

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of the Atchison, Topeka & Santa Fe Railway Company (C.L.) for themselves and on behalf of carriers parties to tariffs of the Pacific Freight Tariff Bureau for relief from the Long and Short Haul Provisions of Section 21, Article XII of the Constitution of California and Section 24 (a) of the Public Utilities Act, relating to intermediate class rates in excess of rates to more distant points.

ORIGINAL

Case No. 214-B

Decision No. 21437

G. H. Baker, for Atchison, Topeka & Santa Fe Railway Company, applicant,
Seth Mann, for Traffic Bureau of the Chamber of Commerce, San Francisco, Cal.

LOVELAND, Commissioner:

O P I N I O N

The Atchison, Topeka & Santa Fe Railway Company (C.L.) in compliance with the orders of this Commission filed its applications for authority to continue all class rates which are in violation of Section 21, Article XII, of the Constitution, and Section 24 (a) of the Public Utilities Act. These class rates are now published in applicant's Local Freight Tariff No. 9885-B, CRC No. 322, and Tariff No. 11569-A, CRC No. 241. Applications were also made to continue the class rates now published in Pacific Freight Tariff Bureau Tariffs Nos. 42-B, 34-E and 30-B, CRC Nos. 105, 110 and 111, applying in connection with the Atchison, Topeka & Santa Fe Railway Company (C.L.).

This proceeding is a continuation of the Commission's investigation into all violations of the Long and Short Haul provisions of the Constitution of the State as maintained at the present time in the tariffs published by the various common carriers. The history of the preliminary proceedings is fully set forth in Case No. 214-A, and as the instant case presents precisely the same questions it will not be necessary to here repeat the details.

Sixteen exhibits explanatory of the various violations as they exist in the tariffs were entered at the different hearings.

Exhibit No.1 covers the situation between Northern and Southern California wherein the class rates between San Francisco, Oakland and Burnham and intermediate points on the one hand, and Los Angeles, Redondo Beach, Aliso and Olive and intermediate points on the other, are lower than the class rates to intermediate points via both Pasadena and Corona. For example, the distance San Francisco to Los Angeles is 593 miles with the following low scale of class rates:

Between	And	1	2	3	4	5	A	B	C	D	E
San Francisco to Burnham, inc.	Los Angeles Redondo Beach	60	48½	42½	37½	27½	30	30	27½	27½	*25
Oakland	Aliso, inc.										
	Olive										

*Class E between Los Angeles and Burnham and Stockton 22¢, Orwood 23¢, Oakley 24 grades into 25¢ at Sando.

High intermediate rates from San Francisco are as follows:

Miles

464	Hicks	121	106	89	78	64	64	52	44	41	35
469	Wild	125	103½	88½	78½	62½	66	55	47	44	36
473	Helen	124	102½	87½	77½	64½	67	55	46½	43½	37

In justification of the maintenance of the low scale of class rates set forth above a showing is made that these rates are influenced and controlled by the rates established by the Pacific Coast Steamship Company, Independent Steamship Company and various other boat lines and their rail connections operating between San Francisco and Southern California points through Port San Pedro. This low scale of rates is the same as is published by the Southern Pacific Company between San Francisco and Los Angeles and common and opposite points on that line.

The through joint class rates via rail and water, including wharfage and handling, between San Francisco and Los Angeles, via Pacific Coast Steamship Company and its rail connections are,-

52 41 35 30 19½ 22 22 20½ 20½ 17

Since actual water competition influences and controls the rates between San Francisco and Los Angeles and is reflected to points contiguous to both San Francisco and Los Angeles, application covered by Exhibit No.1 will be granted.

Exhibit No.2 covers violations existing in class rates between points San Francisco to Burnham, inclusive, on the one hand, and Ladrillo, San Diego to National City, inclusive, on the other. Distance, San Francisco to National City, 682 miles.

Low scale of rates:

60 48½ 42½ 37½ 27½ 30 30 27½ 27½ 25

Rates to high intermediate points south of Los Angeles from San Francisco are:

Miles

608	Serra	79½	65½	58½	52½	40½	43	41½	38	38	31½
612	Mateo	77½	64½	57½	50½	42	44½	41½	37	37	31½

High intermediate points north of Los Angeles are Hicks, Wild and Helen, to which points rates are set forth under explanation of Exhibit No.1.

It is shown in justification of the low scale of rates between San Francisco and San Diego that the Pacific Coast Steamship Company and the Pacific Navigation Company maintain direct service between these two points and publish the following scale of rates:

42½ 32½ 27½ 22½ 17½ 20 20 17½ 17½ 15

A satisfactory showing is made that actual water competition exists sufficient to influence and control the rates between San Francisco and San Diego and that these rates are reflected to points contiguous to San Diego. Application covered by Exhibit No. 2 will therefore be granted.

