

Decision No. 8379

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the application of
Southern Pacific Railroad Company,
The Atchison, Topeka & Santa Fe Rail-
way Company and Western Pacific Rail-
way Company for authority to increase
wharfage, weighing, trimming and
handling charges.

ORIGINAL

APPLICATION NO. 6292

Frank B. Austin, for Southern Pacific Company.
S. Moore, Jr., for Western Pacific Railway Co.
G. H. Baker, for Atchison, Topeka & Santa Fe Ry. Co.
A. Larsson, for Prower Lumber Co.
H. M. Wade, for Redwood Manufacturers.

LOWELLAND, Commissioner -

OPINION

This is an application wherein the Southern Pacific Rail-
road Company, Western Pacific Railway Company and The Atchison,
Topeka & Santa Fe Railway Company seek authority under Section
63 of the Public Utilities Act to increase charges assessed
for wharfage, weighing, trimming and handling of lumber perform-
ed at the different wharves of these carriers located at Oakland,
Richmond and San Francisco.

The charges of the Southern Pacific Company are carried
in its Terminal Tariff No. 230-E, C.R.C. No. 2477, in Item
No. 590 at Page 27 and provides - lumber and its products,
actual cost of labor - 25¢ per hour regular working days, and
40¢ per hour overtime and holidays. The regular working day
is set forth as covering the period from 7 A.M. to 5 P.M.

It is proposed to increase these charges to 57¢ per hour for regular working days and 93¢ per hour overtime and holidays, also to change the regular working day from 7 A. M. to 4 P. M.

The charge of the Western Pacific is carried in its Terminal Tariff G.F.D. 35-I, C.R.C. No.217, in Item No.1200, on Page 44, which is practically the same as the tariff of the Southern Pacific Company, except that it does not include wharfage.

The Atchison, Topeka & Santa Fe Railway Company desires to change its rates at Richmond, Oakland and China Basin, San Francisco. The Oakland items are published in Local and Joint Tariff No.8117-G, C.R.C. No.416, at Page 35, in Item No.715, and are practically the same as the item published by the Southern Pacific Company in its tariff. The charges at Richmond are carried in the same tariff in Item No.735 at Page 35. The Richmond charge, however, is to cover handling only and does not include wharfage, weighing and trimming which service is included in the charge by the Southern Pacific Company and the Western Pacific at the Oakland Wharves.

At San Francisco, the Atchison, Topeka & Santa Fe now makes a charge for handling lumber and its products from ship's tackle or ship's side to cars of 20¢ per ton. This charge is contained in Item No.750 at Page 36 of Tariff No.8117-G, C.R.C. No.416. It is proposed to change this item from a rate per ton to a flat charge of 62½¢ per 1000 feet board measure.

The testimony of witnesses for all three companies was to the effect that the charges of 25¢ per hour for straight time and 40¢ per hour for overtime and holidays were established a great many years ago when labor was receiving 25¢ per hour and less.

Since the increase in rates brought about by the war, the wages paid by the Southern Pacific Company for stevedoring labor has rapidly advanced, the first change being to 27 $\frac{1}{2}$ ¢ per hour in 1917 until it had reached 54¢ per hour for regular working days, 7 A.M. to 4 P.M. and 61¢ per hour after 4 P. M. on regular days and for work performed on Sundays and holidays. The rate now being paid to labor is slightly higher at the Atchison, Topeka & Santa Fe and Western Pacific Wharves, where 55¢ and 82 $\frac{1}{2}$ ¢ per hour is paid.

By an exhibit, the Southern Pacific Company shows that for the six months period, May to October, inclusive, 1920, the actual wages paid for the handling of lumber moving out of Oakland Wharf in carload lots was \$25, 185.74 and that the total handling charges collected for this service were \$11,275.89 showing a loss during this six months period of \$13,909.85. An exhibit filed by the Western Pacific sets forth that in the handling of two cargoes of lumber at Western Pacific Mole, Oakland, August 14th and 15th, 1920, the actual cost of labor was \$311.50 and the actual charge made for performing the service under the rates now in effect was \$65.13, representing an actual labor loss of \$246.37. The Atchison, Topeka & Santa Fe presented an exhibit showing that there was a loss of \$31.62 in the loading of three cars of lumber at China Basin Wharf in the month of April, 1920.

The Atchison, Topeka & Santa Fe Railway Company has a contract with a stevedoring firm performing the service at China Basin which is approximately 62 $\frac{1}{2}$ ¢ per 1000 feet for the loading of lumber, and, for the reason that the conditions are different at San Francisco than they are at Oakland and Richmond, it desires to put the charge on a thousand foot basis rather than on the basis of labor cost per hour.

