Appc. 25108 and 25291 H.M.

Decision No. 36104

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of Merchants Transportation Company, a corporation, United Boat Lines, a corporation, John Nichols and Henry Nichols, co-partners, doing business as Nichols Transportation Company, and Rio Vista Lighterage Company, Inc., a corporation, all common carriers by vessel for an order of the Railroad Commission authorizing them to publish the same rates and rules and regulations insofar as they are applicable for the transportation of grain, grain products and related articles as the Commission may establish as minimum for the transportation of said commodities by highway carriers, by reason of the petition of the Truck Owners Association of California.	Application No. 25108
In the Matter of the application of Merchants Transportation Company, a corporation, United Boat Lines, a corporation, John Nichols, doing business as Nichols Transportation Company, Rio Vista Lighterage, Inc., a corporation, and The California Transportation Company and Sacramento & San Joaquin River Lines, Inc., corporations doing business as The River Lines, all common carriers by vessel, for an order of the Railroad Commission authorizing them to increase their rates for the transportation of potatoes and onions.	Application No. 25291

BY THE COMMISSION:

Appearances

John M. Desch and Berol & Handler, by Edward M. Berol, for Merchants Transportation Company, United Boat Lines, Nichols Transportation Company and Rio Vista Lighterage Company, Inc.

J. H. Anderson, Allan P. Matthew, John O. Moran and F. W. Mielke, for The River Lines.

Warren Price, Jr., for James F. Byrnes, Director of Economic Stabilization, and Leon Henderson, Price Administrator.

(See Decision No. 35725 of September 1, 1942, in Application No. 25108 for appearances entered at the initial hearing in that proceeding.)

OPINION ON REHEARING IN APPLICATION NO. 25108
OPINION IN APPLICATION NO. 25291

Applicants are common carriers of property by vessel between points located on San Francisco, San Pablo and Suisun Bays, and on the San Joaquin, Sacramento and Napa Rivers and Petaluma Creek and their tributaries. In Application No. 25108 increased rates are proposed for the transportation of grain, grain products and related articles.[1] By Decision No. 35725 of September 1, 1942, it was found that these increases had not been justified. Thereafter, applicants were granted a rehearing. In Application No. 25291 increased rates are proposed for the transportation of potatoes and onions.

The applications were submitted on the consolidated record made at public hearings had at San Francisco before Examiner Mulgrew.[2]

For many years the applicant vessel lines and their predecessors have served an agricultural area situated along the San Joaquin and Sacramento Rivers and tributary waters. Large quantities of grain, potatoes and onions are produced in this area. Virtually all of the traffic handled by Nichols and Merchants Transportation

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[1] The River Lines intervened in this proceeding, proposing increased rates for the transportation in question, and, for convenience, are referred to in this opinion as an applicant. The application has also been amended by submitting schedules showing the precise rates which are sought to be established. Initially, applicants sought authority to establish rates on the same level as highway carriers' rates. Counsel explained that further investigation disclosed that parity of vessel and truck rates is not feasible. John Nichols, who has acquired Nichols Transportation Company, has been substituted for the copartnership of John Nichols and Henry Nichols as an applicant in the proceeding.

[2] Rio Vista Lighterage Company and United Boat Lines withdrew their requests for increased rates at the hearings. Counsel for these applicants explained that the former's participation in the traffic involved is extremely limited and that it has on file an application (No. 25366, filed November 10, 1942) seeking authority to suspend service. The latter's operations, he pointed out, had been under suspension for some time and its experience since the resumption of service on September 1, 1942, he said, has not been broad enough to support its request for increased rates. (Suspension of this carrier's service was authorized by Decisions Nos. 34887 and 35552 in Applications Nos. 24634 and 25083, respectively.)

Companies consists of these commodities and originates at points situated above the confluence of the San Joaquin and Sacramento Rivers and below the cities of Stockton and Sacramento.[3] For brevity, this territory will hereinafter be referred to as the delta.

