

13
Decision No. 5738

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of CALIFORNIA WHARF AND WAREHOUSE)
COMPANY for authority to increase) Application No. 4016.
warehouse rates at Calipatria)
Warehouse.)

S. E. Bissell for applicant.

GORDON, Commissioner.

O P I N I O N.

Under this application, filed on August 14, 1918, California Wharf and Warehouse Company seeks authority to increase rates for storage and warehouse service at its warehouse located at Calipatria, Imperial County, California, as follows:

| <u>Grain Storage - in Dump:</u> | <u>Present</u> | <u>Proposed</u> | <u>Increase</u> |
|---------------------------------|----------------|-----------------|-----------------|
| 5 days or less- per ton | .50 | .75 | .25 |
| 1 month - " " | .75 | 1.00 | .25 |
| 2 months- " " | 1.25 | 1.25 | -- |
| 3 " " " | 1.25 | 1.50 | .25 |
| Season " " | 1.25 | 1.75 | .50 |
| <u>Grain Storage - Piled:</u> | | | |
| 1 month or less-per ton | 1.00 | 1.25 | .25 |
| 2 months " " | 1.25 | 1.50 | .25 |
| 3 months " " | 1.25 | 1.75 | .50 |
| Season " " | 1.25 | 2.00 | .75 |
| <u>Weighing Out:</u> " " | .10 | .15 | .05 |
| <u>Weighing on wagon</u> | | | |
| <u>Scale</u> " " | .25 | .35 | .10 |
| <u>Marking for Shipment</u> " | .10 | .15 | .05 |

In addition to its property here involved, applicant operates warehouses located at Port Costa and Brentwood, in Contra Costa County, Stockton, in San Joaquin County, and at

sundry points in Merced County. With the exception of Calipatria, increased rates have heretofore been authorized by the Commission to apply at all warehouses operated by applicant. Such authorized rates, however, are not uniform and in some cases were granted early in 1916, prior to the abnormal operating costs now generally obtaining at public warehouses. The present application is based upon alleged increases in the cost of warehouse labor and supplies with special reference to such increases as have been recorded since applicant's existing rate schedule for Calipatria was filed on May 1, 1917.

At the hearing in El Centro on August 22, 1918, it was shown that applicant's regular force of employees consists of three men doing warehouse and office work under monthly salaries which, as to two of said employees, have recently been increased from \$85.00 per month to \$100.00, and, in the third instance, from \$100.00 per month to \$125.00. During the rush season, four or more additional men are employed, wages in such cases having advanced from 30¢ per hour in 1917, to 50¢ per hour on May 1, 1918, exclusive of overtime rated at time-and-a-half and amounting to about 500 hours per annum. Other items of expense, such as brooms, rope, twine, water and ice have likewise increased from 50% to 100%.

Although the capacity of applicant's warehouse at Calipatria is approximately 700 tons, or about 1400 bags of grain, the testimony shows that during the past season some 4800 tons moved through the warehouse, 4000 tons of which took the shorter period storage rates of 50¢ and 75¢ per ton. On the basis of tonnage handled last year, applicant estimates that about \$1600.00 additional revenue would be returned under the proposed rate, but also maintains that in the operation of the warehouse it would be necessary to lay out approximately \$1500.00

in excess of previous annual expenditures to meet the increased cost of labor, leaving an additional net income of \$100.00 per annum to apply on increases in other items of expense.

Applicant's Exhibit "A," submitted at the hearing, shows a net operating loss of \$2105.72 for 13 months ending May 31, 1918, exclusive of allowances for depreciation or interest on investment. This statement, however, contains a number of items of expenditures which have been prorated between applicant's public utility service and its private business in a manner more or less arbitrary, bringing about a result which is not convincing. While an operating statement, showing as said exhibit does an annual deficit considerably in excess of the total yearly business transacted, may be open to question as to proper allocation of expenses, it may nevertheless reflect an investment based upon faith in future business; in either case, it is apparent that whatever reasonable rate increases may be authorized by the Commission, such increases will be almost wholly offset by higher operating expenses. Furthermore, such advanced rates will not be available for the current year for the reason that grain produced in Imperial Valley has, in a large measure, already found its way into public warehouses and it is now awaiting delivery in accordance with negotiable receipts in the hands of the owners.

The record in this case shows that individual notices were sent under registered mail to each of applicant's patrons at Calipatria, setting forth the time, place and purpose of the hearing, but no one appeared to protest.

For the foregoing reasons, I am of the opinion that with certain modifications, as they appear in the accompanying order, the request for increased rates should be granted, and recommend the following form of order:

O R D E R.

CALIFORNIA WHARF AND WAREHOUSE COMPANY having applied to the Railroad Commission for authority to increase warehouse rates at Calipatria, a public hearing having been held thereon, the matter having been submitted and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now in effect by applicant, in so far as they differ from the rates set forth herein, are non-compensatory, unjust and unreasonable and that the rates herein established are just and reasonable rates for the service indicated.

IT IS THEREFORE ORDERED that California Wharf and Warehouse Company be and the same is hereby authorized to publish and file within twenty (20) days from the date of this order and make effective immediately thereafter, the following schedule of rates at its warehouse located at Calipatria, Imperial County, California, to-wit:

SCHEDULE OF WAREHOUSE RATES.

*Storage of Grain in Bags:

| | | |
|--------------------------------------|------|---------|
| Not over 5 days on dump..... | .75 | per ton |
| " " 30 " " " | 1.00 | " " |
| " " 30 " when piled..... | 1.25 | " " |
| After 30 days, including season..... | 1.50 | " " |

Reweighting15 per ton
Marking for Shipment15 " "

*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.

E. W. Edgerton
H. J. Finland
W. G. Gordon
Frank R. Derry
Commissioners.