

Decision No 5663.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of }
SACRAMENTO VALLEY WAREHOUSE COMPANY }
for permission to increase rates or } Application No. 3875.
to alter rules or regulations so as }
to effect increases in rates. }

H. E. Woolner for applicant.
Lilienthal, McKinstry and Raymond by
C. L. Firebaugh for Alameda Sugar
Company and Newhall Land and Farm Company,
protestants.
G. J. Bradley for Merchants and Manufacturers
Traffic Association of Sacramento and Ennis
Brown Company, protestants.

BY THE COMMISSION:

O P I N I O N

H. E. WOOLNER, doing business under the name and style of Sacramento Valley Warehouse Company, requests authority to greatly increase storage and handling charges applicable at his 5000-ton rented warehouse, located at Tarke Station, Sutter County; also to establish charges for service not heretofore rendered and not included in the rates now in effect.

A public hearing on the application was held by Examiner Westover at Sacramento, at which oral and documentary evidence was submitted. Exhibit showing operating expenses has subsequently been filed and the matter is now ready for decision.

Reference is made to Decision No. 4617 of September 5, 1917, upon Application No. 3069, increasing applicant's rates, in which a history and description of the business is given at considerable length. (See Vol. 14, Opinions and Orders of the Railroad Commission of California, p. 5). Said application to increase rates was made too late in the season to affect seriously earnings for the storage season ending May 31, 1918.

The rates prevailing at the beginning of last season were 65¢ per ton per season for storage, with 15¢ per ton for loading, 15¢ for reweighing, and 25¢ per ton for loading through the warehouse from team to car. Protestants showed that under the former management, before applicant leased the warehouse, the property had earned since it was built about 10% per year on the investment, besides about \$1300 distributed to the owners from earnings at the time the property was leased to applicant for a term of 5 years beginning June 1, 1917.

The testimony of applicant, however, at the recent hearing, as well as at the hearing last year, showed that previously the warehouse had been operated with such a small force and with such inadequate facilities that during much of the storage season loaded teams were obliged to wait for hours and many times all day for an opportunity to unload, resulting in heavy losses to individual patrons. The present management has spent about \$2000 in improving facilities for unloading teams, including building new road approaches, moving and overhauling wagon scale, installing electric lights and improvements to doors, floors and underpinning. These im-

provements, with the keeping of an adequate force of labor on hand, have resulted in improved service and have naturally increased tonnage, as designed. Capacity storage is expected for the season of 1918 and 1919.

Applicant now requests a grain storage rate of \$1.25 for one month, \$1.50 for two months, and \$1.75 for the season June 1st to May 31st; a season rate on beans of \$1.75, with a rate for loading onto cars of 25¢ for 25 tons or less per car, and 35¢ per ton where more than 25 tons is loaded into one car; a rate of 75¢ and 85¢ per ton for loading through the warehouse into cars, depending upon capacity of cars as herein explained; besides rates for other services which need not be described in detail here.

Request for the establishment of a regulation giving the warehouseman the option to name a ton basis of 40 cu. ft. or 2000 lbs. "whichever produces the greater revenue" was voluntarily withdrawn at the hearing. All other proposed rules and regulations, set forth in the application, may be filed with the Commission in connection with the rates authorized herein.

Protestants do not object to reasonable increases in rates, but do object to the rates proposed on the ground that they are unreasonably high, even though greatly improved service is now given.

At the hearing of the present application petitioner presented a statement showing a loss of \$5,051.69 incurred in operating the warehouse last season, as the principal justification for the increase in rates sought herein. The statement shows a total operating cost of \$11,825.82, including "office and supervision" \$3305.27, boarding house expense \$2525.05, and labor \$3771.08, with gross revenue of \$6774.13. Protestants question the

\$2525.05 for boarding expense, and especially \$3305.27 for "office and supervision", \$600 of which represents cost of keeping a duplicate set of books in San Francisco and \$408.24 shortage of barley.

