

Decision No.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Rice Association of California,
Pacific Rice Growers Association,

Complainants,

vs.

Southern Pacific Company,
Atchison, Topeka & Santa Fe Railway
Company,

Defendants.

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Chapman and Thompson, for Complainants.
Geo. D. Squires, for Southern Pacific Company.
G. H. Baker, for Atchison, Topeka & Santa Fe
Railway Company.

GORDON, Commissioner.

ORIGINAL

Case No. 923.

Decision No. 3424

O P I N I O N

Complainants in the above entitled case, the Rice Association of California, a voluntary, unincorporated association of persons, firms and corporations, and the Pacific Rice Growers Association, a corporation organized and existing under the laws of the State of California, are engaged in growing, buying and marketing paddy or rough rice and the products thereof. They are also organized to promote and defend the interests of the rice industry.

In complaint filed February 17, 1916, it is alleged that the rates charged by defendants for the transportation of paddy rice, in carloads, from and to various points in California, are unjust and unreasonable, therefore unlawful. It is also alleged that the existing carload rates on paddy rice create undue discrimination against the rice growers of this State.

A few of the rates complained of, which are typical of the others, are set forth in the following table, also the points from and to which the rates apply, the distances and tariff reference:

PADDY RICE IN CARLOADS

MINIMUM WEIGHT 40,000 POUNDS

Distance (Miles)	From	To	Rate in Cents Per 100 Lbs.	Tariff Reference
167.0	Chico)	San Francisco	18 $\frac{1}{2}$	Southern Pacific Company CRC 1632
150.2	Richvale)		17 $\frac{1}{2}$	
144.2	Biggs)		17 $\frac{1}{2}$	
123.6	Marysville)		17 $\frac{1}{2}$	
149.9	Willows)		17 $\frac{1}{2}$	
84.9	Woodland)		11 $\frac{1}{2}$	
122.5	Oakdale)	San Francisco	14	See Note 1.
139.1	Merced)		17 $\frac{1}{2}$	
194.1	Fresno)		21	
301.5	Bakersfield)		25	
95.4	Chico)	Sacramento	15	Southern Pacific Company CRC 1632
78.6	Richvale)		11	
72.6	Biggs)		10 $\frac{1}{2}$	
52.0	Marysville)		8 $\frac{1}{2}$	
87.5	Willows)		13 $\frac{1}{2}$	
22.5	Woodland)		7 $\frac{1}{2}$	
79.5	Oakdale)	Sacramento	14	See Note 2.
115.1	Merced)		17 $\frac{1}{2}$	
170.1	Fresno)		21	
277.5	Bakersfield)		25	
20.6	Marysville)	Biggs	6	Southern Pacific Company CRC 1632
86.7	Willows)		15	
206.0	Des Palos)		27 $\frac{1}{2}$	
17.2	Marysville)	Gridley	6	
90.1	Maxwell)		15	
202.6	Willows)		15	

Note 1 - Via Southern Pacific Co., CRC 1632.
" Atchison, Topeka & Santa Fe Ry. CRC 302.

Note 2 - Via Southern Pacific Co. CRC 1632
" Atchison, Topeka & Santa Fe Ry.,
and
Southern Pacific Co., F.W. Gomph, Agent, CRC 111.

Complainants further alleged that prior to February 1, 1916, Southern Pacific Company's Freight Tariff No. 793, CRC 1761, provided for the transportation of paddy rice in carloads at grain rates. The Commission is asked to determine and prescribe just, reasonable and non-discriminatory rates to be charged in the future.

A public hearing was held at Biggs on the 4th day of May, 1916; both sides having introduced all their evidence the case was submitted and is now ready for adjudication.

That portion of the complaint alleging that prior to February 1, 1916, carrier's tariff provided for the transportation of paddy rice in carloads at grain rates will be dismissed for the reason that the same question was before the Commission and disposed of in its Decision No. 2783, Case No. 831, California Rice Mills vs. Southern Pacific Company.

The records disclose that the first year rice is cultivated the yield per acre is approximately 5000 pounds but that in subsequent years the production ranges from 3500 to 4000 pounds per acre. Rice in California is principally grown in the Sacramento Valley, north of Sacramento and south of Tehama, paralleling the Sacramento River. It is also grown in the San Joaquin Valley, south of Stockton and north of Bakersfield. The culture of rice was first introduced into California in the year 1910; during that year 135,000 pounds was produced and the yield has materially increased each succeeding year. The production of paddy rice during 1915 reached a total of 90,947,340 pounds. It is estimated that there will be under cultivation during the current year 70,000 acres and using the lowest yield per acre as a basis there will be produced 5,500,000 bushels or 245,000,000 pounds, equal to 6,125 carloads of 40,000 pounds each. Should the acreage for the year 1917 increase at the same ratio the volume of tonnage will surpass that of wheat in these districts.

