

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

DELANO FARM BUREAU CENTER,

Complainant,

vs.

SOUTHERN PACIFIC COMPANY,

Defendant.

Case No. 956.

E. W. Heald, for complainant.
George D. Squires, for defendant.

By the Commission:

O P I N I O N.

The complainant in this proceeding, Delano Farm Bureau Center, is an unincorporated organization of farmers living adjacent to the City of Delano, Kern County, its principal object being the promotion of agricultural and live stock industries.

In the complaint it is alleged that the rate of \$3.50 per ton charged by defendant, Southern Pacific Company, for the transportation of hay in bales, carloads, from Delano to Los Angeles, a distance of 201.1 miles is unfair and excessive as compared with the rate of \$3.00 per ton charged from McFarland to Los Angeles, a distance of 194.8 miles. Both McFarland and Delano are located in the same farming community, McFarland being six miles nearer Los Angeles. Complainant requests that an investigation be made of the situation and that Delano be accorded the benefit of the same rate or of a rate more in proportion to the rate charged from McFarland to Los Angeles, contending that a

difference of 50 cents per ton is discriminatory for the additional six miles.

Defendant, in explanation of the rate charged from Delano, testified that the commodity rates on hay, carloads from points on its San Joaquin Valley line to Los Angeles were established on what is commonly known as the zone system, which system it considers just and reasonable.

From near-by points to Los Angeles, the rates are graded from \$1.00 up to \$2.80 per ton for about 90 miles on a mileage basis. From points more distant than 90 miles, a blanket rate of \$3.00 per ton is maintained for the first zone of approximately 100 miles, beginning at Gloster, 94.5 miles from Los Angeles, and extending to and including McFarland, 194.8 miles from Los Angeles. For the second zone of 81 miles, a blanket rate of \$3.50 per ton is maintained, extending to and including Fresno, 276 miles from Los Angeles.

The first station in the second zone is Delano, six miles north of McFarland and 201 miles north of Los Angeles; Delano is therefore on the extreme southern edge of the second zone or blanket. The result is that for the period of six months, ending December 31, 1915, 132 cars of hay moved from McFarland as compared with 31 cars from Delano. Considerable of the hay forwarded from McFarland was teamed from Delano territory and defendant lost the added revenue incident to the longer haul.

The defendant filed with the Commission at this hearing, a statement showing the average number of tons per car and the average earnings per car on various commodities between points on its system where the distance is similar to the haul involved in the case at issue, indicating that less revenue per car is received on hay than on the other commodities shown. The statement has no bearing on the question whether or not the rate of \$3.50 per ton on hay, Delano to Los Angeles, is just and reasonable as compared

with rate of \$3.00 per ton from McFarland. The defendant receives the same revenue per car on shipments of hay from Fresno, about 75 miles farther from Los Angeles, than it receives on shipments from Delano. The earnings per car mile to Los Angeles from Fresno would be $16\frac{2}{3}$ cents, which rate per car mile would produce \$1.05 per car for the haul of 6.3 miles, Delano to McFarland. The average earnings on hay shipped from McFarland to Los Angeles are \$39.00 per car, 20 cents per car mile, or \$1.25 per car for the additional haul, Delano to McFarland, practically 10 cents per ton. Under the present zone system of rates, with a difference of 50 cents per ton for the haul of 6.3 miles, Delano to McFarland, the revenue for such additional haul is \$1.03 per car mile, or \$6.50 per car, which appears to be excessive.

The zone system of rate making is frequently of benefit and advantage to a producing community, and when such is voluntarily established by carriers and is of long duration will not be disturbed unless the rates are proven to be unreasonable or discriminatory.

The section of the country between Delano and McFarland is now largely devoted to the growing of hay, while at points immediately south of McFarland very little hay is produced. All groupings of territory for rate purposes are in a measure arbitrary and have the appearance of injustice to points just across the zone line; this is especially noticeable in the case at bar where the zone breaks in the middle of a hay producing country with an increase of 50 cents per ton, thus creating a discriminatory situation.

The rates now in effect were established some ten years ago when but little hay was produced in the community and no doubt if the present conditions had then existed the zones would have been differently adjusted.

Considering the conditions now prevailing in this community, we are of the opinion and find as a fact that the rate of

\$3.50 per ton on hay, from Delano to Los Angeles is unjust and discriminatory as compared with the rate of \$3.00 per ton from McFarland. The difference between the rate from McFarland and Delano should not exceed 25 cents per ton. We therefore find as a fact that \$3.25 per ton is a just and non-discriminatory rate to be charged on hay in bales, carloads, from Delano to Los Angeles, and an order will be entered accordingly.

O R D E R

The Delano Farm Bureau Center having complained of the rate on hay from Delano to Los Angeles on the ground of discrimination, and a public hearing having been held thereon, and the Commission being fully apprised in the premises;

IT IS HEREBY ORDERED that the defendant, Southern Pacific Company, publish and file with this Commission, to become effective within twenty (20) days from the date of this order, a rate of \$3.25 per ton on hay in bales, carloads, from Delano to Los Angeles, which rate is found to be just and non-discriminatory.

Dated at San Francisco, California, this 1st
day of Sept., 1916.

Max Thelen
H. Loveland

Edwin O. Edgerton
Frank R. Miller
Commissioners.