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BEFORE THE
INTERSTATE COMMERCE COMMISSION

IDAHO RAIL FREIGHT RATES)
AND CHARGES - 1975)

DOCKET NO. 36188

PROTESTANT'S
STATEMENT OF FACTS

POTLATCH CORPORATION

P. O. Box 1016

Lewiston, Idaho 83501

DATED: December 5, 1975

DUE: December 10, 1975

Glenn W. McGrew
General Traffic Manager
Potlatch Corporation

BEFORE THE
INTERSTATE COMMERCE COMMISSION

IDAHO RAIL FREIGHT RATES)
AND CHARGES - 1975)

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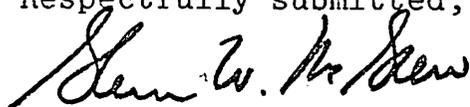
PROTESTANT'S
STATEMENT OF FACTS

Comes now protestant and respectfully submits, as
their case in chief, the attached testimony and exhibits
of:

Robert L. Hjelm, Manager Rates and Transportation
Potlatch Corporation, Lewiston, Idaho.

Protestant Potlatch Corporation submits that the
foregoing testimony and exhibits establish that log rates
applicable to our Idaho intrastate rail traffic are compensatory
and cause no undue advantage to us. That further increases as
sought by the Respondents would cause undue discrimination on
our log movements in Idaho and hence justifies the relief sought
by Protestant herein.

Respectfully submitted,



Glenn W. McGrew
General Traffic Manager
Potlatch Corporation

VERIFIED STATEMENT

OF

ROBERT L. HJELM

My name is Robert L. Hjelm and I am the Manager of Rates and Transportation for Potlatch Corporation whose corporate offices are located at Lewiston, Idaho. I have been employed by Potlatch for eleven years and have held my present position since June, 1973.

The principal business of Potlatch Corporation is the manufacture of lumber and wood products including woodpulp, pulpboard and tissue products, all produced at mills located in Northern Idaho. This statement is in response to the increases sought by applicant railroads on the movement of logs within the State of Idaho, and in particular, the transportation of logs by the Camas Prairie Railroad originating at Ahsahka, Kamiah, Headquarters, Revling and Jaype to Forebay, East Lewiston. The Camas Prairie Railroad, hereinafter referred to as the Camas Prairie, is jointly owned by the Burlington Northern and Union Pacific Railroads.

In this proceeding the Idaho carriers are seeking permission to increase rates on their Idaho intrastate traffic to the full amounts approved by the Interstate Commerce Commission on interstate commerce in Ex Parte numbers 267, 303, 305, 310 and 313

with some exceptions. Log traffic is exempt from consideration under Ex Parte 267, and under Ex Parte 305 it is exempt on the Union Pacific and Camas Prairie.

Potlatch has substantial traffic moving within Idaho; however, a large portion of this tonnage is transported by other than rail. Consequently, it is the position of Potlatch in these proceedings that we do not oppose the increases sought by applicant railroads and the Camas Prairie on the manufactured products we ship or receive. Our objection and interest is limited to increases proposed on the transportation of inbound logs for reasons that follow.

Logs are a low-valued raw commodity, one of the lowest, if not the lowest of all commodities from a claim standpoint. Yet the carriers always ask for the full increase to apply on this raw material in a manner similar to other high valued products, high claim liability products requiring greater attention, service, facilities and high-priced equipment.

Logs are the basic raw material used in the manufacture of lumber, plywood, particleboard and other wood products, including pulp and paper products. Any increase in the transportation charge for moving logs from woods to mill directly affects the cost of producing our products.

The applicant carriers interest in these logs does not terminate with the inbound movement but subsequently these carriers

enjoy maximum earnings from products manufactured from logs which we ship to distant markets in the Midwest, East and South. Therefore, the railroads enjoy a double result from a single increase.

Our annual log drive on the North Fork of the Clearwater River was eliminated by the completion of Dworshak Dam, and the last log drive was in May, 1971. Without benefit of river transportation, Potlatch found it necessary to improve rail log handling by expanding rail loading sites with longer spur tracks, by purchasing special equipment for loading and unloading rail cars, and vastly improving the log unloading facilities at Forebay in East Lewiston. In addition, it was necessary to meet the switching requirements by the purchase of a switch engine and the manning with our crews.

Our requests to adjust log rates where the receiver performs destination switching have been denied. Efforts to seek rate adjustments on log traffic involving shorter distances have been denied.

In Exhibit RLH-1, we will attempt to point out the comparison of intrastate log rates originating on the Camas Prairie and destined to Forebay, East Lewiston, versus rates available to log shippers and receivers located in Southern Idaho for a comparable service on the Union Pacific.

As indicated under Column 5, the Camas Prairie's revenue

at the Ex Parte 305 level ranged from a low of 86.06 to a high of 191.12 cents per mile. Subsequently, after the application of Ex Parte 303, 310 and 313 increases, the Camas Prairie's revenue ranged from a low of 100.55 to a high of 223.30 cents per mile as shown in Column 7.

