

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

Decision No. 5471

In the Matter of the Application of FARMERS TRANSPORTATION COMPANY to Increase Rates for the Storage and Handling of Commodities at its warehouses at Grimes, Cal. Application No. 3793

In the Matter of the Application of SACRAMENTO TRANSPORTATION COMPANY to Increase Rates for the Storage and Handling of Grain and Corn at its warehouse at Monroeville, Cal. Application No. 3794

In the Matter of the Application of GRIMES WAREHOUSE COMPANY to Increase Rates for the Storage and Handling of Grain, Corn, Beans and Rice at its warehouse at Grimes, Cal. Application No. 3795

In the Matter of the Application of GRAND ISLAND WAREHOUSE to Increase Rates for the Storage and Handling of Grain, Corn, Beans and Rice at its warehouse at Grand Island, Cal. Application No. 3796

In the Matter of the Application of FARMERS WAREHOUSE COMPANY to Increase Rates for the Storage of Grain, Corn and Beans at its warehouse at Grimes, Cal. Application No. 3797

In the Matter of the Application of SACRAMENTO RIVER WAREHOUSE COMPANY to Increase Rates for the Storage of Grain, Corn, Beans and Rice in its warehouses located at Butte City, Princeton and Sids, Glenn County; Colusa, Sutter County and Tisdale Landing, Sutter County, Cal. Application No. 3798

In the Matter of the Application of WILLOWS WAREHOUSE ASSOCIATION to Increase Rates for the Storage and Handling of Grain, Rice, Wool and General Merchandise in its warehouses at Willows, Logandale and Norman, Cal. Application No. 3799

In the Matter of the Application of FARMERS STORAGE COMPANY to Increase Rates for the Storage and Handling of Grain, Corn and Rice at its warehouse at Colusa, Cal. Application No. 3800

In the Matter of the Application of HOCHHEIMER & COMPANY to Increase Rates for the Storage and Handling of Grain and Rice at its warehouse at Germantown, Cal. Application No. 3801

In the Matter of the Application of)
HOWELLS POINT WAREHOUSE to Increase)
Rates for the Storage and Handling) Application No. 3812
of Commodities in its warehouse at)
Howells Point, Cal.)

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In the Matter of the Application of)
MAXWELL GRAIN STORAGE WAREHOUSE to)
Increase Rates for the Storage and) Application No. 3813
Handling of Commodities in its ware-)
house at Maxwell, Cal.)

Moody & Bell for Applicants in Applications Nos. 3799 and 3801.
Sanborn & Roehl for all other Applicants.
Dan Shellock and F. W. Whyler for Patrons.

LOVELAND, COMMISSIONER.

O P I N I O N

This proceeding embraces eleven applications for authority under Section 63 of the Public Utilities Act to increase rates for the storage of grain, beans and rice and to make certain increases in rates for yarding, weighing, and delivery to team or auto trucks at warehouses of the

Farmers Transportation Company
Sacramento Transportation Company
Grimes Warehouse Company
Grand Island Warehouse Company
Farmers Warehouse Company
Sacramento River Warehouse Company
Willows Warehouse Association
Farmers Storage Company
Hochheimer & Company
Howells Point Warehouse
Maxwell Grain Storage Warehouse

located at

Grimes, Monroeville, Colusa, Grand Island,
Butte City, Princeton, Sids, Tisdale,
Willows, Logandale, Norman, Germantown,
Howells Point and Maxwell.

The applications are similar in form and while the present rates are not exactly uniform throughout this part of the Sacramento

Valley the proposed increases average, for grain and rice, 25 per cent and for beans 75 per cent. Beans are not stored in any large quantity at applicants warehouses except at Tisdale Landing, and the reasons for the increases in storage on this commodity will be referred to later.

The present and proposed rates, for season of twelve months, at the principal warehouses are as follows:

<u>Commodity</u>	<u>Present per ton</u>	<u>Proposed per ton</u>
Grain	\$.65 to \$1.00	\$.90 to \$1.00
Beans	.85 " 1.00	1.50
Rice	.65 " 1.00	1.25
Weighing Charges	.10 " .25	.25 " .30
Yardage	.10 " .40	.50
Delivery to Vehicle	.15 " .25	.30

The storing of grain commences in the early part of June and the period covered by the rates shown above commences June 1st of the year stored and ends the same date of the following year; rice and beans, although stored later than June 1st, are governed by the same rules.

Notwithstanding the importance of this proceeding, the great number of communities involved, the fact that notices of the hearing were published in local papers and direct advice mailed storers, no evidence whatever was presented in opposition to the proposed rates. Several storers and interested farmers complained of inadequate service during the season of 1917, caused principally by insufficient labor or the inability of warehousemen to properly control such labor as remained on the job. These witnesses had no objection to the new rates, under existing war conditions, but urged better service in the prompt handling of their tonnage for the future. Since the patrons presented no testimony in opposition

it must be assumed the proposed rates are not considered unreasonable.

