

# ORIGINAL

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

Decision No. 4507

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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APPLICATION NO. 2932 of the FARMERS' TRANSPORTATION COMPANY.

APPLICATION NO. 2933 of the SACRAMENTO TRANSPORTATION COMPANY.

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By The Commission.

### O P I N I O N

Petitioners in this proceeding are steamer lines operating on the Sacramento River between San Francisco and Sacramento, also on the upper Sacramento River above Sacramento, who ask permission under Section 63 of the Public Utilities Act to increase certain freight rates.

Being of similar character these applications were consolidated and heard at the same time.

Application No. 2932 of the Farmers' Transportation Company seeks authority to make following increases:

#### CLASS RATES BETWEEN SAN FRANCISCO AND SACRAMENTO

	In Cents per 100 Pounds.									
	1	2	3	4	5	6	7	8	9	10
Proposed:	20½	18	14½	12½	10	10	9	8	7½	7½
Present	16	14	12	10	8	8	7½	6½	6½	6½
Increase:	4½	4	2½	2½	2	2	1½	1½	1½	1½

Grain, any quantity

Rates in Cents per 100 Pounds.

From	To								
	Sacramento			Port Costa South Vallejo			San Francisco		
	Pres.	Prop.	Increase	Pres.	Prop.	Increase	Pres.	Prop.	Increase
Points above Sacramento to and including Fremont.	6½	10	3½	7½	11½	3½	8½	12½	3½
Points above Fremont to and including Colusa	7½	10	2½	8½	11½	2½	10	12½	2½

Beans and Potatoes, any quantity.

From	To					
	Sacramento			San Francisco		
	Present	Proposed	Increase	Present	Proposed	Increase
All points above Sacramento to, to, & including Colusa.	10	12½	2½	12½	15	2½

Live Stock, any quantity.  
rates in cents per head.

Kind of Stock	From Colusa					
	Sacramento			San Francisco		
	Present	Proposed	Increase	Present	Proposed	Increase
Hogs	50	65	15	50	75	25
Sheep	25	35	10	25	40	15
Calves (under 200 lbs.)	75	90	15	75	100	25
Calves (200 and over)	100	115	15	100	125	25

Dried Fruit in lots of less than 20000 lbs.

Rates in cents per 100 lbs.

From	To					
	Sacramento			San Francisco		
	Present	Proposed	Increase	Present	Proposed	Increase
Knights Land- ing Colusa	12½	14	1½	15	17	2
	15	22	7	20	27	7

In addition to the foregoing applicant requests authority to make a general increase of 15% in the class and commodity rates contained in the following tariffs:

Freight Tariff No.1 (C.R.C.No.1) - naming class and commodity rates between San Francisco, Sacramento and Colusa and intermediate points.

Grain Tariff No.2-A (C.R.C.No.11) - naming rates on grain, grain products and seeds between San Francisco, Oakland, Port Costa, South Vallejo and Sacramento on the one hand, and on the other, Colusa and intermediate points.

Cement Tariff No.3-A (C.R.C.No.8) - naming rates on cement from San Francisco, South Vallejo, Port Costa and Sacramento to Knights Landing, Colusa and intermediate points.

Local Freight Tariff No.5 (C.R.C.No.6) - naming class and commodity rates between San Francisco and Sacramento.

Application No. 2933 of the Sacramento Transportation Company seeks the following increases:

Grain, any quantity.  
Rates in Cents per 100 lbs.

From	To								
	Sacramento			Port Costa & So. South Vallejo			San Francisco		
	Pres.	Prop.	Increase	Pres.	Prop.	Increase	Pres.	Prop.	Inc
Points above Sacramento to and including Colusa	7½	10	2½	8½	11½	2½	10	12½	2½
Points above Colusa to and including Butte City and Jones Landing	10	12½	2½	11½	13½	2½	12½	15	2½
Points above Jones Landing to and including Jacinto	11½	13½	2½	12½	15	2½	13½	16½	2½
Points above Jacinto	12½	15	2½	13½	16½	2½	15	17½	2½

Beans and Potatoes, any quantity.  
Rates in Cents per 100 lbs.

