

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

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Decision No. 595

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ASSOCIATED JOBBERS OF LOS ANGELES,
 Complainant,

- vs -

SOUTHERN PACIFIC COMPANY,
 Defendant.

BISHOP CHAMBER OF COMMERCE and
SAN FRANCISCO CHAMBER OF COMMERCE,
 Intervenor.
.....

Case No. 331.

Loeb & Loeb and Fred P. Gregson for complainant.
George D. Squires, Esq., for defendant.
Wm. B. Himrod, Esq., for Bishop Chamber of
Commerce, Intervenor.
Wm. R. Waehler, Esq., for San Francisco Chamber
of Commerce, Intervenor.

ESHELMAN, Commissioner.

O P I N I O N .

The complainant in this case attacks the reasonableness of the defendant's class and commodity rates between Los Angeles, California, and points in the Owens Valley north of Owenyo to and including Laws, California, and south of Owenyo to and including Keeler, California.

The rates of the defendant on cement between Colton, California, and the points above mentioned in the Owens Valley territory, are also attacked as being excessive and unreasonable, and in connection with the class and commodity rates from Los Angeles to this territory, are in violation of Section 13 of the Public Utilities Act.

The Bishop Chamber of Commerce, representing the shipping public of the Owens River Valley, intervened and adopts as its own the allegations of the complainant, Associated Jobbers of Los Angeles, and also alleges that the class and commodity rates published and

maintained by the defendant between Los Angeles and Imperial Valley and San Joaquin Valley points, and on cement between Colton and the Imperial and San Joaquin Valleys, are unjust and discriminatory as against the Owens River Valley and in violation of Section 19 of the Public Utilities Act.

In the petition of intervention filed by the San Francisco Chamber of Commerce it is alleged that class and commodity rates published and maintained by the defendant from San Francisco to points beyond Mojave are excessive and unreasonable, and the San Francisco Chamber of Commerce asks for relief similar to that sought by the complainant.

The San Francisco Chamber of Commerce also petitions that the Commission maintain the present scale of differentials on class rates as now exist at Mojave between rates from Los Angeles and from San Francisco, to establish reasonable differentials on commodity rates to Mojave between San Francisco and Los Angeles, and in making rates from Los Angeles and San Francisco to points beyond Mojave, that the differentials become less in favor of Los Angeles as the distance increases, thereby giving to San Francisco a lower rate per ton per mile because of the greater distance from San Francisco as compared with Los Angeles.

The defendant, for its answer to the complaint and the bills of intervention, sets up a general denial of the allegations concerning the reasonableness of its rates.

At the hearing of the case the complainant introduced a great many exhibits and considerable testimony designed to prove that the defendant's rates complained of are excessive and unreasonable as compared with rates to other localities for similar distances.

The Bishop Chamber of Commerce introduced evidence to prove that the entire Owens River country was being retarded in development by reason of exorbitant freight rates and poor trans-

portation facilities. The testimony was to the effect that in many cases the cost of transportation greatly exceeded the value of the commodity; also, that commodities produced could not be shipped because of excessive rates. Others testified that contemplated improvements which would increase the cultivated area could not be made because of excessive freight rates on materials necessary for such improvement, which rendered the final cost beyond the reach of most of the inhabitants of the Owens River Valley. It was further testified that settlers who contemplated locating in this valley had many times declined to do so because of inadequate transportation facilities and excessive rates to market points for their products, and it is urged that the carrier in maintaining this high schedule of rates prevents the movement of traffic and thus impairs its own revenue.

The intervenor, San Francisco Chamber of Commerce, did not appear at the hearing and no decision will be rendered on its objection. Inasmuch as nothing appears in the record which would justify any change in the relationship of the rates which exist into this territory from Los Angeles and San Francisco respectively, I recommend that this relationship be not disturbed, and that the carrier at the time of filing tariffs in conformity with this opinion and order re-adjust its rates from San Francisco by way of Mojave to these points correspondingly. No order, however, will be made in this regard, and if this is not done and the decision is not satisfactory to the San Francisco interests, it will be necessary for them to file an independent complaint, in which event the matter can be decided.

