

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
the Pacific Electric Railway Company)
for Authority to Increase Rates for) APPLICATION NO. 4733.
the Transportation of Petroleum and)
Petroleum Products, carloads.)

Frank Karr, for the Pacific Electric Railway Company,
O'Melveny, Milliken & Tuller, for the Holly Sugar Corporation,
the Southern California Sugar Company, and the
Santa Ana Sugar Company,
Jess E Stevens, for the city of Los Angeles,
F. P. Gregson and R. S. Sawyer for the Associated Jobbers of
Los Angeles, Traffic Department,
Bishop & Bahler Company, by
B. H. Carmichael, for Vernon Oil & Refining Company,
A. E. Gilmore & Company, Wilshire Oil Company,
Los Angeles Pressed Brick Company,
Graham-Loftus Oil Company and California Petroleum Exchange.

LOVELAND, COMMISSIONER:

O P I N I O N

This application was heard and decision rendered on
November 28, 1919, Decision No. 6881. Upon request of applicant
the proceeding was re-opened for further hearing.

It was originally proposed to make a uniform advance of
4½ cents per 100 pounds over the rates in effect prior to June 25,
1918, but not to exceed the 5th Class rates as increased on that
date. At the re-hearing applicant substituted for the 4½ cents
increase a complete table of commodity rates which are alleged to
be reasonable and to have the effect of removing the discrimination
now existing between the different localities, which condition would

be simply perpetuated by the application of a flat 4½ cents advance, as originally proposed.

Following is a reproduction of the table appearing on page 532 of Decision No. 6861. supra, with an additional column showing the rates finally proposed by applicant. The order of the columns from left to right are:

1. Rates in effect prior to June 25, 1918
2. Present rates (25 per cent increase effective June 25, 1918)
3. Rates originally proposed
4. Rates finally proposed.

		Petroleum Crude Oil, Petroleum Gas Oil, Petroleum Fuel Oil, viz; Refinery Residuum, carloads.														
		Rates in Cents per Ton of 2000 Pounds														
FROM	TO	Los Angeles			El Segundo			Stewart								
		1	2	3	4	1	2	3	4	1	2	3	4			
Los Angeles		-	:	-	:	-	:	40:	50:	130:	130:	:	40:	50:	130:	130:
San Pedro		40:	50:	130:	130:	:	60:	80:	150:	130:	:	80:	100:	170:	170:	
Whittier Groves		50:	60:	140:	130:	:	90:	110:	180:	150:	:	90:	110:	180:	130:	
North Pomona		60:	80:	150:	150:	:	100:	130:	190:	170:	:	100:	130:	190:	170:	
Sherman		75:	90:	170:	90:	:	115:	140:	210:	140:	:	115:	140:	210:	140:	
Santa Ana		80:	100:	170:	100:	:	100:	130:	190:	130:	:	80:	100:	170:	100:	
Sierra Madre		100:	150:	190:	130:	:	100:	130:	190:	150:	:	100:	130:	190:	150:	
San Fernando		125:	160:	220:	160:	:	125:	160:	220:	160:	:	125:	160:	220:	180:	
Mission		:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

In further justification of its allegation that present rates are unduly low, applicant submitted an exhibit showing certain selected commodities moved during the fiscal year ending June 30, 1914.

from which the following is an extract:

COMMODITY	:Average :Distance: :Carried :(miles):	:Average :Rate :per ton:	:Average :Rate :per ton: :per mile in tons:	:Average :Loading :per car:	:Average :Revenue :per car:	:Average :Revenue :per car :mile
Crude and Fuel oil, and oils taking same rate:	: 20.6	: \$.45	: \$.0216	: 44.4	: \$19.82	: \$.96
Refined Oils	: 22.2	: .69	: .0313	: 31.7	: 22.00	: 1.00
Crushed Rock	: 25.6	: .39	: .0151	: 36.1	: 13.33	: .52
Sand & Gravel	: 21.6	: .43	: .0196	: 42.3	: 18.33	: .84
Brick	: 14.0	: .53	: .0385	: 31.2	: 16.48	: 1.17
Lumber	: 21.1	: .93	: .0450	: 26.7	: 24.75	: 1.17
Lime Rock	: 16.0	: .50	: .0312	: 39.0	: 19.55	: 1.22
Asphaltum	: 17.1	: .98	: .0545	: 34.9	: 34.32	: 2.01
Coal	: 15.9	: .96	: .0606	: 34.6	: 33.21	: 2.09
Cement	: 12.9	: .91	: .0378	: 30.0	: 29.22	: 2.26

