

Decision No. 28891

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of M.S.DODD, doing business under the fictitious name and style of THE DODD WAREHOUSES, for the establishment of rates covering the transportation of Vegetable Seed, and Vegetable Oil and Meal, and for the establishment of rates covering the transportation of Imported Cotton, in bales, to and from fumigation plants both within the City and County of San Francisco.

Application No. 20443

ORIGINAL

JOSEPH F. VIZZARD, for the Draymen's Association of San Francisco
CARL SCHULZ, for R.M. Steventon, San Francisco Milling Co. Ltd.,
Outsen Bros. Milling.
WALTER A ROEDE, for San Francisco Chamber of Commerce
HARRY A. ENCELL, for The Dodd Warehouses.
J.B.COSTELLO AND N.R. MOON, for Sperry Flour Company
J.L. RONEY, for Sussman Wormser Company and the Equitable Cash
Grocery Co.
GEORGE A. CULBERT, for General Electric Supply Co.
RICHARD F. ABERN, for Rosenberg Bros. and Co.
R.C.FELS, for Retail Furniture Association of California, Inc.
E.J.HEARTSNER, for Haas Bros.
CLIFTON E. BROOKS, for Wholesale Grocers Assn. of California
SANBORN AND ROEHL, by Claire MacLeod for Flour Dealers Assn. of
California
K.F.COPLIN, for Chas J. Worth Drayage Co.
H.W.HENDRICK, for Pacific Coastwise Conference
J.E.LYONS, A.L.WHITTLE for Pacific Motor Transport Co. and Southern
Pacific Company
E.E.HART for Draymen's Assn. of Alameda County
J.E.MCCURDY, for Poultry Producers of Central California
E.D.RAPP, A.H.FOX, for F.W.Woolworth Co.
N.E.KELLER, for Pacific Portland Cement Co.
JOHN J. PARKER, for Bemis Bros. Bag Co.
H. HOFFMANN, for Baker Hamilton & Pacific Co.
FITZGERALD, ABBOTT AND BEARDSLEY, by Crellin Fitzgerald for
Walkup Drayage and Warehouse Co.

DEVLIN, Commissioner:

O P I N I O N

Pursuant to the mandate contained in Section 9 of the City Carriers' Act (Chapter 312, Statutes of 1935) and at the request of the Draymen's Association of San Francisco, the Commission on March 16, 1936 established minimum rates for the transportation of property by city carriers operating within the City and County of San

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Francisco.

By application filed March 26, 1936, M.S. Dodd, doing business under the fictitious name and style of The Dodd Warehouses, seeks authority to perform certain transportation services at lesser rates than those established by the Commission. This authority is sought under Section 10 of the Act which provides:

"If any carrier hereunder desires to perform any transportation or accessorial service at a lesser rate than the minimum rates so established, the Railroad Commission shall, upon finding that the proposed rate is reasonable and consistent with the public interest, authorize such rates less than the minimum rates established in accordance with the provisions of section 9 hereof."

The services involved are the transportation of vegetable seeds, vegetable oils and residue meal from docks along the San Francisco water front to a plant located at 62 Townsend Street engaged in the storage and processing of these articles, and the transportation of cotton between various docks and a fumigating plant located at 95 Berry Street.

Public hearings were had in San Francisco on April 3 and 4, 1936.

For the transportation of the seeds, oils and meal applicant proposes a rate of 70 cents per ton when the articles specified are hauled in quantities of not less than 1000 tons per calendar month. Applicant testified that this is the rate that has been applied for the past several years and that because of the short distance the

¹ Decision No. 28632 in Case No. 4084, in re Establishment of rates etc. for the transportation of property etc. over the public highways of the City and County of San Francisco, effective April 5, 1936.

property is transported and the large lots in which it moves, it is sufficient to return a profit on the operation.² Applicant also contends that an increase in the rate would tend to divert this traffic from a drayage to a rail switching operation, the rates for which are not assailed.

For the transportation of the cotton between the docks and the fumigating plant, applicant proposes a rate of 60 cents per ton when quantities of not less than 4,000 tons per calendar year are transported. The cotton here involved is imported cotton trans-shipped at San Francisco to destinations on the Atlantic seaboard and elsewhere. Under federal laws it must be fumigated at the port of entry. The record indicates that there is keen competition with the Port of Seattle for the transshipment of this traffic. At that port, it was testified, the fumigating facilities are located on the docks and consequently no drayage service is required. Applicant urges that in view of the short distances the cotton is transported, the large quantities in which it moves and other favorable circumstances surrounding its handling, a rate of 60 cents per ton is justified.³

In support of the contention that both operations involved in this proceeding are conducted at a profit a statement was filed showing revenues and costs during the first three months of

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Operations involving the transportation of these articles during January, February and March, 1936, are summarized as follows: Total tonnage 11,770 tons; average length of haul 1.43 miles.

| <u>Article</u> | <u>Average Load in Tons</u> | <u>Hours Required for Round Trip</u> |
|----------------|-----------------------------|--------------------------------------|
| Oil | 7 | 1.6 |
| Seed | 10 | 2.0 |

3 Operations involving the transportation of cotton during January, February and March 1936, are summarized as follows: Average length of haul 1.65 miles; average load 7½ tons; time required for round trip including back haul to outgoing dock, 3 hours.

