

ORIGINALDecision No. 55637

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of BEKINS WAREHOUSING CORP.,)
COLONIAL VAN & STORAGE CO.,)
LAWRENCE WAREHOUSE COMPANY,)
LYON VAN & STORAGE CO., MINGLE) Application No. 38995
WAREHOUSE AND TRANSPORTATION,)
and OWL TRANSFER CO. for an)
increase in rates.)

Varnum Paul and John G. Lyons, of Vaughan Paul and Lyons, and Jack L. Dawson, for applicants.
C. V. Shawler, Glenn E. Newton and M. J. Gagnon for the Commission's staff.

O P I N I O N

By this application, as amended, six public utility warehousemen engaged in the operation of warehouse facilities for the storage and handling of general commodities at Fresno and Merced^{1/} seek authority to increase their storage rates by 20 per cent and their handling rates by 40 per cent. They also seek authority to cancel certain rates and charges.

Public hearing was held at Fresno on July 9, 1957, before Examiner Carter R. Bishop. The matter is now ready for decision.

A consulting engineer, employed by applicants, testified as to a study of applicants' operations which he developed and which is attached to an amendment to the application. Detailed operating results, under the present rates and under the proposed rates, for the year ended June 30, 1956, for three of the applicants^{2/}

1/ All six applicants operate warehouses in Fresno. In addition, Colonial Van & Storage Co. operates a warehouse at Merced.

2/ These three applicants are Colonial Van & Storage Co., Lawrence Warehouse Co., and Owl Transfer Co.

are shown. Operating results under the proposed rates were developed by adjusting the revenue figures for the year to include the anticipated additional income that would result from the proposed increases and by adjusting the actual expenses for the year to reflect additional labor costs that would have been incurred if wage increases made during the indicated year and on April 1, 1957 had been in effect for the full 12-month period. A summary of these operating results is shown in Table I, below.

TABLE I

Results of Operations for Year Ended June 30, 1956
Under Present and Proposed Rates

	<u>Under Present Rates</u>		
	<u>Colonial</u>	<u>Lawrence</u>	<u>Owl</u>
Revenues	\$53,490	\$ 90,153	\$21,119
Expenses	<u>63,107</u>	<u>103,170</u>	<u>25,938</u>
Net Income*	\$(9,617)	\$(13,017)	\$(4,819)
Operating Ratio	118.0%	114.4%	122.8%
	<u>Under Proposed Rates</u>		
Revenues	\$67,664	\$113,839	\$27,312
Expenses	<u>64,169</u>	<u>105,831</u>	<u>26,548</u>
Net Income*	\$ 3,495	\$ 8,008	\$ 764
Income Taxes	<u>1,146</u>	<u>2,627</u>	<u>251</u>
Income After Taxes	\$ 2,349	\$ 5,381	\$ 513
Operating Ratio	96.5%	95.3%	98.0%

* Before income taxes.
() Indicates loss.

The witness explained that detailed operating results for the other three applicants were not developed due to the small amount of public utility warehousing involved. He stated that public utility warehouse revenues of Bekins Warehousing Corp. represented but 1.3 per cent of its total revenues, that of Lyons Van &

Storage Co. but 0.2 per cent, and that Mingle Warehouse and Transportation had public utility warehouse revenue of only five dollars per month. The application states that the three warehouses for which the detailed results are shown represent 98.1 per cent of the total public utility revenues of the six applicants.^{3/}

Representatives of Bekins, Lyons and Mingle testified that, in their judgment, their public utility warehouse operations would still be conducted at a loss under the increased rates proposed herein.

According to the witness, rate bases and rates of return were not developed, as all buildings, except for one of two used by Owl Transfer Company, are leased.

The tariff publishing agent for applicants testified that, when the tariff naming the rates here in issue was first published in 1939, the rates and charges were the same as those maintained by the warehousemen located in the San Francisco Bay area; that warehousemen throughout the State have experienced approximately the same increases in costs; that since 1939, the rates and charges in the San Francisco Bay area have been increased several times, but those in Fresno only once; and that the increases proposed herein will bring the Fresno rates back to a basis comparable to that of the Bay area.

In respect to the request to cancel certain rates and charges, the tariff agent stated that they are all specific rates applicable to commodities that have not been stored during the last year and are not expected to be stored in the future. He further stated that this has been due primarily to changes in

^{3/} The application shows the following public utility warehouse revenues and anticipated increased revenues for the three applicants for which detailed figures were not developed:

	Present Revenue	Increase Proposed
Bekins	\$2,929	\$782
Lyons	192	51
Mingle	60	16
TOTAL	\$3,181	\$849

storage practices since the tariff was first established in 1939. He also said that, although the specific rates are intended to be canceled, other rates in the tariff will apply if such commodities should be offered for storage.

Representatives of all six applicant warehouses testified. In brief, their testimony showed that, in the event Bekins Warehousing Corporation, Lyon Van & Storage Company, and Mingle Warehouse and Transportation were not authorized to increase their rates and charges while the other three applicants were so authorized, the latter group would lose a substantial number of storage accounts to the warehouses offering the lower rates and, consequently, would fail to improve their financial position under the proposed rate increases; and that Bekins, Lyon and Mingle have unused space to accommodate additional public utility warehouse storage, but that such additional business would not be desired, as it would only increase their losses from public utility storage. They also testified that the rate increase, if granted, would not cause any loss of business.

Commission staff representatives from the Transportation Division and the Utilities Finance and Accounts Division assisted in developing the record. An accountant from the latter Division testified that he had examined the book records of Lawrence and Colonial for the year ending December 31, 1956. His analysis, he said, developed that these utilities had operated at a loss during the period in question.

Notices of the hearing were mailed in advance to approximately 400 parties consisting of all of applicants' utility warehouse patrons and other persons believed to be interested. No one appeared in opposition to the granting of the application.

With respect to the three warehouses shown in the preceding table, the record is clear that their present rates and charges do not produce enough revenue to meet the costs of providing the service. While the rate increases proposed herein are substantial, we are of the opinion that they will not produce excessive revenues and that the estimated operating results will be reasonable. Moreover, the evidence is sufficient to indicate that the other three warehouses also need the increased revenues, and we are of the opinion that, in order to maintain a competitive equality in the Fresno area, rates and charges at all the warehouses herein involved should be the same. The proposed cancellations should also be authorized.

Upon careful consideration of all the facts and circumstances of record, the Commission concludes and finds as a fact that the increases and other tariff adjustments proposed in Application No. 38995 have been justified. The application will be granted. Applicants have requested that they be authorized to establish the sought rate adjustments on less than statutory notice. The request appears reasonable. It will be granted. In authorizing the rate increases, we do not make any finding of fact as to the reasonableness of any particular rate or charge.

O R D E R

Based on the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS ORDERED that applicants be and they are hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased rates and charges and other tariff changes proposed in Exhibit "B" of Application No. 38995.

IT IS FURTHER ORDERED that the authority herein granted is subject to the express condition that applicants will never urge before this Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as consent to this condition.

IT IS FURTHER ORDERED that the authority herein granted shall expire unless exercised within ninety 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 1st day of OCTOBER, 1957.

[Signature] President
[Signature]
[Signature]
[Signature]
[Signature] Commissioners