

Canada Atlantic Transit Co's Operation by G.T.R. Authorized.

The Interstate Commerce Commission gave the following decision at Washington recently:—In Lake Line Applications under Panama Canal Act, 33 I.C.C., 699, the petitioner the Grand Trunk Ry. Co. of Canada was denied permission longer to operate the Canada Atlantic Transit Co., a boat line which it owns and operates on the Great Lakes. Pursuant to a petition to rehear, the order entered with respect to the C. A. T. Co. was set aside and the case re-opened for further hearing by order dated Mar. 29, 1916. A further hearing was held Sept. 27, 1916, at which time an important jurisdictional question was urged and further evidence was introduced in support of the contentions previously advanced by the petitioner.

The G.T.R. Co. is a railway corporation organized under the laws of the Dominion of Canada, owning and operating various lines of railway within Canada, and by act of the Parliament of Canada dated May 16, 1905, was specifically authorized to acquire the capital stock of the Canada Atlantic Ry. Co. and Canada Atlantic Transit Co. The Canada Atlantic Transit Co. operates a line of boats from Depot Harbor Ont., on Georgian Bay, the western terminus of the C. A. Ry., to Chicago, Ill., and a line of boats from Depot Harbor to Milwaukee, Wis., plying on the International Boundary waters between the United States and Canada. The petitioner contends upon rehearing that the refusal to permit it longer to operate its boat line invades the right of free navigation of the International Boundary water between the U. S. and Canada, which is preserved to the inhabitants of each of said countries by treaties which have been in force for many years, that the Panama Canal Act does not specifically provide that this treaty right shall be curtailed; that accordingly the Panama Canal Act cannot be construed as having any application to the ownership of the petitioner in the C.A.T. Co.; and that this commission consequently has no jurisdiction to deny petitioner power longer to operate. In the view we now take upon the merits of this application, upon rehearing, under which the water service of the C. A. T. Co. as now operated may be extended, we deem it unnecessary to consider or decide this question.

The petitioner upon rehearing again contends that it does not compete with its boat line within the meaning of the provisions of the Panama Canal Act, and that this commission is without jurisdiction in the premises. The petitioner, in addition to the lines of railway which it owns and operates in Canada, owns and operates certain lines of railway, within the United States which reach Chicago, connecting with its Canadian lines. The petitioner joins in through routes and publishes joint through rates in connection with the lines from Chicago to Milwaukee, the other port served by its boats. In Lake Line Associations under the Panama Canal Act, supra, we held that this condition brought about a transportation situation under which the petitioner does or may compete with its boat line within the meaning of the provisions of the Panama Canal Act. Nothing shown upon the rehearing would warrant our changing this finding.

The Canada Atlantic Transit Co. is a so called differential line. Because the route from eastern territory to the ports served by this line is more circuitous than

that of the more direct route, a somewhat lower scale of rates is made applicable via this line. For many years the transit company's rate has been lower by 10c per 100 lbs for 1st class traffic from New York to Chicago, than the rate of the so called standard lake and rail routes, and proportionately less for traffic of other classes. It appears from statements filed upon rehearing that the rates via the standard lake and rail routes from New York to Chicago are higher than the transit company's rates on the different classes of traffic as follows, viz.: On 1st class, 19.2%; 2nd class, 17.4%; 3rd 13.6%; and 6th class, 10.5%. The standard all rail rates from New York to Chicago are higher than the transit company's rates on the six classes of traffic, as follows, namely: On 1st class, 51.5%; 2nd class, 48.5%; 3rd class, 50%; 4th class 41.5%; 5th class, 43.2%; and 6th class, 38.4%.

