

Decision No. 65717**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ANDERSON CARTAGE, BEKINS WAREHOUSING)
 CORP., BOONE WAREHOUSES, INC., BARTOLA)
 MANI dba DYE'S TRANSFER AND STORAGE,)
 FORT SUTTER WAREHOUSE CO., L. E. GRAINGER)
 dba L. E. GRAINGER WAREHOUSE CO., HASLETT)
 WAREHOUSE COMPANY, W. E. HIBBITT and)
 D. MACAULAY dba LAWRENCE WAREHOUSE &)
 DISTRIBUTING CO., LAWRENCE WAREHOUSE)
 COMPANY, LYON VAN & STORAGE CO., MINGLE)
 TRANSPORTATION & WHSE. CO., MODESTO)
 TERMINALS, OWL TRANSFER CO., PACIFIC)
 STORAGE COMPANY, SMISER WAREHOUSE, and)
 WESTERN WAREHOUSE COMPANY, for an)
 increase in rates.)

Application No. 45266
 (Filed March 22, 1963)

Vaughan, Paul and Lyons by John G. Lyons,
 and Jack L. Dawson, for applicants.
Fred Hughes, John F. Specht and E. C. Crawford,
 for the Commission's staff.

O P I N I O N

Sixteen warehouse operators seek authority to increase certain of their rates and charges. The warehouses are located in the central valley area from Sacramento to Bakersfield.

Public hearing was held before Examiner Turpen on June 6, 1963, at Sacramento. Evidence on behalf of applicants was presented by the tariff publishing agent and by a certified public accountant. Managers of three of the applicant warehouses also testified. Members of the Commission's staff assisted in developing the record.

The record shows that applicants mailed over 800 notices of the sought increase and hearing to their storers. No one appeared in opposition to the application.

Applicants seek authority to increase the rates and charges named in California Warehouse Tariff Bureau Tariff No. 18-A,

Cal. P.U.C. No. 186 of Jack L. Dawson, Agent, generally in the following respects:^{1/} to increase handling charges by 40 percent, to increase the minimum storage and handling charges from 30 to 60 cents per lot per month storage and from 60 cents to \$1.20 per lot handling, to increase the withdrawal charge from 60 to 70 cents, to increase special labor charges from \$4.20 to \$5.00 per man per hour. Authority is also sought to cancel several inactive rates and tariff provisions. Seven of the applicants are at present parties to Warehouse Tariff No. 30. Authority is sought to cancel their participation in Tariff No. 30 and add them to Tariff No. 18-A. This change would result in comparable increases for these applicants.

The record shows that for most of the applicants the present rates have been in effect since August 15, 1960, and for the other applicants since October 21, 1957. Since then, according to applicants, costs incurred in operating the warehouses have increased not only by way of increased labor costs, taxes and rents, but also in higher prices for materials, services and supplies. Assertedly, the present rates do not yield sufficient revenues to permit applicants to operate at a profit and the sought increases are necessary to enable them to render adequate service to the public.

The manager of the California Warehouse Association explained a study made of applicants' operating results for the year 1961 covering the warehouse services involved. He testified that seven of the warehouses do about 97 percent of the business and the remaining warehouses operate mainly in other fields. These figures were expanded to reflect current expenses and revenues under the

^{1/} The sought increases are set forth in detail in Exhibit A, attached to the application.

sought rates. The results are summarized in the tables below:

OPERATING RESULTS FOR 1961

	<u>Seven Largest Warehouses</u>	<u>Other Warehouses</u>	<u>Total All Warehouses</u>
Revenues	\$662,571	\$ 16,638	\$679,209
Expenses	786,495	17,564	804,059
Profit or (loss)	(<u>\$123,924</u>)	(<u>\$ 926</u>)	(<u>\$124,850</u>)
Operating Ratio	118.7%	105.6%	118.4%

ADJUSTED OPERATING EXPENSES,
CURRENT COSTS AND SOUGHT RATES

Revenues	\$717,695	\$ 19,139	\$736,834
Expenses	806,344	18,792	825,136
Profit or (loss)	(<u>\$ 88,649</u>)	\$ 347	(<u>\$ 88,302</u>)
Operating Ratio	112.4%	98.2%	112.0%

The study also shows that for the year 1961, all of the warehouses showed a loss in these operations. Under the adjusted results, about half of the warehouses will show a small profit. The most favorable operating ratio indicated will amount to 93.7 percent.

The witness explained that the character of warehouse operations has changed over the past ten years. He said that formerly most storage was in large lots, but has gradually fallen off so that now there is very little volume storage, and business is largely in the nature of a distribution service of small lots. An analysis of revenues and expenses showed the biggest loss in handling. Therefore, he said, the increases sought here relate mostly to the handling services. Another study showed that the cost of special labor amounts to more than the \$5.00 per hour sought herein. However, the witness said, applicants feel that they cannot ask for more than that amount at the present time.

It is clear, and the Commission finds, that under the present rates and charges applicants' revenues are not sufficient to meet the expenses of performing the public utility warehouse operations here involved. We also find that the revenues to be derived from the increased rates and charges will not result in unreasonable profits. We therefore find that the increases in rates and charges and the other tariff adjustments proposed by applicants in this proceeding have been justified. The Commission concludes the application should be granted.

In view of the urgent need for additional revenues, applicants will be authorized to publish the tariff changes on not less than five days' notice to the Commission and to the public, and the order which follows will be made effective ten days after the date hereof. In authorizing the above-described increases we do not make any finding of fact as to the reasonableness of any particular rate or charge.

O R D E R

IT IS ORDERED that:

1. Applicants are hereby authorized to establish the increased rates and charges and other tariff changes as proposed in Application No. 45266. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. In publishing the increased rates and charges, fractions of a cent shall be disposed of as set forth in Exhibit No. 3 in this proceeding.

3. The authority herein granted is subject to the express condition that applicants 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 consent to this condition.

4. The authority herein granted shall expire unless exercised within sixty 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 16th day of JULY, 1963.

William L. Bennett
President
W. H. H. H.
W. H. H. H.
George G. H. H.
Fredrick B. Hallock
Commissioners