Exhibit No.3 is explanatory of violations in class rates published in Pacific Freight Tariff Bureau Tariff No.30-B, CRC No.111, between San Francisco, Oakland to Burnham, inclusive, on the one hand, and East San Pedro and East Wilmington via Los Angeles and the San Pedro, Los Angeles & Salt Lake R.R.; Wilmington and San Pedro via Los Angeles and the Southern Pacific Co.; Santa Monica, Ocean Park and Venice via Los Angeles and the Pacific Electric Ry., and points intermediate to Los Angeles on the other hand. From San Francisco to San Pedro the distance is 620 miles and the low scale of rates is:

60 48½ 42½ 37½ 27½ 30 30 27½ 27½ 25

Northbound high intermediate rates are those between San Pedro and Sharon, 448 miles:

90 74½ 65 57 46½ 49 36 27 24 19½

Southbound the high intermediate points from San Francisco are Hicks, Wild and Helen, to which points rates are set forth under explanation of Exhibit No.1.

This is the same situation as covered by Exhibit No.1 and the application will therefore be granted.

Exhibit No.4 covers two entirely different situations, the low scale of rates in each instance being published in Pacific Freight Tariff Bureau Tariff No.34-E, CRC No.110, and are the joint rates of applicant in connection with Central California Traction Company, Oakland, Antioch & Eastern Railway and Western Pacific Ry.

1- The class rates between Oakland, Sacramento and Marysville and points intermediate, on the one hand, and Los Angeles, Redondo Beach and Santa Ana and points intermediate, on the other. The distance Marysville to Los Angeles is 600 miles and the low scale of rates is:

60 48½ 42½ 37½ 27½ 30 30 27½ 27½ 25

High intermediate point from Marysville is Barstow, - 460 miles and the rates are:

138 122 101 88 74 74 59 48 44 38

The low scale shown above is the same as the rates published by the Southern Pacific Company between same points. Distance via Southern Pacific Company, Marysville to Los Angeles is 493 miles.

Justification for this low scale of rates is the water competition between San Francisco and San Pedro which is reflected to points contiguous to both San Francisco and Los Angeles, and the further fact that its mileage exceeds that of its competitor, the Southern Pacific Company, by more than 120%. Such reasons being deemed satisfactory, application will be granted.

2- This covers joint class rates between Sacramento on the Oakland, Antioch & Eastern Railway, and stations on applicant's line south of Stockton, via Bay Point. For example, the distance from Sacramento to Empire via Oakland, Antioch & Eastern Railway and Bay Point, is 129 miles, with the following low scale of rates:

20 18 16 14 13 13 10 10 9 9

High intermediate rates are from Bay Point to Empire. 74 miles, viz:

25 22 20 17 15 15 11 9 8 6

In justification of these violations applicant shows that the mileage via Oakland, Antioch & Eastern Railway to Bay Point, thence Atchison, Topeka & Santa Fe Railway to Stockton is 97 miles, while the distance between the same points via direct line of Western Pacific Railway is only 45 miles. Since the mileage via the circuitous route is 215% of the mileage via the short line this application will be granted.

Exhibit No.5 covers trans-shipment class rates published in Pacific Freight Tariff Bureau Tariff No.42-B, CRC No.105, between San Francisco and Los Angeles, also Anaheim and Olive and intermediate points; same being applicable only on shipments received from water craft at San Francisco.

The violations are between the same points shown in Exhibit No.1 and the same defense is offered. This application will therefore be granted.

Exhibit No.6 covers violation in class rates between Los Angeles and Mojave, distance 212 miles. Low scale of rates is:

52 44 36 33 30 30 21 16 13 10

High intermediate point is Kramer, distant 174 miles from Los Angeles where progressive scale makes following rates:

78 68 56 50 44 44 33 28 23 19

In justification of this violation it is shown that the distance via Southern Pacific Company, Los Angeles to Mojave, is 101 miles, and the low scale of rates shown above is the same as the rates published by that Company. As the mileage via applicant's circuitous line is more than 200% of that of its competitor, this application will be granted.

Exhibit No.7 covers violations in class rates between Los Angeles and Johannesburg, distance 203 miles. Low scale of rates is:

77 68 63 56 49 49 28 24 19 16

High intermediate rates from Los Angeles are:

Miles

188	Fremont	86	75	63	56	49	49	33	29	24	19
196	St.Elmo	82	73	68	61	53	53	33	29	24	20

A similar situation exists in class rates between Redondo Beach and Johannesburg. In explanation of this situation it is shown that practically all shipments billed to Johannesburg are teamed to Randburg, the final destination. The opposite station on Southern Pacific Company's line is Searles, 150 miles from Los Angeles, to which point that Company maintains the same scale. Here we have another instance of the circuitous line meeting the short line competition. This application will therefore be granted.

