

ORIGINAL

Decision No. 42284

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PINEDALE COMPRESS & WAREHOUSE CO.,) Application No. 29511
a corporation, for an increase in)
warehouse rates.)

Appearances

John M. Fleharty and Wiley Y. Thompson,
for applicant.
Arthur B. Wellington, for Haslett Compress
Company, interested party.
Jack L. Dawson and L. A. Bailey, for
California Warehousemen's Associ-
ation, interested party.

OPINION ON REHEARING

Pinedale Compress & Warehouse Co. is engaged in the busi-
ness of compressing and warehousing cotton at Pinedale, Fresno
County. By this application it seeks authority to increase its
public utility warehouse rates and charges on less than statutory
notice, and to make incidental tariff changes.

Following the original hearing in this matter, the appli-
cation was denied for want of sufficient evidence.¹ Thereafter, upon
applicant's petition and offer to introduce additional evidence, a
rehearing was had before Commissioner Potter and Examiner Bryant at
Fresno on November 12, 1948. The matter is ready for decision upon
the full record.

Applicant alleges that, because of increased costs of oper-
ation, its present rates do not yield revenues sufficient in amount
to allow it to conduct its warehouse operations at a reasonable profit;
and that increased rates are necessary in order that it may remain in
business and continue to render adequate and efficient service to the

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Decision No. 42119, dated October 11, 1948.

public. The rates which applicant herein seeks authority to establish are substantially the same as those which have been authorized recently for other cotton warehouses in this State.² The sought rates, as well as those now maintained by applicant, are set forth in detail in Appendix "A" hereto.

At the original hearing applicant had no factual evidence to show the financial results of its past warehouse services, nor any data from which revenues or expenses for the future might be estimated. At the rehearing an accountant introduced and explained an exhibit in which are set forth, among other data, the results of the company's warehouse operations for the fiscal year ending June 30, 1948, and estimates of results for the year ending June 30, 1949. The exhibit was prepared from the company books, supplemented by other records and data, with the use of judgment estimates and allocations where necessary.³

As developed in the exhibit, the warehouse operations of Pinedale Compress & Warehouse Co. for the past fiscal year resulted in a net loss of \$21,625 and an operating ratio of about 220 per cent. This experience was not claimed to be a reasonable basis for predicting future results, however, as the warehouses were not opened until late in the season and were operated under conditions believed to be abnormal. Estimates for the current fiscal year were predicated upon

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San Joaquin Compress & Warehouse Company, California Compress & Warehouse Company, Haslett Compress Company, and Western Compress Company, authorized by Decisions Nos. 42036, 42037, 42119 and 42267, respectively.

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In addition to the public warehousing, applicant is engaged in various nonutility operations, including the compression of cotton. All of its buildings were taken over by the federal government during the recent war, and were not returned until late in 1947. At the original hearing in the instant proceeding it appeared that there were no adequate records of the warehouse operations for the year ending June 30, 1948, due to the exigencies of operating immediately after the properties were reconverted from their wartime use. At the rehearing it was testified that additional records, not previously known to exist, had been discovered and made available to the accountant.

the storage of 100,000 bales, representing the practical capacity of the warehouse facilities.⁴ The following table summarizes the accountant's estimates as submitted for the present storage season:

WAREHOUSE OPERATING RESULTS, ESTIMATED,
FOR YEAR ENDING JUNE 30, 1949

<u>Operating Revenues</u>	<u>Under Present Rates</u>	<u>Under Proposed Rates</u>
Storage	\$ 50,000	\$ 60,000
Handling	50,000	75,000
Sampling and Weighing	1,333	1,646
Sale of Loose Cotton	6,666	6,666
Other Services	2,150	2,700
	<u>\$110,149</u>	<u>\$146,012</u>
 <u>Operating Expenses</u>		
Labor and Salaries	\$ 98,743	\$ 98,743
Depreciation	16,309	16,309
Taxes	7,469	7,469
Insurance	4,643	4,643
Other Expenses	17,338	17,338
	<u>\$144,502</u>	<u>\$144,502</u>
 Net Operating Revenues	 <u>\$(34,353)</u>	 \$ 1,510
Income Tax	-	\$ 300
Net Revenue After Income Tax	<u>\$(34,353)</u>	\$ 1,210
Operating Ratio (after taxes)	131.19%	99.17%

() Denotes Loss.

Additional evidence was introduced through the testimony of two officers of the applicant company. These witnesses explained various phases of the operations, both physical and financial, and discussed prospects for the current cotton season. From their testimony it appears that the revenues will probably be less than estimated by the accountant, for the reason that much of the cotton will be stored on behalf of the federal government at rates somewhat below

⁴ Only 10,780 bales were stored during the fiscal year ending June 30, 1948. A total floor area of approximately 660,000 square feet is available for public warehousing. Nineteen separate buildings are used in the compress and warehouse operations at the present time, and several other buildings owned by the company have been leased for other purposes.

those herein proposed.⁵ One of these witnesses explained also the circumstances surrounding an incidental tariff proposal, i.e., the cancellation of rates for the handling and storage of sugar. He stated that no sugar had been stored for some time, and that it was not contemplated that any would be offered for storage in the future.

