

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Applications)
of)

ASSOCIATED TERMINALS COMPANY,)

THE HASLETT WAREHOUSE COMPANY,)

THE HUTTON WAREHOUSE,)

PENINSULA WAREHOUSE,)

SAN FRANCISCO WAREHOUSE COMPANY,)

SEA WALL U.S. BONDED WAREHOUSE,)

SOUTH END WAREHOUSE COMPANY,)

VALLEJO BONDED & FREE WAREHOUSES,)

DE PUE WAREHOUSE COMPANY,)

TURNER-WHITEELL WAREHOUSES,)

NATOMA WAREHOUSES and)

LAWRENCE WAREHOUSE COMPANY)

for)

Authority to Increase Charges for)
Handling and Weighing Commodities)
in Warehouses at San Francisco,)
Oakland and Sacramento, California.)

ORIGINAL

APPLICATIONS NO'S.

3703, 3704, 3711,

3712 and 3736.

- C. W. Durbrow for applicants.
- F. N. Dewey for the A.P.W. Paper Co.,
- C. B. Lastretto for Green Coffee Association
of San Francisco Chamber of Commerce,
- Victor Lehane, Business Agent for Warehouse
and Cereal Workers Union,
- Henry F. Dimond, for Exporters and Importers
Association of San Francisco.

DEVLIN, COMMISSIONER:

SECOND SUPPLEMENTAL OPINION

Applicants herein, by supplemental petition, request authority to make specific increases in the rates charged for the labor furnished in weighing, loading, unloading, repiling and handling commodities into and from warehouses to the extent set forth in the application, such increases to take effect upon one day's notice to the public and filing with the Commission. Petitioners also pray for such other and further relief as may be meet and proper in the premises, and for an order establishing such rates as in the judgment of the Commission may be deemed meet, proper, just and reasonable.

The present application is based mainly upon the demand of certain of petitioners' employees for an increase of 50 cents per day in existing wages, which increases had not, up to the time of filing the application, been granted.

The Commission deemed the application one which required a public hearing and applicants were directed to give the usual notice. A hearing was accordingly set for November 29, 1918, but on said date was continued to December 2nd, owing to the fact that sufficient notice had not been given to patrons.

The supplemental petition now before the Commission, after reviewing the difficulties experienced by applicant warehousemen in retaining the services of their employees in the face of attractive wages offered in other lines of employment and because of other war conditions, prays that the existing rates for labor furnished be increased as follows:

Unloading and loading cars by	from 2 $\frac{1}{2}$ %	to 11.1%.
Weighing	-	7.1%.
Handling into and from warehouse	-	11.1%.

The petitioners allege that certain of their warehouse employees recently presented a demand for

\$5.00 for an eight-hour day, an increase of \$1.00 per day, or 25%; that said demand was denied by employing warehousemen; that the wage scale was then submitted to the local representative of the U. S. Food Administration for arbitration; that a settlement was arranged on the basis of \$4.50 for an eight-hour day, or an increase of 12 $\frac{1}{2}$ % over the wages now in effect and that petitioners had agreed to grant such increase of 50 cents per day upon receiving authority from this Commission to publish and charge the rates prayed for in this supplemental petition. It is also generally alleged that there have been corresponding increases in other operating costs and that present rates are unreasonably low.

At the outset of the hearing, following a summary of the conditions upon which the petition is predicated, applicants stated, through their attorney, that they considered the demanded wage of \$4.50 for an eight-hour day made by their employees proper pay under existing circumstances. The present wage is \$4.00 for an eight-hour day. In every instance this Commission has accepted the wage scale paid by public utilities and it has previously declared that it is not the function of this Commission to determine what is a proper or reasonable labor wage. In view of the fact that applicants declare that the wage demanded is just and reasonable, the only matter left to be inquired into in the present proceeding is the question of whether or not applicants' existing rates would still be just, reasonable and compensatory should the new wage demanded by the employees be granted.

