

Decision No. 35660

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Central Warehouse and Storage Company, a California corporation for a certificate declaring that public convenience and necessity require an increase of its warehouse floor space.

Application No. 24147

In the Matter of the Application of National Reserve Warehouse Co., a corporation, for a certificate of public convenience and necessity authorizing it to engage in the business of a warehouseman.

Application No. 24178

BY THE COMMISSION:

Appearances

- Paul Overton, for Central Warehouse and Storage Company,
- Arlo D. Poe, for National Reserve Warehouse Co.,
- Charles C. Munson, for Los Angeles Warehousemen's Association, interested party,
- Charles A. Bland, for Board of Harbor Commissioners of Long Beach, interested party.
- C. A. Smith, for Davies Warehouse Co., interested party.

ORIGINAL

SUPPLEMENTAL OPINION

By prior orders in these proceedings the Commission granted a temporary certificate of public convenience and necessity to Central Warehouse and Storage Company for the storage of crude rubber, and to National Reserve Warehouse Co. for the storage of various raw commodities, both limited to service performed for the United States Government or its agencies. ¹ Applicants now ask that the life of the

Applicants will be referred to hereinafter as "Central" and "National" respectively. The Central certificate was created by Decision No. 34361, as amended, and will expire on June 30, 1943, unless sooner cancelled, changed or extended. The National certificate, created by Decision No. 34362, expired on June 30, 1942.

certification be extended, and that they be broadened to permit the storage of any and all property of the United States Government or any agency thereof.

Public hearing on the supplemental applications was had before Examiner Bryant at Los Angeles on July 10, 1942, at which time the proceedings were submitted for decision on a consolidated record.

Central has conducted general warehouse operations in Los Angeles for a number of years, but the temporary certificate here involved was granted on July 1, 1941 in order to permit an expansion of 250,000 square feet of floor space for the storing of crude rubber as an emergency measure related to the national defense program. National Reserve Warehouse Co. was incorporated in March, 1941 by various members of the Los Angeles Warehousemen's Association for the express purpose of supplying any unusual demands for warehouse facilities which might arise in the Los Angeles area by reason of the national emergency. Its temporary certificate, also dated July 1, 1941, authorized the operation of 1,500,000 square feet of floor space in the cities of Los Angeles and Long Beach for the storage of raw commodities, including crude rubber, cotton, wool, tin, hemp, and manganese.

The pending supplemental application of Central sets forth that that company has stored large quantities of crude rubber under its temporary certificate, and that a substantial amount of the rubber is now being withdrawn. The National application states that that company has not been called upon to store any raw commodities, and has not conducted any warehouse operations whatsoever. Both applicants state on information and belief that there will be an urgent demand in the near future from agencies of the United States Government for the storage of tires, medical supplies, canned goods, and other raw or manufactured commodities in quantities greater than can be accommodated in available space in existing public warehouses in the Los Angeles area.

Evidence in support of the supplemental applications consisted of the testimony of officers of the applicant corporations. No public or government witnesses were called.

From the record thus developed it appears that warehousemen in various metropolitan areas throughout the United States, including the Los Angeles area, have been urged by the Federal Office of Defense Transportation to form unincorporated "Federal Emergency Warehouse Associations." The principal purposes of this plan appear to be to make available in each selected metropolitan area a single public warehousing organization with which Governmental agencies may deal, and to assure the availability of adequate space when storage facilities are required. Under the uniform plan proposed by the Office of Defense Transportation, all public merchandise warehouse operators in the area would be invited to join in the association, and each would thereafter participate in the storage of Government merchandise in proportion to the total occupiable space operated. If the available storage space became or threatened to become inadequate, the Government would have the option of leasing other facilities which the association would then operate and manage as public warehouses under contract with the Government. Storage and handling charges would be assessed and collected by the association at uniform rates to be specified in a contract between the Government and the association, and members would be reimbursed by the association in accordance with contractual arrangements.