From	To					
	Sacramento			San Francisco		
	Present	Proposed	Increase	Present	Proposed	Increase
Points above Sacramento to and including Colusa.	10	12½	2½	12½	15	2½
Points above Colusa to and including Monroevillo	12½	15	2½	15	17½	2½

Live Stock, any quantity.  
Rates in Cents per head.

Kind of Stock	From Colusa To					
	Sacramento			San Francisco		
Hogs	50	65	15	50	75	25
Sheep	25	35	10	25	40	15
Calves (under 200 lbs.)	75	90	15	75	100	25
Calves (200 lbs. and over)	100	115	15	100	125	25

Permission is also asked to cancel commodity rates between San Francisco and Sacramento applicable to quantities of less than 20000 lbs. allowing class rates governed by Western Classification to apply thereafter.

In addition to the aforementioned changes applicant requests authority to make a general increase of 15% in class and commodity rates carried in following tariffs:

Local Freight Tariff No.1 (C.R.C.No.1) - naming class and commodity rates between San Francisco, Sacramento and points above Sacramento to and including Monroeville.

Local Freight Tariff No.10 (C.R.C.No.11) - naming class and commodity rates between San Francisco and Sacramento and intermediate points.

Grain Tariff No.2 (C.R.C.No.2) - naming rates on grain, grain products and seeds, between San Francisco, Oakland, Port Costa, South Vallejo and Sacramento on the one hand and on the other, landings on the Sacramento River above Sacramento.

Cement Tariff No.3-2 (C.R.C.No.17) - naming rates on cement from San Francisco, Port Costa, South Vallejo and Sacramento to points on the Sacramento River.

Local Freight Tariff Nos. 4 to 9 inclusive (C.R.C.Nos. 5 to 10 inclusive) - naming commodity rates between San Francisco, Sacramento and Chico Landing, also between intermediate landings.

Exhibits were filed on behalf of the steamer lines, consisting of statements of operating revenue and expenses, for the calendar year 1916, with estimated figures for 1917.

The exhibit of the Sacramento Transportation Company shows an actual operating deficit for the year 1916 of \$25,568.18, to which is added an amount for reserve for depreciation and marine insurance, also return on investment, thereby establishing a total

deficit of \$141,239.55 for the year 1916 and estimated total deficit of \$127,771.29 for 1917. Latter figure is obtained by increasing the operating revenue for 1916 by \$60,365.33 which is the estimated gain under proposed increases, based on the tonnage handled during previous year and adding approximately \$47,000.00 to the operating expense for 1916 account estimated additional costs of labor, supplies, repairs, etc., thus creating an operating deficit of \$12,099.92 for 1917 as against \$25,568.18 for 1916.

To this \$12,099.92 has been added the same amount for depreciation, marine insurance and return on investment as for 1916 viz: \$115,671.37 thereby establishing a total deficit for 1917 of \$127,771.29.

Exhibit of the Farmers Transportation Company shows actual operating deficit of \$8,341.22 and total deficit of \$30,200.65 for the calendar year 1916, with estimated total deficit of \$20,807.65 for 1917. This estimated figure is arrived at in a manner similar to that of the Sacramento Transportation Company by adding to the operating revenue for 1916 (\$95,737.99) an amount based on the estimated increase under proposed rate advances or \$14,359.69, making an estimated operating earning of \$110,097.68 for the year 1917.

To this figure is applied the estimated operating expenses for 1917 of \$108,627.29 leaving a net operating revenue of \$1,470.39 as against operating deficit of \$8,341.22 for 1916.

After adding an amount of \$22,278.04 to cover reserve for marine and compensation insurance and return on investment, a total estimated deficit of \$20,807.65 is established for 1917 vs. \$30,200.65 for 1916.

A brief history of the operations and character of service performed by these carriers will be of interest at this time.

The Sacramento Transportation Company and its predecessors have been in continuous operation on the Sacramento river for 55 years

at times running as far north as Red Bluff. At present the upper river terminal is Chico Landing, approximately 273 miles from San Francisco. This company operates only as a freight carrier, no passenger business whatever being transacted. Freight is transported entirely on barges towed by a steamer.

A semi-weekly service is maintained between San Francisco and Sacramento, one boat leaving San Francisco for the round trip on Wednesdays with local freight for Sacramento only; another leaving San Francisco on Saturdays conveying local freight for Sacramento and through freight for points on the upper river.

