

Decision No. 21873.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
WEST COAST WHARF AND STORAGE COMPANY
for an order granting permission,
under Section 63 of the Public Util-
ities Act, to establish certain in-
creased rates for storage and handling
at Oakland, California.

Application No. 21773

In the Matter of the Application of
A.B.C. Transfer & Storage Co.
Bekins Van Lines, Inc.
Belshaw Warehouse Company
Central Warehouse & Drayage Co.
Clark, J.A. Draying Company
De Pue Warehouse Company
Distributors Warehouse (A. Fox)
Dodd Warehouse, The
Farnsworth and Ruggles Warehouse
Gibraltar Warehouses
Haslett Warehouse Company
Howard Terminal
Lawrence Warehouse Company
Merchants Express Corp.
Nolan, Frank Drayage Co.
North Point Dock Warehouses (M.S.Dodd)
San Francisco Warehouse Co.
Sea Wall Warehouses
South End Warehouse Co.
Thompson Bros., Inc.
Turner-Whittell Warehouses
Walkup Drayage & Warehouse Co.

Application No. 21873

ORIGINAL

A. M. Hamstad, for West Coast Wharf and Storage Company
Reginald L. Vaughan, for applicants in Application No. 21873
Walter Rohde, for San Francisco Chamber of Commerce.

BY THE COMMISSION:

O P I N I O N

By these applications the above named public warehousemen request authority under Section 63 of the Public Utilities Act to increase rates and charges for storage and incidental storage handling at public warehouses located in San Francisco and Oakland.

The matters were heard on a consolidated record at San Francisco on April 26, 1938, before Examiner Davis.

In Application No. 21773 West Coast Wharf and Storage Company proposes to increase certain of the rates in effect at its Oakland warehouse by amounts ranging from 8 per cent to 12 per cent, as more specifically set forth in the application. In Application No. 21873 various operators of warehouses in San Francisco and Oakland propose (1) to effect a horizontal increase of approximately 10 per cent in their present rates, (2) to effect an increase in excess of 10 per cent in certain rates which are said to be unduly low and depressed at the present time, and (3) to make certain other specified adjustments in conformity with a general plan outlined in the application.¹

Testifying in support of Application No. 21773, A.M. Hamstad, Manager of West Coast Wharf and Storage Company, asserted that rates maintained by his company were considerably below the general prevailing level of warehouse rates in the East Bay area and were insufficient to cover the cost of operation which, he said, had been steadily in-

¹ More specifically, authority is sought (a) to increase rates in California Warehouse Tariff Bureau Tariffs Nos. 1-E (C.R.C. No. 83) and 3-E (C.R.C. No. 98) by approximately 10 per cent, as more specifically set forth in Appendix "E" of the application; (b) to increase certain so-called "unduly depressed" rates in said Tariff No. 1-E more than 10 per cent, where the rates so increased are still below a proposed minimum level as set forth in Appendix "C" of the application; (c) to revise the Classification Rate Table (Item 5, page 12 of said Tariff No. 1-E) by reducing the package weight density from 50 pounds to 40 pounds per cubic foot, and to increase the class rates approximately 10 per cent, as set forth in Appendix "E" of the application; (d) to cancel classifications and rates on certain commodities, as listed in Appendix "C" of the application, and to substitute the "merchandise N.O.S." rating therefor, subject to the customary dead rate stipulation; (e) to cancel Belshaw Warehouse Company Warehouse Tariff C.R.C. No. 4 and North Point Dock Warehouse Tariff C.R.C. No. 8, and to include Belshaw Warehouse Company and North Point Dock Warehouse Company as participants in the California Warehouse Tariff Bureau tariffs aforementioned; (f) to depart from the general bases outlined above by making specific adjustments to the extent found necessary to meet competitive conditions, as set forth in Appendix "I" of the application.

creasing over a period of months. He pointed out that at the time West Coast Wharf and Storage Company Warehouse Tariff No. 1, C.R.C. No. 1 became effective (September 1, 1936), the hourly rate of pay for warehouse employees was 50 cents, as compared with the present minimum of 70 cents. He stated that a study of the cost of performing the various warehousing services had convinced him that the particular operations for which increases were sought were being conducted at a loss. He said that during the last six months of 1937 his company had sustained an operating loss, although he did not have exact figures available.

L.A. Bailey, tariff agent for applicants in Application No. 21873, testified that despite the exercise of prudent management the warehousemen he represented had been forced to operate their warehouses at a loss for the last two years, and that they were continuing to experience substantial losses. He stated that for the year 1936 operating losses totaled \$123,677.56 and that for the first eight months of 1937 a deficit of \$83,813.98 had resulted. The latter figure, he said, did not include the operations of six companies whose books did not permit segregation of warehouse accounts at the time the study was made. Bailey was of the opinion that if complete data had been available the 1937 loss would be greater than that shown, as the warehouse operations omitted had a substantial loss during 1936. He pointed out, moreover, that certain annual debits that are not ordinarily computed until the end of the year were omitted in determining the 1937 figure.

In further justification of the proposed adjustments Bailey stated that many rates in the several tariffs involved had been in effect without change for many years and were not appropriate under revised methods of handling. Many of the proposed changes, particularly the proposed cancellations of the Belshaw and North Point Dock

tariffs, were intended to provide a more consistent and better related rate structure, as well as to promote greater uniformity between the charges of the several competing warehousemen.

Walter Rohde, manager of the traffic department of the San Francisco Chamber of Commerce, testified that the traffic committee of that organization had considered the proposals in Application No. 21873 and were agreeable thereto.

No one appeared in opposition to the granting of either of these applications.

While it cannot be determined on this record whether or not each of the rates affected, as increased, will be reasonable, it is apparent that applicants need and are entitled to additional revenue. The proposed increases, considered collectively, appear to be no greater than required for a reasonably compensatory operation and seem to be necessary if the public is to be assured of adequate and efficient warehousing service. The applications will be granted, subject to the condition that any interested party may properly challenge by complaint and in the usual manner the reasonableness or lawfulness of any individual increase herein authorized, should such increase be regarded as unreasonable or in any other manner unlawful. Before accepting the benefits of this order, the applicants will be required to agree that they will never urge before this Commission, in any reparation proceeding under Section 71 of the Public Utilities Act, or in any other proceedings, that the opinion and order herein has found that any individual rate authorized is reasonable.

O R D E R

This matter having been duly heard and submitted,

IT IS HEREBY ORDERED that applicants in Application No. 21773 and Application No. 21873 be and they are and each of them is hereby

authorized to establish on not less than ten (10) days' notice to the Commission and to the public the proposed storage rates and storage handling charges as set forth in the said applications or in the appendices attached thereto.

IT IS HEREBY FURTHER ORDERED that the authority herein granted be and it is hereby made subject to the condition set forth in the opinion which precedes this order, and the filing of increased rates under authority of this order shall be considered acceptance of said condition.

The authority herein granted is void unless said increased rates are made effective on or before July 1, 1938.

The effective date of this order shall be ten (10) days from the date hereof.

Dated at San Francisco, California, this 7th day of May, 1938.

Walter H. Murray
Leon C. Whittell
Frank P. DeWitt
Robert W. Whittell
Ray L. Ciley