

Decision No. 9545

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Sacramento Northern Railroad Company,)
a corporation, for authority to in-)
crease certain switching charges at)
Sacramento, California.)

APPLICATION NO. 6812.

- Chas. R. Detrick and Heller Ehrman, White & McAniffie,
for Applicant,
- Jesse E. Steinhart, for San Francisco-Sacramento Railroad,
- A. E. Baldwin and C. J. Goodell, for Central California
Traction Company,
- G. J. Bradley, for Merchants & Mfgs Traffic Association of
Sacramento,
- Jas. A. Keller, for Coast Rock & Gravel Company.

BY THE COMMISSION:

O P I N I O N

In this application, made pursuant to the provisions of Section 63 of the Public Utilities Act, the Sacramento Northern Railroad Company (hereinafter referred to as the Sacramento Northern) asks the Commission for authority to increase its intermediate carload switching rate to 37½ cents per ton, with a minimum charge of \$6.50 per car on freight between transfer tracks of the San Francisco-Sacramento Railroad Company, (hereinafter referred to as the San Francisco-Sacramento) at West Side, Yolo County, and transfer tracks of the Southern Pacific Company, Western Pacific Railroad Company and Central California Traction Company at Sacramento.

The present charges of the Sacramento Northern for

intermediate switching between the transfer tracks is \$3. per car when such switching is incidental to a foreign line haul, and \$4. per car when not incidental to a foreign line haul.

Hearings were held before Examiner Geary on June 3, 16 and 21, and the matter is now ready for a decision.

Applicant bases its prayer for the increase upon the alleged circumstances:

That although the rate is published as a switching charge in applicant's Terminal Tariff, the service performed under such rate is not terminal switching, inasmuch as it involves a line haul by applicant; that the present charge is not remunerative; that performance of the service puts an undue burden upon applicant which interferes with operations, and that this service is of financial advantage to the San Francisco-Sacramento, but is of no benefit to the general public, as it causes an unnecessary diversion of traffic from the direct routes.

The most westerly point of the interchange track between the San Francisco-Sacramento and the Sacramento Northern is located at West Side. From this point the line of the Sacramento Northern continues northerly and easterly across the M Street Bridge over the Sacramento River to Front and M Streets in the city of Sacramento, then southerly along said Front Street to Front and X Streets where is located the first interchange track with the Southern Pacific Company, known as Southern Pacific Transfer No. 1. The distance from the point of transfer to West Side to Front and X Streets is 1.83 miles. The track over the M Street Bridge is operated jointly by the San Francisco-Sacramento and the Sacramento Northern. From said M Street Bridge southerly along Front Street to R Street the ownership of the track is exclusively in the Sacramento Northern. The trackage from R Street along Front Street to X Street is owned

jointly with the Central California Traction Company. From Front and X Streets to 8th and X Streets the traffic moves over a single track trunk line owned jointly by the Sacramento-Northern and the Central California Traction Company. Paralleling this portion of the track are side tracks and switches. The line along X Street from 8th Street to 31st Street is double track and owned jointly by the Sacramento Northern and the Central California Traction Company. At 19th and X Streets the Western Pacific Railroad Company has its first transfer connection with the Sacramento Northern. The distance from the transfer point at West Side to this transfer of the Western Pacific Railroad Company is 2.9 miles. The route continues northerly from 31st and X Streets along 31st Streets to C Street over single track, and westerly on C Street to 19th Street, where this part of the Sacramento Northern connects with its main line, continuing then over private right of way to Haggin Yard, where it connects with Southern Pacific Transfer No. 2. The distance from West Side transfer to Southern Pacific Transfer No. 2 is 7 miles. From this latter point of transfer the line continues northerly to the Western Pacific transfer at the American River, making a total distance of 7.2 miles from the west Side transfer.

Testimony adduced at the hearing established the fact that, unlike most yards used for the making up and breaking up of trains, the Sacramento Northern's Sacramento yard has not a central point with a system of tracks sufficiently large to perform this service at one point. Cars are assembled and made up into trains, and trains are broken up for distribution of cars to the various interchange tracks, freight house and industry tracks at the three different and widely separated points: Front and X Streets, in-

cluding the tracks from 8th and X, Sacramento Northern's freight house at Front and M Streets and the Haggin Yard.

Applicant testified that on account of the physical layout of the tracks in the Sacramento yard a great deal of interference with the operation of its trains resulted; that the track from 8th to 31st on X Street is being used by the Central California Traction Company for handling 16 trains daily in and out of Sacramento and the operation of a 20-minute street car service, the passenger trains of the Central California Traction Company being given preference; that at 19th and X Streets the Western Pacific Railroad interchange track leads from the main line and is used by the Central California Traction Company for its Stockton trains and street cars, resulting in material interference with the operations; also at 28th and X, 21st and X and 10th and X streets, crossings of the Pacific Gas & Electric Company necessitate the slow operation of applicant's trains. There is great interference with applicant's yard crews along the track from Front and M Streets across the M Street bridge over the river to the West Side transfer, with the San Francisco-Sacramento on account of the frequent opening of the drawbridge across the river, the evidence disclosing the fact that there are 106 regular movements of scheduled passenger trains, street cars and yard motors over the M Street bridge each day.

