

ORIGINAL

Decision No. 50209

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of: )  
 (a) WEST COAST WAREHOUSE CORPORATION )  
 for authority to enlarge its warehouse )  
 space pursuant to Section 1051 of the )  
 Public Utilities Code, and )  
 (b) WEST COAST WAREHOUSE CORPORATION )  
 for authority to establish a tariff )  
 for the storage of cotton and related )  
 services pursuant to Section 489 of )  
 the Public Utilities Code. )

Application No. 35164

Glanz and Russell, by R. Y. Schureman,  
 for applicant.  
C. S. Abernathy, for the Commission's  
 staff.

O P I N I O N

Applicant is a California corporation engaged in public utility storage in the City of Long Beach.<sup>1</sup> By this application, as amended, it seeks a certificate of public convenience and necessity authorizing the enlargement of its presently authorized warehouse space by 90,000 square feet. It also seeks authority to establish increased rates, rules and regulations for the storage of cotton and for services accessorial thereto.<sup>2</sup>

A public hearing was held in Long Beach on April 23, 1954, before Examiner Bishop.

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1 Applicant operates pursuant to a right which it acquired by authority of Decision No. 32944, dated March 21, 1944, in Application No. 26011. It also operates as a city and highway carrier under permits issued by this Commission.

2 The proposed rates, rules and regulations, in the form of a proposed "Warehouse Tariff No. 1", are set forth in Appendix D of the application, as amended.

Applicant's vice president testified that the utility formerly operated three warehouses in Long Beach with a total area of 32,600 square feet, but that it has given up possession of two of these since the first of this year and that it will be necessary to abandon the third about December 31, 1954.<sup>3</sup> The area of this last facility is 17,600 square feet.

The witness stated that in August, 1953, the Long Beach Harbor Commission informed applicant that there was a critical shortage of public warehouse space for the storage of cotton and other commodities. The Harbor Commission requested applicant to lease from it approximately 105,000 square feet of a large concrete warehouse which the Harbor Commission had recently erected on Pier A at the Port of Long Beach.<sup>4</sup> Assertedly, unless applicant accepted the proposal, the port authorities would find it necessary to operate the facilities themselves or to solicit the services of some other public utility warehouseman.

According to the witness, applicant accepted the proposal of the Harbor Commission and on or about September 15, 1953, took over the operation of Bays 1 and 2 of the new warehouse, comprising 52,500 square feet. On or about October 15, 1953, applicant assumed control of Bays 6 and 7, also having a total area of 52,500 square feet. The witness stated that because of the urgency of the matter it was necessary for applicant to take over the operation of the

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The record shows that the property on which Warehouse No. 1 is located, at 1276 Water Street, is to be condemned about December 31, 1954, and the land filled in, because the area has been undermined from the extraction of oil; that Warehouse No. 2, at 1203 West Broadway, was surrendered to the owner in January, 1954, because of warehouse space having been secured on municipal Pier A of the Port of Long Beach; and that Warehouse No. 3, at 1180 West Ocean Avenue, has been abandoned because the property on which it is located has been condemned for highway purposes.

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The facility in question is identified by the Long Beach Harbor Commission as Warehouses Nos. 7, 8 and 9.

warehouse facilities in question before authority for the additional warehouse space involved could be secured from this Commission.<sup>5</sup> He asserted also that applicant delayed the filing of the instant application until satisfactory rates, rules and regulations for the storage of cotton and for accessorial services could be worked out.<sup>6</sup>

The vice president stated that within sixty days after the warehouse facilities on Pier "A" were taken over by applicant they were filled to capacity. He testified that the storage was seasonal for most of the commodities involved. While cotton and canned goods, he said, practically fill the warehouse during their respective seasons, the facilities, in the course of a year, are in demand and utilized for the storage of a wide variety of commodities.<sup>7</sup>

The general manager of an export freight forwarding company testified on behalf of applicant. His company, he said, had stored between 1500 and 2000 bales of cotton in the Pier "A" warehouse during the past season and that he had commitments which would necessitate storage space for 10,000 bales or greater in the forthcoming season.<sup>8</sup> He testified also that he had made a survey of the public utility storage facilities in the Long Beach area and found no other space which was suitable for the storage of cotton and which was accessible to the docks.

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Applicant was in error in assuming that the Commission would not give prompt consideration to an urgent request of this character.