The territory covered by this complaint is principally that section lying south of Laws, California, to Owenyo; although shippers in the vicinity of Inyo-Kern, a station about 115 miles south of Owenyo, also, gave testimony concerning their inability to develop the country under the existing freight rates. The defendant, in justification of the rates now maintained between

various points in California and points on that line north of Mojave and south of Benton in California, claims that the service is that of a branch line partly standard and partly narrow gauge, which makes the transfer of the freight necessary from broad to narrow gauge cars for movement beyond Owenyo in either direction, and it is further urged that the country is sparsely settled, and that the earnings on this line are so small that a reduction in rates is not justified.

I think it is proper to call attention to the fact that the asserted position of the carrier to earn a revenue on this branch line which will yield it a return upon the property of the branch line, is not well founded. In fact, it is well established that a carrier may not justify exorbitant rates on the ground that its line in the particular territory affected by such rates does not yield it a reasonable income.

(Minneapolis & St. Louis Railroad Company vs. Railroad and Warehouse Commission, 186 U.S. 254.
St. Louis & San Francisco Railway Company vs. Gill, 156 U.S. 648.
Elliot on Railroads, Vol. 2, Sec. 693.)

In fact it is no more proper for the defendant to interpose such a defense than it would be for the complainant to urge that because earnings from freight carried for the Los Angeles Aqueduct over this line have yielded to the carrier an amount of revenue almost equalling the entire cost of the line, no revenue beyond the actual cost of performing the business might thereafter be earned on this line under any circumstances.

The defendant has presented certain statistical data with reference to the earnings of part of the line comprising the through line from Mojave, California, to Hazen, Nevada. These statistics indicate rather low train mile earnings upon the narrow gauge system south of Mina. It must be remembered that the line between Hazen, Nevada, and Mina is supported by traffic to points reached by the Tonopah & Goldfield Railroad and that the figures

submitted represent but a portion of that line over which the traffic passes.

It is in evidence that the line from Mojave to Owenyo, at which point it connects with the narrow gauge line running south from Mina, is of a substantial and permanent character not required or justified for any temporary undertaking such as the hauling of aqueduct material for which it was first used. It was the admitted purpose of the defendant in the construction of this line ultimately to standard gauge the line between Mina and Owenyo, thereby opening a new transcontinental route from Los Angeles to Eastern points via Ogden, and if the defendant chooses to construct an extraordinarily expensive piece of line, having in view the ultimate intention of making it a part of a transcontinental system, instead of a branch line to handle a nominal amount of traffic, it cannot expect the shippers to pay rates high enough to pay a return on capital invested in facilities beyond their requirements.

Ames vs. Union Pacific Railroad Company, 64 Fed. 165,177;
San Diego Land and Town Company vs. Jasper, 189 U.S. 439.

The defendant maintains a most extraordinary scheme of rates from various points in California and Nevada into the Owens River country. It has been urged that the narrow gauge haul is unusually expensive and that the transfer from broad to narrow gauge cars should be considered in making rates from Los Angeles into this territory. The rates from Los Angeles, San Francisco, Stockton and Sacramento to the Owens River country have either been based on a combination of locals via Reno or Mojave, and I desire to state at this time that the Commission does not look with favor upon the building of rates on combination of locals over various junction points, and besides it is violative of all the theories which the carriers have advanced from time to time and which in many cases they carry into actual practice. A sample of this is the following rate on lumber, Los Angeles to Laws:

	Rate per ton	
Los Angeles to Mojave	\$ 3.50	Commodity Rate
Mojave to Owenyo	6.40	Class "B" "
Owenyo to Laws	3.60	" " "
Through Rate	<u>\$13.50</u>	

A more iniquitous system of rate making would be hard to imagine.

