

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

Decision No. 5127

In the Matter of the Application of)
ASSOCIATED TERMINALS COMPANY,)
THE HASLETT WAREHOUSE COMPANY,)
THE HUTTON WAREHOUSE,)
PENINSULA WAREHOUSE,)
SAN FRANCISCO WAREHOUSE COMPANY,)
SEA WALL U.S. BONDED WAREHOUSE,)
SOUTH END WAREHOUSE COMPANY, and)
VALLEJO BONDED & FREE WAREHOUSES)
for Authority to Increase Charges)
for Handling and Weighing Commodities)
in Warehouses at the Port of San)
Francisco.)

Application No. 3703.

In the Matter of the Application of)
De PUE WAREHOUSE COMPANY for Author-)
ity to Increase Charges for Handling)
and Weighing Commodities in Ware-)
houses at the Port of San Francisco.)

Application No. 3704.

In the Matter of the Application of)
TURNER-WHITTEL WAREHOUSES and)
NATOMA WAREHOUSES for Authority to)
Increase Charges for Handling and)
Weighing Commodities in Warehouses)
at the Port of San Francisco.)

Application No. 3711.

In the Matter of the Application of)
LAWRENCE WAREHOUSE COMPANY for)
Authority to Increase Charges for)
Handling and Weighing Commodities)
in Warehouses at Oakland and)
Sacramento.)

Application No. 3712.

In the Matter of the Application of)
ASSOCIATED TERMINALS COMPANY for)
Authority to Increase Charges for)
Handling and Weighing Commodities)
in its Sacramento Valley Dock and)
Warehouse, located in Yolo County on)
the Sacramento River, opposite the)
City of Sacramento.)

Application No. 3736.

In the Matter of the Application of)
De PUE WAREHOUSE COMPANY for Authority)
to Charge for Handling Commodities at)
its Warehouses at Williams, Berlin,)
Cortena, Corning, Delevan, Durham,)
Greenwood, Malton, Orland, Proberta)
and Tehama.)

Application No. 3722.

Appearances:

- C. W. Durbrow, for applicants.
- Seth Mann, for San Francisco Chamber of Commerce.
- John A. O'Connell, for certain men working in the warehouses, and Mr. Ellison, Secretary for Water-front Federation,
- H. R. Blair, for Grocers' Brokers Association of S.F.,
- W. E. Gravel, for M. J. Brandenstein.

DEVLIN, COMMISSIONER:

O P I N I O N

These applications cover practically the same issues, and having been heard together will be disposed of in one opinion and order. The relief sought under Applications Nos. 3703, 3704, 3711, 3712 and 3736 cover only the labor, handling and weighing charges at the different warehouses and is in substance as follows:

- 1- To increase the rate from 50¢ to 75¢ per hour per man for special labor in connection with the handling of commodities.
- 2- To increase the rate per package or per ton for handling commodities from approximately 25¢ per ton to 45¢ per ton and making the minimum charge for labor for each article handled 25¢ instead of 15¢.
- 3- To increase rate for weighing from 25¢ to 35¢ per ton and the minimum charge from 10¢ to 15¢.
- 4- To increase the rate for loading cars with packages weighing 150 pounds each, or less, from 25¢ to 30¢ per ton and on packages exceeding 150 pounds in weight from 32½¢ to 40¢ per ton.
- 5- To increase the rate for unloading cars with packages weighing 150 pounds, or less, from 20¢ to 25¢ per ton; to increase the rate from 20¢ to 32½¢ per ton on packages exceeding 150 pounds in weight, and to make the same charge for loading or unloading gondola cars.
- 6- To increase the rate from 50¢ to 75¢ per hour for loading or unloading iron, machinery and other heavy and bulky articles.
- 7- That the labor charge for repiling merchandise in warehouses be the same as the handling charge.

