

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA WHARF & WAREHOUSE CO., a corporation; F. L. NIXON, doing business under the name of Denair Warehouse; ROY DAY and R. L. FRYE, a copartnership, doing business under the name of Farmers Warehouse & Supply Co.; GRANGE WAREHOUSE & STORAGE CO., a corporation; J. RODBERG, doing business under the name of Hilmar Warehouse Co.; A. A. GALT, M. A. GALT, and S. C. GALT, a copartnership, doing business under the name of Hughson Warehouse Company; J. RODBERG, doing business under the name of Livingston Warehouse; EDWARD J. LYNG, doing business under the name of Edward J. Lyng Warehouse; MANTECA WAREHOUSE, INC., a corporation; H. K. HULS, doing business under the name of Merced Elevator Co.; NORTHERN CALIFORNIA WAREHOUSE CO., a corporation; SIMON NEWMAN COMPANY, a corporation; STANISLAUS COUNTY FARMERS UNION, INC., a corporation; C. B. TAWNEY; CHARLES TORNELL, EVAR TORNELL, C. S. TORNELL, CARL TORNELL, PETER LARSON, copartners, doing business under the name of Tornell Larson Grain Co.; T. E. WILSON; through L. A. Bailey, their duly authorized Agent, for an order establishing just, reasonable and uniform rates, rules and regulations.

ORIGINAL

Application No. 13711.

L. A. Bailey and Douglas Brookman, for applicant.

Edson Abel, for California Farm Bureau Federation;
Stanislaus County Farm Bureau Federation;
San Joaquin County Farm Bureau Federation;
Merced County Farm Bureau Federation.

BY THE COMMISSION:

O P I N I O N

This is an application by L. A. Bailey as agent for California Wharf and Warehouse Company, a corporation, operating public warehouses at Dickinson, Le Grand, Marguerite, Merced, Planada and Tuttle; F. L. Nixon operating a warehouse at Denair under the fictitious name of Denair Warehouse; Roy Day and R. L.

Frye, copartners operating under the fictitious name of the Farmers Warehouse and Supply Company, with warehouses at Denair, Hatch, Keyes, Livingston and Turlock; Grange Warehouse and Storage Company, a corporation, operating warehouses at Adela, Arnold, Athlone, Ceres, Claribel, Claus, Cometa, Denair, Empire, Farmington, Gilman, Hatch, Hickman, Merced, Modesto, Montpelier, Oakdale, Paulsell, Riverbank, Ryer, Salida, Turlock, Valley Home and Waterford; J. Rodberg, an individual operating a warehouse at Hilmar under the fictitious name of the Hilmar Warehouse Company and at Livingston under the fictitious name of Livingston Warehouse; A. A. Galt, M. A. Galt and S. C. Galt, a copartnership operating a warehouse at Hughson under the fictitious name of Hughson Warehouse Company; Edward J. Lyng, an individual operating a warehouse at Modesto under the fictitious name of the Edward J. Lyng Warehouse; Manteca Warehouse, Incorporated, a corporation operating a warehouse at Manteca; H. K. Euls, an individual operating a warehouse at Merced under the fictitious name of the Merced Elevator Company; Northern California Warehouse Company, a corporation operating a warehouse at Modesto; Simon Newman Company, a corporation, operating warehouses at Crows Landing, Ingomar, Linora, Newman, Patterson, Volta and Westley; Stanislaus County Farmers' Union, Incorporated, a corporation, operating a warehouse at Modesto; C. B. Tawney, an individual operating a warehouse at Ripon; Charles Tornell, Evar Tornell, G. S. Tornell, Carl Tornell and Peter Larson, copartners operating a warehouse at Ripon under the firm name and style of Tornell Larson Grain Company; and T. E. Wilson, an individual operating a warehouse at Ceres, for authority to readjust rates and publish a consolidated warehouse tariff containing uniform rates, rules and regulations as set forth in Exhibit "B" attached to and made a part of the application. The increases in the

charges for storing the principal grains will be from 5 cents to 25 cents per month.

Public hearings were held before Examiner Geary at Modesto June 9th and Newman June 10th, 1927, and the application having been duly submitted and briefs filed, is now ready for our opinion and order.

At the hearing at Modesto R. L. Frye, representing the copartnership of Roy Day and R. L. Frye, doing business under the name of the Farmers Warehouse and Supply Company, with warehouses located at Denair, Hatch, Keyes, Livingston and Turlock, requested that the copartnership be eliminated as an applicant in the proceeding.

The copartnership consisting of Charles Tornell, Evar Tornell, G. S. Tornell, Carl Tornell and Peter Larson, operating under the fictitious name of the Tornell Larson Grain Company, with a warehouse at Ripon, and C. B. Tawney, an individual, with a warehouse at the same point, have never filed warehouse tariffs or annual reports with this Commission; and H. K. Euls, an individual doing business under the fictitious name of the Merced Elevator Company, with a warehouse at Merced, while having tariffs on file with this Commission and having filed an annual report for the year 1926, failed to render any sustaining proof that the rates should be adjusted.