As has been well stated by the Interstate Commerce Commission, the rates per ton per mile should ordinarily decrease as distance increases, while, of course, the aggregate rate will increase. This cannot be possible when rates are built up on combination of locals. In this case the rates per ton per mile decrease to the junction point and at this point commence to increase per ton per mile instead of being extended on what has been termed a normal grade. Again, the carriers have urged that the terminal expenses are extremely heavy, particularly on less than carload freight, and should be considered in the making of rates; but we must point out here that in making rates which are based on three combinations, as we find in many cases the rates to the Owens River Valley are constructed, the carrier has injected into this rate six terminal charges where but two should be considered. In other words, each local rate from and to a junction point includes its terminal charges and if the carrier does not perform all of the terminal services at these basing points they certainly have no right to claim such an allowance.

The defendant names a rate of \$2.24½ first-class from Los Angeles to Laws, a distance of 298.3 miles. This movement carries the freight over the line from Los Angeles to Mojave, which is supported by a great volume of traffic, thence over the newly constructed line from Mojave to Owenyo where it is transferred to the narrow gauge line and hauled about 54 miles on narrow gauge trains. It is in evidence that this transfer is made at a very small expense per ton. Freight covered by these rates the defendant voluntarily hauls the same distance south from Reno or Hazen for \$1.58 per hundred pounds, first-class. The narrow gauge haul is 90 miles, the same transfer is necessary from broad to narrow gauge cars, and it certainly cannot be maintained that there is the same volume of traffic supporting the line south from Hazen as supports that portion of the line north from Los Angeles to Mojave. Mojave is 101 miles from Los Angeles and the defendant in this case certainly cannot expect to receive more revenue for

its line north of Mojave for freight destined to the Owens River Valley than it would receive for the same distance south of a point in Nevada 101 miles from Hazen. If, therefore, the defendant receives as class rates its full local from Los Angeles to Mojave and in addition thereto receives the same amount for the additional haul Mojave to destination that it would receive for the same distance south of a 101 mile point in Nevada, in my judgment it secures all that it can consistently ask under its own basis of rate making.

In consideration of all of the evidence in this case, I am of the opinion that the territory served by the line from Mojave to Benton, in California, otherwise known as the Oweyao line, has been seriously retarded in its development by excessive freight rates, and that complainant has amply sustained the allegations of its complaint. I believe that justice to the residents of this section requires substantial reduction in these rates as well as improvement in the service, and it is regretted that the carrier did not voluntarily accord the very necessary relief without waiting for the Commission to be appealed to. If it were a narrow or doubtful case the carrier, of course, would be justified in requiring a determination by public authority, but the case is so plain and the need of relief so evident that I do not see how the carrier justifies its failure voluntarily to have accorded the same. I believe all of the class rates and practically all of the commodity rates into this territory are too high and should be reduced.

I recommend the following order:

O R D E R .

ASSOCIATED JOBBERS OF LOS ANGELES having filed its complaint against the defendant herein, and the Bishop Chamber of Commerce and the San Francisco Chamber of Commerce having asked and been granted leave to intervene, and the defendant having answered said complaint, and a hearing having been held, and

being fully apprised in the premises

THE COMMISSION HEREBY FINDS AS A FACT:

1. That all of the class rates between Los Angeles and points on the so-called Owenyo branch of the Southern Pacific Company north of Mojave to and including Benton, California, are unjust and unreasonable rates.

2. That the rates now applying on all commodities for which rates are prescribed in Schedule 2^{hereinafter referred to,} to be charged in the future, are unjust and unreasonable rates.

3. That the rate on cement between Colton and points on the Owenyo line of the Southern Pacific Company north of Mojave to and including Benton, California, are unjust and unreasonable.

4. That all of the class and commodity rates set out in Schedules 1 and 2 attached hereto and made a part hereof, are just and reasonable rates to be charged by the defendant, Southern Pacific Company, for the transportation of traffic to which the same apply between the points set out in said Schedules 1 and 2.

