

Decision No. 7926

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
RED BLUFF FLOUR MILLS for Authority
to increase rates for storing and
handling grain at Red Bluff.)
Application No. 5621

In the Matter of the Application of
CONE and KIMBALL COMPANY, for author-
ity to increase rates for storing
and handling grain at Red Bluff.)
Application No. 5622

In the Matter of the Application of
W. H. FISHER, a warehouseman, for
authority to increase rates for
storing and handling grain at Red
Bluff.)
Application No. 5623

H. K. Willard, for Red Bluff Flour Mills.

G. K. King, for Cone & Kimball Company.

W. H. Fisher, in propria persona.

BY THE COMMISSION.

O P I N I O N

Applicants herein operate public warehouses at Red Bluff, Tehama County, grain being the principal commodity stored. Existing rates for storing and handling grain are identical at each of the warehouses involved. These rates together with increased rates

proposed in the applications as amended are as follows:

	<u>GRAIN IN SACKS</u>	Present Rates	Proposed Rates
<u>Storage</u> , Including in-weighing and out-loading, per season, per ton,		\$0.90	\$1.50
<u>Reweighing</u> ,	" "	.10	.20
<u>Refiling</u> ,	" "	.40	.50
<u>Receiving and Loading</u> , Direct to car,	" "	.25	.50
<u>Receiving and Loading</u> , Involving double handling	" "	.40	.75
<u>Weighing-in</u> , for Loading	" "	.10	.20

A public hearing on the applications was held at Red Bluff on June 18, 1920. By stipulation of interested parties, the petitions were consolidated for hearing and decision, the testimony relating to increased operating cost being equally applicable to all.

These applications as amended are based primarily upon the representation that warehouse labor obtainable prior to 1918 at \$2.50 and \$3.00 per day now costs from \$5.00 to \$6.00 per day, the increase over wages for 1919 being approximately 25%. The result of this situation is clearly illustrated in operating statements submitted by applicants in which constantly rising labor costs reflect a corresponding decline in net revenues from 1917 to date, totals for the fiscal year 1919-1920 being as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Red Bluff Flour Mills	\$1,657.80	\$1,715.50	\$ 57.70 Loss
Cone & Kimball Co.	1,715.88	1,752.17	36.29 "
W. H. Fisher	1,569.46	1,489.17	80.29 Gain

The warehouses of Red Bluff Flour Mills are used in connection with its general milling business. Grain purchased for the mills is usually handled through the warehouse by the milling crew, no storage being involved. Applicants' buildings have a combined capac-

ity of 14,000 square feet available for storage, being sufficient to accommodate 40,000 bags of grain. An appraisal of these buildings by applicant in 1914 shows a value of \$15,336.83 as of that date. Exclusive of insurance, which applicant itself carries, and depreciation and upkeep on buildings and equipment, applicant estimates that the rates proposed would have produced for the 1919-1920 storage season, under wages and other expense then in operation, net revenue amounting to \$745.20, in lieu of an actual \$57.70 already noted.

Cone & Kimball Company's warehouses are operated in connection with its general merchandise store. In addition to regular outside storage accounts, considerable quantities of flour, sugar and salt are stored from time to time by applicant for varying brief periods, for which service the storage business is arbitrarily credited with \$600.00 per annum. This applicant's warehouses consist of three wooden buildings each 45 x 150 feet having a combined capacity of 45,000 bags of grain and an estimated value of \$8,000.00. For the ground on which the warehouses are located, applicant pays as rental to Southern Pacific Company \$140.00 per year. It is applicant's contention that unless a volume of grain greater than that handled for 1919-1920 is received at its warehouse during the present season, last years' operating deficit will be repeated if not enlarged, even under the rates proposed.

W. H. Fisher's warehouse is operated in conjunction with his mercantile business, bookkeeping and shipping details being handled from the store, for which no charge against the warehouse is made; on the other hand, applicant's excess grocery stock is at times stored in the warehouse, without credit to the storage account, - the one service tending to offset the other. The warehouse is a frame structure 50 x 150 feet, having an estimated value of \$1,200.00,- and a capacity of 20,000 bags of grain. A ground rental of \$60.00 is paid to Southern Pacific Company for the land on which

the warehouse stands.

Applicant estimates that on the basis of last years' crop, had the proposed rates and present operating costs been in effect, he would have received gross revenue amounting to \$2,354.17 and incurred expense of \$1,878.04, leaving \$476.13 net revenue against \$80.29 the actual net amount received for the said season, as previously shown.

Practically all managerial, as well as clerical services, ordinarily chargeable to warehousing have been rendered by applicants without charge, in connection with their other lines of business.

No one appeared in protest at the hearing, or otherwise indicated opposition to the proposed rates, although notified individually and through the usual public channels.

The rates proposed are not in excess of the charges assessed for similar service at other warehouses, and will apparently, under present conditions, yield less than a fair return on the several investments in warehouses and equipment.

We are of the opinion that the rates requested have been justified and should be authorized.

O R D E R

Red Bluff Flour Mills, Cone & Kimball Company and W. H. Fisher, warehouse utilities, having applied to this Commission for authority to increase rates, for storing and handling grain at Red Bluff, a hearing having been held thereon, the matter having been submitted and the Commission being fully advised as to the merits of the request,

IT IS HEREBY FOUND AS A FACT that the rates proposed by applicants as hereinafter set forth are just and reasonable for the

service involved; and that applicant' existing rates, in so far as they conflict therewith are unjust and non-compensatory.

Basing its order upon the foregoing findings of fact and upon other facts stated in the preceding opinion,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Red Bluff Flour Mills, Cone & Kimball Company and W. E. Fisher be, and they are hereby, authorized to publish, and file immediately and thereafter collect rates for warehouse service ~~at and~~ in accordance with the following schedule:

WAREHOUSE RATES

Grain in Sacks:

<u>Storage</u> , per season ending May 31, including weighing and loading out,	\$1.50 per ton
<u>Reweighing</u> ,	.20 " "
<u>Repiling</u> ,	.50 " "
<u>Receiving</u> and <u>Loading</u> direct to car	.50 " "
<u>Receiving</u> and <u>Loading</u> direct to car (Involving double handling)	.75 " "
<u>Weighing in</u> for direct loading,	.20 " "

Dated at San Francisco, California, this 29th day of July, 1920.

Edwin A. Ely
H. B. Leland
Frank P. Deven
Commissioners.