Most of the arable land in the delta is located on the numerous islands formed by the San Joaquin and Sacramento Rivers and the other streams and sloughs which collectively form a network of waterways in this region. Access to some of these islands is had by means of bridges or ferries and, in such cases, truck and vessel service are both available; access to other islands, however, is only by vessel. Rail facilities directly serve some parts of the delta but this service is available only in a small portion of the area. As much as 75 per cent of the delta crops, it is said, must be transported from the points of production by vessel.

During the months of July, August and September, when the crops are harvested, there is a heavy movement of the commodities involved in these applications; during the remainder of the year the movement is light; and throughout the year relatively little other cargo originating at or destined to delta points is handled by the vessel lines.[4] For the most part, storage facilities are not available in the delta except at reshipping points served by the rail lines. Because of their perishable nature the crops involved

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[3] In the five-year period, 1937 to 1941, inclusive, the annual volume of freight handled by Nichols Transportation Company ranged from 18,848 to 30,309 tons, and that handled by Merchants Transportation Company and its predecessor, Weyl-Zuckerman & Company, ranged from 21,591 to 47,080 tons. Average annual tonnages for the period were 25,315 and 28,720 tons, respectively.

It is estimated that in the delta territory some 9,000 acres are devoted to the production of grain and related crops and 8,000 acres to the production of potatoes and onions. Annual production, according to the estimates, is approximately 1,400,000 sacks of grain (80,000 tons) and 1,600,000 sacks of potatoes and onions (87,500 tons).

[4] A witness for Nichols Transportation Company said that from 40 to 50 per cent of its traffic is handled in the July-to-September period.

must be transported to marketing, processing, reshipping and warehousing points shortly after they are harvested. The volume of traffic available to the applicants at the height of the harvest exceeds that which they are able to handle with their floating equipment. At other times the traffic offered them is usually far below the amount that their equipment is capable of handling. Acquisition of additional equipment would not be justified because of the relatively short harvest season.

The River Lines, in addition to serving the delta, serve points north of Sacramento on the Sacramento River and its tributaries. Substantial quantities of grain are grown in the north-of-Sacramento area but it does not produce an important volume of potatoes and onions. A large number of grain warehouses are located in this area and grain is forwarded both immediately after the harvest and later. Estimates were not submitted with respect to the volume of this grain tonnage. It is claimed, however, that the quantity transported by vessel has been materially curtailed by the disruption of established shipping practices resulting from the war. The potato and onion traffic handled by The River Lines is said to be relatively light.

Practically all of the grain handled by the applicants is shipped to Petaluma, Port Costa, Sacramento and South Vallejo, to Stockton and nearby rail points, and to the San Francisco-Oakland area. For example, a statement submitted by Nichols Transportation Company shows that almost 90 per cent of its revenue is derived from grain traffic destined to those points. Potato and onion shipments move chiefly to Sacramento, Stockton and other rail points in the vicinity of those cities for storage and reshipment; lesser quantities move directly to the San Francisco and Oakland markets.

Applicants submitted detailed statements of existing and proposed rates. In the main, the proposed rates are substantially higher than those now in effect. Rates on grain from delta points are[5] shown in the following tabulation:

TO	GRAIN - MINIMUM WEIGHT 80,000 POUNDS FROM							
	(1A)*	(1B)	(2A)*	(2B)	(3A)*	(3B)	(4A)*	(4B)#
Petaluma	8 -9½	12	8 -9½	12	7 -7½	12	8 -9½	12
Port Costa	7½	9	7½	10	7 -7½	9	7½	9-10
Sacramento	8	10	8	10	7½	9	7½	9
San Francisco	8	10	8	10	7½-8	10	8	10
South Vallejo	5½-7½	9	5½-7	10	5½-7	9	5½-7	9-10
Stockton	6½-7½	9	6½-7½	10	6½-8	9	6½-8	10

Columns (1A) and (1B) - Existing and proposed rates, respectively, from Donlon, Wright Headquarters and intermediate Lower San Joaquin Delta Points.

