

ORIGINAL

Decision No. 5514

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
ASSOCIATED TERMINALS COMPANY)
THE BASLETT 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 Commod-)
ities in Warehouses at the Port of)
San Francisco.)

Application No. 3703

In the Matter of the Application of)
De PUE WAREHOUSE COMPANY for Authority)
to Increase Charges for Handling and)
Weighing Commodities in Warehouses at)
the Port of San Francisco.)

Application No. 3704

In the Matter of the Application of)
TURNER-WHITEBELL 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 Author-)
ity 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

- 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
Waterfront Federation.
- H. R. Blair, for Grocers' Brokers Association of S.F.
- W. E. Gravel, for M. J. Brandenstein.

DEVLIN, COMMISSIONER:

SUPPLEMENTAL OPINION

This Commission on May 25, 1918, as per Decision No. 5427, authorized petitioners in the above numbered applications to increase certain labor charges for the handling and weighing of commodities at the different warehouses located at San Francisco, Oakland and Sacramento, and in Yolo County opposite the City of Sacramento. The increases allowed were published in tariffs of individual companies dated May 28, 1918 and became effective May 31, 1918. Without enumerating the specific increases, it may be said that in the main they ranged from 50% to 80%.

In the original applications and in the testimony and exhibits presented at the hearings, applicants based their request for the increases upon the fact that the labor costs at San Francisco and at the interior points were extremely low when the rates covering charges for labor furnished by warehousemen were first filed with this Commission.

The evidence shows that warehouse laborers, in 1912, received at San Francisco \$2.50 for a nine hour day; that they were being paid \$3.00 per day at the time the original applications were filed, April 27, 1918, and that they were demanding at the time of hearing \$4.00 for an eight hour day. Applicants were willing to concede \$4.00 for a nine hour day. Subsequent to the hearings in the original proceeding, applicants were compelled, because of a strike among their employees, to meet certain of the latter's demands; they were required to pay \$4.00 per day of nine hours from May 1st to May 31st inclusive and, commencing June 1, 1918, 50 cents an hour, or \$4.50 for a nine hour day.

The adjustment of this strike was brought about by the intervention of Federal Food Commissioner Merritt, with an understanding between warehousemen and their employees that demands made for 50 cents an hour based on an eight hour day and 75 cents per hour for all overtime would be given further consideration and a supplemental application presented to the Railroad Commission for authority to increase handling charges to offset the increases in wages. It is the contention in this supplemental petition that increases in handling charges granted by Decision No. 5427 were only sufficient to meet labor costs based on \$4.00 for a nine hour day and will not suffice under the increased burden which must be assumed by the change to \$4.75 for a nine hour day.

Petitioners now seek another advance in their rates and set forth two propositions: The first, that there be a horizontal increase of 20% in the labor charge for loading or unloading cars, handling commodities into and from warehouses and for the weighing of commodities; the second being a graduated scale providing an increase of 5 cents per ton for loading and unloading cars, a slight increase for services rendered in stencilling, burlapping, oversacking and resacking, and a scale of charges for the handling of general merchandise, ranging from 45 cents to 65 cents per ton, based on the weight and kind of packages handled.

Notices of this hearing were given to all interested parties, but no one appeared in opposition.

The material facts disclosing the manner in which the commodities are handled, the time consumed and cost of handling are set forth in our report in Decision No. 5427 and need not be restated. The testimony offered at this hearing was in the main directed to the fact that the increase of 75 cents per day for

labor warranted a corresponding increase in the rates assessed for the service furnished.

Applicants' Exhibit No. 11, introduced at the hearing June 14, 1918, is a statement of revenue from labor services and the wage expense for the month of May, 1918 at six warehouses, as follows:

	<u>Receipts</u>	<u>Expenditures</u>
Vallejo Bonded and Free Warehouses	\$ 786.11	\$ 1215.72
South End Warehouse Company - -	2120.29	3596.20
Associated Terminals Company - -	7935.20	10051.15
Haslett Warehouse Company - -	8644.60	12570.30
Turner-Whittell Warehouses - -	657.92	1174.00
San Francisco Warehouse Company -	8253.94	9298.40
	<u>\$28398.06</u>	<u>\$37905.77</u>

This exhibit shows a deficit suffered by these warehouses of \$9,507.71 for the thirty-one day period and is based on actual wages paid at \$4.00 for a nine hour day. The deficit does not include cost of superintendence, insurance, light, power or any part of overhead expenses.

