

ORIGINAL

Decision No. 38380

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE RIVER LINES (The California Transportation Company and Sacramento & San Joaquin River Lines, Inc.) for authority to discontinue pick-up and delivery service in connection with vessel operations.

Application No. 26983

In the Matter of the Application of THE RIVER LINES (The California Transportation Company, Sacramento Navigation Company, and Fay Transportation Company) for a certificate of public convenience and necessity authorizing the transportation of freight by auto truck on the public highways; 1st, between (a) Pittsburg and (b) Antioch and Martinez; 2nd, between (a) Rio Vista and (b) Isleton, Walnut Grove, Ryde, Courtland, Vorden, Grand Island Wharf, Hood, Clarksburg and Freeport.

Third Supplemental Application No. 18016

In the Matter of the Application of THE RIVER LINES, (The California Transportation Company, Sacramento Navigation Company, and Fay Transportation Company) for a certificate of public convenience and necessity authorizing the transportation of freight by auto truck on the public highways; 1st between (a) Sacramento and (b) Knights Landing, Tyndall Mound, Grimes, Sycamore, Meridian, Colusa, Princeton, Butte City, Sidd's Landing, Jacinto, Monroeville, and Chico Landing, (2nd) between Knights Landing, Tyndall Mound, Grimes, Sycamore, Meridian, Colusa, Princeton, Butte City, Sidd's Landing, (3rd) between (a) Sacramento and (b) State Ranch Bend, Kirksville Cole's Landing and Eddy's Ferry, and (4) between Knights Landing, State Ranch Bend, Kirksville, Cole's Landing, and Eddy's Ferry.

First Supplemental Application No. 19088

In the Matter of the Application of THE RIVER LINES (The California Transportation Company, Sacramento Navigation Company, and Fay Transportation Company) for a certificate of public convenience and necessity authorizing the transportation of freight by auto truck between Martinez and Benicia as an alternative service and in connection with transportation by vessel to and from Martinez.

First Supplemental Application No. 20308

In the Matter of the Application of THE RIVER LINES (The California Transportation Company and Sacramento & San Joaquin River Lines, Inc.) for a certificate of public convenience and necessity authorizing a highway common carrier truck service between San Francisco Bay points and Sacramento.

Third Supplemental Application No. 20785

In the Matter of the Application of THE RIVER LINES (The California Transportation Company and Sacramento & San Joaquin River Lines, Inc.) for a certificate of public convenience and necessity authorizing an alternative highway common carrier truck service for the transportation of grain from points on the Sacramento River north of Sacramento to Sacramento, Stockton, Vallejo, Port Costa, Petaluma, Oakland, Alameda and San Francisco, and paddy rice from said points of origin to Sacramento and San Francisco.

First Supplemental Application No. 21836

In the Matter of the Application of THE RIVER LINES (The California Transportation Company and Sacramento & San Joaquin River Lines, Inc.) for a certificate of public convenience and necessity authorizing an alternative highway common carrier truck service between certain San Francisco Bay points on the one hand, and Martinez, Pittsburg, Antioch and Rio Vista on the other hand.

Third Supplemental Application No. 23843

BY THE COMMISSION:

Appearances

- Allen P. Matthew, Scott Elder and McCutcheon, Thomas, Matthew, Griffiths & Greene, for applicants.
- John A. Hennessy, for Sacramento Northern Railway and The Western Pacific Railroad Co., protestants.
- J. J. Deuel and Edson Abel, for California Farm Bureau Federation, interested party.
- W. G. Stone for Sacramento Chamber of Commerce, interested party.
- William Meinhold, for Southern Pacific Co. and Pacific Motor Trucking Co., interested parties.
- William F. Brooks, for The Atchison, Topeka & Santa Fe Railway Co., interested party.
- Walter Rohde, for San Francisco Chamber of Commerce, interested party.

