

ORIGINAL

Decision No. 7621

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of  
 Alameda Transportation Company,  
 Crowley Launch & Tugboat Company,  
 Larkin Transportation Company,  
 E. V. Rideout Company,  
 George W. Freethy, Geo. Wallenrod,  
 Henry C. Peterson, Inc., Jim Wilder,  
 Johnson Launch Company, Jno. Erikson,  
 Oakland Launch & Tugboat Company,  
 John Anderson, Axel Johnson,  
 M. Barletta, Henry Hansen, E.C. Jensen,  
 Karl Sandell, Carl Anderson,  
 Duke Stairley, Chris Johansen,  
 Dan Thompson, Neils Jessen, A.J. Wilson,  
 J. P. Christensen, Harry Johnson,  
 L. Pyle, Martin Schmidt, Fred Olsen,  
 Otto Dall and Frank Rossi, for authority  
 to increase freight and passenger rates.

APPLICATION NO. 5517

Sanborn & Roehl, by A.B. Roehl, for applicants.

LOVELAND, Commissioner -

O P I N I O N

Twenty four of the thirty applicants in this proceeding are engaged in the transportation of freight between points on the San Francisco Bay and tributary waters within the boundaries indicated by location of the cities of Petaluma, Sacramento, and Stockton and the town of Alviso. The remaining applicants perform a general towing and freight service chiefly along the San Francisco waterfront and the Oakland estuary. They also maintain a special passenger service limited in most instances to trips between shore and vessels at anchor in the Bay, and to the transferring of working crews from one place of employment to another.

The class of vessels and the character of service here involved were first brought under this Commission's jurisdiction on March 23, 1912, when the original Public Utilities Act became effective, the Commission's jurisdiction being limited at that time to vessels regularly engaged in the transportation of persons or property for compensation upon the waters of this state or upon the high seas over regular routes between points within this state. In the year 1917 the Public Utilities Act was amended and the jurisdiction was extended to all vessels used in the transportation of persons or property except row boats, sailing boats and barges under twenty tons dead weight carrying capacity and vessels propelled by steam, gas, fluid naphtha, electricity, or other motor power under the burden of five tons net register. This amendment to the Act had the effect of bringing under control as common carriers practically all vessels operating on the waters within the State of California for commercial purposes. Originally rate schedules were published and filed by a very limited number of carriers who admitted regular operations over regular routes, but a great number of vessels maintained no schedules nor followed regular routes and were, therefore, not required to publish any rates. In the year 1917 when the amendment to the Act became effective, the irregularly operated vessels were required to file tariffs in order to make lawful the rates being charged and collected. Most of the companies or individuals endeavored to comply with the law, and tariffs were filed showing the rates charged at that time. These tariffs have, with but few exceptions, remained unchanged in the Commission's files since 1917.

Conditions brought about by the war demoralized the situation, some of the boats being retired from the service, others chartered for special work, and while the testimony shows that certain of the companies endeavored to follow published tariff

rates, the conditions were so abnormal that deviations were a common practice.

Applicants now seek a general readjustment as set forth in the exhibit attached to and made a part of the application which in many cases would bring about increases over the rates carried in the tariffs filed in 1917. The principal changes apply to vessels engaged in general towing in the vicinity of San Francisco, in the rental of barges and launches and to both freight and passenger service, in the same district, but the rates set forth in the proposed tariffs are in most instances being assessed and the patrons of these utilities are now and for some time past have been paying the same. Therefore, the publication of the rates will be but a little more than the recognition of an existing fact. In all other instances the proposed increases affect a few commodities only and are comparatively moderate. The application also involves the publication of a large number of new rates and charges, in many cases covering services not regularly offered or maintained at the time the existing schedules were filed. The application is based principally upon the contention that since schedules were filed with the Commission there has been, due to the war, increases in operating costs, labor increasing from 50 to 100%, canvas, rope, lumber, ship chandlery etc., from 50 to 200% and fuel oils from 60 to 100%.

Hearings on the application were held at San Francisco on April 14th and 17th and a number of supporting exhibits submitted. Exhibit No.1 sets forth details with reference to increased operating costs, while Exhibits No.2 to 10 inclusive, show the appraised value of the property and the operating revenues and expenses for nine of the principal applicants covering year ending December 31, 1919.

