

Decision No. ✓

ORIGINAL

Decision No. 2304

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)	
of the Foster Warehouse Company)	
for an order authorizing an in-)	Application No. 1415
crease in storage rates and other)	
incidental charges.)	

E. H. Foster for applicant

EDGERTON, Commissioner.

O P I N I O N

This is an application by the Foster Warehouse Company, through its manager, E. H. Foster, for authority to increase its charges for the storage of grain and incidental service.

Rates filed with the Railroad Commission on April 30, 1912, are as follows:

Grain

Storage -----	60¢ per ton per season
Loading -----	15¢ per ton.

Under these rates all resacking was done at the expense of the shipper who likewise paid for weighing when specially ordered. The cost of resacking is of necessity a variable amount, but the evidence at this hearing tended to show that grain buyers when making purchases have usually allowed an amount at least as great as 25¢ per ton to cover this more or less uncertain charge.

Rates proposed by applicant are as follows:

Grain

Storage -----	75¢ per ton per season
Resacking -----	25¢ per ton.

These rates are to cover usual service, including loading and all necessary resacking, the 25¢ per ton to be collected for all grain stored, regardless of whether the same was actually resacked. Inability to determine in advance the amount of resacking or overhauling necessary to place any given lot of grain in proper condition for shipment, in order that such charges might be shown on warehouse receipt, appears to be one of the chief sources for complaint. In exceptional cases resacking charges alone have run as high as \$1.80 per ton. The flat rate fixed in the order herein covers all customary incidental service and this should eliminate, or minimize, controversies between buyers and warehousemen. On the face of it, a flat rate of \$1.00 per ton will appear as a direct increase of 25¢ per ton in the rates heretofore paid by the farmer, or producer, for the reason that under the old rule resacking bills always went to the shipper, or final holder of warehouse receipt. However, the producer when selling his grain has, in the past, not only been compelled indirectly to make an ample allowance for this charge, but the evidence at this hearing showed that resacking charges at some points have forced abnormal deductions to cover this item. The growers will, therefore, be in at least no worse position with respect to this change than before.

For justification of the proposed rates applicant relies entirely upon the claim of increased operating cost, and change of character of crop offered for storage within the last decade. The warehouse itself has twice collapsed since 1910, which caused unusual expense and resulted in confusion and misunderstandings due to the mixing of the grain of different owners. It is not possible, however, from the evidence and data furnished to arrive at any satisfactory conclusion as to how these extraordinary expenditures should be reflected in the rates. It is said that

at least \$5,000 additional will have to be expended in order to make the warehouse again fairly tenantable. As is true in many other places in Sacramento Valley, crops have in recent years changed very largely from wheat to barley, the latter being much less valuable from a warehouseman's standpoint than the former. On the other hand, the evidence shows that in former years grain has been stored in the Foster warehouse at 35¢ per ton to October 1st, or 60¢ per ton per season. This, however, was at a time of keen competition and does not represent a fair basis for the establishment of rates at the present time.

A financial statement submitted by applicant is as follows:

Total Income -----		\$2,487.81
Labor -----	\$515.46	
Insurance -----	60.00	
Taxes -----	120.00	
Manager's Salary-----	1200.00	<u>1,895.46</u>
	Balance -	\$ 592.35

These figures cannot be fully relied upon, for the reason that the statement covers a period ending August 15, 1914- the very heart of the storage season,- and because of the further fact that an unusually large crop was stored during 1914. No figures were presented to show the result of operations for the years preceding.

Although the evidence at the hearing in this application is somewhat meager and unsatisfactory, I think there were sufficient facts developed to show that a moderate increase in rates should be allowed.

I recommend that the application be granted with the modifications indicated in the following order:

O R D E R

Application having been made to this Commission by Foster Warehouse Company for an order authorizing increases in rates for the storage and incidental handling of grain, in its warehouse located at Tremont, California, and a hearing having been held upon said application, and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rate of \$1.00 per ton per season for the storage and incidental handling of grain by the Foster Warehouse Company is a just and reasonable rate to be charged for such service.

Basing its order upon the foregoing finding of fact and the further findings of fact set out in the opinion preceding this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Foster Warehouse Company is hereby authorized to charge for the storage and incidental handling of grain, \$1.00 per ton per season.

IT IS HEREBY FURTHER ORDERED that the service to be rendered for the above rate shall be the service which is by custom established in connection with warehouse storage in the same locality, and shall include weighing, receiving, piling, carrying in storage, resacking and placing in condition for shipment and loading on cars.

Foster Warehouse Company is hereby authorized to place the foregoing rate in effect as of June 1, 1915, provided that prior to said time there shall be filed with the Railroad Commission a schedule embodying the above rate.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Com-

mission of the State of California.

Dated at San Francisco, California, this 20th day
of April, 1915.

Max Thelen

H. Howard

W. Gordon

Edwin O. Edgerton

Franz R. DeLuna

Commissioners.