Further, is a comparison on intrastate log rates from and to points in Southern Idaho located on the Union Pacific. We believe the points included are representative of log rates established on intrastate traffic on the Union Pacific in Idaho.

Under Column 5 you will note the Union Pacific's revenue ranges from a low of 55.32 to a high of 133.83 cents per mile at the Ex Parte 305 level. After applying the Ex Parte 303, 310 and 313 increases, the revenue ranges from a low of 64.61 to a high of 156.35 cents per mile as shown under Column 7.

For further comparison purposes, the present 72 mile haul on the Union Pacific from Cascade to Emmett produces revenue of \$45.95 per carload versus a 69.4 mile haul on the Camas Prairie from Revling to Forebay, East Lewiston, generating revenue of \$68.42 per carload, with both rates at the Ex Parte 305 level. Such a rate discrepancy is discrimination, and the rail carriers do not contemplate any changes in this inequity as of today. Potlatch expects no special consideration but merely wishes that its log rates compare with other log shippers' rates in Idaho. We are asking that our present comparatively high cost of log

transportation not be further increased, thereby reducing our competitive disadvantage. We think our log traffic is attractive to the rail industry, and since it moves in trainload lots, utilizes a minimal transportation handling and has no major terminals to navigate, it must be considered separately.

In Exhibit RLH-2, we will point out the comparison of intrastate log rates originating on the Camas Prairie and destined to Forebay, East Lewiston, versus interstate log rates available to a receiver at Lewiston, Idaho.

Under Column 4, the Camas Prairie's revenue per mile at the Ex Parte 305 level ranges from a low of 86.06 to a high of 191.12 cents. After applying the sought increases under Ex Parte 303, 310 and 313, the Camas Prairie's revenue per mile ranges from a low of 100.55 to a high of 223.30 cents, as shown under Column 6.

By comparison, the interstate revenue per mile shown in RLH-2, Column 4, at the Ex Parte 305 level, Meacham, Oregon to Lewiston, Idaho produces 63.16 cents. After applying all applicable increases through Ex Parte 313, the interstate revenue per mile under Column 6 is 70.96 cents. Further comparison on interstate rates from Plummer, Idaho and Rockford, Washington to Lewiston, Idaho indicates earnings per mile similar to those previously described from Meacham, Oregon to Lewiston, Idaho.

Obviously the longer distance interstate log traffic revenues are higher than intrastate charges; however, the earnings per mile are substantially higher on intrastate at Ex Parte 305 than interstate at Ex Parte 313. In a recent intrastate rail rate increase case considered by Division 2 of the Interstate Commerce Commission, one Commissioner in his dissent decision stated under Section 13, Paragraph 4, that the respondents have the burden of proof to show the lower intrastate rate creates an undue burden upon interstate commerce. Otherwise the Commission may not interfere with state rate making powers.

A mere showing that the intrastate and interstate rates are not identical is insufficient to prove that the lower intrastate rate creates an unjust discrimination against or an undue burden upon interstate commerce. If an increase is reasonable nationwide, it does not follow that it is reasonable as applied to intrastate rates. We are talking here about two different results. The nationwide rate level may be reasonable as an average, but it may contain wide discrepancies among various commodities, movements or regions.

Certainly our movement and handling of logs on the Camas Prairie is entirely different and apart from the movement of logs either on the Union Pacific in Southern Idaho or those moving in interstate commerce. To our knowledge none of these other log movements move in trainload lots, move through no major terminals, and require little destination switching.

Further, it seems unjust and unreasonable for the Camas Prairie to be seeking an increase on its intrastate log traffic based on alleged financial needs of the four Class I railroads operating in Idaho. May we point out the Idaho Public Utilities Commission in their Order 10318 dated June 18, 1971 expressly requested twelve specific areas of information be submitted by the Camas Prairie so that a determination could be made of their needs. To our knowledge, this has not been done, and we submit that the Commission should insist upon this evidence before further rate consideration is given.

In conclusion, we submit that the log traffic hereinafter discussed represents to Potlatch a large investment in special equipment, facilities, and a substantial transportation cost. In the past the Camas Prairie has reported income only from intrastate traffic but furnished total operating expenses; consequently, operating expenses far exceed income.

We believe it is necessary for the Camas Prairie to furnish complete operating income both from interstate and intrastate traffic to determine their financial needs. The applicant carriers have a burden of proof to show the intrastate rates create an undue burden upon interstate commerce. We believe in Exhibits RLH-1 and 2 we have shown that our log traffic is making more than a reasonable contribution in revenues and that a further increase would result in higher costs on intrastate than interstate.

