# ORIGINAL

### Decision No. <u>\$1466</u>

### BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of BAY CITIES WAREHOUSE COMPANY, INC.: BECKMAN EXPRESS & WAREHOUSE CO.; BEKINS WAREHOUSING CORP.; BENTLEY MOVING & STORAGE CO.; CAPITOL WAREHOUSES, INC.; CENTRAL WAREHOUSE & DRAYAGE CO., INC.; CHICHESTER TRANSPORTATION COMPANY, INC.; COAST DRAYAGE; CONSOLIDATED DE PUE CORPORATION: Bradford G., Harold F. and Morton G. Baruh, dba EAST BAY STORAGE CO.; EMERY WAREHOUSE; ENCINAL TERMINALS; GIBRALTAR WAREHOUSES; HASLETT COMPANY; LYON VAN & STORAGE CO.; MARCANTELLI WAREHOUSE CO., INC.; John V. Fox, Jr., George F. Fox and Joseph T. Fox, dba JOHN McCARTHY & SON.; OVERMYER OF SAN LEANDRO; PACIFIC COAST SERVICE CO.; PASHA WAREHOUSES, INC.; Distribution Centers, Inc., dba RICHMOND DISTRIBUTION CENTER; RICHMOND TRANSFER AND STORAGE COMPANY; ROMEO DRAYAGE & WARKHOUSING COMPANY; SAN FRANCISCO WAREHOUSE CO.; Malcolm W. Lamb, dba SOUTH END WAREHOUSE COMPANY; STATE TERMINAL CO., LID.; STEWART WAREHOUSES, INC.; THOMPSON BROS., INC., dba THE DODD WAREHOUSES, NORTH POINT DOCK WAREHOUSES AND THOMPSON BROS., INC.; THOMPSON-DE PUE COMPANY, INC.; United California Express & Storage Co., dba U.C. EXPRESS & STORAGE COMPANY; Mario Giovannini, dba UNION CITY WAREHOUSE; USCO SERVICES, INC.; Alltrans Express California, Inc., dba WALKUP'S MERCHANTS EXPRESS; and WALTON DRAYAGE & WAREHOUSE CO.; for an increase in rates.

(Amended Title)

Application No. 52812 (Filed August 17, 1971; amended June 12, 1972)

(For Appearances see Decisions Nos. 79619 and 80770.)

#### Additional Appearances

Walter H. Kessenick, Attorney at Law, and B. I. Shoda, for the Commission staff.

#### FINAL OPINION

Applicants are 34 public utility warehousemen operating in the San Francisco-East Bay Area. Interim Decisions Nos. 79619 dated January 18, 1972 and 80770 dated December 5, 1972 authorized surcharge increases aggregating 14.9 percent in applicants' public utility storage, handling, and accessorial rates and charges in the following tariffs:

#### California Warehouse Tariff Bureau

Warehouse Tariff No. 48, Cal. P.U.C. No. 219 Warehouse Tariff No. 49, Cal. P.U.C. No. 220 Warehouse Tariff No. 61, Cal. P.U.C. No. 237 Warehouse Tariff No. 62, Cal. P.U.C. No. 238 Warehouse Tariff No. 64, Cal. P.U.C. No. 240

Applicants requested that this proceeding be kept open for the receipt of additional evidence concerning cancellation of California Warehouse Tariff Bureau Warehouse Tariff No. 48, which contains the general merchandise rates and charges of applicants, and the publication in place of said tariff of a new cost-oriented tariff as set forth in the amendment to the application filed June 12, 1972.

Public hearing on applicants' request to publish a new tariff to replace Tariff 48 was held before Examiner Mallory at San Francisco on March 5 and 6, 1973, and the matter was submitted-

Evidence was presented by applicants' tariff agent, by a certified public accountant, and by representatives of two warehousemen. No one appeared in opposition to the relief sought. The Commission staff stated that after review of the data presented on behalf of applicants, it had no objection to the granting of the relief sought.

The certified public accountant and the two witnesses appearing for individual warehousemen described the manner in which the accounting, cost, and other studies which underlie the proposed new tariff were developed. The information presented by these witnesses in explanation of the development of the underlying accounting and cost data and application of these data to the development of the proposed tariff rates is voluminous and need not be stated in detail. In essence, the studies developed cost formulae for three cost centers, i.e., the storage, handling, and clerical departments. Total costs were determined by increasing direct costs for indirect (general overhead) expenses. Average costs were developed for each major warehouse function (cost center).

