

Decision No. 34362

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of NATIONAL RESERVE WAREHOUSE CO.,)	
a corporation, for a certificate)	Application No. 24178
of public convenience and necessity)	
authorizing it to engage in the)	
business of a warehouseman.)	

BY THE COMMISSION:

APPEARANCES

LeRoy M. Edwards, for applicant,
 C. G. Munson, for Los Angeles
 Warehousemen's Association,
 interested party,
 Paul Overton, for Central Warehouse
 and Storage Company, interested
 party.

O P I N I O N

By this application National Reserve Warehouse Co., a corporation, seeks a certificate from this Commission declaring that public convenience and necessity require that applicant establish and operate not to exceed 1,500,000 square feet of public utility warehouse space in the incorporated cities of Los Angeles and Long Beach.

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

Officers and directors of applicant corporation testified in explanation of the proposed operation. From their testimony it appears that National Reserve Warehouse Co. was recently organized for the purpose of engaging in the business of warehousing in the County of Los Angeles to meet a potential demand for the temporary storage of materials and supplies as part of the National Defense Program. The subscribers to the capital stock of applicant are all persons, firms, or corporations now owning and operating public

warehouse space in metropolitan Los Angeles.¹ The company was organized in order that any unusual demands for warehouse facilities resulting from the national emergency might be adequately satisfied upon short notice. The witnesses believed that there was ample warehouse space in the Los Angeles area to take care of present and perhaps future requirements, but seek the requested authority in order that exigencies of defense may be met without delay. They explained that the space for which authority is sought would not be placed into service unless and until suitable capacity available in existing public warehouses had been occupied, and that applicant corporation would function only during the period of the existing emergency.

These witnesses asserted that as the result of over-expansion some fifteen years ago, the Los Angeles area had for many years been "over-warehoused" and that for the past ten years or more² the earnings of the warehousemen as a group had been meagre. They declared, however, that as the result of conversations with representatives of the Federal government and the Rubber Institute, of major rubber companies, and others, they had learned that in furtherance of the National Defense Program large quantities of crude rubber, wool and other raw commodities were being purchased for storage in this country, and they recognized the possibility that necessity for additional storage might arise under emergency conditions and without

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All subscribers are members of the Los Angeles Warehousemen's Association, although all members of the Association are not subscribers.

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One of the witnesses testified that a survey of 20 warehouses, representing about 95 per cent of the warehouse space in the Los Angeles area (exclusive of the harbor district) disclosed that as of May 20, 1941 they had in operation 2,424,397 square feet of warehouse space, of which 2,065,897 were occupied and 418,500 were vacant and available. 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.

advance notice. They declared in this connection that they had been importuned to see that adequate public storage facilities were provided and made available. They explained that as a result of these conversations the conclusion had been reached that 1,500,000 square feet of floor space as herein applied for would be the maximum which would be required.

The witnesses asserted that applicant proposed to meet the need for additional space, if and when it arose, by leasing suitable vacant buildings; securing necessary employees, tools, and equipment from subscribing warehouses; and meeting initial expenses from a fund of \$25,000 which directors of the corporation had agreed to advance. The witnesses declared that a list of suitable buildings had been compiled and other plans made, and it would be entirely possible to start operations upon notice of only a few hours. They expressed the opinion that the proposed method of operation would benefit the public and the Federal agencies desiring storage, as it would insure that the warehousing would be handled efficiently and under experienced management and personnel, and as the applicant corporation (being owned by persons and corporations operating other warehouse space) would be readily dissolved when the present emergency, with its anticipated abnormal storage demand, had passed. The witnesses recommended that the certificate applied for be limited to one year, subject to renewal if necessary, and to the storage of raw materials, including wool, crude rubber, tin, hemp, and manganese for the United States government. They suggested also that the certificate be restricted so that it would not become applicable until available public warehouse space in the Los Angeles and Long Beach area had been filled.

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They pointed out that a certificate so limited was recently issued by the Commission in its Decision No. 33777, of January 3, 1941, in Application No. 23823 et al, of Haslett Warehouse Company and others.

Two other witnesses testified. One of these, the manager of the Department of Foreign Commerce and Shipping of the Los Angeles Chamber of Commerce, testified that due to conditions resulting from the present world war all indications pointed to a great increase in the flow of raw materials through Pacific Coast ports, particularly Los Angeles. He stated that in his opinion no one had any precise information as to the quantities in which these commodities would be received or stored, but he believed that unquestionably a certain amount of emergency warehouse space was going to be required. The other witness, the western traffic manager of B. F. Goodrich Co., 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. 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

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The testimony of this witness was adduced in Application No. 24147 of Central Warehouse and Storage Company, but was made a part of this record by stipulation of the parties.

rates, have adequate fire protection, and have windows 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.

This record, while perhaps not convincing that there is an immediate necessity for additional public warehouse space in Los Angeles and Long Beach, is persuasive that in the interests of national defense it is imperative that additional public warehouse space be made readily available in order that essential raw commodities may be stored during the period of the present emergency.⁵ 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. Under the circumstances here presented we are satisfied that public convenience and necessity require that National Reserve Warehouse Co. be authorized to place into operation in the cities of Los Angeles and Long Beach public warehouse storage space in an amount not to exceed 1,500,000 square feet of floor area, this space to be limited to the storage of raw materials, including crude rubber, cotton, wool, tin, hemp and manganese, for the United States government, or for agencies of, or appointed by, said government. 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,

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On May 27, 1941, the date on which this application was heard, the President of the United States proclaimed that there exists an unlimited national emergency.

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 proposal of applicant's witnesses that the certificate be made subject to the restriction that it not be used until all other public warehouses in the Los Angeles metropolitan area had been filled to capacity does not appear to be compatible with the emergency nature of the anticipated storage requirements. Moreover, if other public warehouses are first filled with the commodities covered by this application and storage in the additional space is limited to raw materials for the United States government we must expect a time when there will be no available space for general commodities although none of the space here authorized will be in use. For these reasons the restriction will not be imposed.

O R D E R

National Reserve Warehouse Co., 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 will require the temporary establishment and operation of not to exceed 1,500,000 square feet of warehouse space in the cities of Los Angeles and Long Beach, 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 National Reserve Warehouse Co., subject to the following conditions:

1. The storage space shall be used exclusively for the storage of raw commodities, including crude rubber, cotton, wool, tin,

hemp and manganese for the United States government, or for agencies of, or appointed by, said government.

2. Promptly upon placing all or any part of the 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.

Dated at San Francisco, California this 15 day of July, 1941.

W. H. B. M.
James J. Quinn
Justus J. Quinn
Francis R. Havens
Richard H. H. H.
Commissioners