

Decision No. 27376

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension by )  
the Commission on its own motion of )  
reduced rates for the transportation )  
of box shooks between Stockton on the )  
one hand and Long Beach and San Diego )  
on the other, as published in Local )  
and Joint Freight Tariff No. 9, C.R.C. )  
No. 9, of SUDDEN STEAMSHIP COMPANY. )

Case No. 3873.

Gwyn E. Baker and H. M. Wade for respondent, Sudden Steamship Company.  
J. C. Sommers for Stockton Port District, Stockton Chamber of Commerce and Stockton Box Company.  
A. Larsson for California Pine Box Distributors.  
H. H. McElroy, for Southern Pacific Company, protestant.  
G. E. Duffy and Berne Levy, for The Atchison, Topeka & Santa Fe Railway Company, protestant.  
Wm. Gissler, for Los Angeles-Long Beach Despatch Line.  
W. H. Hendrick and J. A. Reed for Pacific Coastwise Conference.

BY THE COMMISSION:

O P I N I O N

Upon protest of competing common carriers the Commission suspended reduced rates of 12½ cents published by the Sudden Steamship Company in Item 76-A of its Local and Joint Freight Tariff No. 9, C.R.C. No. 9, for the transportation of box shooks between Stockton on the one hand and Long Beach and San Diego on the other.

A public hearing was had before Examiner Geary at San Francisco on August 3, 1934. Rates are stated in cents per 100 pounds.

During the past three years respondent Sudden Steamship Company has engaged in the transportation of property by vessel

between San Francisco Bay points and Long Beach and San Diego. About a year ago it made Stockton a port of call. It operates the Steamer Lake Calewood on a schedule which calls for one round trip per week. No call was made at Stockton, however, from some time in April to the time of the hearing.<sup>1</sup>

Respondent now maintains rates for the transportation of box shooks between Stockton on the one hand and Long Beach and San Diego on the other of  $17\frac{1}{2}$  cents and 18 cents respectively, minimum 36,000 pounds. The suspended  $12\frac{1}{2}$ -cent rates are subject to a 50,000 pound minimum.<sup>2</sup> During the early part of 1934, through an unlawful publication obviously made inadvertently, respondent had in effect from Stockton to San Diego a proportional rate of  $12\frac{1}{2}$  cents applying only on shipments destined to points in Imperial County. Six carloads of shooks were transported from the time the rate was filed until it was withdrawn, a period of a little over four months. None have moved by water since.

Box shooks are said to be desirable cargo in that they can be stowed to the full height of the holds, other commodities can be piled on top of them, and they are not susceptible to claims for loss or damage. Respondent moreover testified that it "costs no more to handle box shooks than other commodities," that the shipments which the rates are supposed to secure would

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<sup>1</sup> Failure to call at Stockton was attributed to strike conditions prevailing during a portion of this period. The record shows however that a part of the disruption in this service was occasioned by the use of the vessel elsewhere.

<sup>2</sup> The rates from the San Francisco Bay region to Long Beach and San Diego are higher than those proposed from Stockton. Respondent is willing however that the proposed rates should apply as maximum at all intermediate points.

be added tonnage and that they would move in lots of about 120 tons. It admitted that the rates were low but stated that it could not secure the traffic on any higher basis. It compared them with rates of substantially the same or greater volume applying on other commodities.

A witness for the Stockton Box Company testified that its shooks had been sold largely in the grape area within 100 miles of Stockton, that it has had but a few shipments for Southern California, and that rates of the volume here proposed are necessary to enable it to compete in the Southern California market where approximately 3000 carloads of shook are consumed annually. He contends that the rail rate adjustment favors the northern mills and that if consideration is given to the cost of bringing lumber to Stockton those mills will have a transportation advantage on box shooks to Southern California even under the proposed rates.

Protestants oppose the rates on various grounds. A witness operating a steamship service of a somewhat similar type attacked them as non-compensatory. He moreover testified that the cost of operating vessels in the coastwise trade is steadily increasing. He fears that the proposed rates will tend to break down rates on lumber and other commodities.

The competing rail lines stress the sensitive nature of the lumber and box shook adjustment and are apprehensive that the proposed rates would disrupt the entire structure from the produc-

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Among the comparisons are the following:

Commodity	To		To	
	Long Beach		San Diego	
Box Shooks	12 $\frac{1}{2}$	cents	12 $\frac{1}{2}$	cents
Sugar	12 $\frac{1}{2}$	"	16 $\frac{1}{2}$	"
Oyster shells	12	"	12 $\frac{1}{2}$	"
Grain	12 $\frac{1}{2}$	"	15	"
Asphaltum	15	"	15	"
Cement	12 $\frac{1}{2}$	"		
Fibreboard Products	13 $\frac{1}{2}$	"		
Waste paper	11 $\frac{1}{2}$	"(minimum 400,000 lbs.)		

The rate on potatoes which constitutes a substantial part of respondents' southbound tonnage is 20 cents. Of this amount however 7 $\frac{1}{2}$  cents is paid to connecting river boats or barges leaving respondent the same revenue as here proposed for the transportation of box shooks.

ing points of Central and Northern California, as well as from Oregon and Washington.<sup>4</sup> The present rail rates are said to have been published to meet intensive water competition.

The suspended rates are undoubtedly on a very low basis. They are not lower however than the rates maintained by respondent and its water competitors for the transportation of a substantial number of other commodities whose transportation characteristics as a whole are hardly more favorable than those of box shooks. As long as the water carriers persist in maintaining unduly low rates on other commodities the Commission should not withhold from the box shook industry comparable rates.

#### O R D E R

This case having been duly heard and submitted,

IT IS HEREBY ORDERED that our order of July 20, 1934 in the above entitled proceeding suspending rates of  $12\frac{1}{2}$  cents per 100 pounds published in Item 76-A of Sudden Steamship Company's Local Freight Tariff No. 9, C.R.C. No. 9, for the transportation of box shooks between Stockton on the one hand and Long

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<sup>4</sup> They introduced exhibits to show that if the water rates here proposed are permitted to become effective the joint water-rail or water-truck rates from Stockton would be substantially lower than the all rail rates. Likewise the rail-water-rail or rail-water-truck rates from Klamath Falls and other points would be at least as low as if not lower than the all rail rates.

Beach and San Diego on the other be and it is hereby vacated and set aside as of September 20, 1934.

IT IS HEREBY FURTHER ORDERED that this proceeding be and it is hereby discontinued.

Dated at San Francisco, California, this 17<sup>th</sup> day of September, 1934.

Leon Whitely

W. P. Carr

W. B. Lewis

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COMMISSIONERS.