

OPINION

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of Pacific Steamship Company for an order authorizing increase in Freight Rates at San Francisco, Santa Cruz, Moss Landing, Monterey, San Simeon, Cayucos, Port San Luis and Santa Barbara on its so-called Narrow Gauge Route served by the Steamer Homer.

APPLICATION NO. 4987.

McCutchen, Willard, Mannon & Greene, by Farnum Griffiths, for Applicant,
E. A. Encell, for E. S. Rigdon of San Simeon and Cayucos,
John S. Willia, for San Francisco Chamber of Commerce.

LOVELAND, COMMISSIONER:

O P I N I O N

The Pacific Steamship Company by this application seeks authority under Section 63 of the Public Utilities Act to increase all class rates and certain commodity rates applying on what is known as the Narrow Gauge Route, served by its steamer Homer. The principal ports reached by this vessel are San Francisco, Santa Cruz, Moss Landing, Monterey, San Simeon, Cayucos, Port San Luis and Santa Barbara.

The application as originally presented also sought authority to discontinue entirely the serving of San Simeon and Cayucos. At the hearing, held in San Francisco October 9, 1919, objections were made to the discontinuance of the service at San Simeon-Cayucos, and a stipulation was entered into between interested attorneys to the effect that the application now under consideration be amended, eliminating any reference to San Simeon

and Cayucos, the adjustment as to the service and rates at these two points to be arranged informally, if possible; otherwise, an entirely new application would be presented.

The increases proposed range from 40 cents to \$1.70 per ton in the class rates and from 20 cents to \$1.00 per ton in the commodity rates, the average being about 50 cents per ton. The rates now being assessed are carried in Local Freight Tariff P.S.S.Co. No. 32-C, C.R.C. No. 17, which tariff has been in effect since June 25, 1918.

But one steamer, the Homer, valued at \$25,000. is used in this coastwise traffic; in addition, applicant uses other properties, such as docks, terminal equipment and office furniture, the value of which is not set forth in the application or in any of the exhibits.

During the first seven months of the year 1919 a total of approximately 21000 tons were handled north and southbound. The traffic is seasonable, consisting, to a great extent in the northbound movement, of beans, grain and canned fish and as a result there is a short period during the year when more cargo is offered than can be handled by the vessel; at other seasons the vessel is moved between the ports with very meager loads. Within the seven months ending July 31, 1919, the Homer made 37 voyages, with gross earnings of \$62406.21 and direct operating expenses of \$82562.61, showing a net loss of \$20156.40, without taking into consideration any overhead expenses. If to this latter amount is added \$7929.58 as overhead expense, based on the ratio of the gross earnings, the total net loss for the first seven months of the year 1919 becomes \$28085.98.

At the time the rates now being assessed became effective; that is, on June 25, 1918, stevedores were receiving 65 cents per hour. These wages were increased December 24, 1918 to 80 cents per hour, with overtime at the rate of \$1.25 per hour and,

effective August 1, 1919 to \$1.00 per hour, with overtime at \$1.50 per hour. The testimony shows that on the average business of applicant the cost of stevedoring absorbs 53.7% of the total freight revenue.

The compensation of practically all employees on this steamer has been increased within the last few months; a comparison of the May and August, 1919 payrolls discloses the following totals: Deck Department, May-\$1197.50; August-\$1530.00; increase 28%; Engineers Department, May-\$675.00; August-\$830.00; increase 23%; Parser's Department, May-\$110.00; August-\$125.00; increase 13½%; Steward's Department, May-\$165.00; August-\$195.00; increase 18½%; Total payroll of officers and crew, May - \$2147.50; August \$2680.00; average increase 24.8%.

The overtime paid also shows a substantial increase, as does the cost of furnishing meals. Formerly crews were allowed \$1.50 per day per man for meals when the vessel was in port and the dining department not in operation; this allowance has been increased to \$2.00 per day per man. Other operating expenses have advanced, particularly fuel oil. During the year 1918 the company was still securing some of its oil under old contracts; these contracts have since expired and the oil is now purchased in the open market at increased costs, ranging as high as 148%.

This application is one of four (Nos. 4963-4987-4988) heard together October 9th under a stipulation that the entire testimony, or any part, would, when relevant, be considered as applying to any of the applications. Since the opinions in Applications Nos. 4963 and 4986, rendered today, enter into complete details of this applicant's increasing operating costs, it is unnecessary to here deal further with the subject.

The proposed rates will be insufficient to meet the increased operating costs, and a witness for applicant frankly

stated that were it not for the fact that a contract exists between the steamship company and the Pacific Coast Railway in connection with through traffic at Port San Luis and the hope that conditions will change for the better in the near future, they would now be giving serious consideration to the entire discontinuance of the service. As heretofore stated, the increases are only against certain commodities; the rates on other commodities remain unchanged, this for the reason that many rates now approximate those of the rail competitors and any further increases by the steamer line would result in diverted tonnage, with a loss of revenue to this applicant. The relief herein requested is entirely an emergency matter, brought about by the advances in all operating expenses.

I am of the opinion that the present rates are unremunerative and that the rates proposed, as set forth in Exhibit A attached to the application, are just and reasonable. I therefore recommend that the application be granted.

O R D E R

Public hearing having been held in the above entitled proceeding, testimony having been presented, the case having been submitted for decision and the Railroad Commission having reached the conclusion that the rates now being charged are unjust and unreasonable,

IT IS HEREBY ORDERED that the Pacific Steamship Company

be authorized to establish within twenty (20) days from the date of this order the increased rates as set forth in Exhibit A, attached to and made part of this application, which rates are found to be just and reasonable.

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 27th day of October, 1919.

Edwin O. Edgerton
H. D. Loveland
Frank D. King
H. H. Bondage
Irving Martin
Commissioners.