Applicants' Exhibit No. 1 is a statement of revenues and expenses incurred in the handling of merchandise, loading, unloading, weighing and repiling during the months of July, August and

September, 1918. This exhibit includes Turner-Whittell Warehouses, The Haslett Warehouse Company, South End Warehouse Company, San Francisco Warehouse Company, Vallejo Bonded & Free Warehouses and Associated Terminals Company and represents 1,500,000 of about 1,875,000 square feet of floor space available for storage at all warehouses covered by the petition. For the three months named the San Francisco Warehouse Company, Associated Terminals Company and Turner-Whittell Warehouses produced a profit in their labor charges, while the other three companies claimed a loss in the performance of this branch of their business. Other exhibits were submitted designed to show the effect of the proposed advance in wages in connection with the increase in rates when applied to the business handled during these three months.

The situation reflected by the Exhibits could not be accepted as conclusive by the Commission because of the obvious absence of uniformity of accounting methods. Furthermore, the entire presentation by petitioners, including exhibits, was so manifestly based upon the labor situation alone and not upon the warehouse business as a whole, that the Commission directed the preparation of additional data showing, insofar as practicable, operating results for 1918. Such statements have been received from four of the warehouse companies, representing 1,300,000 square feet of space out of a total operated by all companies of about 1,875,000 square feet.

The earnings and expenses for the first nine months of the year 1918 are given in the following table and show that during that period the profit earned after paying all operating expenses, including a proportion of administrative and general office expenses and depreciation, as estimated by the companies, was sufficient to

yield a substantial return on the amount which the applicants state is invested in the business:

EARNINGS AND EXPENSE STATEMENT

(dealing only with the pub-
(lic utility portion of the)
(business.)

	<u>The Haslett Whse Co.</u>	<u>South End Whse.Co.</u>	<u>Associated Terminals Co.</u>	<u>S.F.Ware- house Co.</u>
<u>EARNINGS:</u>				
Storage, Handling and Weighing.	\$376,198.73	\$96673.13	\$188320.55	\$159752.40
<u>EXPENSES:</u>				
Items directly chargeable to storage, handling and weighing, ex- clusive of Feder- al war tax - - -	273,622.23	67934.23	124992.64	114552.34
Administrative and general ex- penses appor- tioned on the basis of direct labor - - - - -	45,420.80	8886.40	13755.38	-
Administrative and general ex- penses as appor- by the companies-	-	-	-	20793.84
TOTAL EXPENSES-	\$319,043.03	76820.63	138748.02	135346.18
Profit before charging depreci- ation - - - - -	57,155.70	19852.50	49572.53	24406.22
Depreciation as estimated by the companies - - - -	4,728.68	900.00	7173.27	1587.25
Profit after charging depreci- ation - - - - -	52,427.02	18952.50	42399.26	22818.97

The Commission's original order in this proceeding, dated May 25, 1918 (Decision No.5724), authorized petitioners to increase certain rates assessed for labor furnished at their warehouses located

in San Francisco, Oakland, Sacramento and in Yolo County near the city of Sacramento, such increases ranging from 50 to 80%. Increases then authorized were based upon petitioners' showing that they had on several occasions advanced the wages of their employees to meet the increasing cost of living and labor's consequent demands, such increased wages amounting, on May 1, 1918, to a maximum of \$4.00 for a nine-hour day.

A supplemental petition was filed on June 8, 1918, praying for an additional increase of 20% to apply on the charges for unloading, loading, weighing, repiling and handling into and from warehouses commodities offered for storage. The proposed increase was based upon the wage adjustment effected through the efforts of U.S. Food Administration following a strike of petitioners' employees, at which time said employees were awarded a wage of \$4.00 for an eight-hour day and 75 cents per hour for overtime, or \$4.75 for a day of nine hours in lieu of \$4.00 for the same number of hours, in effect when the original rate increase was authorized May 25, 1918.

In its first supplemental order (Decision No. 5514), dated June 25, 1918, the Commission authorized additional increases, approximating 20%, in the handling charge rates as enumerated in the order, which rates are in effect at the present time.

