

**ORIGINAL**Decision No. 57699

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 PRODCO WAREHOUSE COMPANY for authority ) Application No. 40564  
 to increase certain warehouse rates. )

OPINION AND ORDER

ProdcO Warehouse Company is a corporation engaged, among other activities, in public utility warehousing operations for the storage of cotton at a location approximately five miles south of the City of Fresno.<sup>1</sup> By this application it seeks authority, under Section 454 of the Public Utilities Code, to increase its cotton storage rate from 43 to 46 cents per bale, per month or fraction thereof. Applicant also requests that publication of the increased rate be permitted on less than statutory notice. No increase is sought in the charges for other warehousing services.

Applicant commenced its public utility warehouse operations on September 15, 1956, and has maintained the current rates since that time. According to the application, the public utility warehouse operations here involved are being conducted at a loss and are expected to continue to be conducted at a loss under the proposed rate. Applicant alleges that it is important that the proposed increase be authorized and put into effect before the heavy movement of the 1958-59 cotton crop.

According to the data submitted, the public warehouse operation involved was conducted at a loss of \$8,287 for the fiscal

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<sup>1</sup> In connection with the cotton storage, applicant also performs the compressing of cotton.

year ending June 30, 1958. Applicant also submitted a projected result of operations based upon the proposed increased rate. On the basis of the adjusted figures, if the proposed rate had been in effect during the year ending June 30, 1958 its warehouse operations would still have been conducted at a loss of \$341. A summary of these operating results is shown in the following table:

Public Utility Warehousing  
Operations under Current and Proposed Rate

<u>Income:</u>	<u>Under Current Rate</u>	<u>Under Pro- posed Rate</u>
Storage	\$113,893	\$121,839
Handling In and Out	53,837	53,837
Sampling	4,937	4,937
Reconditioning	44,390	44,390
Special Labor & Other	<u>17,960</u>	<u>17,960</u>
TOTAL INCOME	\$235,017	\$242,963
 <u>Expenses:</u>		
Allocated Expenses	161,048	161,048
Direct Labor	<u>82,256</u>	<u>82,256</u>
TOTAL EXPENSES	\$243,304	\$243,304
NET LOSS	\$ 8,287	\$ 341

The application states that the Commodity Credit Corporation, an agency of the United States Government, has recently entered into new cotton storage agreements with the various cotton warehouses throughout the United States whereby it agrees to pay for the storage of government cotton the established tariff rate of such warehouses or 46 cents per bale, per month or fraction thereof, whichever is less. Applicant states that it stores a large amount of government cotton and that unless it is permitted to increase its cotton storage rate to 46 cents as proposed it will not be able to

apply the higher storage rate to Commodity Credit Corporation storage.

Applicant further states that its principal storers were notified of the proposed increase. Field investigation by a member of the Commission's transportation rate staff developed that 23 storers utilized applicant's warehouse facilities during the 1957-58 season. The rate expert was successful in contacting thirteen of the principal storers, none of whom had any objection to the proposed increase in storage rates. No objection to the granting of the application has been received from any source.

Upon consideration of all the facts and circumstances, the Commission is of the opinion and finds that the proposed increased rate for the storage of cotton is justified. The application will be granted. A public hearing is not necessary. Applicant will be authorized to publish the increased rate on five days' notice.

Therefore, good cause appearing,

IT IS ORDERED:

(1) That applicant is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased rate proposed in the above entitled application.

(2) That the authority herein granted 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 Los Angeles, California, this 9<sup>th</sup> day of December, 1958.

*E. L. Fox* President  
*W. E. Mitchell*  
*Robert L. Kerner*  
*Walter Gode*  
*Theodore Jensen* Commissioners