

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Applications)
of AMERICAN WAREHOUSE, a copartner-)
ship, LOS ANGELES WAREHOUSE COMPANY,)
a corporation, PACIFIC COMMERCIAL)
WAREHOUSE, Inc., a corporation, SANTA)
FE WAREHOUSE COMPANY, a corporation,)
SHATTUCK & NIMMO WAREHOUSE COMPANY,)
a corporation, and SUNSET TERMINAL)
WAREHOUSE COMPANY, a corporation,)
for an order authorizing an increase)
in Warehouse Rates and change of)
Rules and Regulations.)

Applications Nos. 4331,
4332, 4333, 4334, 4335,
and 4336.

Ingall W. Bull for applicants.
Davis Smith for Motor Car Dealers Association.
G. W. Howard for Los Angeles Grain Exchange.

BRUNDIGE, COMMISSIONER:

O P I N I O N

American Warehouse, a copartnership, Los Angeles Warehouse Company, a corporation, Pacific Commercial Warehouse, Inc., a corporation, Santa Fe Warehouse Company, a corporation, Shattuck & Nimmo Warehouse Company, a corporation and Sunset Terminal Warehouse Company, a corporation, each engaged as a public utility in the operation of warehouses located in the city of Los Angeles, have applied to the Railroad Commission for authority to establish uniform rules and regulations and to collect warehouse rates in accordance with a schedule submitted with the applications and designated Warehouse Tariff No. 1, the same, if authorized, to supersede and cancel all schedules and supplements now on file by the several petitioners. Rates at present in effect by applicants vary not only in amount, but also in many

instances differ as to the basis upon which the charge is computed. In most cases, schedules of applicants now on file are those presented in 1912 upon request of the Commission, but before its jurisdiction extended to warehouses operated within certain municipalities, including the city of Los Angeles. With two exceptions, no rules or regulations have been filed or published and the proposed rules and regulations are, in such instances, merely an embodiment in printed terms of the actual practices now prevailing; in the two instances where rules and regulations are now on file, the proposed variations are slight and designed to remove ambiguities and promote a better understanding of the schedule. Rules relating to charges for service carry changes reflecting the increased cost of operation.

Applicants allege generally that the rules and rates now assessed are inadequate and that the tariff proposed and referred to in applications as Exhibit A is "a fair, reasonable, equitable and just schedule of rates". A financial statement accompanies each application, which concludes with a prayer for the establishment of rates, rules and regulations in conformity with said Exhibit A.

The proposed tariff is very complete in its arrangement, segregates the commodities into a great number of items, establishes graded rates and, in a general way, corresponds to the schedule now in effect in San Francisco, which is based largely upon a storage revenue of 25 cents per ton per month, the chief exception being that the labor charges will approximate 25 cents per ton against San Francisco of 54 cents per ton. Storage rates on some of the principal commodities will be increased from 25% to 50%, while the percentage of increase for handling the same class of merchandise into and from warehouses would range somewhat higher, subject, however, in the majority of cases, to a maximum charge of 25 cents per ton.

Other classes of service would, under the proposed schedule, take the following rates, applicable to merchandise not otherwise specified in the tariff:

Weighing - 35¢ per ton, with a minimum charge of 15¢.

Loading Cars:

Packages weighing 150# each, or less - 30¢ per ton of 2000 lbs.
Packages weighing over 150# each - - 40¢ " " " " "
Iron, lumber and machinery - - - - 75¢ per hour per man.

Unloading Cars:

Packages weighing 150# each, or less - 25¢ per ton of 2000 lbs.
Packages weighing over 150# each - - 35¢ " " " " "
Iron, lumber and machinery - - - - 75¢ per hour per man.

Special Service of any description.

not otherwise provided for - - 75¢ per hour per man.

Space rental- Ranging from 6¢ per sq.ft. per month for 250 sq.ft. or less, with a minimum of \$3.00 per month, to 3¢ per sq.ft per month for 3000 sq.ft. or over, with a minimum of \$100. per month.

These applications were heard in Los Angeles on February 5, 1919, after special notice to all patrons of applicants' warehouses and a publication in one of the local daily newspapers; but with two exceptions.- one a representative of the Motor Car Dealers Association of Los Angeles and the other representing the Los Angeles Grain Exchange.- no one appeared at the hearing to protest the proposed increases. In the case of the motor car dealers the objection interposed was not directed toward the amount of the proposed increases, but rather to an apparent discrimination as to the classes of automobiles offered for storage. The testimony shows, however, that while certain types of machines would, under the proposed schedule, carry a higher percentage of increase than other types, some types enjoy very low rates under the current tariffs. As to the objection raised by grain merchants, that part of the petition protested was, upon motion of applicants' attorney, withdrawn, to be later presented in an amended form.

Several of the applicants are engaged in other lines of business more or less connected with warehousing, but technically outside the purview of the Public Utilities Act, and in such instances the accounts of revenues and expenses have not been kept in a manner to insure an accurate financial showing as to the public utility business; nor was it practicable to give a reliable forecast as to the actual effect of the proposed increases. An approximation made by some of applicants' witnesses indicated an additional gross income of from 20% to 25% under the increases requested, but actual experience, because of the more complete classification of the commodities will be required for a proper demonstration of the effect of the proposed tariff changes.

Subsequent to the hearing statements were submitted by the various applicants showing operating results for the years 1915-16-17-18, and also individual estimates as to the probable percentage of gross revenue which the proposed rates would return over the schedules now in effect.

