

Decision No. _____

ORIGINAL

Decision No. 2522

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application)
of Mrs. Lena Dinkelspiel, sole) Application No. 1682.
owner of Bird's Landing Warehouses,)
for an order fixing warehouse rates.)

Edward Dinkelspiel, for Applicant.

DEVLIN, Commissioner:

O P I N I O N

This is an application by Mrs. Lena Dinkelspiel, of Suisun, California, to increase storage charges heretofore assessed for the service rendered and responsibility assumed in storing and protecting grain accepted for this purpose, and to facilitate its transportation by common carrier or vessel. It is also proposed to change the periods for which the less-than-season storage rates apply, so as to effect an increase in these cases as well. In addition to the rates applicable to the storage of grain, there is a rate of 25 cents per ton at present in effect in connection with these warehouses covering wharfage service when shippers demand this privilege without having passed their grain through one of the warehouses. The returns for this wharfage service are, however, practically negligible, as is evidenced by this utility's annual report to the Commission. With the exception of some small lots of hay, grain is the only commodity now accepted by applicant for storage. Rates authorized under this application will apply to the storage and incidental handling of grain only, there being no request for an adjustment of the charges now assessed for the storage of hay.

The toll charge of 25 cents per ton for passing over the wharf farm products which have not been on storage in applicant's warehouses will likewise remain undisturbed. Should it at some future time be found necessary, or desirable, to alter this toll charge, the matter may be taken up by either this applicant or by the Commission. While, as stated, rates herein authorized will apply to the storage and handling of grain only, warehouseman may, in the future course of business, find it necessary to accept for storage other products or merchandise. This situation can, of course, be met by filing a supplemental schedule, subject to approval by the Commission.

The rates now charged by this utility are as follows:

G R A I N

Storage, per season ----- 75¢ per ton
Storage, for 3 months --- 60¢ per ton
Storage, for 2 months --- 40¢ per ton
Toll over wharf ----- 25¢ per ton

H A Y

Storage, per season ----- \$1.00 per ton

Applicant desires to alter these rates and storage periods, so as to provide returns as follows:

G R A I N

Storage, per season ----- \$1.00 per ton
Storage, to Feb. 1st, --- .75 per ton
Storage, 30 days ----- .50 per ton

The storage season in this locality begins June 1st of each year and ends May 31st of the succeeding year. Where reference is made in this Opinion, or the Order following, to the storage season it will be understood to include these dates.

Applicant's warehouses are situated on Montezuma Slough, a waterway traversing a portion of Solano County, and passing about

one mile from the village of Bird's Landing. Small schooners, barges and scows are the class of vessels used for transportation to outside markets. The property is fairly well located for the purposes to which it is devoted, the only unusual danger to the storage of grain being an occasional rise in the Sacramento river and the consequent backwater in the slough. There is at present no rail connection, but the Oakland, Antioch and Eastern Railway's line runs through the continuous farming district and could be used in an emergency.

All structures involved in this application, including warehouses and wharves, are built of wood and rest upon wooden piles, and considering that they were built more than forty years ago, are in a fair state of preservation. The warehouses and wharves are connected by detachable causeways, and upon one of the wharves is located the scale and scale house. These facilities, together with portable scale and the usual complement of trucks, etc., constitute the warehouse equipment. The structures measures as follows:

Large warehouse, 120x150x16 feet
Auxiliary warehouse, 36x60x16 feet
Main wharf, 50x100 feet
Small wharf, delapidated and irregular in shape.

Tonnage for the years 1913-1914 - the only figures available from applicant's reports, - was handled as follows:

1913 ----- 295 tons
1914 ----- 2347 tons

It is probable that the 1914 tonnage represents ^{no} more than one-third of the grain which could be stored in these warehouses.

Applicant's financial statements show net receipts for the five years, beginning 1910, as set forth below:

1910	-----\$	193.69
1911	-----	298.49
1912	-----	556.90
1913	-----	123.20
1914	-----	270.95
Total	---	<u>\$1443.33</u>

Average net receipts per annum ----- \$288.66

It should be stated that these amount do not include State and County taxes, for the reason that the warehouse property was included for taxation purposes with other personal property, making an accurate segregation impossible. Annual depreciation accounts have not been kept, nor were original cost figures available. However, it is not considered essential, under this application, to go into these matters fully, since a glance at the estimated values of applicant's warehouse property, set forth elsewhere in this Opinion would clearly indicate that a fair return on the money here invested would mean the establishment of rates unreasonably high and the consequent loss of patronage. Regardless of sums which may be invested in warehouse property, or the high class of service which may be rendered at the best regulated warehouses, there is a medium charge - a fair rate - above which growers cannot afford to pay, - such rate being limited in all cases by the market price of stored products and the feasibility of providing private storage. In another part of this Opinion are shown the rates which applicant considers fair and reasonable and tending, in a degree, to offset the alleged losses which are sustained from year to year.

