

Decision No. 37917

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 DELTA WAREHOUSE COMPANY, a corporation;)
 HASLETT WAREHOUSE COMPANY, a corpora-) Application No. 26432
 tion, and HASLETT-STOCKTON WAREHOUSE,)
 a partnership, for an increase in)
 warehouse rates.)

BY THE COMMISSION:

ORIGINALOPINION ON FURTHER HEARING

Decision No. 37716 of March 13, 1945, in this proceeding, authorized Delta Warehouse Company to establish increased accessorial service charges for handling beans and grain.¹ It also denied Haslett Warehouse Company and Haslett-Stockton Warehouse permission to raise their charges for these services to the same levels. The decision pointed out that specific data were not submitted relative to the current expenses and operating experience of Haslett and Haslett-Stockton and that, although it was claimed that had these costs been developed they would have approximated Delta's, the record did not show this to be the case.

At applicants' request, a further hearing was scheduled for the receipt of additional evidence. It was had at San Francisco on April 10, 1945, before Examiner Mulgrew.

¹ The most important of these increases were those for the services of handling into and out of the warehouse, for which authority was granted to establish rates of \$1.20 per ton on beans and \$1 on grain in the place of rates of \$1 and 60 cents, respectively.

The executive vice-president and operating head of Delta Warehouse testified that, in order to avoid further losses, his company must exercise the authority granted it regardless of whether or not the Haslett Warehouses are granted like authority. In the event Haslett rates are not permitted to be similarly increased, he claimed that his company's customers would fail to understand why it maintained higher rates and that this situation would create ill-will. He also said that, while the Haslett Warehouses were not now active competitors for bean and grain storage, Delta could be very materially hurt by diversion of storage resulting from the availability of lower rates upon resumption of active competition in the postwar period.

Haslett Warehouse Company's general manager explained that it formerly operated a bean and grain warehouse in the Stockton Port District, that this warehouse had been requisitioned by the United States Government, and that the company was not currently engaged in bean and grain storage. At its other Stockton warehouses, situated outside the Port District and used for general storage, Haslett's rates on beans and grain are higher than those here proposed. Haslett-Stockton still stores a small quantity of grain but its facilities are now devoted almost entirely to the handling of government property and space is not available to handle any appreciable amount of bean and grain storage.

Delta and Haslett agree that, for the storage in question, Delta is the low-cost operator because it enjoys a more favorable location and because the construction and arrangement of its warehouse structures make them better suited for the economical and efficient handling of beans and grain. This was corroborated by applicants' consulting engineer.

Applicants' executives, as well as their rate and tariff expert, strongly urged that rate uniformity for competing warehousemen within the same area is necessary if the various operators are to share the available business. They pointed out that this has been recognized by the Commission in other warehouse rate proceedings (Decision No. 35333 of May 5, 1942 in Application No. 23608 and Case No. 4544, involving Sacramento Valley warehouse rates and subsequent decisions dealing with other grain producing areas). However, Delta is operating at virtually its maximum capacity. Haslett's general storage warehouses do not compete for the bean and grain storage business. The other warehouses, because of commitments with respect to government storage and because their facilities have been requisitioned, are not in a position to handle any substantial quantity of bean and grain storage. There is little or no indication that this situation is apt to be changed in the near future. The need for uniformity shown in the proceedings referred to is not now present here.

It is not contended and the record does not demonstrate that the over-all results from the Haslett storage operations are such that either Haslett or Haslett-Stockton requires additional revenues. At best, the showing made casts some doubt upon the propriety of the existing rate relationship between their bean and grain storage charges on the one hand and general property storage charges on the other.

Upon consideration of all the facts of record we are of the opinion and find that the rate increases proposed at the further

hearing in this proceeding have not been justified. In view of this finding no order is necessary.

Dated at Los Angeles, California, this 22nd day of May, 1945.

Edward Anderson
Justin Z. Creyer
Richard Lachar
George W. Cary
Ernest Powell
 Commissioners