

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application )  
of Geo. A. Ogden for authority to )  
increase rates for the storage of )  
hay in warehouses in the city of )  
Woodland. )

Application No. 4647.

Chas. W. Thomas, for Applicant.

BY THE COMMISSION:

O P I N I O N

The applicant in this proceeding operates four warehouses in the city of Woodland, three used principally for the storage of grains and one devoted exclusively to the storage of hay. Authority is sought under Section 63 of the Public Utilities Act to increase the rates for the storage and handling of hay; the grain rates are not to be changed. The rate of \$1.00 per ton of 2000 pounds per season, with a loading out charge of 25 cents per ton, now being assessed for the storage of hay became effective August 14, 1912 and is published in Tariff C.R.C.No.3. It is proposed to establish a rate of \$2.00 per ton, which will include the loading into cars.

The application is based upon the general allegation that during the past three years there has been a constant and continuing increase in the cost of labor, materials, operating and maintenance expenses of the warehouses; also that an added burden of responsibility has been imposed by reason of the enhanced value of hay and the greater care now required for its handling and protection.

A hearing was held on the application at Woodland before Examiner Encell, following the usual press announcements and individual notices to storers, but no one appeared in opposition. Applicant stated at the hearing that many of his patrons had been consulted regarding the proposed increases and that none protested.

The rate of \$1.25 per ton now being charged was published, as heretofore stated, on August 14, 1912, since which date there has been no change. The publication was in compliance with the provisions of the Public Utilities Act, effective March 23, 1912, when the warehouses in the State of California were made public utilities and first came under the jurisdiction of this Commission.

With reference to increased operating costs, applicant showed by the testimony of witnesses that warehouse truckers formerly hired for \$2.50 now receive \$4.00 per day and pilers, obtainable at \$3.00 prior to 1915, now demand \$6.00 per day for the same service; also that all other operating costs have increased. Further, that since 1912, when this rate was established, customs have changed and the storer and shipper are demanding a different and better service, including weight certificates and the proper stencilling of out-going commodities to meet U.S. Government regulations.

A summary of the annual reports for the years 1916-17-18.

covering all of applicant's warehouse business, shows results as follows:

OPERATING STATEMENT

	<u>1916</u>	<u>1917</u>	<u>1918</u>
Receipts	\$ 8,593.75	\$ 12,928.00	\$ 15,049.00
Expenses	7,020.53	8,597.85	12,704.23
Profit -	<u>\$ 1,573.22</u>	<u>\$ 4,330.15</u>	<u>\$ 2,344.77</u>

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DETAILS OF RECEIPTS

	<u>1916</u>	<u>1917</u>	<u>1918</u>
Grain Storage	\$ 6,750.00	\$ 10,849.50	\$ 11,919.00
Rice	--	--	1,495.00
Hay	1,843.75	1,577.50	1,635.00
Bean	--	141.00	--
Raisin	--	360.00	--
	<u>\$ 8,593.75</u>	<u>\$ 12,928.00</u>	<u>\$ 15,049.00</u>

Average gross annual receipts      \$ 12,190.25  
Average annual receipts from hay      1,685.42

No segregation of operating expenses as to the different commodities is made by the system of bookkeeping employed and the cost of handling a ton of hay cannot be accurately ascertained either from the reports on file with this Commission or from the testimony introduced at the hearing. It will be noted, however, that the average receipts, during the three year period, from the storage of hay were \$1685.42, or about 14% of the entire business handled. The average expenses during the same period were \$9440.87. By using the 14%, a revenue pro-rate, as a basis for determining the cost for handling the hay, there would be an average cost of \$1321.70, or an estimated average annual profit from the hay tonnage of \$363.70.

Taking the activities as a whole, it will be observed

by referring to the preceding table that while receipts increased from \$12,928.00 in 1917 to \$15,049.00 in 1918, or \$2,121.00, operating expenses increased from \$8,597.85 in 1917 to \$12,704.23 in 1918, or \$4,106.38 and that the net profits decreased from \$4,330.15 in 1917 to \$2,344.77 in 1918, a difference of \$1,985.38, proving conclusively that expenses are increasing faster than the gross receipts. The largest item of expense is labor and the annual reports show that the same cost \$3,635.50 in 1916; \$5,625.50 in 1917 and \$7,845.00 in 1918, an increase in 1918 over 1917 of \$2,219.50, or 39 $\frac{1}{2}$ %.

In order to produce the average annual revenue of \$1,685.42 under the present rate, 1350 tons of hay were stored in advance in the rate from \$1.25 to \$2.00 per ton, or 60%, as sought would, in an ordinary season, increase earnings over \$1000.00.

From the testimony and exhibits it appears that applicant has not justified the increasing of the rate to \$2.00 per ton, but it is clearly proven that the expenses of operation have steadily advanced since the rates now being charged were made effective.

In the Sacramento Valley territory the maximum rate is \$1.50 per ton and this rate would appear to be just and reasonable at Woodland, where it has not been shown that operating conditions are different from those prevailing at other points in the same general territory.

Upon consideration of the record, it is found as a fact that the present rate of \$1.25 per ton is unremunerative and that a rate of \$1.50 per ton per season, June 1 to May 31, is a just and reasonable rate for the storage of hay in applicant's warehouse at Woodland.

O R D E R

Geo. A. Ogden, proprietor of Woodland Warehouses, having made application to the Railroad Commission for authority to increase rates for the storage of hay at Woodland, a public hearing having been held, the matter having been submitted, and being now ready for decision.

It is hereby found as a fact that the rates now in effect by applicant for the storage of hay at Woodland are unjust and unreasonable.

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

IT IS HEREBY ORDERED that Geo. A. Ogden be and he is hereby authorized to publish and file with the Railroad Commission within thirty (30) days from the date hereof the following rates for the storage of hay at Woodland, which rates are hereby found to be just and reasonable:

Storage of Hay, in bales	\$1.25 per ton
per season ending May 31.	
Loading into cars - -	.25 per ton

Dated at San Francisco, California, this 19<sup>th</sup> day of November, 1919.

Edwin O. Edgerton  
H. S. Loveland  
H. B. Brouneger

Commissioners.