

ORIGINAL

Decision No. 4755

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

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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IN THE MATTER OF THE APPLICATION OF )  
THE NAPA TRANSPORTATION COMPANY FOR )  
AUTHORITY TO INCREASE ALL FREIGHT )  
RATES 15 PER CENT. )

Application 2926.

Sanborn & Roehl, for Petitioner.

Seth Mann, for San Francisco Chamber of Commerce.

BY THE COMMISSION:

This proceeding is upon application of the Napa Transportation Company, filed May 17, 1917, under Section 63 of the Public Utilities Act, for an order permitting an increase of 15% in all of its freight rates shown in Local Freight Tariff No.1-B, C.R.C.No.4 and supplements thereto. It is alleged that the existing rates are unremunerative and inadequate for the service performed.

The company commenced operation some five years ago, when it purchased, at a receivership sale for \$31,600., the property of its predecessor in the service. Two steamers, the St. Helena and Zinfandel, are operated between San Francisco and Napa and serve the intermediate points of Winehaven, Oleum, Sperry, Vallejo, Port Costa, Mare Island, Cutting, Stanley, Green Island, Mooney's and Russ. The revenue is derived entirely from the transportation of freight, no passenger or other class of traffic, except freight, being accepted.

The financial condition of this petitioner was examined in Decision No. 1744 of March 20, 1916, Vol. 9, Opinions and Orders of the Railroad Commission of California, page 375. The investigation showed a loss of \$39,710.69 in operating revenue for the first thirty-three months of operations, October 1, 1912 to June 30, 1915. The relief prayed for was, in part, authorized, but failed to produce any substantial results.

In support of the contention that the operations are still unprofitable, applicant filed in these proceedings its Exhibit No. 1, showing the actual results from its operations during the year 1916 and an estimate to cover the calendar year of 1917 on the assumption that the increases herein asked for are granted, as follows:

	<u>YEAR ENDING DECEMBER 31,</u>	
	<u>1916 (Actual)</u>	<u>1917 (Estimated)</u>
Operating Revenue- Freight	\$51,612.38 :	\$59,354.24
Operating Expenses-		
Steamer Operations, \$46,084.89	\$46,084.89	\$50,935.54
Agency and General, <u>16,467.03</u>	<u>62,551.92</u> :	<u>67,402.57</u>
Operating Deficit	\$10,939.54 :	\$ 8,048.33
Reserve for Depreciation and Reconstruction, 6% on original cost of \$31,600.00	\$ 1,896.00 :	\$ 1,896.00
Return on Investment of \$31,600.00 @ 8%	<u>2,528.00</u> :	<u>\$ 2,528.00</u>
TOTAL DEFICIT-	\$15,363.54 :	\$12,472.33

Petitioner contends from this report that the total operating deficit for the calendar year 1916 was \$10,939.54 and that the estimated operating deficit for 1917 will be \$8,048.33. The figures shown for 1917 are based on a 15% increase in the freight revenue over 1916, while the expenses are advanced 10%

for labor, 30% for commissary supplies and 25% for repairs, or an average total increase of 7.75%. These increased expenditures are conservative by comparison with the testimony given in the allied river boat Applications Nos. 2924, Southern Pacific Company; 2926, Monticello Steamship Company; 2929, California Transportation Company; 2930, California Navigation & Improvement Company; 2931, San Francisco & Sacramento Navigation Company; 2932, Farmers Transportation Company; 2933, Sacramento Transportation Company, and 2955, Hunt-Hatch Transportation Company, which testimony, by stipulation, was made part of these proceedings. If to the operating deficit is added the reserve claimed by petitioner for depreciation and a return on the investment, there would be a total deficit of \$15,363.54 in 1916 and an estimated deficit of \$12,472.33 for 1917.

Since the current year's results as carried in Exhibit No. 1 were problematical, a supplemental statement was secured showing the actual figures for the first five months of 1917, which are set forth below in comparison with the same five months of 1916:

<u>R E V E N U E</u>						
<u>Y E A R</u>						
<u>Month</u>	<u>:</u>	<u>1916</u>	<u>:</u>	<u>1917</u>	<u>:</u>	<u>Increase</u>
January	:	\$ 3,288.13	:	\$ 4,863.03	:	\$ 1,574.90
February	:	3,866.00	:	4,333.07	:	467.07
March	:	4,785.98	:	5,654.99	:	869.01
April	:	3,741.64	:	5,300.55	:	1,558.91
May	:	4,150.25	:	5,157.06	:	1,006.81
TOTAL -		<u>\$19,832.00</u>		<u>\$25,308.70</u>		<u>\$ 5,476.70</u>

