Decision No. ✓

Decision No. 2462

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application of E. TADLOCK, the sole owner of the Citrona Warehouse, for an order fixing warehouse rates.

Application No. 1665

Charles W. Thomas, for Applicant.

LOVELAND, Commissioner:

OPINION

This is an application by E. Tadlock, sole owner of the property known as Citrona Warehouse, located in the heart of a farming district in the Sacramento Valley from which the whole of its business is drawn. The warehouse was originally built in the year 1877, but was blown down in 1903 and rebuilt the same year. The original building cost was estimated to have been $5,500. In the reconstruction there was a further expenditure of about $2,000, the largest item of which consisted of new lumber costing $1,500. The lot upon which the building is located is 100 x 700 ft. and covers approximately 1.6 acres. This is estimated to have a value for warehouse purposes of at least $200 per acre. The lot is enclosed by 96 rods of board and wire fence worth about 50¢ per rod. A wagon scale with the necessary scale house and equipment, together with a 40 ft. well costing about $50, make up the items embracing all additional outlay.

By custom of long standing charges collected at this warehouse for the services rendered have been as follows:

Storage (including weighing) - - 50¢ per ton per season.
Loading out - - - - - - - - - - 20¢ per ton.
Weighing only - - - - - - - - - 25¢ per ton.

The rate proposed is a flat charge of $1.00 per ton per season.

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Under these rates, so-called season storage includes the care and protection of grain, as well as legal responsibility therefor from June 1 of any given year to May 31 of the following year, it being understood that the loading out charge of 20¢ per ton would be reserved to warehouseman in each case. This service, however, was not actually performed by the applicant but by an itinerant loading crew organized for the purpose of loading grain along the lines of the Southern Pacific Company, being regularly employed to do this service upon receipt of shipping orders. But since it was necessary, in all cases, to pay this loading crew an amount equal to the rate collected from the owner of the grain, warehouseman did not profit as a result of this prevailing custom. The charge of 25¢ per ton for weighing only applies to such grain as is passed over the warehouse scale but is not placed in storage, and is practically negligible in quantity. The proceeds from this source have been correspondingly small.

One of the chief difficulties with which warehousemen in this vicinity have to deal is the annually recurring misunderstandings with warehouse receipt holders concerning charges for resacking. Under the present system the expense of resacking, which is made necessary by reason of the use of second-hand sacks, inferior quality or sun-burnt condition of new sacks, or other causes, is borne by the final holder of the warehouse receipt when presented with order for delivery. These charges are of necessity variable in amount for the reasons just named, and have, in exceptional cases, run much higher than the entire charge for both storage and loading. By reason of this fact there has at times been grave suspicion among grain growers at some points in the Sacramento Valley that incidental charges of this kind were run up unnecessarily and to the irreparable loss

of grain dealers. These resacking and overhauling expenses could not be known in advance and consequently could not be shown on warehouse receipt. It is therefore perfectly logical to assume that the grain buyers, in order to protect themselves, were forced to deduct from the price paid to the growers an amount at least sufficient to cover all possible costs incident to resacking. There is reason to believe that the amounts thus deducted have not only been ample in most cases to meet all expenses incurred, but in some instances an excessive burden has been thus laid upon the patrons of the warehouses. Very naturally, if a farmer should be unfortunate enough to be compelled to store his grain in one of the warehouses under suspicion whether unjust or otherwise, he would be forced to sell at a price sufficiently low to insure the buyer against all possible loss as to charges assessed preparatory to shipment. While the applicant in this case, has not been thus embarrassed in any considerable number of instances, it will nevertheless prove a welcome change which promises to eliminate complaints of this kind.

If authorized, the proposed rate of $1.00 per ton per season for the storage of grain will, in addition to a high class of service ofthe same sort heretofore rendered, cover all necessay resacking (including new sacks if required), repairing of damaged sacks or otherwise placing the grain in proper condition for shipment; and will apply to all grain handled in the usual way, including old grain carried over from previous years and in the warehouse on June 1, 1915. The rate for weighing grain, etc., when not stored, will remain as at present charged.