And basing its order upon the above findings of fact and the further findings of fact in the opinion hereto,

IT IS HEREBY ORDERED that the schedules of class and commodity rates attached hereto and marked respectively Schedules 1 and 2, are hereby approved and established as just and reasonable rates to be charged by the Southern Pacific Company upon all intra-state traffic moving between the points set out in said Schedules 1 and 2 respectively, said rates set out in said schedules to become effective twenty (20) days from the date hereof, and before such time the Southern Pacific Company is ordered to print, file and publish, in accordance with the rules of this Commission, tariffs setting out the rates herein established.

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 19th day of
April, 1915.

John W. Cashman

~~John W. Cashman~~

Max Thelen

Edwin O. Edgerton

Commissioners.

SCHEDULE I

CLAS S R A T E S

Between
 Los Angeles, California

Class Rates in Cents per 100 lbs.

And		1	2	3	4	5	A	B	C	D	E
Chaffee	Cal.	55	47	40	37	32	32	22	17	14	11
Cambio	"	55	47	40	37	32	32	22	17	14	11
Trescave	"	55	47	40	37	32	32	22	17	14	11
Neuralia	"	57	49	43	40	34	34	23	18	15	12
Cinco	"	60	50	46	42	36	36	23	19	15	12
Cantil	"	64	54	49	44	38	38	24	20	16	13
Gypsite	"	68	59	54	48	41	41	25	21	17	14
Cencos	"	68	59	54	48	41	41	25	21	17	14
Garlock	"	72	62	57	51	43	43	26	22	17	14
Goler	"	74	64	58	52	45	45	27	22	18	15
Rand	"	75	65	61	54	47	47	27	23	18	15
Teagle	"	77	68	63	56	49	49	28	24	19	16
Searles	"	77	68	63	56	49	49	28	24	19	16
Rademacher	"	79	68	65	57	51	51	29	24	19	16
Code	"	81	70	67	59	53	53	30	25	20	17
Terese	"	83	72	68	61	53	53	31	26	20	17
Dayo-kern	"	85	73	69	63	55	55	31	27	21	18
Muerto	"	87	75	71	65	55	55	32	28	22	18
Brown	"	89	77	73	66	55	55	33	28	22	19
Linnie	"	91	77	73	68	55	55	34	29	23	20
Marka	"	93	79	75	70	56	56	35	30	23	20
Little Lake	"	93	79	75	70	56	56	35	30	23	20
Mabel	"	95	81	77	72	56	56	35	31	24	21
Lanson	"	95	81	77	72	56	56	35	31	24	21
Sykes	"	96	81	77	72	56	56	36	31	24	21
Talus	"	98	82	77	73	57	57	37	32	25	22
Haiwee	"	99	84	78	74	58	58	37	33	25	22
Loco	"	101	85	79	74	58	58	38	33	26	23
Olancha	"	101	85	79	74	58	58	38	33	26	23
Cartago	"	103	86	80	75	58	58	39	34	26	23

Between		Class Rates in Cents per 100 lbs.									
Los Angeles, California											
And		1	2	3	4	5	A	B	C	D	E
Monachee	Cal.	105	87	82	75	59	59	40	35	27	24
Brier	"	106	88	83	75	60	60	40	36	27	24
Carroll	"	108	90	84	75	60	60	41	37	28	25
Diaz	"	111	92	86	76	61	61	42	38	28	25
Lone Pine	"	113	93	87	78	62	62	43	39	29	26
Owenyo	"	113	93	87	78	62	62	43	39	29	26
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Mt. Whitney	"	114	94	88	79	62	62	43	39	29	26
Avern	"	116	97	91	82	64	64	45	40	30	27
Swansea	"	118	97	91	82	64	64	45	40	30	27
Keeler	"	119	97	91	82	65	65	45	40	30	27
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Manzanar	"	114	94	88	79	62	62	43	39	29	26
Citrus	"	116	96	90	81	63	63	44	40	30	27
Aberdeen	"	120	98	92	83	65	65	45	40	30	27
Elna	"	121	99	93	84	66	66	45	41	31	28
Alvord	"	123	101	94	85	67	67	46	42	31	28
Black Canyon	"	124	102	95	86	68	68	46	42	31	28
Bigelow	"	125	103	96	86	68	68	47	42	32	29
Polita	"	125	103	96	86	68	68	47	42	32	29
Lawa	"	126	103	97	87	68	68	47	42	32	29
Chalfant	"	128	105	98	87	68	68	47	43	32	29
Shealy	"	129	106	99	87	68	68	48	43	32	29
Hammil	"	130	107	100	87	68	68	48	44	33	30
Benton	"	132	109	102	88	69	69	49	45	33	30

SCHEDULE 2.

