated truck competition and the ability of different people to get different rates on lumber from the bay to jobs in your territory has impaired to any extent the value of your investment in business in Merced?

"A. It has."

APPENDIX VI

The operator of the so-called peddler truck buys farm products at the point of production and sells them in the adjacent markets. He is an itinerant, moving from district to district of the state as the crops develop, or to the fields in adjoining states. Various types of peddler trucks use the highways of the state as the main adjunct of their business, not only hauling farm products to the market but also hauling whatever commodities may be obtained on the return trip.

A. M. Klein, Vice-President of the Consolidated Produce Company, Ltd., of Los Angeles testified:

"Our experience with the truck is such that it affects the produce industry not only of the state but the nation over. I have been in business here 40 years and have seen the growth of the state and the growth of our industry, and I have never seen conditions so upset in 40 years as they have been in the last two or three years on account of truck transportation."

In a similar vein was the testimony of W. D. Woodburn, appearing in behalf of the State Department of Agriculture, Bureau of Market Enforcement:

"The State Department of Agriculture, through its policing institution, the Bureau of Market Enforcement, is charged with the enforcement of two acts, the Produce Dealers Act and the Deciduous Fruit Dealers Act . . . The trucking situation, as it appears to have developed, is undermining or just reversing the purpose for which these acts were put into law. Instead of devoting our time adjusting controversies between growers and dealers, that repeatedly arise in all businesses, we are forced to attempt to prosecute unlicensed, unbonded truckers who are operating as produce dealers / . . . I feel that something definite should be done by the authorities to eliminate these wildcat truck operators - that is how we describe them . . . Some of them haul them for hire; some of them take and buy them outright; others handle them on a consignment basis. We find the majority of the trucks we have trouble with take any other way besides an actual cash payment for the produce. They will just say 'I will handle for your account;' next they will say 'I will give you \$30 a ton', whatever the price is - 'I will pay you after I sell them.' "

* * * * *

"The trouble that the Department has with the truckers is that the trucker is one day operating as a produce dealer within the meaning of our Act, and the next day he is operating as a hauler of some other line of traffic. If they consistently operated as produce dealers within the meaning of our Act, we could then put our finger on their operations, and bring them within the law. However, we have exhausted all possible means to bring these truckers under license and bond. As I stated before, if we had some way of finding out just what truckers were handling produce and on what basis they were handling produce it would save an untold amount of money to the growers in the State of California."

The effect of the peddler truck on the hay market at Los Angeles and vicinity was described by a hay and grain dealer as follows:

"The present system of trucking out of the Imperial Valley is for a man without any funds whatsoever to go down there and buy a load of hay. That wildcatter gives a check; he has no money in the bank; he runs up here with that load of hay, and he must sell that load of hay (if he can't get one price he has got to get another); comes into Los Angeles or whatever bank he has given this check on and he deposits his check before it reaches back to Imperial Valley. One of those fellows - we happen to have hundreds of them at the present time - but one of those people can demoralize the market.

"Today the farmers receive two to three dollars a ton less for their commodity, due to this condition, but it is something that he has encouraged himself, and is still encouraging this condition, but it is absolutely bankrupting him."

Mr. M. P. Holliday, a grower of hay in the Imperial Valley, testified as follows:

"For about six years I have been growing hay in the valley. At that time there was very little hay, good hay, moving out of the valley, and we worked up a very nice trade on the hay, farming a very large acreage, up to about nearly 2500 acres, for two years. That hay was moved at that time to Los Angeles markets mostly.

"Q. By rail? A. By rail. We used to send out from 14 to as high as 22 cars a day by rail. My highest was in '28, when I moved a little over 22,000 tons out of the valley, and then the trucks started coming in and from that time on our business has gone down faster than we got it up. The condition has been so that we would not - never at any time were we sure of the market, so it became more of a peddling proposition in the business than a market in which to work it out, and I am only handling about 850 acres.

"Q. Do the peddlers truck by their hay in the valley here?"

"Q. What do they add to the price for their transportation charges? A. Mostly deduct. The big end of them - this is a back haul, and outside of a few legitimate trucks - there are some men who have put money in for a short time into it, but the biggest end of them are men who have a back haul, and they come down here and they scour around and buy where they can buy the cheapest, of course.

"Q. What commodities do they bring from Los Angeles into the Imperial Valley? A. They bring lumber, cement, barrels of oil, flour, merchandise of different kinds.

"Q. Do you find that they haul miscellaneous freight of all descriptions? A. Yes, sir, and then they go back, and after they sit around on the market for several days, as sometimes happens, several days, they will start taking off 50 cents or a dollar a ton; I know men, peddlers that have realized only a dollar and a half a ton over the cost price, to save a day's waiting with their truck on the market. That kind of a condition cannot be good for legitimate business,

because men who have their money invested - for instance, take the Star Hay Company that I was dealing with for several years - sent them nearly 14,000 tons of hay one year - business got so bad with them on account of the trucks he had to give up his business and consolidate with another one. Now, this firm has around \$300,000 invested in their business; they probably carry \$100,000 or more of merchandise in their business, and trucks stand right in front of them, with nothing invested - probably \$50 or \$75 in a truck - and they undersell them from 50 cents to \$2.00 a ton every day. I used to be able to go out and buy a thousand tons of hay and go to market; today, if you are able to buy a hundred tons at a time you have got a big day, because you don't know from one day to the other what the market will be.

"Q. Has that condition affected the prosperity of the Imperial Valley? A. A great deal.

"Q. In what way? A. Affects it so that there is no set price that the farmer can use; no way of telling from one day to the other what he will get for it. I run a scale and I do a great deal of collecting for hay that comes over, and hay today is going out of the valley anywhere from four to seven dollars a ton.

"Q. Does that cover cost of production? A. No, sir, your average cost of production in the Valley in '29 and '30 was about \$9.20; a little cheaper today on account that we have had to cut wages.

"Q. Do you know how many acres are devoted to the cultivation of hay in Imperial Valley, approximately? A. Around 100,000.

"Q. Is it one of the major industries? A. Yes, sir.

"Q. Would you be in favor of some form of regulation which would stabilize the transportation conditions? A. I certainly would."

APPENDIX VII

The railroads in this state carry the bulk of our commerce. (See Appendix III). The prosperity of California is largely dependent upon an adequate rail system, not only that our products may be carried to points within the state but that they may also reach the Middle West and Eastern markets at freight rates which will permit them to meet the competition of other producing points located closer to the markets. Below is shown the extent of the interstate carload movement by rail of California perishables and their estimated value for the year 1930, which are predominantly dependent upon the railroads for transportation:

Deciduous Fruits (Tree)	Carlot Shipments	Estimated Value
Pears	10979 actual	\$4,000,000
Plums	5889 "	2,700,000
Peaches	5739 "	2,650,000
Apples	1900 estimated	2,100,000
Total Deciduous (4) (Tree)	24507	\$11,450,000
Grapes marketed fresh	60088 actual	20,600,000
Citrus fruits	52000 estimated	64,800,000
Cantaloupes (incl. Honeydews, etc.)	22000 "	9,875,000
Lettuce	36000 "	22,500,000
Other marketed fresh vegetables	44500 "	33,600,000
Nuts (walnuts and almonds)	1200 "	9,000,000
Eggs	2026 actual	9,600,000
Total	242321	\$ 181,425,000

It seems obvious, and the opinion was expressed by traffic officials, that if the railroads continue to lose their short-haul business an attempt will be made to increase rates on the long-haul traffic where competition from other forms of transportation companies does not exist to any marked degree. That this attempt might be made cannot be considered as an idle threat as the California transcontinental railroads in 1931 petitioned the Interstate Commerce Commission for authority to increase the rates on the above commodities 15% (Fifteen Per Cent Case, 1931, 178 I.C.C. 539). Any increase in the freight rates on these commodities would seriously affect the ability of the California producer to compete in the Eastern markets. This was the opinion expressed by every shipper of these commodities appearing at the hearings.

The ability of the California grower of deciduous fruit, lettuce and cantaloupes to successfully market his products in the Middle Western and Eastern markets at higher freight rates was made the subject of a special study by A. G. Mott, Chief Engineer of the Commission. Below is shown his analysis of the relationship of prices to costs for representative deciduous fruits delivered to typical Eastern markets. In commenting on the results of this survey Mr. Mott stated:

"It is only by means of rapid transportation afforded by the railroads that these products of California can be marketed, and if the alternative is to be faced as between the increasing of rates on these commodities which cannot be diverted to competitive forms of transportation, or the failure of the railroads to survive, we have in either of these eventualities the ruination of the California perishable fruit industry. Stated another way, it is important that some means be found by which the railroads may retain a larger proportion of the so-called strictly competitive traffic, or we may be faced with a serious loss in the ability of these carriers to serve, and a more serious injury to such industries as are totally dependent upon them, of which the vegetable and fruit industry is an outstanding example."

SUMMARY OF DATA ON DECIDUOUS FRUIT ANALYZED - 1930

Line:	Item	Table Grapes				Juice Grapes				Total Grapes		Pears		Peaches			
		Unit	Amount	New York		Amount	Chicago		Amount	New York		Amount	Chicago		Amount	New York	
				Per Cent:	of Total:		Per Cent:	of Total:		Per Cent:	of Total:		Per Cent:	of Total:		Per Cent:	of Total:
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)		
(1)	Total Unloads Analyzed,	100 Lbs.	1,276,208	100.00	408,285	100.00	2,750,140	100.00	256,789	100.00	4,691,422	100.00	253,294	100.00	88,336	100.00	
(2)	Portion of Total Unloads analyzed that sold at price less than cost of Transportation & Refrigeration (Present Rates),	100 Lbs.	47,551	3.73	8,170	.20	34,245	1.25	5,954	2.32	95,920	2.04	1,004	.40	3,043	3.44	
(3)	Portion of Total Unloads analyzed that sold at price less than cost of Transportation & Refrigeration (Proposed Rates),	100 Lbs.	91,598	7.18	25,320	.62	82,708	3.01	14,998	5.84	214,624	4.57	1,270	.50	4,155	4.70	
(4)	Portion of Total Unloads analyzed that sold at price less than cost of Transportation & Refrigeration (Present Rates) plus cost of Harvesting, Packing and Selling,	100 Lbs.	510,126	39.97	155,257	38.03	553,828	20.14	88,919	34.63	1,308,130	27.88	65,564	25.88	35,293	39.93	
(5)	Portion of Total Unloads analyzed that sold at price less than cost of Transportation & Refrigeration (Proposed Rates) plus cost of Harvesting, Packing and Selling,	100 Lbs.	660,720	51.77	206,251	50.52	842,773	30.64	126,142	49.12	1,835,896	39.13	104,738	41.35	47,589	53.87	
(6)	Portion of Total Unloads analyzed that sold at price less than cost of Transportation & Refrigeration (Present Rates) plus cost of Harvesting, Packing, Selling and Growing,	100 Lbs.	674,600	52.86	210,554	51.57	843,043	30.65	126,289	49.18	1,854,486	39.53	182,686	72.08	47,589	53.87	
(7)	Portion of Total Unloads analyzed that sold at price less than cost of Transportation & Refrigeration (Proposed Rates), plus cost of Harvesting, Packing, Selling and Growing,	100 Lbs.	794,394	62.25	256,241	62.76	1,103,732	40.13	189,373	73.75	2,343,740	49.96	208,255	82.22	58,405	66.12	
(8)	Portion of Total Unloads analyzed that sold at price less than total cost of Producing and Marketing (Present Rates), including Interest and Depreciation of Producer,	100 Lbs.	801,093	62.77	259,084	63.46	1,216,555	44.24	189,373	73.75	2,466,105	52.57	215,199	84.96	54,282	61.45	
(9)	Portion of Total Unloads analyzed that sold at price less than total cost of Producing and Marketing (Proposed Rates), including Interest and Depreciation of Producer,	100 Lbs.	906,083	71.00	297,024	72.75	1,620,758	58.93	228,818	89.11	3,052,683	65.07	220,550	87.07	64,428	72.94	