In support of their contention that the present rates on paddy rice are unjust and unreasonable, complainants filed various

exhibits comparing defendants' California intrastate rates on paddy rice with the rates in effect in the states of Texas, Louisiana and Arkansas on the same commodity for like distances. These exhibits also show the rates on wheat and other cereals in the same states. As the California producing points are numerous, I have for convenience selected at random only a few shipping points and prepared three statements, adding thereto the rate per ton-mile, earnings per car and earnings per car-mile. Statement "A" follows and compares the California rates on paddy rice with the rates on wheat, barley, oats, rye and corn.

		<u>SCHEDULE "A"</u>							
To San Francisco From	Dis- tance	Rate in cents		Rate		Earnings		Earnings	
		per 100		in cents		Per Car		Per Car-mile	
		1	2	1	2	1	2	1	2
Willows	149.9	17½	13½	2.3348	1.8012	\$70.00	\$40.50	\$0.467	\$0.2702
Marysville	123.6	17½	11½	2.8317	1.8608	70.00	34.50	0.566	0.279
Biggs	144.2	17½	13½	2.4272	1.8377	70.00	39.75	0.485	0.276
Chico	167.0	18½	14	2.2455	1.6766	75.00	42.00	0.449	0.252
Oakdale	122.5	14	8½	2.2857	1.3878	56.00	25.50	0.457	0.208
Fresno	194.1	21	13½	2.1638	1.4168	84.00	41.25	0.433	0.213
Bakersfield	301.5	25	16½	1.6584	1.111	100.00	50.25	0.332	0.167
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To Sacramento From									
		1	2	1	2	1	2	1	2
Woodland	22.5	7½	5	6.6667	4.4444	30.00	15.00	1.333	0.667
Maxwell	70.6	13½	8½	3.8952	2.4788	55.00	26.25	0.779	0.372
Marysville	52.0	8½	5	3.3654	1.9231	35.00	15.00	0.673	0.288
Biggs	72.6	10½	7	2.8926	1.9284	42.00	21.00	0.579	0.289
Merced	115.1	17½	11	3.0408	1.9114	70.00	33.00	0.608	0.287
Fresno	170.1	21	13½	2.4691	1.5579	84.00	39.75	0.494	0.234
Bakersfield	277.5	25	16½	1.8018	1.1712	100.00	48.75	0.36	0.176

- (1) Paddy rice, minimum carload weight 40,000 pounds.
 (2) Wheat and other cereals, minimum carload weight 30,000 pounds.

The earnings per car and per car-mile are based upon the minimum weight per car. It will be observed from the foregoing table that the minimum carload weight on paddy rice is 10,000 pounds greater than on the other cereals, also, that the rates per 100 pounds and per ton-mile are considerably in excess of those assessed on the other commodities. Further, in almost every instance the earnings per car and per car-mile are over 100 per cent greater than on the other cereals.

Defendants contend that the rates on wheat, etc., are below normal, having been made in many instances to meet competition by water, and should not be used to test the reasonableness of the rates on paddy rice. Complainants presumably accepted this as a true statement for it was not controverted, though they maintained that paddy rice could be transported as safely by water as the other articles, but failed to introduce evidence that it actually so moved. Paddy rice being a cereal the same as the other commodities, the comparisons with some limitations are appropriate, particularly so as paddy rice after the hull is removed becomes a food product and is second only in importance to wheat.

Schedule "B" compares the paddy rice rates to San Francisco from the points specified, which are representative of other California rates shown in complainants exhibits, with the rates obtaining on the same commodity in the states of Texas, Louisiana and Arkansas for like distances.

SCHEDULE "B"

PADDY RICE

Rates in Cents per 100 Pounds

To San Francisco From	Distance	California	Texas	Louisiana	Arkansas
Dixon	67.5	11½	6	8½	8
Woodland	84.9	11½	7	10½	8½
Zamora	95.8	13½	7½	10½	9
Colusa Junction	129.1	17½	9	12	10½
Willows	149.9	17½	10	12	11
Marysville	123.6	17½	9	11½	10½
Biggs	144.2	17½	10	12	11
Chico	167.0	18½	11	12	12
Oakdale	122.5	14	9	11½	10½
Merced	139.1	17½	9½	12	11
Oxalis	148.4	17½	10	12	11
Kerman	181.6	20½	12	12	13
Fresno	194.1	21	12½	12	13
Pirley	255.4	24	15	12	14½
Bakersfield	301.5	25	15	12	15½

Schedule "B" plainly indicates that the paddy rice rates in California are greatly in excess of the rates obtaining in the other states. It is also noted that for distances less than 180 miles the Louisiana scale is higher than the Texas or Arkansas scale, while for greater distances the Arkansas scale is the higher.