O P I N I O N

The California Transportation Company and Sacramento and San Joaquin River Lines, Inc. are engaged in the transportation of property as a common carrier by vessel between San Francisco and Oakland on the one hand and Stockton, Sacramento, Chico Landing and intermediate waterway points on the other. They are likewise engaged in highway common carrier operations which are in general coextensive with the vessel rights and, in most cases, restricted to the performance of service which is alternative or ancillary to the vessel operation.¹ Applicants perform this transportation under the operating name of The River Lines and will be, for convenience, sometimes hereinafter referred to by that name.

By this application, authority is sought to remove all certificate restrictions which link the highway service to the vessel operation; to discontinue pickup and delivery service in connection with the vessel operation; and to continue in effect existing joint rates and through routes with connecting truck carriers.

A public hearing was had before Examiner Howard G. Freas at San Francisco on October 25, 1945.

The proposed separation of existing vessel and truck operations was said to be necessary to enable The River Lines to resume the handling of intercoastal and foreign traffic which it transported previous to the cessation of commercial shipping activities through San Francisco Harbor following the outbreak of the war and to effect

1

The certificates were granted by the following series of decisions: Decision No. 26228, in Application No. 18016; Decision No. 26994 as amended, in Application No. 19088; Decision No. 28497, in Application No. 20308; Decisions Nos. 31209, 32649 and 34865 in Application No. 20785; Decision No. 30853, in Application No. 21836; and Decisions Nos. 34004 and 34565, as amended, in Application No. 23843.

economies in its operation by changing the manner in which it is handling the less carload traffic which largely replaced the intercoastal and foreign traffic during the war period. Separating of the integrated vessel-truck operation was said to be a prerequisite to the survival of either of them.

The manner in which this traffic has been and is presently being handled was outlined in detail. The record shows that at San Francisco, for example, the bulk of the less carload shipments are picked up from shippers' places of business and trucked to The River Lines' pier, where they are unloaded. They are next loaded into vessels for overnight transportation to Sacramento and Stockton and thereafter transferred to trucks for delivery. Both applicants' general manager and its manager of truck operations testified in great detail to the congestion and lack of proper truck freight handling facilities at its vessel terminals. Discontinuance of pickup and delivery service in connection with these vessel operations and transfer of all highway operations to uptown truck terminals would result, they declared, in greater economy of operation and improved pickup and delivery service, with earlier and more dependable deliveries. It would relieve applicants of the necessity to restore dock facilities at certain intermediate points which, because they have fallen into disrepair or due to changes in the channel, are no longer accessible to the vessels. It would also free its vessels from the rigid schedules they are presently forced to maintain to assure overnight delivery of the pickup and delivery merchandise and make them available for the handling of the intercoastal commerce which has already commenced to move and is expected rapidly to reach prewar proportions. A greater number of vessel round trips would result, the general manager said, if the vessels were relieved of the necessity of handling the less carload merchandise.

This factor is important, he pointed out, because due to government requisition of vessels for war time use, applicants' available vessel tonnage has been reduced from about 4,000 tons to approximately 1,500 tons. It is anticipated that the intercoastal tonnage which applicants will be called upon to handle under their joint rate arrangements with connecting intercoastal carriers will utilize all the available vessel space and probably require the construction of additional vessels, since there are presently no suitable vessels available for purchase.

A consulting engineer retained by applicants presented a study of the cost of transporting all of the less carload merchandise exclusively by highway, based on The River Lines' 1944 traffic volume. The study developed a per-ton cost of \$7.613 as compared with its present expense of \$8.07 per ton, an estimated saving of \$.457 per ton.

The Sacramento Chamber of Commerce urged speedy adoption of the proposal to separate the highway from the vessel operations because of the anticipated improvement in applicants' pickup and delivery service thereunder, and because it would free desperately needed dock space for the handling of intercoastal traffic. It was likewise supported because the proposal would place applicants in a better position to handle the intercoastal traffic.²

No other parties offered testimony in this proceeding. Protestants Sacramento Northern Railway and The Western Pacific Railroad Company, by their cross-examination, suggested that applicants could make the proposed changes in their operations without first securing amendment of their highway certificates.

