

Decision No. 20532

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of SOUTHWEST HONEY CORPORATION,  
for authority to conduct a ware-  
house at 1795 Pasadena Ave., Los  
Angeles, California, to be used  
for storing honey, comb and  
strained, and similar products,  
in packages and bulk.

ORIGINAL

APPLICATION NO. 14932

Thomas H. Hearn, for Applicant.

Newlin & Ashburn, by A. T. George  
and C. E. Holley, for Los Angeles  
Warehousemen's Association and  
California Warehousemen's Associa-  
tion, Protestants.

BY THE COMMISSION:

O P I N I O N

Applicant herein seeks a certificate declaring that public necessity and convenience require the establishment and operation of a warehouse for the warehousing of honey and its products in the city of Los Angeles, a city of more than 150,000 population.

Public hearings herein were conducted by Examiner Williams at Los Angeles.

At the hearing, objection was raised to applicant prosecuting the application, on the ground that it was a Nevada corporation and therefore incapable of receiving a certificate under section 26 of the Public Utilities Act. Applicant admitted that it was a Nevada corporation, but

by stipulation it was agreed that the testimony as to public convenience and necessity should be received, and the matter continued a sufficient time to give applicant opportunity to form a domestic corporation capable of receiving a certificate. Accordingly at the hearing on September 8, 1928, the matter was continued until October 31, 1928, to give applicant such opportunity.

On October 29, 1928, applicant submitted a supplementary petition asking the substitution of The Southwest Honey Corporation as party applicant, and filed therewith certified copies of the Articles of Incorporation filed with the Secretary of State of California, and otherwise properly verified. This application also stated that the business, assets and property of the Nevada corporation had been transferred to the California corporation, and that the directors of the Nevada corporation had taken steps to dissolve such corporation. It was stipulated by protestants that the substitution be granted, and for the purposes of this decision, The Southwest Honey Corporation, as organized under the California laws, will be substituted as the applicant.

According to the testimony of C. A. Schirm, Superintendent of applicant company, who has had thirty years' experience in the production and merchandising of honey, the corporation has constructed a two-story building 50 X 100 feet adjoining its non-utility business, in which honey is to be stored at a temperature of from eighty to ninety degrees, for whosoever wishes to consign it for storage.

Mr. Schirm explained that all honey, except California black sage honey, will readily granulate and harden, if kept at changing temperature. In other words, the liquid honey, after

being withdrawn from the hive, cannot be kept in its liquid state except by maintaining the normal temperature in which it is produced. The witness testified there was no economic process of liquefying and recovering honey if granulation sets in. He further testified that he was familiar with all warehouses where honey had been stored, and that granulation occurred due to changes in temperature. He testified that the maximum capacity of the proposed warehouse is 20,000 cases. The room in which the honey is to be stored is steam heated and under thermostatic regulation.

The applicant, while stating no rates in its application for certificate, indicated that its charges would be the normal charges for this commodity of other warehouses, to-wit, six and one-half cents ( $6\frac{1}{2}\text{¢}$ ) a case for the first month, and three cents ( $3\text{¢}$ ) a case for each additional month.

Applicant was supported by the testimony of William Achley, of Upland, who has been for forty years in the business of producing, buying and selling honey, and he testified that the method of storage provided by applicant would retain the honey in its liquid state, and that without such storage, comb honey lost from fifty to seventy-five per cent of its value if stored in varying temperature. The witness further testified he had kept honey in his own warm honey storage room four years without granulation. He testified that the storage process designed by applicant would be of benefit to the industry.

Roy K. Bishop, Inspector of Apiaries in Orange County, with twenty-five years' experience as a producer of honey, testified that it could be preserved in liquid state at a temperature of approximately ninety degrees, and that orange honey would easily keep liquid for a year without granulation

when so stored. The witness testified he had examined the plant of the applicant and found it well adapted for the purpose. Similar testimony was given by Edmund Varney, of North Hollywood, thirty-seven years a honey grower and now operating three hundred and seven colonies, and by Henry Perkins, Los Angeles, Apiary Inspector of Los Angeles County and ten years a commercial producer.

T. W. Cookinham, Vice President of Hamilton, Wallace & Bryant, dealers in bees and honey, testified that this firm handles from 10,800,000 to 40,000,000 pounds of honey annually, of which sixty-eight per cent is for export business, practically all granulated. This firm has its own storage house at Los Angeles, and the witness testified that comb honey will stand indefinitely in liquid condition if kept at from eighty-five to one hundred degrees temperature. He further testified that the method provided by applicants herein, applied to honey, would prolong its liquid state. The witness testified that his firm expected to use applicant's storage system; and further, that a similar honey warehousing establishment was in successful operation at Medina, Colorado, for the Honey Producers' Association of Colorado.