Exhibit No. 12 sets forth the schedule of wages at applicants' warehouses beginning December, 1912 and including the wage demanded by the laborer today. This shows that, together with the compensation insurance since 1912, the labor costs have increased 95.7%. Details of the exhibit are shown as follows:

December, 1912:
\$2.50 per nine hours

December, 1916:
\$2.50 per nine hours
.075 insurance at 3%
\$2.575 per day--
Equals 3% advance over December, 1912.

March, 1917:
\$2.75 per nine hours
.0825 insurance at 3%
\$2.8325 per day--
Equals 13.3% advance over December 1912.

August, 1917:
\$3.00 per nine hours
.09 insurance at 3%
\$3.09 per day--
Equals 23.6% advance over December 1912.

May, 1918:
\$4.00 per nine hours
.12 insurance at 3%
\$4.12 per day--
Equals 64.8% advance over December 1912.

Demanded:
\$4.75 per nine hours
.14² insurance at 3%
\$4.89² per day
Equals 95.7% advance over December 1912
and
18.7% advance over May 1918.

The rates here under discussion involve only labor charges and while applicants' system of accounting does not segregate expenses in such a manner as to allocate positively the cost of handling commodities, they have shown by special checks that it takes approximately one hour's labor to double handle one ton; that is, putting it into and taking it out of the warehouse. Under the schedule of wages now demanded by employees this labor, \$4.75

for nine hours, costs approximately 53 cents per hour, for which service applicants are seeking authority to charge 54 cents per ton and since only an average of one ton is handled per hour, the margin is but one cent. If to the labor cost is added the compensation insurance of $14\frac{1}{2}$ cents per day (Exhibit No. 12) there is a total cost of $\$4.89\frac{1}{2}$ for a nine hour day, or $54\text{-}1/3$ cents per hour, thus creating an actual loss, based on applicants' claimed costs, which are not disputed, and which do not include any overhead charges.

There is much demand for this class of labor, especially in San Francisco, where applicants compete with employers using stevedores and longshoremen along the waterfront, and the testimony shows that men are continually changing to the waterfront work because of the materially higher wages, making the warehouses somewhat of a training school for other employers who offer greater compensation. Counsel for applicants stated that he considered that under all circumstances now existing, including the competition for securing labor, the wage demanded in this instance is fair and just.

The alternative proposition of a graduated scale of charges was not urged at the hearing, and as they would bring about radical changes, increases and decreases, not tested in any manner, but purely speculative, they will be given no further consideration at this time.

The fact that these warehouses sustained a loss for labor services performed in May, 1918, and that since 1912 wages, including compensation insurance, have increased 95.7%, it is my conclusion, upon careful consideration of all the evidence submitted at both ~~xx xxx~~ hearings that under the existing war conditions the supplemental petitions should be granted.

I submit the following form of supplemental order:

SUPPLEMENTAL ORDER

IT IS HEREBY ORDERED that the Associated Terminals Company, the Hutton Warehouse, Peninsula Warehouse, San Francisco Warehouse Company, Sea Wall U.S.-Bonded Warehouse, South End Warehouse Company, Vallejo Bonded and 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, be and the same are hereby granted authority to further increase rates for handling commodities to the following basis: effective July 1, 1918.

Ton - 2000 Pounds.

Unloading Car	-	-	30¢ (Pkgs. 150 lbs or less)
			39¢ (Pkgs. over 150 lbs)
Weighing	-	-	42¢
Handling into and from warehouse	-		54¢
Loading Car	-		36¢ (Pkgs. 150 lbs or less)
			48¢ (Pkgs. over 150 lbs.)

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

Dated at San Francisco, California, this 25th day of June 1918

Edwin C. Edgerton

H. B. ...

Frank ...

Commissioners.