

INTERSTATE COMMERCE COMMISSION'S RULING IN RATE CASE

THE complainants in this proceeding are the City of Spokane, Wash., the Spokane Chamber of Commerce and the Spokane Jobbers' Association of Spokane.

Before the hearing began the city of Spokane was represented by the complainants as a complainant. All interests of that locality are therefore represented.

One of the grounds of the complaint is that the rate of the defendants unduly prefer Seattle, Tacoma, Portland and other coast points.

The complaint was originally brought against the Northern Pacific Railway Company, the Great Northern Railway Company, the Union Pacific Railroad Company, the Oregon Railroad & Navigation Company and the Spokane Falls & Northern Railway Company.

The first four of these defendants form through lines of railway between the Missouri River and Spokane.

The complaint puts in issue not only rates from the Missouri River to Spokane, but also from the Missouri River to the coast extending as far as the Atlantic seaboard.

It seemed to the Commission upon an examination of the complaint that the parties participating in the hearing should be the Missouri River and the coast.

The issue presented is important both from the traffic, the pecuniary and the economic questions involved. A large amount of testimony has been taken and the hearing has been held in a variety of form, really reducing themselves to three.

and land rails, nested, moves in less than carloads to both Seattle and Spokane under the second-class rate, which for both Seattle in each case, \$2.60 per 100 pounds.

It will be seen, therefore, that Spokane rates, owing to the structure of its tariffs, are disadvantageous to Spokane.

This Commission has several times examined the rates of the defendants in respect to other intermediate points.

It might be sufficient to adopt without dissent the rates of the defendants in the investigations, but inasmuch as the whole subject is of such importance, it is thought that a brief statement of the facts...

From an examination of the above tables it will be seen that the rates from St. Paul to Seattle and Spokane are the same and that the rates from Chicago to Spokane are lower than to Seattle in all cases.

From New York class-rates are still the same to Seattle as from Chicago and St. Paul, but are materially higher both to Spokane and to Missoula than to Seattle.

It will be seen, therefore, that if all traffic moved upon class-rates no discrimination would exist between Spokane when the traffic originated at the Missouri River, save that the defendants would charge the same for transporting traffic from the Missouri River to Spokane.

Only a comparatively small part of Spokane's traffic, however, moves upon the class rates. The great bulk of the tonnage from Eastern points to Spokane is carried upon commodity rates, and this is even more true of the Pacific Coast.

SUMMARY OF COMMISSION'S DECISION IN SPOKANE RATE CASE

- 1. The system of transcontinental rates now in force applies lower transportation charges from points of origin upon the Missouri River and east to Pacific Coast cities than are applied to intermediate interior points.
- 2. Water competition may justify a difference in carload minimums and in the right of combining different commodities at the carload rate, as well as in the rate itself.
- 3. In determining what are reasonable rates between two points neither that railroad which can afford to handle traffic at the lowest rate nor that whose necessities might justify the highest rate should be exclusively considered.

From South Bend, and that shipments of various kinds from points west of this line were comparatively frequent. He stated that the rates by his line from New York were from 20 to 30 per cent lower than via the all-rail route to San Francisco, and that substantially the San Francisco rate was applied at Portland, Seattle and Tacoma.

It is not correct that all carriers might at New York, but a considerable portion came from interior points. The prevailing condition was San Francisco, but shipments were also made to Seattle, Portland, Tacoma and Los Angeles.

When one of the fact of this competition and its effect upon these rates have been found, the decisions of the Supreme Court of the United States foreclose our conclusion.

These water rates to Pacific Coast terminals apply only from New York. Shipments from various interior points to Pacific Coast terminals are made at rates which are higher than to Portland and Seattle, but are lower than to Spokane.

It is suggested that the Commission possess today, under the amended law, a more extensive authority than it formerly had, and that for this reason it should declare this discrimination against Spokane in favor of the Coast towns to be unlawful.

- 4. Certificates issued against the ore lands formerly owned by the Great Northern Railway Company cannot be properly considered in determining what are reasonable earnings for that company at the present day.
- 5. The Great Northern Railway Company has in the past distributed its stock issues among its stockholders at par from time to time, although the market value of the stock was often much above par.
- 6. Neither can the capital stock of the Great Northern Railway Company be reduced for the purpose of determining what its fair earnings should be by the amount of that stock which was originally issued without money consideration.

not at the present time maintain temporarily higher rates than are now in effect to Pacific Coast terminals. They probably could, certainly on many occasions. In 1904 most transcontinental rates were advanced 10 per cent, and that advance was followed by corresponding advances in water rates.

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The contention is that whatever privilege should be accorded the other, both by the same carrier in the same circumstances and by the same carrier in the same circumstances.

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