

Decision No. 74676**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ADAMS, SCHWAB & ADAMS WAREHOUSE CO., ADAMS WAREHOUSE COMPANY, BEN AKER WAREHOUSE, BAKER BROTHERS RICE DRIER & STORAGE COMPANY, BAYLES RICE DRIER CO., HOWARD BEEMAN WAREHOUSE & DRIER, BRONNER & SONS, INC., BULTEMA BROTHERS, BUTTE CITY WAREHOUSE COMPANY, CALIFORNIA DEHYDRATING CO., CALIFORNIA MILLING CORPORATION, CARGILL OF CALIFORNIA, INC., C.B.C. WAREHOUSE COMPANY, CHICO BEAN GROWERS, CITRONA WAREHOUSE, COAST COUNTIES WAREHOUSES, COLLINS & STORY, COLUSA-GLENN STORAGE COMPANY, COUNTY LINE WAREHOUSE, N. F. DAVIS DRIER & ELEVATOR, DELTA WAREHOUSE COMPANY, DE PUE WAREHOUSE COMPANY, DOMPE WAREHOUSE CO., DOTY BRICK WAREHOUSE (dba Doty Brick Warehouse and Riceton Warehouse), ECKHART SEED COMPANY, EIBE & HUFFMAN WAREHOUSE CO., INC., ERDMAN WAREHOUSE, ESPARTO WAREHOUSE COMPANY, FARMERS ALLIANCE BUSINESS ASSOCIATION, FARMERS GRAIN ELEVATOR, FARMERS' RICE DRIER & STORAGE CO., a division of Farmers' Rice Cooperative, FARMERS WAREHOUSE, FIREBAUGH ELEVATOR & STORAGE COMPANY, INC., GLENN GROWERS, GRAINO ELEVATOR COMPANY, GRIDLEY WAREHOUSE, JOHN F. GRISEZ, GUADALUPE WAREHOUSE, INC., HASLETT COMPANY, HAYRICO, INC., L. A. HEARNE WAREHOUSE COMPANY, HELM BEAN & SEED WAREHOUSE, INC., HI & DRY WAREHOUSE INC., VICTOR HOAG WAREHOUSE, J. C. HORNALL, WALTER JANSEN & SON, JOOST GRAIN ELEVATORS, JOSEPHINE WAREHOUSE, LACEY MILLING COMPANY, LIBERTY WAREHOUSE, LOMPOC WAREHOUSE CORPORATION, ED J. LYNG COMPANY, INC., MAFFEI WAREHOUSE & STORAGE, INC., MAST IRON WAREHOUSE, MITCHELL SILLIMAN COMPANY, MONTANA ELEVATOR COMPANY, JIM B. NIELSEN, NORTHERN CALIFORNIA COMPANY, NORTHERN STAR MILLS, OAKLAND BEAN CLEANING AND STORAGE COMPANY, INC., E. M. OLSON WAREHOUSE, PACIFIC INTERNATIONAL RICE MILLS, INC., PATTERSON WAREHOUSE CO., PRINCETON RICE DRYER, INC., RABB BROS. ELEVATOR & MILL, RHODES WAREHOUSE & SUPPLY CO., RIZ WAREHOUSE COMPANY, INC., SACRAMENTO DELTA ELEVATORS (dba Island Elevators and Riverside Elevators), SACRAMENTO RIVER WAREHOUSE COMPANY, SACRAMENTO VALLEY MILLING COMPANY, SALYER GRAIN & MILLING COMPANY, SAN JOAQUIN CROPS CO., S. AND S. WAREHOUSE COMPANY, INC., SAN MIGUEL FLOURING MILL

) Application No. 50499  
) (Filed August 22, 1968)

COMPANY, SANTA MARIA VALLEY WAREHOUSE COM- )  
PANY, SOLEDAD WAREHOUSE CO., STRAIN RANCHES, )  
INC., SUTTER BASIN GROWERS COOPERATIVE, )  
TARKE WAREHOUSE, INC., TERHEL FARMS DRIER & )  
STORAGE CO., TRES PINOS GRAIN AND SUPPLY, )  
TRI-GRAIN, INC., TUDOR WAREHOUSE, TURLOCK )  
DEHYDRATING AND PACKING CO., TYNDALL WARE- )  
HOUSE COMPANY, INC., VALLEY BEAN WAREHOUSE, )  
INC., VALLEY GRAIN DRIER, INC., WESTAN WARE- )  
HOUSE COMPANY, INC., WEST COAST CHECKERBOARD )  
ELEVATOR COMPANY, WESTLEY WAREHOUSE CO., )  
WEST LOS ANGELES MILLING CO., WILLOWS RICE )  
DRIER & STORAGE COMPANY, and WOODLAND WARE- )  
HOUSES, for an Increase in Rates. )