2

He testified that 55 vessels have already been restored to the intercoastal trade.

However, the Commission in authorizing The River Lines to operate as a highway common carrier between San Francisco, Oakland and Berkeley on one hand and Sacramento said:³

"During the course of the hearing, applicant stipulated that the purpose of the application was to substitute motor trucks in lieu of boats, to be operated, at the carrier's convenience between the applicant's docks*** solely to better applicant's present service; *** and that any franchise, when granted, would be co-existent with the current boat operations of The River Lines between those points. From this stipulation it appears that applicant neither seeks nor can it obtain, under this application, an operative right which would permit it to conduct any service as a highway common carrier, independently of and distinct from its operative right to engage in business as a water carrier. Any trucking right which may be granted would be indissolubly linked to the water service; it would be merely an auxiliary or supplementary operation.*** It is true that by applicant's proposal, no economies can be effected in the existing vessel operations. Though the efficiency of applicant's service will be increased, no saving in operating costs will result. The vessels must continue to operate as at present."

Upon a showing that it was in the public interest to improve service or effect more economical operations, the Commission has in the past authorized carriers to make changes in the form of their transportation service. (See Decision No. 38311 of October 16, 1945 in Application No. 26523; Kellogg Express and Draying Co. to substitute highway common carrier for vessel service, and cases cited therein.) This is substantially what is involved here. Applicants have for a long time performed a transportation service within the territory presently served, first by vessel and later upon a showing of improved service, by vessel with a supplementary truck service. They now find that under the changed traffic and operating conditions, the joint operation is no longer feasible. They seek to be able to operate their vessels and trucks in the respective

³ Decision No. 31209 of August 15, 1938 in Application No. 20785, one of the decisions here involved.

services for which each is best fitted. Applicants are convinced that only in this way will they be able to meet their common carrier obligations to transport all of the traffic offered and, in fact, guarantee a continuing transportation service.⁴ The record shows that by separating the vessel and truck operation, as proposed, they will be better able to render a more complete and dependable service to the public under conditions more conducive to economical operations. It is clear that the instant application to change the form of its transportation is in the public interest, and the Commission so finds. Continuation of existing joint rates and through routes with connecting truck carriers under the proposed changed operations appears justified in consideration of the reasons motivating these operating changes. The application will be granted.

⁴ They stressed the point that continuation of their present service under the existing uneconomical operating methods, for which they see no remedy other than that contemplated herein, will further impair their present unsatisfactory financial condition and ultimately require discontinuance of service.

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 The California Transportation Co. and Sacramento and San Joaquin River Lines, Inc., doing business as The River Lines, be and they are and each of them is hereby authorized to discontinue the performance of pickup and delivery service in connection with their vessel operation.

IT IS HEREBY FURTHER ORDERED that the certificates of public convenience and necessity heretofore granted by Decision No. 26228, in Application No. 18016; Decision No. 26994, as amended, in Application No. 19088; Decision No. 28497, in Application No. 20308; Decisions Nos. 31209, 32649 and 34865, in Application No. 20785; Decision No. 30853, in Application No. 21836; and Decisions Nos. 34004 and 34565, as amended, in Application No. 23843, be and they are hereby amended by removing the restrictions which make operations thereunder supplementary to or contingent upon the continuance of the vessel operations here involved, and that the aforesaid highway common carrier certificates shall hereafter permit the performance of operations thereunder independent of the vessel operation.

IT IS HEREBY FURTHER ORDERED that applicants be and they are hereby authorized to continue in effect the joint rates and through routes which they maintain with connecting truck carriers.

IT IS HEREBY FURTHER ORDERED that the tariff amendments which are authorized to be made as a result of the order herein shall be published and filed on not less than two (2) days' notice to the Commission and to the public.

The authority herein granted shall be void unless exercised within ninety (90) days from the effective date hereof.

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

Dated at San Francisco, California, this 6th day of November, 1945:

Harold G. ...

Justin F. ...
Francisco

... ..
Commissioners.