

ORIGINAL

Decision No. 76878

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
ACE CITY DELIVERY, doing business as
ACE CITY WAREHOUSE, KROWN TRANSPORT-
ATION CO., doing business as AMERICAN
WAREHOUSE, ANAHEIM TRUCK & TRANSFER
CO., ATLANTIC TRANSFER CO., B & M
TERMINAL FACILITIES, INC., BEKINS
WAREHOUSING CORP., CALIFORNIA CARTAGE
WAREHOUSE CO., a division of CALIFORNIA
CARTAGE COMPANY, INC., DANIEL C.
FESSENDEN COMPANY, doing business as
CALIFORNIA WAREHOUSE CO., CENTRAL
TERMINAL WAREHOUSE CO., H.G. CHAFFEE
COMPANY, CHARLES WAREHOUSE CO., INC.
CITIZENS WAREHOUSE TRUCKING COMPANY,
INC., CITY TRANSFER, INC., COLUMBIA
VAN LINES, INC. OF CALIFORNIA, COM-
MERCE WAREHOUSE COMPANY, CONSOLIDATED
WAREHOUSE COMPANY OF CALIFORNIA, DART
PUBLIC WAREHOUSE, INC., DAVIES WARE-
HOUSE COMPANY. DEPENDABLE TRUCKING
COMPANY, INTERAMERICAN WAREHOUSE CORP-
ORATION, LAW EXPRESS, INC., LOS
ANGELES TRANSPORT & WAREHOUSE CO.,
LYON VAN & STORAGE CO., M & M TRANSFER
COMPANY, METROPOLITAN WAREHOUSE CO.,
MOSER TRUCKING INCORPORATED, OVERLAND
TERMINAL WAREHOUSE CO., OVERMYER OF LA
MIRADA, PACIFIC COAST TERMINAL WARE-
HOUSE CO., PACIFIC COMMERCIAL WAREHOUSE,
INC., PEERLESS TRUCKING COMPANY,
QUALITY WAREHOUSE & DISTRIBUTING, RED-
WAY TRUCK AND WAREHOUSE COMPANY,
TORRANCE VAN & STORAGE COMPANY, doing
business as S. & M. TRANSFER & STORAGE
CO., SIGNAL TRUCKING SERVICE, LTD.,
STAR TRUCK & TRANSFER COMPANY and
PIONEER TRUCK COMPANY, doing business
as STAR TRUCK AND WAREHOUSE CORPORATION,
STATES WAREHOUSES, INC., STORECENTER,
INC., SUPERIOR FAST DRAYAGE, TRULOVE
TRANSFER & STORAGE, INC., UNION TERMINAL
WAREHOUSE, USCO SERVICES, INC., VELTMAN
WAREHOUSE CO., VERNON CENTRAL WAREHOUSE,
INC., doing business as VERNON WARE-
HOUSE COMPANY, WEBER TRUCK AND WAREHOUSE,
and WEST COAST WAREHOUSE CORP. for author-
ity to increase their rates as warehouse-
men in the City of Los Angeles and other
Southern California points.

Application No. 51473
(Filed November 12,
1969; Amended
January 28, 1970)

INTERIM OPINION

By this application, as amended, forty-seven public utility warehousemen seek a 10 percent increase in all their storage rates and charges, plus related specific increases in minimum storage and handling charges.^{1/} The utility warehouse operations of applicants are for the dry storage of general commodities at warehouses located in the Metropolitan Los Angeles Area.

In applicants' first amendment to their application, filed January 28, 1970, ex parte authority is requested to publish and make effective all increases specifically set forth in Paragraph VII of Application No. 51473, other than those sought in storage rates and charges.

Applicants direct attention to the fact that this proceeding is to be heard on March 3, 1970. They submit that any relief which may be authorized in this matter subsequent to public hearing will probably not become effective before May 15, 1970, which is fully six months after the original application was filed. The applicant warehousemen explain that they have been and are required to absorb substantial increases in wages, salaries, and other operating expenses without any compensating increase in revenues. The last general adjustment in applicants' storage rates and charges was made pursuant to the authority granted in Decision No. 75285, dated February 4, 1969, in Application No. 50558. As of July 1, 1969, applicant warehousemen experienced significant increases in their operating expenses, due primarily to upward adjustments in the cost

^{1/} Applicants' rates and charges are published in the following tariffs: California Warehouse Tariff Bureau, Warehouse Tariffs Nos. 28-A and 29-A, Cal. P.U.C. Nos. 193 and 194, respectively, of Jack L. Dawson, Agent; M & M Transfer Co., Warehouse Tariff No. 15, Cal. P.U.C. No. 15 and Vernon Central Warehouse, Inc., Warehouse Tariff No. 6, Cal. P.U.C. No. 6, issued by Jack L. Dawson, Agent.

of labor, both warehouse and clerical. Such increased labor costs are assertedly directly involved in the non-storage tariff items for which ex parte increase authority is sought herein.

