

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

77772
31111

In the matter of the application of)
the Petaluma & Santa Rosa Railway)
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 in-)
termediate commodity rates in excess)
of rates to more distant points.)
.)

Case No. 214-I

Edwin T. McMurray, for Petaluma & Santa Rosa
Railway Company, applicant.
Walter H. Nagle, for Santa Rosa Chamber of
Commerce.
J. G. Melvin, for California Fruit Cannery
Association.

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 Petaluma & Santa Rosa Railway Company in compliance with orders from this Commission filed its applications for authority to continue all commodity rates now published in its Local Freight Tariff No.9-C, CRC No.45, which are in violation of Section 21, Article XII, of the Constitution and Section 24 (a) of the Public Utilities Act.

In justification the applicant presented to the Commission 13 exhibits explanatory of the violations as they exist in the tariff to which reference is made. I find that there are two

separate and distinct situations existing which applicant is required to justify, - one at Santa Rosa, the other at Sebastopol. One or two examples in each instance will be sufficiently illustrative, the Santa Rosa violations being considered first.

Exhibit No.3 covers violation in rate of 75 cents per ton applying on Feed, Grain and Poultry Food, in less than carload lots from Santa Rosa to Petaluma, a distance of 23.34 miles, while a rate of 90 cents per ton is assessed at points directly intermediate.

Exhibit No.5 covers violation in rate of \$1.65 per ton applying on Flour, less carload, from San Francisco to Santa Rosa, while rate of \$1.80 per ton is assessed at many intermediate points.

Exhibits Nos. 7 and 8 cover situations identical to Nos. 3 and 5, the only difference being in the commodities moved.

In defense of the violations existing in rates to and from Santa Rosa on the one hand and Petaluma or San Francisco on the other, applicant shows that via the line of its competitor, the Northwestern Pacific Railroad, the distance Petaluma to Santa Rosa is only 15.21 miles as against 23.34 miles via its line.

It would therefore appear that applicant is entirely justified in meeting the low rates established by its short line competitor at Santa Rosa and that the charging of higher rates at points intermediate is not unreasonable, since the distance via applicant's line is 153% of the distance via the Northwestern Pacific Railroad. I will recommend that applications covered by Exhibits Nos. 3, 5, 7 and 8, and those covering similar situations be granted.

Exhibit No.13 covers violation in rate of \$1.00 per ton on Hops, in bales, any quantity, from Forestville to Santa Rosa, distance 13.88 miles. High rate at intermediate point is \$2.00 per ton, Harbines to Santa Rosa, distance 13.15 miles.

In defense of this rate applicant shows that rate of \$1.00 per ton is maintained from Forestville to Santa Rosa via the

line of its competitor, the Northwestern Pacific Railroad, and that the distance via such line is 12.07 miles, and that the low rate is necessary to meet the competition. Since the distance via applicant's line is 115% of the distance via the line of its competitor, this application covered by Exhibit No. 13 will be granted.

The following is explanatory of the situation as it exists at Sebastopol.

Exhibits Nos. 1, 2, 4, 6, 9, 10, 11 and 12 cover violations in rates on various commodities in less carload quantities applying to or from Sebastopol on the one hand and Petaluma or San Francisco on the other. Some of the above mentioned exhibits also cover violations to or from Santa Rosa but since the situation as to violations to or from that point has been set forth and justified under explanation of Exhibits Nos. 3, 5, 7 and 8, a repetition will not be necessary.

An illustration taken from Exhibit No.1 will serve to show the situation at Sebastopol. The other exhibits enumerated cover situations substantially the same, the only difference being as to the commodities moved.

Exhibit No.1 covers violation in rate of 75 cents per ton applying on Feed, Grain and Poultry Food, less carloads, from Petaluma to Sebastopol and Santa Rosa, while a rate of 90 cents per ton is assessed at points intermediate to Sebastopol. Distance via applicant's line Petaluma to Sebastopol is 16.65 miles and to Santa Rosa 23.34 miles; distance via Northwestern Pacific Railroad Petaluma to Sebastopol is 21.53 miles and to Santa Rosa 15.21 miles. applicant having the short line to Sebastopol and its competitor the short line to Santa Rosa.

