

**ORIGINAL**Decision No. 47486

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application )  
of WESTLAND WAREHOUSES, INC. for )  
permission to cancel and withdraw ) Application No. 33152  
California Warehouse Tariff Bureau )  
Warehouse Tariff No. 11-D, C.R.C. )  
No. 105. )

Appearances

Frederick G. Pfrommer, V. R. Cowser and Walter H.  
Tyler, for applicant.

Arlo D. Poe, for Los Angeles Warehousemen's Association,  
intervenor in support of the application.

O P I N I O N

Westland Warehouses, Inc. is engaged in the business of operating a public utility warehouse in the city of Vernon. In this proceeding it seeks authority to increase its storage rates on less than statutory notice.

Public hearing of the application was held before Examiner Abernathy at Los Angeles and the matter is ready for decision.

What applicant seeks herein is authority to increase its storage rates to the same level as those of other public utility warehousemen in the Los Angeles area. At present they are generally 25 percent less. Applicant states that the differential was established more than 20 years ago so that its operations could be competitive with those of Los Angeles warehousemen who enjoyed an advantage due to the fact that most of the storers and receivers of merchandise were then located in Los Angeles. Assertedly, the maintenance of this differential is no longer essential to the

conduct of applicant's business because of the fact that the territorial expansion of Los Angeles industry has been in the direction of Vernon. Consequently, many of applicant's patrons are located in the vicinity of its warehouse. Moreover, improvements in equipment, in handling methods and in transportation have placed applicant in a position to offer services and facilities which are comparable to those of the Los Angeles warehousemen.

Applicant alleges that the sought increases in its storage charges would not result in excessive revenues and that they are necessary to bring about reasonable earnings. The company's auditor reported that applicant's operations during 1951 resulted in revenues of \$135,935, expenses of \$126,627 and net operating revenues of \$9,308 before allowance for income taxes. He asserted that the company's expenses are below normal because its warehouse space is leased from an affiliate at a monthly rental of 1-1/4 cents per square foot whereas the prevailing rental for similar properties ranges from 2 cents to 4 cents a square foot. He developed the following figures as representative of applicant's operating results under the sought rates and under a more "realistic" rental of 2 cents a square foot:

Revenues	\$157,061
Expenses	<u>143,112</u>
Net operating revenues (before income taxes)	\$ 13,949

The auditor declared that the earnings from the sought rates are moderate in relation to the total investment in the properties which are used in the public utility services. To show this relationship, he computed the rate base that would be applicable if all of the operating properties were owned by applicant.

Adjustments were made in the expense accounts by substituting for the present charge of \$21,258 for rent, an allowance of \$20,024 for depreciation, insurance, repairs and taxes. The results of his calculations are as follows:

Estimated Operating Results for a Year's Operations  
Under the Sought Rates

Total revenues	\$ 157,061
Total expenses	<u>129,123</u>
Net operating revenues	\$ 27,938
Income tax	\$ 9,229
Net income	\$ 18,709
Rate Base	\$ 225,301
Rate of return	8.3%
Operating ratio	88.1%

The application was supported by a representative of the Los Angeles Warehousemen's Association which is composed of most of the public utility warehousemen operating in Los Angeles. He declared that changed conditions as a result of the expansion of industry in the vicinity of Vernon have completely eliminated all justification for the differential in storage rates and he urged that the differential be removed in the interests of uniformity of public storage rates in the Los Angeles metropolitan area.

Notices of this proceeding were sent by applicant to each of its storers. In addition notices were sent by the Commission's secretary to persons and organizations believed to be interested. No one opposed the granting of the application.

The record herein is convincing that applicant's earnings from its warehousing operations are insufficient. The sought increases appear to be the most feasible means available to applicant to increase its earnings inasmuch as its handling rates are now the same as those of other warehousemen in the Los Angeles area. It is concluded that the earnings which may be reasonably anticipated from the sought rates will not be excessive. The adjustment, moreover, appears to be in the public interest in that it will result in rate uniformity and will tend to facilitate the flow of commerce. Upon careful consideration of all of the facts and circumstances of record the Commission is of the opinion and finds that the sought rate adjustment is justified. The application will be granted. In view of the low level of applicant's present revenues the sought authority to establish the rate increases on less than statutory notice will be granted also.

O R D E R  
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Public hearing of the above-entitled application having been held, the evidence received therein having been considered carefully, and good cause appearing,

IT IS HEREBY ORDERED that Westland Warehouses, Inc. be and it is hereby authorized to cancel the present differential between its storage rates and those of various other warehousemen in Los Angeles by withdrawing, on not less than five (5) days' notice to the Commission and to the public, from California Warehouse Tariff Bureau Warehouse Tariff No. 11-D, Cal. P.U.C. No. 105, Jack L. Dawson, agent.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire unless exercised within sixty (60) days after the effective date of this order.

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

Dated at San Francisco, California, this 15th day of July, 1952.

*A. J. ...*  
President

*Harold ...*

*... ..*

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Commissioners

Commissioner Justus E. Craemer, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.