

ORIGINAL

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of J. W. BROWNING, owner Grand Island Warehouse, for permission to increase warehouse rates for storage of grain from 65 cents to 85 cents per ton.

Application No. 2921.

In the matter of the application of FARMERS TRANSPORTATION COMPANY, owning and operating Grimes Land/Warehouse to increase rates or fares or to alter rules or regulations so as to effect increases in rates or fares for storage of grain and beans.

Application No. 2971.

In the matter of the application of FARMERS WAREHOUSE COMPANY to increase rates or fares or to alter rules or regulations so as to effect increases in rates or fares for storage of grain and beans.

Application No. 2979.

In the matter of the application of SACRAMENTO TRANSPORTATION COMPANY conducting a warehouse business under the name of Grimes Warehouse Company for permission to increase the rate of storage from 65 cents to 85 cents per ton.

Application No. 3004.

J. W. Browning in propria persona.
Sanborn & Roehl for Farmers Warehouse Company and Farmers Transportation Company.
A. B. Jackson for Sacramento Transportation Company.

BY THE COMMISSION:

O P I N I O N

In the above applications authority is sought in each instance to increase the rate for storage of grain per season of one year from June 1st to May 31st following. The increase sought is from 65¢ per ton, the old rate, to 85¢ per ton. Each of the four warehouses is

located on the bank of the Sacramento River at Grimes, Colusa County. The grain stored is principally barley with some wheat.

The evidence upon these applications was heard by Examiner Westover. By agreement of all parties concerned, the applications were heard together. Since the location of the warehouses and the conditions surrounding their operation are very similar, the four applications will be treated together in this opinion.

The service which it is proposed shall be covered by the rate requested, includes receiving, weighing, trucking, piling, resacking where necessary, and superintending delivery to boats on the river, which come to the warehouse platforms to load. The handling from the warehouse floor to the boats is done by the boat crew in each instance, and is therefore no part of the warehouse service. To justify the increase in rate requested, applicants rely upon increases in the cost of labor, materials and board of men. The cost of labor according to the testimony has increased 20% to 25% this year.

Although the usual notice of hearing was mailed to each patron, only one patron of either of the warehouses appeared. He stated that he thought the proposed increase not justified, although cost of labor, materials and board he admitted had increased. He was unable to present any facts bearing upon the investment or cost of operating the property. He had no complaint to make of the service.

It will be noted that the initial investment claimed, in its relation to storage capacity varies greatly in these cases. There is also considerable variation in operating costs. No allowance for depreciation has been made

by applicant in either instance. All the warehouses are managed by men engaged in other occupations so that the salaries for management are relatively small but apparently all that the business justifies.

A valuation of the properties under consideration has not been made by the Commission. No appraisal of either property was offered in evidence. Some rough estimates made by the Commission's engineers indicate that the claimed investments approximate a fair cost for the structures at the times they were built.

Grand Island Warehouse (J.W. Browning, Owner)

The stated investment in the original structure is \$11,000 in an addition built this year \$900, and in new equipment about \$600. The storage capacity of the warehouse is about 4500 tons. The net revenue for the last five years as shown by applicant's annual reports, is as follows:

	<u>Operating Rev.</u>	<u>Operating Exp.</u>	<u>Net Operating Rev.</u>
1912	\$2,434.55	\$ 1,626.00	\$ 808.55
1913	2,303.63	1,179.70	1,123.93
1914	2,392.65	1,315.77	1,076.88
**1915	328.72	1,116.50	* 787.78
1916	3,282.50	1,527.90	1,754.60
Total	\$10,742.05	\$ 6,765.87	\$ 3,976.18
Average	\$ 2,148.41	\$ 1,353.17	\$ 795.24

* Loss

** Flood conditions.

Grimes Landing Warehouse. (Farmers Transportation Co. Owner)

The warehouse was built in 1910 by Farmers Transportation Company, which operates a line of freight boats on the Sacramento River. The total investment in plant and facilities is stated by applicant to be

\$15,485, and the storage capacity of the warehouse about 4000 tons.

A detailed statement of operating revenue for 1916 placed in evidence at the hearing, shows revenue from storage \$2,505.54, operating expenses \$2,000.60, net operating revenue \$504.94 before deducting taxes and licenses amounting to \$169.50.

Farmers' Warehouse Company.

The above applicant is a corporation with an authorized capital of \$25,000 divided into 250 shares of the par value of \$100 each, of which 107 shares of \$100 each, or \$10,700 par value, have been issued.

The stated investment in warehouse facilities is \$11,285. Its warehouse was built about 1908. Its storage capacity is about 3,500 tons with some yard storage.

A detailed statement of operating revenue for 1916 placed in evidence at the hearing, shows revenue from storage \$2,275.45, operating expenses \$1,699.12, net operating revenue \$576.33 before deducting taxes and licenses \$133.27.

Grimes Warehouse Company

(Sacramento Transportation Co., Owner.)

The warehouse covered by this application

is owned and operated by Sacramento Transportation Company which operates a line of freight boats on the Sacramento River. The warehouse is a wooden structure 50x300 feet, with a capacity of about 4500 tons. No definite information could be given as to its cost although the manager was under the impression that it cost about \$5000. The Commission's engineers roughly estimate the cost of a building of its general description at about \$7000 with lumber at the prices prevalent about 1904, when it was built.

The average annual revenue earned by the warehouse for the last five years as shown by its annual report is as follows:

	<u>Operating Rev.</u>	<u>Operating Exp.</u>	<u>Net operating revenue</u>
1912	\$1,400.64	\$1,033.50	\$ 367.14
1913	2,055.43	1,015.14	1,040.29
1914	1,606.98	971.36	635.62
1915	325.02	153.20	171.82
1916	2,393.32	1,719.86	673.46
Total	\$7,781.39	\$4,893.06	\$ 2,888.33
Average	\$1,556.28	\$ 978.61	\$ 577.67

From the evidence applicants have justified an increase of 15¢ per ton above the rates at present charged and the applications will be granted.

ORDER

J. W. BROWNING, FARMERS TRANSPORTATION COMPANY, FARMERS WAREHOUSE COMPANY and SACRAMENTO TRANSPORTATION COMPANY, respectively, having applied to the Railroad Commission for authority to increase the respective rates charged for the storage and handling of grain in warehouses located at Grimes, Colusa County, California, and public hearings having been held upon each of said applications, said applications having been submitted and being now ready for decision,

IT IS HEREBY FOUND AS A FACT that the existing rates charged by each applicant are non-compensatory

and unreasonable, and that the rates herein authorized are just and reasonable.

Basing its conclusions upon the foregoing findings of fact and upon the further findings of facts contained in the opinion which precedes this order.

IT IS HEREBY ORDERED that J. W. Browning, Farmers Warehouse Company, Farmers Transportation Company and Sacramento Transportation Company, be and they are hereby respectively authorized to establish and file immediately, and thereafter collect the following rates, viz:

For the storage of grain per season from June 1st to May 31st, 80¢ per ton, without loading.

Resacking to be charged for at actual cost to warehouseman of sacks and material used and labor furnished.

IT IS HEREBY FURTHER ORDERED that the collection of these rates shall be conditioned upon the rendering of first class service in receiving, weighing in, piling, carrying in storage, resacking and such other service as it is customary for warehousemen similarly situated to render.

Dated at San Francisco, California, this 10th day of August, 1917.

Max Thelen
Alexander
Edwin O. Edgerton
Commissioners.