

Decision No. 25058

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Suspension)
by the Commission on its own)
motion of Supplement No. 6 to)
PACIFIC COAST TERMINAL WAREHOUSE)
CO. Warehouse Tariff C.R.C.No. 2,)
naming reduced rates for storage)
and incidental handling of mer-)
chandise at Los Angeles.)

CASE NO. 3302.

ORIGINAL

Hugh Gordon, for Pacific Coast Terminal
Warehouse Co.

Leroy M. Edwards, for California Warehouse
Tariff Bureau.

CARR, Commissioner.

OPINION AND ORDER

On or about June 29, 1932, Pacific Coast Terminal Ware-
house Co. filed, effective on July 30, 1932, its Supplement
No. 6 to Pacific Coast Terminal Warehouse Co. Warehouse Tariff
C. R. C. No. 2, substantially reducing rates for storage and
handling of linoleum and imitations at its warehouse at 820
McGarry Street, Los Angeles. On July 28 the Commission ordered
the suspension of the Supplement and set the matter for hearing
on August 3, at Los Angeles, at which time the matter was
heard and submitted.

There are but two linoleum warehouse accounts in the Los
Angeles territory. One has been and still is with Union Termi-
nal Warehouse Company. The other, being the so-called Field
account, was with the Star Truck and Warehouse Company. The
Union Company for some time had been undercutting its tariff.

The Star Truck & Warehouse Company adhered to its tariff except as to one rather unimportant classification. In June negotiations were entered into between Pacific Coast Terminal Warehouse Co. and the Field Company, looking to the transfer of the latter's account. The Field representative complained that its competitor was securing a lower rate for storage than it was paying. Pacific Coast Company offered to file a tariff giving substantially the same rates as the off-tariff rates charged by the Union Terminal Warehouse Company. The suspended supplement is the result of this competitive struggle for the Field account. About July 30 linoleum stored at the Star Warehouse was transferred to the warehouse of the Pacific Company.

The facts thus disclosed excellently illustrate the effect of the practices prevalent in Los Angeles and referred to in Re Allen Bros., Inc., et al, Decision No. 25024, dated August 1, 1932. The inference is almost irresistible that the rates in the suspended supplement flowed from the competitive condition adverted to, rather than being the result of an earnest effort to construct tariff charges on a fair and reasonable basis. However, if the rates themselves contained in the suspended supplement are justifiable, the motives actuating the filing of the supplement, while interesting and illustrative, are not ground for its permanent suspension.

Respondent maintained that the rates were fairly compensatory, while protestants just as insistently urged that they were not. It was agreed, however, that the existing rates for packages of small dimensions were out of line.

The new rates contained in the suspended supplement, so far as material, are as follows:

| <u>Commodity</u> | <u>Storage</u> | <u>Labor</u> |
|--------------------------------|----------------|--------------|
| <u>Linoleum and Imitations</u> | | |
| Package 2½ cu. ft. or less, | 2 | 2½ |
| Package 5 cu. ft. or less, | 5 | 7½ |
| Package 7 cu. ft. or less, | 6 | 10 |
| Package over 7 cu. ft. | 10 | 12½ |

The rates specified for packages not in excess of 9 cubic feet in size were sufficiently justified and should be allowed to go into effect. The rates both for storage and handling for packages of over 9 cubic feet have not been justified. If allowed to go into effect they would be inconsistent with and tend to break down respondent's and protestants' tariffs on other similar articles where both storage and handling charges bear a relationship to cubic footage and weight of the article stored. (1) There are no peculiar characteristics to the storage of linoleum which would justify a specially low rate or a rate of the character here urged. Indeed, the weight of the evidence was to the effect that linoleum storage and handling involved some extra cost not peculiar to other articles of the same general character.

Warehouse tariffs generally in effect in the Los Angeles and the San Francisco areas carry charges bearing a relationship

(1) The following table, constructed from exhibits filed, illustrates the inconsistency of the suspended rates and the respondent's rates on comparable articles.

| <u>Cu.Ft.</u> | <u>Lbs.</u> | <u>Linoleum</u> | | <u>Carpets</u> | | <u>Mats & Rugs Paper</u> | |
|---------------|-------------|-----------------|--------------|----------------|--------------|----------------------------------|--------------|
| | | <u>Storage</u> | <u>Labor</u> | <u>Storage</u> | <u>Labor</u> | <u>Storage</u> | <u>Labor</u> |
| 9 | 390 | 10 | 12½ | 12½ | 16 | 10½ | 12½ |
| 10 | 455 | 10 | 12½ | 14 | 17½ | 11½ | 14 |
| 12 | 480 | 10 | 12½ | 16½ | 21 | 13½ | 16½ |
| 13 | 590 | 10 | 12½ | 18 | 23 | 15 | 18 |
| 16 | 712 | 10 | 12½ | 25 | 31 | 20 | 25 |
| 20 | 850 | 10 | 12½ | 28 | 35 | 23 | 28 |
| 22 | 850 | 10 | 12½ | 32 | 40 | 26 | 32 |

Various other articles might be mentioned, indicating a like increase in storage and handling charges as cubic footage and weight increase, but these in the table are deemed fairly illustrative.

to cubic footage and weight, which is persuasive at least that this form of rate structure is a proper one and that the scheme of uniform charges for both storage and handling, irrespective of the cubic footage or weight of the package, as provided for in the suspended supplement, represents an innovation which should not receive the stamp of the Commission's approval without a much more persuasive showing in its support than was made by the respondent here.

The following form of order is recommended:

O R D E R

This proceeding having been duly heard and submitted and the Commission being fully advised,

IT IS HEREBY ORDERED that respondent be and it is hereby ordered to cancel, on or before August 22, on not less than one day's notice to the Commission and the public, rates contained in Supplement No. 6 of its Warehouse Tariff C. R. C. No. 2 for the storage and handling of packages of linoleum and imitations in excess of 9 cubic feet.

IT IS HEREBY FURTHER ORDERED that in all other respects our order of July 28, 1932, in the above proceeding be and it is hereby vacated and set aside as of August 22, 1932.

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

The foregoing opinion and order are hereby approved
and ordered filed as the opinion and order of the Railroad
Commission of the State of California.

Dated at San Francisco, California, this 15th
day of August, 1932.

O. J. Leary
Leon C. Dwyer
W. D. C.
W. B. Harris
Fred C. Stewart
Commissioners