The details of the increases for which interim authority is requested and the effect of such increases on the revenues of applicants are set forth in various exhibits attached to the First Amendment of Application No. 51473, a summary of which is set forth below:

TABLE I

SUMMARY SCHEDULE INDICATING EFFECT OF PROPOSED
EX PARTE INCREASE FOR ELEVEN REPRESENTATIVE
WAREHOUSES AND FOR ALL OTHER APPLICANT WAREHOUSES

	<u>Eleven Warehouses</u>	<u>Other Applicant Warehouses</u>	<u>Total</u>
Public Util. Warehouses Revenues Adjusted to Present Rates	\$7,292,329	\$2,897,231	\$10,189,560
Proposed Ex Parte Increase	<u>486,087</u>	<u>166,224</u>	<u>652,311</u>
Revenue Adjusted to Reflect Ex Parte Increase	7,778,416	3,063,455	10,841,871
Public Utility Warehouse Expense - Adjusted	<u>7,206,970</u>	<u>2,614,256</u>	<u>9,821,226</u>
Net Oper. Income - Before Taxes	571,446	449,199	1,020,645
Operating Ratio - Before Taxes	92.65%	85.34%	90.59%

In the event the sought ex parte increase is not granted, the modified income statements attached to the application indicate that, under present rates and increased expenses as of July 1, 1969, the eleven representative applicant warehousemen would experience an over-all operating ratio of 100.58 percent before income taxes for the test rate year. From Table I above it will be noted that for the same rate year it is estimated the eleven representative utility

warehouse operations listed will experience an operating ratio of 92.65 percent before income taxes should the proposed ex parte increase be granted. Said operating ratios will be higher after appropriate provisions for income taxes which are to be further considered in this proceeding.

The Commission staff recommends that, in the absence of protests, applicants' sought ex parte increase be granted and that the proposed increases in storage rates be made the subject of public hearing. The Commission has been advised that approximately 4000 notices of the sought increase in utility warehouse rates and charges have been mailed to applicants' storers on or about January 14, 1970. Application No. 51473 and the First Amendment thereto was listed on the Commission's Daily Calendar for November 13, 1969 and January 29, 1970, respectively. The Commission has received three responses to applicants' notice to their storers which, while they object to the proposed increase, in the main, are not persuasive.

The Commission finds that:

1. Applicants are experiencing increases in their utility warehouse operating expenses which are not reflected in the level of their established tariff rates and charges.
2. Applicants have demonstrated that additional revenue is needed to compensate for increased expenses which are not reflected in their present rates and charges.
3. It has not been shown on the record to date whether the sought increase in applicants' tariff rates and charges, other than the proposed ex parte increase in said rates and charges, is fully justified.

4. Applicants' proposed interim ex parte increase in their tariff rates and charges, as set forth in Paragraph III of the First Amendment to Application No. 51473, has been shown to be justified.

5. Public hearing should be held for the receipt of evidence concerning increases sought in applicant warehousemen's storage rates and charges.

We conclude that applicants' sought ex parte authority for an interim increase in rates and charges should be granted to the extent set forth in the order herein, and that public hearing should be held for the receipt of evidence concerning applicants' request for further upward revisions in their tariff rates and charges.

In view of the fact that the upward adjustments in applicants' labor and allied payroll expenses have been in effect for several months, the request for authority to establish the ex parte increase in rates and charges on not less than five days' notice to the Commission and to the public will be granted.

INTERIM ORDER

IT IS HEREBY ORDERED that:

1. Pending further order of the Commission, applicants are hereby authorized to increase their rates and charges as proposed in Paragraph III of the First Amendment to Application No. 51473. Tariff publications authorized to be made by 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 increases authorized herein applicants shall dispose of fractions as follows:

- (a) Where the resulting rate is less than ten cents, fractions less than 1/2 mill will be dropped and fractions 1/2 mill and greater will be raised to the next whole mill.
- (b) Where the resulting rate is ten cents or over, fractions less than 1/2 cent will be dropped and fractions 1/2 cent or greater will be raised to the next whole cent.

3. The authority herein granted is subject to the express condition that applicants will never urge before the 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 of 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.

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

Dated at SAN FRANCISCO, California, this 3rd day of MARCH, 1970.

William J. Brown, Jr.
President
Augusta
William J. Brown
William L. Sturgeon
Commissioners