From the preceding table it will be seen that with the exception of crushed rock, sand and gravel, which are extremely low-rated commodities, the average revenue per car mile is in each instance more than for either the crude or refined oils.

While this traffic movement covers a period some years past, it is representative of the present insofar as relationship of the different commodities is concerned.

It is not to be understood that car mile earnings alone are determinative of the proper adjustment of rates. Such figures, however, when placed in juxtaposition are significant in determining whether a certain commodity is contributing in proper proportion to transportation revenues, thereby assuming its rightful share of the burden of conducting traffic as a whole.

In support of the reasonableness of rates finally proposed, applicant testified that they were based upon a comparison of rates in California, Texas, Oklahoma and other large producing points. An exhibit was introduced showing a mileage scale of oil rates in the two States last named, but no specific examples were cited in California

and the other districts used in comparison, nor was a showing made that transportation conditions are substantially similar, as is usually required in order to complete the rate comparisons.

The testimony adduced by applicant does not justify the granting of its petition in toto and it therefore becomes necessary to ascertain if some partial relief may be given, in order that the general inadequacy of revenue which has been so clearly demonstrated may be overcome.

Following is a comparison of rates applying between points on applicant's line taken from exhibits of record. Except as otherwise shown the rates apply to crude and fuel oil and are stated in dollars and cents per ton of 2000 pounds.

From	To	Miles	Prior to: June 25, /18	Present (Eff. June 25. /18)
El Segundo	Los Angeles	17		
Wilmington	Los Angeles	19	\$.40	\$.50
Los Angeles	San Pedro	21		
Oleo	Los Angeles	25		
El Segundo	(Compton	15	.60	.80
	(Long Beach	24	.80	1.00
	(Long Beach	8	.80	1.00
Wilmington	(Redondo Beach	18	.80	1.00
	(Huntington Beach	22	1.00	1.30
	(Santa Monica	16	.85	1.10
Los Angeles	(Colegrove	20	.95	1.20
	(Covina	23	.60	.80
Oleo	(Watts	24	.60	.80
	(Compton	27	.75	.90

By this table it will be noted that the rate from El Segundo, Wilmington and Oleo to Los Angeles and from Los Angeles to San Pedro of 50 cents, which applies to both crude oil and refined products is much lower than the crude oil rate from any of the other points used in comparison, where rates ranging from 80 cents to \$1.30 are in effect.

This is also true of other places, but it will not be necessary to set them forth in detail, as the foregoing will suffice to show that applicant's rates are in some instances low and out of harmony with those for substantially similar service between other points on its line.

Upon a careful consideration of the additional testimony submitted, I am of the opinion that applicant has failed to justify the granting of application in its entirety, but that it has been shown that certain rates are unduly depressed. I therefore recommend that the following rates be established and that the balance of petition be dismissed. For purpose of convenient comparison, the present rates and those applied for are shown opposite the rates recommended to be granted:

<u>Crude and Fuel Oil, carloads.</u>				
<u>Rates per Ton of 2000 Pounds.</u>				
<u>From</u>	<u>To</u>	<u>Present:</u> <u>Rate</u>	<u>Rate</u> <u>Requested:</u>	<u>Rate</u> <u>Granted</u>
El Segundo)		:	:	:
Wilmington)		:	:	:
San Pedro)	Los Angeles	:\$.50	:\$ 1.30	:\$.80
Stewart }		:	:	:
Oleo)		:	:	:
Los Angeles	(Dyer)	1.00	1.50	1.20
	(Huntington Beach)	:	:	:
	(Torrance	.50	1.30	.80
El Segundo	Redondo Beach	.50	1.30	.80
Sherman Junc.	(Los Angeles	.60	1.30	.80
	(Redondo Beach	:	:	:

