

Decision No. 26266.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE RIVER LINES (The California Trans-
portation Company, Sacramento Naviga-
tion Company, and Fay Transportation
Company), for an order under Section
63(a) of the Public Utilities Act au-
thorizing increases in certain freight
rates.

ORIGINAL

Application No. 18660.

McCutchen, Olney, Mannon & Greene, by Allan
P. Matthew, for applicant.
Berne Levy, for The Atchison, Topeka and Santa
Fe Railway Company.
L. N. Bradshaw and H. E. Poulterer, for The
Western Pacific Railroad Company and Sacra-
mento Northern Railway.
W. G. Stone, for Sacramento Chamber of Commerce.
W. E. Hibbitt, for Sacramento Motor Transport.
J. L. Roney, for Sussman-Wormser Company, M.J.B.
and Haas Brothers.

BY THE COMMISSION:

O P I N I O N

This is an application by The River Lines, an associa-
tion which was authorized by our Decision No. 24420, Applications
Nos. 17892 and 17910, under date of January 25, 1932 (37 C.R.C.
96), to establish a unified transportation service, consisting
of three separate units: The California Transportation Company
operating freight and passenger service between San Francisco and
Sacramento, and between San Francisco and Stockton; the Sacramento
Navigation Company operating a tri-weekly barge service between

the San Francisco Bay region and points on the Sacramento River, including points north of Sacramento; and the Fay Transportation Company performing a specialized limited freight service in the same general territory.

By this proceeding applicant seeks authority to readjust certain less than carload commodity freight rates between San Francisco, Oakland and Alameda on the one hand, and Sacramento and certain intermediate points on the other as per Exhibit "A" attached to and made a part of the application. The proposed changes will bring about both increases and reductions.

A public hearing was held June 13, 1953, at Sacramento before Examiner Geary, and the issues were submitted for our opinion and order.

At the time the unified operation was authorized, each company had separate freight tariffs, with varying rates dependent upon the company and the kind of service given the public. The rates of The California Transportation Company, because of its fast and superior steamers, were higher than those assessed by the Sacramento Navigation Company, handling mostly large quantity shipments in barge load lots, while the Fay Transportation Company, which actively entered the field shortly before the unified operation, had special merchandise and canned goods commodity rates lower than those found in the tariffs of either of the pioneer companies. The multiplicity of rates was the result of competition between the vessels, railroads and truck lines.

In the construction of the consolidated tariffs for the three lines many rates were published very much lower than those originally prevailing, and in the operations of the combined serv-

ices they have been found unreasonably low and non-compensatory. Exhibit Eight shows that The River Lines for the year ending January 31, 1933, had a gross revenue of \$1,063,325.49 and a net income for the period of \$168,520.57, without depreciation deductions. The depreciation for a year as computed by the three companies in 1932 was \$110,620.50. Using this amount as a yard-stick there is a net income of \$58,000. It is claimed that the book value of the properties devoted to the service approximates \$4,000,000, creating a rate of return based upon this valuation of about 1½%. It might here be stated that the interest accruals per annum on bonds and other debts owed by one of the associated companies are \$70,000, showing that after depreciation the net income is not sufficient even to meet this one obligation.

The record discloses that the present adjustment of rates is characterized by a lack of uniformity and consistency. The evidence further shows that the bulk of the tonnage moves on very low point-to-point commodity rates established from time to time in the past to meet existing competitive rate situations, and that adjustments then made had much to do with bringing about the present financial and rate conditions. The rates on most items to be changed are higher south bound from Sacramento to San Francisco than they are north bound from San Francisco to Sacramento. As illustrative, batteries 29½¢ south and 17¢ north; butter 25¢ south and 11½¢ north; groceries, class rates running from 34¢ to 22½¢ south and a commodity rate of 15¢ north; fresh vegetables 22½¢ south and 15¢ north, etc. It is proposed to establish a commodity rate of 20 cents applying between San Francisco and Sacramento for practically all rates to be changed. This adjustment, while creating some increases, will effect substantial reductions

in the charges applying to groceries and hardware from Sacramento to San Francisco, and will put these two jobbing cities on a rate parity. While the rate on canned goods from the packing plants is increased from 11½¢ to 15¢, the change met with no opposition from the shippers who prior to January 31, 1932, paid a rate of 22½¢.

The only opposition to the application came from a shipper of coffee who favored a 15¢ rate, contending that coffee should have the same rate as canned goods. Canned goods move in very heavy volume, meet an entirely different competitive situation than does coffee, and the record fails to show any compelling reason justifying a rate for coffee other than that accorded to the general grocery commodity grouping.

The application will be granted.

O R D E R

This application having been duly heard and submitted,

IT IS HEREBY ORDERED that said applicant is hereby authorized to establish, within thirty (30) days from the date of this order and upon not less than ten (10) days' notice to this Commission and the general public, by filing and posting tariffs in the manner prescribed in Section 14 of the Public Utilities Act, the commodity freight rates between San Francisco, Oakland and Alameda on the one hand, and Sacramento and intermediate points on the other, as per Exhibit "A" and as amended, attached to and made a part of the application.

Dated at San Francisco, California, this 21st day of August, 1933.

O. C. Seaver
Leon Abbey
W. H. Cunniff
W. B. Hansen
COMMISSIONERS.