Applicant's property is insured for \$5,000.00 and is estimated to be worth from \$8,000.00 to \$10,000.00, exclusive

of the land devoted to warehouse purposes, which itself is given a value of \$1500.00; however, for reasons just set forth, I believe that there could be no special advantage in passing upon these values at this time. The rates which will be recommended will, therefore, be based entirely upon the showing made in the application and the facts developed at the hearing with reference to operating revenue alone.

As has been shown, the average annual net receipts, exclusive of taxes, for the years 1910-1914 inclusive, amounted to \$288.56; State and County taxes deducted, this amount would probably be reduced to the sum of \$200.00. Considering that the buildings are now forty years old and that the useful life of such structures could not ordinarily be more than sixty years, a minimum allowance for depreciation would easily absorb this \$200.00 and leave an annual deficit besides. The testimony in this application showed that the cost of labor available for warehouse purposes has increased in the vicinity during the last decade from 25 to 40 per cent, while the class of labor now to be had is inferior to that of former years. It should be explained, however, that this property is operated by a superintendent, who, himself, pays for all labor and receives for compensation 60 per cent of the total gross income. The owner's net average annual receipts previously referred to would, of course, not be affected by the labor cost, if this agreement should be continued. There was no testimony to show that the service heretofore rendered has been in any way unsatisfactory to applicant's patrons. Rates authorized under this application will be based upon the specific understanding that the warehouse service will not be allowed in any sense to deteriorate, and shall consist of a high class of service of the kind usually rendered, including receiving, weighing,

piling, carrying in storage, resacking grain when necessary and loading out.

Although the usual publicity was given to the hearing in this application; and personal notice of the proposed increase in the rates was mailed to each of applicant's twenty-six patrons, not one appeared to protest against granting the application. This fact leads to the assumption that the rates applied for are not looked upon by those most vitally concerned as being unjust or unreasonable.

A representative of the Grain Trade Association of San Francisco was present at the hearing and expressed the general satisfaction of grain buyers with the plan to allow to warehousemen fair and reasonable rates, as tending to improve the service. Good service, then, will be the strong phrase under this authorization and it will be expected that farmers receive that prompt, continuous and efficient service which will guarantee to them access to the best markets.

No doubt the greater portion of the grain will be shipped out, as heretofore, during the first two months after storage. Under the proposed rate, all grain shipped within thirty days will take a rate ten cents per ton higher than previously charged. Grain remaining after thirty days will be assessed fifteen cents additional per ton, which will carry the same to February 1st. According to testimony produced at the hearing, only 2 per cent of all grain stored in applicant's warehouses in 1914 remained long enough to take the season rate of 75¢ per ton; 18 per cent moved between the second and third months after storage, while 80 per cent was shipped under the lowest rate, including two months storage. A crop of the same size handled under the proposed rates, would, if

moved in the same relative time, bring to applicant increased returns for the year, amounting to \$262.75.

Under the general conditions affecting applicant's warehouse business, and more particularly for the reasons set forth herein, I am of the opinion and find as a fact that rates applied for to cover the storage of grain at Bird's Landing Warehouses are just and reasonable rates, and that the increase should be granted.

I recommend the following form of Order:

ORDER

Mrs. Lena Dinkelspiel, sole owner of the property known as Bird's Landing Warehouses, having applied to the Railroad Commission for an order authorizing an increase in warehouse rates for the storage of grain in said warehouses, 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 insofar as it conforms to the rates set out herein, and that applicant be permitted to charge and collect the following rates for the storage of grain, herein found to be just and reasonable:

GRAIN

Storage, per season -----	\$ 1.00 per ton
Storage, to February 1st, ---	.75 per ton
Storage, for 30 days -----	.50 per ton

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

Applicant is hereby authorized to place in effect as of June 1st, 1915, a schedule embracing the foregoing rates and conditions, provided that the same shall be promptly filed with this Commission as the law provides.

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 25th day of June, 1915.

Max Thelen

Edwin O. Edgerton
Francis R. Phelps

COMMISSIONERS.