

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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JULIUS HEYMAN COMPANY,
Complainant,

vs.

SOUTHERN PACIFIC COMPANY,
Defendant.

ORIGINAL

Case No. 267.

R. W. Kearney, for complainant.

Geo. D. Squires, for Southern Pacific Company.

Edgerton, Commissioner.

O P I N I O N.

In this case the Commission was requested by certain shippers to require the Southern Pacific Company to restore switching charges between transfer tracks of connecting carriers in San Francisco and Elkton, California. Elkton is within the switching limits of San Francisco, but it has been excluded from the tariff insofar as switching charges applied on traffic originating at, or destined to, points within the switching limits of connecting carriers' yards in San Francisco.

Elkton is still considered within the switching limits of San Francisco on such traffic as the Southern Pacific Company may receive a main line haul. In other words, that company is willing to assess regular switching charges on business to or from Elkton when it receives revenue from a line haul, but contends that when its entire revenue is that received from switching it is inadequate for this service.

Elkton is located approximately six miles from the freight depot at San Francisco and Mr. Well, witness for the Southern Pacific Company, testified (page 23, transcript) that Elkton was included within the San Francisco switching limits at the time of the San

Francisco conflagration in order to assist the United Railroads of San Francisco to rehabilitate the street car system, that company having some shops and assembling yards in the vicinity of Elkton where material impossible to handle in the city proper could be stored. It was contended that the extension of switching limits and rates to Elkton [was never intended to cover movements originating at industries within San Francisco and on which the Southern Pacific Company received nothing but switching charges.

I believe this to be the prime reason for extending the switching limits to Elkton, for it seems hardly probable that the Southern Pacific Company would extend its switching limits to this point under ordinary conditions. To reach Elkton cars must be transported about six miles through a thickly settled part of San Francisco over a single track line of excessively heavy grades and I believe that revenue of \$2.50 per car from the transfer track of connecting lines to Elkton involving several movements by switch engine is unreasonably low.

At the same time I am frank to say that I consider the rate charged of 50 cents per ton on lumber excessive.

The Southern Pacific Company maintains a rate of 60 cents per ton from San Francisco to San Jose--50 miles-- and a rate of 50 cents per ton to Ocean View, several miles beyond Elkton. It also publishes a rate of 50 cents per ton on freight, regardless of classification between San Francisco and South San Francisco.

It has been alleged from time to time with considerable earnestness that the rates to San Jose were low, so-called "water compelled" rates. In my judgment, rates are water compelled only to level to which the water competition forces them. Whenever a carrier, under ordinary circumstances, goes below the rates of its competitor it certainly cannot plead that it was forced to do so.

I do not believe that any competitor of the Southern Pacific Company could ever carry lumber from San Francisco to San Jose for 60 cents per ton, or anything like that figure. Lumber

certainly cannot be handled by steamer to Alviso, 35 miles, unloaded on a wharf at considerable expense and teamed twelve miles to San Jose for 60 cents per ton.

Carriers will not be permitted to force down rates to kill off competition and then ask immunity from the consequence of their action on the grounds that they were compelled to make those low rates. I am of the opinion that a rate of 35 cents per ton of 2000 pounds is a reasonable rate for the transportation of lumber between transfer track of connecting lines in San Francisco and Elkton where no main line movement is involved, and the Southern Pacific Company should publish such rate.

The Southern Pacific Company should not be required to switch freight where no main line movement is involved from San Francisco to Elkton for \$2.50 per car and the application to require that company to do so should be denied.

The matter of reparation asked for at the hearing cannot be considered in this decision as it was not properly a part of the case.

I recommend the following order:

ORDER.

Application having been made by certain shippers for the restoration of switching charges on freight between transfer tracks of connecting carriers in San Francisco and Elkton, as originally shown on page 21, items 58 and 69 of Southern Pacific Company's Terminal Tariff No. 230-G, C.R.C. 1260, and a hearing having been duly held,

IT IS HEREBY ORDERED, that said application be and the same hereby is dismissed.

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 15th
day of January, 1913.

John M. Eschleman

H. H. Howard

Alex Gordon

Max Thelen

Edwin O. Edgerton

Commissioners.