

Decision No. 60288

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of WESTWAREHOUSES, INC., for an)
increase in rates.)

Application No. 42232

OPINION AND ORDER

Applicant is a Nevada corporation engaged in public utility warehouse operations in California at Milpitas. By this application, filed May 6, 1960, as amended May 11, 1960, it seeks authority to increase rates and charges in its Warehouse Tariff No. 1, Cal.P.U.C. No. 1, applicable at Milpitas by establishing, on five days' notice to the Commission and the public, a 20 percent surcharge to apply on all rates and charges covered by that tariff.

Applicant alleges that its public utility warehouse operations at Milpitas are being conducted at a loss; that since July 15, 1956, when applicant commenced public utility warehouse operations at Milpitas, operating expenses have increased materially due to increased taxes, wages and costs of operating supplies; that applicant's existing rates do not yield sufficient revenue to allow it to conduct the warehouse operations involved at a reasonable profit; and that in order to obtain the necessary revenue to continue in business and render adequate service to the public, applicant will require the sought increase.

Applicant points out that competing warehousemen in the San Francisco-Oakland Bay area and other northern California locations have sought and obtained approval to increase rates and charges by 20 percent and in some cases more.

According to the data submitted with the application, as amended, the warehouse operations herein involved are being conducted at a loss. The following table summarizes certain operating results

as they appear from the verified application:

	Operating Results, Year Ended <u>November 30, 1959</u>	Adjusted for Proposed <u>Rates</u>
✓ Storage Revenue	\$ 83,560.65	\$ 100,272.73 ✓
Handling Revenue	53,917.45	64,700.94
Other Revenue for Services	<u>7,702.72</u>	<u>9,243.26</u>
Total Operating Revenue	\$ 145,180.82	\$ 174,216.98
Total Operating Expense	<u>\$ 156,872.17</u>	<u>\$ 156,872.17*</u>
Net Warehouse Operating Revenues	<u>(\$ 11,691.35)</u>	<u>\$ 17,344.81*</u>

*Before income taxes.

() - Denotes loss.

Attached to the application is a copy of a letter dated March 15, 1960, which applicant states was sent to all of its customers storing in its Milpitas warehouse informing them of the proposed increase. Also attached to the application are copies of letters received by applicant from nine different storers, none of which object to the proposed increase. Applicant states that these nine customers account for an average of 71 percent of applicant's revenue, and that they were the only customers responding to its letter of March 15. No objection to the granting of this application has been received by the Commission. The Transportation Division has reviewed the application and has recommended that it be granted.

Upon consideration of all of the facts and circumstances, the Commission is of the opinion and finds that the increased rates and charges proposed in this application are justified. A public hearing is not necessary. The application will be granted.

Therefore, good cause appearing,

IT IS ORDERED:

(1) That Westwarehouses, Inc., is hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased rates and charges 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 San Francisco, California, this 20th day of June, 1960.

Cecil R. Page
President
John L. McNeil
William F. Fish
E. Lynn Fox
Theodore J. Jenner
Commissioners