

ORIGINAL

Decision No. 8222

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

--oOo--

In the Matter of the Application of)
William E. Gregg for authority to) Application No. 5983
increase freight rates.)

In the Matter of the Application of)
John T. Nickols for authority to) Application No. 5984
increase freight rates.)

In the Matter of the Application of)
George Wright for authority to) Application No. 5985
increase freight rates.)

In the Matter of the Application of)
S. Woodbridge (Woodbridge Transpor-)
tation Company), for authority to) Application No. 5986
increase freight rates.)

In the Matter of the Application of)
J. C. Silveira (Silveira Transpor-)
tation Company), to increase freight) Application No. 5987
rates.)

In the Matter of the Application of)
O. J. Stanchfield, G. T. Leitch and)
M. E. Enos (River Transportation) Application No. 5988
Company), for authority to increase)
freight rates.)

In the Matter of the Application of)
J. F. Fletcher (Empire Transportation) Application No. 5989
Company) for authority to increase)
freight rates.)

David L. Levy, for applicants.
Seth Mann for San Francisco Chamber of Commerce.

LOVELAND, Commissioner -

O P I N I O N

Applicants herein are engaged in the transportation of freight between Stockton, Sacramento, San Francisco and intermediate points and landings on the San Joaquin, Sacramento,

Mokelumne, Old and Middle Rivers and their tributaries. No attempt is made to maintain regular time schedules, vessels being despatched for cargo whenever and wherever offered within the general field of operations. For the most part, commodities carried consist of farm, orchard and garden products moving to markets during more or less well defined shipping seasons. Return cargo being rarely obtainable, vessels either await orders at destination, under expense, or sail for home ports empty. The hauling of supplies and equipment between producing points constitutes the major portion of the limited off-season business. During such periods some of the applicants do not operate their vessels, which remain tied up pending the tender of justifiable tonnage. Vessels of the barge and towboat type are used almost exclusively in this service, headquarters of each applicant being located at Stockton. With one exception, rate schedules now on file by applicants became effective in 1919, being in most cases the respective

carriers' initial tariffs.

In justification of the increases proposed, applicants allege that the cost of labor, fuel, material and supplies necessary in the operation of their vessels has greatly increased since the filing of tariffs now in effect. It is also alleged that the proposed rates are fair and reasonable per se and that applicants cannot successfully operate their equipment under existing schedules.

At the hearings held in San Francisco on September 15th and 30th, respectively, a number of witnesses testified on behalf of applicants with reference to the character, cost, and depreciation of vessels and equipment, and also as to general operating conditions connected with the service. By agreement, the testimony on behalf of River Transportation Company was admitted as to each applicant, insofar as relevant,

individual carriers supplementing the same with details affecting their respective services. Applicants' claims with reference to increased operating costs arising subsequent to the establishment of present charges were supported in each instance by uncontradicted oral testimony. The chief items of increased expense were shown to be labor and fuel, applicants being obliged at the present time, and for some months past, to use gasoline costing twenty six (26) cents per gallon in lieu of distillate formerly obtainable at a maximum of 12 cents per gallon. Labor, according to the testimony, ranges 50% higher and is much less efficient than in 1918. As representative of the general situation, River Transportation Company, with an investment in floating equipment of approximately \$18,000.00, - and gross revenue of \$43,922.95 in 1919, shows a profit for that year of \$426.45, - which, however, takes no account of depreciation. In the single instance where an apparently fair margin was realized, - that of the Empire Barge Company, - it was shown to have been abnormal and due to strike conditions which tied up competing equipment, resulting in capacity hauls for said carrier during the harvest rush season of 1919.

Conflicting opinions on the question of a proper allowance for the normal deterioration of vessels and equipment were brought out at the hearing, indicating a wide variation in the practices of this class of carrier in the matter of charging off annual depreciation. Rates authorized in the accompanying order, however, are independent of the depreciation claims made by the applicants herein.

I am of the opinion that the rates requested have been justified and should be granted. It will be necessary that certain modifications of the rules and regulations proposed by applicants be made in the interest of clarity or to bring the same within the Commission's previously published orders.

The proper department will see to it that these suggestions are carried out, and that tariffs of these carrier contain no improper provisions. It being impossible, by reason of varying operating conditions, to foresee the net result of increases authorized in the accompanying order, each applicant will be required to keep methodical and comprehensive records of its revenues and expenses for a period of six months beginning November 1, 1920, and at the end of such period furnish to the Commission a full report covering operations under the new rates. If justified by these reports, the matter may again be taken up by the Commission.

I recommend the following form of order -

O R D E R

William H. Gregg, John T. Nichols, George Wright, S. Woodbridge (Woodbridge Transportation Company), J. C. Silveira (Silveira Transportation Company), O. J. Stanchfield, et al., (River Transportation Company), J. T. Fletcher (Empire Transportation Company), having filed applications with this Commission requesting authority to make certain increases in rates for the transportation of freight between Sacramento, Stockton, San Francisco and other specified points and landings on the Sacramento, San Joaquin, Mokelumne, Old and Middle Rivers and tributary waters; hearings having been held thereon, and the matter having been submitted,-

IT IS HEREBY BOUND AS A FACT that the existing rates of applicants, insofar as they conflict with rates herein established, are unjust and noncompensatory; and that the rates fixed by this order are just and reasonable.

Basing this order upon the foregoing finding of facts and upon other statements in the preceding opinion,-

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that the above named carriers be and they are hereby authorized to publish, file and thereafter collect rates and enforce rules and regulations as set forth in the proposed tariff accompanying the respective applications, such proposed rules and regulations to be modified and amended 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 11th day of October, 1920.

Edwin O. Egerton
H. W. Lillard
H. H. Brundage
Dwight Martin
COMMISSIONERS.