
COMPLAINT DOCKET No. 230.

DEXTER PORTLAND CEMENT COMPANY, ET AL.,

vs.

THE LEHIGH VALLEY RAILROAD COMPANY, ET AL.

Decided March 4th, 1915.

Complaint was made to the Commission by certain cement manufacturing companies alleging that the rates on cement from Nazareth to Easton, Bethlehem and Allentown are unduly high, in comparison with rates to the same markets from other cement producing districts.

Held: That the rates on cement from the three cement producing districts to Bethlehem are equitably adjusted, but that the joint rate from the Nazareth District to Allentown is unreasonably high, as compared with the one-line rates from the Lehigh and New Jersey Districts, and the carriers were directed to establish joint rates for this movement of not more than sixty-three cents per ton of 2,000 pounds.

Dallet H. Wilson, Representing the Complainants.

Chas. E. Miller, Representing the Central Railroad Company of New Jersey.

J. R. Saeger, Representing the Delaware, Lackawanna & Western Railroad Company.

T. R. Thomas, Vice President of the Ironton Railroad Company.

REPORT OF THE COMMISSION.

JOHNSON, Commissioner:

This case is brought by six cement manufacturing companies having plants near Nazareth, Pa., the complaint being that rates on cement from Nazareth to Easton, Bethlehem and Allentown are unduly high in comparison with the rates to the same markets from other cement-producing districts.

Prior to September 27, 1909, the cement rates from Nazareth to Easton were, for several years, 50 cents per ton of 2,000 pounds, and the rates to Bethlehem and Allentown were 60 cents per ton, with the exception of the local rate, via the Lehigh and New England Railroad to Bethlehem, which was 50 cents per ton. Upon that date, the rate to Easton was raised to 60 cents, no change being made in the rates to Bethlehem and Allentown. The rates remained at 60 cents per ton (with the exception just noted of the 50-cent local rate to Bethlehem, via the Lehigh and New England Railroad), from Nazareth to all three destinations until October 16, 1911, when the rates to Easton and Bethlehem were reduced to 50 cents per ton, the rate to Allentown being left at 60 cents. January 15, 1913, the 60-cent joint rates from Nazareth to Easton and Bethlehem were restored, and the joint rate to Allentown was raised to 70 cents per ton—no change, however, being made in the 50-cent local rate via the Lehigh and New England Railroad from Nazareth to Bethlehem.

Nazareth is centrally located in a cement-producing region which is roughly divisible into three districts—the New Jersey district, in which are located Alpha, Vulcanite and New Village; the Nazareth district extending from Martin's Creek on the Delaware River westward to Bath, Northampton County; and the Lehigh district, along the Lehigh River, partly in Northampton County, but mainly in Lehigh County, in the vicinity of Coplay. Easton is nearest to the New Jersey district. Allentown is nearest to the Lehigh district; while Bethlehem is about equally distant from the Nazareth and Lehigh districts.

Each of the three markets is served from all three districts, there being two or more railroads out of each district. The Lehigh Valley Railroad and the Central Railroad of New Jersey pass through the Lehigh district and through Allentown, Bethlehem (the Lehigh Valley through South Bethlehem), and Easton. By these two railroads, also, Alpha and Vulcanite in the New Jersey district, are connected with the three cities. The railroads that serve the plants of the Complainants in the Nazareth district are the Lehigh and New England and the Delaware, Lackawanna and Western. The tracks of the Lehigh and New England Railroad reach Bethlehem, but not Easton and Allentown. The most direct routes to Easton from the Complainants' factories near Nazareth are by the Lehigh and New England Railroad to Stockertown, and thence via the Lehigh Valley, or by the Delaware, Lackawanna and Western Railroad to Belfast Junction, and via the Lehigh Valley. Other less direct lines via various connections are possible, and cement from the Nazareth district can and does reach not only Easton, but Bethlehem and Allentown by numerous routes. The adjustment of cement rates from the several districts to the three markets in question is complicated by competition both among producers and among carriers.