Applicant further contends that the physical layout of the tracks in the Sacramento yards, and the fact that they are scattered over considerable territory, making long distances between interchange tracks, together with use of much of this track jointly and in the operation of street cars as well as yard motors, is such as to result in a higher cost to the company for performing the switching service than if the tracks were all located in one compact yard, where there would be no interference.

Protestant, the San Francisco-Sacramento, submitted exhibits showing that for the switching of cars between transfer tracks, regardless of the distance, a charge of \$3. per car is assessed at various places in the State by the switching carriers, viz; the Atchison, Topeka & Santa Fe Railway Company, Southern Pacific Company, San Francisco-Oakland Terminal Railways and Western Pacific Railroad Company.

Protestant also introduced in evidence exhibits showing the bridge switching performed by Sacramento-Northern during the year ending December 31, 1920 to consist of 1341 cars, with an average load of 34 tons per car. This average was arrived at by protestant's checking of applicant's waybills, which necessarily show the actual tonnage. Applicant had testified that the average load was 37.7 tons per car. Difference in weight should not be ignored, but it is not a controlling element of switching charges. The exhibits also show that the amount of switching done for the Western Pacific Railroad Company is far greater than for either the Southern Pacific Company or the Central California Traction Company. Evidence brought to light the fact that the Western Pacific Railroad Company had purchased 92 per cent of the securities of the Sacramento Northern. Of the entire switching service performed by the Sacramento Northern for the various connecting carriers but 8.8 per cent is bridge haul service rendered the San Francisco-Sacramento.

Other evidence introduced by the San Francisco-Sacramento was to the effect that in the year 1920, 69 per cent of the cases where intrastate shipments were shipped by the Sacramento Northern over the switching track involved in the case in question, either the consignee or the shipper absorbed the switching charge of \$3. per car.

It was further shown that where a main-line haul is

involved, the San Francisco-Sacramento makes a reciprocal allowance to the Sacramento Northern; that is, gives a part of its line-haul revenue to the Sacramento Northern. Apparently, then, the \$3. switching charge is not all the Sacramento Northern receives for its switching service.

It is common practice among carriers to provide a transfer charge at their terminals very much lower than the ordinary switching charge. This well established principle obtains, among other places, at the great terminals of San Francisco, Oakland, Los Angeles and Sacramento, where an intermediate bridge charge of \$3. from transfer track to transfer track is assessed.

In reply to a question as to how the Sacramento Northern could justify a charge at Sacramento in excess of \$3. for a like service at other points, applicant stated that "the only justification we have would be that it costs us more than that to actually perform the service."

The questions propounded by Mr. Bradley, representing the Merchants & Manufacturers Traffic Association of Sacramento, developed the fact that on purely non-competitive traffic originating on the line of the San Francisco-Sacramento the imposition of a rate of $37\frac{1}{2}$ cents per ton for bridge switching by the Sacramento Northern would close such markets to the Sacramento consumer for the simple reason that the dealer could not absorb the additional cost.

The Coast Rock & Gravel Company, as intervenor, introduced in evidence an exhibit showing charge of \$3. per ton for intermediate switching at California and Nevada points. Its witness also testified that his company has under consideration with the California Highway Commission the movement of approximately 35,000 tons of sand, rock and gravel from Fair Oaks on the Southern Pacific to Garfield and Creede on the San Francisco-Sacramento, but that if a rate of $37\frac{1}{2}$ cents per ton were put into effect for the bridge

transfer from the Southern Pacific Company to the San Francisco-Sacramento, it would result in a charge of approximately \$20. a car instead of \$3. and eliminate the Highway Commission from purchasing material from intervener's plant at Fair Oaks, for the reason that intervener could not absorb the increase. Protest was made by the Highway Commission itself through a telegram to the Commission, read into the record. This protest against the granting of the proposed increase was based on the ground that such increase in the rate would result in a material increase in the cost to the State in its highway construction work.

At the hearing on June 3, applicant submitted in evidence an exhibit showing computations and bases used in arriving at a cost of \$5.13 as the average per loaded car of switching all business coming from the San Francisco-Sacramento to the Southern Pacific transfer at Front and X Streets, and the Western Pacific transfers at 19th and X and 19th and B (Haggin) Streets, and testified that the above amount does not include anything for taxes or interest on investment.

This same exhibit contained an item showing \$7.67 which, in reply to a question as to what it signified was explained as being the cost to the Sacramento Northern if all Southern Pacific business interchanged to the short line (meaning San Francisco-Sacramento Railroad Company) were handled at 19th and B instead of Front and X Streets, including the Western Pacific business.

