

ORIGINAL

Decision No. 42037

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
CALIFORNIA COMPRESS & WAREHOUSE COMPANY,	)	
a copartnership, Bakersfield, California,	)	Application No. 29480
for authority under Section 63 of the	)	
Public Utilities Act to increase its	)	
present existing Warehouse Rates.	)	

Appearances

DeWitt Morgan Manning, for applicant.  
L. H. Stewart, for San Joaquin Compress &  
Warehouse Company, intervenor in behalf  
of the applicant.

O P I N I O N

California Compress & Warehouse Company, a copartnership consisting of A. D. Repp and J. C. Wilson, copartners, is engaged in the business of compressing and warehousing cotton at Bakersfield. By this application it seeks authority to increase certain of its public utility warehouse rates and charges.

The application was submitted at a public hearing held before Examiner Bryant at Bakersfield on July 16, 1948. The matter is ready for decision.

California Compress & Warehouse Company operates 175,000 square feet of floor area, of which 40,000 are allotted to compress operations and 135,000 to the public warehouse services herein involved. The facilities were constructed in 1947 by California Cotton Cooperative Association, Ltd., which leases them to the applicant herein. Applicant started operations in September, 1947.

Evidence in support of the application was introduced through testimony and exhibits submitted by A. D. Repp, partner and

active head of California Compress & Warehouse Company. He explained that the present rates of his company were established, by agreement with the lessor and prior to actual operating experience, upon basis of the lowest rates maintained for each service by other cotton warehouses in the San Joaquin Valley. The rates now proposed are similar to those being sought by other California warehousemen in separate proceedings, and are assertedly on a level relatively no higher than are the rates for storage and handling of cotton currently in force and applied by various cotton warehouse concerns located in other states. The proposed changes are indicated in the margin below.<sup>1</sup>

The profit and loss statement as submitted by the witness for the period from September, 1947, to the close of the company's fiscal year on June 30, 1948, shows that applicant's over-all operations, for the compress and warehouse combined, resulted in net revenues of \$32,498 before income taxes, and \$26,427 after income taxes. For the warehouse operations separately, according to the segregated and allocated figures, applicant sustained a net loss of \$20,073.<sup>2</sup> The warehouse figures, together with applicant's calculation of the results which would have obtained had the sought rates

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<sup>1</sup> Present and proposed rates are shown in detail in Appendix "A" hereto. The principal changes would be as follows:

	(Charges in Cents)	
	<u>Present</u>	<u>Proposed</u>
Storage, per bale per month . . . . .	25	30
Storage, compressed cotton, per bale per month . . . . .	23	28
Receiving concentrated cotton, per bale .	50	75
Resampling, per bale . . . . .	30	35
Reweighing, per bale . . . . .	30	35
Extra services, per man hour . . . . .	150	185

<sup>2</sup> Virtually all of the revenues, and a substantial majority of the expenses, were credited or charged directly at their source without the necessity of allocating. Bases for allocating the remaining expense items between compress and warehouse operations were explained by the witness.

been in effect, are shown in the following table:<sup>3</sup>

WAREHOUSE OPERATIONS  
September 1, 1947 to June 30, 1948

	<u>Under Rates As Assessed</u>	<u>Had Sought Rates Been in Effect</u>
<u>Revenues:</u>		
Storage . . . . .	\$ 6,614	\$ 7,936
Handling . . . . .	10,491	15,736
Sampling and Weighing . . . . .	5,408	7,455
Sale of Loose Cotton . . . . .	2,236	2,236
Other Operations . . . . .	1,591	1,984
	<u>\$26,340</u>	<u>\$35,347</u>
<u>Expenses:</u>		
Labor and Salaries . . . . .	\$25,402	\$25,402
Rent . . . . .	15,073	15,073
Supplies . . . . .	1,413	1,413
Other Expenses . . . . .	4,525	4,525
	<u>\$46,413</u>	<u>\$46,413</u>
<u>Net Loss from</u> Warehouse Operations . . . . .	<u>(\$20,073)</u>	<u>(\$11,066)</u>

The witness anticipated a substantial increase in the volume of warehouse business during the current fiscal year, but did not undertake to predict the amount specifically. He testified that, in addition to expense increases resulting from increased volume, the costs of labor and rental would be at higher rates. Wages, he said, had been increased by 10 cents an hour. Rental for the compress and warehouse facilities, which during the past year was on the basis of \$15,000 plus 25 cents for each bale in excess of 80,000 bales, had been increased to \$25,000 with the same bale charge.<sup>4</sup>

No one opposed the granting of this application. San Joaquin Compress & Warehouse Company, which is similarly engaged in

<sup>3</sup>

Results would have been less favorable under a full year's operation, the witness said, as revenues in the cotton warehouse industry are negligible during the summer months whereas many of the expenses are constant.