Exhibit No.8 covers violations in joint class rates published in Pacific Freight Tariff Bureau Tariff No.30-B, CRC No.111, between stations on applicant's line and stations on the Southern Pacific Company and on the San Pedro, Los Angeles & Salt Lake R.R. A low scale of class rates is published between San Pedro, Wilmington, E.San Pedro and E. Wilmington on the one hand, and Mojave and Johannesburg on the other, rates to intermediate points being higher.

These situations are exactly the same as those set forth in Exhibits Nos. 6 and 7, and same justification is offered, namely,- applicant's circuitous line is meeting the rates made by its short line competitor, the Southern Pacific Company. Applications covered by Exhibit No.8 will therefore be granted.

Exhibits Nos. 9 and 10 cover violations existing in class rates between Los Angeles, on the one hand, and Exeter and Lindsay, on the other, and also between various other points located in San Joaquin Valley, such as between Exeter and Hanford and between Tulare and Lindsay. These violations are numerous and are brought about by the publication of rates by applicant between common points and points that are opposite on the Southern Pacific, equal to the Southern Pacific Company's rates via the shorter mileage. It will not be necessary to show each of these violations, a few examples being illustrative of the situation.

1.- Low scale of rates between Los Angeles and Lindsay:

70 60 49 44 40 40 28 21 18 14

Distance via applicant's line is 411 miles, while via the Southern Pacific Company the distance is but 235 miles.

High intermediate point is between Los Angeles and Kramer, 174 miles. The rates are:

78 66 56 50 44 44 33 28 23 19

In this instance distance via applicant's line is 174% of the distance via line of its competitor.

2.- Low scale of rates between Exeter and Hanford is:

15 13 12 10 9 9 6 5 5 4

Rates to intermediate points are higher.

Distance via applicant's line is 75 miles, while via Southern Pacific Company distance is but 31 miles. In this instance distance via applicant's line is 242% of distance via line of its competitor.

This situation is true of each showing made in Exhibits Nos. 9 and 10, it being necessary for the applicant to meet the competition of its short line competitor at the more distant point. Applications covered by Exhibits Nos. 9 and 10 will therefore be granted.

Exhibit No.11 covers violations in joint class rates published in Pacific Freight Tariff Bureau Tariff No. 30-B, CRC 111, applying between Oil Junction on the Southern Pacific line, and Wasco, Angiola, Tulare and points north thereof located on applicant's line, via Bakersfield, - for example:

Distance Oil Junction to Tulare is 82 miles. Low scale:

21 18 16 14 13 13 8 7 6 5

High intermediate point is from Bakersfield to Tulare, distance 78 miles. Rates are:

25 21 19 16 15 15 10 8 7 6

Distance between Oil Junction and Tulare direct via Southern Pacific Company is 59 miles. Distance via applicant's line between the points involved varies from 120% to 180% of the distance via line of its competitor; therefore this application will be granted.

Exhibit No.12 is explanatory of violations existing in class rates between San Francisco and Oakland, on the one hand, and Stockton on the other, lower class rates being maintained between San Francisco, Oakland and Stockton than at intermediate points.

Distance San Francisco - Stockton 78 miles. Low scale:

10 10 9 9 7 7 6 $5\frac{3}{4}$ $5\frac{1}{2}$ $5\frac{1}{2}$

High intermediate point from San Francisco is Middle River, 63 miles. Rates are:

17 16 14 12 11 11 9 $8\frac{3}{4}$ 8 6

As to this situation applicant sets forth the fact that the low class rates between San Francisco and Stockton are the same as those published by the Southern Pacific Company, the California Transportation Company and the California Navigation and Improvement Company, and were first published in September, 1899, or about one year prior to the completion of applicant's line between San Francisco and Stockton.

From the testimony in this case it is clearly apparent that the water competition of both the regular and irregular boat lines influenced and controlled the rates at the terminal points. These rates appear sub-normal and for the reasons given above carrier should be authorized to continue same. Application covered by Exhibit No.12 will therefore be granted.

Exhibit No.13 shows the violations in joint class rates published in Pacific Freight Tariff Bureau Tariff No.34-E, CRC No.110, between points located on the Western Pacific Railway immediately south of Stockton, on the one hand, and stations on line of applicant, - Hoff to Bakersfield, inclusive, on the other, which are lower than rates between intermediate points.

Distance Lathrop to Merced is 75 miles. Low scale:

21 18 16 14 13 13 8 7 6 5

High intermediate point is from Stockton to Merced, distance 66 miles, with the following rates:

25 21 19 16 15 15 10 8 7 6

In defense of this situation applicant shows that distance to Merced via line of its competitor, Southern Pacific Company, is 58 miles, and that the low schedule is necessary to meet this short line competition.