SUMMARY OF ALL CALIFORNIA PEACHES, PEARS, GRAPES AND PLUMS

UNLOADED AT 58 PRIMARY MARKETS IN TRANSCONTINENTAL TERRITORY

Column	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Line:	Item	Unit	Peaches	Pears	Grapes	Plums & Prunes	Total Peaches, Pears, Grapes, Plums
1.	Total Transcontinental Unloads,	100 Lbs.	786,015	2,143,109	12,386,614	746,562	16,062,100
2.	Portion of Total Transcontinental Unloads Analyzed,	Per Cent	11.24	11.82	37.87	0	31.35
3.	Estimated quantity of Total Transcontinental Unloads sold at price less than cost of Transportation & Refrigeration (Present Rates),	100 Lbs.	27,039	8,572	252,687	-	301,967
4.	Estimated quantity of Total Transcontinental Unloads sold at price less than cost of Transportation & Refrigeration (Proposed Rates),	" "	36,943	10,716	566,068	-	644,090
5.	Estimated quantity of Total Transcontinental Unloads sold at price less than cost of Transportation & Refrigeration (Present Rates) plus cost of Harvesting, Packing & Selling,	" "	313,856	554,637	3,453,388	-	4,532,725
6.	Estimated quantity of Total Transcontinental Unloads sold at price less than cost of Transportation & Refrigeration (Proposed Rates) plus cost of Harvesting, Packing & Selling,	" "	423,426	686,176	4,846,882	-	6,456,964
7.	Estimated quantity of Total Transcontinental Unloads sold at price less than cost of Transportation & Refrigeration (Present Rates) plus cost of Harvesting, Packing, Selling and Growing,	" "	423,426	1,544,753	4,896,429	-	7,199,033
8.	Estimated quantity of Total Transcontinental Unloads sold at price less than cost of Transportation & Refrigeration (Proposed Rates) plus cost of Harvesting, Packing, Selling and Growing,	" "	519,713	1,762,064	6,188,352	-	8,682,341
9.	Estimated quantity of Total Transcontinental Unloads sold at price less than total cost of Producing and Marketing (Present Rates) including Fixed Cost of Producer,	" "	483,006	1,820,785	6,511,643	-	9,245,345
10.	Estimated quantity of Total Transcontinental Unloads sold at price less than total cost of Producing and Marketing (Proposed Rates) including Fixed Cost of Producer,	" "	573,319	1,866,005	8,059,970	-	11,010,570
11.	Railway Revenue (Present Rates) Earned on Total Transcontinental Unloads,	Dollars	1,658,492	4,521,960	25,640,291	1,574,824	33,395,567
12.	Estimated Railway Revenue Earned on quantities sold at price less than cost of Transportation & Refrigeration (Present Rates),	"	57,052	18,088	523,062	-	627,837
13.	Estimated Railway Revenue Earned* on quantities sold at price less than cost of Transportation & Refrigeration (Proposed Rates),	"	77,949	22,610	1,171,761	-	1,335,823
14.	Estimated Railway Revenue Earned on quantities sold at price less than cost of Transportation & Refrigeration (Present Rates) plus cost of Harvesting, Packing and Selling,	"	662,236	1,170,283	7,148,513	-	9,424,229
15.	Estimated Railway Revenue Earned* on quantities sold at price less than cost of Transportation & Refrigeration (Proposed Rates) plus cost of Harvesting, Packing and Selling,	"	893,430	1,869,830	10,033,046	-	13,428,357
16.	Estimated Railway Revenue Earned on quantities sold at price less than cost of Transportation & Refrigeration (Present Rates) plus cost of Harvesting, Packing, Selling and Growing,	"	893,430	3,259,429	10,135,607	-	14,994,610
17.	Estimated Railway Revenue Earned* on quantities sold at price less than cost of Transportation & Refrigeration (Proposed Rates) plus cost of Harvesting, Packing, Selling and Growing,	"	1,096,595	3,717,956	12,809,889	-	18,497,805
18.	Estimated Railway Revenue Earned on quantities sold at price less than total cost of Producing and Marketing (Present Rates) including Fixed Cost of Producer,	"	1,019,143	3,841,857	13,479,101	-	19,249,205
19.	Estimated Railway Revenue Earned* on quantities sold at price less than total cost of Producing and Marketing (Proposed Rates) including Fixed Cost of Producer,	"	1,209,704	3,937,271	16,684,137	-	22,912,699

Note: * Estimates of Revenue earned shown in lines 13, 15, 17 and 19 are calculated at present rates on quantities that would have sold for less than indicated costs with proposed rates.

APPENDIX VIII

The short line railroads of California have been more seriously affected by the truck competition than the transcontinental carriers. This condition can be best described by referring to the two largest short line railroads, the Northwestern Pacific Railroad Company in Northern California and the Pacific Electric Railway Company in Southern California.

The Northwestern Pacific operates 441 miles of railroad. It serves an agricultural area in Marin, Sonoma and Mendocino Counties and to some extent in Humboldt County. The portion of the line north of Willits was built primarily to serve the redwood timber belt and provide an outlet for Humboldt County to the Eastern market. With the development of highways there was a marked diversion of the passenger traffic to the automobile, and since 1929, when the Redwood Highway was improved, a marked decline in freight traffic, which has been diverted to the unregulated truck carrier. Competition from this type of carrier has forced rates in many instances to a ridiculously low level.

Since 1921 the operating revenues of this line have decreased from \$8,609,731.86 to \$4,153,264.46 in 1931, the net income dropping from a profit of \$204,156.38 in 1921 to a loss of \$1,752,259.29 in 1931. During the period from 1921 to 1931 the population in the area served by the Northwestern Pacific increased 20 per cent. There was likewise an increase in the farm acreage, postal receipts, gas and electric service, telephone connections and automobile registrations.

Due to the decline in tonnage the Northwestern Pacific has found it necessary to abandon a 36-mile narrow gauge line from Point Reyes to Monte Rio. Likewise it has been compelled to abandon 22 station agencies, and has materially reduced the freight and passenger train miles and number of employees. The less-than-carload tonnage handled in 1931 is 34% of that handled in 1921.

The Pacific Electric Railway Company serves the southern portion of the state contiguous to Los Angeles. The territory served is particularly favorable to the operation of passenger vehicles and trucks. This railway was originally built primarily for the hauling of passengers. The wide use of the private automobile and to some extent the common carrier motor bus has made serious inroads upon the passenger revenues of this carrier. This decline, however, has been going on for a number of years, and it is problematical whether or not the Pacific Electric Railway Company will ever regain a substantial amount of the passenger business lost. It has made serious efforts to augment its freight business, but is confronted with severe competition from the motor truck, and particularly the unregulated truck. At first the truck competition was felt in the less-than-carload business, although at the present time the company is seriously feeling the effects of this competition on its carload traffic. From a normal movement of rock of approximately 40,000 carloads per annum this traffic has declined to approximately 12,000 carloads in 1930 and 7,000 carloads in 1931, notwithstanding that the Pacific Electric has made repeated rate reductions in an effort to hold the traffic to the rails.

The other short line railroads in California have been affected by truck competition to a greater or less degree.

Below is a statement showing the operating revenues and expenses of the ten largest short line railroads for the last past five years.

PACIFIC ELECTRIC RAILWAY COMPANY

	1927	1928	1929	1930	1931
Rate Base	\$74,627,000	\$76,631,000	\$78,742,000	\$78,124,000	\$78,622,000
Operating Rev.	19,614,541	18,310,988	18,417,335	15,692,360	13,281,619
Operating Exp.	16,351,455	15,876,041	15,499,321	13,998,914	12,051,265
Taxes	1,113,665	1,138,742	1,112,611	1,082,934	938,165
Sub-Total	17,465,120	17,014,783	16,611,932	15,081,848	12,989,430
Operating Income	2,149,421	1,296,205	1,805,403	610,512	292,189
Rate of Return	2.88%	1.69%	2.29%	0.78%	0.37%
Interest on Funded Debt	\$2,692,565	\$2,631,439	\$2,638,121	\$2,652,669	\$2,564,621

NORTHWESTERN PACIFIC RAILROAD COMPANY

	1927	1928	1929	1930	1931
Rate Base	\$44,341,000	\$44,544,000	\$43,347,000	\$42,033,000	\$42,083,000
Operating Rev.	6,606,409	6,355,971	6,186,763	5,555,533	4,153,264
Operating Exp.	5,362,096	5,732,204	5,384,887	5,072,598	3,958,181
Taxes	488,838	478,961	449,434	433,754	401,549
Other Net Debits	141,876	94,323	52,716	101,226	135,497
Sub-Total	5,992,810	6,305,488	5,887,037	5,607,578	4,495,227
Operating Income	\$613,599	\$50,483	\$299,726	# \$52,045	# \$341,963
Rate of Return	1.38%	0.11%	0.69%	-	-
Interest on Funded Debt	\$1,353,042	\$1,346,727	\$1,352,096	\$1,355,048	\$1,363,524

Red figure.

SACRAMENTO NORTHERN RAILWAY

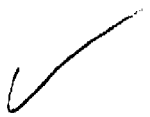
	1927*	1928*	1929	1930	1931
Rate Base	\$18,273,000	\$18,777,000	\$18,896,000	\$19,894,000	\$20,065,000
Operating Rev.	2,450,542	2,321,542	2,104,386	2,083,308	1,648,263
Operating Exp.	2,109,747	2,072,289	2,051,670	2,369,046	1,863,639
Taxes	146,928	138,113	130,494	122,103	117,283
Sub-Total	2,256,676	2,210,402	2,182,164	2,491,149	1,980,972
Operating Income	\$193,867	\$111,140	# \$77,798	# \$407,841	# \$332,709
Rate of Return	1.06%	0.59%	-	-	-
Interest on Funded Debt	\$282,717	\$309,968	\$344,625	\$370,625	\$425,322

SAN DIEGO AND ARIZONA RAILWAY COMPANY

	1927	1928	1929	1930	1931
Rate Base	\$12,226,000	\$12,272,000	\$12,342,000	\$12,328,000	\$12,353,000
Operating Rev.	1,349,092	1,225,832	1,275,250	1,017,784	737,336
Operating Exp.	1,003,847	931,682	945,773	823,262	702,770
Taxes	79,995	69,303	67,543	65,701	60,255
Other Net Debits	12,363	1,672	# 3,115	# 14,623	# 24,825
Sub-Total	1,096,205	1,002,657	1,010,201	874,340	738,200
Operating Income	\$252,887	\$223,175	\$265,049	\$143,444	# \$864
Rate of Return	2.07%	1.82%	2.15%	1.16%	-
Interest on Funded Debt	\$990,480	\$1,015,180	\$1,039,436	\$1,066,872	\$908,628

Red figure.

* Includes San Francisco-Sacramento Railroad Company operations prior to consolidation.



SUNSET RAILWAY COMPANY

	1927	1928	1929	1930	1931
Rate Base	\$1,439,000	\$1,434,000	\$1,442,000	\$1,437,000	\$1,427,000
Operating Rev.	359,499	237,742	294,262	172,804	121,997
Operating Exp.	304,992	175,888	164,504	118,384	83,033
Taxes	34,920	22,571	21,005	13,960	12,168
Other Net Debits	57,694	41,812	35,439	24,287	15,934
Sub-Total	<u>397,606</u>	<u>240,271</u>	<u>220,948</u>	<u>156,631</u>	<u>111,135</u>
Operating Income	# \$38,107	# \$2,529	\$73,314	\$16,173	\$10,862
Rate of Return	-	-	5.09%	1.13%	0.75%
Interest on Funded Debt	\$19,064	\$20,795	\$23,444	\$21,441	\$11,900

PACIFIC COAST RAILWAY COMPANY

	1927	1928	1929	1930	1931
Rate Base	\$2,380,000	\$2,400,000	\$2,386,000	\$2,395,000	\$2,406,000
Operating Rev.	177,530	250,379	206,062	184,879	107,726
Operating Exp.	204,649	228,903	187,671	191,019	154,217
Taxes	1,089	9,148	11,104	12,287	10,324
Other Net Debits	7	-	-	-	4
Sub-Total	<u>\$205,745</u>	<u>\$238,051</u>	<u>\$198,775</u>	<u>\$203,306</u>	<u>\$164,545</u>
Operating Income	# \$28,215	\$12,328	\$7,287	# \$18,427	# \$56,819
Rate of Return	-	0.51%	0.31%	-	-
Interest on Funded Debt	-	-	-	-	-

Red figure.

