

Decision No. 1512

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application)
of J. M. Nelson to Increase Ware-)
house Rates.)

Application No. 4692.

J.M.Nelson, in propria persona.

MARTIN, COMMISSIONER:

O P I N I O N

Applicant herein requests authority to increase rates charged for the storage of beans, grain and rice in his warehouse located on the Sacramento river in Sutter County, four miles below the village of Grimes. Rates now in effect and rates proposed in the application, covering the storage season ending May 31, are as follows:

	<u>Present</u>	<u>Proposed</u>
Beans and Grain	80¢ per ton	\$1.50 per ton
Rice	5¢ per bag	.07 per bag

In support of the request it is alleged that the season during which applicant must be prepared to receive commodities for storage extends from June to November; that applicant's rates are lower than rates charged by other warehousemen storing similar commodities in the same vicinity; and that the cost of operating applicant's warehouse has materially increased, due in large measure to higher wages paid to employees.

A hearing on the application was held in Sacramento on July 14, 1919. The usual publicity was given, including individual notice to applicant's patrons, but no one appeared to oppose the increases sought. The testimony showed that the original cost of warehouse and scale was \$4600.00, to which improvements valued at \$1000.00 were added in 1917, making an investment of \$5600.00; that the extreme capacity of the warehouse is 2000 tons of barley; that the operation of the warehouse produced a gross revenue of \$1600.00 for 1918-19, against which were chargeable necessary expenses amounting to \$1690.00, showing a net loss of \$90.00.

At the hearing, applicant made a verbal request and was granted authority to amend his application to the basis of \$1.25 per ton per season for the storage of beans and grain and 6 cents per bag for the storage of rice, which rates applicant considered fair and reasonable for the service involved in handling these commodities at his warehouse at the present time. Such proposed rates are slightly higher in some instances than rates in effect at other warehouses in the same district, and somewhat lower in other instances; it is not unfair to presume, until otherwise demonstrated, that conditions surrounding the service justify these slight variations in warehouse rates. Deliveries from applicant's warehouse are made almost entirely to vessels plying the Sacramento river, loading being done exclusively by boats' crews; local deliveries to teams are insignificant, loading in such cases being done by the owner of the commodity or the driver of the vehicle.

It is applicant's opinion that the present season will produce at least a normal harvest, and that applicant's warehouse will probably be filled to capacity with grain; also that beans and rice will be stored in limited quantities at a later season, occupying

such space as may be available by reason of grain moving out. Capacity storage at applicant's warehouse, consisting of 1500 tons of grain and beans and 500 tons of rice would, under the rates proposed, produce approximately \$775. additional revenue; which, after taking care of the \$90.00 alleged deficit involved in last year's operations, would leave a balance of \$685.00 to meet increases, if any, in operating costs since 1918, and apply as interest on applicant's alleged investment of \$5600.

For the foregoing reasons, I am of the opinion that the application as amended should be granted, and recommend the following form of order:

O R D E R.

J. M. NELSON, a warehouseman, having made application to the Railroad Commission for authority to increase rates at his warehouse, located on Sacramento River, in Sutter County, a hearing having been held thereon, the matter having been submitted and being now ready for decision

IT IS HEREBY FOUND AS A FACT that the rates now charged by applicant, in so far as they differ from the rates set forth herein, are non-compensatory and that the following rates are just and reasonable for the service involved:

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

IT IS HEREBY ORDERED that J. M. Nelson be and he is hereby authorized to publish and file with this Commission, within thirty (30) days from the date hereof, a warehouse tariff showing the following schedule of rates:

STORAGE RATES

	<u>Grain and Beans</u>	<u>Rice</u>
Per season ending May 31st, following deposit and each season thereafter	\$1.25 per ton	6¢ per bag

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 18th day
of July, 1919.

H. L. Loveland

H. A. Brundage

Ernest M. Watson

Commissioners.