

Decision No. 5737

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

----- ORIGINAL

In the Matter of the Application )  
of Globe Warehouse Company for )  
authority to increase warehouse ) Application No. 3995.  
rates at various points in Im- )  
perial and Riverside counties. )

E. W. Boerstler for applicant.

GOEDON, Commissioner.

O P I N I O N

Under this application filed on August 2, 1918, Globe Warehouse Company seeks authority to increase storage rates at its warehouses located at the following points:

Brawley )  
Calexico )  
Calipatria )  
El Centro ) Imperial County;  
Holtville )  
Imperial )  
Rockwood )  
Seeley )

and

Marietta )  
Perris ) Riverside County.  
Winchester )

The amount of the proposed increases is indicated by the following table of comparisons:

<u>At points in Imperial County</u>	<u>Present rates</u>	<u>Proposed rates</u>	<u>In-creases</u>
*Storage for 5 days, per ton	.50	.75	.25
" " 30 " (in dump) per ton	.75	1.00	.25
" " 30 " (Piled) " "	1.00	1.25	.25
" " season, per ton	1.25	#2.00 (or 25¢ ) (per mo.)	.75

\*Includes weighing in and loading out.

#Season rate to apply only when accepted in advance.

<u>At points in Riverside County</u>	<u>Present rates</u>	<u>Proposed rates</u>	<u>In-creases</u>
*Storage for 5 days, per ton	.50	.75	.25
" " 1 mo. (in dump) per ton	.50	1.00	.50
" " 1 mo. (piled) " "	.50	1.25	.75
" " 2 mos. per ton	.75	#2.00 (or 25¢ ) (per mo.)	1.25
" " Season, per ton	1.00	#2.00 (or 25¢ ) (per mo.)	1.00

\*Includes weighing in and loading out.

#Season rate will apply only when accepted in advance.

The request for increased rates is based upon alleged increased cost in the operation of applicant's warehouses with particular reference to the higher wages which it is necessary to pay for labor.

Owing to the fact of widely separated groups of warehouses, two hearings were set for the convenience of interested parties, one at El Centro in Imperial Valley and one at Perris in Perris Valley.

At El Centro no one appeared on behalf of applicant, nor were other interested parties represented. The matter was therefore adjourned, insofar as it relates to warehouses in Imperial Valley. Later it developed that a confusion of dates on the part of applicant was responsible for failure to appear at the hearing. Subsequently

the Commission received a communication from applicant's agent at El Centro expressing regret for non-appearance and enclosing evidence of due publication of notice of hearing and affirming that similar notice had been mailed to each of applicant's patrons. Attention was also called to the hearing held by the Commission at El Centro on the same day in Application No. 4013 by California Wharf & Warehouse Company, it being pointed out that as to location, character of service, rates in effect and proposed rates, conditions in the two cases are practically identical. Applicant further indicated that such rates as may be established by the Commission in Application No. 4013 will be acceptable to Globe Warehouse, in so far as its Imperial Valley warehouses are concerned.

Since the usual publicity was given in this case, including publication in a local paper and individual notice to each of applicant's patrons, and no one appeared in protest, I can see no injustice in allowing the order in this proceeding to include all warehouses covered by the application, based, in so far as warehouses in Imperial Valley are concerned, upon facts presented informally to the Commission prior to and following the date set for the hearing, and also upon the showing made under another application (No. 4013), involving identical features,—and shall so recommend.

The volume of business done by Globe Warehouse Company in Imperial Valley, including receipts, expenditures and net gain is shown by the following table submitted prior to the date set for hearing:

	<u>1914</u>	<u>1915</u>	<u>1916</u>	<u>1917</u>
Total tonnage handled (tons)	619	4137	3473	3358
Total receipts	\$ 773.85	\$5170.70	\$4342.05	\$4150.86
Total expenses	542.25	4670.49	3965.44	3815.00
Total gain	231.60	500.21	376.61	335.86

Applicant owns no property in Perris Valley, but operates there three warehouses belonging to Globe Grain & Milling Company, each, according to data submitted, having an estimated value and doing an average annual public storage business for the years 1914, 1915, 1916 and 1917, as indicated in the following table:

<u>Warehouse at</u>	<u>Estimated value</u>	<u>Tonnage stored</u>	<u>Receipts</u>	<u>Expenses</u>	<u>Profit</u>
Perris	\$20,813.09	1275 tons	\$980.98	\$882.90	\$98.08
Marietta	2,075.00	629 "	419.89	377.91	41.98
Winchester	1,700.00	552 "	407.88	367.10	40.78

However, since these warehouses are under direct control of Globe Grain and Milling Company, space being assigned to applicant for the latter's use as the needs of public storage demand, it is obvious that just and reasonable rates should be fixed with reference to actual operating results only, and entirely aside from the value of the properties except as to rentals paid by applicant.

The testimony presented at the hearing was somewhat meager and indefinite as to the actual operation of the warehouses and also as to the methods of prorating overhead expenses; but it was positively stated that labor, the chief item of expense, had increased within the past year from \$2.00 and \$2.50 per day to \$3.00 and \$3.75, and that the expense of repairs and general upkeep which devolves

upon the operating company, has likewise shown a sharp advance. There was no evidence to show the approximate additional revenue which applicant might reasonably expect to receive if the application is granted, but the evidence did show that only a small fraction of stored grain ordinarily remained in applicant's possession long enough to take the season rate, which practice, if continued, would have the effect of limiting the proposed increase to 25 cents per ton. On the average tonnage handled during the last four years (2456 tons), this estimate would yield an additional \$614.00. Assuming that three-fourths of the average annual operating expense at the warehouses in Perris Valley (\$1627.91) would be assignable to labor, and applying the minimum increase (50%) in the wages of men available for warehouse service and the result is \$610.47, --almost exactly offsetting the estimated additional revenue. Furthermore, it appears that such increase in rates as may be authorized will not be available for the present season for the reason that grain is now practically all stored and covered by warehouse receipts in the hands of the owners.

I am of the opinion that with certain modifications, including limitation of the proposed maximum storage charge per season, which appear in the accompanying order, the application should be granted, and recommend the following form of order:

#### O R D E R

Globe Warehouse Company having applied to this Com-  
for authority to increase storage rates at its various warehouses  
located in Imperial and Riverside counties, a public hearing having  
been held thereon, the matter having been submitted and the Com-  
mission being fully advised in the premises,

It is hereby found as a fact, that applicant's warehouse rates at present in effect in so far as they differ from the rates set forth herein are non-compensatory, unjust and unreasonable, and that rates prescribed herein are just and reasonable rates.

Basing its order upon the foregoing finding of fact and upon other facts contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Globe Warehouse Company be and the same hereby is authorized to publish and file within twenty (20) days from date hereof and make effective immediately thereafter the following schedule of rates applicable at its warehouses located at Brawley, Calexico, Calipatria, El Centro, Holtville, Imperial, Rockwood and Seeley, in Imperial County, and at Ferris, Marietta and Winchester in Riverside County:

SCHEDULE OF WAREHOUSE  
RATES

\*Storage of Grain and Beans in Bags--

Not over 5 days (on dump).....	\$ .75	per ton.
" " 30 " " .....	1.00	" "
" " 30 " (when piled).....	1.25	" "
After 30 days and including season	1.50	" "
Reweighing.....	.15	" "
Marking for shipment.....	.15	" "

\*Includes weighing when received and loading into cars when delivered.

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 7th day of September, 1918.

Edwin J. Edgerton  
H. J. Howard  
Lee Gordon  
Frank R. Allen  
 Commissioners