

**ORIGINAL**

Decision No. 73006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of UNION TERMINAL WAREHOUSE, a )  
corporation, for a certificate )  
of public convenience and )  
necessity to operate the busi- )  
ness of a warehouse in City )  
of Vernon. )

Application No. 49554  
(Filed July 19, 1967)

Randolph Karr and Walt A. Steiger, for applicant.  
James Quintrall, for Los Angeles Warehousemen's  
Association, and R. E. Kronmiller, for R. J.  
Reynolds Tobacco Company, interested parties.  
George L. Hunt, for the Commission staff.

O P I N I O N

Union Terminal Warehouse, an established public warehouseman in Los Angeles, seeks a certificate of public convenience and necessity authorizing it to establish and operate warehouse space of 119,880 square feet in the City of Vernon. Public hearing was held before Examiner Power at Los Angeles on August 11, 1967 and the matter was then submitted. There were no protests.

Applicant presented three witnesses. Its president served as its operating witness. The western traffic and inventory control manager of a national candy company and the office manager in the regional office (14 Western states) of a national tobacco manufacturer testified in support of the application.

The operating witness testified that Union is a subsidiary of Southern Pacific Company. It presently operates 627,097 square feet in Los Angeles as a public warehouseman. This footage is in two buildings, one having six floors and a basement, the other

having seven floors without a basement. There is a great deal of vertical movement inside the buildings, a subtraction from efficiency. This was particularly noticeable in connection with products which move quickly in volume, such as candy and tobacco products.

Applicant decided to add another facility. It employed a management consultant to make a study. The consultant made the study and recommended a one-level operation. A 4-1/2 acre site in Vernon, already owned by Southern Pacific, was selected. A building presently on the site will be used as an office. Southern Pacific will build a building for warehousing. There are two siding tracks on the property now. This facility will cost \$1,590,000, broken down as follows:

Land	\$ 450,000
Building	770,000
Equipment	<u>370,000</u>
	\$1,590,000

The candy company witness testified to the needs of his industry. The product is heat sensitive and otherwise highly perishable. If stored too long it can become stale and have to be destroyed. The product requires temperature and humidity control. He prefers a first-in, first-out operation because of the staleness factor. Accordingly, he prefers a one-level operation. His candy comes from Hackettstown, New Jersey, and Chicago.

The tobacco company witness stated that his products are semiperishable. They are susceptible to handling damage and he, therefore, prefers the least amount of handling. As a result he also favors a one-level operation. He believed that all other tobacco companies have the same problems. (Union serves three other tobacco companies.) The evidence indicates he requested Union to construct a new facility.

It appears that the proposed service is needed, and the application will be granted. Union's present Los Angeles authority is not embodied in an appendix type certificate; therefore, the Commission will restate it.

The Commission finds that:

1. Public convenience and necessity require that the facility in the City of Vernon, proposed in the application, be constructed and that it be operated by Union Terminal Warehouse.

2. Union Terminal Warehouse has, or has available to it, the financial resources, experience and personnel to conduct a public utility warehouse in Vernon as proposed in the application.

3. Applicant's proposed rates, namely, Warehouse Tariffs Nos. 28-A and 29-A, Cal. P.U.C. Nos. 193 and 194 of California Warehouse Tariff Bureau, Jack L. Dawson, Agent, are reasonable for the proposed operation.

The Commission concludes that the application should be granted as provided by the following order.

Union Terminal Warehouse is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business in particular communities. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Union Terminal Warehouse, a corporation, as a public utility warehouseman, as defined in Section 239(b) of the Public Utilities Code, for the operation of storage or warehouse floor space as set forth in Appendix A attached hereto and made a part hereof.
2. 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. Applicant is placed on notice that, if it accepts the certificate of public convenience and necessity herein granted, 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 one hundred eighty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs, in triplicate, in the Commission's office.

(c) The tariff filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the establishment of the service herein authorized.

(d) The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 61-A.

3. Concurrently with the effective date of the filings required by ordering paragraph No. 2, subparagraphs Nos. (b) and (c) hereof, the present operating authority of Union Terminal Warehouse shall stand revoked.

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

Dated at San Francisco, California, this 29<sup>th</sup> day of AUGUST, 1967.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners

Union Terminal Warehouse, a corporation, by authority of the decision noted in the margin, is authorized to operate public utility warehouse space for the storage of general commodities in the County of Los Angeles, as follows:

<u>Location</u>	<u>Number of Square Feet Of Floor Space</u>
In the City of Los Angeles	627,097
In the City of Vernon	119,880

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

End of Appendix A

Issued by California Public Utilities Commission.

Decision No. 73006, Application No. 49554.