C O M M O D I T Y R A T E S.

FLOUR, CEREALS AND CEREAL PRODUCTS, CARLOADS, AS

DESCRIBED IN SOUTHERN PACIFIC COMPANY'S TARIFF C.R.C.NO. 805

MINIMUM WEIGHT 30,000 POUNDS

Between Los Angeles, Calif. And		Rate in Cents per Ton of 2000 Pounds
Cantil	Cal.	530
Gypsite	"	575
Garlock	"	600
Rand	"	660
Searles	"	685
Inyo-kern	"	715
Brown	"	715
Mabel	"	730
Olancha	"	755
Lone Pine	"	805
Owenyo	"	805
Keeler	"	870
Manzanar	"	830
Citrus	"	845
Aberdeen	"	870
Elna	"	885
Alvord	"	895
Black Canyon	"	910
Bigelow	"	910
Polito	"	910
Lawa	"	910
Chalfant	"	910
Shealy	"	910
Hemmil	"	910
Benton	"	920

LUMBER AND ITS PRODUCTS, CARLOADS, AS DESCRIBED IN
SOUTHERN PACIFIC COMPANY'S TARIFF C.R.C. 699

Between Los Angeles, Calif. And	Rates in Cents per Ton of 2000 Pounds
Cantil Cal.	410
Gypsite "	425
Garlock "	440
Rand "	460
Searles "	475
Inyo-kern "	495
Brown "	530
Mabel "	560
Olancha "	570
Lone Pine "	600
Owenyo "	600
Keeler "	680
Manzanar "	650
Citrus "	665
Aberdeen "	680
Elna "	680
Alvord "	695
Black Canyon "	695
Bigelow "	710
Polita "	710
Lawe "	710
Chalfant "	710
Shesly "	725
Hammit "	725
Benton "	740

POTATOES AND ONIONS, STRAIGHT OR MIXED CARLOADS.

MINIMUM WEIGHT 30,000 POUNDS

Between Los Angeles, Calif. And	:	Rates in Cents Per Ton of 2000 Pounds
Cantil	Cal.	360
Gypsite	"	380
Garlock	"	395
Rand	"	415
Searles	"	430
Inyo-kern	"	485
Keeler	"	525

GRAIN AND GRAIN PRODUCTS, CARLOADS, AS DESCRIBED IN SOUTHERN
PACIFIC COMPANY'S TARIFF CRC 102, MINIMUM WEIGHT 30,000 LBS.

Between Los Angeles, Calif. And	Cal.	Rates in Cents per Ton of 2000 Pounds
Centil	Cal.	300
Gypsite	"	315
Garlock	"	330
Rand	"	345
Searles	"	360
Inyo-kern	"	380
Brown	"	390
Mabel	"	405
Olancha	"	430
Lone Pine	"	470
Owenyo	"	470
<hr/> Keeler	"	505
<hr/> Manzanar	"	495

CEMENT, CARLOADS,

MINIMUM WEIGHT 50,000 LBS.

Between C O L T O N, CALIF., And		Rates in Cents Per Ton of 2000 Pounds
Cantil	Cal.	360
Gypsite	"	380
Garlock	"	395
Rand	"	415
Searles	"	430
Inyo-kern	"	460
Brown	"	475
Mabel	"	495
Olancho	"	500
Lone Pine	"	500
Owenyo	"	500
Keeler	"	525
Manzanar	"	525
Citrus	"	525
Aberdeen	"	525
Elna	"	525
Alvord	"	525
Black Canyon	"	525
Bigelow	"	525
Polita	"	525
Laws	"	525
Chalfant	"	525
Shealy	"	525
Hammil	"	525
Benton	"	525

APPLES, FRESH, CARLOADS,
MINIMUM WEIGHT 24,000 LBS.

