

REPORT FOR THE YEARS 1917-1918

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Report for the Years 1917-1918 by Tennessee Railroad Commission

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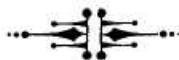
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TENNESSEE RAILROAD COMMISSION

**REPORT FOR THE
YEARS 1917-1918**

REPORT
OF THE
TENNESSEE RAILROAD
COMMISSION
FOR THE
YEARS 1917-1918



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Railroad Commissioners' Report.

TO THE GOVERNOR:

In accordance with the provisions of the statute we respectfully submit the 12th Biennial Report of the Railroad Commission for the years 1917-18.

MEMBERSHIP AND ORGANIZATION.

The present members of the Board are B. A. Enloe, Harvey H. Hannah, and George N. Welch. The term of Mr. Welch will expire January 1, 1921, the term of Mr. Enloe will expire January 1, 1923. Harvey H. Hannah has been re-elected to a full term of six years beginning January 1, 1919.

The officers of the Board are: B. A. Enloe, Chairman; Willie Fields, Secretary.

In addition to the duties of Railroad Commissioners the law makes the Railroad Commissioners ex-officio State Tax Assessors of railroads and certain other corporate properties. For the purpose of making the assessment of said properties for the years 1917-1918 this Board organized by electing B. A. Enloe, Chairman, and Willie Fields, Secretary.

The report will be divided into two parts, the first part devoted to the work of the Railroad Commission as such and the second part to the assessment and other miscellaneous matters.

RATE ADJUSTMENTS.

Before the Federal Government took control of the railroads the Commission had put in operation revised rates for all the corporations coming under its jurisdiction for rate regulation, and the rate conditions in Tennessee were satisfactory to the public and compensatory to the corporations. Prior to this work of revision of railroad rates, the rates between points in Tennessee west of Nashville were out of line,

and in some instances discriminatory. The railroads operating in this territory filed new tariffs with the Commission seeking to adjust and iron out the inequalities in the rates between points in Tennessee west of Nashville.

An exhaustive investigation was made by the Commission, and after a complete and thorough investigation and hearing the Commission fixed and prescribed a mileage scale of reasonable rates to apply to this territory, which rates were lower than those published by the railroads and at the same time more nearly in line with rates in effect in other parts of the State.

Where this revision was made it had the effect of advancing the rates approximately 10 per cent; it also had the effect of placing the entire State, as far as railroad rates were concerned, on an approximately equal footing and on a just and equitable basis.

On July 1, 1917, all railroads operating within the State filed with the Commission new tariffs advancing all freight rates 15 per cent. The Commission, after an examination into the financial needs of each company suspended the tariffs carrying these 15 per cent advances and ordered the roads to appear and show cause why the advances should be allowed. The rate question as thus presented remained in statu quo in Tennessee; that is, the railroads in order to meet the increased cost of operating caused by increases in wages and in cost of material, had proposed a 15 per cent increase in freight rates. There was no suggestion of an increase in the passenger rates, but it was presumed that the 15 per cent increase in freight rates, if allowed, would meet the financial needs of the railroad companies doing business in Tennessee. It has usually been safe to presume that the railroad companies in asking for relief always asked for enough to meet the requirements of the situation. However, the Federal Administration of Railroads did not take this view of the matter. Where the railroads were asking for 15 per cent the United States Administration of Railroads ordered in a 25 per cent horizontal

increase in freight rates. Passenger rates were advanced to 3 cents per mile with one-half cent extra charge for those riding in sleeping cars or parlor cars.

PASSENGER RATES.

The Tennessee Commission had been striving for years to get a 2½-cent passenger rate, operative intrastate, on all the first-class lines of railroad in Tennessee, and had succeeded except as to the Illinois Central Railroad Company. That company has tied up the order of the Railroad Commission in the Circuit Court of Davidson County. In passing we may remark that the Commission has no power to force this lawsuit to a trial, but is confident that when the case is tried that the State will gain it, because the issue involved is the reasonableness of a 2½-cent passenger rate in Tennessee on the lines of the Illinois Central Railroad in the year 1913, when the show cause order was issued, and the burden of proof was upon the railroad company to show that a 2½-cent passenger rate on its lines in Tennessee was so unreasonably low as to make it confiscatory in effect. We would recommend that immediate steps be taken to force this case to a hearing and that it be prosecuted vigorously to a final conclusion.

WAR MEASURES.