At the adjourned hearing on June 16, applicant introduced in evidence a supplemental exhibit in which, among other changes, was substituted the sum of \$4.85 in place of \$5.13, and \$7.22 in lieu of \$7.67 applicable, as shown in the preceding paragraph, and testified that a different process was used in arriving at the latter figures than was employed in ascertaining those shown in the earlier exhibit; that in the latter exhibit

the figures had been segregated on a different basis and that the new item was "probably more accurate than the first one".

The exhibits and the evidence in connection with the cost of switching cars was vigorously attacked by the San Francisco Sacramento, and an analysis of the items of operating expenses was studied and revised by representatives of the applicant, the protestants and the engineers of this Commission.

The report of the Commission's Engineering Department reads, in part, as follows:

"Pursuant to the arrangements made at the last hearing in this matter have checked over the evidence submitted with reference to the cost to the Sacramento Northern for performing this service and find as follows:

- 1- Based upon the figures submitted by Witness Evans the actual cost is \$4.02 per loaded car.
- 2- Modifying the above and using Witness Nelson's figures for the item of cost of train crew, the cost is \$3.95.
- 3- Modifying the figure under 2 above by a reduction of one-third in the cost of general office salaries and expenses, as suggested by Mr. H. A. Mitchell, the cost would be \$3.70 per loaded car.

"All of the above figures are predicated upon operations in the future being carried on as in the past, using the transfer at Front and X Streets, Sacramento in the same way as it has been used."

It will thus be seen that no positive cost for moving a loaded car can be arrived at and that any figure must be computed on a more or less arbitrary basis.

We will not enter into a discussion of the figures presented by the contending factions, for the element of the exact cost of performing the service is not a controlling factor in arriving at charges to be made for switching carload traffic between transfer or interchange tracks within terminal yards.

Upon a review of the freight tariffs, we find the arrangement for switching carload traffic from West Sacramento

(West Side) became effective May 22, 1915. at the time the Sacramento Northern, then known as the Northern Electric Railway Company, was in the hands of a Receiver, and the line now known as the San Francisco-Sacramento Railroad was known as the Oakland, Antioch & Eastern Railway. The charge originally was \$2.50; the charge for the same service now is \$3.00 when incidental to a foreign-line haul, and \$4.00 for a local service.

The adjustment proposed in this application would make the rate from the West Side transfer of the San Francisco-Sacramento to points within the same switching limits $37\frac{1}{2}$ cents per ton, with a minimum of \$6.50. The testimony shows that the cars switched average 35 tons, making an average charge under the proposed rate of \$13.00, as against the flat charge of \$3.00 now in effect. In the case of cars moved on behalf of the State Highway Commission for road construction where the loading is between 50 and 60 tons, the average charge would be approximately \$20.00 per car, as stated by witness for the Coast Rock & Gravel Company. It will thus be seen that to disturb the transfer switching charges would disturb a situation of long standing and have a serious effect not only upon the tonnage movements of protestants, the San Francisco-Sacramento, but also on commercial interests within the city of Sacramento.

We do not believe the applicant's contention that the service performed is a line haul from West Side and that it is of no benefit to the general public can be sustained. The rate is published in the Terminal Tariff and during more than the six years West Side has been treated as part of the switching district within the city of Sacramento, and the testimony amply proves that the service is performed entirely by the regular switching engine and crew.

The only basis upon which this Commission can reach a

conclusion as to the reasonableness of the rate for switching of the kind involved in this proceeding is by measuring such rate with other rates voluntarily established for the same kind of service and, as heretofore stated, the common charge for a movement from transfer track to transfer track within the State of California in connection with line-haul traffic is \$3.00 per car regardless of weight or the distance hauled.

The fact that traffic moving in this switching transfer service at Sacramento is more or less congested is no justification for the imposition of unreasonable rates. The record shows that the San Francisco-Sacramento has no other means of reaching industry or connecting carriers' tracks at Sacramento except by use of the service now rendered by the Sacramento Northern, and the adjustment proposed would seriously retard and interfere with the San Francisco-Sacramento freight traffic without any particular benefit to applicant.

A reciprocal switching arrangement under which carload traffic is moved between transfer tracks of all lines at the terminals at reasonable uniform charges is desirable and to the best interests of both shippers and carriers and should be continued or brought about wherever possible. There is no satisfactory evidence in this record with respect to the reasonableness of the proposed increased rates, nor is there sufficient reliable data upon which to base a reasonable rate for the service. Applicants have failed to justify the proposed increases and, therefore, the application will be denied.

O R D E R

The Sacramento Northern Railroad Company having made application to increase certain switching charges at Sacramento, a hearing having been held, the testimony and exhibits connected with the application having been carefully considered, and the Commission having found that the applicant has not justified the application and that it should be denied.

IT IS HEREBY ORDERED that the said application be and the same is hereby denied.

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 23rd day of September, 1921.

H. S. Howard
Irving Nathan
Wesley H. Howell

Commissioners.