

Decision No. 33777

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of HASLETT WAREHOUSE COMPANY, a)
corporation, for a certificate)
of public convenience and neces-)
sity authorizing it to increase)
its storage space within the)
City and County of San Fran-)
cisco, California.)

Application No. 23823

ORIGINAL

In the Matter of the Application)
of SAN FRANCISCO WAREHOUSE COM-)
PANY, a corporation, for a cer-)
tificate of public convenience)
and necessity authorizing it to)
increase its storage space with-)
in the City and County of San)
Francisco, California.)

Application No. 23851

In the Matter of the Application)
of C. L. TILDEN, C. L. TILDEN,)
JR. and IRVING S. CULVER, a co-)
partnership doing business as)
GIBRALTAR WAREHOUSES, for a cer-)
tificate of public convenience)
and necessity authorizing them)
to increase their storage space)
within the City and County of)
San Francisco, California.)

Application No. 23852

In the Matter of the Application)
of FARNSWORTH AND RUGGLES, a)
corporation, for a certificate)
of public convenience and neces-)
sity authorizing it to increase)
its storage space within the)
City and County of San Francisco,)
California.)

Application No. 23857

BY THE COMMISSION:

Appearances

Reginald L. Vaughan, for applicants.
L. A. Bailey, for Warehousemen's Association of
the Port of San Francisco, interested party.
J. H. Sapiro, for Dodd Warehouse Company, pro-
testant.

O P I N I O N

Applicants are public utility warehousemen operating in the City and County of San Francisco. By the above entitled applications, filed under Section 50 $\frac{1}{2}$ of the Public Utilities Act, they seek certificates of public convenience and necessity authorizing them to increase their warehouse floor space.¹ Haslett Warehouse Company, Gibraltar Warehouses, and Farnsworth and Ruggles each seek permission to operate 400,000 square feet of additional space for the storage of "government loan" cotton and of raw materials under the National Defense Program.² San Francisco Warehouse Company seeks authority to operate 200,000 square feet of additional space to be used exclusively for storage of raw materials under the Defense Program.³ The applications were consolidated for hearing and decision. They were submitted at a public hearing had at San Francisco on December 10, 1940, before Examiner Mulgrew.

In support of the granting of authority to operate additional space the applicants represented that they anticipated that the commodities involved would be offered for storage at San Francisco in unusually large quantities. According to the applicants

¹ Section 50 $\frac{1}{2}$ of the Public Utilities Act requires warehousemen operating in a city or city and county with a population of 150,000 or more to obtain a certificate of public convenience and necessity before increasing warehouse floor space by more than 50,000 square feet.

² Cotton held as security for loans made by Commodity Credit Corporation, an agency of the Federal Government, is commonly known as "government loan" cotton.

The defense materials involved are to be stored by and for the United States Government. The materials were described as wool, crude rubber, tin, hemp, manganese and other commodities to be used in manufacturing the articles required for national defense.

³ This applicant was previously granted authority by Decision No. 33615 (43 C.R.C. 89) temporarily to increase its storage space by 564,500 square feet for the storage of so-called "government loan" cotton.

abnormal storage demands would be occasioned by disturbed world conditions which had disrupted the export cotton market and required the establishment and maintenance of reserve supplies of materials essential to national defense. They said that large storage units of these commodities would probably be offered and that in some cases the size of the unit would require the use of floor space in excess of that available in the warehouse facilities operated by San Francisco warehousemen. It was estimated that normal business occupied from 80 to 90 per cent of the city's public utility warehouse facilities and it was asserted that the remainder was needed to care for expansion of the demands of regular stores.

Witnesses for the applicants testified that the storage of the commodities involved at ports reached by ocean-going vessels would be more advantageous than interior storage. They explained that the loan value of cotton stored at seaboard points was higher than that of cotton stored in the San Joaquin Valley where it is grown and that the climate at tidewater tends to maintain its condition and thus preserve its full value. With respect to the storage of raw materials under the National Defense Program, the witnesses said it was planned that reserve supplies originating at overseas points would be concentrated at the ports through which the property enters the United States and that distribution therefrom to the points of manufacture would be made as the occasion arose. They explained that storage at the port of entry would eliminate any back-hauls which would be occasioned by storing property at interior points and subsequently reshipping it to manufacturers located at or near the port of entry.

In regard to the volume of the anticipated storage demands, witnesses for the applicant warehousemen testified that this year's cotton crop was still being picked and that the amount of storage

which will be required at San Francisco was not yet determinable. They estimated that from 50,000 to 70,000 bales of the cotton then picked would be offered for San Francisco storage and that this storage alone would require from 250,000 to 350,000 square feet of warehouse space. A representative of one of the applicants said that his company had already been offered storage of cotton greatly in excess of the company's ability to accommodate it with its existing facilities and that the authorization of additional space was urgently needed to fill the demands for storage of government loan cotton.

