

Decision No. 42081

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
A. L. Evans and E. J. Evans, doing)
business as Oceanside Warehouse Co.)
for authorization to increase storage)
rates on grain and beans.)

ORIGINAL

Application No. 29571

Appearances

A. L. Evans, for applicants.

J. J. Deuel, for California Farm Bureau Federation,
interested party.

O P I N I O N

A. L. Evans and E. J. Evans, doing business as the Oceanside Warehouse Company at Oceanside, are engaged in buying and selling beans and grain as dealers and in storing those commodities for compensation as public utility warehousemen. By this application they seek authority to increase their storage rates and charges.

Public hearing of the application was had before Examiner Abernathy at Oceanside on September 10, 1948.

Applicants state that they are performing important and necessary storage services of benefit to farmers and ranchers in the Oceanside area. They allege that the services are being jeopardized by mounting operating costs, and they seek authorization to increase their storage rates by 50 per cent in order to overcome losses and to earn a reasonable profit.

¹
The present and proposed storage rates for beans and grain are as follows:

| | <u>Present</u> | <u>Proposed</u> |
|--------------------------------------|----------------|-----------------|
| Beans or grains, in sacks, per ton - | | |
| 1st month | \$1.00 | \$1.50 |
| 2nd " | .50 | .75 |
| 3rd " | .50 | .75 |
| Season | 2.00 | 3.00 |

Applicants also maintain rates for storage of mill feeds, and rates for miscellaneous services such as weighing, reweighing, sampling and repiling. No changes are proposed in these rates for the reason that applicants assertedly are rarely called upon to perform services thereunder.

*Mrs. Mitchell
Corrected sheet*

#19

Evidence in behalf of applicants was submitted by A. L. Evans and by a certified public accountant. The witness Evans stated that the demand for storage facilities for beans and grains is influenced by market conditions. Under some circumstances these commodities are marketed as soon as they are harvested. Under other circumstances they are held in storage for more favorable conditions. At the present time more beans and grains are being stored than was the case a year ago. The witness asserted that in the past several years the costs of the warehousing operations have been increased substantially, particularly by increases in labor costs. During 1948, applicants have been able to effect some economies as a result of establishing facilities for storing beans and grains in bulk. The witness said he had made no special study of storage costs under present conditions; nevertheless he was certain that his company's storage rates, which have not been adjusted since they were made effective in 1934, fall short of being compensatory. Referring to his operations as a dealer, he stated that he buys quantities of beans and grains for the account of the Oceanside Warehouse Company and stores them in its warehouse. Storage of such merchandise is not classified by applicants as coming within the scope of their public utility operations, and storage charges are not levied upon these goods.

The public accountant explained financial statements attached to the application as exhibits reflecting applicants' warehouse operations. Revising his figures shown in the exhibits for the year 1947, the accountant said that revenues for the year totaled \$2,750 and expenses totaled \$2,413, resulting in net earnings of \$337. He said that the profit

The exhibits attached to the application reported 1947 operations as having resulted in a loss of \$487. It was developed that certain of the expenses charged to warehousing would have been more properly charged to applicants' buying and selling operations. The accountant undertook to revise his figures as much as he could at the time. The operating ratio indicated by the revised figures would be 87.7 per cent.

figure would be larger, and the expenses less, were information available to make an adjustment in depreciation charged against the public utility storage services.

No one appeared in opposition to granting of the application. A representative of the California Farm Bureau Federation, who appeared as an interested party, participated in the cross-examination of the witnesses.

Although applicants originally believed that their warehousing operations are resulting in losses, it seems clear from the figures developed by the accountant witness that the storage services were profitable in 1947. It appears that profits for 1948 will exceed those of 1947, since estimates indicate somewhat lesser operating costs and a greater use of warehouse facilities. Virtually no evidence was submitted to show that the anticipated revenues for the future would be insufficient, or what revenues are deemed reasonable and necessary to sustain the public utility operations. Under the circumstances it must be concluded that applicants have not shown that granting of the sought authority is justified. The application will be denied.

O R D E R

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

A. 29571 - NI

IT IS HEREBY ORDERED that the above entitled application
be and it is hereby denied.

The effective date of this order shall be twenty (20) days
from the date hereof.

Dated at San Francisco, California, this 28th day of
September, 1948.

R. E. Anderson
Justice J. Cooney
George H. Powell
Harold A. Hale
Samuel H. Potter
Commissioners