Under date of May 26, 1918, the Railroad Commission received the following telegram from Hon. W. G. McAdoo, Director General of Railroads:

“Apparent increases in operating expenses, aggregating eight hundred and thirty million dollars to eight hundred and sixty million dollars, for the calendar year nineteen eighteen, as compared with the calendar year nineteen seventeen, and consisting principally of increases in wages and cost of coal, fuel, oil and other materials and supplies, leave no escape from the conclusion that the public interest requires immediate and substantial increases in the rates for practically all services, passenger and freight now performed by the railroads under Federal control, and therefore, in effect performed

by the United States Government itself, and that there is no other reasonable way to defray the expenses of Federal control and operation, since it is clear that those additional burdens should not be forced upon the Federal Treasury at this time, when it is already so heavily taxed by the needs of our own government for war purposes and the essential demands for credit of the gallant nations associated with us in this great struggle for liberty. In these circumstances it seems clear that the duty which rests upon me by virtue of the Act of Congress of March 21, 1918, and by virtue of the President's proclamation, should be performed by the initiation without delay of increased rates to meet the situation. In dealing with this situation I have given much thought to the question as to the practical way of availing myself of the knowledge and co-operation which at all times have been so cordially put at my disposal by the State Commissions. The Act of Congress gives me no opportunity to share with the State Commissions the responsibility which rests upon the United States Railroad Administration for the financial results to the United States Government of the operation of the railroads; in fact, the Government of the United States has assumed control of the railroads and the undivided responsibility for their operation, and that entire responsibility has been placed upon me. I have also felt that the exigencies of the situation are so serious as not to admit of postponement of action until full opportunity could be extended to the commissions in all the States to discuss the important problems involved and to advise me in advance of official action as to how my responsibility could best be discharged. In these circumstances it has seemed clear that the responsibility should be promptly met in the manner contemplated by the Act of Congress, and then, in the event readjustments which always must come in a matter of such far-reaching character, to obtain the advice and suggestions of the State commissions and to take advantage of their views in order that in the final consideration of the subject by the Interstate Commerce Commission, that body may have the benefit of the most intelligent and equitable suggestions as to the readjustments needed to accomplish the

largest measure of relative justice, while at the same time obtaining the additional operating revenues which the United States Government must have in order to discharge the responsibilities which it has assumed for railroad operation. Acting upon this view I am initiating substantial increases in practically all rates, passenger and freight, and am arranging to have delivered to you at once a copy of the announcement on this subject. I earnestly hope that the procedure thus adopted and which is unavoidable will have your support and that you will give the Government your full co-operation in perfecting the rates thus initiated. I also bespeak your patriotic co-operation in getting the public to support in a patriotic spirit, and as a war measure, these substantial rate increases, which are the outgrowth of war conditions and which in principle and in substance are indispensable to enable the Federal Government to discharge the transportation functions which are essential to the successful conduct of the war."

To this telegram the Commission, on the 27th day of May, 1918, sent the following reply:

"Hon. W. G. McAdoo, Director General of Railroads, Washington, D. C.

"DEAR SIR: Your communication announcing increase in rates on all railroads now under Government control reached this office this morning. Through the mails we received the new schedules of freight and passenger rates announced by you in your General Order No. 28.

"This Commission will give due consideration to the new schedule of rates and will from time to time offer such suggestions as it may deem proper in regard to the same. You can rely on the co-operation of the Commission in the general policies which you have inaugurated in dealing with the railroad problem. If, upon investigation, the new rates appear to be reasonable, as affecting the interests of shippers, they will be given the approval of this Commission.

"We recognize the fact that the increase of rates is a war measure, and that an increase in rates had become an absolute necessity in order that they might cover the increased cost of operations. The increase in rates should only produce the amount of revenue necessary to cover the increased cost of operations. In other words, we do not believe that the United States Government should make a profit out of the operation of the railroads, by an undue increase in the burdens imposed upon the shippers and the traveling public.

"Yours very truly,

"B. A. ENLOE, *Chairman.*"

On June 8, 1918, the Railroad Commission issued the following order, which was spread upon the minutes of the Commission:

"WHEREAS, The President of the United States, having been duly empowered by Act of Congress, has assumed the control of certain steam railroads in the United States, and acting through and by the orders of the Director General of Railroads, appointed by him, has initiated certain advances in passenger fares, baggage charges and freight rates; and,

"WHEREAS, Under General Order No. 28, issued by the Director General of Railroads and amended by him, said advances are to be made effective on passenger fares and baggage charges June 10, 1918, and on freight charges June 25, 1918; and,

"WHEREAS, The Director General of Railroads has ordered those who publish tariff schedules setting out said advanced fares, charges and rates to send copies of said tariff schedules to the State Railroad Commissions 'as information only';

"It is ordered by the Tennessee Railroad Commission, That all tariff schedules publishing the advanced fares, charges and rates as initiated by the President, in the manner set out in General Order No. 28, as issued and amended by the Director General of Railroads, be received by the Secretary of the Commission and filed in the records of the Commission 'as information only.'