According to applicants' witnesses the amount of space needed to accommodate the storage of defense materials could not be ascertained with any exactitude. In explanation of their inability to forecast the amount of space required, the witnesses explained that invitations to bid submitted to them called for storage of the entire amount specified in the invitations or any portion thereof without designating when the storage will commence or its duration. The President of the State Board of Harbor Commissioners testified that the board had received inquiries relative to the availability of warehouse facilities from the agencies of the Federal Government charged with the phase of the National Defense Program here involved, and that, while it was not feasible to use the port facilities operated by the State for storage purposes, the board was vitally concerned with removing any obstacles to full use of San Francisco Harbor. Ample warehouse facilities, he said, were a necessary adjunct to successful operation. This witness, and witnesses representing warehouse interests, agreed that the aggregate additional space (1,400,000 square feet) which applicants seek authority to operate might well prove inadequate to meet the heavy demands anticipated in the storage of cotton and defense materials.

Counsel for the applicants argued that the granting of the authority here sought would permit his clients to meet emergencies arising from the extraordinary demands anticipated in the farm relief and national defense programs, and that the type of storage contemplated thereunder differs materially from that rendered by warehousemen in the ordinary course of business.

No one objected to the granting of the applications in so far as they relate to the storage of cotton. However, South End Warehouse, Dodd Warehouse Company and Sea Wall Warehouses objected to the granting of authority to increase space for storage of raw materials for the Federal Government in connection with the National Defense Program. The grounds for their objection were (1) that applicants had made no showing of public convenience and necessity; (2) that the Commission can speedily grant authority when, and if the operation of additional storage space becomes necessary; (3) that the applications are indefinite as to the kind and quantity of the raw materials and the duration of their storage; and (4) that the granting of authority to these applicants might well create a monopoly for the type of storage involved.

On this record it is evident that cotton to be held as security for loans made by Commodity Credit Corporation, and reserve raw materials to be held by the United States Government in connection with the defense program, may reasonably be expected to be offered to public utility warehousemen in large quantities for storage in the City and County of San Francisco. Under the abnormal conditions faced by the federal agencies concerned with the proposed storage it is apparent that the amount of space which will be needed cannot be determined at this time. The record is persuasive, however, that the sought additional space is not in excess of that necessary

to avoid the risk of impeding the programs of the federal agencies, particularly the National Defense Program. It is clear that while the existing storage facilities of San Francisco warehousemen are adequate for ordinary storage, they are insufficient to provide suitable space for the type of storage here involved. It is also clear that urgent need for this storage may well arise on extremely short notice. Under these circumstances public convenience and necessity requires that suitable space be made available. For these reasons the applications will be granted on a temporary basis, the duration of which will be fixed as December 31, 1941. The order will provide that the certificates will be subject to earlier cancellation, change or extension. Should cancellation, modification or extension of the temporary certificates herein authorized become necessary, in the opinion of any interested party, the Commission should promptly be requested to take appropriate action. Similarly, should protestants or other warehousemen desire authority to operate additional space for the type of storage involved they may seek such authority and, if they deem it necessary or advisable, reconsideration of these applications in the light of such changed conditions as may then surround this storage.

O R D E R

Haslett Warehouse Company, a corporation, San Francisco Warehouse Company, a corporation, C. L. Tilden, C. L. Tilden, Jr. and Irving S. Culver, a copartnership doing business as Gibraltar Warehouses, and Farnsworth and Ruggles, a corporation, having made applications as above entitled, public hearing having been held, evidence received, the matters submitted, and the Commission being now fully advised:

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY

DECLARES that public convenience and necessity requires the temporary establishment and operation of additional warehouse space in the City and County of San Francisco, said additional space to be composed of 400,000 square feet by Haslett Warehouse Company, a corporation, 400,000 square feet by C. L. Tilden, C. L. Tilden, Jr. and Irving S. Culver, copartners doing business as Gibraltar Warehouses and 400,000 square feet by Farnsworth and Ruggles, a corporation, and to be used exclusively for the storage of cotton held as security for loans made by Commodity Credit Corporation, and raw materials, including wool, crude rubber, tin, hemp and manganese, for the United States Government; and 200,000 square feet by San Francisco Warehouse Company, a corporation, to be used exclusively for the storage of raw materials, including wool, crude rubber, tin, hemp, and manganese, for the United States Government; and

IT IS HEREBY ORDERED that certificates of public convenience therefor be and they are hereby granted to said Haslett Warehouse Company, to the copartnership of C. L. Tilden, C. L. Tilden, Jr. and Irving S. Culver, to said Farnsworth and Ruggles, and to said San Francisco Warehouse Company, subject to the following conditions:

1. Each authority herein granted shall lapse and be void if the applicant or applicants therefor shall fail to file a written acceptance of the certificate herein granted within twenty (20) days from the date hereof.

2. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been obtained.

3. The rights and privileges herein authorized shall expire on December 31, 1941, unless sooner canceled, changed or extended