The general or standard cement rates to Easton, Bethlehem and Allentown have been 50 cents per ton when the shipment was local to one-line, and 60 cent per ton when the freight moved over two-lines. Upon the 23rd of February, 1915, in connection with the general increase of five per cent. in freight rates, these standard 50-cent and 60-cent rates were raised to 53 cents and 63 cents. Some exceptions to these general rates have been made, mainly because the sixth class local rate for the short distances from Vulcanite and Alpha to Easton, and from Coplay to Allentown has been 2 cents per hundred pounds or 40 cents per ton, (since February 23, 1915, 2.1 cents per hundred and 42 cents per ton). The local, or one-line rate from Alpha and Vulcanite to Easton being 40 cents, the joint, or two-line charge from those two points and from New Village was 50 cents per ton. The one-line local rate from Coplay to Allentown was 40 cents per ton, and the rate to Allentown from points on the Ironton Railroad, a short terminal and switching road in the Lehigh cement district, was made 40 cents to correspond with the sixth-class local rate from Coplay. Upon the 23rd of February, the 40 cent rate was changed to 42 cents and the 50 cent rate to 53 cents.

The adjustment of rates at the time the complaint was filed required the Complainants having plants near Nazareth to pay a freight rate of 60 cents per ton on cement shipped to Easton; while their competitors, having plants in the New Jersey and Lehigh districts, were charged 40 or 50 cents a ton. The rate from the Nazareth district (Martin's Creek to Bath inclusive), to Easton, is for a joint or two-line haul and is ten cents higher than the one-line, or local rate to Easton from the Lehigh district. The two-line rate to Easton from the Nazareth district is also ten cents above the 50 cent joint rate from the New Jersey district, which joint rate is ten cents above the 40-cent local sixth-class rate from Alpha and Vulcanite to Easton. An increase of 2 cents in the 40-cent rates and of 3 cents in the 50-cent rates became effective February 23, 1915. It is our opinion that the present adjustment of rates on cement to Easton from the three cement-producing districts is not unreasonable. A charge of ten cents more for a joint service than for a local or one-line haul seems justified. The reasonableness of the one-line rate not having been questioned, a joint rate of ten cents a ton above the local rate can not be held to be unjust.

The joint interstate rate of 50 cents (or 53 cents) from the New Jersey district to Easton—ten cents less than the joint rate from the Nazareth district to Easton—does not, in our opinion, establish the unreasonableness of the 60-cent (or 63-cent) joint rate from the Nazareth district. The controlling factor in the cement rates from the New Jersey district to Easton is the 40-cent (or 42-cent) local

sixth-class rate from Alpha and Vulcanite, which places are within five miles of Easton. A joint-rate of 50 (or 53) cents per ton from Alpha, Vulcanite and New Village to Easton would seem reasonably related both to the 40-cent (or 42-cent) local rate from Alpha and Vulcanite to Easton, and to a 60-cent (or 63-cent) joint rate applying from the entire Nazareth district to Easton.

The rates on cement from the three producing districts to Bethlehem are held to be equitably adjusted; but it is our opinion that the joint-rate of 70 cents (since February 23, 1915, of 74 cents) per ton on cement for the Nazareth district to Allentown is unreasonably high as compared with the one-line rates from the Lehigh and New Jersey districts. The local rate to Allentown from Coplay and points on the Ironton Railroad in the Lehigh district was 40 cents per ton and since February 23, 1915, has been 42 cents. The one-line or local rate from Vulcanite and Alpha, New Jersey, to Allentown was 50 (since February 23, 1915, 53) cents per ton. It is held that the joint-rate from the Nazareth district to Allentown should be reduced 10 cents per ton and should not exceed 63 cents per ton of 2,000 pounds.

An order will issue requiring the carriers participating in the transportation of cement to Allentown from the Nazareth district, to wit, from plants located in or near Bath, Penn Allen, Nazareth, Stockertown, Sandt's Eddy, and Martin's Creek, in Northampton County, Pennsylvania, to establish a joint-rate of not more than 63 cents per ton of 2,000 pounds.

ORDER.

This case being at issue upon complaint and answers on file, and having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been had, and the Commission having, on the date hereof, made and filed of record a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, to-wit, March 4th, 1915, It is ordered: That the Lehigh Valley Railroad Company, the Central Railroad Company of New Jersey, the Delaware, Lackawanna and Western Railroad Company, the Ironton Railroad Company, the Lehigh and New England Railroad Company, and the Bangor and Portland Railroad Company establish, according to law, joint rates of not more than sixty-three cents per ton of 2,000 pounds for the transportation of cement to Allentown from the Nazareth District, to-wit, from plants located in or near Bath, Penn Allen, Nazareth, Stockertown, Sandt's Eddy and Martin's Creek; the said rates to become effective on or before April 10th, 1915, upon five days' notice to the public and this Commission.