

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
American Warehouse Company,)
Los Angeles Warehouse Company,)
Pacific Commercial Warehouse Company,)
Shattuck & Nimmo Warehouse Company,)
Santa Fe Warehouse Company)
Union Terminal Warehouse Company)
to increase rates.)

Application No. 5196.

ORIGINAL

BRUNDIGE, COMMISSIONER:

O P I N I O N

This is an application, under the provisions of Section 63 of the Public Utilities Act and Rule No. 7 of this Commission's General Order No. 61, by the American Warehouse Company, Los Angeles Warehouse Company, Pacific Commercial Warehouse Company, Santa Fe Warehouse Company, Shattuck & Nimmo Warehouse Company and Union Terminal Warehouse Company for authority to increase by 50 per cent all labor charges, both general and special, now carried in Warehouse Tariff C.R.C. No. 2 of the different companies. All the applicants are engaged in the general warehouse, storage and forwarding business and, in addition, are employed in other activities more or less connected with the warehouse business. The labor handling charges now assessed approximate 25 cents per ton; the rates proposed will bring the general average to 37½ cents per ton.

In justification for the advances the application alleges that since April 5, 1919, the date rates now being assessed were made effective, wages of day laborers have increased 37½ per cent and their efficiency decreased 12½ per cent.

A hearing was held in Los Angeles December 30, 1919.

The testimony of all the witnesses was mainly to the effect that operating costs have materially advanced during the past year and that experience has proven the labor handling charges to be unremunerative. Tests had been made to cover short periods of time, showing expenses and revenues for handling specified commodities at several of the warehouses and while these tests demonstrated, as to the particular commodity handled, that the cost of labor was greater than the labor handling charges collected, they were not sufficiently complete to positively demonstrate the actual financial results if continued over a long period of time.

Under date March 22, 1919, Decision No. 6209, in Applications Nos. 4331 to 4336 inclusive (Opinions and Orders of the Railroad Commission of California, 16-577), these applicants were authorized to re-publish their warehouse tariffs, making them more comprehensive, segregating the commodities into classes, revising the storage rates and making separate charges for the labor services as distinguished from other warehouse charges. In Decision No. 6209, supra, the Commission said:

"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 to 25 cents paid in 1916 has been advanced 40 to 50 cents - a total increase of 100 per cent. 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 in the instant proceeding differed but little from that given in the former, and while operating costs have increased to some extent at certain of the warehouses, no compelling proof was offered that there had been a general increase since the decision was rendered March 22, 1919. The contention is made that the rates established for labor as distinguished from the rates for storage were not carefully analyzed and were made much lower than the conditions justified. Attorney for applicants entered the statement that a careful study was now being made of all the rates, charges and practices of the Los Angeles warehouse companies and that within the very near future applications would be presented for further re-adjustments wherever found necessary, including a complete revision of the labor handling charges.

As heretofore stated, the present labor handling charge is 25 cents per ton and while the testimony and exhibits presented to the Commission in this proceeding did not positively demonstrate what would be the correct rate for the services under discussion, it has been clearly proven that 25 cents per ton is below the actual cost of the labor without taking into consideration overhead expenses connected therewith, such as salaries of superintendents, cost of equipment and supplies, and is much lower than rates for similar charges at other places.

After giving careful consideration to all of the testimony, I am of the opinion that the labor handling rates of approximately 25 cents per ton now being assessed by these applicants is unremunerative and that rates based on 37½ cents per ton are just and reasonable. The application should be granted and I submit the following form of order.

C R D E R

American Warehouse Company, Los Angeles Warehouse Company, Pacific Commercial Warehouse Company, Shattuck & Nimmo Warehouse Company, Santa Fe Warehouse Company and Union Terminal Warehouse Company having applied to the Railroad Commission for authority to increase by 50 per cent the labor handling rates now published in Warehouse Tariff C.R.C.No.2 of the different applicants, a public hearing having been held, the matter having been submitted and being now ready for decision, the Railroad Commission finds as a fact that the labor handling rates now in effect at the various warehouses involved in this proceeding are unremunerative, unjust and unreasonable and that rates 50 per cent higher than those now in effect are just and reasonable for the service.

Basing its order on the foregoing finding of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that the American Warehouse Company, Los Angeles Warehouse Company, Pacific Commercial Warehouse Company, Shattuck & Nimmo Warehouse Company, Santa Fe Warehouse Company and Union Terminal Warehouse Company be and they are hereby authorized to publish and file with the Railroad Commission not later than twenty (20) days from the date hereof the rates herein found to be just and reasonable.

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 11th day of February, 1920.

H. L. Leonard

H. T. Brundage

Irvine Mattie
Commissioners.