The present and proposed rates are more clearly set forth in the following table:

<u>Service</u>	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
Special Labor	50¢ per hour.	: 75¢ per hour
Labor Charges-		:
(in and out of warehouse)	*25¢ " ton	: 45¢ " ton
Minimum Charge	15¢ " art.	: 25¢ " art.
Weighing	25¢ " ton	: 35¢ " ton
Minimum Charge	10¢ " "	: 15¢ " "
Loading Cars-		:
packages 150 lbs. or less	25¢ " "	: 30¢ " "
packages over 150 lbs.	32½¢ " "	: 40¢ " "
Unloading Cars-		:
packages 150 lbs. or less	20¢ " "	: 25¢ " "
packages over 150 lbs.	20¢ " "	: 32½¢ " "
Gondola Cars-		:
loading or unloading	20¢ " "	: 32½¢ " "
Iron, Machinery, etc.-		:
loading or unloading	50¢ " hour	: 75¢ " hour
Repiling	* 25¢ " ton	: 45¢ " ton

*Approximately.

As to the San Francisco warehouses, the petitions all set forth the plea that the rates under discussion are those established by this Commission in its decisions in Applications numbered 16 to 25 inclusive and No.28 (Opinions and Orders of the Railroad Commission of California, 1, page 155), and Application No.125 (Opinions and Orders of the Railroad Commission of California, 1, page 647) of June and October, 1912; that these rates when established were, in many instances, lower than normal and have not yielded sufficient revenue to cover the actual cost paid to laborers; that in 1912 labor was paid \$2.50 per day for nine hours, this wage was increased in February, 1917 to \$2.75 and in July, 1917 to \$3.00; that the organization of its employees is now demanding \$4.00 per day of eight hours, and threaten to leave their present employment unless the increase in wages is granted in the immediate future.

It is alleged the higher wages are only a part of the augmented costs in performing this service and that there has also been large increases in the price of materials, equipment and for compensation insurance since the year 1912.

Application No. 3722 of the De Pue Warehouse Company, seeks authority to add a new item to its tariff providing for a charge of 25 cents per ton for handling all commodities into and out of its warehouses located at Williams, Berlin, Cortena, Corning, Delevan, Durham, Greenwood, Malton, Orland, Proberta and Tehama. Under the rates now in effect the moving of commodities to and from these warehouses is included in the storage charge, but applicants allege that under existing conditions the service can no longer be rendered without incurring a loss.

The most radical increase brought about under the proposed rates at San Francisco, Oakland and Sacramento is in the labor charge, which is now approximately 25 cents per ton except on special commodities. This will be increased to a uniform basic rate of 45 cents per ton.

The date of hearing was regularly published in conformity with the rules of practice and procedure, some five thousand individual notices were mailed by applicants to their customers and the usual information given the public press, but notwithstanding this great publicity and the importance of the increases, no one appeared in direct opposition to the application.

Mr. Seth Mann, appearing for the San Francisco Chamber of Commerce, was not in opposition to the proposed increases in rates, but was particularly interested in the manner in which the additional labor costs were to be spread. He stated that the grain dealers, members of the Chamber of Commerce, were not convinced that the charges for handling grains should be changed; however, no testimony was introduced by any grain dealer. The only objecting witness was a representative of the Wholesale Grocers' Association, who testified that a test was made by his firm of the labor cost in handling a certain consignment of canned goods, the object of the testimony being to prove that the exhibits presented by applicants showing the expenses incurred in handling a ton of freight were not entirely accurate.

It was not demonstrated to the satisfaction of the Commission that the operating conditions were the same and while, under ideal circumstances, a privately conducted store room with a well trained and carefully controlled working force can handle a given amount of tonnage at a lesser cost than a public warehouse, such cost could not be used as a working basis for the establishment of rates at a public warehouse, where the control of labor, its efficiency and many other factors are entirely dissimilar. This witness, however, recognized the present day conditions in the high cost of labor and materials and conceded that an advance of 50 per cent in the present rates would not be unjust.

The gist of applicants' case is carried in their exhibits, ten in number, supplemented by the testimony of the Secretary of the Warehousemen's Association of San Francisco and that of the Country Manager of the Sacramento Valley Warehouses, operated by the De Rue Warehouse Company. The exhibits deal with the receipts and expenditures for labor, the receipts including only revenue for labor of handling, loading, unloading, weighing and special service; the expenditures including wages of regular and extra labor engaged in handling, repairs of appliances, liability insurance and power, but does not include any part of the expense for superintendence, general office, water and light, telephone, loss and damage, etc.

