

ORIGINAL

Decision No. 4714

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of CALIFORNIA NAVIGATION and IMPROVEMENT COMPANY for authority to increase rates for storage and transfer of grain, produce and merchandise at its warehouses in Stockton.

Application No. 3120

Sanborn and Roehl, by H. E. Sanborn, for Petitioner.

MEEDOWN, Commissioner.

O P I N I O N

California Navigation and Improvement Company asks authority from the Railroad Commission to increase certain rates for the storage and transfer of grain, produce and merchandise at its two warehouses in the City of Stockton.

A public hearing herein was held in Stockton on September 18, 1917, at which time this application was submitted. Notice of the hearing was given to each customer of petitioner, but no one appeared in opposition to the granting of the petition.

Petitioner operates two public warehouses in the City of Stockton, primarily for the storage of grain and beans. Potatoes, onions and bags are also stored in limited quantities.

These warehouses are favorably located on tidewater near the head of Stockton Channel, and are served by a double spur track of Southern Pacific Company, over which track access to the warehouses may also be had by Atchison, Topeka and Santa Fe Railway Company and The Western Pacific Railroad Company.

Warehouse No. 1, with floor space measuring 300 x 160 feet, was constructed more than 25 years ago, and No. 2, measuring 300 x 150 feet, was built about 15 years ago. The walls of each house are largely of wood covered with sheet and corrugated iron. Their combined capacity is about 28,000 tons of wheat. The property has been devoted to the warehouse business for between 40 and 50 years and is one of the largest warehouse properties in Stockton.

Petitioner claims for this property a value of not less than \$100,000.00 for realty, buildings and equipment used and useful in carrying on its business as warehouseman. This estimated value was used as a basis for transferring the property to petitioner some 7 or 8 years ago. In further justification of this claim, it was pointed out that an assessed valuation of \$69,190.00 has been placed on the property by the City of Stockton. No recent sales of adjacent realty which might show actual present values were known to petitioner's witnesses. The following segregation shows the items making up the \$100,000.00 valuation, as estimated by petitioner:

Realty (waterfront)	\$55,000.00
Buildings	40,000.00
Equipment	<u>5,000.00</u>
Total - - - -	\$100,000.00

Petitioner attached to the petition herein a comparative statement of earnings and expenses from its warehouse business in Stockton during the calendar years 1914, 1915 and 1916, a summary whereof follows:

	<u>1916</u>		<u>1915</u>		<u>1914</u>	
Storage earnings		\$19,525.82		\$14,935.44		\$15,081.42
Operating expenses -						
Labor	\$14,140.75		\$11,999.60		\$10,747.72	
Expense and Repairs	3,241.69	17,382.44	2,089.18	14,088.78	3,199.95	13,949.67
Net Operating Revenue	\$ 2,143.38		\$ 846.66		\$ 1,131.75	
Average per year for 3 years		\$ 1,373.93				

Petitioner also claims that it should receive an annual allowance of \$2,100.00 to cover depreciation of buildings and equipment.

Petitioner's rates, rules and regulations at present in effect were filed with the Railroad Commission on May 15, 1912 and have been in effect continuously thereafter except that the rate for so-called transit storage of potatoes and onions for 48 hours was slightly reduced by petitioner in November, 1913.

The following table shows in parallel columns the present rate, the proposed rate, and the resulting increase as to each of the principal items as to which petitioner asks an increase:

	<u>GRAIN</u>		
	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
	(Rates in Cents	Per	(Ton)
Storage - 2 months	50	75	25
" 3 "	75	100	25
Transferring, ex-car or boat, including 10 days storage	15	35	20
Transferring, ex-team, if notice be given within 3 days	25	35	10
	<u>BAGS, EMPTY</u>		
	(In Bales Containing 1000 Bags Each)		
Storage - 1 month	10	15	05

Petitioner also desires to make certain segregations in the service previously covered by blanket rates under the

general term "storage" and to establish separate rates based upon the estimated cost of service, for such segregated items, such as reweighing, loading box cars to full visible capacity, delivery of commodities in less than one or two ton lots, loading or unloading "gondola" cars, stenciling bags and loading "decked" cars. The rates on wool and on 10 days' transit storage of potatoes and onions are to be cancelled for the reason that no business of this kind has been offered for several years. Petitioner also asked authority to establish rates for special services in connection with call board business but withdrew this request at the hearing for the reason that it does not now perform such service and does not expect to do so.

Petitioner bases its request for increased rates on the increased cost of material and labor, particularly the latter. The testimony shows that within the last six months the wages of warehouse laborers have been increased from 30¢ to 40¢ per hour, an increase of 33-1/3 per cent. The cost of this labor represents more than 80 per cent of petitioner's operating expenses. The testimony shows that the increase in the item of labor alone will be considerably greater than the additional revenue which will be derived by petitioner from the entire readjustment of rates asked for, including both the increases for storage and the new rates designed to cover the actual cost of special services, hereinbefore referred to and heretofore included in the general storage rates. The testimony shows that the cost of materials used by petitioner in its warehouse business has increased from 15 per cent to 100 per cent within the last three years.