The hearing in this application was held on June 3,1915, at Esparto, the nearest available point to the interested parties, and although the usual notices "for mailing" were sent out by warehouseman, under direction of the Commission, to each of his

patrons setting forth the purpose of the hearing at which each storer would be given an opportunity to be heard, not a single protest was registered nor was there any evidence to show that the proposed increased rate would prove objectionable to the growers. This, however, in view of the statements heretofore expressed in this opinion, is not surprising. In fact, if the charge is authorized it is not unlikely that the farmers will gain a decided advantage in being able to point to their warehouse receipts in refutation of all future arguments by prospective buyers that deductions must be made to meet all possible contingent charges upon shipment. To carry out this idea the applicant should see to it that all warehouse receipts show the proper information as to the authorized rate, as well as other legal requirements.

The record does not show that any commodities other than grain are carried in storage, and this opinion applies strictly to the storage of that product; but should it be found desirable or necessary to store other products, reasonable rates to cover the same will be filed with the Commission, as the law requires.

Applicant has submitted statements showing the financial results of the operation of this property for the past five years beginning 1910. The following table will show the average tonnage, receipts and disbursements for the years in question:

	Tonnage	Receipts	Disbursements
1910 -	2039 tons	$1427.30	$1148.95
1911 -	997 "	667.90	735.85
1912 -	1303 "	912.10	845.35
1913 -	660 "	462.00	615.98
1914 -	1644 "	1150.80	966.30
Average per annum -	1329 tons	$924.02	$862.48

It will thus be seen that during the five years, 1910 to 1914 inclusive, there has been a total profit of $309.67, or

$61.93 per annum. The average annual tonnage for the same period is shown to be 1329 tons. The value of the property, as a whole, has been placed at $6,000. Assuming that the future years will yield no less in tonnage than has been indicated, we have the following comparison:

1329 tons at proposed rate of $1.00 equals - -	$1329.00
1329 tons at old rate of 70¢ equals - - - - -	930.30
Difference - - - - - - - - - - - - - - - - - -	$398.70

In the above statements and estimates of value furnished by applicant, which were entirely undisputed, an allowance of $25 per month was set apart as salary for the Manager. It is desired that this allowance be increased to $50 per month, which, considering the nature of the business, does not seem to be unreasonable. As will be seen $300 of the $398.70 representing the sum due to the increased rate, if allowed, will be used to defray this additional expense.

Considered from the standpoint of valuations, the average of $398.70 realized annually from the advanced rate, would produce a rate somewhat higher than 6% on the alleged investment of $6,000, which is not considered exorbitant in the present instance.

Under all the conditions surrounding this application, and particularly for the reasons set forth herein, I am of the opinion and find as a fact, that the applicant is entitled to a higher rate for the storage of grain in Citrona Warehouse, and that $1.00 per ton per season is a just and reasonable rate for the service.

I submit herewith the following form of order:

O R D E R

E. TADLOCK, sole owner of the Citrona Warehouse, having applied to the Railroad Commission for an order authorizing an increase in his warehouse rates for the storage of grain at Citrona,

California, and a public hearing having been held upon said application and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the application be and the same is hereby granted, and that applicant be permitted to charge and collect the following rate for the storage of grain, which rate the Commission hereby finds as a fact to be a just and reasonable rate:

G R A I N

Storage per season,
(June 1 to May 31 following) - - $1.00 per ton.

IT IS FURTHER ORDERED that the collection of this rate is conditioned upon the performance of all services usually rendered in handling this commodity, such as receiving, weighing, piling, carrying in storage, necessary resacking or placing in proper condition for shipment, and loading out.

IT IS FURTHER ORDERED that a schedule embracing the rate and conditions herein named be promptly filed with the Railroad Commission, and that the same be placed in effect as of June 1,1915.

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 10th day of June, 1915.

Max Thelen
H. D. Loveland
Edwin O. Edgerton
Frank R. Dehm

Commissioners.