

Decision No. 34361

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of CENTRAL WAREHOUSE AND STORAGE )  
COMPANY, a California corpora- )  
tion, for a Certificate declar- )  
ing that public convenience and )  
necessity require an increase of )  
its warehouse space. )

Application No. 24147

BY THE COMMISSION:

APPEARANCES

Paul Overton, for applicant,  
LeRoy M. Edwards, and C. G. Munson, for Los  
Angeles Warehousemen's Association,  
interested party,  
Edward C. Renwick, for Overland Terminal  
Warehouse Company, interested party.

O P I N I O N

By this application Central Warehouse and Storage Company, a corporation engaged in the business of operating a public warehouse in the city of Los Angeles, seeks a certificate from this Commission declaring that public convenience and necessity require, and will require, an increase of its warehouse floor space by approximately 250,000 square feet.

Public hearing was had before Examiner Bryant at Los Angeles on May 27, 1941, and the matter is now ready for decision.

The president of applicant corporation testified that the storage capacity of its building situated at 1300 Factory Place, Los Angeles, had been filled to capacity, and that in addition the corporation had leased approximately 30,000 square feet of warehouse space at 385 East Second Street, Los Angeles, for the purpose of

storing crude rubber.<sup>1</sup> He stated that, beyond this, other concerns had requested additional storage which, if it could all be accommodated, would require 500,000 to 750,000 feet additional.

The witness explained that the unusual demand for storage was occasioned by the present National Defense Program, in furtherance of which agencies of the Federal Government were accumulating stocks of rubber, wool and other critical materials. He said that the emergency storage demand would probably be temporary rather than permanent, but it was his understanding that much of the stock now going into storage would remain for a period of from three to five years.

The witness stated that, in response to the demand of Federal agencies for warehouse space, he had made tentative arrangements, subject to granting of this application, to lease the remainder of the building on East Second Street, consisting of some 51,000 square feet, and to lease approximately 197,000 square feet in suitable buildings elsewhere in Los Angeles. He said that in his opinion this space would be "only a drop in the bucket" compared to the additional storage which would be required in the metropolitan Los Angeles area as a result of the accumulation of stocks under the defense program, but indicated that he thought this was a fair share of the expansion to which his company was entitled, and that other warehouse companies should be expected to expand their operations sufficiently to meet the balance of the demand.<sup>2</sup>

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<sup>1</sup> Counsel for applicant stated that the expansion of 30,000 square feet was made under authority of Section 50 $\frac{1}{2}$  of the Public Utilities Act, which provides, in part, that no warehouseman shall "increase his storage or warehouse floor space by more than fifty thousand square feet in any incorporated city, or city and county with a population of one hundred fifty thousand or more, without first having obtained from the railroad commission a certificate \* \* \*."

<sup>2</sup> By another application (No. 24178) heard concurrently with the instant one, National Reserve Warehouse Company seeks authority to establish and operate 1,500,000 square feet of public warehouse space in the cities of Los Angeles and Long Beach.

He stated that as the duration of the emergency was necessarily uncertain it was the desire of his company that no definite time limit be placed on the authority herein sought. He said also that the kinds of commodities for which storage might be required from time to time under the defense program were likewise unpredictable, and for this reason he preferred that no limitation be placed on the commodities which might be accepted. He explained, however, that he was interested primarily in the storage of crude rubber.

The western traffic manager of B. F. Goodrich Co., called as a witness by applicant, testified that great quantities of rubber are being purchased under emergency conditions through the Rubber Reserve Corporation, an agency of the Federal Government, and that five major rubber companies, including his own, had been appointed buying agents to make the purchases through their offices in the Far East.<sup>3</sup> He explained that, under charter arrangements, the Government had supervision over schedules of vessels bringing this rubber to United States ports, and was specific in requiring that the cargoes be discharged promptly upon arrival. For this reason, he said, it was essential that proper storage space be immediately available.

This witness testified that he had made a survey of available public warehouse space, and was of the opinion that all suitable space in metropolitan Los Angeles would soon be filled with rubber and an overflow of this commodity would have to be stored at less desirable interior points. He explained that it was required that the rubber be stored in space operated by commercial warehouses, and that the buildings should be of steel and concrete construction, have low insurance rates, have adequate fire protection, and have windows

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The companies are Goodyear Tire & Rubber Co. Inc., Firestone Tire & Rubber Co., U. S. Rubber Products Company, B. F. Goodrich Co., and General Tire & Rubber Co.

painted as a protection against light. He said that aisle space was not necessary with this emergency storage, but that proper dunnage should be used and the rubber should be properly piled. It was his understanding that the rubber would be in storage for a period of two years or more, although some of it would be placed into production sooner if it should develop mold or otherwise show indications of deterioration.