We believe that the charge per 1000 feet at San Francisco will be more satisfactory to the lumber shipping interests than is the charge based on the rate per hour. The carriers stated that they desire no profit for performing this accessorial service and that the rates proposed were as near the actual cost as could be arrived at. The slightly higher charge per hour above the actual rates paid to labor is to take care of the overhead expense which at the Oakland Wharf of the Southern Pacific Company includes a foreman at \$210.00 per month and clerk at \$152.04. The charge for overhead is not as great at the Oakland Wharf of the Western Pacific nor at the wharf of the Santa Fe but there is an overhead expense at all three points in connection with the service.

No lumber is handled at Richmond at the present time and the increase at that point will be only a paper change.

A witness appeared on behalf of a large wholesale lumber company and while making no direct protest against the change in the loading charges, did object to the practice of carriers in refusing to furnish receipts of any character to cover the lumber while it remains on the wharves after having been discharged from steamers. During periods of car shortage it frequently happens that the lumber will remain on the wharves for a long period of time before cars can be furnished for the loading. This situation is not covered by the application but it is the suggestion of the Commission that the carriers arrange to furnish shippers with a memorandum receipt to protect the owner of the lumber until such time as the cars are furnished and transportation by rail actually commences.

A description of the charges involved in this application, as now set forth in the different tariffs of applicants, is ambiguous, the Southern Pacific, and Santa Fe tariffs reading:

"Wharfage, weighing, trimming and handling charges",

while the Western Pacific Tariff reads:

"Trimming, weighing and handling."

The testimony at the hearing was to the effect that the charge apparently covered the handling of the lumber from the wharves to the car only and that there was no wharfage, weighing or trimming services involved.

It would appear to the Commission that if the only service rendered is that of handling the lumber, that the item should be clarified and reference to wharfage, weighing and trimming entirely eliminated. It is our recommendation that the language of the item be revised and a description setting forth the exact service to be performed free from ambiguity be submitted to the Commission for its approval before the tariff is reissued.

By our Decision No.7963 in Application No.5728, dated August 17,1920, which followed the decision of the Interstate Commerce Commission in its Ex-parte No.74, 58 I.C.C. 220, involving general advance in freight rates, the special services rendered by carriers as shown in the different tariffs were not subject to the general increases authorized and therefore there was no increase in the charges involved in this proceeding wherein rates were increased, effective August 26, 1920. While it is no doubt a fact that the Interstate Commerce Commission based its action in granting the increase in freight rates upon the net operating results shown by the reports and that these net results reflected the losses sustained in handling lumber involved in this proceeding, it does not follow that a change in these rates should be denied. Otherwise, it would not be possible to reestablish rates on a normal basis.

The record justifies the conclusion that the present compensation is less than the actual cost of the service and that the rates proposed are nothing more nor less than the amounts paid for labor used plus a very small addition to cover the overhead.

The service is one which the carrier performs independently of the transportation of the commodity and may be performed by the shipper, if desired.

To permit common carriers to perform a service at less than the out-of-pocket cost, places a burden on other traffic and is a practice which should not be permitted.

The rates proposed are materially lower than those assessed by stevedoring companies handling lumber at other points.

I am of the opinion that the application should be granted.

O R D E R

The Southern Pacific Railroad Company, Western Pacific Railway Company and The Atchison, Topeka & Santa Fe Railway Company having filed applications for authority to increase certain rates, as set forth in the opinion which precedes this order, a public hearing having been held, and the Commission being fully apprised in the premises,

IT IS HEREBY ORDERED that the Southern Pacific Railroad Company, Western Pacific Railway Company and The Atchison, Topeka & Santa Fe Railway Company be authorized to increase the charges for the handling of lumber and its products at Oakland and Richmond, as set forth in their different tariffs, FROM 25¢ per hour regular working days to 57¢ per hour regular working day, which is understood to be from 7 A.M. to 4 P.M., also to increase from 40¢ per hour to 85¢ per hour the charge for overtime and holidays.

The Atchison, Topeka & Santa Fe Railway Company is authorized to increase the charge at China Basin Wharf, San Francisco, for the handling of lumber from 20 cents per ton of 2000 pounds to 62¢ per 1000 feet board measure.

IT IS HEREBY FURTHER ORDERED that the carriers change the description of the item covering these charges in order that the charges may be applied without any misunderstanding as to the service to be rendered.

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 November, 1920.

Paul O. Edgerton
H. J. Leonard
H. B. Brundage
Living Maitland
COMMISSIONERS.