

Decision No. 26100

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

THE RIVER LINES (The California
Transportation Company, Sacramento
Navigation Company and Fay Trans -
portation Company),

Complainants,

vs.

RIO VISTA LIGHTERAGE COMPANY, INC.,

Defendant.

Case No. 3617

THE RIVER LINES (The California
Transportation Company, Sacramento
Navigation Company and Fay Trans -
portation Company),

Complainants,

vs.

SOUTHERN PACIFIC COMPANY, THE
WESTERN PACIFIC RAILROAD COMPANY
and SACRAMENTO NORTHERN RAILWAY,

Defendants.

ORIGINAL

Case No. 3621

THE RIVER LINES, (The California
Transportation Company, Sacramento
Navigation Company and Fay Trans -
portation Company),

Complainants,

vs.

S. FREDRICKSON,

Defendant.

Case No. 3622

THE RIVER LINES (The California
Transportation Company, Sacramento
Navigation Company and Fay Trans -
portation Company),

Complainants,

vs.

PETER HANSEN,

Defendant.

Case No. 3623

In the Matter of the Suspension by the
Commission on its own motion of reduced
rates for the transportation of grain
and millfeed named in Supplement No.3 to
Local Freight Tariff No.1, C.R.C. No.1
of PETER HANSEN.)
)
) Case No.3633
)
)
)

In the Matter of the Investigation on
the Commission's own motion into the
rules, regulations, charges, classifi-
cations, contracts, practices and
operations, or any of them, of
ALAMEDA TRANSPORTATION COMPANY, a cor-
poration, et al.)
)
) Case No.3458
)
)
)

Mc Cutchen, Olney, Mannon & Greene, by Allan P.
Matthew and F. W. Mielke, for The River Lines.

Athearn, Chandler, Farmer and Frank R. Devlin,
by Frank R. Devlin for Rio Vista Lighterage
Co., Inc.

Kenneth I. Jones and Henry Bird, for Suisun City.

A. L. Whittle for Southern Pacific Company,
Northwestern Pacific Railroad Company and
Petaluma and Santa Rosa Railroad Company.

L. N. Bradshaw and E. E. Poulterer for Western
Pacific Railroad Company and Sacramento Northern
Railway.

L. S. Wing and Edson Abel, for Solano County Farm
Bureau.

Gwyn Baker, for California Inland Water Carriers
Conference.

R. P. Mc Carthy, for Globe Grain & Milling Company
and Islais Creek Grain Terminal.

J. B. Costello, for Sperry Flour Company.

S. Fredrickson, in propria persona.

Peter Hansen, in propria persona.

HARRIS, Commissioner -

O P I N I O N

These proceedings bring into issue the reasonableness
of the rates on grain and grain products from Suisun, Rio
Vista, Molena, Birds Landing, Sacramento, Stockton and other

points to San Francisco bay points, and between various points on the San Joaquin and Sacramento rivers and their tributaries. The rates are alleged to be unreasonably low. Complainants ask the Commission to establish minimum rates under Section 32(b) of the Public Utilities Act. The complaint cases and the other proceedings shown above are primarily a continuation of Case No.3458, In Re Investigation Into the Transportation Conditions of the Inland Waters, Decision No.25867 of April 24, 1933).

In Case No.3458 the Commission found that the inland water carriers had created a demoralized rate condition in the struggle of individual carriers for tonnage. For the purpose of stabilizing the situation the inland carriers were directed to revise their tariffs to remove ambiguities therefrom and "to provide rates which shall be reasonable and adequate and to apply between the points which they now serve under certificates of public convenience and necessity or prior rights."

Complete stabilization of the grain rates has not been attained because of two factors. First, the effort on the part of S. Fredrickson and Peter Hansen to continue in effect the so called "export rates" which prior to the Commission's decision in Case No.3458 were maintained by all carriers. Second, the maintenance of a rate of \$1.00 per ton from Suisun to San Francisco by the two carriers just named, the Rio Vista Lighterage Company and the Southern Pacific Company.

The \$1.00 per ton rate from Suisun to San Francisco had its inception many years ago when the Southern Pacific Company, to meet water competition, established this rate from South Vallejo to San Francisco. Through an apparent oversight the rate was made maximum in application and thus applied from Suisun-Fairfield (Suisun). The unregulated trucks discovering the \$1.00 per ton rate developed a substantial movement from

the upper Sacramento Valley and the Delta regions to Suisun by truck, where the traffic was turned over to the Southern Pacific Company. The competition, thus unwittingly fostered, deprived the water carriers and the railroads serving the upper Sacramento river and the Delta region below Sacramento of a substantial volume of grain which ordinarily would move entirely by rail or water.

The development of the rail-truck movement through Suisun forced the three boat lines referred to to establish the \$1.00 rate. Thirteen other carriers likewise established the same rate.¹ The Suisun rate also forced the Sacramento Northern Railway and the Western Pacific Railroad Company to reduce to 5 cents their joint rate of 7½ cents from Rio Vista Junction and Molena to San Francisco. A continuation of the \$1.00 rate will undoubtedly bring about a drastic reduction in the Sacramento to San Francisco rate of The River Lines and other water carriers in order to place them upon a competitive basis with the rail and water carriers operating through Suisun.