The proposed tariff contains a general scale of rates for the storage and handling of Merchandise N.O.S. (not otherwise specified), which will apply to the preponderance of articles stored by applicants.— The Merchandise N.O.S. rates vary according to the size and weight of the outer package or container. Commodities which have unusual storage characteristics are classified and, based

I/ The proposed commodity classifications and warehouse rates for storage and handling are set forth in Appendix A.

on such classification, are assigned higher storage and handling rates. 2/ Clerical service charges typically are expressed as Small Shipment Withdrawal Charges (for small lots) and line Item Charges (for all lots). Separate costs were developed for each type of service, and the proposed charge for each service was related to the estimated cost. 3/

Applicant's tariff agent testified that the establishment of a new tariff containing revised rate levels which reflect current costs will result in both increases and reductions from present rates. The proposed rates are designed to return to applicant warehousemen the same overall revenue as they are now receiving under Tariff 48. The tariff agent pointed out, as a matter of background, that the present rate relationships provided in Tariff 48 were established many years ago with little regard to the varying costs which now exist due to the differences in lot and package sizes, to whether the merchandise is received palletized or unpalletized, and to variations of quantities withdrawn from lots at a single time: The witness stated that over the recent past distribution patterns have changed which have greatly affected the cost of the services rendered. In addition, overall percentage increases taken in the past 20 years have distorted

<sup>2/</sup> Each classified commodity was considered as to its qualifications under the following descriptions and penalty percentages:

Product Noxious			1.98
Product packaged in glass			1.12
Product bears "Hazard" label			1.12
Product packaged in bags			$\tilde{1}.\tilde{12}$
Product toxic requiring segre	egation		1.12
Froduct Subject to pilferage	-		1.17
Products with historically hi	gher ratings	•	1.20-3.8

In some instances a combination of two or more factors were added together to obtain a final classification value.

All products not specifically listed by name are to be rated under the Merchandise N.O.S. category. Products with no limitations are considered to be Class 1.0.

<sup>3/</sup> Proposed clerical and accessorial service charges are set forth in Exhibit B.

revenue-cost relationships. The tariff agent asserted that the proposed storage, handling, carloading and unloading, and truck receiving rates, as well as commodity classifications, give fair and equal treatment to all storers, regardless of services utilized.

Decision No. 80770 found that it was reasonable to use the composite operating results of a selected group of seven of the applicants as being representative of the operations of the 34 applicants as a group. The composite operating ratio (after taxes) of the seven selected warehousemen under the interim surcharge authorized by Decision No. 80770 was 94.9 percent. That operating ratio was found not to result in excessive earnings for the test group.

Applicants' tariff agent presented Exhibit 9 which is a distribution of direct and indirect costs between the storage, handling, and clerical departments of the seven test warehousemen. Expenses for property taxes, insurance, and utilities were assigned to the storage function, and were not allocated. Labor costs were assigned directly to handling and clerical functions. Supplies and services, repairs and maintenance, rent, and depreciation and amortization were allocated to three major warehouse functions on the basis of use. General overhead expenses were allocated on a cost-follows-cost basis. The cost distribution so developed was 29.83 percent to storage, 49.25 percent to handling, and 20.92 percent to clerical. The proposed rates and charges are designed to produce revenues from each function in approximately the same proportion as the foregoing ratio of expenses of each function to total expenses.

Exhibit 10, presented by the tariff agent, is an analysis of the composite revenues of the seven test warehousemen for a one-month period, to show that the tariff proposed to replace Tariff 48 will return overall revenues no greater than the test warehousemen currently are receiving under authorized rate levels. The revenue comparison is set forth in the following table:

One-Month Revenue Study
7 Test Warehouses

				•
	Recorded	Present (Adjusted by 14.9% Increase)	Proposed Unit Tariff (Revised)	% Change Over Present
Storage	\$105,436	\$121,146	\$137,182	resent
(Large Lot Credit)		· · · · · · · · · · · · · · · · · · ·	(11,245)	
Adjusted Storage	\$105,436	\$121,146	\$125,937	+ 3.95%
Space	11,132	12,791 (	1) 12,023	- 6%
Handling	57,124	65,635	59,210	- 9.8%
Truck Receiving	3,359	3,859	4,838	+ 25.4%
Car Work	16,406	18,850	19,490	+ 3.4%
Hourly	20,041	•	2) 20,949	- 9%
Order Charge	11,854	13,620	# 16,463)	
Line Item	15,264	17,538	15,264)	+ 1.8%
Miscellaneous	12,943	14,872	14,872	Same
Tariff 48	\$253,559	\$291,338	\$289,046	
Tariff 49	180,967	207,931	_207,931	8% Same
Total	\$434,526	\$499,269	\$496,977	5%

- (1) 8% Increase only.
- (2) \$9.00 per man per hour straight time; \$13.50 per man per hour overtime.
- # Order charge \$1.25

Appendices A and B show that the proposed rates and charges will result in both increases and reductions. For example, large storage lots will receive reductions from the otherwise applicable storage rates of 15 or 30 percent, depending upon the size of the lot. These reductions reflect the lesser costs entailed in handling larger lots. The proposed charge for rental of warehouse

floor space is reduced from the 14.9 percent increase granted in Decision No. 80770 to 8 percent. Labor charges are also reduced from the level authorized in Decision No. 80770. These reductions reflect the recent cost analyses made in connection with the instant phase of this proceeding.

Applicants' tariff agent requested that the interim surcharges authorized in tariffs other than Tariff 48 be established as final rates and charges, and that the surcharges be incorporated into the specific rates and charges in those tariffs. The agent also requested that the refund provisions of Ordering Paragraph 3 of Decision No. 80770 be rescinded. The agent stated that although, on an overall basis, the proposed tariff will produce revenues no greater than Tariff 48, many of the rates and charges result in substantial decreases. If the provisions of Ordering Paragraph 3 are not rescinded, applicants would be required to refund the difference in charges collected under the interim rates and the charges applicable under the rates found reasonable in this phase of the proceeding. Assertedly, applicants are not financially able to refund said charges and would refuse any authority granted in this phase unless Ordering Paragraph 3 of Decision No. 80770 is abrogated.

<sup>4/</sup> Ordering Paragraph 3 of Decision No. 80770 reads as follows:

<sup>&</sup>quot;3. Tariff publications authorized as a result of the order herein shall contain the following provisions:

In the event any increases resulting from the application of this interim surcharge exceed the increases subsequently approved or prescribed by the Public Utilities Commission, the ware-housemen will refund the differences between the increases resulting from the application of this interim surcharge and any increases which may be subsequently approved or prescribed by the Commission.

In the event an increase resulting from the application of this interim surcharge is disapproved by the Commission and no increase is authorized, warehousemen will refund the full amount of the increase collected."

#### Findings.

- 1. Applicant warehousemen, together with warehousemen storing general commodities in other areas, have engaged in lengthy studies looking to the development of cost finding methods for the purpose of establishing warehouse charges for storage, handling, and clerical services which are reasonably related to the actual costs of performing such services under current conditions.
- 2. The cost-finding methods presented by applicants' witnesses are the culmination of the studies referred to in the prior finding. The cost-finding methods are reasonable for the purposes of developing the actual average costs of performing the services entailed in the public utility warehousing of general commodities by applicants in the San Francisco Bay Area.
- 3. Rates and charges for storage, handling, clerical services, and accessorial services proposed by applicants and set forth in Appendices A and B are reasonably related to the average actual costs of service referred to in Finding 2.
- 4. The rates proposed herein will be the just, reasonable, and non-discriminatory rates for the future for the services to which they will apply.
- 5. The individual rates proposed herein will result in charges both higher and lower than the specific rates found reasonable and authorized to be established by Decision No. 80770. On an overall basis, however, the proposed rates and charges are designed to produce total revenues approximately the same as the overall revenues from existing rates and charges. As shown in Table 1, a detailed revenue comparison indicates that the proposed rates will result in overall charges only slightly less than existing rates. The composite operating ratio which will result from the slightly lower revenues resulting from the proposed rates will not produce excessive earnings for applicants as a group.