YOSEMITE VALLEY RAILROAD COMPANY

	: 1927 :	: 1928 :	: 1929 :	: 1930 :	: 1931 :
Rate Base	\$8,469,000	\$8,472,000	\$8,526,000	\$8,540,000	\$8,596,000
Operating Rev.	563,715	362,904	519,901	446,045	222,706
Operating Exp.	390,542	334,346	307,732	329,405	224,182
Taxes	77,589	38,905	25,958	24,843	47,766
Other Net Debits	18,849	19,848	14,972	11,192	6,706
Sub-Total	<u>486,980</u>	<u>393,099</u>	<u>348,662</u>	<u>365,440</u>	<u>293,654</u>
Operating Income	\$76,735	# \$30,195	\$171,239	\$80,605	# \$75,948
Rate of Return	0.91%	-	2.01%	0.94%	-
Interest on Funded Debt	\$218,300	\$215,900	\$215,900	\$215,900	\$215,900

CENTRAL CALIFORNIA TRACTION COMPANY

	: 1927 :	: 1928 :	: 1929 :	: 1930 :	: 1931 :
Rate Base	\$3,558,000	\$3,539,000	\$3,563,000	\$3,570,000	\$3,610,000
Operating Rev.	542,406	445,049	390,894	453,276	309,556
Operating Exp.	443,931	435,103	441,621	418,225	390,249
Taxes	28,776	17,316	26,083	21,825	19,830
Sub-Total	<u>472,707</u>	<u>452,419</u>	<u>467,704</u>	<u>440,050</u>	<u>410,079</u>
Operating Income	\$69,699	# \$7,370	# \$76,810	\$13,225	# \$100,523
Rate of Return	1.96%	-	-	0.37%	-
Interest on Funded Debt	# \$18,984	\$67,875	\$72,463	\$73,675	\$64,184

Red Figure.

TIDEWATER SOUTHERN RAILWAY COMPANY

	1927	1928	1929	1930	1931
Rate Base	\$2,283,000	\$2,404,000	\$2,501,000	\$2,440,000	\$2,500,000
Operating Rev.	332,230	349,361	308,853	448,171	287,687
Operating Exp.	228,839	241,133	279,268	336,638	265,643
Taxes	30,696	30,861	26,057	22,593	24,807
Sub-Total	259,535	271,994	305,325	359,231	290,450
Operating Income	\$72,695	\$77,367	\$3,528	\$88,940	# \$2,763
Rate of Return	3.18%	3.22%	0.14%	3.64%	-
Interest on Funded Debt	\$12,711	\$11,744	\$9,740	\$8,121	\$34,860

*SIERRA RAILWAY COMPANY OF CALIFORNIA

	1927	1928	1929	1930	1931
Rate Base	\$3,016,000	\$3,006,000	\$2,941,000	\$3,019,000	\$3,048,000
Operating Rev.	649,905	646,831	644,503	415,368	271,013
Operating Exp.	435,268	392,818	387,116	334,491	234,013
Taxes	51,719	42,120	69,738	46,482	27,881
Other Net Debits	51,173	46,801	45,687	30,484	8,007
Sub-Total	538,160	481,539	502,541	411,457	269,901
Operating Income	\$111,745	\$165,292	\$141,962	\$3,911	\$1,112
Rate of Return	3.71%	5.50%	4.83%	0.13%	0.04%
Interest on Funded Debt	\$106,144	\$105,728	\$88,362	\$88,247	\$92,015

Red Figure.

* Now in the hands of receiver.

TOTAL TEN SHORT LINE RAILROADS

:	1927	:	1928	:	1929	:	1930	:	1931
Rate Base	\$170,612,000	\$173,479,000	\$174,686,000	\$173,778,000	\$174,710,000				

Operating Rev.	32,645,869	30,506,589	30,348,189	26,469,529	21,141,167				
Operating Exp.	26,835,366	26,420,407	25,649,563	23,991,982	19,947,242				
Taxes	2,054,215	1,986,040	1,940,027	1,846,482	1,660,028				
Other Net)									
Debits)	281,962	204,256	145,699	152,566	141,323				
Sub-Total	29,171,543	28,610,703	27,735,289	25,991,030	21,748,593				
Operating									
Income	\$3,474,326	\$1,895,896	\$2,612,900	\$478,499	# \$607,426				
Rate of Return	2.04%	1.09%	1.50%	0.28%	-				

Interest on									
Funded Debt	\$5,656,039	\$5,725,356	\$5,784,187	\$5,852,598	\$5,680,954				

APPENDIX IX

The record shows that due to the loss of short-haul traffic to the unregulated trucks The Atchison, Topeka and Santa Fe Railway has greatly diminished and in many instances totally abolished local freight trains.

During the five-year period from 1927 to 1931, both inclusive, the Los Angeles & Salt Lake Railroad Company closed 28 stations in California and in some instances curtailed their local freight train service 50%, primarily due to their inability to meet truck competition.

This condition has greatly diminished the number of employees of the railroads. The President of the Northwestern Pacific Railroad stated that the average number of employees in his company in 1921 was 2255 and in 1931, 1584.

The following statement shows the total payroll of The Atchison, Topeka and Santa Fe Railway Company (Coast Lines), the station employees payroll, agency stations maintained, and the total number of employees for the years 1927 to 1931 inclusive.

<u>Year</u>	<u>Station Employees Payroll</u>	<u>Total Payroll</u>	<u>Agency Stations</u>	<u>Total Number Employees</u>
1927	\$198,066.21	\$1,745,042.49	140	13,023
1928	198,433.10	1,674,333.41	138	11,606
1929	201,046.25	1,664,389.02	138	11,548
1930	183,254.89	1,370,731.71	133	9,310
1931	159,042.57	1,178,393.30	127	8,258

The above is illustrative of similar conditions prevailing on other railroads.

APPENDIX X

Unregulated trucks, the record shows, extensively solicit freight by advertising, personal solicitation, cut rates, offers to perform auxiliary services such as purchasing, making market reports, stacking and storing. Their rates can fluctuate to meet the demands of traffic.

The rates of the carriers under the Commission's jurisdiction cannot be made so flexible. Under the law they are bound by the rates in their tariffs from which they cannot deviate. Under Section 15* of the Public Utilities Act no rate, rule or regulation may be changed except after thirty (30) days' notice to the Commission and to the public by carriers amending their tariffs as provided in Section 14 of the Public Utilities Act unless, for good cause shown, the Commission may authorize changes in rates, rules and regulations on less than thirty days' notice. However, to accomplish publication on less than statutory notice an application must be prepared and presented to the Commission and the change proposed must be justified by the Commission. As a practical matter this entails a delay of several days before rates of regulated carriers can be changed legally. Thus the regulated carriers are not on a rate competitive equality with unregulated carriers who may change their rates at will.

* Section 15 reads as follows:

"Unless the commission otherwise orders, no change shall be made by any public utility in any rate, fare, toll, rental, charge or classification, or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge, classification or service, or in any privilege or facility, except after thirty days' notice to the commission and to the public as herein provided. Such notice shall be given by filing with the commission and keeping open for public inspection new schedules stating plainly the change or changes to be made in the schedule or schedules then in force, and the time when the change or changes will go into effect. The commission, for good cause shown, may allow changes without requiring the thirty days' notice herein provided for, by an order specifying the changes so to be made and the time when they shall take effect, and the manner in which they shall be filed and published. When any change is proposed in any rate, fare, toll, rental, charge or classification, or in any form of contract or agreement or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge, classification or service, or in any privilege or facility, attention shall be directed to such change on the schedule filed with the commission, by some character to be designated by the commission, immediately preceding or following the item."

APPENDIX XI

The common carriers by vessel may be divided into two classes: first, those engaged in the coastwise trade, and second, those operating exclusively upon the inland waters of the state.

Of the latter class there are sixty-four (64) operating under the jurisdiction of this Commission, most of them being engaged in hauling between points on San Francisco Bay, the San Joaquin and Sacramento Rivers and their tributaries. Under the law as it exists at the present time carriers on the inland waters are required to obtain a certificate of public convenience and necessity before beginning operations (Section 50(d) of the Public Utilities Act). This section was added to the Public Utilities Act in 1923. Since its enactment very few certificates of public convenience and necessity have been granted by this Commission. Most of the carriers now operating were engaged in this business prior to the passage of Section 50(d). Very few of them at that time maintained, or now maintain, regular schedules, the vast majority performing a service wherever traffic was or is offered. The record indicates that there is an excess of transportation facilities available on the rivers, with the result that a constant struggle is being made for traffic, often at illegal rates. The larger lines rendering a regular service, both freight and passenger, are barely able to exist. The following table shows a four-year period of earnings and expenses of The River Lines, a coordinated service of the California Transportation Company, Sacramento Navigation Company and Fay Transportation Company, representing an investment of \$4,756,629:

	<u>1928</u>	<u>1929</u>	<u>1930</u>	<u>1931</u>
Earnings	\$1,832,689.57	\$1,854,688.38	\$1,779,499.18	\$1,388,678.30
Expenses	<u>1,792,770.44</u>	<u>1,821,031.44</u>	<u>1,768,590.16</u>	<u>1,485,263.24</u>
Net	\$39,919.13	\$33,656.94	\$10,909.02	* \$96,584.94

* Deficit.

The coastwise carriers are likewise faced with a difficult situation. The Public Utilities Act does not require a certificate of public convenience and necessity before vessels may be operated in the coastwise trade. There is an abundance of idle boats available which the record shows can be obtained at a bare boat charter of approximately \$20 per day. The ease in obtaining hulls and the lack of any regulatory requirement of a certificate of public convenience and necessity invites ruinous competition with the regularly established lines which have large investments in vessels and equipment. The records of this Commission show that competing coastwise boat lines spring up over night, invariably offering rates lower than those of the established lines but without any knowledge of the cost of operation.

The lack of effective regulation of the coastwise carriers is threatening the lines long established. A. F. Haines, Vice-President of the Pacific Steamship Company, testified:

"The Pacific Steamship Company, in association with other coastwise water carriers, is endeavoring to maintain a sub-

stantial fleet of Pacific Coast merchant vessels. . . The people of the United States need a merchant marine, realizing its necessity in times of peace as well as in times of war. Congress has recognized that a strong, capable and flexible merchant marine is essential. . . The class of steamship service on this Coast has been and is gradually deteriorating, and unless our competitors can be regulated the modern, fast, useful and comfortable steamers will not be replaced.

"The Pacific Steamship Company, successor of the Pacific Coast Steamship Company, is now negotiating a financial re-organization caused by unholy and needless competition. This is the second time in nine years that the Pacific Steamship Company has been obliged to re-finance, with great loss of money invested, due to the same causes. . .

"The Pacific Steamship Company service is degenerating from good, substantial combination freight and passenger steamers to a line of cheaply operated cargo boats, due to the lack of control of competitors. With large capital invested and the necessity of maintaining regular service, we are subject to attack by irresponsible operators using cheap, slow, antiquated tonnage, with practically no investment and insufficient responsibility to meet their liabilities in case of accident or disaster, to pirate our business. When the trade is poor these irresponsibles drop out and leave the companies with large investments to continue. Then when business revives the irresponsibles come out of their holes and attack again.

"It costs us much to operate a steamship, whether she runs full, part full, or empty - schedules must be maintained - therefore whenever a new service is to be started, or additional tonnage put in the trade, it is imperative that a certificate of necessity should be required and the service of the regular lines in that trade should be given first consideration and protection."

APPENDIX XII

Extensive truck and trailer cost studies were made by C. G. Anthony, President Pacific Freight Lines. Accurate performance records of 87 trucks and trailers were kept. The trucks and trailers were operated between Los Angeles and Los Angeles Harbor, Imperial Valley, San Luis Obispo, Fresno and San Diego, covering over 350,000 miles monthly. The cost figures shown below are compiled from Exhibit 94 (Witness Anthony).

Table 1.

