

DECISION NO. _____

ORIGINAL

Decision No. 2523

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application) of Pierce Warehouse Company,) a corporation, for an order fix-) ing warehouse rates.)

APPLICATION NO. 1686.

Wm. Pierce, for Applicant.

DEVLIN, Commissioner.

O P I N I O N

This is an application by Pierce Warehouse Company, a corporation, to increase warehouse rates at present assessed to cover the storage of grain in applicant's warehouses located on Suisun Slough in the Town of Suisun, Solano County. This company was incorporated on August 14, 1912, with powers to engage in the general warehouse business as a public utility. On September 19, 1914, under Application 1517, this utility was granted authority by the Railroad Commission to issue 340 shares of its authorized capital stock of 1000 shares at \$100.00 per share, and reference is hereby made to the record in said application for such data as pertains to the corporation's purposes of organization, its financial condition and such other matters as are pertinent to the present application.

Rates filed with the Commission by this company and at present in effect are as follows:

GRAIN, BEANS, GROCERIES, ETC.

Storage, first month - - - - - 25¢ per ton.
Storage, to January 1st. - - - - - 50¢ per ton.
Storage, per season (June 1 to May 31) - - - - - 75¢ per ton.

HAY.

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

WOOL.

Storage, in lots of 1 to 5 bags, per season - - - 25¢ per bag.
Storage, in lots of 6 or more bags, per season - - 15¢ per bag.

POTATOES AND ONIONS.

Storage, per season - - - - - 5¢ per sack.

FURNITURE.

Storage, per season - - - - - \$1.50 per ton.

Applicant requests that these rates be advanced, insofar as they cover the storage of grain, to provide for a flat charge of \$1.00 per ton per season, it being understood that the term "season" shall include service and storage from June 1 of any given year to May 31 of the year following.

Warehouse property covered by this application is admirably located for the purposes intended, being accessible to both rail and water transportation. There are four separate warehouses involved, three of which are at present used for hay storage. These three are of wood construction throughout and are provided with no special facilities other than the usual block-and-tackle equipment. Weighing is done over a typical yard scale located in a lot adjacent. The grain warehouse is built of corrugated iron with the exception of the side along and resting over Suisun Slough, which, for shipping convenience, has a board wall. This structure is new and has about 15,000 sq. ft. of available floor space for the storage of grain, one-half of which is now under lease to the Northern Electric Railway Company, which company has built a spur track into the warehouse to facilitate transportation. Ample facilities for weighing and handling grain in quantities likely to be offered have been provided at this warehouse.

The dimensions of the four warehouses are as follows:

Grain Warehouse - - - - - 70 x 300 x 16 feet
Hay Warehouse No. 1. - - - - - 50 x 100 x 16 feet
Hay Warehouse No. 2. - - - - - 50 x 100 x 16 feet
Hay Warehouse No. 3. - - - - - 50 x 100 x 20 feet

A total valuation of \$34,000.00 has been placed by applicant upon this property as a whole, including considerable lot acreage devoted more or less to warehouse purposes, the warehouse structures and facilities alone being given a value of \$8,100.00. The water-front upon which this property is located has been assigned a more or less intangible value of \$23,900.00. While some of these values, even with warehouse advantages could not possibly stand under a strict valuation for rate fixing purposes, on the other hand it is perfectly obvious that, considering the annual gross receipts shown by the testimony to have been taken in by this company since its organization, a rate based upon the lowest estimated value of the properties could not be met by the patrons of this utility. The rates authorized will, therefore, be intended rather as a general adjustment conforming as nearly as may be to the usual charges assessed by warehousemen similarly situated and handling the same commodities, than an effort to provide definite returns upon a particular investment.

While this utility did not furnish financial statements showing the results of its activities since incorporation, it was stated that the gross annual income from grain storage would not exceed \$500.00. A superintendent is employed to manage this property who, after deducting expenses, retains as compensation 75% of the net receipts. The owner's returns, would, under this showing, be practically negligible. It is clear that a warehouse cannot be operated indefinitely in the face of an annual deficit, and applicant has indicated that steps would be taken to discontinue operations as a public utility should there be no way provided for better returns in the future.

The usual publicity was given to this hearing, and there was also mailed to each of applicant's patrons a personal notice advising him that it would be his right to be present and be heard in protest, or otherwise, should he so desire. Notwithstanding this publicity, no one appeared to oppose the application; and, in view of all the circumstances, this is taken as a significant fact tending in a way to substantiate applicant's contentions.

A representative of the Grain Trade Association of San Francisco was present to look after the interests of the grain buyers of that city, who are directly concerned with charges incidental to storage and transportation. So far from opposing the rate applied for, this representative recommended the same as tending to encourage a better class of service among warehousemen.

It is the experience of the Commission that the patrons of a public utility are not unwilling to pay a fair rate for a good quality of service. A farmer does not want any unnecessary delays when delivering his products to the warehouse. He desires that safety and protection be furnished for his property, that no obstacles be placed between himself and the best markets and that upon his order his grain, etc., be promptly loaded out or shipped. For this service, honestly given, the Commission believes that growers are entirely willing to pay fair and reasonable rates.

If, under this application, the warehouse company is authorized to increase its rates, such authorization will extend to charges for the storage of grain only, and will be conditioned upon a high class of service of the kind by custom established, including all necessary re-sacking or otherwise placing grain in proper condition for safe shipment when loaded out. As a condition precedent to the collection of such rate as may be authorized under this application, a schedule embracing the same, together with all other rates now lawfully collected, should be promptly filed, as also should a copy of the contract of lease under which the Northern Electric

Railway Company enjoys the use of a portion of applicant's warehouse at a specified monthly rental.

For the reasons set forth herein, and the further reason that general conditions surrounding this service suggest the fairness of applicant's request, I am of the opinion and find as a fact that this application, insofar as it conforms to the order herein submitted, should be granted, and that \$1.00 per ton per season is a just and reasonable rate for the storage and incidental handling of grain in applicant's warehouses located in the Town of Suisun. Since this is the rate already charged for the storage of hay, it will not be necessary to make the order in this application include that product.

I recommend the following form of order:

O R D E R.

Pierce Warehouse Company, a corporation, having applied to the Railroad Commission for an order authorizing an increase in warehouse rates for the storage of grain at Suisun, 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, herein found to be just and reasonable.

GRAIN.

Storage, per season (June 1 to May 31 following)

-----\$1.00 per ton.

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

Applicant is hereby authorized to place in effect as of June 1, 1915, a schedule embracing the foregoing rate and conditions, provided the same shall be promptly filed with the 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 Q. Edgerton

Mark R. Doherty

Commissioners.