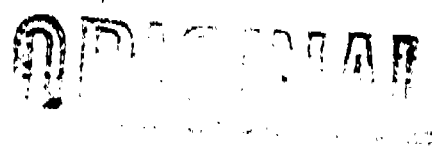


Decision No. 8260



BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of Southern Pacific Company for )  
Readjustment of Switching Charges) APPLICATION NO. 6390.  
at San Francisco, Oakland and )  
Los Angeles. )

- Elmer Westlake, for Southern Pacific Company.
- Sanborn & Roehl, for South San Francisco Chamber of Commerce.
- Seth Mann, for San Francisco Chamber of Commerce.
- William J. Locke, for the City of Alameda.
- George Lull and John J. Dailey, for the City and County of San Francisco.
- M. I. Sullivan, for Industrial Executive Committee of Civic Associations.
- Frank V. Cornish, for the City of Berkeley, Berkeley Chamber of Commerce and Berkeley Manufacturers' Association.
- M. E. Van Dine, R. T. Boyd, of Bishop & Bahler, for the Oakland Chamber of Commerce.
- Leon E. Gray, for the City of Oakland.
- George D. Rowland, for the Merchants Exchange and Uptown Exchange of the City of Oakland.
- D. J. Hall, for the City of Richmond.
- F. P. Gregson, for Associated Jobbers of Los Angeles.
- Geo. W. Howard, for Grain Exchange of Los Angeles.
- Jess E. Stephens and H. Z. Osborne, for City of Los Angeles.

LOVELAND, COMMISSIONER:

O P I N I O N

This is an application by the Southern Pacific Company for authority to make certain increases and decreases in the intrayard switching rates and to make changes in the switching limits at San Francisco, Oakland and Los Los Angeles. The adjustments proposed are offered as a compliance with this Commission's opinion and order in Decision No. 8221, Case No. 1433,

South San Francisco Chamber of Commerce vs Southern Pacific Company, decided October 11, 1920. In that decision the applicant herein was ordered to remove the discriminations found to exist in the local intrayard switching charges assessed within the different zones at the terminals named.

This proceeding is a continuation of Cases Nos. 1149 and 1433. The first was commenced September 19, 1917; hearings were held in January, 1918, a large number of exhibits filed and a great amount of testimony received, but because of Federal control the case was dismissed without prejudice October 2, 1919. Case No. 1433 was filed March 27, 1920, a hearing was held August 5, 1920 and, by stipulation, all of the exhibits, testimony and briefs presented in Case No. 1149 were considered in Case No. 1433.

In reaching a conclusion in the instant application, consideration has been given to the exhibits, testimony and briefs filed in all three proceedings.

The order in Decision No. 8221, Case No. 1433 required the Southern Pacific Company to extend the San Francisco switching limits to include South San Francisco and to apply to the points located within these extended switching limits the San Francisco line-haul rates. It also ordered the three defendants in that proceeding - Southern Pacific Company, Atchison, Topeka & Santa Fe and the Western Pacific to absorb switching charges on competitive traffic. These adjustments were made without protest and South San Francisco now enjoys all of the line-haul rates in effect at San Francisco, including the absorption of connecting line switching charges on traffic to and from competitive points. The Southern Pacific Company filed this application December 2, 1920, seeking authority to put the proposed adjustments into effect as

a complete compliance with the order in Case No. 1433.

We are here dealing entirely with the future rates to be assessed for local or intrayard switching and in this application there is no relation or connection with the line-haul traffic.

Protests were filed by the interested parties and the application was, accordingly, set for public hearings. Appearances in intervention were entered on behalf of the cities of San Francisco, Oakland, Alameda, Berkeley, Richmond and Los Angeles.

Hearings were held at San Francisco on January 26 and 27 and at Los Angeles on February 4, 1921; final briefs have been received, and the matter is now ready for an opinion and order.

The present switching limits at San Francisco may be roughly described as follows:

From and including Fourth and King Streets to and including Elkton on the Ocean View Line; to and including South San Francisco on the Bay Shore Cut-off Line; the wharves served by the Southern Pacific Company's rails; also to the transfer tracks of the State Belt Railroad, and to certain named industries located on what are known as the joint tracks. Within these limits the tariffs now provide three distinct classes of charges, dependent upon the distances the cars are moved. The present rates are from Crescent to Bay Shore 37½¢ per ton, minimum \$8.00, distance 9.2 miles; Elkton to south of Oakdale Avenue and north of Bay Shore 50¢ per ton, minimum \$10.50, distance 9.4 miles; Bay Shore and south to and including South San Francisco on the one hand and on the other the district south of Valencia Street to and including Elkton, 60¢ per ton, minimum \$15.00 per car, distance 13.3 miles.