Exhibits Nos. 1, 2, 3, 4 and 5 show the results obtained for labor services at the warehouses of the Haslett Warehouse Company, the San Francisco Warehouse Company, the Lawrence Standard Warehouse Company, the Natoma Warehouse Company and the Turner-Whittell Warehouse Company located at San Francisco and Oakland. These exhibits cover certain years, beginning with 1914, and in every instance show that the labor services were performed at a positive loss, which would be somewhat increased if to the expen-

itures were added the cost for superintendence, insurance, office and general expenses.

Exhibit No. 10 gives in detail the labor cost per ton at the country warehouses, operated by the De Pue Warehouse Company, located in the Sacramento Valley, during the years 1915, 1916 and 1917. Without reproducing the exhibit in full it is pertinent to call attention to the fact that at Cortena the labor cost for delivering and loading a car of grain was \$.0352 in 1915, the cost per ton at the same point was \$.136 in 1917, or an increase of 286%; at Delevan the cost in 1915 was \$.0965 and in 1917 \$.238, or an increase of 146%. For receiving grain at warehouse door, trucking and piling, the charge at Cortena was \$.1085 per ton in 1915 and \$.1888 in 1917, or an increase of 74%, at Delevan this labor cost in 1915 was \$.1052; in 1917 \$.2120, or an increase of 101%.

The recapitulation of this exhibit is as follows:

	<u>1915</u>	<u>1916</u>	<u>1917</u>
Receiving and Piling	\$-.127	\$.1302	\$.1700
Delivering and Loading Car	.073	.0770	.1436
TOTAL -	<u>\$.20</u>	<u>\$.2072</u>	<u>\$.3136</u>

The wages paid under these costs were 25 cents per hour in 1915 and 1916, 30 cents per hour in 1917 and 30 to 40 cents per hour in 1918. It will thus be seen that the average total cost for receiving and delivering grain at these Sacramento Valley warehouses jumped from 20 cents per ton in 1915 to \$.3136 in 1917, or an average increase of 57%.

Annual reports filed by warehousemen with the Commission covering the years 1912 to 1917, inclusive, indicate that most of the companies realized a net profit each year. Many of the companies, however, are not limited to a strictly storage and handling business, but are engaged in other activities, such as

the operation of bean cleaning and rice milling plants, wharves, drayage and public weighing, and it must therefore be assumed that the heavy losses incurred under the present warehouse labor service charge are recouped by the profits secured from the storage of commodities as distinguished from handling and from other activities engaged in.

Exhibits Nos. 7, 8 and 9 enter into a detailed analysis of the actual time consumed in receiving and delivering specific lots of merchandise.

Exhibit No. 7 shows that 4,444.25 tons of merchandise were received at different warehouses and consumed 159,569 minutes, or an average time per ton of 36 minutes for receiving at warehouse door, trucking into warehouse, and piling.

Exhibit No. 8 shows that it took 70,598 minutes to deliver 2,779.6 tons of merchandise, or an average of 25 minutes per ton, making a total expenditure of 61 minutes for receiving and delivering one ton of merchandise. This is the actual time consumed and does not include waste time of going on or coming off the different jobs, nor other loss in time during the day when men are idle or waiting for teams, or without work for other causes.

Exhibit No.9, prepared at the Oriental Warehouse, San Francisco, covering the month of April and half the month of May, 1918, shows the average cost per ton handled; that is, taking into the warehouse and bringing it out cost 44 cents and as in other exhibits, the figures do not include a pro rata of extra charges to cover superintendents, employees liability insurance, nor general office expenses.

These figures illustrate the fact that based on labor expenses of \$3.00 for nine hours, the warehouses are now receiving about 25 cents per ton for the performance of the service which costs them more than 40 cents. This charge does not cover actual

out-of-pocket expense for the labor alone in performing the service, which under the present wage scale of \$3.00 for nine hours, is 33-1/3 cents per hour, as it takes an average of one hour's time to handle one ton of freight.

It was conceded by the attorney for applicants, the representative of the San Francisco Chamber of Commerce and the witness on behalf of the Wholesale Grocers Association that under existing conditions a wage of \$4.00 for a nine hour day was not excessive or unreasonable. Under the added expense due to increased wages, which admittedly must be granted by these applicants, the losses sustained under the present rates will be considerably increased.

