

Decision No. 68040**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. 46870
(Filed August 5, 1964)

W. W. Lynch, for Westwarehouses, Inc., applicant.
E. C. Crawford, Charles J. Astrue and Arthur F. Burns, for the Commission staff.

O P I N I O N

Applicant is a Nevada corporation engaged in public utility warehouse operations in California at Milpitas. It seeks authority to increase its handling and accessorial charges by 20 percent and to increase the special labor charge from \$3.60 to \$5.50 per hour.

Public hearing was held before Examiner Turpen on September 17, 1964, at San Francisco. Applicant's vice president testified in support of the application. Members of the Commission staff assisted in developing the record.

Applicant's rates and charges were last adjusted effective July 15, 1960, pursuant to Decision No. 60288, dated June 20, 1960, in Application No. 42232. That decision authorized a 20 percent surcharge on all rates and charges. No increase in storage charges is sought at this time. Applicant's vice president testified that labor costs have risen substantially since the last rate increase and that the labor contract now in effect calls for additional wage increases during the next two years. The witness stated that if the increases sought herein are granted, his handling rates will still be about 15 percent lower than those of competing warehouses located in the San Francisco Bay Area.

The application includes a profit and loss statement for the twelve months ended November 30, 1963, and additional statements adjusting these figures to reflect increased costs as of June 1, 1964, and the effect of the proposed rate increases. These results are summarized in the table below:

	<u>Actual Operations</u>	<u>Under Proposed Rates and Increased Exps.</u>
Revenues	\$202,213	\$210,444
Expenses	<u>190,144</u>	<u>192,140</u>
Net, before taxes	12,069	18,304
Income taxes	<u>1,829</u>	<u>4,812</u>
Net, after taxes	\$ 10,240	\$ 13,492
Rate Base	\$359,622	\$359,622
Operating Ratio*	94.4%	93.1%
Rate of Return*	2.9%	3.8%

* After income taxes.

The record shows that better than two thirds of the warehouse space is used by one customer on a space charge basis, and that on the remaining warehouse operations, expenses as allocated by applicant exceed revenues.

Applicant's witness stated that he informed the 30 storers who use the warehouse, by letter, of the proposed increases and had only one reply that could be considered adverse. The witness said that he does not expect any loss of business if the increase is granted.

It is clear, and the Commission finds, that the increases sought herein are intended only to offset some of the increased labor charges incurred since the last rate adjustment and that the increased rates are necessary to enable applicant to continue to perform 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, operating ratio and rate of return. We therefore find that the increases in rates and charges and the other tariff adjustments proposed by applicant have been justified. The Commission concludes that the application should be granted.

As the increased expenses are already in effect, applicant will be authorized to publish the tariff changes on not less than ten days' notice to the Commission and the public. In authorizing the proposed 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. Westwarehouses, Inc., is hereby authorized to establish the increased rates and charges and other tariff changes as proposed in Application No. 46870. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and the public.

2. 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 consent to this condition.

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

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

Dated at San Francisco, California, this 13th day of October, 1964.

Fredrick B. Holchoff
 President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.