It is proposed to establish two zones within the city of San Francisco with a rate of  $37\frac{1}{2}\text{¢}$  per ton, minimum \$8.00 per car, the first extending from Elkton to Oakdale Avenue, the second from Valencia Street to Bay Shore, maximum distance being 7.4 miles.

The rates between South San Francisco and points within the original San Francisco switching limits are to be readjusted by the establishment of three zones. There is at present one rate of 80¢ per ton, minimum \$15.00 per car, between South San Francisco and Elkton, a distance of 13.3 miles; this is to be reduced to 75¢ per ton, minimum \$13.00 per car. From South San Francisco to Valencia Street, a distance of 10.7 miles, the rate will be reduced to 70¢, with a minimum of \$12.00, and from South San Francisco to Oakdale Avenue, a distance of 7.2 miles, the rate will be reduced to  $37\frac{1}{2}\text{¢}$ , with a minimum of \$8.00. In addition, it is proposed to increase the rate of  $37\frac{1}{2}\text{¢}$ , minimum \$8.00, now in effect between South San Francisco and the interchange tracks with the State Belt Railroad at San Francisco to 70¢ per ton, minimum \$12.00 per car, for a distance of 9.6 miles, subject to the absorption rule carried in Southern Pacific Terminal Tariff 230-E, C.R.C.2477.

This application would also result in the cancellation of the special commodity rates now in effect between San Francisco and South San Francisco, which vary from 80¢ to \$4.40 per ton, dependent upon the commodity.

At Oakland the rate is  $37\frac{1}{2}\text{¢}$  per ton, minimum \$8.00 per car, for the intrayard switching within the territory roughly described as beginning at Sixteenth Street and Oakland Wharf on

the Port Costa Line, to and including Elmhurst on the Niles Line, and to the center of the Draw Bridges on the lines operating to Alameda. The maximum distance in Oakland under the present adjustment is 9.9 miles. It is proposed to limit the 37½¢ rate, with a minimum of \$8.00 per car, to the territory between Oakland Wharf and 50th Avenue on the Elmhurst Line, a distance of 7.2 miles. For the additional distance between 50th Avenue and Elmhurst, a total of 9.9 miles from Oakland Wharf, it is proposed to increase the 37½¢ rate to 70 cents, with a minimum of \$12.00, and to establish certain other interyard zones to take care of the short-haul traffic at a rate of 37½¢ per ton.

At Los Angeles there is now but one switching zone, with a rate of 37½¢ per ton, minimum \$8.00 per car, for the maximum haul between Maiers Spur and University of 11.3 miles. It is proposed to limit the 37½¢ per ton rate, minimum \$8.00 per car, to two zones, the first extending from Taylors Spur to Maiers and Clement Junction, the second from transfer tracks with Los Angeles and Salt Lake and the Atchison, Topeka & Santa Fe at River Station to Slauson and University, a distance of 7.3 miles. Outside of this territory, within the original switching limits, a maximum distance of 11.3 miles between Taylors Spur and Maiers on the north and points south of Clement Junction to Slauson and University on the south, the rate proposed is 70¢ with a minimum of \$12.00 per car.

These adjustments are suggested with the intention of placing the three great industrial terminals upon a parity for intrayard switching, based upon practically equi-distant hauls

for a like charge. At San Francisco the Charges will be  $37\frac{1}{2}$ ¢ per ton, minimum \$8.00 per car for a distance of 7.4 miles between Elkton and Oakdale Avenue; 70¢ per ton, minimum \$12.00 per car, for a distance of 10.7 miles, between South San Francisco and Valencia Street, and 75¢ per ton, minimum \$13.00 per car, between South San Francisco and Elkton, a distance of 13.3 miles.

At Oakland the  $37\frac{1}{2}$ ¢ rate, minimum \$8.00 per car, will apply between Oakland Wharf and 50th Avenue, a distance of 7.2 miles, while the rate of 70¢ per ton, minimum \$12.00 per car, will apply between Oakland Wharf and Elmhurst, a maximum distance of 9.9 miles.

