

ORIGINAL

Decision No. 27113.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
LARKIN TRANSPORTATION COMPANY for
authority to continue in effect, until
May 31, 1935, upon one day's notice,
proportional rates on grain and feed
applying from points beyond Sacramento
to San Francisco, Oakland, Alameda,
Berkeley, Richmond, Port Costa, South
Vallejo and Petaluma, as published in
Item 40, Supplement 12 to C.R.C. No. 2,
expiring May 31, 1934.

Applications
C.R.C. 15-18398
C.R.C. 63-10039

F. J. Larkin and M. H. Larkin, for Larkin Transportation Company.

Gwyn H. Baker, for California Inland Water Carriers' Conference.

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

L. N. Bradshaw, for The Western Pacific Railroad Company, Sacramento Northern Railway and The Atchison, Topeka and Santa Fe Railway Company.

J. C. Stone, for The River Lines.

F. J. Coulter, for A. F. Johnston.

HARRIS, Commissioner:

O P I N I O N

These applications request authority to publish, to expire with May 31, 1935, temporary proportional rates on grain and feed from Sacramento to San Francisco, Oakland, Alameda, Berkeley, Richmond, Port Costa, South Vallejo and Petaluma, to apply only on shipments originating at points beyond Sacramento. Rates of the

same character are now in effect by authority of this Commission's special permission numbers C.R.C.15-18563 and C.R.C. 63-9711 of February 26, 1934, but published to expire May 31, 1934.

A public hearing was had on May 24, 1934, and the matter submitted. Rates are in cents per 100 pounds unless otherwise stated.

The facts relating to these applications may be summarized briefly as follows:

In the forepart of 1933 the rail carriers filed applications with the Commission requesting authority to establish, on one day's notice, reduced rates on grain and grain products from points in the Sacramento Valley to San Francisco,¹ Port Costa, South Vallejo and Petaluma to meet unregulated truck competition. The authority was granted conditioned upon the rates being published to expire with December 31, 1933.² The unregulated competition which the rail carriers were endeavoring to meet was created in three ways: first by truck direct to point of destination, second by truck to Suisun thence via rail or vessel to destination; and third by truck to Sacramento thence via vessel to destination.

At the time these applications were granted the Suisun to San Francisco rate via both rail and water was 5 cents. The Sacramento rate via vessel to San Francisco was 9 cents, less an absorption of 2 cents of the truck rate into Sacramento.

Subsequent to the granting of the applications the Commission In Re Investigation of Alameda Transportation Co. et al., Case 3458, Decision 26406, revised the rates of the inland water

¹ Includes Oakland, Alameda, Berkeley and Richmond.

² Similar authority was granted The River Lines.

carriers on grain and grain products between various points on the bay and rivers including the rates from Suisun and Sacramento to San Francisco. Rates of $7\frac{1}{2}$ ³ cents from Suisun and 9 cents from Sacramento were prescribed. No absorption of trucking charges was permitted in connection with these rates.

The adjustment of rates prescribed by Decision 26406, supra, has to a considerable extent stabilized conditions on the bay and rivers. The chaos existing prior thereto is set forth in the decision to which reference has just been made.

However, the rates established by Decision 26406 were in part at least predicated upon the rates which would be in effect after December 31, 1933, the date the low rates of the rail carriers and The River Lines were published to expire. But the low rates never expired. By authority of the Commission, upon the plea of the rail carriers and The River Lines that unregulated truck competition still prevailed, the expiration date was first extended to May 31, 1934, and finally extended to May 31, 1935.

The Larkin Transportation Company claims it will lose its grain traffic if it is forced to maintain a 9-cent rate from Sacramento. To obtain any of the tonnage, it is contended, a rate of 7 cents is necessary, restricted to grain originating at points beyond Sacramento. In other words, a 7-cent proportional rate, it is contended, will attract a movement of grain via unregulated trucks to Sacramento for trans-shipment to points beyond by water.

In 1928, 1930, 1931 and 1932 the movement of this character amounted to 44,281 sacks, 22,932 sacks, 58,992 sacks and 94,032 sacks respectively. In 1933 the movement via applicant's

³ A rate of the same volume via rail was authorized in another proceeding.

line was 267,907 sacks, most of which was transported at low off-tariff rates maintained prior to our Decision 26406, supra.

Although applicant is requesting authority to establish a proportional rate to be used in connection with the rates of unregulated carriers, and thus in effect establish through rates from the Sacramento Valley to San Francisco, the record is devoid of any evidence as to the volume of the truck rates. Thus upon this record it is impossible to determine if the 7-cent proportional rate is necessary to accomplish the purpose of applicant. Moreover, it seems obvious from the foregoing facts that to grant these applications is tantamount to subsidizing unregulated carriers, some of whom are unquestionably wild-cat operators. Furthermore, the entire grain rate structure on the bay and rivers which was to a considerable extent stabilized by Decision 26406, supra, will again by our own act be reduced to chaos.

The applications should be denied.

The following form of order is recommended:

O R D E R

These applications having been duly heard and submitted, and the Commission being fully advised,

IT IS HEREBY ORDERED that Applications 15-18898 and C.R.C. 63-10039 be and they are 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 31st day of

May
~~June~~, 1934.

A. B. Lewis

Commissioners.

WE CONCUR. There seems to be no other conclusion to be reached upon the record here before us. However, a review of the evidence leads to the conclusion that the record is inadequate. Upon a complete development of all the facts relating to the grain rate adjustment on the bay and rivers and from the territory north of Sacramento, it may be that our conclusions would be different.

O. C. Seamy
Leon Cowhull
W. J. Lee
W. H. [unclear]
Commissioners.