On account of shoal water and the irregular course of the river above Sacramento, the steamers operating south of that point do not proceed beyond. Service above Sacramento is accomplished by means of light draught boats which tow the barges singly.

No regular schedule is maintained north of Sacramento but frequent sailings are made to accommodate local traffic and north bound through freight and to assemble at Sacramento south bound freight for transportation to ultimate destination on the regular semi-weekly trips. This company maintains a fleet of eight steamers and twenty-three barges, a portion of which is operated continuously throughout the year while the entire floating equipment is placed in service during the summer months to transport the heavy movement of produce.

The Farmers' Transportation Company was organized in 1901 and has operated constantly since that time. No passengers are carried, its energies being directed entirely to the transportation of freight.

Mr. L. Miller, Secretary, testified that the major portion of this company's stock is owned by his father and uncle who are engaged in farming; that the other stock holders of the company are extensively engaged in the same occupation; in short, that the company was organized primarily for the purpose of moving farm products of its stockholders, owing to the inability of the Sacramento Trans-

portation Company to render adequate service during the grain season. Mr. Miller further testified that in order to lessen the cost of operation, it was necessary to enter into a general transportation business.

This Company operates in a different manner from the Sacramento Transportation Company in that it does not make use of a barge service but owns two packet steamers one of which makes a round trip weekly from San Francisco to Colusa, approximately 217 miles distant. The other is placed in the upper river service practically eight months in the year hauling grain and produce to Sacramento.

Outside of competition with each other, petitioners do not meet with substantial opposition on the upper river. Between San Francisco and Sacramento proper, however (but not at intermediate points), they compete with the Southern Pacific Company, California Transportation Company and many irregular non-scheduled boats and barges of every description.

The exhibits filed at the beginning of the hearing showing the operating revenue and expenditures of the companies were supplemented by oral testimony tending to show increased costs and difficulties of operation.

Mr. Dwyer, Secretary of the Sacramento Transportation Company, testified that their contract for oil will expire January 1, 1918, and that based on present market prices which are substantially 100% higher than under existing contract the annual increase will amount to more than \$30,000; also that rope which is used in large quantities has nearly doubled in value since last year and practically all other steamer supplies and equipment had increased at least 50%. Further statement was made that under a most conservative estimate the cost of repairs had increased 25%; that their ordinary repairs amount to between \$40,000 and \$50,000 yearly; also that labor which represents a heavy item of expense would be increased approximately 14%.



From testimony submitted through the same source it was shown that no dividends had been declared for the last twelve years nor had the company ever been able to set aside a fund for renewal of equipment, but that to the contrary \$160,000 had been borrowed for that purpose. Evidence of similar nature was presented by Mr. Miller on behalf of the Farmers' Transportation Company, showing among other things that with the expiration of their oil contract on March 1, 1918, an annual increase of \$14,000 would be brought about on basis of present prices; that they had never been able to carry compensation or marine insurance; that the cost of repairs are very heavy, owing to frequent overhauls consequent upon the boats coming in contact with obstructions and sand bars in the river above Sacramento. Other testimony was submitted along the same lines but we believe the above is sufficiently illustrative of applicant's position.

From a careful study of the evidence and exhibits submitted at the hearing it is apparent that carriers are confronted with a situation requiring some immediate relief, although at this time we do not feel justified upon the showing made in granting these applications in their entirety.

It has been shown that the traffic and operating conditions on the upper river are widely different from those prevailing on the river below Sacramento. In the latter instance there is much competition. We find two carriers making two trips daily; another line operating semi-weekly and another running one boat per week; also a number of tramp vessels or those maintaining no fixed route or schedule, which suggests possibly an unnecessary duplication of service.

But this is not so with respect to upper river territory which is practically dependent for through service on a semi-weekly schedule on the part of one line and a weekly service on the other. The bulk of business moving from this district consists of grain and produce and a heavy portion of the expense of operation is chargeable to

this traffic which, as before stated, requires the full use of carriers' equipment. The grain season is now well advanced and any increase allowed in rates on this freight will be immediately reflected in net operating earnings.

Usual notice of the hearing in this proceeding was given to the general public through press notices and direct by mail to individuals and to the different Chambers of Commerce. The representatives of shippers who attended the hearings acquiesced in the increases proposed in rates on grain, beans, potatoes and live stock from points north of Sacramento and there were no protests against the increases from any source.

