

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of SIMON NEWMAN COMPANY for authority to increase Warehouse Rates at Newman and other points in Stanislaus and Merced Counties.

Application No. 4614.

In the Matter of the Application of A. L. GILBERT for authority to increase Warehouse Rates at Oakdale.

Application No. 4615.

In the Matter of the Application of CROWS LANDING WAREHOUSE COMPANY for authority to increase Warehouse Rates at Crows Landing.

Application No. 4616.

In the Matter of the Application of The GRANCE COMPANY for authority to increase Warehouse Rates at Modesto and sundry other points in Stanislaus and Merced Counties.

Application No. 4617.

In the Matter of the Application of OAKDALE MILLING COMPANY for authority to increase Warehouse Rates at Oakdale and sundry other points in San Joaquin, Stanislaus and Merced Counties.

Application No. 4618.

In the Matter of the Application of E. E. Meyer for authority to increase Warehouse Rates at Cressey.

Application No. 4619.

In the Matter of the Application of
BAKER & COMPANY, Inc. for authority
to increase Warehouse Rates at
Modesto.

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} Application No. 4620.
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In the Matter of the Application of
A. B. SHOEMAKE COMPANY for authority
to increase Warehouse Rates at
Modesto.

}
} Application No. 4621.
}

E. S. Wangenheim, for Simon Newman Company
and Crows Landing Warehouse Company.

A. L. Gilbert, in propria Persona.

L. L. Dennett, for Grange Company and
Oakdale Milling Company.

L. H. Moyer, in propria Persona.

Leslie R. Baker, for Baker & Company, Inc.

T. M. Martz, for A. B. Shoemaker Company.

Geo. H. Sawyer, for Stanislaus County Farm Bureau.

H. G. Thompson, for Thompson Bros. Grain Company.

P. S. Bomberger, for Bomberger & Company.

E. L. Routh, for various farmers and warehouse patrons.

MARTIN, COMMISSIONER:

O P I N I O N

Applicants herein operate public warehouses in the same general district in the San Joaquin Valley centering in east Stanislaus County, and embracing various farming communities within a radius of approximately thirty miles. According to reports submitted in connection with the applications covering the storage season of 1918, about 80 per cent of all tonnage passing through applicants' warehouses consists of grain, 13 per cent beans and 5 per cent hay, - the remainder being rice and odd lots of other commodities. The storage of hay, rice and miscellaneous products, as said reports show, is confined, for the present, to warehouses operated by the Grange Company and the Oakdale Milling Company, but all are engaged in the storage of grain and, with a single exception, beans are likewise handled by each applicant.

Rates in effect at the various warehouses of applicants for the storage of grain and beans are at present on the same basis, being \$1.00 per ton per season ending May 31, except that the Simon, Newman Company's tariffs show May 1 as the closing date for the grain storage season. This charge is graduated in most instances so as to apply 50 cents per ton for the first month, 25 cents additional for the second and 25 cents additional for the third, with balance of season free. For the storage of beans, insofar as applicants have filed rates to cover the commodity, a straight seasonal charge of \$1.00 per ton is made. Some of the schedules show slight variations in the manner of assessing the less-than-season rates, but the result is the same. Although the schedules are not complete in that respect, the charge of \$1.00 per ton per season includes the service of loading grain and beans from warehouse into car; it also covers such incidental service connected with storage as it was customary for the various warehousemen to perform at the time the several schedules were filed.

In the applications now being considered, it is proposed to assess an additional charge of 25 cents per ton to cover the loading of all stored products from warehouse to car; to establish a rate of 25 cents each for all samples of grain or beans drawn from storage by the warehouseman or parties other than the owner, or one having direct authority from the owner; and to add to the present charge covering dried fruits, potatoes and onions 2 cents per bag for the first month and 1 cent per bag for each month thereafter. The Commission is further asked to fix the following charges for incidental services rendered in accordance with the requirements of the owners of the commodity:

Delivering odd lots	-	-	-	\$.25 each delivery
Loading Gondola cars	-	-	-	.10 per ton addtl.
Reweighing	-	-	-	.25 " " "
Stenciling bags	-	-	-	.15 for each sten-used.
Preparation of car to meet Food Administration's regulations--				2.50 per car.

As to form, some of the applications embraced herein vary to meet the details of operation, but the ultimate purpose is apparently the same, - the establishment of uniform remunerative rates for the entire district involved.

