

ORIGINALDecision No. 61353

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 INTERAMERICAN WAREHOUSE CORPORATION,
 for authority to increase its rates
 as warehouseman in the City of
 Commerce.

Application No. 42678

Francis G. Stapleton, for applicant.
Carl H. Fritze, for Carnation Company;
 and P. J. Arturo, for Flour, Inc.;
 interested parties.
Hugh N. Orr, for the Commission's staff.

INTERIM OPINION

Interamerican Warehouse Corporation operates as a public utility warehouseman in the City of Commerce.^{1/} By this application it seeks authority to increase its rates and charges.

Public hearing of the application was held before Examiner Carter R. Bishop at Los Angeles on November 14, 1960.

Applicant proposes to increase its storage rates by 10 percent, its rates for handling in and out by 20.75 percent, and its rates and charges for accessorial services by varying amounts.

The background of the request for rate relief is as follows: Applicant began operations as a public utility warehouseman in 1959, filing its initial tariffs to become effective on June 9th of that year. The rates for storage thus established were the same as those then generally in effect at other public utility warehouses in the Los Angeles area. Applicant's rates for handling and for accessorial services, however, were lower than those then in effect

^{1/} The City of Commerce is located in the Los Angeles metropolitan area.

at the other warehouses.^{2/} Specifically, applicant set the rates in question at the levels which had generally prevailed in the area prior to the effective date of an interim increase of 10 percent in handling and accessorial charges which was authorized by Decision No. 57992, in Application No. 40688.^{3/} The effective date of that increase was March 20, 1959. Pursuant to Decision No. 58663 in the same application the 10 percent increase was replaced, effective August 16, 1959, by an increase of 15 percent in the base rates for handling and accessorial services of those warehousemen parties to said application.

When applicant commenced service it believed that it could operate successfully on the levels of rates which had prevailed generally in the area prior to the interim increase of March 20, 1959. By the time of filing of the instant application on September 27, 1960, however, applicant's financial analysis indicated to it that it was incurring large losses. The rate increases which it seeks herein are designed to bring substantially all of its rates and charges up to the levels which the Los Angeles area warehousemen generally, exclusive of applicant herein, are seeking in Application No. 42592.^{4/} Interamerican alleges that even if the increases sought herein are granted in full its operations will not be profitable.

2/ An exception to this statement is noted as follows: The accessorial service rates which applicant published for "special labor and clerical services" were, and are, somewhat higher than those generally applicable at other warehouses in Los Angeles and vicinity.

3/ In Application No. 40688 no increase was sought in storage rates. Applicant herein was not a party to said application.

4/ Application No. 42592 is now under submission, after public hearing and the filing of briefs. Applicants therein seek increases of 10 percent in storage rates, of 5 percent in rates for handling in and out, and of varying percentages in accessorial rates and charges.

According to studies of record, applicant estimates that it sustained losses, in its public utility warehouse services, of \$29,101 and \$6,008, for the year ended March 31, 1960 and the four-month period ended July 31, 1960, respectively. Had the increased rates herein sought been in effect during these periods applicant estimates that the losses would have amounted to \$7,369 and \$4,418, respectively.^{5/} At the hearing, applicant's president and accountant were questioned at length by members of the Commission's staff regarding the procedures by which the estimates of operating results were determined.

Subsequent to submission of the matter, applicant advised the Commission that operating losses are continuing to pile up and that some rate relief is urgently needed if applicant is to continue utility warehouse operations.

The record indicates that from the beginning of its operations applicant has paid the same wage rates, with their related fringe benefits and other payroll expense, as other warehousemen operating in the Los Angeles area, and that it has sustained corresponding increases in labor costs. Pending final determination of such rate increases as may be justified by a complete analysis of the record, we are of the opinion and hereby find that an increase of 15 percent in applicant's rates for handling in and out and for accessorial services, other than those for "special labor and clerical services", has been justified. Such increase will place the rates in question on the same levels as those which became effective generally in the Los Angeles area on

^{5/} The four deficit amounts shown above reflect adjustments which have been made in applicant's estimates, by which interest payments have been eliminated from operating expenses.

August 16, 1959 and are still in effect. The following order will so provide.

INTERIM ORDER

Based upon the evidence of record and upon the findings and conclusions set forth in the preceding opinion, and pending further order of the Commission,

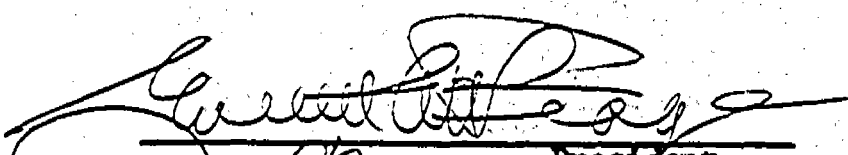
IT IS ORDERED that:

1. Interamerican Warehouse Corporation is hereby authorized to increase by 15 percent, on not less than five days' notice to the Commission and to the public, all rates and charges in its Warehouse Tariffs Nos. 3 and 4, Cal. P.U.C. Nos. 3 and 4, respectively, except those applying to storage, and except those for special labor and clerical services as set forth in Rule No. 53 of said Warehouse Tariff No. 3, Cal. P.U.C. No. 3, said increased rates to be subject to such further revision as the Commission may find justified in a final determination of the issues in this proceeding.
2. Said increased rates and charges may be published in the form of a surcharge rule.
3. The authority herein granted is subject to the express condition that applicant 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 a consent to this condition.

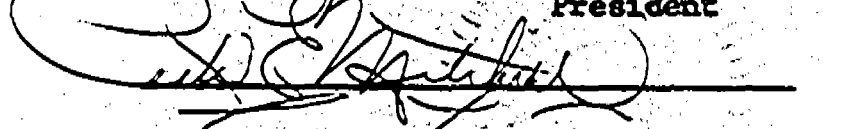
4. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

This order shall become effective ten days after the date hereof.

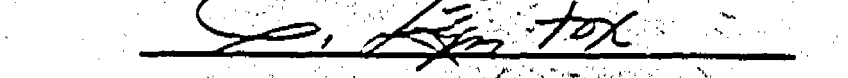
Dated at San Francisco, California, this 17th day of January, 1961.



President



Council Member



Commissioners