

Decision No. 28508

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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

ORIGINAL

Application No. 20307

MC. CUTCHEN, OLNEY, MANNON & GREENE, By F.W. MIELKE,
for applicant.

BY THE COMMISSION:

O P I N I O N

By application filed December 16, 1935, The California Transportation Company and Sacramento Navigation Company, both California corporations, and Nahum Fay and Norvin Fay, copartners doing business as Fay Transportation Company, all conducting a unified common carrier operation by vessel over the inland waters of this State between San Francisco, Oakland and Alameda on the one hand and Sacramento on the other, under the name of The River Lines, seek authority under Section 63 of the Public Utilities Act to increase certain less than carload commodity rates applicable between said termini.¹

A public hearing was held January 13, 1936, at San Francisco before Examiner W.S. Johnson, and the matter submitted for decision.

No one appeared in protest of the application. The proposed increases average 2½ or 3 cents per 100 pounds. They are said to be justified by continued increases in operating costs. It is further alleged that the proposed rates will have the effect of placing ap-

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The rates sought to be increased, set forth in Exhibit No. 1, are published in The River Lines Local and Joint Freight Tariff No. 1, C.R.C. No. 1, and apply from dock to dock only.

plicants' rates on a parity with those of competing rail carriers.

By Decision No. 26266, August 21, 1933, in Application No. 18660 applicants were granted authority to increase less-carload commodity rates between San Francisco and East Bay points on the one hand and Sacramento on the other by approximately 5 cents per 100 pounds to the present basis. The record shows that operating costs have materially increased since the issuance of Decision No. 26266. In addition to increases in commodity prices in general, the cost of fuel oil and food supplies purchased by applicants has increased approximately 12½ per cent. Wages of vessel crews and longshoremen have been increased in varying percentages from 11.1 per cent. to 28.2 per cent. These increases are said to be exclusive of increased payroll costs resulting from overtime paid by applicants by virtue of recent labor agreements.

Exhibit No. 4, a statement showing revenues and expenses of The River Lines for the years ending January 31, 1933, 1934, 1935 and for ten months ending November 30, 1935, shows that whereas a net income of \$168,520.87² was earned during the year ending January 31, 1933, net income decreased to \$139,359.83² during the following year and dropped to but \$32,236.30² for the year ending January 31, 1935. For the ten months ending November 30, 1935, a loss of \$30,630.71 was suffered. Gross revenue for the year ending January 31, 1935, was \$12,738.50 less than the preceding year although the tonnage handled was stated to be approximately the same in both years. On the other hand, operating expenses for the same period increased \$88,743.48, of

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The net income figures shown on the exhibit are without depreciation deductions. A charge for depreciation is not made by The River Lines as a unit, but is individually charged by each of the three component members. The record shows that the aggregate of these charges was in excess of \$110,000.00 for the calendar year of 1932 and \$74,814.11 for 1934. On this basis a loss of \$42,309.42 was sustained for the year ending January 31, 1935. For the ten months ending November 30, 1935, a loss was suffered without deducting depreciation.

which \$56,770.19 is charged to increased vessel operating costs.

The record shows that the rates in issue, most of which were involved in Application No. 18660, supra, are severely depressed because of acute competition. Furthermore, in many instances the proposed rates are even lower than those maintained on the same commodities between the same points by The California Transportation Company, one of the component members of The River Lines, prior to the commencement of the unified operation on February 1, 1932.

It is estimated that the increases sought will yield additional revenues of \$10,000 to \$12,000 per year. In view of the substantial loss suffered during the ten months ending November 30, 1935, the estimated increase in revenue does not appear to be excessive. Under all the circumstances and conditions of record it must be concluded that the increases have been justified. An order will be entered granting the application.

ORDER

This matter having been duly heard and submitted,

IT IS HEREBY ORDERED that the above application be and it is hereby granted.

The effective date of this order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 20th day of January, 1936.

M B Harris
Leon ...
M J ...
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...
Commissioners