

ORIGINAL

Decision No. 39872

BEFORE THE PUBLIC UTILITIES 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.

OPINION ON REHEARING

By this application, The California Transportation Company and Sacramento & San Joaquin River Lines, Inc., operating under the name of The River Lines as common carriers of property by vessel generally between San Francisco Bay points on the one hand and Sacramento, Stockton and intermediate points on the other hand, seek authority to increase their dock-to-dock carload commodity rates, except those applicable to the transportation of petroleum and petroleum products, in bulk.

Decision No. 39678 of December 3, 1946, in this proceeding, denied applicants' request for a 25 per cent increase in the rates involved for the reason that the Commission was unable to determine the amount of increase necessary from the record made. Thereafter, upon applicants' petition, the matter was set for rehearing before Examiner Krause in San Francisco on January 3, 1947.

At the rehearing applicants amended their former request by seeking increases in the dock-to-dock commodity rates of the same volume as authorized the rail lines by Decision No. 39785 of

December 23, 1946, in Application No. 27446.¹ The matter is now ready for decision. This decision is predicated upon all the evidence of record.²

Exhibits showing the results of applicants' operation during the period January 1 through July 31, 1946 were introduced in evidence. Strike conditions which prevailed during the period August 15 to November 27, 1946 prevented the making of a representative showing during the last half of that year. The exhibits reveal that during the 7 months' period ending July 31, 1946, applicants' vessel operation experienced a profit of \$4,145.97 (resulting in an operating ratio of 99) whereas a loss of \$19,845 developed under their highway common carrier operation.³

Applicants' traffic manager explained that the following four types of traffic were handled under the vessel operation during the above period: petroleum and petroleum products traffic in bulk, dock-to-dock carload commodity rate traffic, less-than-carload traffic, and intercoastal traffic. The vessel operating figures reveal that a profit was experienced only in the transportation of petroleum and petroleum products in bulk and less-than-carload traffic. Losses in the amounts of \$22,432.43 and \$24,044.89 were

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Generally speaking, the rail lines were authorized to increase their intrastate line-haul rates 20 per cent on general commodities and 15 per cent on agricultural products. With minor exceptions, such authority followed the increases authorized by the Interstate Commerce Commission in Ex Parte 148, reopened, and Ex Parte 162.

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Evidence which was introduced at the original hearing and set forth in Decision No. 39678, supra, will not be further discussed in this opinion except as necessary for clarity.

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The highway common carrier certificate possessed by applicants for the transportation of property between the same points they serve as common carriers by vessel, as well as their right to perform pickup and delivery service were transferred to The Delta Lines, Inc. on May 13, 1946, under authority of Decision No. 38896 of April 23, 1946, in Application No. 27349.

incurred in connection with dock-to-dock carload commodity rate and intercoastal traffic, respectively.

Concerning future vessel operations, the witness testified that as a result of the transfer of applicants' pickup and delivery rights to The Delta Lines, Inc., little, if any, of the profitable less-than-carload traffic will be handled. He expressed the belief that no substantial increase would be experienced in other categories of traffic unless and until intercoastal vessel operators have a higher freight rate structure. He stated that operating results will be affected materially by recent raises in pay of jitney drivers and cargo handlers which increased wages from \$1.15 to \$1.57 per hour straight time and from \$1.72½ to \$2.37½ per hour overtime. On the other hand, he called attention to a 14 per cent increase in intercoastal traffic revenue divisions received by The River Lines effective January 1, 1947. This increase, he said, would assist materially in placing its intercoastal traffic on a compensatory basis.

Had the operation conducted during the first 7 months of 1946 been performed under existing conditions and at the increased rates sought, the figures of record indicate that applicants would have experienced an over-all profit in their vessel operation of approximately \$16,000. This would have produced an operating ratio of 96. In arriving at this result due consideration has been given to the loss of less-than-carload traffic, the increase in wages of jitney drivers and cargo handlers, and the 14 per cent increase in intercoastal traffic revenue divisions. By projecting the foregoing to a yearly basis the proposed increases would produce a rate of return of approximately 4 per cent (before taxes) on a rate

base of \$660,036.64.⁴

Applicants' traffic manager testified that authority had been received from the Interstate Commerce Commission to increase their interstate rates and charges in line with Ex Parte 162 Increased Railway Rates, Fares and Charges, 1946, and Ex Parte 148 Increased Railway Rates, Fares and Charges, 1942, reopened. The record shows that approximately 90 per cent of the commodity rate traffic involved in this proceeding is either wholly interstate in character or included in that category of traffic upon which a determination as to its intrastate or interstate nature is difficult. Applicants contended that uniformity of intrastate and interstate rates is extremely important and desirable.

No one opposed the granting of the increases sought. It is clear from the record made that increased revenue in dock-to-dock carload commodity rate traffic here involved is necessary and that under existing conditions the increases proposed are no higher than necessary to place such traffic on a compensatory basis. The increases sought will be granted.

In this proceeding consideration has been given to applicants' over-all revenue requirements. Of necessity no study has been made of each or any of the individual rates for the purpose of determining the reasonableness or lawfulness thereof. In authorizing the increases herein involved the Commission does not make a finding of fact of the reasonableness or lawfulness of any particular rate as so increased.

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Of the rate base figure, \$606,039.31 represents the depreciated book cost of the operating property and equipment, \$52,497.33 the allowance for working capital (one month's vessel operating expense less depreciation) and \$1,500.00 organization and franchise expense.

Upon consideration of all the facts of record, we are of the opinion and find that the sought increases in the dock-to-dock carload commodity rates involved in this proceeding, except those applicable to the transportation of petroleum and petroleum products, in bulk, are justified.

O R D E R

Rehearing having been had in the above entitled application, and based upon all the evidence of record and upon the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that The California Transportation Company and Sacramento & San Joaquin River Lines, Inc. be and they are hereby authorized to establish, on not less than three (3) days' notice to the Commission and to the public, increases of the volume authorized by the Commission in Decision No. 39785 of December 23, 1946, in Application No. 27446, in connection with the dock-to-dock commodity rate traffic set forth in Section B of The River Lines Local, Joint and Proportional Freight Tariff No. 1-A, C.R.C. No. 1 of J. H. Anderson, Agent, except rates named therein on petroleum and petroleum products in bulk.

IT IS HEREBY FURTHER ORDERED that applicants be and they are hereby authorized to depart from the provisions of Section 24(a) of the Public Utilities Act to the extent necessary to effect the increases herein authorized.

IT IS HEREBY FURTHER ORDERED that applicants be and they are hereby authorized to publish increased rates and charges in the form authorized by the Interstate Commerce Commission. To the extent departure from the terms and rules of Tariff Circular No. 2 of this Commission is required to accomplish such publication, authority for such departure be and it is hereby granted.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the further express condition that applicants will never urge before this Commission in any proceeding under Section 71 of the Public Utilities Act, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless the rates and charges authorized in this order are published, filed and made effective within sixty (60) days from the effective date hereof.

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

Dated at San Francisco, California, this 21st day of January, 1947.

Harold P. Huls
Justin J. Gallen
J. H. Powell
A. J. Johnson

 Commissioners