

Decision No. 8497

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ETCHEVERRY WAREHOUSE COMPANY)
for authority to increase ware-)
house rates at Tres Pinos.)

Application No. 6284

James Slaven for Applicant.

BY THE COMMISSION.

O P I N I O N

Etcheverry Warehouse Company applies for authority to increase rates for storage of grain and hay in its seven warehouse units at Tres Pinos, San Benito County, - four for the storage of hay and three for grain.

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

Applicant's hay warehouses have a combined capacity of 6,500 tons while 4,000 tons of grain can^{be} accommodated in the buildings devoted to grain storage. These warehouses were purchased by the present owners in 1911 at a cost of \$37,000.00 and have a present estimated value of \$33,500.00. Some fifteen acres of land are embraced in the tract on which the buildings are located, a part of which is rented from Southern Pacific Company at an annual rental of \$336.55, the remainder having been purchased by applicant in 1911 for \$3,000.00

The following table shows the present rates, and rates which it is desired to establish for storing and handling hay and grain:

G R A I N

<u>Storage:</u>	<u>Present</u>	<u>Proposed</u>
30 days or less, per ton,	\$.50	*\$.75
60 days or " " "	.75	* 1.00
Season to June 1, " "	1.00	* 1.50
 <u>Loading:</u>		
Through Warehouse, per ton,	.35	.50
 <u>Deliveries:</u>		
In lots of less than 10 tons, per ton,		.50

H A Y

<u>Storage:</u>		
First Season to June 1, per ton,	1.25	* 1.50
Second Season to June 1, per ton,	1.00	* 1.25

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

In justification of increases sought applicant showed that unit costs have increased very materially since its present rates were established in November 1917, in that warehouse labor obtainable in 1917 at \$2.50 and \$3.00 per day now costs from \$4.50 to \$5.00 per day. Incidental expenses, though small in proportion to the labor item, run from 75% to 100% higher than the level of three years ago. It is estimated by applicant that the proposed rates will in a normal year return approximately \$2,000.00 additional revenue.

In addition to the business of storing hay and grain for compensation, applicant also buys and sells these products and others, including lumber. Annual reports on file with the Commiss-

ion include all these branches of its business and are therefore practically useless in arriving at the company's financial status as a public warehouseman. The following statement of revenues and expenses for the four years, 1916 to 1919, shown as Exhibit "D" accompanying the application, represents the result of applicant's best efforts to segregate and present figures pertaining to its warehouse business alone:

	<u>1916</u>	<u>1917</u>	<u>1918</u>	<u>1919</u>	<u>1920</u>
Revenues	\$7,541.48	\$8,084.97	\$7,958.63	\$7,783.72	\$7,783.72*
Expenses	<u>5,195.58</u>	<u>5,509.51</u>	<u>6,368.04</u>	<u>6,913.28.</u>	<u>8,932.56</u>
Net	2,345.90	2,575.46	1,590.59	870.44	1,148.84*

*Estimated revenue the same as 1919; shows a deficit of \$1,148.84.

The return on the investment claimed is at the rate of 4 $\frac{1}{2}$ % and about 2 $\frac{1}{2}$ % gain, and 3 $\frac{1}{2}$ % deficit respectively during the last three years of abnormal costs. It will also be seen that while the income from storage has fluctuated but slightly from year to year, expenses have steadily increased from about \$5,000. in 1916 to nearly \$9,000. in 1920.

As already stated, the proposed rates for storing and handling hay and grain, if authorized, would produce an estimated additional revenue of \$2,000.00, which would meet the increased labor expense for the current year of 50 cents per day for ten employees, or approximately \$1,500.00 per annum,- and allow a margin of \$500.00 to apply as a depreciation fund on applicant's buildings which have been in service from 25 to 35 years. Such rates on grain would conform almost exactly to rates in effect by other utilities in the same general locality. Rates proposed for storing hay are likewise identical with charges assessed by Lathrop Hay Company for service at Hollieter,- which rates were authorized by this Commission in Decision No. 6284, dated April 24, 1919. A list showing the names of twelve of applicant's

patrons representing more than 3,000 tons of hay and grain now in storage was submitted with testimony that each of them had been interviewed by applicant, and had agreed that the increases proposed would be satisfactory.

Applicant's testimony was ^{un}controverted, and no protests were offered. We are of the opinion that the proposed increases have been justified and should be granted, with the understanding that applicant's accounts shall hereafter be kept in such manner that statements may at any time be rendered showing separately and in detail public utility operations, as distinguished from those of a non-public utility nature, including accurate proportions of such overhead or other expenses as may be applicable to both classes of business.

O R D E R

Etcheverry Warehouse Company, having applied to this Commission for authority to increase rates for storing and handling hay and grain at Tres Pinos, a hearing having been held thereon, the matter having been submitted, and it appearing to the Commission that the rates proposed are just and reasonable for the service involved;

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Etcheverry Warehouse Company be, and it is hereby authorized to increase rates for storing and handling

hay and grain at its warehouses at Tres Pinos on the following basis:

G R A I N

Storage:

30 days or less, per ton	*\$.75
60 " " " " " "	* 1.00
Season, June 1st, " "	* 1.50

Loading, through warehouse, per ton .50

Deliveries, lots less than 10 tons, per ton .50

H A Y

Storage:

1st Season to July 1, per ton	* 1.50
2nd " " " 1, " "	* 1.25

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

Dated at San Francisco, California, this 3rd day
of ~~December, 1920.~~ January, 1921.

H. D. Loveland
Grain Elevator
H. D. Bondie

Commissioners.