Columns (2A) and (2B) - Existing and proposed rates, respectively, from other San Joaquin Delta Points.

Columns (3A) and (3B) - Existing and proposed rates, respectively, from B.B. Ranch, Collinsville, Newtown, Rio Vista, Tolands and intermediate Lower Sacramento Delta Points.

Columns (4A) and (4B) - Existing and proposed rates, respectively, from Other Sacramento Delta Points.

* Where two rates separated by a dash (-) are shown, those rates are the lowest and highest rates applicable over the lines of the applicant carriers between the points involved.

\# Where rates of 9 and 10 cents, separated by a dash (-) are shown, the 9-cent rate is proposed to be made applicable from a designated portion of the Sacramento Delta territory and the 10-cent rate applicable from the remainder of that territory.

From points north of Sacramento various increased rates are proposed on grain traffic destined to Petaluma, Sacramento and Stockton. From Knights Landing to those destinations authority is sought to raise the present rates of 11, 5½ and 9 cents to 12, 8 and 10 cents, respectively. From Colusa, the 13-cent rate to Petaluma and the 8-cent rate to Sacramento are not proposed to be increased and the 11-cent rate to Stockton is proposed to be raised to 12 cents. These

5 Throughout the opinion rates are stated in cents per 100 pounds.

examples will serve to illustrate the character of the sought adjustments in rates from that territory. The present minimum weight of 60,000 pounds is proposed to be retained for this traffic.

Other increases in grain rates embodied in applicants' proposals are generally similar to the increases in the rates from delta points. On grain, grain products, and articles grouped therewith for rate making which are shipped from processing and warehousing points (San Francisco, South Vallejo, Stockton, etc.), to delta points, applicants have generally maintained higher rates than the whole grain rates in the reverse direction. A 30,000-pound minimum applies in connection with the rates to delta points. Relatively few increases are proposed in those rates and these increases are, except in a few instances, not as great as those proposed in the whole grain rates from delta points. Similarly, in connection with flour, cereal products and other articles taking the same rates, the sought increases are not as pronounced as those affecting whole grain traffic from the delta area. Applicants propose, however, that certain any-quantity commodity rates for this traffic be canceled and that the somewhat higher class rates thus be made applicable to the movement of these commodities in small lots. Cancellation of rates specifically provided in Nichols and Merchants Transportation Companies' tariffs for the transportation of rolled barley from Stockton to delta points is also proposed on the grounds that there is no longer any movement thereunder and no reasonable prospect of such a movement developing.

On potatoes and onions the proposed increases are likewise substantial. The tabulation which follows illustrates the nature of these proposals:

TO	POTATOES AND ONIONS FROM							
	San Joaquin Delta Points				Sacramento Delta Points			
	(1A)	(1B)	(2A)	(2B)	(1A)	(1B)	(2A)	(2B)
Sacramento	10	15	12	18	7½	10	8	12
San Francisco	10	15	12	18	10	15	12	18
Stockton	7½	10	8	12	10	15	12	18

Columns (1A) and (1B) - Existing and proposed rates, respectively, for packages weighing 100 pounds or more. The existing minima are 200 packages in Nichols and Merchants Transportation Companies' tariffs and 20,000 pounds in The River Lines' tariff; that proposed is 200 packages for all applicants.

Columns (2A) and (2B) - Existing and proposed rates, respectively, for packages weighing less than 100 pounds. The existing minima are 400 packages in Nichols and Merchants Transportation Companies' tariffs and 20,000 pounds in The River Lines' tariff; that proposed is 400 packages for all applicants.

Various increases are also proposed in applicants' any-quantity rates on potatoes and onions; the 15-cent rate to San Francisco, for example, is proposed to be increased to 20 cents.