In the past the railroads have utilized different approaches in general increase cases. They have asked for horizontal increases, selective increases, no increases on some commodities, no increases on some services, different percentage increases on some commodities, different percentage increases in some territories or between territories and various other methods. As a matter of fact, the Interstate Commerce Commission has approved differing increases by regions (Ex Parte 206, Increased Freight Rates, Eastern, Western and Southern Territories, 1956, 300 ICC 633). The Commission in authorizing the varying increases remarked that uniformity in rate increases "is not a controlling principle in rate making", (300 ICC 686).

We therefore respectfully request this Commission to deny the Ex Parte increases sought by the applicant carriers on the logs they transport within the State of Idaho.

Robert L. Hjelm

STATE OF IDAHO)
)
COUNTY OF NEZ PERCE) SS.

Robert L. Hjelm, being duly sworn, deposes and says that he has read the foregoing statement, knows the contents thereof, and that the same are true as stated.

Robert L. Hjelm
Robert L. Hjelm

Subscribed and sworn to before me this 5th day of December, 1975.



SEAL

Lawrence Stoltz
Notary Public for the State
of Idaho, residing at Lewiston.
NOTARY PUBLIC for the State of Idaho
Residing at Lewiston, Idaho
My commission expires April 24, 1977
My commission expires _____.

LOG RATES INTRASTATE IDAHO

ON CAMAS PRAIRIE RAILROAD

(1) FROM:	(2) TO	(3) RAIL MILEAGE	P R E S E N T		P R O P O S E D	
			(4) REVENUE PER CAR	(5) EARNINGS PER MILE	(6) REVENUE PER CAR	(7) EARNINGS PER MILE
Headquarters	Lewiston (Forebay)	79.5	\$ 68.42	\$.8606	\$ 79.94	\$ 1.0055
Revling	" "	69.4	68.42	.9859	79.94	1.1519
Jaype	" "	68.3	68.42	1.0018	79.94	1.1704
Kamiah	" "	62.0	68.42	1.1035	79.94	1.2894
Ahsahka	" "	35.8	68.42	1.9112	79.94	2.2330

ON UNION PACIFIC RAILROAD

Cascade	Payette	102	\$ 76.00	\$.7451	\$ 88.80	\$.8706
McCall	Emmett	106	58.64	.5532	68.49	.6461
Council	Emmett	103	61.37	.5958	71.72	.6963
Mountain Home	Emmett	82	48.39	.5901	56.53	.6894
Cascade	Emmett	72	45.95	.6382	53.70	.7458
Donnelly	Horse Shoe Bend	69	45.95	.6659	53.70	.7783
Cascade	Horse Shoe Bend	49	35.85	.7316	41.88	.8547
Banks	Emmett	37	30.77	.8316	35.95	.9716
Emmett	Horse Shoe Bend	23	30.78	1.3383	35.96	1.5635

(3) Rail mileages from Union Pacific Tariff 4000-B and Camas Prairie Time Table 113

(4) & (6) Rates from Item 1080, NPCFB 97-W and Items 1060, 1100, 1120 and 1130 Union Pacific Tariff 6039-0

LOG RATES INTRASTATE IDAHO

TO: LEWISTON, IDAHO

(1)	(2)	<u>P R E S E N T</u>		<u>P R O P O S E D</u>	
		RATES AT X-305-A LEVEL		RATES AT X-313 LEVEL	
<u>FROM:</u>	<u>RAIL MILEAGE</u>	<u>REVENUE PER CAR</u>	<u>EARNINGS PER MILE</u>	<u>REVENUE PER CAR</u>	<u>EARNINGS PER MILE</u>
Headquarters	79.5	\$ 68.42	\$.8606	\$ 79.94	\$ 1.0055
Revlng	69.4	68.42	.9859	79.94	1.1519
Jaype	68.3	68.42	1.0018	79.94	1.1704
Kamiah	62.0	68.42	1.1035	79.94	1.2894
Ahsahka	35.8	68.42	1.9112	79.94	2.2330

LOGS - INTERSTATE

Meacham, Oregon	252	\$159.16	\$.6316	\$178.82	\$.7096
Plummer, Idaho	209	131.56	.6295	147.81	.7072
Rockford, Washington	193	131.56	.6817	147.81	.7659

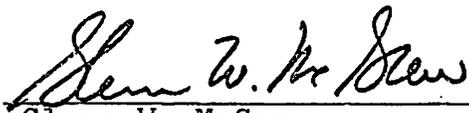
(2) Rail mileages from Union Pacific Tariff 4000-B and Camas Prairie Time Table 113

(3) & (5) Tariff Authority: Item 1080-B, NPCFB 97-W, Sup. 6

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document to all parties of record in this proceeding including those listed in the procedural order dated October 8, 1975 as well as Mr. Gilbert G. Zizek, General Manager Transportation of FMC Corporation, Philadelphia, Pennsylvania in accordance with said order and Rule 22 of the Commission's General Rules of Practice.

DATED at Lewiston, Idaho this 5th day of
December, 1975.



Glenn W. McGrew
General Traffic Manager
Potlatch Corporation