On behalf of protestants, Charles B. Justice, of San Diego, a large purveyor and exporter of honey for the past ten years, and having storage at Wilmington in the city of Los Angeles, testified that of the total production of honey in California, sixty to seventy-five per cent moves immediately to other markets, and that practically only twenty-five per cent is held in storage. He further testified that a very large proportion of the exported honey is to supply Kosher and German markets and that these markets prefer granulated honey, and that for that reason much of the

liquid product purchased by him is stimulated to granulation to meet this demand. Mr. Justice expressed the opinion that superheating honey might destroy the aromatic oils by evaporation and deteriorate the quality.

Charles G. Munson, Vice President and General Manager of the Pacific Coast Terminal Warehouse Co. and also President of the Los Angeles Warehousemen's Association, testified that this warehouse has ample room for the storage of honey, and maintains third floor temperatures of approximately sixty-eight to seventy degrees, but that no honey has been stored with the warehouse for the past three years. He testified that he had never had a request for warm storage, although the warehouse has 116,000 square feet of floor space which is never fully occupied.

A. C. Bing, manager of the Union Terminal Warehouse Company in Los Angeles, testified that in 1927, 42,000 pounds of comb honey and 10,000 pounds of extracted honey had been stored with the Union Warehouse in its basement where a normal temperature of sixty-five to seventy degrees was maintained. In 1928, the witness stated, only 1,000 pounds of honey had been stored prior to April.

Mr. J. P. Puckett, President and Manager of the Wilmington Transfer & Storage Company, testified that in 1927, there was stored with him 3,962 cases, and up to September, 1928, 1755 cases; that no complaint as to the storage had been made by anyone. It was admitted by the witness that a great portion of this honey was the honey stored by witness who is not particular to maintain honey in a liquid state. Mr. Puckett testified he had been a honey raiser in Arkansas and had actually known the honey to granulate in the hive, and deduced from this that maintenance of an even, warm temperature is not effective.

Charles E. B. Jones, Manager of Davies Warehouse Corporation, operating one Class A warehouse and one brick building, testified that the temperature of sixty-five to seventy-five degrees is maintained on the second floor of this company's main building, but that no honey has been stored there for several years. The witness testified that this warehouse previously had stored honey for the Los Angeles Honey Exchange for five years, the quantity running from eighty to ninety carloads annually, and that no demand had been made for warm storage or any complaint against their storage. He further testified that he had, for many years, raised honey, and some of it granulated within three months after storage.

L. A. Bailey, Executive Secretary of the Los Angeles Warehousemen's Association and Secretary of the California Warehousemen's Association, presented several exhibits showing the warehouse facilities provided by the membership of the Los Angeles organization, and also by others not members of the organization. In gross, the warehouses represented in the exhibit have a capacity of 3,281,200 square feet, and that the fixed capital of seventeen members of the association is \$1,880,615, and that the net loss of the seventeen houses on their business during the year ending December 31, 1927, was \$54,649.84. It was admitted, however, by all representatives for warehouse interests, that no warehouse provides constantly high temperature storage for honey, and that none would be provided, unless there was an offer of business sufficient to justify the construction of such storage facilities. Mr. Bailey testified that the warehouses appeared in protest because in the aggregate they had a surplus of warehouse space unoccupied, and they wish to protect the revenue and earning ability of the membership.

In this application, applicant proposes to establish its warehouse at 1795 Pasadena Avenue in Los Angeles, in a building recently constructed by it for its general honey business. This warehouse is remote from the business district of Los Angeles and equally remote from most, if not all, of the warehouses whose protest has been filed. It is also shown by the testimony of protesting witnesses that the storage of honey recently in general warehouses has been very slight, some of them not having had any for two or three years, and none offering any regulated stationary warm temperature such as applicant proposes.

Applicant herein limits itself to the one commodity, and has constructed an adequate and suitable department of its building for the specific purpose of receiving honey for storage, under particular conditions not found in any other warehouse.

We think the testimony of successful and efficient honey producers and officials charged with the inspection of apiaries is such that that portion of the trade that desires to avail itself of such storage conditions should have the opportunity so to do. For that reason, we believe that the protest of the other warehousemen, who do not propose to give the service offered by applicant, should not be regarded as effective, and that the testimony supporting applicant justifies the granting of the certificate as prayed for. An order accordingly will be entered.

O R D E R

The Southwest Honey Corporation, a California corporation, now substituted for Southwest Honey Corporation, a Nevada corporation, having made application for a certificate to establish and maintain a warehouse for the storage of honey and its products, public hearings having been held, and the matter having been duly submitted and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require the establishment in the city of Los Angeles at No. 1795 Pasadena Avenue, by The Southwest Honey Corporation, of warehouse service as a public utility for the storage of honey and its products, and no other commodities, as proposed by applicant herein; and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be granted to applicant, subject to the condition that the applicant shall file within a period of not to exceed twenty (20) days from the date hereof a warehouse tariff published in accordance with the rules of this Commission, setting forth the rates, rules and regulations governing the charges to be assessed.

For all other purposes, the effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 31<sup>st</sup> day of November, 1928.

Leon A. White

C. J. [unclear]

[unclear]

[unclear]  
Commissioners.