A hearing on the applications was held at Modesto on June 3, 1919, at which time testimony was presented on behalf of the various applicants, it being by agreement stipulated that the record as to the Grange Company's experiences, - the principal applicant in point of number of warehouses operated, - should, with reference to increased operating expenses and other details of warehouse service, be considered as applying to each applicant, insofar as such experiences were common to all, peculiarities of individual service or in methods of enforcing regulations or rates being reserved for presentation by the individual petitioners. With one exception,

each applicant submitted verified statements showing that the Commission's instructions concerning publication in local papers and mailing of individual notices of the hearing to warehouse patrons had been faithfully carried out, it being shown in the excepted instance that no local paper is published and that notice to patrons had been given personally and by posting on warehouse door.

The applications are all based upon alleged increases in wages which applicants are obliged to pay for warehouse labor, the experience of all being practically the same. The testimony shows that trackers formerly paid \$2.50 for a ten-hour day received \$4.00 during the season 1918, and pilers paid \$3.00 per day prior to 1918 received last year \$5.00 per day. It was also shown that other expenses connected with warehousing, such as piling equipment, gasoline and power, have advanced 50% over previous years; that the cost of repairs of all kinds has doubled; that the price of lumber for flooring, etc. has increased 100%; that scales formerly bought for \$78.25 now cost \$146.50. It was also in evidence that the labor situation insofar as applicants are concerned, promises no improvement for the 1919 warehouse season, with reference to either supply or quality, it being the opinion of applicants generally that labor efficiency in the warehouse business has steadily declined for the last several years. As to increases in the prices of labor, equipment and materials required to operate a public warehouse, difficulties in securing men to work in warehouses in competition with the farms and the general inefficiency of warehouse labor, applicants were in entire accord; nor was there any testimony whatsoever presented tending to controvert applicants' statements concerning increased operating expenses.

Annual reports on file with the Commission by four of the applicants show the following operating results for the storage years 1917 and 1918:

	<u>The Grange Co.</u>	<u>Caldale Milling</u>	<u>S. Newman Co.</u>	<u>Crows Idg.</u>
	<u>Company.</u>			<u>Wase. Co.</u>
<u>1917</u>				
Receipts:	\$31584.12	\$ 1989.45	\$16935.08	\$ 2213.96
Expenses:	32017.24	2317.52	20698.21	1766.48
Loss :	433.12	328.07	3763.13	447.48*
<u>1918</u> :				
Receipts:	\$52454.37	\$17787.32	\$16807.85	\$ 1245.45
Expenses:	53323.01	17690.06	18375.79	1199.50
Loss :	868.64	97.26*	1567.94	45.95*

*Gain

The above operating statements, showing an aggregate net loss of \$6960.90 for the two years indicated, take no account of interest on an alleged investment of approximately \$427,000.00, nor does depreciation make up any part of the expenses set forth. Testimony at the hearing further supported these results by showing that the accounts of applicants engaged in other lines of business have been strictly segregated during the last few years, so as to insure the filing of annual reports correctly reflecting their public utility business. Figures relating to the business of the other applicants are not available, for the reason that reports for the same period are not on file, some being now in the public utility field, and others filing no annual report because of the small volume of business done.

There was nothing in offered evidence to show that warehouse rentals in the district have been advanced. Whether the rentals paid for grain warehouses in San Joaquin, Stanislaus and Merced Counties are now on a fair and equitable basis could only be determined after an investigation, but the fact that rentals now being

paid have in most instances been in force for a number of years without challenge would, prima facie, indicate that they are not excessive, for it is to be presumed that these warehouse companies have been operating their properties upon a business basis.

Certain local grain dealers protested against the proposed sampling charges, applicable largely to beans and grain. The evidence as to the time ordinarily required for taking samples, the manner in which taken at the various warehouses, whether or not the time of warehouse employees other than those actually engaged in taking samples is required and whether it is customary, or at all necessary for a warehouse employee to accompany or assist in drawing samples, was not conclusive. Applicants themselves were more or less divided on the practicability of establishing a flat charge for this special service.

In view of the uncertainty of the value of the service, I am of the opinion that a flat rate for taking samples should not be fixed at this time. However, where sampling costs are involved there can be no justice in requiring warehouseman to absorb the expense. This principle applies with equal force to other incidental services, the establishment of rates for which is sought in these applications. I will, therefore, only recommend rates to cover definite warehouse services and leave to a future proceeding the inauguration of fixed rules and regulations affecting the sampling of commodities and other accessorial services performed at the warehouses.

With the exception of a verbal protest from the President of the Stanislaus County Farm Bureau made at the hearing and followed by a written communication, all parties were agreed that applicants are entitled to an increase in the storage rates, based

on the conditions existing at the present time. The Farm Bureau representative was not certain that increases should ^{not} be allowed; he was of the opinion farmers had received insufficient notice to prepare a protest, but admitted that much time would be required to assemble data and that a report when made would probably fail to furnish any information regarding the increased cost of operating the public warehouses.