<u>Refined Oils</u>				
<u>Rates per Ton of 2000 Pounds.</u>				
<u>From</u>	<u>To</u>	<u>Present:</u> <u>Rate</u>	<u>Rate</u> <u>Requested:</u>	<u>Rate</u> <u>Granted</u>
El Segundo)		:	:	:
Wilmington)		:	:	:
San Pedro }	Los Angeles	:\$.50	:\$ 1.30	:\$ 1.00
Stewart)		:	:	:

Rates for crude and fuel oils should apply to the articles now listed in applicant's tariff at same rates, as set forth in sub-joined Paragraph A, while the rates for refined oils should likewise include the commodities now listed at such rates, as per the following extract from applicant's tariff designated Paragraph B:

Paragraph A

Oils, Petroleum or Petroleum Products, viz:
Petroleum crude oil; Petroleum gas oil;
Petroleum road oil; also Petroleum fuel
oil, viz; Refinery residuum, in packages,
carloads, minimum weight 30,000 lbs., or in
tank cars subject to rules and estimated
weights of current Western Classification and
current Exception Sheet.

NOTE, - Will not apply on Petroleum refined oil
(illuminating or burning), Engine (naphtha)
Distillate, Gasoline, Benzine or Naphtha.

Paragraph B

Oils, Petroleum or Petroleum Products, including
compounded oils or greases having a petroleum
base, (except Petroleum crude oil; straight
carloads, also Petroleum fuel oil, viz.; Re-
finery residuum, straight carloads), as spec-
ified under heading of Petroleum or Petroleum
products in current Western Classification, in
packages, carloads, minimum weight 30,000 lbs.,
or in tank cars subject to rules and estimated
weights of current Western Classification and
current Exception Sheet.

Further adjustments may be necessary to effect a harmonious
relationship of rates between points embodied in the opinion and other
points on line of applicant, in which event consideration will be
accorded on the informal docket.

The following form of order is submitted:

O R D E R

Petition having been received for rehearing in this
application, same having been duly heard on rehearing and the Rail-
road Commission being fully apprised in the premises, the Rail-
road Commission hereby finds as a fact that the existing rates

of petitioner on petroleum and petroleum products between the points hereinafter shown are unduly low and that the rates herein set forth are just and reasonable rates.

Basing this order on the foregoing finding of fact and the further findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the Pacific Electric Railway Company be and the same is hereby authorized to publish and file in tariff effective thirty (30) days after filing with the Commission, the following rates:

Crude and Fuel Oils and Articles Described
in Paragraph A of preceding opinion.

From	:	To	:	Rates per ton of 2000 Lbs.
El Segundo)	:		:	
Wilmington)	:		:	
San Pedro)	:	Los Angeles	:	\$.80
Stewart)	:		:	
Oleo)	:		:	
	:	(Dyer)	:	1.20
Los Angeles	:	(Huntington Beach)	:	
	:	(Torrance	:	.80
El Segundo	:	Redondo Beach	:	.80
Sherman Junc.	:	(Los Angeles	:	
	:	(Redondo Beach	:	.80

Refined Oils and Articles Described in
Paragraph B of preceding opinion.

From	:	To	:	Rates per ton of 2000 Lbs.
El Segundo)	:		:	
Wilmington)	:		:	
San Pedro)	:	Los Angeles	:	\$1.00
Stewart)	:		:	

IT IS HEREBY FURTHER ORDERED that the order in our decision No. 6881, dated November 28, 1919 shall remain in full force

and effect, except as modified by the order herein.

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 12th day of March 1920.

Erwin O. Edgerton
H. D. Lovell
Frank P. Parker
H. T. Boardman

Commissioners.