AVERAGE TRUCK AND TRAILER DAILY FIXED CHARGES

1	2	3	4	5	6	7	8
Capacity	2 Ton Truck	3 Ton Truck	4 Ton Truck	5 Ton Truck	6-wheel 10-Ton Truck	4-Wheel 8 Ton Trailer	6-Wheel 12 Ton Trailer
Weight without body in lbs.	4900	5900	7600	8800	12000	4500	7500
Interest 6% - Life of) 4 yrs.	\$.191	\$.310	\$.450	\$.560	\$.833	\$.150	\$.240
Fire Insurance	.033	.053	.078	.100	.151	.015	.027
Prop.Dmg.& Liability) (5 & 10)	.296	.296	.383	.383	.383	.061	.081
Compensation Insurance	.396	.396	.433	.469	.468	-	-
Garage	.500	.500	.500	.750	.750	.500	.500
License	.143	.143	.143	.177	.243	.143	.243
Wages	5.384	5.384	6.000	6.456	6.500	-	-
Totals (Per day)	\$6,943	\$7,082	\$7,987	\$8,894	\$9,328	\$,869	\$1,091
Total Investment	\$1910	\$3100	\$4500	\$5600	\$8328	\$1500	\$2400

Table 2.

AVERAGE TRUCK AND TRAILER VARIABLE CHARGES

1	2	3	4	5	6	7	8
Capacity	2 Ton	3 Ton	4 Ton	5 Ton	6-wheel 10 Ton	4-Wheel Trailer	6-Wheel Trailer
Gasoline	\$.016	\$.020	\$.022	\$.024	\$.045	\$.010	\$.015
Lubricants	.002	.002	.003	.003	.005	.001	.002
Tires-Pneum. (Trks 30000 m. Trlr 40000 m.)	.007	.010	.016	.016	.028	.012	.025
Maintenance	.025	.030	.033	.035	.048	.003	.004
Depreciation (Trks 100000 m. Trlr 250000 m.)	.017	.027	.041	.051	.075	.004	.005
Total (Per Mile)	\$.067	\$.089	\$.115	\$.129	\$.201	\$.030	\$.051
Pay Load Capacity in Tons	4	6	6	5.6	10	8	12

Table 3.
COST PER MILE OF OPERATION OF AVERAGE TRUCK AND TRAILER
OF VARIOUS CAPACITY FOR VARIOUS DISTANCES.

	1	2	3	4	5	6	7
	2 Ton	3 Ton	4 Ton	5 Ton	6-Wheel	4-Wheel	6-Wheel
Miles	Truck	Truck	Truck	Truck	Truck	Trailer	Trailer
10	\$.761	\$.797	\$.914	\$1.018	\$1.134	\$.117	\$.160
20	\$.414	\$.443	\$.514	\$.574	\$.667	\$.073	\$.106
30	\$.298	\$.325	\$.381	\$.425	\$.512	\$.059	\$.087
40	\$.241	\$.266	\$.313	\$.351	\$.434	\$.052	\$.078
50	\$.206	\$.231	\$.275	\$.307	\$.388	\$.047	\$.073
60	\$.183	\$.207	\$.248	\$.277	\$.356	\$.044	\$.069
70	\$.166	\$.190	\$.229	\$.256	\$.334	\$.042	\$.067
80	\$.154	\$.178	\$.215	\$.240	\$.318	\$.041	\$.065
90	\$.144	\$.168	\$.204	\$.228	\$.305	\$.040	\$.063
100	\$.136	\$.160	\$.195	\$.218	\$.294	\$.039	\$.062
110	\$.130	\$.153	\$.188	\$.210	\$.286	\$.038	\$.061
120	\$.125	\$.148	\$.182	\$.203	\$.279	\$.037	\$.060
130	\$.120	\$.143	\$.176	\$.197	\$.273	\$.037	\$.059
140	\$.117	\$.140	\$.172	\$.193	\$.268	\$.036	\$.059
150	\$.113	\$.136	\$.168	\$.188	\$.263	\$.036	\$.058
160	\$.110	\$.133	\$.165	\$.185	\$.259	\$.035	\$.058
170	\$.108	\$.131	\$.162	\$.181	\$.256	\$.035	\$.057
180	\$.106	\$.128	\$.159	\$.178	\$.253	\$.035	\$.057
190	\$.104	\$.126	\$.157	\$.176	\$.250	\$.035	\$.057
200	\$.102	\$.124	\$.155	\$.173	\$.248	\$.034	\$.056
210	\$.100	\$.123	\$.153	\$.171	\$.245	\$.034	\$.056
220	\$.099	\$.121	\$.151	\$.169	\$.243	\$.034	\$.056
230	\$.097	\$.120	\$.150	\$.168	\$.242	\$.034	\$.056
240	\$.096	\$.119	\$.148	\$.166	\$.240	\$.034	\$.056
250	\$.095	\$.117	\$.145	\$.165	\$.238	\$.033	\$.055

Table 4.
COST PER TRIP OF AVERAGE TRUCK AND TRAILER OPERATION
OF VARIOUS CAPACITY FOR VARIOUS DISTANCES

	1	2	3	4	5	6	7
	2 Ton	3 Ton	4 Ton	5 Ton	6-Wheel	4-Wheel	6-Wheel
Miles	Truck	Truck	Truck	Truck	Truck	Trailer	Trailer
10	\$7.61	\$7.97	\$9.14	\$10.18	\$11.34	\$1.17	\$1.60
20	8.28	8.86	10.28	11.48	13.34	1.46	2.12
30	8.94	9.75	11.43	12.75	15.36	1.77	2.61
40	9.64	10.64	12.52	14.04	17.36	2.08	3.12
50	10.30	11.55	13.75	15.35	19.40	2.35	3.65
60	10.98	12.42	14.88	16.62	21.36	2.64	4.14
70	11.62	13.30	16.03	17.92	23.38	2.94	4.69
80	12.32	14.24	17.20	19.20	25.44	3.28	5.20
90	12.96	15.12	18.36	20.52	27.45	3.60	5.67
100	13.60	16.00	19.50	21.80	29.40	3.90	6.20
110	14.30	16.83	20.69	23.10	31.46	4.18	6.71
120	15.00	17.76	21.84	24.36	33.48	4.44	7.20
130	15.60	18.59	22.88	25.61	35.49	4.81	7.67
140	16.38	19.60	24.08	27.02	37.52	5.04	8.26
150	16.95	20.40	25.20	28.20	39.45	5.40	8.70
160	17.60	21.28	26.40	29.60	41.44	5.60	9.28
170	18.36	22.27	27.54	30.77	43.52	5.95	9.69
180	19.08	23.04	28.62	32.04	45.54	6.30	10.26
190	19.76	23.94	29.83	33.44	47.50	6.65	10.83
200	20.40	24.80	31.00	34.60	49.60	6.80	11.20
210	21.00	25.83	32.13	35.91	51.45	7.14	11.76
220	21.78	26.62	33.22	37.18	53.46	7.48	12.32
230	22.31	27.60	34.50	38.64	55.66	7.82	12.88
240	23.04	28.56	35.52	39.84	57.60	8.16	13.44
250	23.75	29.25	36.25	41.25	59.50	8.25	13.75

In explanation of the above tables Mr. Anthony testified as follows:

"The actual cost of operating a truck is dependent upon many factors. The cost will vary with the type of equipment used. The size and load carried enters into the equation. The cost will also vary with the topography of the region in which operated, the congestion in a given region, the buying power of the owner, the care of the equipment and methods of accounting used in establishing costs. . . .

"Accurate costs were kept of the operation of each piece of equipment from day to day, so that the yearly averages were readily obtainable. A composite picture of these operations is presented in the above tables.

"The cost of operating these motor trucks and trailers is placed under two headings, "Fixed Charges" and "Variable Costs". The fixed charges include interest on investment, insurance, garage, license and driver's salary. The variable costs cover gasoline, oil, grease, repairs, tires and depreciation. The fixed charges vary inversely with the mileage traveled, while the variable costs vary directly with the mileage traveled. Because of this inverse variation of the fixed charges, it is impossible to state the cost per mile unless we know the miles traveled.

TABLE 1.

"Table 1 shows the daily fixed charges of various capacity trucks and trailers ranging from 2 ton to 10 ton equipment. Interest is figured at 6% yearly on the average investment. Insurance charges are taken from quotations of the Automobile Club and checked against actual experience. License charges are those fixed by law for California.

"Amounts allotted to wages are predicated upon information gained from drivers now working for Pacific Freight Lines, but formerly in the employ of contract haulers and from many drivers applying for positions. The wage scale set forth in Table 1 is less than that actually being paid by Pacific Freight Lines, and was reduced intentionally to produce a figure so low that it would be free from the criticism that drivers could be obtained for less than the wage scale set forth in this table. Because of scarcity of work and the unemployment problems, drivers are willing to work at the present time on this wage scale. Where drivers are paid by the trip rather than by the day the wages received closely approximate the amounts used in Table 1.

TABLE 2.

"Table 2 sets forth the variable costs for the same equipment. Gasoline is figured at 12¢ per gallon, lubricants charged at actual cost to Pacific Freight Lines, tires at list of March 10, 1932, less 10%, allowing 30,000 miles for pneumatics on trucks and 40,000 miles on trailers. Maintenance is actual experience. Depreciation is figured on a mileage basis, allowing a life of 100,000 miles for trucks and 250,000 miles for

trailers. Depreciation may be charged off on either a yearly or a mileage basis. On a time basis depreciation is assumed to be a fixed charge; on a mileage basis it becomes a variable cost. I regard the mileage basis as more accurate as it does not charge an idle truck with the same rate as the truck doing 200 to 300 miles daily. It has been my experience that maintenance plus depreciation for 100,000 miles just about equals maintenance plus depreciation figured on a 200,000 mile basis. As the number of miles allotted to the life of a truck are increased the depreciation per mile decreases but this reduction of depreciation cost is offset by the fact that maintenance increases. This is due to the fact that a moving part is a wearing part and has a definite life. After a given number of motions the part is worn to an unusable condition and must be renewed.

"To arrive at the cost of operating a given truck a given number of miles both Tables 1 and 2 must be used to get the answer. For example: let us say that a 5 ton truck carrying $5\frac{1}{2}$ ton payload and pulling a 4 wheel trailer carrying an 8 ton payload travels from Los Angeles to San Diego, a distance of 126 miles, discharges its cargo and returns to Los Angeles empty. What is the cost of this operation? To determine the total cost add the fixed charge of the truck or \$8.89 (Table 1 Column 5) to the fixed cost of the trailer, or .87 (Table 1 Column 7) giving a total of \$9.76. The variable cost will be \$.129 per mile for the truck (Table 2 Column 5) plus \$.03 for the trailer (Table 2 Column 7), or a total variable of \$.159 per mile, and for 126 miles the total variable cost will be \$20.03. The total operating cost will be -

\$9.76	- the fixed charge plus
20.03	- the variable cost, or
\$29.79	- to haul $13\frac{1}{2}$ tons 126 miles

The equipment returns to Los Angeles empty so the round trip costs 2×29.79 or \$59.58.

"The average contract rate to San Diego is 15¢ for 100 lbs. or \$3.00 per ton. The revenue returned for hauling $13\frac{1}{2}$ tons @ \$3.00 per ton equals \$40.50, an amount showing a profit of \$10.71 on the haul to San Diego, but a loss of \$19.09 after the equipment has returned to Los Angeles empty; therefore, a return cargo or back haul must be obtained to make a 15¢ per 100 rate profitable.

TABLE 3

"To eliminate the necessity of multiplication and addition as outlined in the above example, Table 3 has been prepared. Table 3 shows the cost per mile of operation of truck and trailer of various capacity for various distances. For any given number of miles traveled, add the truck cost per mile to the trailer cost per mile to get the cost per mile of a truck and trailer movement.

TABLE 4

"To still further simplify the cost determination, Table 4 has been prepared. Table 4 shows cost per trip of truck and trailer operation of various capacity for various distances."