Specific increases are requested in rates on grain, beans, potatoes and live stock, as set forth below:

Grain, any quantity.

Rates in Cents per 100 Lbs.

Via	From	To		
		Sacramento	Port Costa & So. Vallejo	San Francisco
	:Points above :Sacramento to :and including :Colusa	: 10	: 11½	: 12½
Sacramento Transport- ation Co.	:Points above :Colusa to and :including Butte :City and Jones :Landing	: 12½	: 13½	: 15
	:Points above :Nonee Landing :to and includ- :ing Jacinto	: 13½	: 15	: 16½
	:Points above :Jacinto	: 15	: 16½	: 17½
	:Points above :Sacramento to :and including :Fremont	: 10	: 11½	: 12½
Farmers' Transport- ation Co.	:Points above :Fremont to and :including :Colusa	: 10	: 11½	: 12½

Beans and Potatoes.any quantity.

Rates in Cents per 100 Lbs.

		To	
Via	From	Sacramento	San Francisco
	:Points above	:	:
	:Sacramento to	12½	15
	:and including	:	:
	:Colusa.	:	:
Sacramento:	:	:	:
Transport-	:Points above	:	:
ation Co.	:Colusa to and	15	17½
	:including	:	:
	:Monroeville	:	:
	:	:	:
	:Points above	:	:
Farmers'	:Sacramento	12½	15
Transport-	:to and includ-	:	:
ation Co.	:ing Colusa	:	:
	:	:	:

Live Stock. any quantity.

Rates in Cents per Head.

From Colusa to

:Kind of Stock	Sacramento	San Francisco
Sacramento:Hogs	65	75
Transport-:Sheep	35	40
ation Co. Calves (under	:	:
Farmers' :200 pounds)	90	100
Transport-:Calves (200 lbs:	:	:
ation Co. :and over	115	125

After careful consideration we are of the opinion that the present rates on these commodities under existing conditions are not sufficiently remunerative and that an emergency exists sufficient to justify the granting of increased rates thereon pending final decision on the applications as a whole.

The following form of order will be entered:

O R D E R

The Farmers' Transportation Company and the Sacramento Transportation Company having applied under Section 63 of the Public Utilities Act for authority to increase certain freight rates as shown in the opinion preceding this order, and a public hearing having been held and the Commission being apprised in the premises,

IT IS HEREBY ORDERED, that pending final decision on these applications as a whole, and/in view of the urgent need of temporary relief, the following rates be established in lieu of those now applying between same points.

Grain, any quantity.

		Rates in Cents per 100 lbs.		
		To		
Via	From	Sacramento	Port Costa & So. South Vallejo	San Francisco
	:Points above :Sacramento to :and including :Colusa	10	11½	12½
Sacramento Transporta- tion Co.	:Points above :Colusa to and :including Butte :City and Jones :Landing	12½	13½	15
	:Points above :Jones Landing :to and includ- :ing Jacinto	13½	15	16½
	:Points above :Jacinto	15	16½	17½
Farmers' Transporta- tion Co.	:Points above :Sacramento to :and including :Fremont	10	11½	12½
	:Points above :Fremont to and :including :Colusa	10	11½	12½

Beans and Potatoes, any quantity.

Rates in Cents per 100 lbs.			
Via	From	To	
		Sacramento	San Francisco
Sacramento Transporta- tion Co.	: Points above : Sacramento to : and including : Colusa.	12½	15
	: Points above : Colusa to and : including : Monroeville	15	17½
Farmers' Transporta- tion Co.	: Points above : Sacramento : to and includ- : ing Colusa.	12½	15

Live Stock, any quantity.

Rates in Cents per head.			
From Colusa to			
	Kind of Stock		
		Sacramento	San Francisco
Sacramento Transporta- tion Co.	: Hogs	65	75
	: Sheep	35	40
Farmers' Transporta- tion Co.	: Calves (under : 200 pounds)	90	100
	: Calves (200 lbs. : and over)	115	125

Dated at San Francisco, California, this 1st day  
of August, 1917.

W. J. Longland  
Alex. Gordon  
Edwin O. Egan  
Frank R. Berlin  
 Commissioners.