- 6. The refund provisions set forth in Ordering Paragraph 3 of Decision No. 80770 are inappropriate in the circumstances found herein where individual rates are being adjusted to a cost basis resulting in both increases and decreases in charges for specific commodities or services.
- 7. The increases resulting from the establishment of the proposed rates and accessorial charges are justified.
- 8. The specific findings made in compliance with Rule 23.1 of the Commission's Rules of Practice and Procedure as set forth in Finding 8 of Decision No. 80770 are also applicable to this phase of Application No. 52812 and are adopted.

  Conclusions
- 1. The relief sought in this phase of Application No. 52812 should be granted.
- 2. Applicants should be authorized to establish the proposed rates and charges on five days notice, and to incorporate the authorized surcharges into existing rates in connection with tariffs other than Tariff 48.
- 3. Ordering Paragraph 3 of Decision No. 80770 should be rescinded.

#### FINAL ORDER

### IT IS ORDERED that:

- 1. Applicants are authorized to cancel California Warehouse Tariff Bureau Warehouse Tariff No. 48, Cal. P.U.C. 219 of Agent Jack L. Dawson, and concurrently to establish the rates and charges set forth in Appendices A and B hereof.
- 2. Applicants are authorized to incorporate in the specific rates and charges in the following tariffs the surcharge increases authorized by Decision No. 80770 in this proceeding:

### California Warehouse Tariff Bureau

Warehouse Tariff No. 49, Cal. P.U.C. No. 220 Warehouse Tariff No. 61, Cal. P.U.C. No. 237 Warehouse Tariff No. 62, Cal. P.U.C. No. 238 Warehouse Tariff No. 64, Cal. P.U.C. No. 240

In incorporating the surcharge increases into the specific rates and charges; fractions shall be disposed of as follows:

- (a) Where the rate or charge without the surcharge is less than 10 cents, dispose of fractions to the nearest mill, dropping fractions of less than 1/2 mill and increasing fractions of 1/2 mill or greater to the next whole mill.
- (b) Where the rate or charge without the surcharge is 10 cents or greater, dispose of fractions to the nearest cent, dropping fractions of less than 1/2 cent and increasing fractions of 1/2 cent or greater to the next whole cent.
- 3. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the date hereof on not less than five days notice to the Commission and to the public.
- 4. Ordering Paragraph 3 of Decision No. 80770 in this proceeding is rescinded.

day of JUNE , 1973.

Presidents

William gunna-fi

Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

## APPENDIX A Page 1 of 3

### Tariff Section A

## Proposed Commodity Classifications and Warehouse Rates for Storage and Handling

#### San Francisco Bay Area Commodity Classification Factors

## To Be Used In Determining Applicable Rates Under Class Rate Table

Commodities - In Packages	% of Class Rate Table	Commodities - In Packages	% of Class Rate Table
Acid, corrosive, in carboys Aluminum, unit loads	112	Lamps, fluorescent	129
Alcohols Ammunition	113 113	Machines, office Merchandise, N.O.S. Packages in Glass	139
Appliances, electric(under 5 cu) Batteries, dry cell	117	Bears "Hazard" label Packaged in bags	113
Bath tubs Beans, vanilla	117 235	Toxic, requires segregation No limitations	י 212
Beverages, alcoholic	129 122	Mirrors Motorcycles	154
Books and periodicals Bowls, toilet Bouillon cubes	117	Nuts, edible Oakum Objects of art	122
Candy and confectionery	122	011, N.O.S.	117
Canned Seafood	117	Olive Oil Optical goods Perfumes	
Carpets and rugs	225 129	Quicksilver	388 178
Chemicals, corr., flammable Cigars, cigarettes, tobacco	112 117	Radios, TV's, Recorders (under 5 cu) Radios, TV's, Recorders (over 5 cu)	135
Cutlery and silverware Drugs, medicines, toiletries	310 129	(over 5 cu)	117
Ory goods Oyes and pigments	117 120	Shoes	135
Electrical equipment Gas, refrigeration	117	Tape, pressure adhesive Tubes, cathode ray, radio	
Instruments, scientific	195	Vending machines	139

Commodities, loose - Rate under Rule No. 140 for storage, and Rule No. 125 for handling, truck receiving, car-unloading and carloading.