From these exhibits the following tabulation was compiled:

	<u>Appraised Value</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Loss or Gain</u>	
Oakland Launch & Tugboat Co.	\$225,600.00	\$114,749.85	\$111,010.11	\$ 3,739.74	
John Erikson	90,000.00	80,016.57	82,576.42	2,559.85	I
Geo. Wallenrod	96,900.00	46,956.98	46,741.85	215.13	
E.V. Rideout Co. (a)	268,963.75	344,271.62	359,467.52	15,195.90	I
Jim Wilder	74,500.00	17,286.98	21,216.54	3,929.56	I
Alameda Trans- portation Co.	25,000.00	29,838.70	30,575.34	736.64	I
Geo. W. Freethy	47,000.00	39,346.67	39,462.51	115.84	I
Crowley Launch & Tugboat Co.	962,134.00	307,594.57	346,423.01	38,828.44	I
H. C. Peterson, Inc.	401,026.27	259,375.00	260,359.89	994.89	I

(a) Book Value

The figures show that with two exceptions all of the applicants show losses ranging from \$115.84 on a valuation of \$47,000.00, to \$38,828.44 on a valuation of \$962,134.00. Of the two exceptions cited, one shows a nominal profit of \$215.13 and the other a profit of \$3,739.74, a return of approximately 1.6% on the investment.

The testimony and exhibits further illustrate that the operating deficits would have been materially increased but for the fact that applicants carried their own marine risk in lieu of full insurance at the customary rates. This method of handling the insurance risks accounts in part for the profit of \$215.13 shown by George Wallenrod, which would have otherwise been a deficit of approximately \$4600.00. The operating results of the Oakland Launch & Tugboat Company are no doubt due to its location in the heart of the Oakland-Alameda shipbuilding industrial zone, and the large volume of short run service

transferring men and building materials. All of the operating expenses were carefully checked and at the hearing attention was directed to items of salaries, as distinguished from wages, and to depreciation. As to the latter, it does not appear that 10%, the maximum depreciation charged, was unreasonable, and apparently competent Managers cannot be secured for salaries lower than those now being paid by these companies.

Owing to the short period of time this class of common carrier has been subject to the control of the Railroad Commission, the unusual conditions existing during the past three or four years, and the absence of data upon which to base an estimate, it is not possible to more than approximate the additional gross revenue accruing to applicants under the proposed tariffs. However, it is apparent that little or no credit balance would be left after taking care of the deficit shown to exist and meeting the still higher operating costs for 1920 with which they are already confronted, with special reference to gasoline and fuel oil.

The showing as to operating results makes it useless at this time to go further into the question of appraised value with the view to establishing rates and fares based thereon. With the possible exception of the E. V. Rideout Company, operating the San Francisco-Carquinez Straits route, these carriers do not attempt to maintain regular sailing schedule, being governed entirely by tonnage available or passengers desiring transportation between the zones of operation.

It is the plan of applicants to organize a tariff publication bureau for the purpose of handling all traffic matters through a common agency with the view to greater economy and efficiency.

Notwithstanding the usual publicity and direct notice to commercial bodies and interested shippers and patrons, no one appeared at the hearing to oppose the application.

The rates proposed are not out of proportion to the increases in operating costs since 1917, concerning which a great deal of testimony was presented.

Under the circumstances existing and the facts set forth herein, I am of the opinion that the application should be granted and rates as proposed in the exhibit attached to the application should be allowed to become effective in tariffs published in accordance with the rules and regulations of this Commission.

I recommend the following form of order:

O R D E R

The Alameda Transportation Company et al., having applied to this Commission for permission to increase freight and passenger rates between points located on the San Francisco Bay and the tributary waters and a regular hearing having been had, and the Commission being fully apprised in the premises, and basing its Order on the Opinion which precedes this Order,

IT IS HEREBY ORDERED, that the application is hereby granted, and that the carriers be and are hereby authorized to amend and modify tariffs for the transportation of freight and passengers between the points involved in accordance with the Opinion which precedes this Order.

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 25<sup>th</sup> day of May, 1920.

Edwin O. Edgerton  
H. W. Loveland  
H. H. Brundage  
Dwight Martin  
COMMISSIONERS.