1936.⁴ In response to a request for a segregation of costs for the transportation of high density cotton,⁵ cotton waste and cotton linters, applicant submitted to the Commission on April 29, 1936, a statement of operations involving the transportation of these commodities.⁶ Whether or not the costs shown are the full costs resulting from apportioning to this traffic its proper share of all expenses or whether they are merely so-called out-of-pocket costs, the record does not show. Applicant merely stated that they included drivers' and helpers' salaries, fuel, "etc," and 25% for overhead.

No one opposed the granting of this application.

It is not contended that the minimum rates on the seeds, oils and residue meal heretofore established are in themselves unduly high. The reductions are apparently sought for the purpose of forestalling an anticipated diversion of this traffic to rail switching facility.

| Article | Number of Loads | Tons | Rate per Ton | Revenue | Cost |
|---------|-----------------|-------|--------------|------------|------------|
| Seeds | 491 | 4,910 | 70¢ | \$3,437.00 | \$2,793.79 |
| Oils | 671 | 4,697 | 70¢ | 3,287.90 | 2,643.74 |
| Cotton | 610 | 4,575 | *68¢ | 3,111.00 | 2,592.50 |

*Average rate, representing composite rate of 60 cents per ton on high density cotton, 75 cents per ton on cotton waste and \$1.00 per ton on linters.

5 High density cotton as used herein shall be considered cotton compressed to a density of not less than 22½ pounds per cubic foot.

6 Operations during January, February and March, 1936, are summarized as follows:

| Article | Number of Loads | Tons | Rate per ton | Revenue | Cost |
|---|-----------------|------|--------------|------------|------------|
| High density cotton | 382 | 3629 | 60¢ | \$2,177.40 | \$1,741.92 |
| Cotton waste and medium high density cotton linters | 118 | 531 | 75¢ | 398.25 | 401.20 |
| Cotton linters | 110 | 412½ | \$1.00 | 412.50 | 374.00 |

Subsequent to the filing of this application the Commission amended the minimum rates established by Decision No. 28632 of March 16, 1936, by providing certain bases for minimum rates applicable between docks or wharves on the one hand and warehouses and industries⁷ directly served by railroad spur track facilities on the other. As the matter now stands, the established minimum charges on such shipments transported by city carriers are substantially the same as the rail switching charges plus loading or unloading charges. The record does not justify the authorization of a rate lower than that established in Decision No. 28731 of April 27, 1936 and now in effect.

Turning now to the proposed rates on cotton. Rates at ports outside this State are obviously beyond this Commission's control. For this reason it should be liberal in circumscribing the bounds beyond which carriers subject to its jurisdiction cannot go in meeting such competitive rates. It seems clear that even though the proposed rate on high density cotton may not cover the full normal costs of performing the service, it more than covers the out-of-pocket costs and will not cast an undue burden on other traffic. However, there is no justification on this record for the authorization of lower rates on cotton, cotton waste and cotton linters having a weight density of less than 22½ pounds per cubic foot than the minimum rates established in Decision No. 28731. Indeed, the record indicates that the proposed rate of 60 cents per ton will fail to return applicant's costs of transporting these commodities.

Upon full consideration of all the facts of record and in view of the particular circumstances here obtaining, I am of the opinion and find that a rate of 60 cents per ton for the transportation of the high density cotton, cotton waste and cotton linters here involved is reasonable and consistent with the public interest. To this extent the

⁷ Decision 28731 in Case No. 4084, effective April 27, 1936.

application should be granted.

I recommend the following form of order:

O R D E R

This matter having been duly heard and submitted,

IT IS HEREBY ORDERED that until the further order of the Commission, M.S. Dodd, doing business under the fictitious name and style of The Dodd Warehouses, is authorized to assess and collect, for the transportation of cotton, cotton waste and cotton linters, when compressed to a density of not less than $22\frac{1}{2}$ pounds per cubic foot, a rate less than that established by this Commission in Decision No. 28632 of March 16, 1936, and as amended, in Case No. 4084, but not less than 60 cents per ton in quantities of not less than 4000 tons per calendar year, over the public highways of the City and County of San Francisco between the points involved in this proceeding.

IT IS HEREBY FURTHER ORDERED that in all other respects the application be and it is hereby denied.

This order shall become effective June 22, 1936.

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 15th day of June, 1936.

M. B. Davis

Leon Curtis

M. J. Cox

W. L. Johnson

Frank R. Denton
Commissioners.