

Decision No. 27218.

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. 15-18898  
C.R.C. 63-10039

F. J. Larkin and M. H. Larkin, for Larkin Transportation Company.  
Gwyn E. Baker, for California Inland Water Carriers' Conference.  
J. E. Lyons and A. L. Whittle, for Southern Pacific Company, Northwestern Pacific Railroad Company and Petaluma & 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.

SEAVEY, Commissioner:

OPINION ON REHEARING

By Decision No. 27113 of May 31, 1934, applications filed by Larkin Transportation Company for authority to publish on one day's notice temporary proportional rates on grain and feed from Sacramento to San Francisco Bay points, Port Costa, South Vallejo and Petaluma were denied.<sup>1</sup> Thereupon applicant petitioned

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<sup>1</sup> Applicant sought to establish a proportional rate of 7 cents to San Francisco Bay points, 6½ cents to Port Costa and South Vallejo and 8 cents to Petaluma. Rates of this volume were in effect during the period February 28, 1934, to May 31, 1934, under this Commission's authority 15-18563 and 63-9711.

for and was granted a rehearing, which was had at San Francisco on June 22 and 26, 1934.

The following quotation from the opinion in Decision 27113 sets forth briefly the reason for the denial of these applications:

"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 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."

In a separate concurring opinion it was stated that while it seemed that no other conclusion could be reached upon the record as it then stood, a review of the evidence led to the conclusion that the record was inadequate and that 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 might be that a different conclusion would be reached.

The record as it then stood has now been augmented by evidence and testimony relating to the history of the rates involved, the volume of the trucking rates from Sacramento Valley points to Sacramento and to the destinations heretofore mentioned, rate comparisons, tonnage statistics and cost figures. Moreover the applications were amended by the elimination of "feed" and of the proposed rate to Petaluma.<sup>2</sup>

The rate history shows that while the grain rate from

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<sup>2</sup> All parties signified their intention to publish a local rate of 8 cents from Sacramento and intermediate points to Petaluma.

Sacramento to San Francisco, for example, has been reduced but 10% during the period extending from 1920 to 1934, the rates from certain other representative grain shipping points in the Sacramento Valley were reduced by as much as 54%.

No trucking witness was called, but applicant testified to quotations it had received from unregulated carriers. They range from  $3\frac{1}{2}$  cents from Woodland to  $9\frac{1}{2}$  cents from Gerber to Sacramento. An additional charge of 25 cents per ton is said to be made if the grain is taken from the pile in the field, and 35 cents per ton if taken from the harvester dumps. For trucking from points around Sacramento to San Francisco the through rates are said to be 11 to  $12\frac{1}{2}$  cents.<sup>3</sup>

Tonnage statistics have been touched upon in the previous decision. They show that grain from Sacramento Valley points has since 1923 constituted a very substantial portion of applicant's traffic. Prior to that time, however, this tonnage was negligible. Moreover, Exhibit 10 shows that from 1927 to 1931 inclusive applicant moved little grain out of warehouses located at points other than Sacramento. Thereafter, with the 2-cent absorption provision in effect, the traffic increased substantially. In 1932, 1933 and the first five months of 1934 it hauled 1178, 11087 and 1059 tons respectively as compared with a total of 7388 tons of field grain.

The cost figures submitted by applicant purport to show that the proposed 7-cent rate would be profitable. They have been

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<sup>3</sup> Protestant The River Lines testified that recently while because of water conditions it could not call at certain landings by boat, it actually paid  $4\frac{1}{2}$  cents for trucking from Knights Landing, State Ranch Bend, Tyndall Mound and Kirkville to Sacramento, 5 cents from Howells, Millar, Coles, Tisdale and Nelson, and  $6\frac{1}{2}$  cents from Grimes, Colusa, Butte City and Side Landing.

criticized somewhat on the ground that no allowance has been made for return upon investment, and that the showing is based upon a seasonal movement. On the other hand the showing might have been more favorable had applicant included return traffic or revenue derived from other cargo.

A rate comparison shows that a rate of  $10\frac{1}{2}$  cents per 100 pounds less a 2-cent trucking absorption applies on beans, rice, sugar, bags, paper, paint, dried fruit, box shoo, coffee, lard compounds and petroleum products as compared with the present 9-cent and the proposed 7-cent rate on grain. Rates on other commodities such as fuel, asphalt, iron and steel, fertilizers and canned goods range from  $6\frac{1}{2}$  to  $8\frac{1}{2}$  cents.

It is apparently conceded by all that applicant should be accorded rates which would enable it to participate in the transportation of grain naturally tributary to its water route, but protestants strenuously oppose any rates which will enable applicant to attract to its line at Sacramento grain which would normally move through other rail or water points. Should applicants succeed in doing this, protestants have announced their intention of taking whatever action is necessary to hold the traffic to their lines. The protesting rail carriers allege that as to grain from the fields they are already at a disadvantage in many instances.<sup>4</sup>

It is pointed out that the truck and water route from the origins involved to San Francisco is from 23 to 39% more circuitous than the rail route with which it competes, and that the distance

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<sup>4</sup> Applicant's Exhibit 6 shows that the through rail rates are either the same as or slightly lower than the combination truck and boat rates. It must be noted however that the rail rate applies from the carriers' rails only and that the cost of bringing grain from the field to the rail shipping point is considerably in excess of the additional charge made by the trucking companies for picking up in the field.

to San Francisco from certain of the territory here involved is approximately twice that of applicant's water route from Sacramento to San Francisco.

As to grain originating at or immediately adjacent to Sacramento, applicant now has a rate equal to that of its competitors. Moreover the record shows that on grain transported from the field in territory north of Sacramento, it is in most instances at least on a parity. It is at a disadvantage as to tonnage moved from warehouses located at points not on its line. To remove this disadvantage in the manner here proposed would mean, however, that applicant would secure an advantage in other instances, at least until such time as its competitors would retaliate by an adjustment in their rates. If this were done applicant would be in the same position as it is now excepting that it, as well as its competitors, would be sacrificing revenue needlessly. Moreover, the record shows that whatever stability has been attained as a result of the proceedings culminating in Decision 26406 not only with respect to the rate from Sacramento but those from the Stockton and Delta territory as well, would undoubtedly be destroyed.

Under the full record before us it is evident that the proposed 7-cent rate from Sacramento by applicant has not been justified and that the applications should be denied. It is evident however that the record would sustain an 8-cent local rate which if filed, could on the basis of said record before us, be allowed on short notice for the relief of applicant.

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 63-10039 be and they are 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 16<sup>th</sup> day  
of July, 1934.

C. C. Stewart

M. A. Cunn

M. B. Harris

Commissioners.