

Decision No. 34799

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
the California Warehouse Tariff Bureau)
L.A. Bailey, Agent, for and in behalf)
of the Public Warehousemen operating)
in San Francisco, Oakland, Alameda and)
Emeryville, California, for an Order)
authorizing an increase in warehouse)
handling rates and charges by approxi-)
mately Fifteen Per Cent.)

ORIGINAL

Application No. 24453

SACESE, Commissioner

Appearances

L.A. Bailey and Reginald L. Vaughan for applicant
Eugene Read for Oakland Chamber of Commerce
John D. St. Clair for Pacific Coast Coffee Association

O P I N I O N

California Warehouse Tariff Bureau is a tariff publishing agency maintained by L.A. Bailey, Agent. It seeks an order authorizing its members operating public utility warehouses in San Francisco, Oakland, Alameda and Emeryville to increase rates and charges for the handling of merchandise and to make the increases effective on ten days' notice.

¹ The warehousemen on whose behalf the application is filed are:

- A.B.C. Transfer & Storage Co. San Francisco
- Bekins Van Lines, Inc. San Francisco
- Belshaw Warehouse Company. San Francisco
- Central Warehouse & Drayage Co. San Francisco
- Clark, J.A. Draying Co., Ltd. San Francisco
- De Pue Warehouse Co. of San Francisco. San Francisco
- Distributors Warehouse. San Francisco
- Dodd Warehouses, The San Francisco
- Gibraltar Warehouses. San Francisco
- Encinal Terminals Alameda
- Farnsworth & Ruggles. San Francisco
- Haslett Warehouse Company. San Francisco-Oakland
- Howard Terminal. Oakland
- Kellogg Express & Draying Co. Emeryville
- Lawrence Warehouse Company. San Francisco
- Merchants Express Corporation Oakland
- Nolan, Frank, Drayage Co. San Francisco
- North Point Dock Warehouses. San Francisco
- San Francisco Warehouse Co. San Francisco
- Sea Wall Warehouses San Francisco
- South End Warehouse Company. San Francisco
- Thompson Bros., Inc. San Francisco
- Turner-Whittell Warehouses, Inc. San Francisco
- Walkup Drayage & Warehouse Co. San Francisco

The matter was submitted at a public hearing had at San Francisco, November 3, 1941.

The rates and charges now in effect are published in California Warehouse Tariff Bureau Warehouse Tariffs Nos. 1-E and 3-E, C.R.C. Nos. 83 and 98, respectively. With minor exceptions they have remained unchanged since June 1, 1938. Those sought are contained in exhibits to the application and are approximately fifteen per cent higher than those now in effect.² They involve handling only; no increase is sought in the rates for storage.

The testimony shows that in order to terminate a strike that closed down the greater part of the warehouses involved on June 2, 1941, and for several days thereafter, applicant warehousemen increased the minimum wage level from 75 cents to 85 cents per man hour for warehouse workers engaged in handling commodities into, from and about warehouses. The wage increase became effective June 2, 1941, and has been in effect since. Based on the wages paid in 1940, the annual wage increase is estimated at \$65,317.

Following this wage increase, applicant warehousemen increased, correspondingly, the compensation of office clerks, foremen, and other salaried employees. The annual added compensation to them is estimated at \$19,937.

The testimony further shows that under an award in an arbitration proceeding, the union employees of applicant warehousemen were granted vacations with pay effective on and after January 1, 1940, of two weeks each year to those employees having two or more years' service and one week's vacation with pay to employees having less than two but not less than one year's service. The

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There are certain exceptions to this general proposal. For example a 20 per cent increase is proposed in the hourly labor rate for special services. Moreover, in order to avoid impracticable fractions and to preserve rate relationships already existing certain increases proposed are slightly greater than fifteen per cent.

added expense to applicant warehousemen because of this award is estimated by them at \$28,993. Because of the increased wages and salaries, together with vacations with pay, applicant warehousemen are required to pay added compensation insurance, unemployment insurance and old age annuities of approximately \$7,997. The four items mentioned aggregate \$122,244 per annum.

Applicant warehousemen state that this added operating expense is not covered by their tariffs now on file with the Commission and that their revenues under such tariffs cannot absorb all of this added necessary expense. The increase in handling charges sought is estimated to produce, on the basis of the 1940 handling revenues, additional annual gross revenue amounting to \$52,452.

Applicant warehousemen in 1940 reported operating revenues of \$1,339,664.46, segregated as follows:

Storage revenues	\$872,053.34
Handling revenues	349,681.00
Miscellaneous revenues	117,930.12

For 1940, the record shows that applicant warehousemen sustained an operating loss of \$59,727.07. In arriving at this loss, they deduct from operating revenues not only operating expenses and taxes but also rent and interest on indebtedness. Interest is not an operating expense. Reasonable rental payments for property used in utility service are proper charges against such service. Many of applicant's warehousemen conduct their business in rented premises. Subsequent to the hearing they submitted a statement showing the location of each warehouse rented, an estimate of the market value of the land, an estimate of original cost of the buildings less depreciation in cases where the owner of the building made such data available to the tenant, the rent paid, and the square feet of warehouse space leased. A review of this statement and applicant warehousemen's operating revenues and expenses indicates that a more detailed investigation of this item is not warranted at this

time. The Commission reserves the right to consider rents and the investment in rented premises further in any subsequent proceeding.

The customers of the interested warehousemen were notified of their intention to seek increased rates. Except in three instances, no objection appears to have been made to an increase.³ During the hearing representatives of the Oakland Chamber of Commerce and the Pacific Coast Coffee Association cross-examined applicant's witnesses but offered no evidence and did not register an objection to the granting of the application.

While it cannot be determined from the application whether or not each of the rates affected, as increased, will itself be reasonable, it is apparent that applicant is entitled to additional revenue. The proposed advances, considered collectively, are substantially less than the operating increases incurred.

Before accepting this order applicant will be required to agree that it will never urge before this Commission, in any reparation proceeding under Section 71 of the Public Utilities Act or in any other proceeding, that the opinion and order herein has found that any individual rate authorized is reasonable.

I recommend the following form of order:

O R D E R

IT IS HEREBY ORDERED that California Warehouse Tariff Bureau be and it is hereby authorized to establish, on not less than ten (10) days' notice to the Commission and to the public, increased handling rates and charges as set forth in Part VII of the

³ Some 2000 notices were said to have been distributed. In their notification the warehousemen represented that they would seek a general increase of approximately 10 per cent in their present storage and handling rates. Based on the warehousemen's 1940 revenue figures shown in the application the 15 per cent handling rate adjustment actually applied for would return revenues less than one-half of those which would result under the original rate proposal contained in the notification to their patrons.

application and Exhibits "C", "D" and "E" attached thereto and made a part thereof, subject to the conditions set forth in the preceding opinion.

The authority herein granted is void unless exercised within ninety (90) days from the date hereof.

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

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 27th day of December, 1941.

W. G. Baker
Ray L. Rice
Justin F. Cooney
Frank D. Havens
Richard K. Ketchum
 Commissioners.