Monthly Average (1917) \$5,061.74

12 months (1917) Based on monthly average

\$60,740.88

EXPENSES

1916

Account	January	February	March	April	May	Total
Shore	\$1329.13	\$1396.31	\$1433.40	\$1333.07	\$1589.74	\$7081.65
General	566.92	495.05	466.77	483.65	482.97	2495.36
Mess Sup- plies	491.48	423.50	382.85	331.45	466.94	2096.22
Deck La- bor	973.03	878.02	949.65	841.08	1053.76	4695.54
Engine "	471.51	352.07	354.58	384.03	425.96	1988.15
Mess "	131.54	103.77	105.00	94.50	115.42	550.23
Fuel	612.80	582.10	602.75	512.30	541.18	2851.13
Renewals & repairs: to deck	29.70	139.58	273.80	11.06	62.03	516.17
Renewals & repairs: to engine:	8.96	65.83	5.05	16.15	112.85	208.84
Engine Supplies	70.08	45.02	60.97	61.74	60.07	297.88
Deck-Sup-:	15.88	10.40	14.89	5.87	1.10	48.14
L. & D.	20.37	64.96	28.82	10.02	112.29	236.46
Total	\$4721.40	\$4556.61	\$4678.53	\$4084.92	\$5024.31	23065.77

1917

Shore	\$1276.65	\$1369.80	\$1311.67	\$1293.79	\$1322.39	\$ 6574.30
General	716.18	688.53	739.05	707.96	780.10	3631.82
Mess Sup- plies	524.78	554.82	613.44	602.76	679.41	2975.21
Deck Lab- or	1006.47	997.15	1034.13	1058.88	1356.75	5453.38
Engine "	597.64	601.28	599.30	678.37	673.85	3150.44
Mess "	210.00	200.62	199.10	228.29	218.46	1056.47
Fuel	644.77	635.51	737.58	529.12	568.77	3115.75
Renewals & repairs: to deck	-	79.41	55.95	37.35	121.15	293.86
Renewals & repairs: to engine	17.72	14.05	45.95	14.60	15.75	108.07
Engine Supplies	125.67	126.88	106.41	120.36	141.65	620.97
Deck Sup-:	6.55	.80	14.73	36.57	1.90	60.55
L. & D.	65.27	13.62	2.49	11.95	64.75	158.08
Total	\$5191.70	\$5282.47	\$5459.80	\$5320.00	\$5944.93	\$27198.90

Monthly Average (1917) \$5,439.78

12 Months (1917) based on monthly average

\$65,277.36

Net estimated operating revenue (1917) - Deficit

4,536.48

It will be noted that the revenue for the first five months of 1917 increased \$5476.70 over the same period of 1916 and that the average monthly revenue was \$5061.74. Presuming this average will remain constant throughout the twelve months, applicant will receive \$60740.88, or \$1386.64 in excess of the estimated revenue for 1917, as shown by Exhibit No. 1 and \$9128.50 more than total revenue secured in 1916. Increased revenue is attributable to more frequent and better service by the operation of the two boats instead of one, while operating expenses have been held down by the employment of fewer deck hands.

The estimated operating expenses for 1917, based on the first five months of 1916, amount to \$65,277.36, or \$2125.21 less than the estimated expenses shown by applicant in Exhibit No.1 and but \$2725.44, or 4.36% in excess of the operating expenses for the year 1916. Up to this point it appears that the estimated operating deficit for 1917 would be \$4536.48 and if there is added \$1896.00 for depreciation account and \$2528.00 for return on investment, there is a total deficit for the calendar year of \$8960.48.

Subsequent to the submission of the case this Commission's auditing department made a check of applicant's accounts from the time present company was organized, November 2, 1912 to July 31, 1917. It will not be necessary to here set forth all details of the report, for it substantiates, with but few minor exceptions, the exhibits and annual reports rendered by applicant. By stipulation, all reports filed herein subsequent to the submission are made part of the record.

The statement set forth below makes a comparison in concise form of the revenue and expenses for 1915, 1916 and 1917:

Year Ending December 31, 1915.

<u>FLEET OPERATING REVENUE</u>	St. Helena	Zinfandel	Jesse Matson	Total
Freight	\$37,662.01	5,939.32	339.08	43,940.41
Passenger	200.95	1.00	-	201.95
Total Earnings	<u>37,862.96</u>	<u>5,940.32</u>	<u>339.08</u>	<u>44,142.36</u>
<u>FLEET OPERATING EXPENSES</u>				
General	4,978.18	2,381.07	-	7,359.25
Mess Supplies	4,185.36	805.56		4,990.92
Labor Deck	8,291.46	2,194.39		10,485.85
" Engine	3,912.59	1,289.03		5,201.62
" Mess	1,101.26	316.77		1,418.03
Fuel	5,406.11	899.16		6,305.27
R & R Deck	760.55	2,383.07		3,143.62
" Engine	1,081.54	175.56		1,257.10
Engine Supplies	638.27	133.04		771.31
Deck	64.68	6.10		70.78
Loss & Damage	521.59	129.54		651.13
Total Fleet Operating Expenses	30,941.59	10,713.29		41,654.88
<u>OTHER OPERATING EXPENSES</u>				
Shore Expenses	-	-		14,048.06
Total Operating Expenses				55,702.94
" " Revenue				44,142.36
Net Operating Revenue (Deficit)				<u>11,560.58</u>

Year Ending December 31, 1916.