Their present rates for the transportation of the commodities here in issue, applicants point out, are on approximately the same levels as those which prevailed in 1932, except on grain from points north of Sacramento where rates were drastically reduced in 1933 to meet the then unregulated competition of highway carriers.[6] These latter rates have generally remained at the lower level. It is claimed that substantial increases in operating costs have been experienced since 1932, that the revenues derived from the existing

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6 Since that time applicants have made general adjustments in their class rate structures under which charges are determined for the transportation of practically all freight other than agricultural products.

rates do not return the operating expenses necessarily incurred under present conditions, and that unless the establishment of materially higher rates is authorized applicants will suffer severe financial losses.

Expenditures for the payment of wages and salaries of operating personnel are by far the greatest single factors in the total operating costs of the carriers. In the 1932-1942 period applicants have experienced marked increases in those wages and salaries. For example, the wages of stevedores have been increased from 50 cents per hour for straight or overtime work to 95 cents and $1.40, respectively, and dock clerks' salaries have been raised from $121 to $195 per month.[7] Moreover, applicants claim that agreements with their employees covering working conditions as distinguished from wages have also increased costs. They also claim that the experienced men whose services they formerly secured without difficulty are no longer available. The resulting loss in the efficiency of the applicants' operating personnel, it is represented, has contributed towards the marked increases in wage and salary expenses. Commissary, insurance and repair expenses, other important cost factors in vessel operations, are also represented as being substantially greater than like expenses in 1932. The cumulative effect of a succession of pronounced increases in costs during a period when rates for the transportation of the commodities in question remained practically stationary is said to be reflected in the

[7] Other examples are the compensation paid captains, pilots, chief engineers and assistant engineers, whose monthly salaries have been increased from $226.50 to $240, $195 to $210, $200 to $215 and $175 to $195, respectively.

operating results thus far experienced by the applicants during 1942. Discussions of the experience of each of the applicants in recent years follow:

Studies of revenues and expenses submitted by Nichols Transportation Company show that for the period from January 1 to September 30, 1942, it sustained a loss of $3,739.88 from its operations. On June 30, its loss was $6,265.98. Revenues derived from the heavy seasonal traffic handled from July to September, inclusive, are said to have accounted for this material reduction in the operating loss. It is predicted, however, that the results from the entire year's operation will be a loss of not less than that sustained during the first six months of the year because of the sharp decline in traffic which will be experienced in the last three months.

Actual operating expenses for the January-to-September period in 1942 have been $37,424.88. This sum includes $289.50 in interest charges. It does not include any return on capital invested in the business. During the same period the company has experienced further increases in its costs of approximately 37½ per cent for insurance, 15 per cent for labor and commissary, and 75 to 100 per cent for repairs. Adjusted to present costs, applicant's expenses for the period would have amounted to $44,575.38. Revenues for this period amounted to $33,685.00, and its operating loss would have been $10,890.38 instead of $3,739.88, had the higher expenses prevailed throughout the entire period. It is estimated that applicant's revenues would have been increased to $44,511.00 by the proposed increased rates, a sum approximately the same as the adjusted costs, exclusive of any return on invested capital.

The material increases in operating costs experienced in 1942, it is claimed, have aggravated the already precarious financial condition of this applicant. Operations for the past several years, it is also claimed, have resulted in serious losses and the situation is now so desperate that the company assertedly will be forced to discontinue service if its request for increased rates is not granted.[8]

Merchants Transportation Company submitted a study indicating that it sustained an operating loss of $388.71 for the first six months of 1942. This company is a wholly-owned subsidiary of Weyl-Zuckerman & Company, a corporation engaged in the business of growing and marketing potatoes, onions and other crops. The transportation company's study does not include supervisory, office and other expenses which are borne by the parent company. No allocation of these expenses to the transportation subsidiary has been made and assertedly it would be extremely difficult to make proper allocations because of the close affiliation of the companies. Most of this carrier's revenue is said to be derived from the transportation of potatoes and onions and the greater share of it from Weyl-Zuckerman traffic. Revenues for the period

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8 Operating results as disclosed by applicant's annual reports follow:

Year	Transportation Revenue	Other Revenue	Operating Expenses	Taxes	Profit or Loss*
1937	$33,570.49	$2,919.99	$43,405.10	$96.90	L$7,011.52
1938	45,364.29	3,180.33	47,401.66	130.79	P 1,012.17
1939	42,213.83	8,314.42	55,580.24	113.55	L 5,161.54
1940	28,273.39	9,182.82	45,585.15	384.92	L 8,513.95
1941	40,294.38	7,710.24	48,265.81	413.69	L 674.88

* L - Loss
P - Profit

Capital necessary to maintain operations has been secured chiefly from the owners. Some such capital has been secured elsewhere.

studied amounted to $16,878.55 and expenses to $17,267.26. This period does not include the seasonal peak traffic. On the other hand, the expenses have not been adjusted to the increased costs experienced by the vessel carriers during 1942. It is claimed that Merchants Transportation Company has been faced with increased operating costs at least as great as those shown in Nichols Transportation Company's studies and its operating deficit for the year, it is predicted, will be relatively as severe.

Prior to 1941 Weyl-Zuckerman & Company operated the transportation service now conducted by its subsidiary. Annual reports for 1937 to 1940, inclusive, indicate that, on the whole, the company's income exceeded its expenses by a substantial sum. These reports, however, are of doubtful probative value in these proceedings because of the varied activities of the company and the fact that operating expenses have not been allocated to those activities in sufficient detail for a determination to be made as to the extent to which transportation operations contributed towards that result. The annual report of Merchants Transportation Company for 1941 shows a profit of $12,073.96, but like the 1942 estimates of expenses submitted at the hearings, does not include transportation expenses borne by the parent company.

Operations of The River Lines for the first five months of 1942 are said to have been conducted at a small loss without allowance for depreciation. It is claimed that the low revenues produced by grain rates, which assertedly are at subnormal levels, have contributed to this unsatisfactory operating result. The grain rates are virtually the same as those in effect in 1933, and even at that time, applicant's traffic manager testified, these rates were considered seriously depressed. Because of the sharp increases in operating expenses subsequently experienced, he said, these rates are now, in many instances, far below a compensatory basis.[9]

The River Lines' annual reports from 1937 to 1941, inclusive, show that operating revenues have been somewhat higher than expenses. It is pointed out, however, that transportation other than that involved herein forms the major portion of The River Lines' traffic and accounts for most of their revenues. It is also pointed out that intercoastal vessel service from and to Atlantic and Gulf ports has been discontinued and that The River Lines have lost a substantial volume of transshipment cargo. Moreover, as previously indicated herein, dislocation of established channels of grain marketing has affected their operations more materially than those of the other applicants because of different conditions prevailing north of Sacramento where a substantial quantity of grain traffic originates.

In further support of the proposed increases, applicants represent that these increases are designed not only to provide badly needed additional revenues but also to cure maladjustments in their present rate structures and to provide rate uniformity. For approximately ten years, they urge, only minor rate adjustments have been made in rates for the transportation in issue and these adjustments have failed to keep their relationships abreast of changing conditions. Illustrative of these changes are the regulation of highway

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[9] To support this assertion, a study was submitted of the handling of a shipment of 500 tons of grain from Knights Landing to Sacramento, said to be typical of the transportation of shipments of substantial size. The wages paid stevedores for the loading and unloading of the shipment amounted to $450, total labor and commissary costs involved in this operation amounted to $641, the revenue under the present 5½-cent rate was $550, and the revenue under the proposed rate would have been $800. Even under the sought rate, it is pointed out, but $159 would be available to meet expenses exclusive of labor and commissary costs. The sharp increases in labor costs hereinbefore referred to are said to have increased expenses, particularly loading and unloading expenses, to such an extent that for traffic such as that studied rates of less than 8 cents are noncompensatory.

carriers under the Highway Carriers' Act (Chapter 223, Statutes of 1935, as amended), the prescription of minimum rates for these carriers by the Commission and the negotiation of revised working agreements with employees. The proposed rates are also said to give more appropriate recognition to the relatively superior dock facilities maintained at terminal points such as San Francisco, Sacramento and Stockton and the relative ease of mooring vessels at those docks as contrasted with the poorer facilities maintained at other points and with the difficulties encountered in bringing vessels alongside those facilities and mooring the vessels.

