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DECISION NO. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

----- ORIGINAL

Decision No. 4754

In the Matter of the Application
of the FARMERS' TRANSPORTATION
COMPANY for permission to increase
freight rates.) Application No. 2932

Sanborn & Roehl for Farmers Transportation Co.
Seth Mann for San Francisco Chamber of Commerce.
G. J. Bradley for the Merchants & Manufacturers
Association of Sacramento.
E. M. Wade for the Oakland Chamber of Commerce
and certain San Francisco shippers.
H. W. Adams for the California Fruit Distributors
of Sacramento.

BY THE COMMISSION:

O P I N I O N

In our decision No. 4507 of August 1st, 1917, in the above entitled proceeding, an interlocutory order was entered authorizing increase in rates on grain, beans, potatoes and live stock from points served by applicant on the Sacramento river above Sacramento to San Francisco, Sacramento, Port Costa and South Vallejo.

The remaining portion of application seeks following increases:

Class Rates Between San Francisco and Sacramento

| | In Cents per 100 Pounds. | | | | | | | | | |
|----------|--------------------------|----|-----|-----|----|----|----|----|----|----|
| | 1 | 2 | 3 | 4 | 5 | A | B | C | D | E |
| 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 |

Dried Fruit, In Lots of Less Than 20,000 Pounds.

Rates in Cents per 100 Pounds.

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

In addition, applicant requests authority to make 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.

For reasons which follow, the situation herein presented may best be considered under two geographical divisions, viz:

1. Local traffic on the river between San Francisco and Sacramento.
2. Traffic involving movement on the upper river above Sacramento.

It is unnecessary in this report to enter into a discussion of lower river traffic, for the reason that the Farmers' Transportation Company does not operate in its individual capacity between Sacramento and points south.

In this Commission's Decision No. 4182 of March 15, 1917, the Farmers' Transportation Company and the Sacramento Transportation Company were permitted to withdraw, and the San Francisco and Sacramento Navigation Company to assume, in their stead, service between San Francisco and Sacramento.

Rates of the individual lines between these points were incorporated in tariff of the San Francisco and Sacramento Navigation Company who has duplicated applicant's petition, insofar as it affects the line below Sacramento and to which consideration is now being given. Therefore, this portion of application will be dismissed and applicant will be expected to eliminate such rates from its tariff.

This brings us to a consideration of Division No.2, comprehending movement on the upper river. Proposed increase in rates on dried fruit is predicated on desire of applicant to cancel commodity rates on lots of less than 20,000 pounds, class rates to apply thereafter.

The subjoined table shows present and proposed rates also present carload rates (minimum 20,000 pounds).

Dried Fruit, In Lots of Less Than 20,000 Pounds.

| | | Rates In Cents Per 100 Pounds. | | | | | |
|-----------------|--|--|------------|-----------|--|-----------|------------|
| | | Sacramento | | | San Francisco | | |
| | | : Present Car- : load Rate : (Min. 20000 Lbs | | | : Present Car- : load Rate : (Min. 20000 Lbs | | |
| From | | : Present | : Proposed | : Present | : Proposed | : Present | : Proposed |
| Knights Landing | | 12½ | 14 | 10 | 15 | 17 | 12 |
| Colusa | | 15 | 22 | 12 | 20 | 27 | 15 |

The advances contemplated from Knights Landing are insignificant and while the proposed increases from Colusa are more pronounced we do not believe any hardship will be worked for the reason that shippers may take advantage of lower carload rates

by accumulating a sufficient quantity instead of forwarding their shipments in small lots, This portion of application will therefore be passed without further discussion.

In our preliminary report it was shown that the district above Sacramento presents a condition with respect to operation and service materially different from that surrounding transportation on the lower river. It was found that no unnecessary service is performed above Sacramento but that to the contrary, during the produce season, the full use of equipment of carriers serving this section is required; also that operation is exceedingly difficult and subject to the hazard of shoal water and other menaces to navigation characteristic of this portion of the river.

From uncontroverted testimony submitted by applicant, it was conclusively shown that a heavy portion of the expense of operation is chargeable to this traffic.

The financial difficulties of this applicant was discussed in decision No.4507, Application No.2932, supra as follows:

"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 expense 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 against \$30,200.65 for 1916."

In view of these facts, we are of the opinion, after mature consideration, that the increases requested by applicant, insofar as they affect upper river movement, are reasonable and should be granted.

The following form of order will be entered:

O R D E R

THE FARMERS' 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 fully apprised in the premises;

IT IS HEREBY ORDERED, that the interlocutory order of August 1st, 1917, (Decision No.4507), be and the same is hereby made permanent.

IT IS FURTHER ORDERED, that that portion of application seeking authority to increase class and commodity rates between San Francisco and Sacramento be and the same is hereby dismissed.

The Railroad Commission hereby finds as a fact that the existing freight rates of petitioner are unremunerative and the rates herein established are just and reasonable rates. Basing its order on the foregoing finding of fact and on the further findings of fact which are contained in the opinion which precedes this order,

IT IS HEREBY ORDERED, that the FARMERS' TRANSPORTATION COMPANY be, and the same is hereby, authorized within twenty days from the date of this order to file with the Railroad Commission and thereafter charge the following freight rates:

Dried Fruit, in Lots of Less Than 20,000 Pounds.

| From | Rates In Cents per 100 Pounds | |
|-----------------|-------------------------------|---------------|
| | Sacramento | San Francisco |
| Knights Landing | 14 | 17 |
| Colusa | 22 | 27 |

and, to increase rates in the following tariffs in accordance with table of rates annexed to and made a part of petition and marked "Exhibit A":

