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Decision No. 8009

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)	
CALIFORNIA WHARF and WAREHOUSE COMPANY,	:	
CALIFORNIA NAVIGATION & IMPROVEMENT	:	
COMPANY, CALIFORNIA PACKING CORPORATION,)	
DICKINSON-NELSON COMPANY, GIRVIN WARE-	:	<u>Application No. 5926</u>
HOUSE COMPANY and UNION ICE & STORAGE	:	
COMPANY for authority to increase rates	:	
for storing and handling commodities in	:	
warehouses located at Stockton.)	

I. A. Bailey for Applicants.

MARTIN, Commissioner.

O P I N I O N

Applicants herein request authority to increase rates for storing and handling bags, beans, grain, potatoes, onions and seeds, as set out in Exhibit "A" accompanying the application; also to establish uniform rules and regulations governing the operation of applicants' warehouses at Stockton. Decreases and adjustments proposed affect, in the main, warehouse service as distinguished from storage, the latter, where involved ranging, as to the chief commodities handled from 25 to 50% higher than present rates. Reductions in several instances, together with new rates covering service not embraced in applicants' existing schedules, are also included in the proposed tariff adjustments.

Higher charges proposed for handling commodities directly through warehouses, and for weighing and moving same from place to place for the convenience of the owner, are, it is alleged, justified by the facts in each instance.

The record shows that the present rates of applicants were authorized under Decision No. 5623 dated July 26, 1918, which permitted the establishment of handling charges based upon conditions then existing, since which time it is claimed the cost of warehouse labor has advanced exactly 25%. The following table shows the scale of wages in effect at applicants' warehouses from time to time since June 1918:

Ordinary Warehouse Labor

<u>Date</u>	<u>8-H.Day</u>	<u>Overtime</u>	<u>Foremen</u>
June 1, 1918	\$4.00 x	\$.75 per hour	\$110 per mo.
June 1, 1919	4.50 x	.84½ "	125 "
June 1, 1920	5.00 x	.93 3/4 "	150 "

x- weighers and checkers 50¢ per day additional. In addition to these direct increases which applicants have been obliged to pay to keep up a proper standard of warehouse service, it is alleged that employees' liability insurance has further burdened the payroll and that there has been a "continued decline in the efficiency of labor". Other increased operating costs involving repairs, supplies, clerical assistance, taxes and overhead are cited by applicants in support of their petition.

A hearing on the application was held in Stockton on August 8, 1920, at which time sundry exhibits were submitted and detailed testimony offered on behalf of individual applicants. Financial statements, being Exhibit No. 1 in each instance, - for the year ending May 31, 1920, show the following facts and operating

results as to each utility for that period:

<u>TABLE NO. 1</u>	Whse Investment	Gross Revenue	Direct Expense	Loss or Gain
Cal. Nav. & Impt. Co.	\$92,056.42	\$24,994.43	\$23,499.57	\$1,494.86
Cal. Wnf. & Whse. Co.	50,000.00	16,345.33	12,293.94	4,051.39
Cal. Packing Corp.	(Lease)	7,614.55	8,638.08	1,023.53L
Dickinson-Nelson Co.	28,140.58	6,704.62	6,725.11	20.49L
Girvin Whse Co.	(Lease)	56,745.50	62,703.83	5,958.33L
Union Ice. & Stg. Co.	50,000.00	7,275.92	9,223.89	1,947.97L

The above figures (excluding investment column) cover operations alone, and do not include depreciation of equipment and buildings where owned by applicants nor interest on investment in warehouses and facilities. In most instances applicants are engaged in other lines of business more or less closely connected with warehousing, but the testimony shows that a strict line of demarkation has been drawn and that revenues and expenses arising from non-public utility operations have been carefully excluded or accurately apportioned in accordance with generally approved methods.

Combined Exhibit No. 2. shows in part with reference to each applicant, annual depreciation plus interest on investment, approximate increased revenue under rates proposed, increased cost of labor for current season, and resulting profit or loss for the year ending May 31, 1921, - based upon tonnage handled during the 1919-1920 season. The important features of this exhibit follow:

	<u>TABLE NO. 2</u>			
	Gross addtl. revenue year end- ing May 31, 1921	Addtl. labor expense as incr. June 1'20.	Net in- crease in rev- enue under rates pro- posed.	Deprecia- tion and interest.
Cal. Nav. & Impt. Co.	\$5485.00	\$2752.50	\$2702.50	\$ 9112.51
Cal. Wnf. & Whse Co.	1684.29	1376.58	307.71	8875.00
Cal. Pkg. Corp.	1887.00	627.50	1259.50	-
Dickinson-Nelson Co.	2812.03	532.75	2279.28	3610.83
Girvin Whse. Co.	7451.30	5108.00	2343.30	-
Union Ice & Stg. Co.	1893.25	763.50	1129.75	6496.55

An examination of the above table in connection with Table No. I. shows that the estimated net increase in revenue for the season ending May 31, 1921 would in two instances fail to cover existing deficits; would barely meet the alleged loss of California Packing Corporation and in the other three cases show operating returns by no means abnormal. Taking into account the figures showing depreciation, - rated in exhibits at 5%, or less, - and interest on investment at 8%, each applicant, with the exception of California Packing Corporation (which has no investment in warehouses), would at the end of the current storage season again show a substantial deficit.

In support of the contention of applicants that warehouse labor obtainable at Stockton is inefficient, several witnesses were agreed that there could be no question of the fact, but as to the degree of inefficiency there was considerable divergence of opinion. One witness testified that warehouse crews of today have in some instances been shown by actual test to consume the same time in piling 400 sacks of grain as was formerly required to pile 600 sacks, or 33 1/3% loss in efficiency. The testimony also showed that while warehouse labor can be had at Stockton for 62½ cents per hour, 80¢ per hour for the same class of work is paid at Port Costa, where one of the applicants operates other warehouses. Facts developed, however, were not conclusive as to whether this disparity of wages would account for the alleged remarkable inefficiency of labor at Stockton.

Following its usual practice, the Commission, in addition to giving general notice as to these applications when filed, required applicants to publish notices of the hearing in the local Stockton press and also to notify each patron of the warehouses involved. No one appeared at the hearing in opposition.

to the proposed schedules and no protest against granting the request has been received by the Commission.

From the foregoing statements and from general conditions surrounding the service, I am of the opinion that the proposed increases and other changes have been justified and should be authorized.

I suggest the following form of order.

O R D E R

California Wharf and Warehouse Company, California Navigation & Improvement Company, California Packing Corporation, Dickinson-Nelson Company, Girvin Warehouse Company and Union Ice and Storage Company, having applied to this Commission for authority to increase and adjust warehouse rates and to establish uniform regulation for warehouse service at Stockton, 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 warehouse schedules now in effect by applicants are inadequate and that the rates and regulations therein set forth in so far as they conflict with those herein established, are noncompensatory, unjust and unreasonable.

IT IS FURTHER FOUND AS A FACT that the rates, rules and regulations hereby authorized are just and reasonable for the services to which they apply.

Basing this order upon the foregoing findings of fact and upon statements contained in the Opinion preceding this order,