At Los Angeles the  $37\frac{1}{2}$ ¢ rate, minimum \$8.00 per car, will apply between Mairers Spur and Clement Junction, a distance of 7.3 miles, while a rate of 70¢ per ton, minimum \$12.00 per car, will apply at other points within these switching limits for a maximum distance of 11.3 miles. It will thus be seen that the proposed switching rates for equal mileage hauls are practically the same -  $37\frac{1}{2}$ ¢ at San Francisco for 7.4 miles, at Oakland for 7.2 miles and at Los Angeles for 7.3 miles. The 70¢ rate applies at San Francisco for 10.7 miles, Oakland for 9.9 miles and at Los Angeles for 11.3 miles. The 75¢ rate is proposed only at San Francisco, covering a distance of 13.3 miles.

Since this proceeding was commenced carriers have filed with the Interstate Commerce Commission, effective March 2, 1921 at Oakland and April 6, 1921 at San Francisco, new tariffs naming rate of 70¢ per ton, with a minimum of \$12.00 per car, between Oakland Wharf and Elmhurst and between South San Francisco and San Francisco therefore there is now in effect, at these two terminals, on inter-

state traffic, practically the adjustment suggested for intrastate traffic.

The applicant presented a number of exhibits showing the volume of the local intrayard traffic within the San Francisco, Oakland and Los Angeles switching limits; also exhibits showing a comparison of the present and proposed rates on commodities actually moved between points where the switching and commodity rates are to be readjusted. At Oakland, as shown by Exhibit No.6, only nine carloads of freight moved during ten months of 1920 which would have been affected by the change in the rate from  $37\frac{1}{2}\text{¢}$  to  $70\text{¢}$  per ton. Within the city of San Francisco none of the rates will be increased and some of the traffic will be moved under reduced rates.

The adjustment between South San Francisco and San Francisco locally, and between South San Francisco and interchange tracks of the Belt Railroad for delivery to industries located on that line, would result in reductions on all tonnage of from  $80\text{¢}$  to  $70\text{¢}$  per ton. The traffic moving between South San Francisco and the Belt Railroad interchange tracks for delivery to water carriers, which is of considerable volume, would be increased from  $37\frac{1}{2}\text{¢}$  to  $70\text{¢}$  per ton. At Los Angeles only a small percentage of the total number of cars switched would be affected by the proposed adjustment in the limited territory, where the rate increases from  $37\frac{1}{2}\text{¢}$  to  $70\text{¢}$  per ton.

Applicant made no direct attempt in this proceeding to show the cost of the service, although testimony and exhibits were presented on this point in Cases 1149 and 1433; there was, however, some testimony in a general way as to comparative costs

and at the Los Angeles hearing a witness for the interveners stated that the proposed readjustments could not be considered excessive in view of the increased operating costs.

The original grievance of the complainants in Cases Nos. 1149 and 1433 as to the intrayard movement was based upon the fact that between Oakland Wharf and Elmhurst, 9.9 miles, the rate was 37 $\frac{1}{2}$ ¢ as against a rate of 80¢ between South San Francisco and San Francisco for practically an equi-distant haul.

The decision in Case No. 1433 went into the history of the Oakland situation and called attention to the fact that the extreme limits of the original 25¢ zone were from Oakland Wharf to Alice Street, 4.3 miles, later extended to Fruitvale, 7 miles, and finally to Elmhurst, 10.8 miles. The last extension was under the compulsion of an interurban franchise agreement with the city of Oakland. Reference was also made to the rate in effect between San Francisco and South San Francisco. The testimony in Case No. 1433 showed that the original 50¢ rate between these two points was first established in 1899, at which time the traffic moved by the Valencia Street Line. The construction of the Bay Shore Cut-off reduced the distance by 3 $\frac{1}{2}$  miles and on account of the reduction in mileage by the construction of the Bay Shore Line complainants contended the rate should have been reduced. The testimony, however, showed that the rate when first put in, more than twenty years ago, was to meet a commercial situation and was based on expediency rather than on the cost of performing the service between San Francisco and South San Francisco.

In Decision No. 2280, Case 591, April 9, 1915, published in Volume 6, C.R.C., page 582, the Commission entered into a very careful study of the 50¢ rate then in effect between San Francisco and South San Francisco, which the complainants in that proceeding



sought to have reduced to 25¢ per ton, with a minimum charge of \$5.00 per car. The Commission reached the conclusion at that time that the rate of 50¢ per ton in effect in 1915 had not been shown to be excessive or unreasonable and an order denying the application for a reduction was entered.