<sup>4</sup>

The witness stated that rental during the past year was relatively low, and had been agreed upon in consideration of the fact that the company's business was in a formative period during its initial year.

warehousing cotton in the Bakersfield area and which is seeking a comparable rate adjustment in another proceeding, intervened in behalf of the applicant and urged that the application be granted.

The record is clear that, on the basis of bales handled and services performed during the past fiscal year, neither the existing rates nor those herein proposed would be sufficient to return the full cost of performing the services. Whatever may be the rate level, the financial outcome of applicant's warehouse operations during the ensuing year will be dependent to a large extent upon the number of bales of cotton to be tendered for storage and other services. The record does not afford a basis for estimating the business volume; therefore, revenues and expenses for the current fiscal year cannot be determined in advance. Nevertheless, in view of all the circumstances herein presented, including the substantial loss from warehouse operations during the past year and the increased expenses to be borne during the current fiscal year, the record is convincing that revenues under the sought rates would not be excessive and that the rates are otherwise reasonable..

Upon careful consideration of all of the facts and circumstances of record, the Commission finds as a fact that the increased rates and charges proposed by the applicant in this proceeding, as specifically set forth in Appendix "A" attached hereto, are justified. The application will be granted.

#### O R D E R

Public hearing having been had in the above entitled application, and based upon the evidence received at the hearing and upon the findings and conclusions set forth in the preceding opinion,

IT IS HEREBY ORDERED that California Compress & Warehouse Company be and it is hereby authorized to establish, on not less than five (5) days' notice to the Commission and to the public, the proposed increased rates and tariff changes specifically set forth in Appendix "A" which is attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire, except to the extent that it is exercised within ninety (90) days from the effective date of this order.

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

Dated at San Francisco, California, this 14<sup>th</sup> day of September, 1948.

R. J. Anderson  
Justice J. G. Green  
Irving H. Duggan  
Harold P. Hule  
Samuel P. Lott  
Commissioners

*CORRECTION*

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THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

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*R. J. Anderson*  
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*Wm. H. Duggan*  
*Harold P. Kule*  
*Samuel Lott*  
 Commissioners

APPENDIX "A"

(California Compress & Warehouse Company)

<u>Item</u>	<u>Rates (In Cents)</u>	
	<u>Present</u>	<u>Proposed</u>
1. RECEIVING CONCENTRATED COTTON, ----- per bale Includes weighing, tagging, sampling on arrival only, and issuing individual receipt.	50	75
2. STORAGE, per month or fraction thereof, ----- per bale	25	30
2-A. STORAGE OF COMPRESSED COTTON, per month or fraction thereof, ----- per bale	23	28
3. RECEIVING COMPRESSED COTTON FOR CONSOLIDATION AND SHIPMENT, but not compressed at this plant, ----- per bale Shipping instructions must be furnished prior to arrival of cotton. This charge does not include weighing or sampling.	50	65
4. WEIGHING TRANSIT COTTON, ----- per bale	18	25
5. REWEIGHING, ----- per bale	30	35
5-A. REWEIGHING AND RESAMPLING at same time, ----- per bale	50	60
6. REWEIGHING AT TIME OF SHIPMENT, ---- per bale	18	25
7. RESAMPLING, ----- per bale	30	35
8. RESAMPLING AT TIME OF SHIPMENT, ---- per bale	20	25
9. LOADING UNCOMPRESSED COTTON, ----- per bale Includes assembling, marking, loading to cars or trucks.	75	100
11. MARKING: One side, per bale	Free	**
Two sides, per bale	5	**
Stencil branding one side, per bale	Free	**
Stencil branding two sides, per bale	5	**
12. TAGGING: With shipper's tags, ----- per bale	5	6
Removing tags, ----- per bale	5	6
13. BANDS: When more than eight bands to each bale are ordered, ----- per band	12	**
16. GOVERNMENT LOAN COTTON: Transmitting samples, postage, filling out schedule of pledged cotton and signing loan papers, ----- per bale	*	25
17. EXTRA SERVICES: All labor performed which is not specifically provided for herein, will be charged at per man-hour rate of, -----	150	185

\* New Item

\*\* Item to be eliminated, account nonutility service.

(End of Appendix "A")