Defendants contend that the rates in other localities should not be used to measure the reasonableness of the rates here considered unless it be shown that the conditions surrounding the transportation are identical. This contention is correct for such comparisons to be forceful - should be supported by testimony showing that the transportation conditions are similar or dissimilar.

The traffic herein considered moves over a practically level stretch of country, consequently rates constructed on distance scales applying between all points in such states as Texas, Louisiana and Arkansas, regardless of transportation conditions, are comparable and while not controlling as to the reasonableness of rates in California they are enlightening.

Schedule "C" shows the paddy rice rates in California between certain points and what the rates would be under the Louisiana scale; it also shows the rates per ton mile, earnings per car and per car mile.

SCHEDULE "C"

To San Francisco Dis- From	:Rates in Cents: :Per 100 lbs.		:Rates in Cents :Per ton-mile		:Earnings :Per Car		:Earnings :Per Car-mile		
	1	2	1	2	1	2	1	2	
Willows	149.9	17½	12	2.3348	1.601	\$70.00	\$36.00	\$0.467	\$0.240
Marysville	123.6	17½	11½	2.8317	1.861	70.00	34.50	0.566	0.279
Biggs	144.2	17½	12	2.4272	1.664	70.00	36.00	0.485	0.249
Chico	167.0	18½	12	2.2455	1.437	75.00	36.00	0.449	0.216
Oakdale	122.5	14	11½	2.2857	1.878	56.00	34.50	0.457	0.282
Fresno	194.1	21	12	2.1638	1.236	84.00	36.00	0.433	0.185
Bakersfield	301.5	25	12	1.6584	0.080	100.00	36.00	0.332	0.119

To Sacramento From		1	2	1	2	1	2	1	2
Woodland	22.5	7½	5½	6.6667	0.467	30.00	15.75	1.333	0.700
Maxwell	70.6	13½	10½	3.8952	0.290	55.00	30.75	0.779	0.436
Marysville	52.0	8½	8½	3.3654	0.327	35.00	25.50	0.673	0.490
Biggs	72.6	10½	10½	2.8926	0.282	42.00	30.75	0.579	0.424
Merced	115.1	17½	11½	3.0408	0.200	70.00	34.50	0.608	0.300
Fresno	170.1	21	12	2.4691	0.141	84.00	36.00	0.494	0.212
Bakersfield	277.5	25	12	1.8018	0.086	100.00	36.00	0.360	0.130

(1) Paddy rice, in California, minimum carload weight 40,000 lbs.

(2) Paddy rice, Louisiana scale, minimum carload weight 30,000 lbs.

Table "C" shows the great disparity between rates per 100 pounds and per ton-mile on paddy rice in California and Louisiana. Had we used either the Texas or Arkansas scale the differences would have been far greater in practically each instance. It will be further noted that the earnings per car and per car-mile in California are largely in excess of Louisiana.

Complainants introduced other exhibits giving the rates on crude oil, canned goods, fresh fruits and vegetables from and to points in California compared with rates in Texas, Arkansas and Louisiana for like distances. The exhibits indicate that the rates on crude oil are practically the same in California and Texas; on canned goods the Texas rates are higher than the California rates while the Arkansas rates are in many instances lower. On fresh fruits and vegetables the California rates are on a lower level than in either of the other states, except on apples moving in Arkansas, some rates being lower, others higher than the California rates. Comparisons were likewise made between the rates on paddy rice and dried fruits, fresh fruits and vegetables between certain California points, indicating that the paddy rice rates are in excess of the rates on the other commodities.

Defendants witness in justification of the present adjustment of the rates here involved testified that the movement of paddy rice necessitated special equipment such as refrigerator cars and in substantiation introduced as an exhibit orders for such cars signed by certain shippers. On cross-examination it developed that with one exception the refrigerator cars ordered were for interstate and not intrastate traffic and the party signing the intrastate order could give no reason for requesting such equipment. Complainants in rebuttal testified that their orders simply specified "cars", also that they preferred ordinary cars for the reason that they could be more heavily and conveniently loaded.

Defendants undertook to prove that special attention is accorded cars used in transporting paddy rice and in support thereof introduced an exhibit entitled, "Code of Rules, governing the receiving, stowing, handling and delivery of less than car-load freight". The only part of these rules referring to car-load freight is shown on page 25 of the exhibit, which reads:

"Rules for the inspection and certification of cars, before loading with freight subject to damage.

Cars furnished for loading merchandise, grain, beans, wool, hops, flour, sugar, rice, tea, matting, paper and other commodities liable to damage on account of defective or unclean equipment must be carefully inspected and only clean, dry cars in good condition used.