The suggestion was made by Mr. Mann that inasmuch as labor costs since 1912, when the rates in question were first established, have changed from \$2.50 to \$4.00 per day, or 60%, a horizontal increase in all labor charge rates should be correspondingly made. With this contention I cannot agree, for the tariffs are not now constructed upon a uniform basis, but carry many inconsistencies. Cement pays 10 cents per ton, while cordage is assessed at 50 cents; baskets pay 10 cents per ton, while broom corn pays xxx a 50 cent rate; cotton linters, handled in heavy packages, pay but 5 cents per ton, while iron safes are rated at 50 cents per ton. It will thus be seen that to increase rates by 60 per cent would place an added burden on commodities now paying rates apparently very much out of line.

As heretofore stated, general publicity was given of this hearing, but no effort was made on the part of patrons of these warehouses to present testimony and while it is of record that the grain dealers had given the matter some consideration and did not approve of changes in their rates, they put no witnesses on the stand to substantiate the position taken. Formal proceedings before this Commission are for the specific purpose of securing, under oath, testimony from all interested parties. The Commission must render

its decisions in conformity with the pleadings and the sworn testimony and cannot give effect in the opinion and order to informal complaints filed either before or after submission of the case, even if present before the opinion and order issues.

The exhibits and testimony in this proceeding clearly indicate these applicants are not receiving a sufficient amount for the handling and weighing of merchandise and I am therefore of the opinion that the proposed schedule of rates should be placed in effect, with the qualification that where any labor rates on a ton basis/^{are} in excess of 45 cents per ton/^{they} be reduced to 45 cents per ton. If after a fair test the rates authorized herein are not found to be equitable, under all existing conditions, the matter may be brought before the Commission for further consideration.

I submit the following form of Order:

O R D E R

The Associated Terminals Company, the Haslett Warehouse Company, the Hutton Warehouse, Peninsula Warehouse, San Francisco Warehouse Company, Sea Wall U.S. Bonded Warehouse, South End Warehouse Company, Vallejo Bonded & Free Warehouses, De Rue Warehouse Company, Turner-Whittell Warehouses, Natoma Warehouses, located at San Francisco, Lawrence Warehouse Company, Oakland and Sacramento, and Associated Terminals Company, Yolo County, having applied to this Commission for an order authorizing increases in the rates assessed for labor charges, handling charges and weighing charges, and a public hearing having been held upon these applications and the Commission being fully advised in the premises finds as a fact that the present rates for the class of service involved are unjust

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

IT IS HEREBY ORDERED that the above named applicants be and they are hereby authorized to establish and file the following rates:

- 1- 75 cents per hour per man for special labor in connection with the handling of commodities.
- 2- 45 cents per ton for handling commodities, with a minimum charge of 25 cents.
- 3- 35 cents per ton for weighing commodities, with a minimum charge of 15 cents.
- 4- 30 cents per ton for loading into cars packages weighing 150 pounds each, or less; 40 cents per ton for loading packages weighing in excess of 150 pounds into cars.
- 5- 25 cents per ton for unloading cars containing packages weighing 150 pounds or less; 32½ cents per ton for unloading cars containing packages exceeding 150 pounds in weight; the same charges to apply for loading or unloading gondola cars.
- 6- 75 cents per hour for loading or unloading from cars iron, machinery, and other heavy and bulky articles.
- 7- That the labor charge for repiling merchandise in warehouses be the same as the handling charge.

IT IS FURTHER ORDERED, that in Application No. 3722, the De Pue Warehouse Company be authorized to publish an item in its tariffs providing for a charge of 25 cents per ton for handling commodities into and out of its warehouses at Williams, Berlin, Cortena, Corning, Delevan, Durham, Greenwood, Malton, Orland, Proberta and Tehama.

IT IS FURTHER ORDERED that tariffs containing these rates, rules and regulations found herein to be reasonable shall be filed with this Commission to become effective within twenty (20) days from the date of this Order.

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 May 1918.

Max Theeler
A. S. Loveland
W. G. Gordon
Edwin O. Edgerton
Frank Decker
 Commissioners.