

Decision No. 8780

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application
of HOLLISTER WAREHOUSE COMPANY for
authority to increase rates for
storing and handling grain at Hol-
lister.)

) Application No. 6278.
)
)

S. R. Crosby, for Applicant.

BY THE COMMISSION:

O P I N I O N

Hollister Warehouse Company applies for authority to increase rates for storing and handling grain in its four public warehouses in the town of Hollister.

A public hearing upon the application was held by Examiner Westover at Hollister.

The buildings are located on the railroad right-of-way of Southern Pacific Company, for which a nominal ground rental of \$99.00 per year is paid to the carrier. Constructed of wood about the year 1880, with a combined capacity of 11,000 tons designed to accommodate immense crops of grain grown in the district at that time, these structures, by reason of timely repairs, are yet in a fair state of usefulness. New roofing, at an estimated cost of \$5,000.00, will have to be provided in the near future. In addition to storing grain and a nominal tonnage of other commodities, applicant is also engaged in buying and

selling grain, and in this connection operates a feed mill which occupies considerable floor space in one of the warehouses. About one-third of the entire floor space of 11,000 tons is under lease to a local plant, engaged in packing fruit and vegetables, so that approximately only 7,000 space tons are at present devoted to commercial storage. Upon grains and other commodities owned and stored by applicant it charges the same storage rates charged other warehouse patrons upon similar commodities stored by them.

Present and proposed rates are shown below:

<u>Storage of Grain:</u>	<u>Present</u>	<u>Proposed</u>
30 days or less, per ton	\$.50	* .75
60 days, per ton	.75	* 1.00
Season to June 1, per ton	1.00	* 1.50
<u>Loading</u> through warehouse, per ton	.35	.50
<u>Deliveries</u> in lots of less than ten tons, per ton	--	.50

*Proposed storage rates including all handling.

It is estimated by applicant that rates proposed would produce approximately \$750.00 additional revenue per annum, being on the basis of an average year of 1500 tons.

Applicant, as at present organized, has been in control of this utility only since June, 1920, prior to which time available records do not show a segregation of expenses between the warehouse business and non-public utility activities engaged in by the company. However, the general condition of the company's finances is indicated by the net results of its entire operations for the last five years as follows:

	<u>1915</u>	<u>1916</u>	<u>1917</u>	<u>1918</u>	<u>1919</u>
Revenues	\$13,278.73	\$8,455.86	\$9,074.96	\$8,399.82	\$8,648.97
Expenses	<u>12,342.07</u>	<u>11,033.33</u>	<u>9,102.45</u>	<u>8,943.55</u>	<u>10,181.90</u>
Net Loss \$	936.66	\$2,577.47	\$ 27.49	\$ 543.73	\$1,532.93
	(gain)				

Average loss per year - \$748.99.

The application is based upon the above showing for the years indicated and upon facts and figures available for the current year, which justify the conclusion that tonnage will be no greater and that operating expenses cannot be materially reduced at this time.

Applicant showed that the present actual cost of storing and handling each ton of grain stored at its warehouses is approximately \$1.00, and that under the proposed rates only a maximum of 50 cents per ton above operating cost can accrue as profit to applicant, even on the assumption that the entire 1,500 tons now in storage will take the season rate. The testimony also pointed to carefully laid plans for economy in labor and expense and to a moderate salary allowance for applicant's only paid officer.

Obviously, this storage utility has outlived its day as a depository for grain, the average yearly demands from patrons being for space to accommodate only approximately 1,500 tons,--about one-seventh of the 11,000 space tons formerly available. These patrons have, however, signified their willingness to pay the rates proposed, which, in the main, are identical with charges assessed by other warehouse utilities along the coast valleys. Applicant is fully aware that it would be useless to establish rates sufficiently high to produce a fair return on the investment--alleged to have a present value of \$40,000.00.--and has wisely looked to uses other than public storage for the greater portion of the space involved. Under the rates authorized by the accompanying order, it will be expected that Hollister Warehouse Company adopt and use such accounting methods as will enable it to show separately in detail.

the source of all revenues derived from storage and handling, as well as the expenses incurred in the production of such revenues.

ORDER

HOLLISTER WAREHOUSE COMPANY having applied to the Railroad Commission for authority to increase warehouse rates, a public hearing having been held thereon, the matter having been submitted, and it appearing to the Commission that the proposed rates as hereinafter set forth are just and reasonable for the service involved,--

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that applicant be, and it is hereby, authorized to publish and file schedules showing the following rates for storing and handling grain at Hollister:

WAREHOUSE RATES

Grain Storage:

30 days, per ton,	*\$.75
60 days, per ton,	*1.00
Season to June 1, per ton,	*1.50

Loading grain through warehouse,
per ton, .50

Delivering in lots less than
10 tons, per ton, .50

* Storage rates include loading, unloading,
weighing and other customary handling.

Dated at San Francisco, California, this 21st day
of December, 1920.

Edwin O. Edgerton
H. L. Loveland
H. B. Brundage
Dwight Martin
Commissioners.