Representatives of Los Angeles Warehousemen's Association and of Overland Terminal Warehouse Company entered appearances and participated in the examination of applicant's witnesses. The secretary-treasurer of the Association testified that he had made a survey to determine the amount of unoccupied space in public warehouses in the Los Angeles metropolitan area, and had found that as of May 20, 1941, there was an excess storage capacity of approximately 418,500 square feet. He stated that in his opinion this space would be available and suitable for the warehousing of crude rubber or any other commodity which might be offered; that for a period of many years there had been a plethora of public warehouse space in the Los Angeles area; and that he knew of no need for additional warehouse space in the area at the present time.

The witness declared that in his opinion any certificate granted to accommodate emergency conditions should be restricted so that it would not become operative until available public warehouses have been filled to capacity; should be limited to a period of not to exceed one year, subject to extension by the Commission if necessary; and should be limited to raw commodities to insure that the space would not be used for storage of manufactured commodities not being accumulated under the general defense program. He thought that these precautions should be taken in order to avoid the possibility

of permanently aggravating the condition of excess capacity under which, he asserted, many of the public warehouses have been operating at little or no profit, or at an actual loss.<sup>4</sup> He took the position further that no existing warehouse should be permitted to expand beyond the ratio which its currently authorized storage capacity bears to the total amount of space occupied by all public warehouses in the city.

This record is convincing that the interests of national defense make it imperative that additional public warehouse space be made available in the city of Los Angeles for the storage of essential raw commodities during the period of the present emergency.<sup>5</sup> The amount of space which may be required, the exact nature of the commodities which may have to be stored, and the duration of the storage period are all necessarily problematical. At the same time, the evidence shows that warehouse capacity in the Los Angeles area considerably exceeds normal commercial requirements, and it must be recognized, therefore, that a certificate as herein sought, unlimited in point of time and virtually unlimited as to commodities, could conceivably assume a general character and a degree of permanence which would not be justified. However, if restricted to a fixed expiration date which may be extended to the extent necessary, and if limited to the storage of crude rubber,<sup>6</sup> the record

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A review of the 1940 annual reports of 43 public warehouses serving the Los Angeles metropolitan area indicates that 29 realized a net income and 14 suffered a net loss during the year. Cold storage warehouses were not included in this analysis.

<sup>5</sup> On May 27, 1941, the President of the United States proclaimed that there exists an unlimited national emergency.

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It will be observed that no showing was made with respect to commodities other than crude rubber.

is persuasive that public convenience and necessity require, and will require, that Central Warehouse and Storage Company place into operation approximately, and not to exceed, 250,000 square feet of public warehouse storage space. A certificate will be given accordingly. The duration of the authority granted will be limited to the period ending June 30, 1942, subject to earlier cancellation, change, or extension by formal order of the Commission. Should cancellation, modification, or extension of the temporary certificate herein authorized become necessary in the opinion of any interested party, the Commission should promptly be requested to take appropriate action.

The proposals of Los Angeles Warehousemen's Association that the certificate be considered dormant until all other public warehouses in the Los Angeles metropolitan area are filled to capacity, and that the authorized space be limited according to a ratio between applicant's present capacity and the total capacity of all public warehouses in the area, appear to be impracticable and not compatible with the emergency nature of the anticipated storage requirements. These proposed restrictions will therefore not be adopted.

#### O R D E R

Central Warehouse and Storage Company, a corporation, having made application as above entitled, public hearing having been had, evidence received, the matter submitted, and the Commission now being fully advised,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby declares that public convenience and necessity require the temporary establishment and operation of approximately, and not to exceed,

250,000 square feet of warehouse space in the city of Los Angeles by Central Warehouse and Storage Company, in addition to space now lawfully operated, subject to the restrictions and conditions hereinafter provided, and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity therefor be and it is hereby granted to Central Warehouse and Storage Company, subject to the following conditions:

1. The additional storage space shall be used exclusively for the storage of crude rubber for the United States Government, or for agencies of or appointed by said Government.

2. Promptly upon placing all or any part of the additional space into service, applicant shall notify the Commission in writing of the street location and floor area in square feet of such space.

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

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

5. The rights and privileges herein authorized shall expire on June 30, 1942, unless sooner cancelled, changed or extended by appropriate order of the Commission.

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

A.L.  
A. 24147

Dated at San Francisco, California, this 1<sup>st</sup> day of July,  
1941.

M. L. Lark  
W. A. Miller  
Justice J. Casper  
Francis T. Havenner  
Richard Jackson

Commissioners