The following table shows the revenue, based upon a five ton truck loaded to capacity, actually being received by unregulated carriers:

<u>Miles</u>	<u>From</u>	<u>To</u>	<u>Commodity</u>	<u>Revenue</u>
85	San Francisco Bay Points	Modesto	Salt	\$13.00
327	Modesto	Los Angeles	Canned Milk	26.00
71	Salinas	Los Banos	Beet Pulp	7.50
72	Ripon	Sacramento	Canned Milk	12.50
155	San Francisco	Madera	Mill Feed	12.50
84	Oakland	Modesto	Feed	7.50
209	Dinuba	San Francisco	Dried Fruit	17.00
197	Kingsburg	San Francisco	Dried Fruit	17.00
177	Fresno	San Francisco	Dried Fruit	15.00
208	Red Bluff	San Francisco	Dried Fruit	18.00
160	San Francisco	Willows	Groceries	20.00
352	San Francisco	Santa Barbara	Groceries	54.00
98	Turlock	San Francisco	Canned Goods	11.00
52	San Jose	San Francisco	Canned Goods	7.00
177	San Francisco	Fresno	Canned Goods	15.00
236	San Francisco	Bakersfield	Canned Goods	25.00
85	San Francisco	Modesto	Canned Goods	10.00
169	Gridley	San Francisco	Canned Goods	18.50
85	Modesto	San Francisco	Canned Goods	12.50
68	Manteca	San Francisco	Canned Goods	10.00
85	Modesto	San Francisco	Powdered Milk	10.00
88	Tracy	Hollister	Hay	15.00
130	Bethany	Santa Cruz	Hay	20.00
350	San Francisco	Weed	Merchandise	50.00

APPENDIX XVII

In analyzing the financial condition of The Atchison, Topeka & Santa Fe Railway Company, Southern Pacific Company, Union Pacific Railroad and Western Pacific Railroad Company, the four transcontinental railroads which serve California, Mr. A. G. Mott, Chief Engineer of the Railroad Commission testified as follows:

"Returning to Sheet 1, (Exhibit 111) showing the results of operation of the Santa Fe, we have portrayed one of the strongest carriers of the country. Its invested capital has increased over 10 per cent in the five-year period, whereas its operating revenues, the far greater portion of which are freight earnings, have decreased from \$206,000,000 to \$150,000,000, or a decrease of more than 25 per cent, and although operating expenses have also decreased greatly, the operating income available for return has decreased from \$45,000,000 to a little over \$28,000,000, or nearly 40 per cent. The rate of return on this property in 1927 was 5.77 per cent, increasing to a little under 7 per cent in 1929, but decreasing to 3.18 per cent. in 1931.

"The Santa Fe is an unusually conservatively financed carrier, with the result that its interest charges are relatively a small proportion of its total earnings. Its operating income in 1927 amounted to more than four times its interest charges, while in 1931 this ratio had shrunk to a little over twice its interest charges. Parenthetically, it should be stated that it is my understanding that all of the carriers shown in this exhibit contend that their rate bases are substantially in excess of the rate base figures developed from the Interstate Commerce Commission's valuations." *****

"The second sheet shows comparable information with respect to the Pacific System of the Southern Pacific Company. The Pacific System is roughly described as that portion of the Southern Pacific Company extending from San Francisco on the one hand northerly to Portland, easterly over the Central route to Ogden, and southeasterly to El Paso, Texas and Tucumcari, New Mexico. Invested capital has not increased quite so rapidly on the S.P. Operating revenues have fallen from nearly \$215,000,000 in 1927 to \$146,000,000 in 1931, a decrease of 32 per cent. The operating income available for return has fallen from \$44,000,000 in 1927 to less than \$20,000,000 in 1931, or more than 55 per cent. The rate of return of the Southern Pacific Company increased from 5.41 per cent in 1927 to 5.72 per cent in 1929, and decreased to 2.23 per cent in 1931.

"The Southern Pacific Company has a larger interest bill to pay, with the result that in 1927 its operating income amounted to slightly over $1\frac{1}{2}$ times its funded debt interest, but in 1931 its operating income amounted to only 60 per cent of its funded debt interest."

"It should be borne in mind that these larger companies have in the past had substantial non-operating income earnings, largely in the form of dividends and interest on securities of other corporations, in many instances, other railroads. With earning power of these other corporations, particularly railroads, impaired and dividends reduced or omitted, these carriers must rely more and more on their operating income to meet their fixed charges.

"Furthermore, without substantial earnings on invested capital, additional capital can not be expected to flow into the enterprise to provide the same degree of adequacy of facilities that has obtained in the past.

"The situation of the Southern Pacific is particularly significant in California, for not only has the Southern Pacific come under the necessity of meeting more and more its own fixed charges out of its own operating income, but as heretofore pointed out, it must take care of fixed charges and other deficits on several of the more important short line railroads in California which it owns, or allow these railroads to pass into bankruptcy.

"It will not be necessary to review in detail the figures of the Union Pacific and Western Pacific, except to observe that they follow the same general tendencies as to the two already reviewed.

"I might say that the Union Pacific is for the Union Pacific system, which includes the Los Angeles and Salt Lake, the Union Pacific Railroad, the Oregon Short Line and the Oregon-Washington Railroad.

"The fifth sheet of this exhibit shows the situation for the four transcontinental railroads combined. These four railroads, it will be noted, have an invested capital in the ~~year~~ of \$2,500,000,000. The combined operating revenues for 1927 amounted to \$641,000,000, but they have since declined nearly 28 per cent. to \$463,000,000. The combined operating income of \$131,000,000 in 1927 has decreased 45 per cent, nearly one-half, to less than \$73,000,000. The combined rate of return has fallen from 5½ per cent in 1927 to 2.79 per cent in 1931. The operating income amounted to more than twice the interest on the funded debt in 1927, but in 1931 the operating income exceeded these interest requirements by only 16 per cent.

"In passing, it should be observed that the situation is very much worse in 1932, for whereas the four railroads combined earned 2.79 per cent in 1931, their earnings for the first three months of 1932 amount to less than 1 per cent, there having been a reduction of more than 60 per cent in net income compared with the same period in 1931. During this same three months period the Southern Pacific failed to earn its operating expenses.

"It is, of course, not to be inferred that all of the present difficulty of the railroads is the result of the disorganized condition in the transportation industry, but the record heretofore made indicates that the unrestrained competition on the part of unregulated carriers is one important factor contributing to the dismal financial situation reflected in these exhibits. Were the problems confined to the welfare of the railroads themselves and the stability of the investment measured by the billions invested in these railroad facilities, the problem would indeed be serious and worthy of most earnest consideration. The fact is that California's concern in this problem is far broader than the welfare of the railroads themselves."

Below is shown the results of operation, for a five-year period, of the four transcontinental railroads serving California.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

~~CONFIDENTIAL~~

	1927	1928	1929	1930	1931	5-Year Average
Rate Base	\$795,812,000.	\$819,557,000.	\$844,946,000.	\$875,648,000.	\$888,848,000.	\$844,962,000.
Operating Revenues	206,293,929.	206,277,070.	220,567,431.	185,261,863.	150,073,625.	193,694,784.
Operating Expense	142,754,973.	142,764,799.	143,325,049.	129,875,090.	109,299,248.	133,603,831.
Taxes	17,856,039.	15,922,553.	18,196,491.	16,521,413.	13,088,461.	16,316,991.
Other Net Debits	(210,714.)	35,955.	279,959.	421,753.	(567,533.)	(8,115.)
Sub-Total	<u>160,400,298.</u>	<u>158,723,307.</u>	<u>161,801,499.</u>	<u>146,818,256.</u>	<u>121,820,176.</u>	<u>149,912,707.</u>
Operating Income	\$45,893,631.	\$47,553,763.	\$58,765,932.	\$38,443,607.	\$28,253,449.	\$43,782,077.
Rate of Return	5.77%	5.80%	6.95%	4.39%	3.18%	5.18%
Interest on Funded Debt	\$11,295,018.	\$11,094,119.	\$12,766,878.	\$12,885,315.	\$12,809,454.	\$12,170,157.

(Red Figure.)

SOUTHERN PACIFIC COMPANY - PACIFIC SYSTEM

~~CONFIDENTIAL~~

	1927	1928	1929	1930	1931	5-Year Average
Rate Base	\$815,743,000.	\$831,347,000.	\$848,255,000.	\$873,844,000.	\$881,298,000.	\$850,097,000.
Operating Revenues	214,898,487.	218,885,255.	225,677,737.	188,837,681.	146,117,981.	198,883,428.
Operating Expenses	149,215,801.	151,212,056.	153,351,563.	132,831,268.	107,434,090.	138,808,956.
Taxes	17,573,939.	17,551,203.	18,068,082.	15,315,053.	13,990,523.	16,499,760.
Other Net Debits	3,984,229.	4,816,113.	5,782,842.	5,551,966.	5,020,912.	5,027,212.
Sub-Total	<u>170,773,969.</u>	<u>173,579,372.</u>	<u>177,182,487.</u>	<u>153,698,287.</u>	<u>126,445,525.</u>	<u>160,335,928.</u>
Operating Income	\$44,124,518.	\$45,305,883.	\$48,495,250.	\$35,139,394.	\$19,672,456.	\$38,547,500.
Rate of Return	5.41%	5.44%	5.72%	4.02%	2.23%	4.53%
Interest on Funded Debt	\$28,675,931.	\$28,663,948.	\$28,835,863.	\$30,179,651.	\$32,158,000.	\$29,702,679.

UNION PACIFIC RAILROAD COMPANY - SYSTEM

INCOME STATEMENT

	1927	1928	1929	1930	1931	5-Year Average
Rate Base	\$681,344,000.	\$694,625,000.	\$706,035,000.	\$716,775,000.	\$721,731,000.	\$704,102,000.
Operating Revenues	203,891,622.	215,169,246.	217,356,593.	189,672,612.	154,568,411.	196,131,697.
Operating Expenses	140,334,442.	146,256,488.	147,026,561.	131,154,850.	109,951,394.	134,944,747.
Taxes	15,985,844.	15,978,222.	17,089,568.	15,041,887.	12,181,908.	15,255,486.
Other Net Debits	8,087,946.	9,115,541.	7,914,896.	8,178,153.	7,732,678.	8,205,843.
Sub-Total	<u>164,408,232.</u>	<u>171,350,251.</u>	<u>172,031,025.</u>	<u>154,374,890.</u>	<u>129,865,980.</u>	<u>158,406,076.</u>
Operating Income	\$39,483,390.	\$43,818,995.	\$45,325,568.	\$35,297,722.	\$24,702,431.	\$37,725,621.
Rate of Return	5.79%	6.31%	6.42%	4.92%	3.42%	5.36%
Interest on Funded Debt	\$17,744,851.	\$17,573,934.	\$17,035,120.	\$15,260,713.	\$15,136,202.	\$16,550,166.

WESTERN PACIFIC RAILROAD COMPANY

INCOME STATEMENT

	1927	1928	1929	1930	1931	5-Year Average
Rate Base	\$102,015,000.	\$104,840,000.	\$107,654,000.	\$111,156,000.	\$120,784,000.	\$109,290,000.
Operating Revenues	16,433,463.	17,594,074.	17,687,896.	16,298,580.	12,914,527.	16,185,708.
Operating Expenses	13,125,069.	14,206,209.	14,438,043.	13,152,839.	11,439,804.	13,272,393.
Taxes	1,503,477.	1,171,177.	1,287,403.	1,113,279.	1,106,614.	1,236,390.
Other Net Debits	(516,566.)	(364,323.)	(539,066.)	121,702.	104,839.	(238,683.)
Sub-Total	<u>14,111,980.</u>	<u>15,013,063.</u>	<u>15,186,380.</u>	<u>14,387,820.</u>	<u>12,651,257.</u>	<u>14,270,100.</u>
Operating Income	\$2,321,483.	\$2,581,011.	\$2,501,516.	\$1,910,760.	\$263,270.	\$1,915,608.
Rate of Return	2.27%	2.46%	2.32%	1.71%	0.22%	1.75%
Interest on Funded Debt	\$2,137,962.	\$2,298,656.	\$2,449,659.	\$2,612,667.	\$2,764,607.	\$2,450,710.

(Red Figure.)

