



O P I N I O N

Applicants are common carriers by vessel engaged in transporting various commodities between points located on San Francisco Bay and tributaries thereto.<sup>1</sup> They seek authority to make substantial increases in their rates for the transportation of grain, grain products and related articles.<sup>2</sup> A public hearing was had in the matter at San Francisco before Examiner Mulgrew.

Witnesses for applicants testified that the present rates for the transportation in issue are in many instances seriously depressed, that they are not uniform as to individual carriers, and that they have been in effect for a number of years with but minor changes.<sup>3</sup> The carriers are said to have recently experienced materially higher operating costs; and it is claimed the present rates are now lower than the costs of handling the traffic.

Statements submitted by Nichols Transportation Company purport to show that it experienced an operating deficit of \$1,037.71 during the first six months of 1941 and a deficit of \$6,265.98 for a like period in 1942. The greater deficit in the 1942 period was attributed largely to sharp increases in labor, commissary, and repair costs. A witness for the company testified that wages paid labor for straight and overtime work have increased 15 and 25 per cent, respectively, since July 1, 1941, and that commissary costs have increased not less than 50 per cent and repair costs approximately 100 per cent during that period. Practically all the traffic handled by

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The River Lines intervened and will hereinafter be referred to as an applicant.

2 Increases up to 100 per cent are sought. What they amount to on an average, the record does not show.

3 Drastic reductions in grain rates were said to have been made by vessel and rail carriers in 1933 in an endeavor to recapture traffic which had been diverted to truck transportation.

this company is said to consist of grain and grain products. Unless increased rates for these commodities are authorized the company will, it is alleged, be unable to continue operations. Merchants Transportation Company introduced a statement of operating revenues and expenses showing an operating loss of \$388.71 for the first six months of 1942.<sup>4</sup> A witness for The River Lines testified that the first five months' operation in 1942 had resulted in a small loss without allowance for depreciation. No statements were submitted by United Boat Lines or Rio Vista Lighterage Company. However, the witness for the former expressed the opinion that overall vessel operating costs have increased approximately 25 per cent.<sup>5</sup> The annual reports on file with this Commission indicate that in 1941 Rio Vista Lighterage Company and Merchants Transportation Company made substantial profits.

California Hay, Grain and Feed Dealers Association and San Francisco Grain Exchange supported the granting of the application. Witnesses representing these organizations stated that they believed the vessel carriers could not render satisfactory service under the existing rates and urged that the sought increases be granted to insure the preservation of adequate vessel service. No one appeared in opposition to the granting of the application.

As heretofore stated Nichols Transportation Company represented that "practically all" of its traffic consisted of the commodities here involved. Otherwise no showing has been made respecting the relationship which applicants' grain traffic bears to the total of their business. Only Nichols Transportation Company and Merchants

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A witness for the company explained that the statement did not include superintendence and bookkeeping. These services he explained were supplied by Weyl-Zuckerman and Company, the parent company, without charge. Increases in other cost factors the witness said corresponded with those experienced by Nichols Transportation Company.

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Operations of United Boat Lines have been under suspension since January 1, 1942, and its present suspension authority expired August 31, 1942.

Transportation Company offered any concrete evidence with respect to their financial condition. In fact no evidence of any sort dealing specifically with the operations of Rio Vista Lighterage Company was introduced. None of the applicants submitted estimates of the business they anticipated or of the additional earnings which the proposed rates are expected to produce and at least one of them appears to be in a very favorable financial position. While certain of these applicants may well be in need of additional revenue it has not been shown that the proposed rates, when applied to the traffic that may reasonably be expected, would not produce excessive revenues. In view of the foregoing, the conclusion is inescapable that none of the applicants have shown that the proposed rate increases are justified.

Upon consideration of all the facts of record we are of the opinion and find that the proposed increased rates have not been justified and that the application should be denied.

O R D E R

A public hearing having been held in the above entitled proceeding, and based upon the evidence received at the hearing and upon the conclusions set forth in the preceding opinion,

IT IS HEREBY ORDERED that Application No. 25108 be and it is hereby denied.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 1<sup>st</sup> day of September, 1942.

Justin F. Carlson  
[Signature]  
Francis R. Haven