Exhibits were introduced by applicants covering each warehouse, giving a detailed description of property employed, its value and location, a statement of gross earnings, operating expenses, taxes, loss and damage claims, net income and the estimated income under the proposed rates from the 1918 crop. From these exhibits the following statement was compiled:

Appl.	Location	Value of Plant	Gross Storage Revenue	Net Operating Revenue	Deficit after allowing return on investment and Depreciation
3795	Grimes	\$19,250.00	\$ 3,275.81	\$ 793.21	\$ 1,281.79
3794	Monroeville	8,346.60	3,076.76	698.91	536.18
3795	Grimes	10,023.00	3,253.60	529.12	886.43
3796	Grand Island	14,440.00	3,777.84	1,638.84	326.16
3797	Grimes	11,122.00	2,692.65	747.24	680.36
	Butte City Nos.1-2-3)				
3798	Princeton	110,906.02	28,716.88	8,918.02	6,218.37
	Sidds				
	Colusa				
	Tisdale				
	Willows Nos.1-2-3)				
3799	Logandale	63,262.60	8,795.21	1,607.42	* 6,678.42
	Norman				
	Lyman				
3800	Colusa (Farmers)	17,688.87			
	(#Grangers and Colusa)		12,918.80	2,360.99	5.81
3801	#Germantown		8,301.89	1,923.34	⊙ 627.34
3812	Grand Island	22,505.11	6,987.42	2,759.06	253.44
3813	Maxwell Nos. 1-2-3	19,861.00	10,046.20	1,443.15	1,322.09

Rented property

* Deficit Season ending June 1, 1917

⊙ Profit after allowing for depreciation on equipment only and prorata of overhead expense.

With but one exception, after allowances are made for depreciation to equipment and buildings and a fair return on invested capital, the properties were handled at a loss during the 1917 season. It is also shown they will not earn a fair return on invested capital during the year 1918 based on the estimated tonnage and the increased rates. For this season the crops will be about thirty per cent less than during the year 1917 and it is believed much tonnage will pass directly from the harvest fields into cars for transportation to the Atlantic seaboard without making use of warehouse facilities.

Schedules in effect today, at the majority of warehouses, are those established in 1912, when these utilities were first placed under the jurisdiction of this Commission by the provisions of the Public Utilities Act and it might well be that rates just and reasonable five or six years ago are too low under war conditions.

The evidence further shows that the cost of labor and supplies increased in the year 1917 over 1916 and that the estimated operating expenses for the year 1918 will be largely in excess of those of 1917. Laborers are needed during the harvest period and the competition created at the height of the season between warehousemen and farmers results in unusually high wages. Demands now being made indicate that wages for 1918 will be from 50 to 100 per cent greater than in 1917. One witness testified that during the rush period of 1917 he traveled some six hundred miles by automobile in an effort to pick up sufficient labor to keep his warehouse in operation, but was seldom successful and that the labor obtained was most inefficient, many of the men remaining at work but a few days at a time. At certain points it is now necessary, in addition to

providing sleeping accommodations, to furnish the men with meals, an expense not assumed in former years.

The reasons given for charging \$1.50 per ton per season for the storage of beans was outlined by applicant's principal witness, who testified in effect that beans require special attention, must be carefully inspected, are susceptible to damage because of moisture and cause injury to other consignments when not properly dried at the time of storage; also that being of a much greater value than either grain or rice they should carry a higher rate. To properly handle the current crop of beans the facilities at Tisdale must be enlarged and it was shown that at this particular warehouse there will be no profit under the proposed rates. In 1918, because of the increased cost of labor and supplies, not taking into consideration the investment of adding to the present facilities.

The reports and testimony of applicants clearly indicate that under the rates now in effect they are not earning sufficient to enable them to render good and satisfactory service and secure any return upon the property devoted to the business.

I find as a fact that because of war conditions the present rates are unduly low and that the applications should be granted.

I submit the following form of Order:

O R D E R

Farmers Transportation Company
Sacramento Transportation Company
Grimes Warehouse Company
Grand Island Warehouse Company
Farmers Warehouse Company
Sacramento River Warehouse Company
Willows Warehouse Association
Farmers Storage Company
Hochheimer & Company
Howells Point Warehouse
Maxwell Grain Storage Warehouse

having applied to this Commission for an order authorizing increases

in rates for the storage, weighing, yarding and delivery of grain, rice and beans at their warehouses, and a hearing having been held upon these applications and the Commission being fully advised in the premises.

It is hereby found as a fact that the rates now in effect are unduly low and are unjust and unreasonable, and the Commission further finds that the rates proposed in the applications are just and reasonable.

IT IS HEREBY ORDERED that the

Farmers Transportation Company
 Sacramento Transportation Company
 Grimes Warehouse Company
 Grand Island Warehouse Company
 Farmers Warehouse Company
 Sacramento River Warehouse Company
 Farmers Storage Company and
 Howell's Point Warehouse Company

be authorized to charge the following rates, as their interests may appear:

<u>Commodity</u>	<u>Period of Storage</u>	<u>Rate</u>
		<u>Ton-2000 Lbs.</u>
Grain and Corn - - - -	June 1 to May 31, inc.	\$ 1.00
Rice - in ordinary grain bags-	"	1.25
Rice - in double sized grain bags	"	2.50
Beans-	"	1.50
Reweighing		.30
Yardage		.50
Delivery - to team or auto trucks-		.30

IT IS HEREBY FURTHER ORDERED that

Willows Warehouse Association
 and
 Hochheimer & Company

be authorized to charge the following rates:

<u>Commodity</u>	<u>Period of Storage</u>	<u>Rate</u>
		<u>Ton-2000 Lbs.</u>
Grain	June 1 to October 1, Inc.	\$.75
Grain	June 1 " May 31. "	1.00
Rice	June 1 " October 1. "	1.00
Rice	June 1 " May 31. "	1.25
Weighing Out		.25

IT IS HEREBY FURTHER ORDERED that the Maxwell Grain Storage Warehouse be authorized to charge the following rates:

Grain -	June 1 to May 31, inc.	Ton 2000 lbs. \$.90
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IT IS HEREBY FURTHER ORDERED that the collection of these rates shall be conditioned upon the rendering of first class service, such as receiving, weighing in, piling, carrying in storage, loading out and such other service as it is customary for warehousemen similarly situated to give.

IT IS HEREBY FURTHER ORDERED that schedules embracing the authorized rates be filed with this Commission 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 8th day of June 1918.

H. D. Leonard
W. Gordon
Edwin O. Egey
Frank R. Pollock
Commissioners.