The following table shows the labor charges in effect on May 24, 1918, those authorized by the Commission on May 25, and June 25, 1918, respectively, and the increases proposed under the

present proceeding:

<u>S E R V I C E</u>	<u>R A T E S</u>			
	<u>May 24, 1918</u> <u>(Tariff No. 3)</u>	<u>May 25, 1918</u> <u>(Increased</u> <u>(by Dec. 5427)</u>	<u>June 25, 1918</u> <u>(Dec. 5514)</u>	<u>Proposed</u> <u>Rates.</u>
<u>SPECIAL LABOR</u>				
per hour, per man-	\$.50	.75		
<u>HANDLING CHARGES</u>				
Per ton-	#.25	.45	.54	*.60
minimum-	.15	.25		
<u>WEIGHING CHARGES</u>				
per ton-	.25	.35	.42	.45
minimum-	.10	.15		
<u>LOADING CARS</u>				
pkgs. 150# or less				
per ton-	.25	.30	.36	.40
pkgs. over 150#.				
per ton-	.32½	.40	.48	.50
Iron, Machinery, etc.,				
per hour, per man-	.50	.75		
<u>UNLOADING CARS</u>				
pkgs. 150# or less				
per ton-	.20	.25	.30	
pkgs. over 150#				
per ton-	.20	.32½	.39	.40
Iron, Machinery, etc.,				
per hour, per man-	.50	.75		
<u>REFILING-</u> per ton-	# .25	.45	.54	* .60

Approximated average only - ranges from 15¢ to 40¢.

* Where present rate for this class of service is 75¢ per hour per man, it is proposed to continue such charge, but with a minimum of 60¢ per ton.

It will be observed that the handling charges and charges for repiling, as set forth in the above table, have been increased since May 24, 1918 from 25 cents per ton to 54 cents per ton, or 116%; also that weighing charges have been advanced from 25 cents to 42 cents per ton, an increase of 68%, while for unloading and loading cars the

increase varies from 44 to 95%. The rates proposed, if authorized, would further advance the percentages of increase over rates in effect on May 24, 1918 to the following figures;- handling 140%, weighing 80%, unloading cars 100%, loading cars 50-60%.

At the hearings held in the former proceedings, the greatly increased cost of operating expenses were manifest and the emergency of the situation, which was very acute, did not permit such an analysis as would otherwise have been made, nor to fairly determine the results following the authorized increases, but such study has been made in the present proceeding. The increases in handling charges already authorized, combining those made on May 25th with those authorized June 25, 1918, run from 44 to 116%.

The preceding statement shows that the four applicants, who, in response to our request, prepared statements of income and expenses for the first nine months of the year 1918, which results may be considered typical of all the other companies, have net profits in excess of those secured in previous years and these results obtain, notwithstanding the fact that the low tariff rates were in effect until May 25, 1918. It is, therefore, a fact that because of the large increase in gross business the entire year of 1918 will produce a satisfactory and reasonable net profit even under the higher cost of operation and that it would have been greatly augmented had the increased rates of charges been in effect during the entire period.

The showing made by petitioners as to the cost of performing the service under the rates in question was more or less arbitrarily compiled and failed to demonstrate that the present revenue is inadequate for the service rendered.

The higher rates already authorized have not been given a

fair test and in view of the fact that applicants' entire public utility activities produce a handsome profit, I am of the opinion that the rates should not be further increased at this time.

Applicants should inaugurate a more complete segregation of their operating revenues and expenses, in order that the outcome from different branches of their service can be obtained and the net results established without question.

I recommend that this second supplemental petition be denied, and submit the following form of order:

SECOND SUPPLEMENTAL ORDER

Applicants in the above entitled proceeding having filed their second supplemental petition herein, as indicated in the opinion which precedes this order, a public hearing having been held and the matter having been submitted,

IT IS HEREBY ORDERED that this second supplemental petition be and the same is hereby denied.

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 12th day of January, 1919.

Erwin C. Edwards
J. H. K. [unclear]
Frank R. [unclear]
J. H. [unclear]
Irvine Mattson
Commissioners.