

Decision No. 31833

**BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Chamberlin Steamship Co. Ltd. for permission to temporarily discontinue Regular Service of transportation of merchandise other than Forest Products by water for compensation between points within the State of California.

Application No. 20489

In the Matter of the Application of Pacific Steamship Lines Ltd. for Leave to Temporarily Discontinue the Transportation of Passengers.

Application No. 20788

In the Matter of the Application of Pacific Steamship Lines Ltd., for order granting temporary suspension of freight services.

Application No. 20789

In the Matter of the Application of J. R. Hanify Company, a corporation, for leave to temporarily discontinue regular service.

Application No. 21556

In the Matter of the Application of the Los Angeles-San Francisco Navigation Company, for permission to temporarily suspend service for the transportation of freight and passengers between San Francisco, East Bay points, Stockton and Sacramento on the one hand and Santa Barbara, San Luis Obispo, Los Angeles, San Diego and Southern California points on the other.

Application No. 22299

In the Matter of the Investigation by the Commission upon its own motion into the operating rights, operations and practices of common carriers by vessel operating between points in California over the high seas.

Case No. 4394

**(Appearances)**

Edwin G. Wilcox, Harry Brown, J. Richard Townsend and H. R. Bolander, Jr., and James K. Nelson for San Diego-San Francisco Steamship Company and San Diego-San Francisco Steamship Line.

Pillsbury, Madison & Sutro by Hugh Fullerton for B. L. Transportation Company.

(Continued)

ORIGINAL

William F. Reed for J. R. Hanify Company  
C. E. Flye for Pacific Steamship Co. and  
Pacific Steamship Lines, Ltd.  
R. F. Burley for McCormick Steamship Co.  
A. DeWill Alexander, Secretary of Redwood Steam-  
ship Co. for Redwood Steamship Company.  
Paul M. Thompson for Hobbs Wall & Co.  
Douglas Brookman for California Motor Express, Ltd.  
and California Motor Transport Co. Ltd.  
A. L. Whittle for Southern Pacific & Pacific Motor  
Truck Co.  
George D. Hurst and George Duffy for A.T. & Santa  
Fe Ry. Co.  
E. G. Differding, Oakland Chamber of Commerce.  
W. G. Stone, for Sacramento Chamber of Commerce.  
Edward Stern for Railway Express Agency.  
R. C. Robinson for Hammond Shipping Co., Ltd.  
Robt. C. Parker for W. R. Chamberlain.  
Edward M. Berol for Valley Express Co.

BY THE COMMISSION:

OPINION AND ORDER

In the above entitled applications Chamberlin Steamship Company, J. R. Hanify Company, Pacific Steamship Lines, Ltd., and Los Angeles-San Francisco Navigation Company, Ltd. seek authority to suspend for a period of one year their coastwise common carrier vessel services for the transportation of passengers and property. In addition, Los Angeles-San Francisco Navigation Company, Ltd., applicant in Application No. 22299, seeks authority to substitute truck service for vessel service during the period of suspension. Case No. 4394, instituted by the Commission on its own motion subsequent to the filing of the aforementioned applications, involves the determination (1) of the nature, scope and extent of the intra-state operating rights of all coastwise common carriers by vessel and (2) of the extent to which, if at all, future temporary suspensions of service should be authorized.

A public hearing was held in San Francisco on March 9, 1939, before Examiner Mulgrew. Evidence at the hearing was confined

to statements from the several respondents in Case No. 4394 as to the operating rights which they claim, and testimony relative to the several requests for temporary suspensions of service.<sup>1</sup>

Witnesses for J. R. Hanify Company and Los Angeles-San Francisco Navigation Company, Ltd. testified, in substance, that due to the intense competition between land carriers, and the consequent depressing of the land carriers' rate structures, vessel carriers could not afford to maintain rate differentials of the volume said to be necessary to attract adequate cargoes, and that their companies did not have sufficient capital to permit continued unprofitable operations. While these witnesses were unable to give any assurance that operations would be resumed at the expiration of the one-year period, they stated that vessels were available and could be placed in operation whenever resumption of service was warranted by the traffic offered.

The record is clear that under existing conditions neither J. R. Hanify Company nor Los Angeles-San Francisco Navigation Company, Ltd. are able to obtain enough cargo to justify vessel operation. Whether or not conditions will so change in the near future that operations can be resumed is largely problematical. The establishment of minimum rates for all for-hire carriers competing for the traffic involved should remove some of the uncertainty heretofore existing and should stabilize transportation conditions for the future.<sup>2</sup> No one appeared at the hearing in opposition to the granting of the applications to suspend service. Under the circumstances we believe it to

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<sup>1</sup> Pacific Steamship Lines, Ltd., applicant in Applications Nos. 20788 and 20789, and Chamberlain Steamship Company, applicant in Application No. 20489, asked that their applications be dismissed. Application No. 21556 was taken under submission. An adjourned hearing was scheduled in Application No. 22299, with the understanding that the Commission would give consideration to issuing an interim order relative to the request for temporary suspension of service therein contained. The hearing in Case No. 4394 was adjourned indefinitely insofar as it concerned respondents other than Los Angeles-San Francisco Navigation Company, Ltd. As to the latter respondent it was adjourned for receiving further evidence in connection with the adjourned hearing in Application No. 22299.

<sup>2</sup> See Decision No. 31606 of December 27, 1938, in Case No. 4246.

be in the public interest that they be granted.

Therefore, good cause appearing,

IT IS HEREBY ORDERED that J. R. Hanify Company and Los Angeles-San Francisco Navigation Company, Ltd. be and they are hereby authorized to suspend for a period of one (1) year from the effective date of this order, common carrier by vessel services conducted by them for the transportation of freight and passengers.

IT IS HEREBY FURTHER ORDERED that Applications Nos. 20489, 20788 and 20789 be and they are hereby dismissed.

IT IS HEREBY FURTHER ORDERED that the Commission shall have and it does hereby retain jurisdiction of Case No. 4394 and Application No. 22299 for the purpose of receiving further evidence therein and of issuing such further order or orders as may be found necessary and proper.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 20<sup>th</sup> day of March, 1939.

Rafael W. [Signature]  
Joseph [Signature]  
Ray A. [Signature]  
[Signature]  
Justin D. [Signature]  
Commissioners