With the exception of the Rio Vista Lighterage Company, all the rail and water carriers contend the \$1.00 per ton rate from Suisun to San Francisco is abnormally low. The Rio Vista Lighterage Company apparently believes that the maintenance of this rate will attract sufficient tonnage to make a profitable operation possible. But the continuation of the \$1.00 rate will bring about acute competition from other carriers at Suisun and other points which will split the traffic to such an extent that none will be able to operate profitably.

¹ Carl Anderson, Empire Barge Company, Erikson Navigation Company, Higgins Transportation Company, Island Transportation Company, Chris Johanson, Nickols Transportation Company, Martin Schmidt, E. V. Ridecut Company, Rio Vista Lighterage Company, Stockton Transportation Company, Vehmeyer Transportation Company, Wood and Seitz.

The Commission should require defendants in Cases 3617, 3622, 3623 and respondents in Cases 3633 and 3458 to maintain for the future a rate not less than $7\frac{1}{2}$ cents per 100 pounds on whole grain from Suisun to San Francisco.²

The so called export rates inaugurated by S. Fredrickson and Peter Hansen, and published as a temporary expedient to meet competition by thirteen other water carriers, are ridiculously low and under any standard of rate making cannot be justified. Here we have a glaring example of the demoralizing effect of the minority upon the rate structure of the inland water carriers. Fredrickson operates one boat of 220 tons capacity. Hansen has a slightly smaller vessel. Both are, primarily, grain haulers. Neither is operating at a profit, yet in their effort to obtain traffic they completely disregarded the reasonableness of their rates. Continuation of the rates of Fredrickson and Hansen will inevitably force down the rate of The River Lines and other carriers. The net result will be an unnecessary sacrifice of revenue of all the water carriers which none can afford to make. (See Decision No. 25867, supra).

The record is convincing that some revision of the rates on grain is essential to enable the water carriers to render an adequate service. The precise level of these rates is difficult to ascertain because of the uncertainty of the competition of unregulated trucks. In all cases maximum reasonable rates cannot be prescribed. However, the Commission

² It will not be necessary to order defendants (rail lines) in Case No. 3621 to establish the $7\frac{1}{2}$ rate as these defendants voluntarily filed applications under Section 63 to bring about this increase. (See Decision No. 26403, of October 9, 1933, and authorization 63-⁹²²⁶₂₂₇ of October 9, 1933. Accordingly, this proceeding should be dismissed.

should at this time prescribe the following minimum rates on whole grain:

(Rates per ton of 2000 pounds)

From	To	Rate
Sacramento	San Francisco	\$1.80
"	Port Costa & South Vallejo	1.50
"	Petaluma	2.00
Stockton	San Francisco	* 1.50
"	Port Costa & South Vallejo	* 1.40
"	Petaluma	* 1.70
Sacramento and San Joaquin Deltas) do.)	San Francisco	1.60
	Port Costa & South Vallejo	1.50
do.	Petaluma	1.80
Suisun	San Francisco	1.50
"	Port Costa & South Vallejo	1.40
"	Petaluma	1.50

* Non-intermediate in application.

Respondents in Case No.3458 and defendants in Cases 3617, 3622 and 3623 should submit to the Commission amended tariffs containing related rates from to and/or between other points of movement here involved which shall conform to the rates prescribed herein. Owing to the fact that the testimony in the instant cases was confined primarily to movement of whole grain, no attempt has here been made to fix rates on the products of grain. However, carriers will be expected to submit amended tariffs providing proper commodity descriptions, minimum weights and differentials where necessary.

The Commission should retain jurisdiction of the proceedings under Case No.3458 in order to meet any eventualities.

The following form of order is recommended:

O R D E R

These cases having been duly heard and submitted, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the proceeding in Case No.3621 be dismissed.

IT IS HEREBY FURTHER ORDERED that the Peter Hansen rates under suspension in Case No.3633, having failed of justification, said suspension is hereby made permanent and the rates, rules and regulations shown therein ordered canceled.

IT IS HEREBY FURTHER ORDERED that within 30 days from the date hereof, on not less than 5 days notice to this Commission and the public, defendants S. Fredrickson, Peter Hansen, Rio Vista Lighterage Company, Inc. and respondents in Case No.3458, insofar as they participate in the transportation herein involved, publish and file and thereafter maintain amended tariffs containing the rates, rules and regulations hereinbefore found proper in the opinion which precedes this order.

IT IS HEREBY FURTHER ORDERED that in the establishment of the rates herein found proper, defendants and respondents be granted the necessary relief from the twenty-fourth (24th) section of the Act as to enable compliance with the provisions of this order.

IT IS HEREBY FURTHER ORDERED that after November 8, 1933, neither defendants nor respondents shall reduce any rates or change any rules or regulations here involved so as to result in a reduction unless the permission of the

Commission has first been obtained.

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 9th day of October, 1933.

C. C. Seavey

Leon Whiskey

M. A. Lee

M. B. Harris

Arthur H. Brown

COMMISSIONERS.