Recent letters from the Office of Defense Transportation to a representative of the Los Angeles warehousemen, read into this record, urged that the suggested association be formed without delay. These communications state that "The army no doubt will be looking for space in your group of warehouses at any time now;" "We wish to warn you that the army wants to

start on this at once and delay on your part will mean a black eye to the warehouse industry in your city and the possible arbitrary requisitioning of buildings or new construction which can be prevented as long as warehouse buildings are available;" and "We also wish you to make contracts with the Government which will cover business with other Government departments outside the War Department. The immediate necessity, however, is to get your association in readiness to contract with the War Department. As soon as this is done, we would like to have you make the further general contract with the Government so that we may be in a position to add space through the Government leasing plan which is the main purpose."

The president of Central testified that his company would be agreeable to participating in such an association, but nevertheless desired that its own temporary certificate be broadened to permit the storage of any and all commodities. He stated that representatives of the Federal Government had solicited his company with reference to possible storage of commodities other than crude rubber, including manufactured articles. He requested also that the life of the certificate be extended for the duration of the war and such additional time thereafter as might be necessary to permit goods then in storage to be removed.

Officers of National testified that they had received inquiries from representatives of Federal agencies concerning possible storage of various manufactured commodities, and had been informed that there would be in the near future, and on short notice, a need for additional facilities. These witnesses said that the contemplated Federal Emergency Warehouse Association of Los Angeles, if and when formed, would supplant the necessity for warehouse operations by National Reserve Warehouse Co., but asserted that in the meantime it was essential that the National certificate be restored and broadened to cover all commodities.

No one opposed either of the supplemental applications, and the Board of Harbor Commissioners of Long Beach urged that the enlarged certificates be granted as requested without delay.

These are not the normal type of certificate proceedings under which the Commission is presented with factual evidence upon the basis of which it may readily determine whether or not public convenience and necessity require the proposed facilities. We have here a situation in which neither the applicants nor any of the witnesses can state with certainty what commodities may be offered for storage, or what storage space may be required. For obvious reasons, representatives of the War Department or other divisions of the Federal Government are not available to testify to these matters.

In spite of these limitations, the record was developed sufficiently to indicate, without contradiction, that the Federal Government or agencies thereof will soon require considerable storage space in the Los Angeles area. The Government apparently desires that a particular type of association be formed to provide and operate the storage space, but it appears essential that adequate facilities be made available and held in readiness for the storage of strategic commodities pending formation of the desired association. The National Reserve Warehouse Co., being a corporation created and controlled by a large number of Los Angeles warehousemen, is similar in its organization and purpose to the form of association recommended by the Office of Defense Transportation. Under these circumstances it appears that National will be a suitable and appropriate agency through which the necessary storage facilities may be provided and operated during the interim period. When the contemplated Federal Emergency Warehouse Association of Los Angeles is formed and commences to function, the National certificate may be terminated; and indeed, National suggests that this step be taken.

Broadening of the temporary certificate held by Central, a private corporation in which other warehouses are not represented, would not appear to form a part of the broad plan of the Federal Government. In view of the fact that the National certificate will provide a temporary reserve of 1,500,000 square feet of floor space in the cities of Los Angeles and Long Beach, we are not convinced that the additional 250,000 square feet operated by Central for the storage of crude rubber under a temporary certificate should be broadened at this time to permit the storage of other commodities. The Central supplemental application will be denied.

Upon careful consideration of all of the facts and circumstances of record we are of the opinion and find that the certificate heretofore granted to National Reserve Warehouse Co. should be renewed, and should be broadened to permit the storage of any and all commodities offered by the United States Government or any agency thereof.

O R D E R

Central Warehouse and Storage Company and National Reserve Warehouse Co., having made applications as above entitled, public hearings have been had, evidence received, the matters 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 by National Reserve Warehouse Co. of not to exceed 1,500,000 square feet of warehouse floor 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 commodities 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. Prior to or promptly upon placing all or any part of the space into service, applicant shall file a tariff, published in accordance with the rules of this Commission, showing the proposed extension of service.

4. 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.

5. 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.

6. The rights and privileges herein authorized shall expire on June 30, 1943, unless sooner canceled, changed or extended by appropriate order of the Commission.

IT IS HEREBY FURTHER ORDERED that the Second Supplemental Application filed by Central Warehouse and Storage Company on July 3, 1942, in Application No. 24147, be and it is hereby denied.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 4th day of August, 1942.

Justin J. Casper
Ray L. Rice
W. D. Hill
Frank L. Hayward
Richard H. Hays

Commissioners