Following is a summary of these statements:

	<u>N E T E A R N I N G S</u>				Est. Increase in gross revenue under proposed rates
	<u>1915</u>	<u>1916</u>	<u>1917</u>	<u>1918</u>	
American Whse. Los Angeles Whse Company	\$ -	\$ 1919.13	\$ 2775.16	\$ 2206.54	-
Pacific Cml Whse., Inc.	15982.73	13760.67	21498.02	33163.86	-
Santa Fe Whse. Co.	-	3287.68*	6811.49	7241.99	10%
Shattuck & Nimmo Whse. Co.	24856.05	20443.05	29805.41	31440.25	10%
Sunset Terminal Whse. Co.	4306.73	1572.24	3068.88	3274.42	20%
	11042.21	14247.35	24946.49	19421.84	25%

*Loss.

The above figures, although taken from applicants' records, fail to portray the true financial situation with reference to public utility business, for the reason that segregations of overhead expenses

from other non-utility business has not been practicable under the system of accounting now in vogue.

The testimony shows that warehouse employees who in 1916 were paid \$2.25 for nine hours' work now receive \$3.50 for an eight-hour day and from \$4.00 to \$4.50 for a nine-hour day. In other cases the hourly wage of 20-25 cents paid in 1916 has been advanced to 40-50 cents, - a total increase of 100%. The comparative inefficiency of warehouse labor obtainable in 1918 is, also, according to the testimony, an indisputable fact. Other operating expenses, such as elevator inspection, compensation insurance, light and power, and repair materials, have increased to an unusual figure, the price of certain essential warehouse equipment having almost doubled. Although the volume of warehouse business in Los Angeles for the year ending December 31, 1918, was admittedly greater than ever before, it was obviously abnormal, and may not be safely depended upon for the future; the increased cost of operating, however, will not subside abruptly, if at all.

The testimony further shows that in the majority of cases tariffs filed in this office do not represent the true situation, either with reference to commodities stored, rates charged or regulations enforced; schedules originally published in 1912 were themselves defective, some having been presented in letter form, embracing only a few items, new commodities being accepted later and covered as far as possible by analogy, but without properly reissuing or supplementing the schedules, as the law contemplates. This situation was brought about by that fact that at the time applicants' rates were filed in 1912 the Commission had no jurisdiction to regulate the same.

No evidence whatsoever, either written or oral, except to the extent hereinbefore mentioned, was presented in opposition, and it is found necessary either to accept the testimony offered or to set the matter for further hearing with the view of having the Commission

on its own initiative determine the correctness of the evidence presented. This course does not seem advisable in the present situation. It would be more consistent to assume that the patrons of these utilities have, by their failure to appear, acknowledged the justice of the warehousemen's claims and tacitly agreed to the rates, rules and regulations set out in the proposed schedules. Should the increase be authorized the public will be fully protected by reason of the fact that the rates are subject to complaint at any time by interested parties and if upon formal investigation they are proven unjust or unreasonable, adjustments will be made in the usual manner.

I am of the opinion that the increased operating expenses and the other conditions set forth justify a readjustment in the warehouse rates and also in the rules and regulations. The tariffs of these applicants were filed in the year 1912 and while they have been supplemented from time to time have never reflected the actual rates being assessed. In most of the tariffs in this office only a limited number of commodities are set forth and the charges upon other commodities placed in storage have been applied by analogy to a commodity on which a rate is quoted. The proposed tariff is logically constructed and carries a segregation of commodities covering practically everything placed on storage with a specific storage and labor charge for the service performed.

The whole condition of the warehouse business will be improved by the new system of rates, making it possible for a storer to arrive at the charges against any given commodity, which is not possible under the tariffs now in effect. While the warehousemen may have made an effort to publish their rates in compliance with the Public Utilities Act, they fail to keep within the law while continuing to operate under tariffs which do not set forth in an understand-

able manner the exact charges legally applicable.

Applicants should be authorized to establish the rates, rules and regulations as shown in Exhibit A attached to and made a part of the application, with the exception of rates applying to grain.

I recommend the following form of order:

O R D E R

American Warehouse, a copartnership, Los Angeles Warehouse Company, Pacific Commercial Warehouse, Inc., Santa Fe Warehouse Company, Shattuck & Nimmo Warehouse Company and Sunset Terminal Warehouse Company, having applied to the Railroad Commission for authority to increase warehouse rates covering the storage and incidental handling of merchandise deposited in applicants' warehouses located in the city of Los Angeles, and also to alter and establish rules and regulations pertaining to the warehouse service; a public hearing having been held, the matter having been submitted and being now ready for decision;

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that the rates, rules and regulations now in effect at the various warehouses involved in this proceeding, insofar as they differ from the schedule herein established, are unremunerative, unjust and unreasonable, and that the rates, rules and regulations established by this order are just and reasonable for the service.

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

IT IS HEREBY ORDERED that American Warehouse, a copartnership, Los Angeles Warehouse Company, Pacific Commercial Warehouse, Inc., Santa Fe Warehouse Company, Shattuck & Nimmo Warehouse and Sunset

Terminal Company be, and they are hereby authorized to publish and file with the Railroad Commission not later than twenty (20) days from date hereof, and thereafter collect the rates at all warehouses operated by applicants in the city of Los Angeles and enforce the rules and regulations set forth in Exhibit A accompanying the application, with the

EXCEPTION that rates, rules and regulations applying to the storage and handling of grain shall remain as at present in effect, until otherwise ordered by the Commission.

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 22^d day of March, 1919.

Edwin C. Edgerton
H. S. Bourland
Frank R. Ketchum
H. S. Bourland
Dwight Martin
Commissioners.