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The original application was filed on February 17, 1954. An amendment was filed on April 12, 1954, and the application was further amended at the hearing.

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Among the commodities which were in storage in the Pier "A" warehouse as of the date of the hearing, the vice president enumerated the following as representative: cotton, canned goods, rubber, plywood, sugar, porcelainware, automobiles, sheet steel, building material and imported merchandise.

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According to the record, the cotton storage season runs from September to the end of February.

The warehouse manager of a food canning company also testified as to the need for the additional storage space sought herein. He asserted that his company had used in excess of 40,000 square feet of storage space at the Pier A facilities of applicant during the preceding season and would use at least as much space next season. He alleged that there was a shortage of public utility storage space in Long Beach.

An assistant to the chief harbor engineer of the Port of Long Beach described the circumstances under which the port had asked applicant to take over the operation of the Pier "A" warehouse. He explained that the facility was constructed to encourage the movement of traffic through the port and that it is the policy of the City of Long Beach to have all port facilities managed by private enterprise.

Applicant's president testified in support of the proposed rates, rules and regulations for the storage of cotton and services accessorial thereto. He asserted that the "Merchandise N.O.S." storage rates, which are the only rates of applicant on file with the Commission applicable to the storage and handling of cotton, are not suitable or sufficiently high to compensate the warehouseman for such storage and handling. He explained that a great deal of labor is involved in the services which are required in connection with the storage of cotton. For example, when a particular bale is taken from a stack for sampling it may be necessary to remove, and subsequently replace, all of the bales in that stack. In this connection the witness asserted that where, as in the case of applicant, the bales of cotton must be stacked, the handling of the commodity entails greater expense than is the case where the bales are stored in the open without stacking, as in the San Joaquin Valley.

The witness alleged that the proposed tariff had been prepared after much careful study, to determine fair and compensatory charges for each of the services offered in connection with the

storage of cotton. He testified that, while not identical with those of other cotton warehousemen, the proposed rates, rules and regulations were comparable thereto.<sup>9</sup> He introduced exhibits purporting to show the costs of performing the various services involved.

No one appeared in opposition to the granting either of the sought certificate or to the authorization of the proposed rates, rules and regulations for the storage of cotton and for related services. The record shows that applicant's storers of cotton have been apprised of the latter and have offered no objection to their establishment.

After careful consideration of all the evidence of record, we find that applicant is willing and able to provide the proposed additional public utility warehouse service and that public convenience and necessity require the issuance of the certificate herein requested. We also find that the proposed increased rates, rules and regulations for the storage of cotton and services related thereto are justified. They will be authorized.

Applicant has requested that the proposed cotton tariff be established on not less than one day's notice to the Commission and the public. It appears that five days' notice should be sufficient. The order which follows will so provide.

West Coast Warehouse Corporation is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be changed or destroyed at any time by the State, which is not, in any respect, limited to the number of rights which may be given.

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The witness explained all the proposed rates and charges, giving the reasons entering into the determination of each. It does not appear necessary to review that testimony here.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, and the Commission being fully advised in the premises and hereby finding that public convenience and necessity so require,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity authorizing operations as a warehouseman, as defined in Section 239 of the Public Utilities Code, be and it is hereby granted to West Coast Warehouse Corporation, a California corporation, for the operation of not more than 90,000 square feet of warehouse space, which warehouse space is located in Warehouses 7, 8 and 9 on Pier A, Long Beach Harbor, Long Beach, California.

IT IS HEREBY FURTHER ORDERED that, in providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

1. Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted.
2. Within ninety days after the effective date hereof, and on not less than five days' notice to the Commission and to the public, applicant shall establish the service herein authorized and comply with the provisions of General Order No. 61 by filing in triplicate, and concurrently making effective, appropriate tariffs.

IT IS HEREBY FURTHER ORDERED that West Coast Warehouse Corporation be and it is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the rates, charges, rules and regulations for the storage of cotton and for services accessorial thereto as proposed in the application, as amended, filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that the authority granted in the ordering paragraph immediately preceding shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at San Francisco, California, this 29th day of June, 1954.

John E. Mitchell  
President  
Justus J. Craven  
Werne Roggins

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Commissioners

Commissioner Kenneth Potter, being necessarily absent, did not participate in the disposition of this proceeding.