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#### Tariff Section A

## Class Rates In Cents per Package or Unit Load

To determine the rates applicable to a specific commodity, find the applicable commodity classification factor on Page 1 and multiply the package or unit load rates contained in this Table by said factor. Resulting fractions will be disposed of as follows: Where the resulting rate is under 10 cents fractions will be disposed of to the nearest mill, increasing fractions of one-half mill or over to the next whole mill. Where the resulting rate is 10 cents or greater dispose of fractions to the nearest cent, increasing fractions of one-half cent or greater to the next whole cent.

				(9)	
	Storage Rate		Receiving		
	(3)		Rate	for Large	
	(4)	Handling	(6)	0) 15% Credit	30% Credit
•	(5)	In & Out	By B	y For Lots	For Lots
Package Size or Unit Load Size	(1) $(2)$	Rate	Rail Tru	ck Over	<u>Over</u>
Package, up to 1/2 cu. ft	1,9 2,3	4.9	4,2 1,	1,500 pkgs.	3,000 pkgs.
	2.5 3.	6.2	4.6 1.0	6 1,125 pkgs	2,250 pkgs.
	3.8 4.6	8,1	5, 1,	750 pkgs.	1,500 pkgs.
Package, up to 1 cu, ft	5,8 7,	10,	5.8 2,	3 495 pkgs.	990 pkgs.
	7.7 9.2	12.	6.7 2.0		750 pkgs.
Package, up to 2 cu. ft	9,6 12,	15.	7,5 2.		600 pkgs.
Package, up to 2-1/2 cu. ft	12, 14,	ī'n,	8.4 3.		480 pkgs.
Package, up to 3 cu. ft		22.	10, 3.		360 pkgs.
Package, up to 4 cu. ft		25.	12, 4,		
Package, up to 5 cu. ft		ÃÓ.	13. 4.		180 pkgs.
Package, up to 7-1/2 cu, ft		73.	$\widetilde{16}$ , $\widetilde{5}$ ,		150 pkgs.
Package, up to 10 cu, ft	38, 46,		18. 5.		120 pkgs.
Package, up to 12-1/2 cu. ft,	48, 58,	84.			90 pkgs.
Package, up to 15 cu. ft	64. 77.	101,			60 pkgs.
Package, up to 25 cu. ft	96. 115.	139.	24. 8.		30 pkgs
Package, up to 50 cu, ft.	191. 229.	191,	40, 13,		1,500 Cu.
Package, over 50 cu.ft. (Per cu. ft.).	3.8 4.6	(7)	(?) (?		30 units
) Unit Loads, up to 64 cu. ft.	191, 229.	132.	40		30 units
) Unit Loads, up to 75 cu. ft.	225. 270.	132.	40	15 units	5 1 1 4 4 4
) Unit Loads, up to 100 cu. ft	299. 359.	132.	40	15 units	
) Unit loads, up to 125 cu. ft.	372. 446.	132.	40	15 units	30 units
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(See page 3 for Notes,)

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#### Tariff Section A

### Notes: (1) Domestic warehouse storage rates.

- (2) Government bonded warehouse storage rates.
- (3) Excess Length Rule. Packages with one dimension, ranging from 48 to 96 inches, will be subject to a storage rate double of that provided in this Table. Packages with one dimension exceeding 96 inches will be subject to storage and handling rates provided in Rules Nos. 140 and 125.
- (4) Excess Density Rule. Packages having a measured density of over 60 lbs. per cu. ft. will be construed to be a package size for rating purposes, which would result in a density of 60 lbs. as follows:

  Multiply the actual weight of the package by a factor of .0166 to obtain the cubic size of the package for rating purposes.
- (5) Storage charges shall not be less than those accruing under Rule No. 145 under the conditions set forth in that rule.
- (6) Car-unloading charges shall be not less than those accruing under Rule No. 125.
- (7) Rate under Man Hour Rates.
- (8) A Unit Load as used above means a quantity of material loaded on to a pallet or equivalent so that it is received and shipped in its original condition and it moves both in and out in lot quantities of 15 or more pallets, and where no dimensions of the unit load exceed 72 inches.
- (9) Applies only to individual lots received and First-of-Month balance lots.
- (10) Rates do not include the service of truck-unloading.