In the illustration shown above the distance via Western Pacific Railway and applicant's line is 129% of the distance via the short line of the Southern Pacific Company. The same situation exists between other points in this exhibit. Application covered by Exhibit No. 13 will therefore be granted.

Exhibit No. 14, covers violations in the joint class rates maintained by applicant in connection with the Modesto & Empire Traction Company between San Francisco and Los Angeles, on the one hand, and Modesto, on the other, published in applicant's Joint Freight Tariff No. 11569-A, CRC No. 241. In both instances the rates between San Francisco and Los Angeles and Modesto are lower than to points intermediate and in justification therefor applicant shows that the low rates published are the same as the class rates maintained by its direct short line competitor the Southern Pacific Company and that such rates are necessary to meet this short line competition.

The distance from San Francisco to Modesto via Southern Pacific Company is 102 miles and via route of applicant's line and its connection 115 miles or 113% greater, and from Los Angeles to Modesto via Southern Pacific distance is 369 miles as against 483 miles via applicant's route or 131% greater. Application covered by Exhibit No. 14 will be granted.

Exhibit No. 15, covers violations in class rates published in applicant's Tariff No. 9885-B, CRC No. 322, applying between Los Angeles and Redondo Beach, on the one hand, and San Diego, on the other, lower rates being maintained between these points than to and from points directly intermediate.

In defense of the rates published to and from Redondo Beach applicant shows that same are necessary to meet the competition of the direct water carriers operating between the ports in question.

In justification of the situation existing in the rates

between Los Angeles and San Diego witness for applicant testified that by reason of the existence of motor truck lines operating between Los Angeles and San Pedro Harbor in connection with distillate launches of 150 ton capacity, freight was now actually being handled between Los Angeles and San Diego for less than \$2.00 per ton and that rates published are necessary to meet this competition. Application covered by Exhibit No. 15 will therefore be granted.

Exhibit No. 16, covers violations in the joint class rates between East San Pedro, East Wilmington, San Pedro and Wilmington, on the one hand, and San Diego, on the other, published in Pacific Freight Tariff Bureau Tariff No. 30-B, CRC No. 111, wherein lower rates are maintained between points named than to intermediate points.

In justification of this situation applicant refers to the fact that actual water competition exists between the points in question, the conditions being the same as from Redondo Beach, set forth in Exhibit No. 15. Since, therefore, actual water competition exists between the points in question and is sufficient to influence and control the rates, application covered by Exhibit No. 16 will be granted.

There are many complicated transportation conditions in the territory involved in these applications due to the competition of the boat lines between ocean ports and upon the navigable waters of the bays and rivers, also by reason of the conditions which force the applicant to meet by circuitous route the rates established by its short line competitors. The different situations and rates were not described in detail in the applications, the facts being developed by the testimony.

There has been no complaint with reference to the rates to the intermediate points and I shall therefore permit the continuance of the present rates to such points. This, however, is not to be construed as finding that the rates now in effect at intermediate points are just and reasonable.

It is understood that this adjustment of non-intermediate rates is reflected at points beyond point of origin or destination, at points between point of origin or destination or at branch line points, by combination on some one of the low rates from or to points shown or on a progression of same. Such combinations and progressions are some times published, in, or made by use of other tariffs than the one containing the low rates. This practice is entirely justifiable and the granting of petitions containing such violations carries with it the authority to continue the application of such rates.

I therefore submit the following form of order:

O R D E R

The Atchison, Topeka & Santa Fe Railway Company (C.L.) having applied to this Commission for an order granting relief from the provisions of Section 21 of Article XII of the Constitution of California, and for authority to continue intermediate class rates higher than the class rates between the more distant points, as set forth in the exhibits and tariffs referred to in the opinion, which precedes this order, and a hearing having been held and the Commission being fully apprised in the premises, and basing its conclusions on the foregoing findings of fact, as set forth in said opinion,

IT IS HEREBY ORDERED that the Atchison, Topeka & Santa Fe Railway Company (C.L.) and its connections, such connections arising from membership in the Pacific Freight Tariff Bureau, be and they are hereby authorized to maintain lower class rates as set forth in the applications and exhibits referred to in said Opinion and maintain higher class rates to intermediate points, provided that this authorization shall not be construed to pass on the reasonableness of the intermediate rates or any other matter, except the application of the Long and Short Haul clause of the State Constitution and the Public Utilities Act, and;

IT IS FURTHER ORDERED that this authority will extend to rates from and to points more distant than the terminals between which violations are hereby authorized when combinations are made over the low rates at the terminals..

All the rates herein authorized are of course subject to complaint, investigation and correction if in conflict with any provision of the Constitution or of the Public Utilities Act.

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 19th day of June, 1916.

Max Theiler
H. J. H. H. H. H.
Edwin O. Edgerton

Commissioners.