

Decision No. 35930

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of SOUTHERN PACIFIC COMPANY for)	
authority to establish increased)	
rates on cans, can bottoms and can)	Application No. 25209
tops from Modesto to Vanormer,)	
Patterson and Newman.)	

BY THE COMMISSION:

ORIGINAL

OPINION AND ORDER

By this application Southern Pacific Company seeks authority under Section 63 of the Public Utilities Act to increase carload rates for the transportation of cans, can bottoms and can tops from Modesto to Vanormer, Patterson and Newman.¹ Applicant proposes to establish rates of 16 cents to Vanormer and Patterson and 17 cents to Newman, in lieu of the rate of 9½ cents² now applicable to all three destinations.

Applicant alleges that the present rate to Patterson and Newman is unreasonably low and noncompensatory, in violation of Section 13(a), 13½ and 32½ of the Public Utilities Act, in that it does not return full operating expenses, taxes and a

¹ Throughout this opinion rates are stated in cents per 100 pounds, and include the increases of April 24, 1942, as provided in Supplement No. 86 of Southern Pacific Company Tariff No. 730-D, C.R.C. No. 3353.

² Present minimum weights are 15,600 pounds and 22,680 pounds, depending upon the length of rail cars. The proposed rates are subject to Rule 34 of Western Classification No. 70, C.R.C. No. 3 of R. C. Fyfe, Agent, which provides a graduated scale of minimum weights for cars of different lengths.

reasonable return on investment, is less than a minimum reasonable rate, and is not justified by actual competitive transportation rates of competing carriers or the cost of other means of transportation. Applicant declares also that the increases sought are necessary to remove alleged prejudice claimed informally by a manufacturer shipping cans for a comparable distance over the same line in the reverse direction.³ With respect to the rates from Modesto to Vanormer, applicant asserts that there has been no movement of cans in the last 12 months between these points; that there is no cannery located in Vanormer; and that no one will be affected by the proposed rate increase to that destination. The application shows that the present rates were published effective January 1, 1941, and were predicated, in part at least, upon a clerical oversight.⁴

According to the application, a study of the cost of performing the service from Modesto to Newman and Patterson, made by the Bureau of Transportation Research of Southern Pacific Company, showed that the present rates approximate the direct costs, and are not sufficient to return full operating expenses including taxes. The costs in cents per 100 pounds, as shown in the appli-

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The movement referred to is from Gustine to Ripon, for which the carload rate is 17 cents. Modesto and Ripon are located on applicant's east side San Joaquin Valley Line, and Vanormer, Patterson, Newman and Gustine are located on the west side San Joaquin Valley Line. The rail distances are 54 miles from Modesto to Vanormer, 65 miles from Modesto to Patterson, 68 miles from Modesto to Newman, and 62 miles from Gustine to Ripon.

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The application indicates that the present rates were published upon the assumption that a pickup-and-delivery rate of 10 cents, minimum weight 20,000 pounds, was in effect between Modesto and Newman. Subsequently it was realized that this rate was not applicable to less-than-carload shipments of tin cans except when packaged.

tion, are as follows:

	<u>Modesto to Newman</u>	<u>Modesto to Patterson</u>
Direct cost	9.43	9.74
Pro rata full operating expense including taxes..	13.09	13.52

Applicant asserts also that the present rates are sub-normal as compared with rates on these same commodities between other points in the same general territory, and in support of this contention submitted the following examples:

<u>From</u>	<u>To</u>	<u>Miles</u>	<u>Rate</u>
Modesto	Lodi	42	15
Stockton	Patterson	45	16
	Fair Oaks	54	22
	Newman	57	15
	Atwater	60	16
	Merced	67	16
San Jose	Patterson	84	21

The shipper at whose request the present rates were established was advised of the filing of this application and has not offered any objection to its being granted. Interested consignees have notified the Commission in writing that they are not opposed to the increase in rates. Under the circumstances it appears that this is a matter in which a public hearing is not necessary.

Upon careful consideration of all of the facts and circumstances as set forth in the verified application, we are of the opinion and find that the rate increases proposed in the above entitled application are justified, and that the authority sought should be granted. Therefore, good cause appearing,

IT IS HEREBY ORDERED that Southern Pacific Company be and it is hereby authorized to establish, subject to the provisions of Supplement No. 86 of its Tariff No. 730-D, C.R.C. No. 3353, and on not less than thirty (30) days' notice to the Commission and to

the public, increased rates for the transportation of cans, can bottoms and can tops from Modesto to Vanormer, Patterson and Newman as more fully set forth in the application.

The authority herein granted is void unless exercised within sixty (60) days from the effective date of this order.

This order shall become effective ten (10) days from the date hereof.

Dated at San Francisco, California, this 5th day of November, 1942.

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Justus J. Caseman
W. H. Baker
Francis R. Haven
Richard Kachner
Commissioners.