

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the application
of the California Navigation &
Improvement Company 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
and Commodity rates in excess of rates
to more distant points.

Case No. 214-C

Decision No. 3438

Sanborn & Roehl, for California Navigation
& Improvement Co., applicant,
Seth Mann, for Traffic Bureau of the Chamber
of Commerce, San Francisco, Calif.
Geo. J. Bradley, for Merchants & Manufacturers
Association, Sacramento, Calif.

LOVELAND, Commissioner:

O P I N I O N

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.

The California Navigation & Improvement Company, in compliance with the orders of this Commission, filed applications for authority to continue all class and commodity rates published in its Local Freight Tariff No. 7, CRC No. 1, which are in violation of Section 21, Article XII of the Constitution and Section 24 (a) of the Public Utilities Act.

A lower schedule of class rates is maintained between San Francisco, Oakland, North Vallejo, South Vallejo, Bay Point, Pittsburg, and Antioch, on the one hand, and Stockton, on the other, than is maintained to intermediate landings.

The low rates are:

1	2	3	4	5	A	B	C	D	E
10	10	9	9	7	7	6	5½	5½	5½

The higher class rates to intermediate landings are
as follows:

<u>Between</u>	<u>And</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
San Francisco)	Crockett	11	9	8	7	6	6	6	6	5½	5½
Oakland)	Port Costa)										
Stockton)	Martinez)	12	10	8	7	6	6	6	6	5½	5½
	Benicia)										
San Francisco)	Bay Point	12	11	9	8	7	7	7	6½	6	6
Oakland)	Pittsburg	12	11	10	9	8	8	8	7	6½	6
	Antioch	12	11	10	9	9	9	8½	7	6½	6½
San Francisco)											
No. Vallejo)											
So. Vallejo)	Landings on										
Bay Point)	San Joaquin	22	20	17	15	14	14	12	9½	9	9
Pittsburg)	River										
Antioch)											
Stockton)											

There are numerous similar violations in the commodity rates and a few examples are set forth below, which are illustrative of the entire situation.

BOX SHOOKS - C/L

<u>Between</u>	<u>And</u>	<u>Rate per ton</u>
San Francisco	Stockton	\$1.15
	<u>High Intermediate Rates</u>	
San Francisco	Antioch	\$1.40
San Francisco	Landings on)	
	San Joaquin River)	\$1.90

CEMENT, LIME & PLASTER, C/L

San Francisco	Stockton	\$1.15
	<u>High Intermediate Rates</u>	
San Francisco	Antioch	\$1.40
San Francisco	Landings on)	
	San Joaquin River)	\$1.90

carrier operating in this territory, the fight being most bitter between the Union Transportation Company, California Navigation & Improvement Company and the Southern Pacific Company, the object apparently being to destroy competition. There were no class rates in effect via the boat lines during this period, the entire traffic being handled on commodity rates; at one time freight was solicited by applicant's agent from Stockton to San Francisco as low as 3¢ per 100 pounds. One result of this rate war was to bankrupt the Union Transportation Company and some of its boats were later purchased by the present California Transportation Company. This struggle for supremacy did not materially affect the rates to or from intermediate landings, the fight apparently being for business between the two terminals.

The testimony would indicate that these boat lines were mainly responsible for the rate reductions at San Francisco and Stockton, for at that time no tariffs were filed by water carriers, although under the Constitution of the State they were subject to governmental control. In the early days the boats left Stockton with capacity loads of 500 to 700 tons. This tonnage has been greatly reduced and in the month of December, 1915, the average load per trip was but 127 tons.

In the year 1907, applicant changed its tariff, adopted the Western Classification and published the same class rates between San Francisco and Stockton and the other points mentioned as were in effect in the tariffs of its rail competitor, the Southern Pacific Company. These class rates closely followed the old commodity rates and produced practically the same revenue. Testimony was introduced to the effect that the ten cent scale between San Francisco and Stockton was unreasonably low, was the result of the competition during previous years and would not of itself produce a reasonable return upon the capital invested.

The expense of handling the freight at the intermediate landings is considerably in excess of the costs at the terminals, for the reason that these landings are much more difficult to reach, many of them being at the river embankments without wharves, others

are located away from the direct route of the boats, and again the expense of the extra labor at intermediate landings is greater than at the terminals. No complaint is made as to the reasonableness of these intermediate rates and I am not prepared upon the testimony in this record to condemn them as excessive, but must, in the absence of testimony to the contrary, presume that they are reasonable.

During the season when the crops of grain, potatoes, beans, etc., are being moved, numerous gasoline boats and barges, known as "tramp" vessels, invade applicant's territory, secure the cream of the business and discontinue service as soon as the heavy shipping season is over. These "tramp" boats, with which the applicant is required to compete, do not operate on any fixed or regular schedule and are not under the jurisdiction of this Commission; as a consequence they carry the traffic at any rates obtainable.

Considering all the circumstances and conditions surrounding the situation, the volume of business handled at the intermediate landings as compared with that handled between terminal points, the extra cost of loading and unloading cargoes at the intermediate landings and more especially the competition applicant is compelled to meet between the terminal points, I am of the opinion that these applications should be granted.

I therefore submit the following form of order:

O R D E R

The California Navigation & Improvement Company, in compliance with the orders of this Commission, ^{having} applied to the Commission for an order granting relief from the provisions of Section 21, Article XII of the Constitution of California, and for authority to continue intermediate class and commodity rates that are higher than the class or commodity rates to or from more distant points, as set forth in tariff referred to in the opinion, and hearings

having been held on these applications and the Commission being fully apprised in the premises and basing its conclusions on the findings of fact set forth in the preceding opinion, the Commission is of the opinion that these applications should be granted solely for the reasons therein set out.

IT IS HEREBY ORDERED that the California Navigation and Improvement Company be and it is hereby authorized to continue class and commodity rates as set forth in the preceding opinion and in tariff referred to, and maintain higher rates to intermediate landings, 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.

All the rates herein authorized are, of course, subject to complaint, investigation and correction if in conflict with any of the provisions 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 Thelen
H. H. Lovell
Alvin Gordon
Edwin O. Edgerton

Commissioners.