The proposed charge of \$2.50 per car for conditioning cars to meet the U.S. Food Administration's rules, that of 15 cents per ton for stenciling bags and the charge of 25 cents per ton for dividing and reweighing lots, were not seriously opposed at the hearing. Under the increasing demands made on warehousemen a reasonable charge for special service is entirely justified. Proposed increases affecting the storage of dried fruits, potatoes and onions should be allowed only to the extent of bringing the charges to the basis of rates charged at Stockton, where these commodities are handled and where the service has heretofore been investigated by the Commission and reasonable rates fixed therefor.

Under all of the circumstances as developed in this proceeding, I am of the opinion that the warehouse rates now being charged are non-compensatory and that the rates set forth in the order herein are just and reasonable.

I recommend the following form of order:

ORDER

The Simon Newman Company, A.L. Gilbert, Crows Landing Warehouse Company, the Grange Company, Oakdale Milling Company, L.E. Moyer, Baker & Company, Inc. and A.B. Shoemaker Company, having applied to the Railroad Commission for authority to increase cer-

tain rates and establish certain charges for service connected with the operation of public warehouses located at specified points in San Joaquin, Stanislaus and Merced Counties, a public hearing having been held thereon and the matter having been submitted,

IT IS HEREBY FOUND AS A FACT that the rates charged by applicants herein, to the extent that such rates differ from those set out in this order, are unjust, unreasonable and non-remunerative for the service performed.

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

IT IS HEREBY ORDERED that the Simon Newman Company, A.L.Gilbert, Crows Landing Warehouse Company, The Grange Company, Oakdale Milling Company, L.H.Moyor, Baker & Company, Inc. and A.B.Shoemaker Company be and they are hereby authorized to publish and file with the Railroad Commission within thirty (30) days from date hereof the rates for service at their several warehouses, as contained in the following schedules, which rates are found to be just and reasonable:

S T O R A G E

Item Nos.

1- Alfalfa Meal

a- First 30 days or fraction thereof	\$.60 per ton
b- Over 30 days but not to exceed 60 days	.90 " "
c- Over 60 days but not to exceed the season ending May 31st-	1.20 " "
d- Minimum storage charge-	1.00 " "

2- Grain

a- First 30 days or fraction thereof	\$.50 per ton
b- Over 30 days but not to exceed 60 days	.75 " "
c- Over 60 days but not to exceed the season ending May 31st-	1.00 " "
d- Minimum Storage charge-	1.00 " "

STORAGE - (cont'd)

Item Nos.

3- Rice

a- First 30 days or fraction thereof	\$.75	per ton
b- Over 30 days but not to exceed 60 days	1.00	" "
c- Over 60 days but not to exceed the season ending May 31st	1.25	" "
d- Above rates will be doubled when rice is ricked, materials for this purpose to be furnished by owner		
e- Minimum storage charge	1.00	

4- Alfalfa Seed

a- Per season ending May 31, or any part thereof	\$2.00	per ton
b- Minimum storage charge	1.00	

5- Beans

a- Per season ending May 31, or any part thereof	\$1.00	per ton
b- Minimum storage charge	1.00	

6- Hay

a- First season ending May 31, or any part thereof	\$1.25	per ton
b- Second season or any part thereof	1.00	" "

Note: Hay referred to herein means oat, wheat, barley and alfalfa in the ordinary bales.

7- Dried Fruits. Potatoes. Onions. in Bags

a- First 30 days	\$.03	per bag
b- Each 30 days or fraction thereof after first 30 days	.01	" "
c- Minimum storage charge	1.00	

8-

L O A D I N G

a- Grain, Beans, Alfalfa Meal, Alfalfa Seed and Rice. Loaded into box cars	\$.25	per ton
" " gondola cars	.35	" "
b- Hay	.35	" "
c- Dried fruits, Potatoes or Onions in bags	.02	per bag

WEIGHING

Item Nos.

9-

- a- Reweighing at owner's request any commodity in storage - - \$.25 per ton
- b- Minimum weighing charge - - .25

MISCELLANEOUS CHARGES

10-

- a- Deliveries to vehicles other than railroad cars - - \$.25 per ton
- b- Minimum charge for lots less than one ton - - .25
- c- Conditioning cars for loading in conformity with U.S. Food Administration Regulations- - 2.50 per car
- d- Stenciling, marking, sampling, resacking and other incidental warehouse service involving an extra expense to warehouseman, when performed at the specific request, or when required by governmental regulations, if not otherwise rated in this schedule, will be performed at the actual cost to warehouseman of labor employed and material used.

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 20th day of

June 1919.

Edwin O. Edgerly

Frank R. Healy

Dwight Martin
Commissioners.