No opposition was offered to the granting of this application.

From the full record now before the Commission it is clear that the warehouse services of Pinedale Compress & Warehouse Co. were conducted at a loss during the past fiscal year. A much greater number of bales of cotton will unquestionably be handled during the current year, but it is evident that the additional volume will not suffice to make the public utility services remunerative if the present rates are continued in effect. At the proposed rates, as indicated in the foregoing table, the operating revenues will do little more than meet the estimated expenses.⁶ The proposed rates, as has been hereinbefore indicated, are in essential respects the same as those which have been authorized for and established by other cotton warehouses throughout the State. The record in the instant proceeding indicates that a substantial parity of charges among competing warehousemen is advantageous in the cotton business, and that it is difficult if not impracticable for any cotton warehouse to maintain rates which differ materially from those of its competitors. Establishment by Pinedale Compress & Warehouse Co. of the rates herein sought will bring about a substantial uniformity of charges among the cotton warehouses in this State.

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It was explained that a contract between applicant and an agency of the federal government provides for the assessment of charges on government-loan cotton at the lower of (a) the tariff rates, or (b) rates specified in the contract as maximum. Charges named in the contract exceed the existing tariff rates, but are in some cases below those herein proposed.

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The operating ratio, as shown in the table, would exceed 99 per cent. The rate of return, not developed in the table, would be less than one per cent. If a substantial part of the business is handled at charges lower than those herein proposed, as is apparently contemplated under the government contract, it is doubtful whether the operating expenses will be fully met.

Upon careful consideration of all of the facts and circumstances of record, the Commission finds as a fact that the increased rates and charges and incidental tariff changes proposed by the applicant in this proceeding, as and to the extent specifically set forth in Appendix "A" hereto, are justified; and that their publication on less than statutory notice should be authorized.

ORDER ON REHEARING

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

IT IS HEREBY ORDERED that Pinedale Compress & Warehouse Co. 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 charges and incidental tariff changes, as and to the extent 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 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 7th day of December, 1948.

E. J. [Signature]
Julius F. [Signature]
[Signature]

Commissioners

APPENDIX "A"

RATES AND CHARGES FOR THE STORAGE AND HANDLING
OF COTTON, AND FOR MISCELLANEOUS SERVICES

<u>ITEM</u>	<u>R A T E S</u> (In Cents Per Bale)	
	<u>Present</u>	<u>Proposed</u>
1	STORAGE:	
	(a) Compressed cotton - standard density or high density - per month or fraction thereof - subject to Note 1 --	20 28
	(b) Uncompressed cotton - per month or fraction thereof - subject to Note 1 --	25 30
	Note 1: (No change.)	
	Note 2: (No change.)	
2	HANDLING: Including unloading, handling in, weigh- ing in, weighing and sampling upon arrival, tagging, and issuing negotiable warehouse receipt, and loading out, if compressed by this company, -----	
		50 75
3	SAMPLING:	
	At time of shipment or compression, -----	20 25
	Except at time of unloading, shipment or compression, -----	25 35
	Drawing an extra or double sample at time of any sampling, -----	15 20
4	WEIGHING: (No change.)	
5	WEIGHING AND SAMPLING AT SAME TIME:	
	On delivery, -----	New Item 50
	While in storage, -----	50 60
6	DELIVERING: Cotton shipped without being compressed by this company, including loading on railroad cars on compress siding and/or to trucks at compress platform, -----	
		50 100
7	MARKING: (No change.)	
8	TAGGING:	
	With shipper's tags or with tags furnished by this company, -----	5 6
	Removing tags, -----	5 6
9	PATCHES: (No change.)	
10	EXTRA SERVICES: All services performed (other than compressing) which are not specifically provided for herein will be charged at -----	
		*150 *185

* Cents per hour per man.

APPENDIX "A" (Concluded)

<u>ITEM</u>	<u>R A T E S</u> (In Cents Per Bale)	
	<u>Present</u>	<u>Proposed</u>
11	GOVERNMENT LOAN COTTON:	
	Transmitting samples, postage, filling out schedule of pledged cotton, and signing loan papers, -----	
	New Item	25
<u>RULE</u> 10(d)	Extra labor shall be charged for at the rate of -----	
	*150	*185
	* Cents per hour per man.	
10(e)	Expenditures made by this company for the benefit of its clients, although not especially mentioned or enumerated here- in, shall be charged to and collected from them and/or held as a charge against cotton. -----	
		Cancel

RATES AND CHARGES FOR THE STORAGE AND
HANDLING OF SUGAR

<u>ITEM</u>	
1	STORAGE, ----- Cancel
2	HANDLING, ----- Cancel
3	EXTRA SERVICES, ----- Cancel
<u>RULE</u> 16	APPLICABILITY OF RULES AND REGULATIONS, ----- Cancel

(End of Appendix "A")