APPENDIX XIV

By Exhibit No. 1 it was shown that the Southern Pacific Company's loss of traffic to trucks during the year March 1, 1930, to March 1, 1931, was 5,720,843 tons, segregated according to loss in revenue as follows:

<u>Commodity</u>	<u>Revenue</u>	<u>Per cent of Total</u>
1 General Merchandise	\$3,989,899	30.5
2 Petroleum & Products	1,581,865	12.1
3 Hay	1,154,565	8.8
4 Lumber & Products	1,008,673	7.7
5 Fruits, fresh	897,256	6.9
6 Canned Goods	634,784	4.9
7 Vegetables, Melons, Potatoes, Onions	523,578	4.0
8 Autos, Parts & Tires	479,882	3.7
9 Fruits, dried	396,307	3.0
10 Sugar	378,856	2.9
11 Live Stock	258,920	2.0
12 Beans, dried	195,693	1.5
13 Iron & Steel	177,190	1.4
14 Paper & Products	154,535	1.2
15 Dairy Products	135,080	1.0
16 Fertilizers	127,271	1.0
17 Packing House Products	122,461	.9
18 Grain & Products	88,657	.7
19 Miscellaneous	<u>770,112</u>	<u>5.8</u>
Total	\$13,075,584	100.0

APPENDIX XV

The Commission's Chief Engineer made a study based upon a check of truck transportation at fifteen typical highway locations within California during the fall of 1931 for the primary purpose of classifying truck carriers engaged in hauling California intrastate traffic.*

The detailed information obtained showed (1) name of owner or operator, (2) license number, (3) capacity of truck, (4) points of origin and destination, (5) nature of the load, (6) owner of the load, and (7) general information obtained from driver as to character of operations. From the information thus obtained the operations of each operator were placed in one of three classifications, namely:

- (1) Carriers for hire certificated
- (2) Carriers for hire not certificated
- (3) Carriers not for hire

The following shows the number of trucks and trailers operating in each classification:

	<u>Trucks</u>	<u>Trailers</u>	
Number of loaded trucks operated by carriers for hire, certificated	911	587	
Number of empty trucks operated by carriers for hire, certificated	247	129	
Number of loaded trucks operated by carriers for hire, not certificated	8,358	3,254	
Number of empty trucks operated by carriers for hire, not certificated	3,959	1,400	
Number of loaded trucks operated by carriers not for hire	7,038	609	
Number of empty trucks operated by carriers not for hire	4,297	348	
	<u>Loaded</u>	<u>Empty</u>	<u>Total</u>
Total Trucks & Trailers, for hire, certificated	1,498	376	1,874
Total Trucks & Trailers, for hire, not certificated	11,612	5,359	16,971
Total Trucks & Trailers, not for hire	<u>7,647</u>	<u>4,645</u>	<u>12,292</u>
Grand Total (all 3 classifications)	20,757	10,380	31,137

The relative trucking use of the highways by the various classes of truck carriers is reflected by the following tabulation:

* This check was made by the State Board of Equalization with the co-operation of the State Highway Patrol. The original records of the Board of Equalization were made available to the Railroad Commission.

RELATIVE TRUCKING USE OF HIGHWAY
BY VARIOUS CLASSES OF CARRIERS

	Units				Capacity		
	Trucks	Trailers	Total	Per cent	Aggregate Tonnage	Per cent	Average Tons Per Unit
Carriers for Hire							
Certificated	1,158	716	1,874	6.02	8,478	9.60	4.5
Carriers for Hire							
Not Certificated	12,317	4,654	16,971	54.50	53,241	60.28	3.1
Carriers not for Hire	11,335	957	12,292	39.48	26,604	30.12	2.2
TOTAL	24,810	6,327	31,137	100.00	88,323	100.00	2.8

APPENDIX XVI

Statement of Professor Ford K. Edwards

"This statement which I have prepared is composed of two parts. The first enumerates certain basic principles which I believe should guide the Commission in its approach to the problem. The second part lists those specific recommendations through which these principles may be carried into effect.

"Before enumerating these principles it might be stated that the impression of the writer is that the present difficulties arise from a seriously decreased volume of traffic, an over-supply of transportation facilities and an inequality of regulation and competition between the various competing agencies. The desired goal is the establishment of our state transportation system on a sound basis free from discrimination to the public.

"The principles above referred to are as follows:

1. The public is entitled to the most efficient, economical and convenient transportation that has been or may be developed. No carrier has an inherent right to any traffic except in that it can provide the most economical and convenient means of transporting it.
2. The carrier providing this transportation is entitled to receive a fair compensation for the service rendered and whatever steps are necessary to accomplish this end should be taken. Rate levels should be high enough to provide for the cost of providing the service plus a fair return on the investment.
3. No carriers for hire should be allowed to operate below the cost of producing the service. It is not in the public interest that any individual carrier or group of carriers should operate for rates which do not meet the cost of production. In other words, any carrier for hire which is not self-supporting cannot justify its existence on the highway and should be removed for the protection of the investors, the remaining carriers and the public.

"For example, assume ten men to be selling a product and one of these ten, in order to dispose of his goods, sells below the cost of production. Even though he provides but a minor part of the goods on the market, the market price drops to somewhere near the level of this non-compensatory selling price. The individual ultimately will be forced out of business when his assets have been sufficiently depleted, but if there is a continual flow of such individuals the price may become permanently depressed below the cost of production.

"This condition exists today in the transportation field. Assume the following hypothetical case, which, judging from testimony presented by truck dealers before this Commission, is typical. A truck driver decides to go into business for himself. He saves \$500 out of his wages over a period of time and borrows \$300 from a friend. With the \$800 he makes a down payment on a truck, and starts operation. But he finds competition severe and it is difficult to get business at a fair charge. He therefore starts underquoting his competitors and working long hours for a small wage. As soon as he commences cutting his rates below the cost of providing the service the final result may be foretold. In six months

or so he surrenders the truck to the dealer through inability to meet his payments. The dealer may lose another \$200 in reconditioning the truck and reselling it. A total of \$1,000 has been lost during the period.

"The freight shipped on this truck during the six months never paid its cost of handling. It was as truly subsidized to the extent of \$1,000 as if it had moved by rail, water or otherwise and the truck operator and the truck dealer had paid a portion of the freight charges. Such an operation is parasitical in its nature - it exists only because of a flow of capital from outside the industry and which is consumed in the unprofitable operation. That this condition prevails to a very wide extent is evidenced by the testimony presented before the Commission by carriers, shippers and motor truck dealers. The specific evils resulting from this condition may be summarized as follows:

1. It causes wholly unwarranted losses to ill advised and over eager investors who supply this flow of capital.

2. It seriously embarrasses the carriers who are attempting to operate on a sound basis and threatens their financial security.

3. It has worked immediate injury to some shippers who have suffered loss through the financial irresponsibility of some of the truckers; and it threatens a vastly greater loss to all shippers through a breakdown of a sound, nondiscriminatory, common carrier system of transportation, which is the backbone of all economic activity. The individual shipper may be able to depend temporarily upon the itinerant trucker, but industry as a whole must of necessity have a reliable, dependable common carrier transportation structure - and such a structure cannot exist where capital is being discouraged from entering that division of our transportation system by the present competitive conditions. Thus to repeat: it is not in the public interest that any part of the transportation system moving goods for hire - either common carrier or contract carrier - should be allowed to charge below the cost of providing the service.

4. There should be no artificial limitation upon the field of service in which each agency of transportation should serve. The railroads, water carriers and highway operators should have a full right to find their own field - the determining factor being the cost of providing the service, all costs, properly chargeable against the operation being included. The transportation system is in a continual state of evolution and the public is entitled to the most efficient means of transportation as such are developed. No artificial handicap through regulation or taxation should be resorted to to force traffic to any particular agency of transportation.

5. Regulation should be applied equally to all forms of common carrier transportation, and such regulation should be applied to contract carrier operation as will prevent it throwing an unfair burden upon the common carrier and jeopardizing the continuance of the service the latter renders.

* * * * *

6. This equalization of regulation should be obtained by extending existing regulation to the unregulated forms of transportation rather than by removing any of the present supervision.

Certain shippers have expressed their belief that this equality of regulation should be accomplished by removing existing regulation from the railroads rather than imposing any additional measures on the trucks. But such recommendations have been vague and indefinite with few specific suggestions. Perhaps the best indication as to what regulation would have to be removed from the rail carriers to equalize competition is that given by various railroads and short lines themselves. They suggest the following:

1. The period of statutory notice be reduced or eliminated.
2. Carriers be relieved from observing the long and short haul provision.
3. Carriers be relieved from observing the combination of rates as a maximum.
4. Railroads be permitted to quote rates to be in effect only during the movement of a single shipment.

"If the railroads are to meet the existing competition of all vehicles for hire now operating on the highway, certainly some such drastic measures as the above are necessary. The shippers must have had something of this nature in mind when they speak of reducing regulations now imposed on the railroads.

"However, if such proposals were adopted it would remove the heart of all rate regulation. Discrimination has been the outstanding evil of our transportation system for the removal of which the public has resorted to regulation.

"To now remove such regulation would merely re-introduce old evils. It would simply evade and postpone the major issue which is the re-establishment of transportation on a sound basis free from discrimination to the public. Most of the shippers appearing before the Commission have testified as to the need for a uniform published rate known and available to all. The carriers in a similar vein have protested against the need of radical rate reductions to meet day to day competition in various localities yet both would defeat their purpose if rate regulation was lightened to the degree mentioned. What the shippers desire is a stabilized rate open to all, and what the carriers need is a fair compensation for the service performed. Certainly neither of these objects would be accomplished by allowing the railroads to indiscriminately cut their rates on short notice or to cut rates to individual shippers to meet ever changing truck competition. The victor of rate wars is usually little better off than the vanquished and the local industry may easily be demoralized by the ever shifting rates and the personal and local discrimination introduced.

"To repeat, equality of regulation should be obtained by extending the application of existing statutes as broadly as is necessary. As to the specific recommendations, I would suggest the following:

1. The scope of commission jurisdiction should be extended to include all transportation for hire. This would include the following:
 - (1) Rail carriers
 - (2) Water carriers
 - (3) Common carriers on the highway
 - (4) Contract carriers on the highway

* * * * *

The group designated as common carriers should include

all operators who can be possibly included in this category with the approval of the courts. It would probably include a large portion of the existing contract carriers and radial operators. The commission should go as far in this regard as test cases carried before the courts will permit - on the grounds that they are "affected with the public interest."

The writer appreciates the legal difficulty of including the bona fide contract carrier within the scope of regulation, but such should be accomplished if test cases now pending before the courts should make such possible.

2. The commission should be given or should assume active jurisdiction as follows:

- (1) It should definitely set both the maximum and minimum rates to be charged by common carriers on the highway.
- (2) The Commission should set the minimum rate to be charged by contract carriers based on the reasonable cost of providing the service.
- (3) Contract carriers should be required to obtain permits from the Commission which would be issued upon a showing of:

Bona fide contracts
Fitness and capacity of applicant to conduct
the business he offers to do.
Rates charged which are compensatory.
Financial responsibility.

The writer believes that adequacy of existing service should not be a factor in issuing such permits at least until more is known as to the number of such carriers in existence and the part they play after the commission has eliminated those operating illegally.

- (4) All operators for hire, both common and contract, should be required to keep uniform accounts open to the commission.
- (5) All operators, both common and contract, should be required to use uniform way bills, bills of lading, receipts, etc., and to maintain these records for a stated period to the end that discrimination, rebating, rate cutting, etc. may be eliminated.
- (6) An operator, established as a common carrier, should not be allowed to pick and choose his goods but if granted a franchise should be required to handle all types of goods.
- (7) The commission should establish the minimum rates for water carriers.
- (8) Water carriers should be required to obtain certificates of public convenience and necessity before commencing operation.
- (9) The contract carriers should be required to adhere to the general safety orders of the Commission prescribed for common carriers.

3. A bureau of investigation and enforcement should be created within the Commission. The certificates of common carriers or permits of the contract carriers not discharging their obligations or found financially irresponsible should be revoked.

4. There should be strict enforcement of motor vehicle weight and speed restrictions.

5. An impartial fact finding body should determine what is a fair tax burden upon the various agencies of transportation, finding

(1) What constitutes a fair payment by each type of vehicle and each type of service for the use of the state highway, and

(2) What constitutes a fair contribution by each carrier (over and above payment for the use of the highway) toward the general expenses of the state.

The costs so found are a necessary factor in determining the cost of operation and the rate level of the various carriers.

APPENDIX XVII

RESUME OF STATE REGULATION OF MOTOR
VEHICLE CARRIERS.

ALABAMA

Acts 1931, No. 273, p. 303 repealed Acts 1927, p. 309

Common carriers of passengers or property must obtain certificate. Carriers defined as only those "operating between fixed termini or over a regular route and who hold out to carry for hire, so long as it has room, for all persons applying, or goods of every one bringing goods to him for hire". (Sec. 1)

ARIZONA

Revised Code of 1928. (Laws 1919, Ch. 130)

Common carriers of passengers or property must obtain certificate. (Sec. 736) No person transporting persons or property shall carry for hire over any highway or between points where there is a certificated operator without obtaining permission to so operate, and then only in accordance with such rules as may be prescribed. (Sec. 737)

State v. Smith (1927), 252 Pac. 1011 held act to be confined to common carriers.

