

**ORIGINAL**Decision No. 55761

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 COLLINS & STORY, FARMERS PUBLIC )  
 WAREHOUSE AND HI AND DRY WAREHOUSE, )  
 INC., WALTER JANSEN & SON, OAKLAND ) Application No. 39337  
 BEAN CLEANING AND STORAGE COMPANY, )  
 SACRAMENTO VALLEY MILLING CO., and )  
 WEST LOS ANGELES MILLING CO., for )  
 an increase in rates. )

Vaughan, Paul and Lyons by John G. Lyons,  
 and Jack L. Dawson, for applicants.  
James S. Eddy, for the Commission's staff.

O P I N I O N

By the above-entitled application, filed August 19, 1957, various warehouses located in the Sacramento Valley seek an increase in their rates for the storage of beans.

A public hearing was held before Examiner William E. Turpen at Marysville on September 19, 1957. Notices of the hearing were sent to all storers by applicants and to other interested parties by the Commission's Secretary. Members of the Commission staff assisted in developing the record.

Applicant's present rates for the storage of beans are contained in California Warehouse Tariff Bureau Tariff No. 24, Cal. P.U.C. No. 142, Jack L. Dawson, Agent. The tariff presently names a season storage rate (August 1 to July 31) of \$2.59 a ton. It is proposed to publish a rate of \$4 per ton, which will include receiving and holding the beans in bulk pending cleaning. The present tariff item makes no provision for bulk receiving, although most of the applicants now assess a charge of \$1 or \$1.50 per ton for bulk receiving as a non-utility service. It is also proposed

to increase the storage rate for beans remaining the month after the end of the season from \$1.15 to \$1.50 per ton, and the "passing through" rate from \$1.50 to \$2. per ton.<sup>1/</sup>

Witnesses for the applicants testified that over the past several years the trend has been to offer beans for storage in bulk instead of in bags, so that now over 95 per cent of the beans arrive in bulk. Operators and representatives of applicant warehousemen alleged that, although labor costs of handling beans in bulk are less than in bags, the over-all costs of handling bulk beans are higher due largely to the need for additional equipment. The assessment of bulk receiving charges by some of the warehouses was instituted, according to the witnesses, to attempt to recoup these additional expenses. This practice has developed gradually, and applicants now recognize the receiving service as an integral part of their public utility operation and feel it should be provided for in their published tariff rates.

A consulting engineer, employed by applicants, explained a study he had made of the revenues and expenses of the bean storage operations of applicants. The study is attached to the application as Exhibit "C". A summary of these operating results is shown in the following table:

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<sup>1/</sup> "Passing through" is where prior arrangements are made to ship out the beans within a specified time after cleaning instead of putting them into permanent storage.

OPERATING RESULTS OF BEAN STORAGE  
UNDER PRESENT AND PROPOSED RATES FOR  
YEAR ENDED DECEMBER 31, 1956

	<u>Collins &amp; Story</u>	<u>Hi &amp; Dry</u>	<u>Oakland Bean Cleaning</u>	<u>Sacto. Valley Milling</u>	<u>Walter Jansen &amp; Son</u>	<u>W. Los Angeles Milling</u>
<u>UNDER PRESENT RATES</u>						
Revenues	\$19,547	\$21,451	\$2,152	\$ 8,636	\$ 6,570	\$ 90,589
Expenses	28,739	31,124	4,144	20,299	17,680	105,816
Net	(9,192)	( 9,673)	(1,992)	(11,663)	(11,110)	(15,227)
Operating Ratio	147%	145%	193%	235%	269%	117%
<u>UNDER PROPOSED RATES</u>						
Revenues	\$20,977	\$20,800	\$1,671	\$12,696	\$ 9,932	\$ 78,414
Expenses	28,739	31,124	4,144	20,299	17,680	105,816
Net	(7,762)	(10,324)	(2,473)	(7,603)	(7,748)	(27,402)
Operating Ratio	137%	150%	248%	160%	178%	135%

( ) indicates loss

From the above it can be seen that the bean storage operations are being conducted at a loss and will still be conducted at a loss under the proposed rate. Some operators will show an increase in revenues while others will show a decrease. This apparently is due to the present practice of some warehouses charging \$1 or \$1.50 per ton for bulk receiving and others making no charge for this service. Granting of the application, according to witnesses for applicants, would provide a uniformity of charges among the warehouses.

The general manager of the Bean Growers Association of California and three growers of beans testified in opposition to the granting of the application. They cited as their reasons the increasing costs to the grower and the steady decline in the market price of beans.

Operating revenues and expenses for the over-all public utility operations of applicants were not developed. According to applicants, as they feel the proposal herein to be more in the

nature of a rate adjustment than a rate increase, they did not believe that the cost of an over-all study was warranted. Question was raised as to whether revenues and expenses incurred in the bean cleaning operation should be considered. It does not appear that the bean cleaning service has previously been considered as a utility operation, and the record in this proceeding does not contain sufficient information for any conclusions on this matter to be reached.

Applicants' tariff publishing agent testified that although there are 71 participants to Tariff No. 24, the applicants here are the only participants who engage in the storage of beans. He stated that he intends to seek cancellation of the rates for the storage of beans in so far as participants in the tariff other than applicants are concerned. During the course of the hearing, it developed that since the application was filed one of the four warehouses operated by West Los Angeles Milling Co. has changed hands and is now operated by T. A. La Maida, doing business as Josephine Warehouse. The tariff agent asked that, inasmuch as the study attached to the application includes this warehouse, the application be amended to include the new operator as one of the applicants.

It also developed during the hearing that the Rubke Warehouse, located at Marysville, stores beans and was not included in the application. The tariff agent stated that authority would be sought for that warehouse to publish the same rates. An amendment to include Ernest Rubke, doing business as Rubke Warehouse, as one of the applicants, was filed October 23, 1957. The amendment shows that this warehouse in 1956 had bean storage revenues of \$2,924 and expenses of \$6,313, resulting in a loss of \$3,389.

Under the proposed rates, the revenues would have been \$3,459, reducing the loss to \$2,854. It appears that conditions at this warehouse are similar to those existing at the other warehouses involved in this proceeding.

Upon consideration of all the facts and circumstances of record, the Commission is of the opinion and hereby finds that the proposed increased rates and rules for the storage of beans are justified. The application, as amended, will be granted.

It is noted that figures shown in the annual reports filed with the Commission by the applicant warehousemen differed from those shown in the study presented in this proceeding. In explanation, the operators testified that the figures shown in their annual reports do not accurately reflect actual utility revenues and expenses but are largely derived from percentage allocations from total operations. Applicants are reminded that the annual reports are filed with a sworn statement that the data contained therein are correct, and that willful filing of false reports can lead to penalties.

O R D E R

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

IT IS HEREBY ORDERED that the applicants named in Application No. 39337, as amended, and T. A. La Maida, doing business as Josephine Warehouse, be and they are hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the rates and rules for the storage of beans as proposed in Exhibit "B" of Application No. 39337.

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

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 28th day of October, 1957.



William D. Doane President

B. Hart

C. Lynn Fox

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Commissioners