

Decision No. 7776

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application
of GROWERS' WAREHOUSE CO.,
EUREKA WEARE & WAREHOUSE CO.,
LOMPOC WAREHOUSE CO., MISSION
WAREHOUSE CO., MITCHELL SILLIMAN
CO., PACIFIC COAST RAILWAY CO.,
SAN MIGUEL FLOURING MILL CO.,
SOUTHERN PACIFIC MILLING CO.,
VENTURA WEARE & WAREHOUSE CO.,
and WALTER J. BLACKIE for authority
to increase storage rates.

ORIGINAL

APPLICATION NO. 5555

C. W. Duxrow, for applicants.
J. W. Willis, for California Bean Growers Assn.

MARTIN, Commissioner -

OPINION

In this proceeding applicants request authority to fix a uniform schedule of rates for storing and handling commodities as follows:

	Grain, Beans Flour, Feed, Mustard and Millstuff	Honey Dried and Green Fruits	Potatoes and Onions	Hay
First month, per ton, -	.75	\$1.25	\$1.25	
Second " " "	.25	.25	.50	
Third " " "	.25	.25	.25	
Total for season "	1.25	1.75	2.00	*1.50

* Applies to Mission Warehouse Co. only.

The adoption of this schedule, if authorized, would result in increases approximating 25% on the greater bulk of commodities handled; as to other tonnage, the proposed increases would range higher in some instances and lower in others.

Applicants' warehouses are located along the valleys adjacent to the Pacific Coast, being served, for the most part, by Southern Pacific Company and Pacific Coast Railway Company. Of the sixty seven units involved, Southern Pacific Milling Company operates forty, Pacific Coast Railway Company, seventeen, Mitchell-Silliman Company three, and other applicants one each. Rates carried in schedules now on file are not uniform in all cases, and have, as to several of the applicants, been in effect without change since 1912; in a few other instances adjustments have been authorized by the Commission, but none subsequent to 1916.

This application is based upon the representation that since filing their present tariffs applicants have been obliged to meet increased operating costs as follows:

Warehouse laborers	-	80%	increase
Foremen, weighers and bookkeepers	-	20%	"
Superintendents	-	24%	"
Overhead expense	-	18%	"
Incidental expense	-	50%	"

By reason of said increased operating costs, it is alleged that in many instances the present earnings of applicants are not sufficient to defray the bare cost of running their warehouses, and that none of said applicants are receiving adequate returns for the services which they are required to perform.

A hearing was held in San Francisco on June 14, 1920, at which time a number of exhibits were submitted and several witnesses testified in support of the application. No one appeared in protest and no evidence was offered in opposition to the rates proposed by applicants.

Exhibits Nos. 3, 4, 5 and 6, filed by Southern Pacific Milling Company show in detail operating expenses at its various warehouses for the years 1916, 1917, 1918 and 1919;

also that there has been no increase in the volume of warehouse business during said period, which would tend to offset and absorb the increased operating expenses, the percentages of which have already been noted and set forth herein, warehouse earnings for the fiscal years 1916, 1917, 1918 and 1919 being as follows:

		<u>Gross Earnings</u>
Year ending May 31, 1916	-	\$149,337.54
Year " May 31, 1917	-	123,599.04
Year " May 31, 1918	-	125,244.78
Year " May 31, 1919	-	122,343.60

Percentage of decrease for period 18.1%

This steady decline in gross earnings based upon unchanging rates points to a falling off in tonnage handled, which is plainly shown by Exhibit No. 8 as follows:

		<u>Tonnage Handled</u>
1916	-	174,973 tons
1917	-	141,253 "
1918	-	133,041 "
1919	-	129,334 "

Percentage of decrease for period - 26.1%

Exhibit No. 8 further shows with respect to Southern Pacific Milling Company that while tonnage handled has decreased 26.1% within the last four years resulting in reduced gross earnings equal to 18.1%, direct labor costs for the same period have increased 48.2%. It is predicted by this applicant that further increases in the cost of labor will have to be met during the 1920 warehouse season.

The net result of the operation of the warehouses of other applicants for the season 1919, and the amounts of their investments, are shown in the following table:

<u>Name</u>	<u>Investment</u>	<u>Net Revenue</u>	<u>Net Loss</u>
Ventura Wharf & Wase. Co.	\$15,130.00	-	\$15.00
Eueneme Wharf & Wase. Co.	60,000.00	-	1194.00
Mitchell-Silliman Co.	42,078.00	-	2550.00
Lompoc Wase. Co.	22,755.00	-	485.00
Growers Wase. Co.	16,700.00	-	576.00
Pacific Coast Ry. Co.	109,513.00	\$4120.00	--

Exhibits presented on behalf of the three remaining companies are of a general nature, but indicate as does also the testimony offered at the hearing, that the warehouse situation, with special reference to increased operating expenses, is practically identical at the various points involved, ranging as they do, from Salinas on the north to Eueneme and Santa Susana in Southern Ventura County.

The warehouse service afforded by applicants appears to be adequate and satisfactory. The evidence shows that insofar as an expression from storers had been obtained, it had been to the effect that such patrons consider the proposed rates fair and reasonable for the services performed.

I am of the opinion that the rates requested have been fully justified by applicants and should be authorized.

I recommend the following form of order.

ORDER

Growers' Warehouse Company, Eueneme Wharf & Warehouse Co., Lompoc Warehouse Co., Mission Warehouse Co., Mitchell Silliman Co., Pacific Coast Railway Company, San Miguel Flouring Mill Co., Southern Pacific Milling Co., Ventura Wharf & Warehouse Co., and Walter J. Blackie having applied to this Commission for authority

to increase warehouse rates at their several warehouses, a public hearing having been held thereon, the matter having been submitted and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates shown in schedules now on file by applicants named herein insofar as they conflict with the rates herein fixed and established are unjust, unreasonable and non-compensatory, and that the rates authorized by this order are just and reasonable rates for the service involved.

Basing this order upon the foregoing findings of fact and upon matters set out in the opinion preceding the same,

IT IS HEREBY ORDERED that the above named warehousemen be and they are hereby authorized to publish and file effective one day thereafter, schedules embodying the rates herein found to be just and reasonable, which rates are set out in detail in the foregoing opinion.

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 24th day of June, 1920.

H. D. Lovitt
Frank R. ...
James ...
COMMISSIONERS.