

ORIGINALDecision No. 39678

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) Application No. 27941
 an Order Under Section 63(a) of the)
 Public Utilities Act Authorizing an)
 Increase in Rates and Charges.)

Appearances

Allan P. Matthew and Gerald H. Trautman, for
 applicants,
 C. C. Burgin and Myron D. Alexander, for
 Office of Price Administration, intervenor,
 James E. Harris and W. G. Stone, for Sacramento
 Chamber of Commerce, interested party,
 Walter A. Rohde, for San Francisco Chamber of
 Commerce, interested party.

O P I N I O N

The California Transportation Company and Sacramento & San Joaquin River Lines, Inc. are common carriers by vessel engaged in the transportation of property, under the operating name of The River Lines, generally between San Francisco Bay points on the one hand and Sacramento, Stockton and intermediate points on the other hand. They seek authority to increase their dock-to-dock commodity rates, except those applying on petroleum and petroleum products in bulk, by 25 per cent.

A hearing was had before Examiner Krause at San Francisco on November 14, 1946.

Applicants' traffic manager testified that its dock-to-dock commodity rates had not received any substantial increases since 1937 and that with the exception of rates for the transportation of petroleum and petroleum products in bulk, such dock-to-dock

commodity rates are noncompensatory.¹ Bulk petroleum and petroleum products, he contended, are unusually favorable commodities to handle from a loading and unloading standpoint inasmuch as the handling is performed mechanically and requires a minimum of personnel. The rates covering this traffic, he said, are fully compensatory and the revenue derived therefrom constitutes applicants' main source of income.

Prior to May 11, 1946, The River Lines possessed, in addition to its vessel right, a highway common carrier certificate for the transportation of property between the same points it serves as a common carrier by water. This highway common carrier right as well as The River Lines' right to perform pickup and delivery service was transferred to The Delta Lines, Inc. under authority of Decision No. 38896, dated April 23, 1946, in Application No. 27349. The witness stated that because of this change in operations and of the fact that, except for the transportation of bulk petroleum and petroleum products, applicants have not operated since August 15 due to strike conditions, the over-all revenue showing in support of the proposed increase was necessarily limited to vessel operations conducted during May, June, July and August of this year.

Applicants' general manager testified that all possible operating economies have been effected in an endeavor to minimize the effect of rising costs. He pointed out that during this period

¹ During the period of June and July of this year applicants' revenue was derived from the following traffic:

	<u>Percentage of Total Revenue</u>
Dock-to-dock commodity rate traffic other than Petroleum and Petroleum Products in bulk.....	39%
Bulk Petroleum and Petroleum Products Dock-to-dock commodity rate traffic.....	45%
Less than carload traffic.....	3%
Intercoastal traffic.....	13%

a loss of approximately \$10,000 had been sustained and stated that if applicants continue to experience such adverse operating results they cannot afford to remain in business. The operating results for the period May through August were as follows:

<u>Month</u>	<u>*Revenue from Dock- to-Dock Commodity Rates</u>	<u>Total Operating Revenue</u>	<u>Operating Expenses</u>	<u>Profit or Loss</u>	<u>Operating Ratio</u>
May	\$13,949	\$66,591	\$78,503	(\$11,912)	117.89
June	22,772	57,324	46,954	10,370	81.91
July	17,683	46,862	48,288	(1,426)	103.04
August	10,791#	33,980	40,877	(6,897)	120.3
TOTAL	\$65,195	\$204,757	\$214,622	(\$ 9,865)	104.82

* Does not include revenue received from dock-to-dock commodity rates covering the transportation of petroleum and petroleum products in bulk.

Revenue received prior to August 15, 1946. Strike conditions prevailed after that date.

() Denotes loss.

The foregoing expense figures, the general manager said, do not include expenses approximating \$1,000 per month for his salary and for legal services both of which have been discontinued temporarily in April due to poor operating results.

It was developed, upon cross-examination of applicants' traffic manager, that the May figures include revenues and expenses arising from pickup and delivery operations performed during the first 11 days of that month and also expenses incurred in the transfer of the highway right to Delta Lines, Inc. Concerning August, he stated that expense items attributable to strike conditions are included. The witness was unable to state to what extent the operating results for these two months were influenced by the

above factors.

According to this witness, June was an "exceptionally good month" and not representative of the year-round operation. He pointed out that while in June an operating ratio of approximately 82 was experienced, operations performed during July, another normally heavy traffic month, failed to produce a ratio better than 103. Adjusting the expense figures for this two-month period to include \$1000 per month for the general manager's salary and legal services produces an over-all operating ratio of 93.33 and a profit of \$6,944.

It is clear that the operating results as shown for May and August are not representative of applicants' normal operations under exclusive vessel rights. Due to applicants' failure to provide monthly expense segregations the May and August figures cannot be adjusted to reflect the results which would have obtained were the pickup and delivery, transfer of truck right and strike factors eliminated. Moreover, if June is not representative, as contended by applicants, there remains only July upon which to determine the question here in issue. For a period of such short duration to have probative value it should be backed by concrete evidence that it is entirely representative of applicants' operating results and financial needs. The showing made is unsupported by such evidence. Therefore, while it appears that applicants sustained a substantial over-all loss during the 4-months' period and that a rate increase is needed, there is no evidence which permits a determination of how much of the over-all loss is attributable to dock-to-dock commodity rate traffic.

Upon the record made in this proceeding the Commission is unable to make a finding that the increase sought is justified. The application will be denied.

O R D E R

The above entitled application having been heard and submitted, full consideration of the matters and things involved having been had, and the Commission being fully advised,

IT IS HEREBY ORDERED that the above entitled application be and it is hereby denied.

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

Dated at San Francisco, California, this 3rd day of December, 1946.

Harold P. Huls
Justin F. Calmes
Thomas J. [unclear]
Earl H. Powell
A. J. [unclear]
 Commissioners