

DECISION NO. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the Application )  
of the NORTHWESTERN PACIFIC RAIL- )  
ROAD COMPANY for permission to )  
increase freight rates. )  
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Application No. 3151.

Decision No. 4757

Stanley Moore, for the North Western  
Pacific Railroad Company,  
Seth Mann, for the San Francisco  
Chamber of Commerce,  
Sapiro, Neylan and Ehrlich, for the  
Poultry Producers of Central  
California.

O P I N I O N

LOVELAND, Commissioner.

This is an application under Section 63 of the Public Utilities Act for authority to increase certain class and commodity rates, as set forth in "Exhibit A" appended to and made a part of the application.

The area embraced in application extends from San Francisco to Shellville Junction, Sebastopol and Forestville, and is practically co-terminous with the territory served by the Petaluma and Santa Rosa Railway, which has filed a similar petition. For convenience, these applications were consolidated and heard at the same time.

Of the more important changes contemplated may be mentioned the proposed cancellation of free rates for empty carriers, returning, allowing 15 per cent of Class rates applicable to new package to apply thereafter and the changes in class rates between San Francisco and Petaluma which rates, present and proposed, are

stated in cents per 100 pounds as follows:

	1	2	3	4	5	A	B	C	D	E
Present	14	9	7	5	5	5	5	5	5	5
Proposed	17	14	11	10	9	9	8	7	6	5
Increase	3	5	4	5	4	4	3	2	1	-

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Applicant, in support of its request to increase rates, urges same reasons as its co-petitioner, the Petaluma and Santa Rosa Railway, namely, that present rates are insufficient to yield revenue commensurate with the cost of operation.

An exhibit was introduced comparing the income for first seven months of 1917 with same period for 1916, which showed a profit of \$6,477.54 for 1916 and a deficit of \$64,236.30 for 1917 or a decrease in revenue of \$70,713.84.

While this statement of earnings and expenses comprehends the entire line of petitioner, which extends from San Francisco north to Trinidad, a distance of 310 miles, and therefore not an absolute index of the earnings in this particular territory, at the same time it reflects the condition of the different units of this property and will therefore be accepted and valued accordingly.

The question of cancellation of free rate for empty carriers, returning, needs little discussion, as it is practically recognized that each transaction should stand on its own foundation and some charge be made for return of empties.

Instead of including this in the rate for the loaded movement, it should be separately stated. As to the reasonableness per se of this charge, 15% of class rate for the new package, there can be no question, and it is uniform with the practice of most of the rail carriers in this state.

The Class scale between San Francisco and Petaluma was es-

tablished many years ago pursuant to action of the water carriers serving these points. At that time little regard was given to the volume of rates, the principal thought being to secure the traffic without a due consideration to possible increase in maintenance and operating expense.

The report in Application No. 3096 of the Petaluma & Santa Rosa Railway Company discusses the greatly increased cost of operation between San Francisco and Petaluma, and the need of more revenue if an adequate and efficient service is to be continued.

The comparison of rates and other analyses of the situation between San Francisco and Petaluma, set forth in our decision, *supra*, is applicable to this proceeding with even greater force, for this petitioner performs a more expensive service by its water and rail route than that rendered by its water competitor.

The reasons given for the increases by the Petaluma & Santa Rosa Railway Company are equally applicable to the instant case and it is apparent that the interests of public convenience and necessity require that some relief be granted, else these communities cannot continue to enjoy the excellent service via the two carriers which they now receive and upon which a large business has been established.

In justice to other traffic, these rates between San Francisco and Petaluma should be increased, although, as in the case of the Petaluma & Santa Rosa Railway, *supra*, it does not

appear that the entire increase asked for is necessary.

As to the other advances, the rates in and of themselves are not unreasonable. They are spread over the territory affected and distributed amongst the different classes of traffic in an equitable manner.

This applicant relied almost entirely upon the testimony and exhibits of its co-petitioner, the weaker line, and failed to make a complete showing on its own behalf.

However, in deciding a case of this kind consideration must be given to the whole territory and not altogether to the needs of one carrier, and while the Northwestern Pacific Railroad Company, with its large mileage and revenue, can absorb freight inequalities attributable to a part of its service, the same relief cannot be secured by its smaller and less fortunate competitor. The rates must be reasonable when applied to the entire situation and not alone based on the necessities of one carrier, for the community would not prosper and grow if either one of these lines should, because of lack of income, materially reduce its service.

Upon consideration of all the facts in this record I am of the opinion that the present rates are unreasonable and that the application should be granted, with the exception of the proposed class rates between San Francisco and Petaluma and that the

rates between these points should be as follows:

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
15	12	9	9	8	8	7	6	5	5

### ORDER

The Northwestern Pacific Railroad 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 finds as a fact that the existing freight rates covered by this application are unremunerative and that the rates herein established are just and reasonable. Basing its order on the foregoing findings of fact and on the further findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED, that the Northwestern Pacific Railroad Company be and the same is hereby authorized within thirty (30) days from the date of this order to file with the Railroad Commission and thereafter charge the following rates:

BETWEEN

SAN FRANCISCO, SEBELVILLE JUNCTION, TIBURON  
and  
PETALUMA

#### Class Rates in Cents per 100 Pounds

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
15	12	9	9	8	8	7	6	5	5

and to otherwise amend and modify its freight tariffs as set forth

in Exhibit A attached to and made a part of the application.

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 16th day of October 1917.

H. D. Loveland  
W. L. Gordon  
Edwin C. Edgerton

Commissioners.