While, as heretofore stated, the carriers made no direct affirmative showing as to the cost of handling the intra-yard switching at the three terminals involved there is more or less testimony throughout all three of the proceedings to show that during the past few years the operating costs of switching service have increased approximately 100%.

This proceeding presents a question of great importance, for not only should the shipper who employs the service pay a reasonable rate, but it is the duty of this Commission to fix such reasonable rate in order that costs may be properly distributed. In the original Case No. 1433, supra, complainants alleged unreasonableness and discrimination and in Decision No. 8221 this Commission said:

"The record shows that transportation between San Francisco and South San Francisco is a switching service similar in character to that performed between Oakland Wharf and Elmhurst and while the evidence adduced does not warrant a finding that the 30-cent zone at San Francisco should be extended to include South San Francisco, or that the 60-cent rate between San Francisco and South San Francisco is of itself unreasonable, it does show conclusively that a discriminatory and prejudicial situation has been created by the maintenance of a 30-cent rate between Oakland Wharf and Elmhurst with concurrent charge of 60 cents between South San Francisco and San Francisco."

While the proposed rates may reflect applicant's best efforts to adjust the unreasonable and discriminatory situations now existing, it is apparent that the scale proposed should be revised.

In all three proceedings the South San Francisco Chamber of Commerce (the complainant) directed much of its testimony, exhibits and briefs to the contention that there should be but one uniform rate between all points within the San Francisco switching limits and this without any regard to the length of the haul or the character of the territory through which the traffic moved. With this contention I cannot agree, for there must be a limit to the distance a rate of fixed volume will carry, some point where the intrayard switching rate must break, otherwise it would be automatically extended with the expansion of industrial territories and the growth of our cities. This is illustrated at Oakland, where the original intrayard switching limit was 4.3 miles under a 25¢ rate, extended to 7 miles and then to 10.8 miles. There are now many factories south of Elmhurst and it would be no violent stretch of the imagination to picture, in the years to come, industrial zones extending without break for thirty or forty miles from the centers of San Francisco, Oakland and Los Angeles; a blanket rate for such a zone manifestly would not be considered and certainly could not be defended. The testimony shows that intrayard switching charges are based on distances at Seattle, Spokane and Portland, also at practically all centers throughout the United States. No testimony was here presented showing different conditions at the California terminals.

During Government control a minimum charge of \$15.00 was established for line-haul carload traffic; if this is a reasonable rate, and it has not been proven to be excessive, it is hard to understand why railroads should be expected to charge less for an intrayard service than is assessed for a line-haul

movement, unless it be upon the theory that the intrayard local traffic is part of a through movement; in other words, that the tonnage is in many instances moving from one factory to another where it is fabricated or remanufactured and again forwarded to ultimate destination, thereby giving to the carriers a second haul and additional revenue. But this is not always the fact.

Traffic between South San Francisco and the transfer tracks of the Belt Railroad interchange with water carriers now moves under a rate of  $37\frac{1}{2}$ ¢ per ton, minimum \$8.00 per car, for a distance of 9.6 miles; this represents the entire revenue of the Southern Pacific Company for the tonnage turned over to the water lines, where in many instances these lines are in actual competition with the rail carrier.

It is difficult to draw the boundaries of the districts or zones within which local tonnage will be handled at a uniform switching rate and the industry or locality not situated within the lowest rated zone feels itself discriminated against when required to pay the higher charge. The expense of moving cars through the great terminal points is very considerable, and the testimony would indicate that the cost for performing the intrayard service is now as expensive, if not more so, than for an equi-distant line-haul movement.

After carefully considering this whole situation, I am of the opinion that the Southern Pacific Company has not entirely justified the proposed tariffs submitted to remove the unreasonable and discriminatory rates.

I am of the opinion and find that the Southern Pacific Company should be authorized to cancel all of the commodity freight rates now carried in Local & Proportional Tariff 730-A.

C.R.C. 2436, applying between San Francisco and South San Francisco and those applying between points within the Oakland switching limits. Since the territory within which these rates apply at San Francisco and Oakland is now all included within the switching limits of the two terminals, as described in Terminal Tariff 250-H under the title "Switching Limits", the rates and charges should be included in the Terminal Tariff.