ARKANSAS

Acts 1929, No. 62, p. 137, amended Acts 1927, No. 99, p. 247.

One transporting persons or property for compensation shall obtain a license certificate (Sec. 3.)

Jones v. Ferguson (1930, 27 S.W. (2d) 96 held the act

to be valid but not applicable to private carriers.

CALIFORNIA

Statutes 1917, ch. 213, as amended, (2 Deering's General Laws (1931) 2534, Act 5129)

A "transportation company" is one owning, controlling, operating or managing any auto truck "used in the business of transportation of property, or as a common carrier of property, for compensation, * * * between fixed termini or over a regular route, and not operating exclusively within the limits of an incorporated city or town or of a city and county * * *", (Sec. 1(c)) and certificate must be obtained (Sec. 5).

The act does not apply to private carriers. (Frost v. Railroad Commission, 271 U. S. 583)

COLORADO

Session Laws 1927, ch. 134, p. 499

One carrying persons or property for compensation between fixed points or over established routes, "or otherwise, who indiscriminately accept, discharge and lay down either passengers,

freight or express, or who hold themselves out for such purposes * * *", (Sec. 1(d)), must obtain a certificate (Sec. 4.)

Section Laws 1931, ch. 120, p. 465

Regulates private carriers. Class A private carriers are those "operating over substantially regular or established routes or between substantially fixed termini; or to a fixed terminus or termini."

Class B private carriers are those not operating "over substantially regular or established routes or between substantially fixed termini."

Term "private carrier" applies to those in business of transporting persons or property for compensation by contract or otherwise, and includes all persons or corporations operating their own vehicles for the transportation of their own property, who charge or collect from the consignee, purchaser or recipient of such property, compensation for transporting or delivering the same. (Sec. 1(h)).

Private carrier must obtain permit (Sec. 3) and is subject to tax (Sec. 5) to be paid to the commission. (Sec. 7)

CONNECTICUT

Public Acts 1921, ch. 77, p. 3088

Motor vehicle transporting passengers for hire "as to afford a means of transportation similar to that afforded by a street railway company, by indiscriminately receiving or discharging passengers; or running on a regular route, or over any portion thereof; or between fixed termini" is a "jitney". (Sec. 1)

Public Acts 1927, ch. 203, p. 4277 (amends 1921 act)

Operator of "jitney" must obtain certificate from commission specifying route. (Sec. 3)

Public Acts 1929, ch. 292, p. 4762

Term "common carrier" includes taxicabs, rates and service regulated by commission (Sec. 2), and certificate to be obtained. (See also Public Acts 1931, ch. 204, p. 216)

FLORIDA

General Laws 1931, ch. 14764-(No. 126), p. 486

Term "auto transportation company" includes vehicles (1) operated in common carriage of persons or property for compensation over regular routes or on fixed schedules or between fixed termini", (2) operated in transportation of persons or property under contract or private carriage for compensation, (3) operated for hire as defined by Sec. 1280 Compiled General Laws of 1927. (Sec. 1(h)) (NOTE, - Sec. 1280 defines "for hire" as vehicles "as may be let or rented to another for a consideration")

Term "private contract carrier" means an auto transportation company not a common carrier but transporting under contract for one or more persons for compensation, where such carriage consists of continuous or recurring carriage under the same contract. (Sec. 1(1)).

Common carrier must obtain certificate (Sec. 3)

Private contract carrier must obtain certificate (Sec.4).

"For hire" vehicle must obtain a permit which shall issue as a matter of right. (Sec. 5)

GEORGIA

Laws 1931, No. 243, p. 199

Operator of vehicle transporting persons or property for hire as a common carrier (Sec. 2(e)) must obtain certificate. (Sec. 4)

IDAHO

Session Laws 1929, ch. 267, p. 614 (Repeals 1925, ch. 197 and 1927, ch. 237)

"Auto transportation company" includes vehicles used in the business of transporting persons or property for compensation between fixed termini or over a regular route (Sec. 1(e)), and permit must be obtained from commission (Sec. 2).

Commission order limiting size of vehicles affirmed, see Coeur D'Alene Auto Freight v. Comm. (1931), 1 Pac. (2d) 627

ILLINOIS

Laws 1921, p. 702.

Sec. 55(a) refers to carriage of passengers (freight) for hire, indiscriminately accepting and discharging such persons (freight) as may offer for transportation. Under section 55 public utilities must obtain certificates.

INDIANA

Acts 1925, ch. 46, p. 138

Each individual, "and every city or town", transporting passengers or property for compensation as a common carrier declared to be a public utility. (Sec. 1) Certificate required (Sec. 2). Act does not apply to vehicles "the major use of which is for private business of the owners and the use of which for hire is only casual or occasional or under special contract or arrangement" (Sec. 5). Vehicles transporting for railroad declared common carrier (Sec. 6).

IOWA

Acts 1923, ch. 97, p. 90

"Motor carrier" is one operating for transportation of passengers or property for compensation, between fixed termini or over a regular route, "or for delivering oils, goods or

merchandise other than farm products in the vicinity of and from a distributing point" except operations solely within a municipality (Sec. 1(b)), and must obtain certificate. (Sec. 4)

Acts 1929, ch. 129, p. 161

Regulation of freight operations for compensation, not over regular routes or between fixed termini. Permit must be obtained.

See, generally, State v. Blecha & Owen Transfer (1931), 239 N. W. 125.

KANSAS

Laws 1931, ch. 236, p. 344

"Public motor carrier of property" is one transporting property for hire as a common carrier having a fixed termini or route.

"Contract motor carrier of property" is one not a public carrier engaged in transportation of property for hire as a business.

"Private motor carrier of property" is one engaged in transportation of property "sold or to be sold by him in furtherance of any private commercial enterprise."

"Public motor carrier of passengers" is one transporting passengers or express for hire as a common carrier having a fixed termini or route.

"Contract motor carrier of passengers" is one not a public carrier engaged in transportation of passengers or express for hire. (Sec. 1)

Public motor carriers must obtain certificate. (Sec. 7)

Contract motor carriers and "private motor carrier of property" must obtain a license from the commission. (Sec. 8)

As to all, the commission may license, supervise and regulate schedule, service and method of operation; prescribe uniform accounting system; require annual and other reports; prescribe rules and regulations, etc. (Sec. 5)

See Continental Baking Co. vs. Woodring (1932) 76 L. ed. (Adv. Op.) 816)

KENTUCKY

Acts 1926, ch. 112, p. 361 (Repealed 1924, ch. 81)

"Motor transportation company" is one in the business of transportation of persons for hire, (Sec. 1)

No one shall engage in transportation of persons for hire between fixed termini or over a regular route without first having obtained certificate. (Sec. 3)

LOUISIANA

Acts 1926, No. 292, p. 532

"Motor carrier" is one operating between fixed termini or over a regular or irregular route, transporting passengers or property for compensation. (Sec. 1(f)), is declared to be a common carrier (Sec. 2), and must obtain certificate (Sec. 3)

MAINE

Laws 1923, ch. 211, p. 364, amending 1921, ch. 184, p. 199

Commission has jurisdiction over carrying of passengers for hire over regular routes (Sec. 1), and no person shall operate such vehicle "on any street or highway in any city or town" without obtaining certificate. (Sec. 4)

(Additional sections added to regulatory statute by Laws 1925, ch. 167, p. 149, and Laws 1929, ch. 301, p. 301)

MARYLAND

1. Passenger vehicles

Annotated Code (1924) Article 56 (Vol. 2, p. 2044), Sec. 251, as amended by Laws 1927, ch. 620, p. 1251, provides that operator of vehicle to be used in the "public transportation of passengers for hire" must obtain permit to operate. Under section 252 all motor vehicles, except school buses, "operating for hire * * * on regular schedules or between fixed termini", including those used by corporations, groups, and associations transporting their stockholders or members, whether on the cooperative plan or otherwise, are subject to act, except that public duties of a common carrier shall not be imposed on one not actually engaged in public transportation. On application to operate "over any specified route" commission may grant permit for not exceeding 20 years. (Sec. 255) Under section 252A (Laws 1929, ch. 225, p. 618) Employee's Certificate of Convenience shall issue to employee owner of vehicle where employees he proposes to transport for hire have not adequate transportation service from and to employment.

2. Freight Vehicles

Annotated Code (1924), Article 56 (Vol. 2, p. 2048) Sec. 253, provides that owner of vehicle to be used "in the public transportation of merchandise or freight" must obtain permit to operate.

Exemption re hauling of farm products, see Laws 1931, ch. 380, p. 958.

See Rutledge v. Boughman (1927), 138 Atl. 29, for construction of statute re private and common carriers.

MASSACHUSETTS

Acts 1931, ch. 408, p. 567

Vehicle may not operate in any city or town for carriage of passengers for hire so as to afford a means of transportation similar to that of railway, by indiscriminately receiving and discharging passengers along the route on which vehicle is operated or may be running, or for transporting passengers for hire as a business between fixed and regular termini without first obtaining a license for such operation from the city council. (Sec. 1)

In certain cases department of public utilities may issue license direct. (Sec. 3)

MICHIGAN

Acts 1931, No. 212, p. 363.

One transporting persons or property, for hire, over fixed routes or between fixed termini, who holds out to public to transport indiscriminately, or as a common carrier, classified as a public carrier (Sec. 1 (1)).

All others carrying for hire, either under contract or otherwise, but not within classification of public carriers, are classified as private carriers. Legislative intent to include every carrier for hire not in fact a common or public carrier. (Sec. 1(j))

Private carrier permits shall issue as matter of right upon proof of compliance with all provisions of law (Sec. 5) Separate powers granted to commission over public and private carriers. (Sec. 3 and 4)

In Ogden and Moffitt Co. v. Michigan Public Utilities, October 29, 1931 (D.C.E.D.Michigan), a three judge federal court upheld the provisions of the foregoing statute with reference to contract carriers.

MINNESOTA

Laws 1925, ch. 185, p. 178

Transporting of persons or property for compensation as common carrier between fixed termini or over a regular route (Sec. 1(h)) requires certificate.

MISSISSIPPI

Laws 1926, ch. 128, p. 204 (See also Mississippi Code, 1930, Annotated, Vol. 1, Sec. 7117 et seq.)

"Auto transportation company" is one in the business of transporting persons or property for compensation as a common carrier between fixed termini or over a regular route, and must obtain certificate.

MISSOURI

Laws 1931, p. 304 (Repeals Article 8 of Chapter 33, Revised Statutes of Missouri, 1929)

"Motor carrier" is one operating for transportation of persons or property or providing or furnishing such transportation service for hire as a common carrier. (Sec. 5264(b))

"Contract hauler" is one engaged, as his principal business, in transporting for compensation or hire, persons or property for a particular person or corporation to or from a particular place or places under special or individual agreement, not operating as a common carrier. (Sec. 5264(c))

Common carrier must obtain certificate. (Sec. 5268)

As to "contract hauler" commission may fix or approve rates and charges, prescribe maximum but not minimum scales for general application, supervise schedules and service, prescribe uniform accounting system, require annual reports, etc. (Sec. 5270)

In Schwartzman Service Inc. v. Stahl, et al Public Service Commissioners of Missouri, August 1, 1932 (D.C.W.D. Missouri) the foregoing statute for the regulation of contract motor carriers was sustained by a three judge federal court (Circuit Judge Valkenburgh and District Judges Otis and Reeves.)

"Contract hauler's permit" must be obtained, hearing to be had on application, and permit shall issue if commission finds from the evidence "that the public will be benefited by the creation of the proposed service". Consideration is to be given to existing transportation service. (Sec. 5271)

MONTANA

Laws 1931, ch. 184, p. 491.

"Motor carrier" is one transporting persons or property for hire, "on a commercial basis either as a common carrier or under private contract, agreement, charter, or undertaking." (Sec. 1(h)).

Motor carriers are of three classes, A. B. & C. Class A carriers are those operating between fixed termini or over a regular route, under regular rates or charges. Class B carriers are those operating under regular rates or charges and not between fixed termini or over a regular route, Class C carriers are those distributing, delivering or collecting wares, merchandise, or commodities, or transporting persons, where the remuneration is fixed in and the service furnished under a contract, charter, agreement, or undertaking (Sec. 2).