Between Los Angeles, Calif. And	Rate in Cents Per Ton of 2000 Pounds
Cantil Cal.	350
Gypsite "	360
Garlock "	375
Rand "	390
Searles "	410
Inyo-kern "	430
Brown "	450
Mabel "	465
Olancha "	495
Lone Pine "	545
Owenyo "	545
Keeler "	585
Manzanar "	570
Citrus "	585
Aberdeen "	585
Elna "	600
Alvord "	615
Black Canyon "	615
Bigelow "	615
Polite "	615
Laws "	615
Chalfant "	625
Shealy "	625
Hammil "	640
Benton "	655

LIVE STOCK, CARLOADS.

Between Los Angeles, Calif. And		Horses Mules	Cattle	Sheep Hogs Goats
		Rates in Dollars & Cents per 30 ft. Car		
Cantil	Cal.	46.00	36.00	27.00
Gypsite	"	47.00	37.00	28.00
Garlock	"	49.00	39.00	29.50
Rand	"	50.00	40.00	30.00
Searles	"	51.00	41.00	31.00
Inyo-kern	"	55.00	45.00	34.00
Brown	"	57.00	47.00	35.50
Mabel	"	60.00	50.00	37.50
Clanchar	"	64.00	54.00	40.50
Lone Pine	"	70.00	60.00	45.00
Owensyo	"	70.00	60.00	45.00
Keeler	"	74.00	64.00	48.00
Manzanar	"	71.00	61.00	46.00
Citrus	"	72.00	62.00	46.50
Aberdeen	"	75.00	65.00	49.00
Elna	"	76.00	66.00	49.50
Alvord	"	78.00	68.00	51.00
Black Canyon	"	79.00	69.00	52.00
Rigelow	"	80.00	70.00	52.50
Polite	"	80.00	70.00	52.50
Laws	"	81.00	71.00	53.50
Chalfant	"	81.50	71.50	53.50
Shealy	"	82.50	72.50	54.50
Hammil	"	83.00	73.00	55.00
Benton	"	84.00	74.00	56.00

OILS: PETROLEUM CRUDE OIL; PETROLEUM GAS OIL; PETROLEUM
ROAD OIL; PETROLEUM STOVE OIL; PETROLEUM OIL RESIDUUM;
ALSO FUEL OIL, VIZ: REFINERY RESIDUUM, C A R L O A D S

From		Rates in Cents Per Ton of 2000 Pounds
Bakersfield, Calif.		
To		
Cantil	Cal.	265
Gypsite	"	270
Garlock	"	280
Rand	"	290
Searles	"	300
Inyo-kern	"	320
Brown	"	330
Mabel	"	345
Olancha	"	365
Lone Pine	"	395
Owenyo	"	400
Keeler	"	475
Manzanar	"	450
Citrus	"	460
Aberdeen	"	475
Elna	"	485
Alvord	"	490
Black Canyon	"	500
Bigelow	"	505
Polita	"	505
Laws	"	510
Chalfant	"	520
Shealy	"	530
Hammil	"	535
Benton	"	550

HONEY, STRAINED, IN BOXES, BARRELS, KEGS OR CASES, CARLOADS

MINIMUM WEIGHT 30,000 POUNDS

From	To	Rate in Cents Per 100 Lbs.
Keeler Benton and points between	Los Angeles	45

HONEY (COMB), IN PACKAGES, CARLOADS

MINIMUM CARLOAD WEIGHT 20,000 LBS.

Keeler Benton and points between	Los Angeles	65
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SALT, MINIMUM CARLOAD WEIGHT 60,000 LBS.

From	To	Rate in Cents Per 100 Lbs.
Keeler Benton and points between	Los Angeles	25

SEED, ALFALFA, CARLOADS

MINIMUM CARLOAD WEIGHT 30,000 LBS.

Keeler Benton and points between	Los Angeles	45
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