

Decision No. 61281**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PRIVATE WAREHOUSE, INC., a corpora-
 tion, for a certificate of public
 convenience and necessity authorizing
 the operation of warehouses in the
 City and County of San Francisco, and
 for authority to issue stock.

Application No. 41521

Handler & Baker, by Marvin Handler, for
 applicant.
 Graham, James & Rolph, by Boris H.
 Lakusta, for Warehousemen's
 Association, Port of San Francisco,
 protestant.

O P I N I O N

Private Warehouse, Inc., requests a certificate of public convenience and necessity authorizing the operation of warehouses in the City of San Francisco. It also requests authority to issue 1,800 shares of its \$10 par value stock.

Public hearings were held before Examiner Thomas E. Daly in San Francisco and the matter was submitted on April 5, 1960, upon the receipt of concurrent opening and concurrent closing briefs. Following three extensions of time the closing briefs were filed on November 4, 1960.

The instant application was filed on September 28, 1959, subsequent to the issuance of an order dated July 14, 1959, instituting an investigation on the Commission's motion into the rates and practices of Private Warehouse, Inc. (Case No. 6308). During the course of hearing the above-entitled application, counsel for protestant made a motion for the consolidation of Case No. 6308 and

Application No. 41521 for the purpose of hearing and decision. The motion was denied. On September 6, 1960, counsel filed a written motion to consolidate said proceedings. This motion will also be denied.

The warehouse operations, herein considered, were first commenced by applicant's principal stockholder, Mr. Joseph Ratto, shortly after he acquired the F. J. Burns Draying Company in 1945. Warehousing was performed for eight accounts and over the years additional accounts have been acquired. The warehouse at 516 Townsend Street, San Francisco, was purchased by Mr. Ratto in 1947. Since that time various other leased warehouses have been acquired. The coordinated transportation and warehousing services were performed by F. J. Burns Draying Company until 1957 at which time applicant was incorporated for the purpose of operating the warehouse business. Mr. Ratto owns the property at 516 Townsend Street, which is jointly occupied by applicant, F. J. Burns Draying Company and the Wilson Trucking Company, a radial carrier, owned and operated by Mr. Ratto. The Burns company leases the property from Mr. Ratto and subleases to applicant and the Wilson Trucking Company. Six percent of applicant's gross revenue is paid to F. J. Burns Draying Company for certain administrative expenses, including billing and collecting.

At the present time applicant operates six warehouses consisting of approximately 257,000 square feet of space. All of said warehouses are served by rail spur facilities. As of February 29, 1960, applicant indicated total capital and surplus in the amount of \$8,314.69. For the six months ending February 29, 1960, it realized a net profit in the amount of \$4,122.14. The purpose of the stock issue is to provide a sounder capital structure

by decreasing liabilities in the amount of \$18,000, which was advanced by Mr. Ratto. Mr. Ratto stated that he will make additional funds available if and when necessary.

Under its existing rates applicant charges 5 cents per square foot of space with an "in and out" charge of 10 cents per 100 pounds. The proposed rates would be substantially the same except that the rates on certain commodities would be on a per unit basis. The per unit rate would assertedly affect only a small portion of the present business and is proposed for the purpose of meeting future conditions if the nature of the business should subsequently change.

According to Mr. Ratto, applicant now serves 38 regular accounts, most of which have been customers for more than 10 years. Operating at 90 percent of capacity it was stated that regardless of whether applicant is certificated or not, its operations would remain substantially the same.

Ten public witnesses testified on behalf of applicant. They represented large business concerns which warehouse commodities such as chemicals, electrical supplies, building materials, hydraulic equipment, stationery, paints, pipe, wire, canned goods, wines and empty beer cans. Briefly summarized they testified that they have used applicant's warehouse service for many years; that applicant's service is an integral part of their business operations; and, that the coordinated services of Burns Drayage and applicant are important to their business needs and requirements. Several stated that they had not been satisfied with prior use of certain public warehouses.

The Warehousemen's Association introduced the testimony of representatives of its respective members which included Haslett Warehouses, Consolidated Warehouses, San Francisco Warehouse Company,

Gibraltar Warehouses, Thompson Brothers, Incorporated (Dodd Warehouse Company), South End Warehouse Company, Central Warehousing & Draying Company, Seawall Warehouses, State Terminal Company, Ltd., and De Pue Warehouse Company. They contend that although they have been operating with efficiency they have space available. They further contend that applicant has diverted business in the past and if certificated will continue to do so. They were of the opinion that the recent trend in Bay Area warehousing has been toward decentralization, which has resulted in less public demand for space. This they attribute to the fact that the storage of agricultural commodities has moved closer to the points of production such as Sacramento, Stockton and San Jose. It was also pointed out that an ever increasing number of eastern companies have constructed Pacific Coast plants and have done away with local warehousing. The customer's policy at the present time, they claim, is to maintain smaller inventories in storage with a faster turnover in merchandise.

The existing public warehouses have been operating with applicant's so-called "competition" for the past ten years. Although there are claims of past diversion they are not supported by the record. Although the protesting warehouses indicate a substantial amount of available space, it was admitted that modern methods of storage have increased storage capacity and are thus a contributing factor. This coupled with the fact that most of the protesting warehouses have indicated a satisfactory financial condition in the past leads the Commission to believe that applicant's proposed service would not have the adverse effect complained of. With applicant operating at 90 percent of capacity there can be little fear of future diversion if the authority herein sought is granted.

After consideration, the Commission is of the opinion that certification would bring under regulation an operation that is providing a useful and desired service. It would require applicant to file with this Commission its tariffs, rules and regulations, which would not only be in the public interest but would be of benefit to the protesting warehouses. The reasonableness of the proposed rates may be appropriately determined when filed.

The Commission, therefore, finds and concludes that public convenience and necessity require the granting of the requested certificate and that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expense or to income.

O R D E R

Application having been filed and the Commission being informed in the premises,

IT IS ORDERED:

1. That a certificate of public convenience and necessity is hereby granted to Private Warehouse, Inc., a corporation, authorizing it to operate as a public utility warehouseman, as defined in Section 239(b) of the Public Utilities Code, in the operation of storage or warehouse floor space as more particularly set forth in Appendix A attached hereto and made a part hereof.
2. That, in providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

(a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations. Failure to file such reports, in such form and at such time as the Commission may direct, may result in a cancellation of the public utility warehouse operations authorized by this decision.

(b) Within 120 days after the effective date hereof, and on not less than ten days' notice to the Commission and to the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective tariffs satisfactory to the Commission.

3. That after the effective date hereof and on or before February 15, 1961, Private Warehouse, Inc., may issue not to exceed \$18,000 par value of its capital stock for the purpose heretofore specified.

4. That Private Warehouse, Inc., shall file with the Commission a report or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. That the motion to consolidate Case No. 6308 and Application No. 41521 is hereby denied.

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

Dated at San Francisco, California, this 28th day of December, 1960.

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

APPENDIX A TO DECISION NO. S12S1,
DATED Nov. 28, 1960, IN APPLICATION NO. 41521.

Private Warehouse, Inc., a corporation, is authorized to operate as a public utility warehouseman for the operation of storage or warehouse floor space as follows:

<u>Location</u>	<u>Number of Square Feet of Floor Space</u>
City of San Francisco	257,000

(The floor space shown above is exclusive of the 50,000 square feet of expansion permissible under Section 1051 of the Public Utilities Code.)

(End of Appendix A)