All three classes must obtain a certificate. (Secs. 8,9,10)

In Barney v. Board of Railroad Com'rs. of Montana, June 25, 1932, the Supreme Court of Montana held to be unconstitutional the provisions of the foregoing statute with reference to certification of contract carriers.

NEBRASKA

Laws 1927, ch. 150, p. 403 (See Compiled Statutes 1929, ch. 60, p. 1254)

"Motor transportation company" is one engaged in business of transporting persons and baggage for hire between fixed terminals. (60-101)

Commission has general control, except fixing of rates, and may regulate service, require reports, and provide uniform accounting system. (60-102)

NEVADA

Compiled Laws, 1929, Vol. 3, p. 1730

"Public utility" includes those transporting persons or property for hire over highways as common carriers (Sec. 6106), and certificate must be obtained (Sec. 6137). Annual license must be obtained from Commission. (Vol. 2, sec. 4403)

NEW HAMPSHIRE

Public Laws, 1926, Vol. 2, ch. 258, p. 1007

Every person in the business of transporting passengers for hire, and receiving and discharging passengers along a regular route is a common carrier (Sec. 1), and must obtain permit from commission. (Sec. 2)

NEW JERSEY

Laws 1926, ch. 148, p. 226

Auto bus included in term "public utility"

NEW MEXICO

Statutes Compiled, 1929, Article 10, p. 303

"Motor carrier" is one operating as a common carrier of passengers or property, for hire, between fixed termini or over a regular route (11-1001) and a certificate is required (11-1003).

Laws 1931, ch. 52, p. 98, is similar to California Motor Carrier Transportation Agent Act.

NEW YORK

Cahill's Consolidated Laws, 1930, ch. 49

Jurisdiction of commission extends to "common carriers * * * and stage or omnibus lines or routes" (Sec. 5), Common carrier must obtain certificate. (Sec. 53)

NORTH CAROLINA

Laws 1927, ch. 136, p. 395

"Motor vehicle carrier" is one in the business of transporting persons or property for compensation between cities or towns (Sec. 1(k)), excepting "casual trips under contract or on call" providing additional traffic is not picked up along the route or on return other than "those or that included in the original trip"(Sec. 2). Franchise certificate must be obtained. (Sec. 3)

NORTH DAKOTA

Laws 1931, ch. 188, p. 327

"Auto transportation company" is one in business of transporting persons or property as a common carrier (Sec. 1(d)).

"Common carrier" means every auto transportation company which offers to the public to carry persons or property for compensation. (Sec. 1(d-1)).

Two classes of common carriers: Class A companies, operating between fixed termini or over a regular route upon a regular time schedule at regular rates; and "special auto transportation companies", not operating between fixed termini or over a regular route. (Sec. 1(i)). Both classes must obtain certificate (Sec. 2(1)).

OHIO

Laws 1929, p. 482.

"Motor transportation company" includes one in business of transporting persons or property, or of providing or furnishing such service, for hire, for the public in general, (Sec. 614-84) Certificate must be obtained. (Sec. 614-87).

OKLAHOMA

Laws 1929, ch. 253, p. 351

"Motor carrier" is one transporting passengers or property for compensation, carriers being divided into three classes: Class A includes those operating as common carriers between fixed termini or over a regular route; Class B includes all carriers not operating as Class A and C carriers, "whether as private carriers or common carriers"; and Class C includes all carriers operated by owners for transportation of their own goods who charge or collect from consignee, purchaser, or recipient for transporting or delivering same. (Sec. 1)

Commission may regulate every carrier doing an intercity business, fix or approve maximum and minimum rates, supervise accounts, etc., provided "no showing of convenience or necessity shall be required of Class 'C' carriers" (Sec. 2)

Class A carrier must obtain certificate. (Sec. 6)

Class B carrier must obtain permit, which commission may issue as prayed for after hearing, refuse to issue, issue for partial exercise, or attach conditions, provided that an interstate carrier need not make a showing of any convenience and necessity. (Sec. 7)

Extent of applicability of Oklahoma statute to Class C carriers, see Collins etc. v. Corp. Comm. (1931), 7 Pac.(2d) 123.

The provisions of the foregoing statute with reference to Class B carriers was upheld in certain particulars in Roadway Express Inc. v. Corporation Commission, July 26, 1932, (D.C.W.D.Oklahoma)

OREGON

Oregon Code Annotated, 1930, Vol. 3, p. 4378, as amended by Laws 1931, ch. 118, p. 165.

"Motor carrier" is one transporting persons or property for compensation for the general public. "Contract haulers" are those transporting for compensation for a particular person or corporation to or from a particular place under special or individual

agreement and not operating as a common carrier. "Commercial carrier" also defined. (Sec. 55-1301, as amended 1931)

"Motor carrier" must obtain permit from public service commission, and motor carriers, contract haulers, and commercial carriers must obtain a license from the secretary of state covering the operation. (Sec. 55-1305)

PENNSYLVANIA

Purdons Penn. Statutes, Ann., Title 66

"Common carrier" includes all common carriers engaged for profit in the conveyance of passengers or property by, through, over, above, or under land or water, or both. (Sec. 1)

Laws 1929, No. 513, p. 1647 provides that the Secretary of Revenue shall suspend the registration of any motor vehicle upon presentation of a certificate from the Public Service Commission setting forth that, after hearing, it has found that such vehicle had been operated as a common carrier, without approval by the Commission.

RHODE ISLAND

Laws 1923, ch. 254, p. 1056

Regulates common carrier passenger service.

SOUTH CAROLINA

Code of Laws, 1932, p. 954, ch. 162

"Motor vehicle carrier" is one in the business of transportation of persons or property for compensation. (Sec. 8507)
Certificate must be obtained and there shall be six classes of certificates:

Certificate A - Regular schedule and route, passengers

" B - Not upon fixed schedule or route, passenger

" C - One who will not solicit transportation of persons outside of corporate limits, does not operate upon regular schedule, but who is privately employed for specific trip and who will not solicit or receive patronage along the route.

" D - Property, regular routes and schedules

" E - Property, irregular

" F - Business commonly known as contract hauling, when applicant does not propose to operate upon a regular schedule or over a regular route, or to solicit or receive patronage along the route. (Sec. 8510)

SOUTH DAKOTA

Laws 1925, ch. 224, p. 241, as amended by Laws 1929, ch. 181, p. 207, and Laws 1931, ch. 179, p. 222.

"Motor carrier" is one transporting persons or property for hire, "or for distributing, delivering or collecting oils or oil products, goods, wares or merchandise", except exclusively within municipality, and with certain other exceptions. (Sec. 1(1) as amended 1931)

"For hire" means for remuneration of any kind, directly or indirectly, paid or promised. An occasional accommodative transportation service by one not in the transportation business, shall not be construed as a service for hire, even though person transported shares in cost or pays for the service. (Sec. 1(j)).

Four classes of motor carriers:

Class A - between fixed termini or over a regular route under regular rates and charges,

Class B - regular rates and charges but not between fixed termini or over a regular route,

Class C - "where the remuneration is fixed in and the transportation service furnished under a contract, charter, agreement or undertaking where such carrier does not engage in or

hold itself out to furnish service to the public generally",

Class D - where remuneration for transportation is obtained indirectly and not based upon specific rates or charges. (Sec. 2, as amended 1929)

Commission may fix rates of Class A and B carriers and regulate facilities, operations, accounts, service, safety of operations, etc., of all carriers. Rules and regulations shall have due regard for the differences existing between the classes. (Sec. 3)

Class A carrier must obtain certificate (Sec. 8), and Class B carrier a permit (Sec. 9), and if public convenience and necessity is found, certificate or permit shall be issued authorizing operation "from the date thereof until the first day of July next following." (Sec. 10)

Class C or Class D carrier may not operate without first having obtained written notification of its registration as such carrier, after application for registration and payment of fee. (Sec. 11)

TENNESSEE

Acts 1929, ch. 58, p. 108, as modified by 1932 Code of Tennessee, pp. 1224 et seq.

No person shall transport persons or property for compensation on any highway without first obtaining a certificate from the commission, and such operators are subject to control, supervision, and regulation. (Sec. 5471) However, statute does not apply to those operating upon road over which certificate has not been granted (Sec. 5473), nor to the making of casual trips on call or under contract, solicited by party served, for carrying of passengers (Sec. 5475), nor to persons, not engaged in business of transporting for compensation, who may be called upon as private carriers to transport freight or property when certificated carriers do not furnish adequate means of transportation.

TEXAS

Passenger carriers, Acts 1927, ch. 270, as amended

"Motor bus company" is one transporting persons for compensation over fixed routes or fixed schedules, or otherwise. (Sec. 1(c)), and certificate must be obtained. (Sec. 5)

Truck and freight carriers, Acts 1929, ch. 314, p. 698, as amended Acts 1931, p. 482.

"Motor carrier" is one transporting property for compensation where a highway between two or more towns or villages is traversed. (Sec. 1(g))

"Contract carrier" is a motor carrier transporting other than as a common carrier. (Sec. 1(h))

No motor carrier shall operate as a common carrier without first obtaining a certificate (Sec. 3), and contract carrier must obtain a permit (Sec. 6, as amended Acts 1931, p. 485), which permit shall not be granted until after hearing, nor if the commission be of opinion that the proposed operation will impair efficient service of any authorized common carrier then adequately serving the same territory. (Sec. 6(c)). Commission may prescribe rules and regulations covering operation of contract carriers in competition with common carriers, and shall prescribe minimum rates which shall be no less than rate prescribed for common carriers for substantially the same service. (Sec. 6aa)

See Stephenson v. Binford, 53 Fed (2d) 509

UTAH

Laws 1927, ch. 42, p. 60, as amended by Laws 1929, ch. 94, p. 176. (This act does not apply to carriers, as defined in Compiled Laws 1917, sec. 4782, holding a certificate when operating between the points named in the certificate.)

"Automobile company for hire" is one engaged in business of transporting, or soliciting or securing the transportation of passengers or property, for compensation, when such business of transportation is engaged in or transacted by contract or otherwise for more than one person or corporation. Persons or corporations may transport their own property. (Sec. 1, 1929). A permit must be obtained and commission, after hearing, may refuse to issue permit, or may issue in whole or in part. (Sec. 2, 1929) Commission may prescribe rates, rate of speed, weight of load, and stops to be made, which shall be reasonable.

VERMONT

Acts 1925, No. 74, p. 115

Indiscriminate carriage of persons or property for hire, regularly over fixed route or between fixed termini declared common carrier service, and certificate must be obtained.

VIRGINIA

1932 Supplement to Virginia Code of 1930, p. 140
(Laws 1932. p. 700)

"Motor vehicle carrier" is one transporting passengers or property for hire as a common carrier, and certificate must be obtained.

WASHINGTON

Laws 1921, ch. 111, p. 338, as amended Laws 1927, ch. 166, p.179.

"Auto transportation company" is one transporting persons or property, for compensation, between fixed termini or over

a regular route. (Sec. 1) No one shall engage in business as a common carrier except in accordance with act (Sec. 2, as amended 1927). Certificate is required (Sec. 4)

WEST VIRGINIA

Code of 1932, p. 432

No vehicle shall be operated for transportation of passengers or property until certificate of convenience has been issued by state road commission; this without regard to whether operation is between fixed termini or over regular routes or otherwise. (Sec. 1489)

WISCONSIN

Laws 1931, ch. 421, p. 697.

"Auto transportation company" is one operating for compensation as a common carrier between fixed termini or over a regular route, carrying passengers or property.

WYOMING

Laws 1931, ch. 133, p. 214

"Common carrier" is one who, for hire or reward, transports person or property of such as may choose to employ him, over regular routes between fixed termini, provided that at least three regular trips each week are made and that no certificate shall be required except on regular routes where such service is maintained. (Div. 1, sec. 1(e))

"Contract carrier" is one who transports, under contract, express or implied, for hire or reward, in any other manner than as a common carrier. (Div. 1, sec. 1(f))

Common carriers must obtain certificate (Div. 2, sec. 2), and contract carrier must secure annual permit (Div. 3, sec. 2).

Two types of license plates are issued by commission.