Weather strip doors on outside of car with water proof papers; shipments moving between California, Nevada, Utah, Arizona and New Mexico, from October 1 to April 30; all other shipments throughout the year."

It is apparent that these instructions are to obviate damage claims and that paddy rice is given no different attention or treatment than other commodities. The records disclose no transportation differences in the movement of paddy rice, wheat, other cereals and dried fruits, that the value of paddy rice is but a trifle higher than wheat and less than dried fruit, that loss and damage claims are a negligible quantity, that paddy rice is usually loaded beyond the minimum prescribed and that no different equipment is required for its transportation.

After carefully considering all the facts and circumstances herein before cited I find that the rates complained of are unjust and unreasonable, and that the rates herein prescribed are just and reasonable rates.

I submit herewith the following form of order:

O R D E R

The Rice Association of California and the Pacific Rice Growers Association having filed a complaint with this Commission alleging that the Southern Pacific Company's and the Atchison,

Topeka and Santa Fe Railway Company's Local and Joint rates on paddy rice in carloads from and to points specified in the complaint are unjust and unreasonable and a public hearing having been held and the Commission being fully apprised in the premises, and basing its order upon the findings of facts which appear in the opinion preceding this order,

IT IS HEREBY ORDERED that the Southern Pacific Company and the Atchison, Topeka and Santa Fe Railway Company, or their authorized agent, publish and file with this Commission, on or before twenty days from the date of service of this order local and joint rates on paddy rice in carloads, as set forth in Schedules Nos. 1, 2 and 3, hereto attached and made a part hereof. The rates appearing in the schedules referred to are hereby established as just and reasonable rates to be charged by the Southern Pacific Company and the Atchison, Topeka and Santa Fe Railway Company and jointly by the Southern Pacific Company and the Atchison, Topeka and Santa Fe Railway Company;

IT IS FURTHER ORDERED that in case interested carriers cannot agree upon the divisions of the joint rates herein established, they shall make application to this Commission on or before thirty (30) days from the date of this order, at which time the Commission will proceed to establish divisions as prescribed by law.

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

Dated at San Francisco, California, this 16th day of June, 1916.

Max Thelen
H. D. Loveland
Alex. Gordon
Edwin O. Edgerton

Commissioners.

SCHEDULE NO.1

RATES IN CENTS PER 100 POUNDS ON PADDY RICE IN CARLOADS

APPLICABLE VIA

THE SOUTHERN PACIFIC COMPANY

From	to	San Francisco	Sacramento	Biggs	Gridley
Winters		11	9		
Esparto		12	10 $\frac{1}{2}$		
Dixon		10	6		
Woodland		11	6		
Zamora		11 $\frac{1}{2}$	7		
Colusa Junction		13	10		
Maxwell		13 $\frac{1}{2}$	10 $\frac{1}{2}$	12	12
Delavan		13 $\frac{1}{2}$	10 $\frac{1}{2}$	11 $\frac{1}{2}$	12
Norman		14	10 $\frac{1}{2}$		
Willows		14	11	11	11 $\frac{1}{2}$
Marysville		13	9	6	5
Mello		13 $\frac{1}{2}$	9	6	
Gridley		14	10		
Biggs		14	10 $\frac{1}{2}$		
Richvale		14 $\frac{1}{2}$	10 $\frac{1}{2}$		
Durham		15	11		
Chico		15	11 $\frac{1}{2}$		
Dos Palos		14	13 $\frac{1}{2}$	17	
Oxalis		14	14		
Kerman		16	15 $\frac{1}{2}$		
Burrell		17	17		
Oakdale		12	10 $\frac{1}{2}$		
Merced		13 $\frac{1}{2}$	12 $\frac{1}{2}$		
Fresno		16 $\frac{1}{2}$	15 $\frac{1}{2}$		
Pixley		19 $\frac{1}{2}$	18 $\frac{1}{2}$		
Bakersfield		22	20 $\frac{1}{2}$		
Rio Bravo		22 $\frac{1}{2}$	22		
Buttonwillow		23	22 $\frac{1}{2}$		

SCHEDULE NO.2

RATES IN CENTS PER 100 POUNDS ON PADDY RICE IN CARLOADS

APPLICABLE VIA

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

From	To	Rate
Oakdale)	San Francisco	12
Fresno)		16½
Corcoran)		19
Waukena)		19½
Alpaugh)		23
Pond)		20½
Wasco)		21
Shafter)		21½
Bakersfield)		22

SCHEDULE NO.3

RATES IN CENTS PER 100 POUNDS ON PADDY RICE IN CARLOADS

APPLICABLE VIA

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

AND

THE SOUTHERN PACIFIC COMPANY

From	To	Rate
Corcoran)	Sacramento	17½
Waukena)		18
Alpaugh)		21½
Pond)		19
Wasco)		19½
Shafter)		20