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Decision No. 13719

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the Matter of the Application of )  
STATE WAREHOUSE COMPANY, a corporation, : Application No. 10150  
for permission to increase warehouse  
storage rates for the storage of grain. )

In the Matter of the Application of )  
J. W. CHARGE & SONS, a partnership, for : Application No. 10151  
permission to increase warehouse stor-  
age rates for the storage of grain. )

In the Matter of the Application of :  
NORTHERN STAR MILLS, a corporation, ) Application No. 10152  
for permission to increase warehouse  
storage rates for the storage of grain. )

In the Matter of the Application of :  
GANSEN WAREHOUSE COMPANY, a partnership, ) Application No. 10153  
for permission to increase warehouse  
storage rates for the storage of  
grain. )

Pratt and Jones for all Applicants.

BY THE COMMISSION,

O P I N I O N

These proceedings involve four applications for authority under the provisions of Section 63 of the Public Utilities Act to increase the season storage rate for grain from \$1.00 to \$1.25, at the warehouses of the State Warehouse Company, J. W. Charge & Company, Northern Star Mills and Gansen Warehouse Company, all located in the city of Chico.

A public hearing was held at Chico June 17th before Examiner Geary and the proceedings having been duly submitted are now ready for an Opinion and Order.

The applications are similar in form, and allege that the present season rate of \$1.00 per ton is unreasonable and secures no return upon the money invested in the warehouse business.

The storage of grain beings in the early part of June and the season embraces the twelve months until the 1st of the following June. The present rates have been in effect at Chico for a number of years. They were not adjusted during the war period and are now lower than the rates for similar storage at points in the Sacramento Valley, such as Biggs, Durham, Nelson, Nord, Tehama, Vina, Live Oak, Maxwell, Corning, Oroville, Willows and Woodland.

Each of the applicants presented exhibits giving the revenue and expenses over a period of years and through the testimony of witnesses showed that the public utility services are being operated at a direct financial loss. The applicants are all engaged in other lines of business activities and the expenses carried in the exhibits filed at the hearing and as shown in the annual reports, include in most instances only the direct out of pocket operating expenses and do not include charges for such items as supervision, clerical help- compensation insurance, or depreciation, which, if included would greatly increase the net loss per annum.

The property devoted to warehouse purposes, is, with one exception, owned by applicants, however, from the information at hand it is apparent the patrons of these warehouses could not sustain rates commensurate with the claimed values of the properties and the rate petitioned for of \$1.25 per ton per season is not claimed to be such as to secure a proper, if any, return upon the capital invested in the public utility business.

It is obvious applicants could not continue the storage services were it not for the other allied activities.

These petitions were first presented for informal authority but because of the importance of the adjustment and the large agricultural interests involved formal petitions were required to permit interested parties to be heard. Notwithstanding that the matter was discussed with certain shippers and general publicity given of the hearing, not a single storer of grain appeared, nor was there a protest of any nature.

Under all of the conditions surrounding these applications, we are of the opinion and find as a fact that the present rate of \$1.00 per ton per season for storing grain at warehouses of applicants at Chico, including the loading on cars, is non-compensatory and that a rate of \$1.25 per ton including loading on cars is just and reasonable. The applications should be granted and the rate made effective for the season commencing June 1, 1924.

#### O R D E R

The State Warehouse Company, a corporation, J. W. Charge & Sons, a partnership, Northern Star Mills, a corporation and Gansen Warehouse Company, a partnership, having applied to the Railroad Commission for an order authorizing an increase in the warehouse rates for the storage of grain by applicants at Chico and a public hearing having been held and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the applications be, and the same are hereby granted and applicants are hereby authorized, effective June 1, 1924, to charge and assess for the season's storage of grain (June 1 to May 31 following) including the loading on cars, a rate of \$1.25 per ton, which rate the Com-

mission hereby finds as a fact to be a just and reasonable rate.

IT IS HEREBY FURTHER ORDERED that a tariff carrying the rate herein named be filed with the Railroad Commission and that same be placed in effect as of June 1, 1924.

Dated at San Francisco, California, this 20<sup>th</sup> day of June, 1924.

C. L. Seaver  
Livingston M. Martin  
Egerton Shore  
Commissioners