The four applicants named in the two preceding paragraphs will be eliminated from further consideration.

The remaining applicants operate some 50 warehouses located on the east side of the San Joaquin Valley, adjacent to each other in the territory Athlone and north thereof to Farmington and Manteca and on the west side of the valley at stations Volta to Westley on the Southern Pacific, and also at a number of points on the east side of the valley on the rails of the

Atchison, Topeka and Santa Fe, and at a few points in the interior not on the lines of any rail carrier.

The present tariff does not segregate the storage charges in the same manner as the proposed tariff, they now being assessed in most instances under the classification of season storage, which includes weighing in, piling in the warehouse, and storing, but not including delivery from the warehouse for which a charge of 25 cents per ton is assessed. Under the proposed tariff the charges are separate and distinct for each service, viz., receiving, piling, weighing, storing and delivering. The storage charges in some instances are for different periods than now in effect. As illustrative, under the present tariffs beans are assessed a flat charge per ton per season ending May 31st or any part thereof, while in the proposed tariff the storage charge for beans is broken into different periods, 30, 60 and 90 days, and for an entire season ending May 31st or any part thereof.

The tariffs now in effect do not have standard rules, and the charges differ at the different warehouses. It is applicants' intention by this proceeding to establish uniform rates, rules and regulations at all of the San Joaquin Valley warehouses operated by the members of the California Warehouse Bureau. The rates sought are practically those in effect at Stockton, except that on grain the proposed rates are ten cents per ton less and on potatoes one half cent per sack less for each month's storage after the first month than those prevailing at the large warehouses at Stockton.

There was testimony to the effect that because of the small volume of business handled at the country warehouses, rates should actually be much higher than those prevailing at the large terminals, but the rates here proposed are materially controlled by the Stockton competition.

Practically all of this warehouse business is conducted

in conjunction with some form of non-utility operations, such as general merchandising and the buying, selling, cleaning and fumigating of the commodities stored. It is apparent from this record that many of the applicants are able to continue their public utility operations solely by reason of the revenue received from non-utility activities.

The testimony shows that the acreage in northern San Joaquin Valley is gradually being diverted from the production of grain, beans, hay and straw to orchard, vegetable and dairy farms, and there is a steady decline in the commodities these applicants depend upon for the revenues necessary in the conduct of their warehouse business.

A witness for applicants presented exhibits giving the financial results June 1, 1925, to May 31, 1926, showing that two of the applicants operated at a profit during this 12 months' period. The California Wharf and Warehouse Company, with a claimed investment of \$33,500, had a profit of \$856.71, and the Northern California Warehouse, operating leased property, had a profit of \$212.18. The other companies suffered a total operating loss of \$18,175.81 as follows: Denair Warehouse, \$267.25; Grange Warehouse and Storage Company, \$11,829.58; Hilmar Warehouse, \$348.33; Hughson Warehouse Company, \$295.71; Edward J. Lyng Warehouse, \$2,147.39; Manteca Warehouse, \$1,069.68; Simon Newman Company, \$940.18; Stanislaus County Farmers Union, \$953.31; T. E. Wilson, \$324.58. Similar reports were rendered for the ten months' period June 1, 1926, to March 31, 1927, showing very much the same conditions.

The Annual Reports to the Commission do not make segregations as between the utility and the non-utility transactions. The special reports entered in this proceeding do separate the utility revenue from other revenues, and the expenses are directly

allocated to warehouses wherever possible, arbitrary amounts being set up where the expenses are divided between the utility and non-utility business. The arbitrary amounts were studied by representatives from our Finance Department, and appear to be proper.

Notices of the hearings conducted at Modesto and Newman were posted in each warehouse of each of the applicants ten days prior to the hearings, but only one witness testified in opposition to the granting of the rates sought.

Upon consideration of all the exhibits, testimony and briefs we are of the opinion and find that the application has been justified and that the proposed rates should be authorized.

O R D E R

This application having been duly heard and submitted, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that applicants, California Wharf and Warehouse Company, a corporation; F. L. Nixon, an individual; Grange Warehouse and Storage Company, a corporation; J. Rodberg, an individual; A. A. Galt, M. A. Galt and S. C. Galt, a copartnership; Edward J. Lyng, an individual; Manteca Warehouse, a corporation; Northern California Warehouse Company, a corporation; Simon Newman Company, a corporation; Stanislaus County Farmers' Union, a corporation; and T. E. Wilson, an individual, be and they are hereby authorized to establish on five (5) days notice to the Commission and to the public, the rates, rules and regulations shown in California Warehouse Tariff Bureau Tariff designated as

Exhibit "B", attached to and made a part of the application.

IT IS HEREBY FURTHER ORDERED that in all other respects the application be and it is hereby dismissed.

Dated at San Francisco, California, this 8th day of ~~June~~ July 1927.

[Signature]

[Signature]

[Signature]
Commissioners.