The detail of the remaining items of "office and supervision" shown in an exhibit filed by stipulation after the hearing, shows that it includes repairs to building and machines, parts, meals, railroad fares, salaries of bookkeeper, of weigher and checker, and of foreman after January 1st, printing, power, twine, office supplies, and a wide range of miscellaneous items. Regardless of the classification of these items in accounting, the fact remains that applicant shows an operating cost of \$11,825.82 most of which is properly chargeable to operation. The testimony shows that during last season 4487 tons of grain and 2733 tons of beans were stored in this 5000-ton warehouse. The apparent operating cost was \$9072.05 for all operations, not including depreciation on auto, office building, furniture and fixtures, and not including salary or allowance for applicant or a manager, but including a rental of \$761.50 based on 8% net on the cost of the building. This is at the rate of about \$1.274 per ton of grain stored. Analysis of revenue and expense showing results of storage and other handling separately are not shown. The items of general expense seem to us out of proportion to the labor charge, based upon our knowledge of operating costs, derived from other cases.

Protestants also questioned the extra cost per ton for loading cars to capacity. It was shown that where more than 25 tons per car is loaded, it becomes necessary to have two extra men in the car to throw up and pile bags of grain above the piles five bags high as deposited on the floor

of the cars by the truckers, and that in practice it must be done while the grain is being trucked in. We are satisfied from the testimony at the hearing, as well as that on the hearing of Applications Nos. 2986, 3120 and 3225 that an extra cost for such loading is justified under practical operating conditions.

Applicant claims that the geographical location of his warehouse and lack of boarding facilities makes it unusually difficult to procure and retain labor and greatly increases its cost. Applicant's warehouse is located about 12 miles from Colusa, where boarding and housing conditions are no doubt satisfactory. There are many warehouses in California not more favorably situated with reference to labor at which high-class service is rendered and at but a fraction of the cost of operation shown by applicant. While high-class service must be given and the reasonable cost thereof will apparently be willingly paid by protestants, operating costs above a reasonable allowance cannot properly be charged to warehouse patrons and reflected in rates.

The testimony shows that the cost of labor at applicant's warehouse, including board and lodging, has about doubled since 1916, at which time the rates applied last season were also in force; also that there is a sharp advance in the cost of materials and supplies used. These considerations justify the increased rates set forth in the order.

The testimony shows that during last season 4487 tons of grain and 2733 tons of beans were stored; that to handle the business expeditiously it was necessary to maintain a warehouse, force of 10 to 15 men, during the rush season, at \$3.50 per day, for truckers, and \$4.00 for pilers, besides board and lodging of the estimated cost of about \$1.50 per man per day; and that about 90% of the grain and beans went forward in cars loaded to capacity, necessitating practically double expense for the labor of loading.

It appears probable that the labor rate may have to be increased during the current season.

O R D E R

E. E. WOOLNER, doing business under the name and style of Sacramento Valley Warehouse Company, having applied to the Commission for authority to increase rates for storing, weighing, loading or transferring through his warehouse at Tarke Station beans, grain and rice; also to establish separate charges for sampling stored products, stenciling bags, and for labor furnished for special service; and a public hearing having been held thereon, and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that rates at petitioner's warehouse at Tarke Station, now in effect, in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates set forth herein are just and reasonable rates.

Basing its order on the foregoing finding of

fact and on the other findings contained in the opinion which precedes this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that H. E. Woolner, doing business under the name and style Sacramento Valley Warehouse Company, be and he is hereby authorized to publish and file with the Railroad Commission and make effective within twenty days from the date of this order rates at Tarke Station Warehouse in accordance with the following schedule:

WAREHOUSE CHARGES.

Covering beans, grain and rice.

Storage. -

Two months or less	\$1.25 per ton
Per season (June 1 to May 31)	1.50 " "

Loading out stored products. -

25 tons or less	.25 " "
Over 25 tons to one car	*.35 " "

Weighing and loading direct
THROUGH WAREHOUSE TO CAR -

25 tons or less.	.65 " "
Over 25 tons to one car	*.75 " "

Reweighing. -

Stenciling sacks. -

One side only	.15 " "
Two sides	.25 " "

Sampling (upon request only). -

1st sample, including bag,	#.25
Additional samples, " "	#.15 each

Labor furnished for special service

.75 per hour per man

Reacking. - charged to owner of commodity at cost of labor and material used.

*Applies on entire contents of car.

#Deduct 5¢ each when bags are furnished by owner.

Dated at San Francisco, California, this 10th
day of August, 1918.

Erwin C. Engle
H. S. [unclear]
Lee Gordon
Frank [unclear]
Commissioners.