The situation here presented as to the violations existing in rates to or from Sebastopol on the one hand and Petaluma or San Francisco on the other is comparable to none that I have ever heard of or have been able to find of record. Briefly explained it is as follows:

The line of the Northwestern Pacific Railroad runs from Petaluma to Santa Rosa, thence at a right angle to Sebastopol, and taken with the line of the Petaluma & Santa Rosa Railway from Sebastopol to Petaluma, forms a triangle, the Northwestern Pacific Railroad being the base and perpendicular and the Petaluma & Santa Rosa Railway the hypotenuse. The rate of 75 cents per ton on Feed, Grain and Poultry Foods, in less carload quantities, as set forth in Exhibit No.1 applies via both of these lines from Petaluma to Sebastopol. As is well known, one of the cardinal reasons for permitting departures from the prohibition of the long and short haul clause found in our Constitution, and also in the Public Utilities Act, is that of the long line meeting the competition of the short line but in this instance the conditions are reversed. The Northwestern Pacific Railroad is the long line from Petaluma to Sebastopol and it makes the rate of 75 cents between these points with intermediate application. The Petaluma & Santa Rosa Railway with a shorter mileage makes the same rate from Petaluma to Sebastopol but charges higher rates to intermediate points.

The question for the Commission to decide is whether this can be justified. The Public Utilities Act gives to the Commission the power to permit departures from the long and short haul prohibition but names no reasons which must be depended upon for justification for such departures, thereby leaving the decision to the judgment of the Commission. Ordinarily we would at once declare that the short line meeting rates of a long line at common points must make such rates applicable at intermediate stations, but the situation and conditions surrounding the present case are not ordinary. To illustrate: the mileage of the Petaluma and Santa Ross Railway is 30.5; along this distance the Company has established 45 freight stations with platforms for the handling of less carload shipments for the convenience of its patrons. These stations are from $\frac{1}{2}$ mile to 1 mile or $1\frac{1}{2}$ miles apart, and as a witness for applicant testified "platforms erected in the back yards of the

shippers and receivers of freight". Farmers living along or contiguous to the line instead of hauling their produce long distances have but short distances to drive, leaving the produce at these stations where it is handled by employees of the company. This is a great convenience, saving time and preventing injury to consignments, especially to fruit and vegetables. This method of handling less than carload freight is expensive for the company and constitutes what I consider a higher and better service than is given where the stations are far apart and where farmers are required not only to team their products long distances but also to load same into the cars.

There is still another reason which it seems to me goes far towards justifying the Petaluma & Santa Rosa Railway Company in continuing its higher intermediate charges at points between Petaluma and Sebastopol. It is not only the case of a short line meeting the competitive rates of a long line but in reality is the case of the weak line meeting the competition of the strong line. The Northwestern Pacific Railroad, the strong line in this territory, has a system extending from San Francisco to Eureka, a distance of approximately 284 miles, and from San Francisco to Cazadero, a distance of approximately 84 miles, with various branches, and therefore is not ^{entirely} dependent upon any low competitive rate for proper returns upon its investment.

The Petaluma & Santa Rosa Railway Company, on the other hand, has a total of but 30.5 miles and a large amount of its business is between Petaluma and Sebastopol, while on its entire line it has to contend with the larger and stronger competitor.

There is nothing in this record to show that the intermediate rates of the Petaluma and Santa Rosa Railway under consideration are unreasonable. It was testified at the hearing of the applications that the patrons of the Petaluma & Santa Rosa Railway along the line between Petaluma and Sebastopol are entirely

satisfied to pay the higher intermediate rates in return for the additional and better service.

I realize that holding that such service justifies the charging of higher rates to intermediate points is something for which I can offer no precedent, but after a careful consideration of the matter I am satisfied and shall recommend that the Commission find the Petaluma & Santa Rosa Railway Company justified in charging the higher rates to intermediate points. I believe that this finding is in the interest of public policy.

While, as above stated, we have found no precedent among the decisions of other Commissions, our decisions in Case 214-C, California Navigation and Improvement Company, and 214-D, California Transportation Company, are somewhat analagous in that we found therein that boats plying between San Francisco and Stockton and between San Francisco and Sacramento stopping at intermediate landings were justified in charging higher rates to such intermediate landings for the reason that it is a more expensive service. This finding is upon the statement of facts obtained in this case only and establishes no precedent for other cases unless the circumstances and conditions are similar and the same reasons can be advanced for justifying departures from the long and short haul prohibitions.

In view of all the facts and circumstances appearing as hereinbefore set forth, these applications will be granted until it may be otherwise ordered upon future investigation in particular cases. Applicant will be permitted to continue to charge lower commodity rates to and from Sebastopol and Santa Rosa and to maintain higher rates at points intermediate as now published in its tariffs.

I therefore submit the following form of order:

O R D E R

The Petaluma & Santa Rosa Railway 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 commodity rates that are higher than the commodity rates between more distant points, as set forth in the exhibits and published in tariff referred to in the foregoing 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 opinion which precedes this order;

IT IS HEREBY ORDERED that the Petaluma & Santa Rosa Railway Company be and it is hereby authorized to continue commodity rates as set forth in the applications and exhibits referred to in the opinion and maintain higher 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.

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 Thelen
H. D. Kivaland
W. J. Gindrum
Edwin O. Edgerton

Commissioners.