

ORIGINAL

Decision No. 43119

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of WEST COAST WHARF AND STORAGE	)	
COMPANY, a corporation, for an	)	Application No. 30369
order authorizing the establish-	)	
ment of a service charge on grain	)	
in bulk.	)	

Appearances

Allan P. Matthew and Gerald H. Trautman,  
for applicant.  
Alfred Lockwood, for Board of State Harbor  
Commissioners.  
John J. Flanagan, for Islais Creek Grain  
Terminal Corporation.

O P I N I O N

West Coast Wharf and Storage Company, a corporation and a wholly owned subsidiary of Ralston Purina Company, conducts a public utility wharfing and warehouse business in Oakland on a portion of facilities owned by the parent company. The facilities used by applicant in its wharfing activities consist of a dock, a conveyor and the land upon which these facilities are located. Applicant's wharfing operations are devoted almost exclusively to the handling of bulk grain for account of the Commodity Credit Corporation. The grain is transported to overseas destinations in vessels chartered by the United States Army.<sup>1</sup> By this application authority is sought under Section 63 of the Public Utilities Act to establish a rate of 18 cents per ton for service charge operations in connection with the

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<sup>1</sup> Since February 1947, at which time the present owners commenced operations, the grain tonnage has been as follows:

*1947	77,309 tons
*1947-1948	84,896 tons
*1948-1949 (May 31)	72,837 tons

\* Fiscal year ending September 30.

movement of bulk grain.<sup>2</sup> At present applicant has no charge for such operations.

Public hearing was held before Examiner Edwin Lake at San Francisco on June 30, 1949.

In support of its request applicant alleges that its wharfing services are being conducted at an out-of-pocket loss. A witness for applicant testified that in lieu of paying rent for the facilities used applicant bears a portion of the expenses incurred on the entire property in connection with insurance, property taxes, depreciation and maintenance and repairs.<sup>3</sup> Such expenses, according to the witness, were allocated to applicant's wharfing operations on percentages reflecting the ratio of the value of land and facilities used in such operations to the total value of land and facilities used by applicant and the parent company.<sup>4</sup> Other expenses, such as salaries, power, light and heat, were allocated to the wharfing services on an estimated time or use basis. The costs so developed were then allocated between wharfage, on the one hand, and dockage and service charges,<sup>5</sup> on the other.

The witness introduced exhibits dealing with the estimated results, based upon operations conducted during 1947-1948 fiscal year, that would obtain under the present and proposed rates. The

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Service charge operations as defined in applicant's tariff include such services as arranging berth for vessel, preparing manifests and lighting the wharf. Charges for such services are assessed against the vessel.

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According to the witness the parent company does not charge applicant any portion of carrying charges relating to return on investment in land and facilities.

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Values shown on the parent company's books were used for the purpose. They are higher than values developed by appraisal made prior to acquisition of the properties by Ralston Purina.

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The allocation of these costs was based almost exclusively upon "A Study of Terminal Operations Including a Formula for Cost Finding." Prepared for the United States Maritime Commission No. 640, Terminal Rate Structure - California Ports.

following tabulation is taken from these exhibits:

<u>Services</u>	<u>Under Present Rates</u>	<u>Under Proposed Rates</u>
Estimated Revenues		
Wharfage	\$21,000	\$21,000
Dockage	2,100	1,050 (1)
Service Charge	0	15,120
Total	\$23,100	\$37,170
Estimated Expenses	\$38,450	\$38,450
Deficit	\$15,350	\$ 1,280
Operating Ratio	166.5	103.4

(1) When service charges are assessed the dockage charge is reduced 50 per cent.

The figures used are based upon an estimated tonnage of 84,000 tons. The witness alleged that the estimate was representative of conditions prevailing during the present governmental economic recovery program. He further alleged that should government export of grain cease the tonnage handled would be substantially less. He pointed out that while estimated revenues will not recover the costs incurred in the performance of wharfinger services competition precludes the establishment of a service charge on bulk grain higher than that sought herein.<sup>6</sup>

As heretofore stated the only vessels which call at applicant's dock are ships chartered by the United States Army. The Department of the Army, among others, was notified of the proposal. The Judge Advocate General informed the Commission prior to the hearing that the Department would not participate in the matter. Witnesses for the Board of State Harbor Commissioners and the Islais Creek Grain Terminal Corporation testified in support of the proposal. No one opposed the rate sought.

The record is convincing that the revenues applicant receives in connection with its wharfinger operations fall far short of the amount necessary to cover the costs of such services. It is also

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The proposed rate for service charge operation is on a parity with that maintained by the Board of Harbor Commissioners applying at Islais Creek Grain Terminal located in San Francisco.

clear that applicant should not be required to conduct service charge operations without compensation. It appears that the revenues under the sought rate would not be excessive and that this rate is reasonable.

Upon careful consideration of all of the facts and circumstances of record, the Commission finds as a fact that the increased rate proposed by applicant is justified. The application will, therefore, be granted.

O R D E R

Based on the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that West Coast Wharf and Storage Company be and it is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, a service charge of 18 cents per ton of 2,000 pounds on grain in bulk.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall be void unless exercised within ninety (90) days after the effective date of the order herein.

This order shall become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 12<sup>th</sup> day of July, 1949.

J. F. [Signature]  
Justice F. [Signature]  
[Signature]  
[Signature]  
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Commissioners