INTERIM OPINION

Applicants are public warehousemen engaged in the storage of agricultural commodities at various places in California but generally in the Sacramento, San Joaquin, Salinas and Santa Maria Valleys. They seek authority to increase seasonal storage rates on dried beans (including summer annual field peas), and the following seeds: mustard, brassicacea species, sudan, alfalfa and clover. The storage rates are per ton per season.<sup>1/</sup> Applicants allege that the season for dried beans commences during the month of September; and, therefore, in order to obtain any additional revenues from the storage of beans, this year any increase in rates must be made effective during September. They therefore seek authority to establish certain rates as interim relief pending Commission's determination of the application for its proposed rates.

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<sup>1/</sup> In the case of beans rates per ton per season apply from time of deposit in storage until removal from storage, until the date the Commodity Credit Corp. acquires title to the beans, or until July 31 next.

The present rates, proposed rates and suggested interim rates are:

	<u>Rates in Cents Per Ton Per Season</u>		
	<u>Present</u>	<u>Proposed</u>	<u>Interim</u>
Beans (including Field Peas)	500	700	625
Note: For extension to August Next	125	140	125*
Seed - Mustard & Brassicacea	500	700	625
Seed - Sudan	450	650	575
Seed - Alfalfa & Clover	500	700	625

\* No increase

The application contains a summary of earnings of six applicants as well as a study of the cost per ton of storing beans based upon the operations of those six warehouses. The six warehouses that comprise the sample were selected for detail study on advice from the Commission staff. The study indicates a cost per ton of \$5.518 considering only those expenses relating to plant (similar but not the same as out-of-pocket cost) and a cost of \$7.488 per ton when all expenses, including administrative expense, are considered.

The study of the earnings of the six warehousemen in the sample discloses that under the present rates all six warehousemen provide storage of beans at a loss and under the suggested interim rates only one of the six would have an indicated profit. The operating ratio after income taxes of that one warehouseman at the interim rates would be 97.82 percent and the rate of return indicated is 0.84 percent.

The Commission is advised by its staff that the season for beans has just started and that if applicants are entitled to

relief increased rates should be made effective immediately. The Commission is also informed that the Transportation Division and the Division of Finance and Accounts have reviewed the exhibits to the application and the underlying work papers, and that the Transportation Division has made a brief survey in connection with this application. The Commission is advised by its staff that in absence of any protest the request for interim relief should be considered without hearing and without delay.

No protests have been received. We have considered the application and the exhibits attached thereto. The rates in question have been in effect without a general adjustment for several years. We are of the opinion and find that increases in the rates at least to the level of the proposed interim rates are justified. The element of time prevents us from making any determination concerning the reasonableness of the individual interim rates proposed herein. We conclude that applicants should be authorized to establish the proposed interim rates on not less than five days' notice to the Commission and to the public subject to the express condition that the grant of such authority should not be presented as a defense in any proceeding involving the issues of whether said interim rates are unreasonable, discriminatory, preferential or otherwise unlawful.

INTERIM ORDER

IT IS ORDERED that:

1. Applicants are authorized to establish the increased rates designated in Exhibit C to Application No. 50499 as "Rates

Proposed as Interim Adjustment", to become effective on not less than five days' notice to the Commission and to the public.

2. The authority granted hereinabove is subject to the express condition that applicants, or any of them, shall never raise as a defense in any proceeding involving the issues of whether said rates are unreasonable, discriminatory, preferential or otherwise unlawful, the authority granted herein. The publication of the increased rates authorized herein shall be an acceptance of this condition.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 11<sup>th</sup> day of SEPTEMBER, 1968.

William A. Quinn, Jr.  
President  
John E. [unclear]  
William W. Bennett  
Augusta  
Fred P. Monsey  
Commissioners