The following table shows the increased revenue which petitioner estimates it will secure from the various increased rates herein asked for:

	<u>Increase</u>
Grain - storage for 2 months - 744 tons @ \$.25 -	\$136.00
" storage for 3 months and over - 100 " @ .25 -	25.00
" storage for, in transit - 492 " @ .10 -	49.20
- 200 " @ .20 -	40.00
" additional reweighing in transit - 200 " @ .10 -	20.00
" loading cars to full capacity -	30.00
" loading or unloading "gondolas"	25.00
" stenciling bags	25.00
" deliveries of lots less than 2 tons	125.00
Beans - " " " " " 1 ton	100.00
Onions- storage	10.00
- loading cars "decked"	25.00
- deliveries of lots less than 1 ton	25.00
Potatoes - storage	30.00
Seeds - storage	30.00
Bags - storage	<u>60.00</u>
Total increase - - - -	805.20

The total increased revenue as estimated by petitioner will be less than 1/4 of the estimated increased cost of labor, alone. Without any increased cost of labor, the addition of \$805.20 to the net operating revenue of \$2,143.38 for 1916 would result in a return of only 3 per cent on the claimed value of \$100,000.00 of the property, without making any allowance for depreciation reserve.

Certain changes in the language of proposed tariff items were agreed upon at the hearing and will appear in the tariff as set forth in the order herein.

I find as a fact that the rates set forth in the order herein are fully justified and submit the following form of order:

O R D E R

CALIFORNIA NAVIGATION and IMPROVEMENT COMPANY having applied to the Railroad Commission for authority to increase and adjust its warehouse rates applicable in the City of Stockton, a public hearing having been held, the matter having been submitted, and being ^{now} ready for decision,

The Railroad Commission hereby finds as a fact that the rates now charged by petitioner for its warehouse service in the City of Stockton are unreasonably low in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates.

Basing its order on the foregoing finding of fact and on the other finding which are contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that California Navigation and Improvement Company be, and the same hereby is, authorized to publish, file with the Railroad Commission, and thereafter collect the following schedule of rates at its warehouses operated in the City of Stockton, to-wit:

WAREHOUSE CHARGES

GRAIN

*Storage of Grain

For 30 days or less	\$.50 per ton
For 60 days or any fraction over 30 days	.75 " "
Over 60 days, to include May 31 following	1.00 " "

#Transfer of Grain Through Warehouse

Including 10 days storage,
unloading from cars or teams,
weighing in and loading out \$.35 per ton

Reweighing, for convenience of owner .10 " "

Loading Box Cars

When necessary to pile in
vertical tiers to a height
of more than 7 sacks, additional
charge, applicable to entire
contents of car .10 " "

Loading or Unloading "Gondola" cars

Additional charge applicable
to entire contents of car .15 " "

Stenciling Sacks .03 " "

Deliveries in Lots less than 2 tons .25 each delivery

* Includes unloading from cars or teams, weighing in,
weighing out, and loading on cars to a height not
to exceed 7 tiers of sacks.

Upon arrival of grain intended for transfer, prompt
notice to that effect must be given indicating whether
for shipment by rail or water.

BEANS

*Storage of Beans

For 30 days, or less \$.50 per ton
For 60 days, or any fraction over
30 days .75 " "
Over 60 days, to include August
31 following 1.00 " "

Transfer of Beans Through Warehouse

Including 10 days storage while
in transit for cleaning .25 " "

Deliveries, in Lots less than 1 ton .25 each delivery

* Includes weighing in, weighing out and
loading out

Upon arrival of beans intended for cleaning
while in transit, prompt notice to that effect
must be given and further disposition indicated.

Necessary resacking or repairing sacks of all
kinds, when not attributable to warehouseman's

neglect, will be charged to the owner of the commodity at the actual cost of labor and material used.

* ONIONS and POTATOES

#Storage of Onions and Potatoes

For 30 days, or less	\$.03 per sack
For each month or fractional part thereof, after 30 days	.01 " "

Loading "Decked" Cars

Additional charge	.60 " carload
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Deliveries in Lots less than 1 Ton

Additional charge	.25 each delivery
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* Owing to perishable nature of potatoes and onions, right is reserved to compel removal after 5 days notice.

Includes weighing out and loading on cars (not "decked"), but owner must deliver into warehouse.

SEEDS, SMALL

(Including alfalfa, melolotus, mustard, etc.)

Storage of Seeds

For season	\$1.50 per ton or fraction
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Deliveries in lots less than quantities originally stored

.25 each delivery

BAGS, EMPTY, IN BALES

Storage of Bags (in bales of 1000 each)

For 30 days	.15 per bale
For each month after first 30 days	.10 " "

Unloading from Cars

.06 " "

Storage of Bags (In bales less than
1000 each)

For 30 days
For each month after first
30 days

\$.10 per bale

.07½ " "

Unloading from Cars

.04 " "

Deliveries of Bags in less than bale
lots

.25 each
delivery

The foregoing Opinion and Order are hereby
approved and ordered filed as the Opinion and Order of the
Railroad Commission of California.

Dated at San Francisco, California, this

3d. day of October, 1917.

Max Thelen
H. D. Loveland
W. G. Gordon
Edwin O. Edgerton

Commissioners.