Several shipper organizations and individual shippers supported, and no one opposed, the granting of the sought authorizations. Witnesses representing these shipper interests testified that applicants' vessel services have been used continuously for many years and that discontinuance of these services would deprive them of a necessary means of transportation. These witnesses stressed the total dependency of shippers located in a large portion of the delta area upon vessel transportation. In other portions of that area, they said, truck or truck-rail service is not as feasible, economical or satisfactory as vessel service for the commodities involved. They claimed, moreover, that shortage of trucks and trucking equipment resulting from the war may well seriously curtail truck service and that in this event vessel transportation would be urgently needed to augment truck transportation. These witnesses also said that they were fully informed with respect to the nature and extent of the increases proposed by the vessel lines and that they and their principals are agreeable to the proposed increases being made. Witnesses representing grower interests expressed the view that the increases in transportation costs would have to be absorbed by the growers. Absorptions of the increases, they urge, would be preferable to the loss of necessary transportation service. The seriousness of the situation as it is viewed by these and other shipper witnesses is illustrated by their testimony to the effect that should the applicants not be able to continue to operate, production of the crops involved would have to be discontinued in a large part of the delta region.

Counsel for James F. Byrnes, Director of Economic Stabilization, and for Leon Henderson, Price Administrator, directed attention to an act passed by Congress on October 2, 1942, and known as the "Act to Amend the Price Control Act of 1942." This Act, counsel said, freezes or stabilizes prices for virtually all commodities and services, including farm prices and wages, but does not freeze common carrier freight rates. He argued, however, that in the Act and in the President's executive order of October 3 it is clearly indicated that federal and state commissions having jurisdiction over maximum common carrier rates should carefully consider the relationship between proposed increased rates and the price stabilization program and the possible effect of such increases on that program. The position of the Office of Price Administration, counsel stated, is that in view of the fact that the shipper who pays transportation charges is now operating under a definite price ceiling and therefore unable to pass increased charges on to his customers, common carriers should be required to forego increases at this time unless it is clearly shown that those increases are necessary to correct gross inequities or are necessary to the continuance of an essential transportation service. He asked that the record made in these proceedings be carefully examined in the light of the economic stabilization and price control programs to determine the effect of increased rates on these programs.

A persuasive showing has been made that applicants' present rates on grain are, in the main, seriously depressed. It is evident that, unless these subnormal rates are increased substantially, revenues derived by the applicants from this traffic will fall far short of those commensurate with the cost of rendering the service. The record indicates that most of the delta grain now moves under rates ranging from 6¼ to 9 cents, which applicants propose to increase to from 9 to 12 cents. On a percentage basis the lowest of these proposed increases amounts to 25 per cent and the highest to 44 per cent. By far the greatest volume of delta grain traffic, however, is shown as moving under rates proposed to be increased 33-1/3 per cent. In instances where rates lower than 6¼ cents are maintained for delta grain movements, the sought increases are more pronounced. Certain of these proposals involve increases in excess of 80 per cent. Rates on grain, grain products and related articles originating at other than delta points are now generally on higher levels than the delta grain rates and the proposed increases are less severe than those sought in connection with the delta grain traffic. North of Sacramento, however, certain rates of relatively low volume are sought to be increased on a basis comparable to that proposed in connection with similar rates from the delta territory.

The costs incurred in loading and unloading operations have a more important bearing on the sufficiency of applicants' rates for short hauls where these rates are relatively low. In such operations, applicants now experience costs reflecting the materially higher wages paid stevedores and other operating personnel to a greater extent than in longer hauls where these expenses are not as great a factor in total operating costs, and proportionately greater increases are therefore necessary for the short-haul traffic. Applicants' proposals involving existing rates of 5½ cents or less appear justified to the extent that increases of not more than 2½ cents are sought. For other traffic the increased rates proposed by applicants have been shown to be justified, except to the extent that these rates exceed the present rates by more than 33-1/3 per cent. Greater increases, said to be necessary to cure maladjustments in the present rates, are not supported by evidence demonstrating the necessity for, and propriety of, these increases.