The rates as between Emoryville, Berkeley, Elmhurst, Alameda and Oakland published in Items 1780 and 1785, Tariff 730-A, C.R.C.2436, Exhibit A, were not directly at issue in this proceeding. In cancelling these items from Tariff 730-A applicant should publish new rates with a proper grade-out to harmonize with those established between the other points in the Oakland switching limits by this opinion and order.

I further find that the applicant herein should be permitted to establish the following switching charges:

San Francisco

Elkton to Oakdale Avenue (As described in first paragraph ) (of Item 2435, amended Exhibit A.)	37 <sup>1</sup> / <sub>2</sub> ¢ per ton Min.charge \$8.00
Valencia Street to Bay Shore (As described in second paragraph) (of Item 2435, amended Exhibit A.)	37 <sup>1</sup> / <sub>2</sub> ¢ per ton Min.charge \$8.00
South of Oakdale Ave.to South San Francisco (As described in fourth paragraph) (of Item 2435, amended Exhibit A.)	37 <sup>1</sup> / <sub>2</sub> ¢ per ton Min.charge \$8.00
Elkton to Bay Shore (As described in third paragraph ) (of Item 2435, amended Exhibit A.)	50¢ per ton Min.charge \$12.00
South San Francisco to Valencia Street (As described in fifth paragraph ) (of Item 2435, amended Exhibit A.)	50¢ per ton Min.charge \$12.00

San Francisco (cont'd)

South San Francisco to Elkton 70¢ per ton  
(As described in sixth paragraph) Min. charge \$13.00  
(of Item 2435, amended Exhibit A)

Oakland

Oakland Wharf - 16th Street to 50th Avenue  
(As described in first paragraph) 37½¢ per ton  
(of Item 1985, Exhibit A. ) Min. charge \$8.00

Elmhurst - 75rd Avenue to Fallon Street  
(As described in second paragraph) 37½¢ per ton  
(Item 1985, Exhibit A. ) Min. charge \$8.00

East of 50th Avenue, including Elmhurst  
and west of Fallon Street, including  
Oakland Wharf and 16th Street. 50¢ per ton  
(As described in third paragraph) Min. charge \$12.00  
(of Item 1985, Exhibit A. )

Los Angeles

River Station to Maiers Spur,  
to Clement Junction to Taylor Spur 37½¢ per ton  
(As described in first paragraph) Min. charge \$8.00  
(Item 1815, amended Exhibit A, )  
(and in addition the district )  
(east of Clement Jct. to and in- )  
(cluding 25th St. and Santa Fe )  
(Avenue. )

River Station; Transfer tracks  
Los Angeles & Salt Lake and Atchison,  
Topeka & Santa Fe to Slauson Avenue 37½¢ per ton  
and University. Min. charge \$8.00  
(As described in second paragraph)  
(Item 1815, amended Exhibit A, )  
(and in addition the district )  
(east of Clement Jct. to and in- )  
(cluding 25th St. and Santa Fe )  
(Avenue. )

South of Clement Junction to Slauson  
west to University on the one hand and  
on the other east of transfer tracks  
with Los Angeles & Salt Lake to Maiers, 50¢ per ton  
north from transfer tracks of the Min. charge \$12.00  
Atchison, Topeka & Santa Fe to Taylors  
Spur.  
(As described in third paragraph )  
(of Item 1815, amended Exhibit A, )  
(and in addition the district )  
(east of Clement Junction to and )  
(including 25th St. and Santa Fe )  
(Avenue. )

Attention might here be called to the fact that the Terminal Tariff of this applicant is complicated and involved and that an effort should be made to consolidate the switching charge items whenever possible without creating rate advances.

I submit the following form of order:

O R D E R

The Southern Pacific Company having submitted to this Commission, under date December 2, 1920, an application in compliance with the opinion and order rendered by Decision No. 8221, in Case No. 1433 of October 11, 1920 for permission to establish certain switching charges at San Francisco, Oakland and Los Angeles in order to remove the unreasonable prejudice and disadvantage found to exist by Decision No. 8221, hearings having been held at San Francisco and Los Angeles, 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 Southern Pacific Company be and it is hereby authorized to amend and modify the

tariff covering the switching charges 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 12<sup>th</sup> day of May, 1921.

H. H. Boydice  
H. D. Loveland

Irving Warren

W. O. Benedict  
Commissioners.