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### Proposed Rules, Regulations, and Accessorial Charges

Same as now published in California Warehouse Tariff Bureau Warehouse Tariff No. 28, Cal. P.U.C. No. 218, in Rules Nos. 1 through 190, except as follows:

Rule No. 35 - package description - to read as follows:

#### Package Description

Rule No. 35 - The rates provided in Section A for package or unit load (subject to the classification ratings named in that Section) apply to merchandise in outer containers of sufficient quality and strength to comply with the lowest transportation ratings and to assure safe and practical handling and storage of the merchandise.

When merchandise is received in barrels, drums, or pails of the following liquid capacity, they shall be rated as individual packages of the size indicated below:

Drums or pails up to 6 gallons .... Rate as package of 2 cu.ft.

Drums or barrels up to 15 gallons.. Rate as package of 3 cu.ft.

Drums or barrels up to 30 gallons.. Rate as package of 6 cu.ft.

Drums or barrels up to 45 gallons.. Rate as package of 9 cu.ft.

Drums or barrels up to 60 gallons.. Rate as package of 12 cu.ft.

Drums or barrels over 60 gallons... Rate as package having cubic capacity computed under Rule No. 30.

Commodities will not be accepted in bulk-

Where size of package to be rated falls between specified sizes, the larger size specified will govern, with the condition that the words "up to" will mean "not to exceed".

Rule No. 80. Reword Rule No. 80 - loading or unloading rail cars or trucks - to read as follows:

### Loading or Unloading Rail Cars or Trucks

Rule No. 80 - The charge for loading rail cars or trucks on warehouse spur track will be computed at the man-hour rate provided in Rule 125 series but not less than \$2.73 per ton. Dunnage supplied,

## APPENDIX B Page 2 of 3

see Rule No. 165 series. The charge for unloading other than palletized goods from rail cars on warehouse spur track will be computed at the rates provided in Section A, subject to a minimum of \$22.78 per car. In the event pre-palletized goods are received by rail, the charge for the rail car-unloading of such palletized goods will be computed at the package or unit load rates provided in Section A, considering the cube of the pallet unit unloaded to be a package of the same size.

In loading out cars the railroad should furnish a checker and issue a clean bill of lading, and warehouse will not be responsible for loss or damage because of failure to do so.

The warehouse will not be responsible for additional storage charges which accrue because of inability to load cars before the expiring storage date.

Note: Where the warehouse is required to load or unload highway vehicles, the car loading and unloading rates will apply. The minimum charge for the loading or unloading of highway vehicles shall be \$4.96.

## Rule No. 105 - Storage Withdrawals

Increase order charge from 90f to \$1.25 per order, and publish line 1tem charge of 35f per line item.

## Rule No. 125 - Special Labor and Clerical Services

Establish hourly rate of \$9.00 per hour straight time, and \$13.50 per hour overtime.

Rule No. 140. Reword Rule No. 140 - Rates for warehouse space rentals - to read as follows:

### Rates for Warehouse Space Rentals

Rule No. 140 - Where specific reference is made to this Rule - and in only such event - the rates for rental of space, without labor or other services, will be as follows:

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	Rate Per Sq.Ft. Per Month	Per Month
Domestic Space:	(in cents)	
Other than ground floor space:		
Up to 250 sq. ft.	18	\$ 9.44
231 to 600 sq. ft	. 16	47 - 20
601 sq. ft. and over		90-61
Ground floor space:		
Up to 250 sq. ft.	18	9.44
231 to but sq. it.	1.7	47 - 20
601 sq. ft. and over	16	101-93
Government Bonded Space - any quantity	20	10.49

The charge for labor of handling merchandise stored under above rates will be on basis provided in Rule. No. 130 series.

Rule No. 185. Receiving from other than rail cars - reword to read as follows:

### Receiving From Other Than Rail Cars

Rule No. 185 - (a) Merchandise received from other than rail cars shall be assessed a truck receiving charge as provided in Section A. The minimum receiving charge shall be \$1.07 for each such receipt (see Note 1).

(b) When the warehouse is required to unload trucks, the charge therefor will be that named in Section A for receiving by rail in lieu of the charge provided in paragraph (a) above (see Note 1).

Note 1: The receiving charge will not apply to unitized loads received on pallets or skids.