The transit company operates three steel vessels, having an aggregate net registered tonnage of 7,118 tons and a cargo capacity of 14,000 net tons. During 1914 it carried 348,727 tons of freight, and during 1915, 321,824 tons. During 1915, up to Aug. 31, it carried 184,738 tons. The transit company provides approximately three sailings a week, both eastbound and westbound, during the season of navigation, with substantially regular service. During 1915 its boats were in commission 205 times and made 68 round trips. During the last season, up to Aug. 31, its boats had made 34 round trips. The traffic transported has its origin or destination at numerous points throughout a large territory, in Canada and in the United States, including the terminal points Chicago and Milwaukee, and points generally in Wisconsin, Illinois, Iowa, Nebraska, and Kansas, and the southwest territory, New England, New York, and Canada, and the Canadian provinces, and also points abroad from which traffic is imported or to which it is exported. During the early part of the season of navigation last past the transit company handled over 34,000 separate and distinct consignments of freight. The traffic representative of many regular shippers and consignees located in the territory who have availed themselves of the service of the transit company appeared at the rehearing and testified to the satisfactory nature of the service, and uniformly expressed the desire that it be continued.

The service of the transit company was originally established to provide a western connection for the Canada Atlantic Ry., which otherwise would have ended in a transportation cul de sac. Thirty per cent. of the gross earnings of the C. A. R. during the season of navigation and 18% of its earnings throughout the year are received on traffic destined to or received from the transit company. The service of the transit company was established solely as a supplement to and extension of the C. A. R. The traffic and business conditions in the territory served by the C.A.R. have materially changed since its organization. Formerly that territory was a large producer of timber and lumber products, with the traffic incident to such production; but now that the timber resources have been largely depleted this traffic has greatly decreased and there has not been, as yet, agricultural development or other local development which furnishes traffic to replace that formerly incident to the lumber pro-

jects. It is urged that the transit company is of increasing importance to the C. A. R., which is an integral part of the G. T. system. The transit company has always operated at a deficit after the payment of fixed charges. In 1913 the deficit was \$704,574; in 1914 it was \$860,453.

The Canada Atlantic Ry. has always absorbed out of its rail revenue the deficit resulting from the operation of the transit company, because there has been no other way to secure the maintenance of the service performed by the transit company or to secure an equivalent water service west of Depot Harbor for the interchange of traffic to and from Lake Michigan ports. The Canada Atlantic is the only railway which reaches Depot Harbor. Neither the petitioner nor the C.A.R. has ever refused to interchange traffic at Depot Harbor with any other vessel or carrier by water, or to form through routes or make joint rates or enter into arrangement for divisions of rates on an equitable basis with respect to the handling of lake and rail traffic. No request has ever been made to either of them for the making of such arrangement. It is stated on behalf of the petitioner that it heretofore has been, and now is, ready to make reasonable and proper arrangement for the establishment of such through route and joint rates in connection with any responsible water carrier or vessels carrying package freight to and from a connection with it at Depot Harbor, even if the service of the transit company continues under its present control.

It is stated on behalf of the petitioner that the elimination of the interest of the petitioner in the transit company would necessarily result in a discontinuance of the water service of that line, which is the only remaining differential rail and lake route to Lake Michigan ports. It is also stated that the Lake Line Association has been dissolved. It is said that the petitioner has not diverted nor attempted to divert traffic from the boats of the transit company, and that neither the petitioner nor the transit company has acquired any monopoly of or lessened any competition upon the water route served by the transit company, and that the transit company has actively competed and will continue actively to compete with other existing rail and lake routes upon the great lakes.

From a full consideration of the record, upon rehearing we find that the existing service by water of the C. A. T. Co. is being operated in the interest of the public, and is of advantage to the convenience and commerce of the people, and that an extension thereof will neither exclude, prevent, nor reduce competition on the route by water here under consideration. The C. A. T. Co. will be required to file its tariffs in accordance with the provisions of the act to regulate commerce as amended by the Panama Canal Act. An order will be entered in accordance with the views expressed herein.

British Government War Risk Insurance.—The Imperial Colonial Office has announced that, as from Apr. 23, the rates of insurance under the Government war risks insurance scheme are as follows: Hulls, a voyage, 2½%; a round voyage, 5%; 91 days time policy; 5%; cargo, 105 shillings %.