

Decision No. \_\_\_\_\_

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application of the California Transportation 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-D

Sanborn & Roehl, for California Transportation Company, applicant,  
 Seth Mann, for Traffic Bureau of the Chamber of Commerce, San Francisco, Cal.  
 Geo. J. Bradley, for Merchants & Manufacturers Association, Sacramento, Cal.

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 Transportation 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. 8, CRC No. 1, and supplements thereto, which are in violation of Section 21, Article XII of the Constitution and Section 24 (a) of the Public Utilities Act.

The tariff, referred to, contains rates between all points reached by petitioner's boats and it maintains lower class rates between San Francisco, Oakland, North Vallejo, South Vallejo, Bay Point, Pittsburg and Antioch, on the one hand, and Stockton, on the other, than to intermediate landings.

Low scale of rates is as follows:

<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>
10	10	9	9	7	7	6	5½	5½	5½

The higher rates to intermediate landings are:

Between	And	1	2	3	4	5	A	B	C	D	E
San Francisco )	Crockett	11	9	8	7	6	6	6	6	5½	5½
Oakland )	Port Costa)										
	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
	Pittsburg	12	11	10	9	8	8	8	7	6½	6
Oakland )	Antioch	12	11	10	9	9	9	8½	7	6½	6½
San Francisco )											
No Vallejo )	Landings)										
So. Vallejo )	on San )										
Bay Point )	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 here set forth 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 )	\$1.50
	San Joaquin River)	

CEMENT, LIME & PLASTER, C/L

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

WINE, CALIFORNIA. IN WOOD, C/L

<u>Between</u>	<u>AND</u>	<u>Rate Per ton</u>
San Francisco	Stockton	\$1.20
<u>High Intermediate Rates</u>		
San Francisco	Bay Point	\$1.40
San Francisco	Antioch	\$1.70
San Francisco	Landings on San Joaquin River)	\$2.40

FLOUR AND MILL STUFFS

		<u>Lots of less than 12 tons</u>	<u>Lots of 12 tons or over</u>
Stockton	Port Costa	\$1.60	\$1.20
<u>High Intermediate Rates</u>			
Stockton	Landings on San Joaquin River)	\$2.00	\$1.50

Low commodity rates between San Francisco and Sacramento,  
Breakfast Foods, Coffee, Green, in sacks,- and sugar, in  
lots of not less than 5,000 lbs.

<u>From</u>	<u>To</u>	<u>Per 100 lbs.</u>
San Francisco	Sacramento	.10

High intermediate rates are between Collinsville and Glyde  
Landing and points between where rates are as follows:

In lots of less than 30,000 lbs. . . . .	.15
In lots of 30,000 lbs. or more . . . . .	.14

Fertilizers, in lots of not less than 20,000 lbs.

<u>From</u>	<u>To</u>	<u>Per 100 lbs.</u>
San Francisco	Sacramento	.07 $\frac{1}{2}$

High intermediate rates are between Collinsville and Glyde  
Landing and points between where rates are as follows:

In lots of less than 30,000 lbs. . . . .	.15
In lots of 30,000 lbs. or more . . . . .	.09

Babbitt Metal, Borax and Bags, Paper, in lots of not less than 5,000 lbs.

<u>From</u>	<u>To</u>	<u>Rate per 100 lbs.</u>
San Francisco	Sacramento	.10

High intermediate rates are between Collinsville and Clyde Landing and points intermediate where rates are as follows:

In lots of less than 36,000 lbs. . . . .	.17
In lots of 36,000 lbs. or more . . . . .	.14

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In justification of the maintenance of higher class and commodity rates to or from intermediate River Landings than are charged between the terminal points, namely, - San Francisco, on the one hand, and Stockton and Sacramento, on the other, Mr. A. A. Bowman, General Freight & Passenger Agent for applicant's line of boats, testified that the operating conditions of his line were substantially the same as those met by his competitor the California Navigation & Improvement Company, referred to in Case No. 214-C, that it had the same competition to meet in the way of gasoline boats and barges of the so-called "tramp" variety, and that it was more expensive to load and unload cargoes at intermediate landings than at the terminals.

Mr. Bowman further testified that his Company did not operate through to Stockton until March 1905; this was after it had purchased some of the boats of the defunct Union Transportation Company, which Company became bankrupt as a result of the rate wars of 1892-1899, when it is alleged that the rates to Stockton were completely demoralized and at times reduced below the cost of handling the traffic. When applicant's line was extended to Stockton in 1905, it adopted the rates charged at that time by its competitors, the same also being true as to the Sacramento rates, to which point applicant extended its service in 1907.

The hearings in this case, No. 214-D, were held in connection with Case No. 214-C, being the application of the California

Navigation and Improvement Company for relief from its long and short haul violations, and from the evidence submitted it would appear that the following portions of this Commission's decision in that case apply with equal force to the present case:

"Beginning about the year 1892 and lasting for several years, a rate war was engaged in by the boat lines and the rail 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 on the contrary must, for the purpose of passing this petition, 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 required to file their rates with this Commission; as a consequence they contract for business at any rates obtainable."

It follows that the application should be granted and I therefore submit the following form of order:

### O R D E R

The California Transportation Company having applied to this 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 and commodity rates to or from more distant points, as set forth in tariff referred to in this opinion, and a hearing 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 Transportation 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. H. H. H.  
Edwin O. Edgerton

Commissioners.