<u>FLEET OPERATING REVENUE</u>	St. Helena	Zinfandel	Lew Young	Emma	Total
Freight	\$31,438.67	19,957.74	154.41	47.81	51,598.63
Passenger	13.75	-	-	-	13.75
Total Earnings	<u>31,452.42</u>	<u>19,957.74</u>	<u>154.41</u>	<u>47.81</u>	<u>51,612.38</u>
<u>FLEET OPERATING EXPENSES</u>					
General	3,771.94	2,815.77	-	-	6,587.71
Mess Supplies	3,429.06	2,313.51			5,742.57
Labor Deck	7,505.68	5,081.55			12,587.23
" Engine	3,199.61	2,239.22			5,438.83
" Mess	964.41	666.15			1,630.56
Fuel	4,883.68	2,733.46			7,617.14
R & R Deck	1,894.43	291.15			2,185.58
" Engine	2,238.95	224.37			2,463.32
Engine Supplies	620.29	271.93			892.22
Deck	63.45	113.58			177.03
Loss & Damage	565.40	82.57			647.97
Total Fleet Operating Expenses	29,136.90	16,833.26			45,970.16
<u>OTHER OPERATING EXPENSES</u>					
Shore Expenses	-	-			16,131.53
Total Operating Expenses					62,101.69
" " Revenue					51,612.38
Net Operating Revenue (Deficit)					<u>10,489.31</u>

January 1, 1917 to July 31, 1917

<u>FLEET OPERATING REVENUE</u>	<u>St. Helena</u>	<u>Zinfandel</u>	<u>Low Young</u>	<u>Total</u>
Freight	\$18,949.14	17,023.23	99.72	36,072.09
Passenger	-	-	-	-
Total Earnings - -	<u>18,949.14</u>	<u>17,023.23</u>	<u>99.72</u>	<u>36,072.09</u>
 <u>FLEET OPERATING EXPENSES</u>				
General	2,511.05	2,694.60	-	5,205.65
Mess Supplies	2,151.45	2,081.02		4,232.47
Labor Deck	3,977.86	4,029.30		8,007.16
" Engine	2,291.10	2,154.34		4,445.44
" Mess	745.04	749.66		1,494.70
Fuel	2,553.84	2,176.79		4,730.63
R & R Deck	190.94	1,438.93		1,629.87
" Engine	187.92	57.90		245.82
Engine Supplies	493.02	388.32		881.34
Deck	40.21	28.54		68.75
Loss & Damage	162.12	46.39		208.51
Total Fleet Operating Expenses - -	15,304.55	15,845.79		31,150.34
<u>OTHER OPERATING EXPENSES</u>				
Shore Expenses	-	-		9,221.03
Total Operating Expenses				40,371.37
" Revenue				<u>36,072.09</u>
Net Operating Revenue (Deficit)				4,299.28

It will be noted the company during this period of time suffered losses as follows:

Year ending December 31, 1915 - \$11,560.58  
    "                  "          "          " 1916 - 10,489.31  
7 months ending July 31, 1917 - 4,299.28

These figures do not include depreciation, which the company has neglected to charge.

The important points in this competitive territory are also served by the Monticello Steamship Company, San Francisco, Napa & Calistoga Railway and the Southern Pacific Company. These lines, collectively, handle much of the tonnage and could, without doubt, in addition, transport all the strictly competitive traffic.

The competing carriers petitioned for the same increases in rates, but later the rail lines withdrew their applications and it is, therefore, doubtful if the increases prayed for by this boat line will produce the anticipated increase in revenue. However, a different kind of service is rendered and there are exclusive

points located on the San Francisco and San Pablo bays and on the Napa river north of Vallejo, also certain lumber yards, tanneries, warehouses and other industries on the river bank at Napa city which would suffer should this boat line be discontinued.

In view of the financial showing made, additional revenue is essential, otherwise it will only be a question of time before this company must cease operations entirely.

Upon the whole record we find that the existing rates are unremunerative and that the application should be granted.

#### O R D E R

Napa Transportation Company, having applied for permission to increase all its freight rates fifteen (15%) per cent and a public hearing having been held and the Railroad Commission being fully apprised in the premises it hereby finds as a fact that the existing freight rates of petitioner are unremunerative and that the rates herein established are just and reasonable rates.

The Railroad Commission, basing its order on the 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 Napa 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 freight rates increasing its present rates  
fifteen (15%) per cent, in accordance with the table of rates  
attached to and made a part of the original petition herein.

Dated at San Francisco this 16th day of October, 1917.

W. B. Howland  
W. G. Gordon  
Edwin C. Edgerton

Commissioners.