The extent to which, if at all, potato and onion rates may be unduly low is not disclosed by this record. Most of this traffic is enjoyed by Merchants Transportation Company. The operating results of that company for the year 1941, even after making due allowance for expenses incurred by its parent company and not included in the transportation company's annual report for that year, appear to have been quite satisfactory. While the record tends to show that 1942 operations will result in an operating loss, the amount of the loss which may reasonably be expected has not been developed. Moreover, increased grain rates will produce some additional revenue which, under the circumstances, may well prove to be sufficient to offset such future operating loss as might otherwise be incurred. Consideration must also be given to the fact that potato and onion rates have been maintained by the applicants on generally higher levels than their grain rates, although the reasons for these differences are obscure. The showing made with respect to the potato and onion rates fails to demonstrate that the proposed increases are justified.

In reaching the foregoing conclusions we are mindful of the economic stabilization and price control programs. We are convinced, however, that these applicants render essential vessel service and that the increases found justified herein are necessary to avoid impairment of this service. We are also convinced that to withhold authority to make these increases would subject the applicants and shippers dependent upon the transportation service they render to substantial hardships and prevent the adjustment of rates which are inequitable under the changed conditions disclosed by the record. Moreover, it appears that the effect of the increases on price ceilings would be minimized by the absorption of these increases by the growers.

Upon consideration of all the evidence of record, we are of the opinion and find that the increased rates for the transportation of grain, grain products and related articles proposed by Merchants Transportation Company, Nichols Transportation Company and The River Lines are justified and should be granted to the extent that these increases do not exceed 2½ cents in connection with existing rates of 5½ cents or less and do not exceed 33-1/3 per cent in connection with existing rates higher than 5½ cents, except where applicants now maintain different rates for the same transportation. In instances where the present rates of the applicants vary, the increases authorized should be based upon the rates of the carrier now maintaining the lowest rate for the transportation involved. The other carriers should not be permitted to establish increased rates higher than those authorized for the low-rate carrier. (In determining percentage increases, fractions of less than 1/4 of a cent are to be dropped, fractions of 1/4 to but not including 3/4 of a cent are to be made 1/2 cent, and fractions of 3/4 of a cent or more are to be increased to the next whole cent.) We are of the further opinion and we find that the proposed cancellation of specific rates for the transportation of rolled barley from Stockton to delta points should be authorized. To the extent just indicated, the authority sought by the aforesaid applicants will be granted. In all other respects it will be denied. We are of the further opinion and therefore find that the requests of applicants Rio Vista Lighterage Company and United Boat Lines to withdraw their proposed increases should be granted. In so far as these applicants are concerned the applications will be dismissed.

ORDER

Based upon the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Merchants Transportation Company, a corporation, John Nichols, an individual doing business as Nichols Transportation Company, and The California Transportation Company and Sacramento & San Joaquin River Lines, Inc., corporations doing business as The River Lines, be and they are hereby authorized to establish, on not less than ten (10) days' notice to the Commission and to the public, the increased rates proposed in the above entitled applications to the extent that said increased rates are found justified in the opinion which precedes this order; and that in all other respects these applications in so far as the aforesaid applicants are concerned be and they are hereby denied.

IT IS HEREBY FURTHER ORDERED that in so far as United Boat Lines, a corporation, and Rio Vista Lighterage Company, Inc., a corporation, are concerned the above entitled applications be and they are hereby dismissed.

The authority herein granted shall be void unless the increased rates authorized by this order are published, filed and made effective not less than sixty (60) days from the effective date hereof.

This order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 12th day of January, 1943.

Franck R. Havenner

Richard Sachse

Commissioners