

ORIGINAL

Decision No. 78496

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 ANDERSON CARTAGE, APPLEGATE WAREHOUSE
 COMPANY, BEKINS WAREHOUSING CORP.,
 BOONE WAREHOUSES, INC., CONSOLIDATED
 CALIFORNIA TERMINALS, INC., CRISTINA
 WAREHOUSE CO., FORT SUTTER WAREHOUSE
 CO., L. E. Grainger dba L. E. GRAINGER
 WAREHOUSE CO., HASLETT COMPANY, W. E.
 Hibbett & D. Macaulay dba LAWRENCE
 WAREHOUSE & DISTRIBUTING CO., LYON
 VAN & STORAGE CO., MINGLE TRANSPORTA-
 TION & WHSE. CO., MODESTO TERMINALS,
 OWL TRANSFER CO., PACIFIC STORAGE COM-
 PANY, STATE CENTER WAREHOUSE, SPEAR
 ENTERPRISES, INC., dba UNITED TRUCK
 LINE, and TRAVIS WAREHOUSE, INC., dba
 WESTERN WAREHOUSE COMPANY, for an
 Increase in Rates.

Application No. 52429
 (Filed February 3, 1971;
 Amended March 3, 1971)

INTERIM OPINION AND ORDER

By this application 18 public utility warehousemen seek authority for a general 20 percent increase in their storage and handling rates and charges, plus related adjustments in specified charges for accessorial services and the transfer of tariff participation by 2 applicant warehousemen.^{1/} In the event that a public hearing is deemed necessary, applicants request ex parte authority to apply a 5 percent surcharge to their rates and charges pending such hearing. The utility warehouse operations involved are for the dry storage of general commodities at warehouses located in the Sacramento-San Joaquin Valley Area plus 2 warehouse facilities in the San Jose Area.

^{1/} Applicants' rates and charges are contained in the following tariffs: California Warehouse Tariff Bureau, Warehouse Tariffs Nos. 52, 53 and 55, Cal. P.U.C. Nos. 224, 225 and 231, respectively, of Jack L. Dawson, Agent; Consolidated California Terminals, Inc., Warehouse Tariff No. 1, Cal. P.U.C. No. 1 and Haslett Company Warehouse Tariff No. 12-F, Cal. P.U.C. No. 231, issued by Jack L. Dawson, Agent.

Applicants' present rates and charges named in California Warehouse Tariff Bureau Tariffs Nos. 52, 53 and 55 (except for San Jose Area) and in Haslett Company Warehouse Tariff No. 12-F, were last generally increased, effective November 20, 1967, pursuant to Decision No. 73264, dated October 27, 1967, in Application No. 49432. The rates and charges contained in California Warehouse Tariff Bureau Tariff No. 55, applicable in the San Jose Area, have been in effect without a general increase since August 19, 1968, which is the effective date of the increased rates authorized by Decision No. 74439, dated July 23, 1968, in Application No. 50228. Since the establishment of applicants' present level of rates, it is contended that the operating costs for the utility warehouses involved have increased as a result of upward adjustments in labor costs, taxes, rents and in the prices paid for materials, services and supplies required to conduct said utility warehouse operations. It is applicants' contention that the revenue derived from their existing rates and charges is insufficient; that the sought increase is necessary in order to afford applicants an opportunity to earn a reasonable profit and to render an efficient warehouse service vitally required by the public.

In support of the sought relief, applicants have attached to their application, in the form of exhibits, several financial statements designed to show the estimated results of utility warehouse operations under the proposed increase in rates and charges. In Exhibits D and E of the application the estimated results of public utility warehouse operations, for 6 representative applicant warehousemen, are developed under the present and proposed rates and adjusted expenses; said expenses, including increases as of December 31, 1970, were not heretofore reflected in applicants'

established rates and charges. A summary and analysis of applicants' aforementioned computations are set forth in Table 1 below:

Table 1

Estimated Results of Utility Warehouse Operations of Six Representative Applicant Warehousemen for a 1969-1970 Test Rate Year, Adjusted to Reflect Sought Increases in Revenues and Expenses Adjusted as of December 31, 1970

	<u>Results of Operation Under Sought 5% Interim Surcharge</u>	<u>Overall Rate Increase</u>
Revenues-Actual	\$1,359,256	\$1,359,256
Adjusted for 5% Surcharge	67,963	-
Adjusted for Proposed Full Increase in Rates	-	338,046
Total Adjusted Revenues	<u>\$1,427,219</u>	<u>\$1,697,302</u>
Expenses-Adjusted	1,347,744	1,347,744
Increased Wages & Payroll Costs	67,933	67,933
Increased Taxes and Other	11,910	11,910
Total Adjusted Expenses Before Taxes	<u>\$1,427,587</u>	<u>\$1,427,587</u>
Net Oper. Income (Loss) Before Taxes	(368)	269,715
Operating Ratio-Before Taxes	100.0%	84.1%

In the event the sought 5 percent surcharge is not granted, pending public hearing of Application No. 52429, the modified income statements attached to the application indicate that under present rates and increased expenses as of December 31, 1970, the 6 representative applicant warehousemen will experience an operating ratio of 105.6 percent after allowances for income taxes. From Table 1 above it will be noted that for the same rate year it is estimated that the 6 warehousemen will experience a break-even point (100 percent operating ratio) in the event a 5 percent interim surcharge is

authorized. It will also be observed from Table 1 that the 5 percent surcharge will only produce additional revenues sufficient to offset increases in wages and allied payroll expenses experienced by applicants since their rates and charges were last generally revised.

If the full sought relief were to be authorized at this time, Table 1 indicates that applicants would enjoy an overall operating ratio of 84.1 percent before income taxes; whereas in Exhibit D of the application the selected warehouse operations are expected to realize an operating ratio of 90.8 percent after taxes for the same period. Applicant warehousemen make note of the fact that their estimated results of operations under the sought interim increase in rates is without consideration of increased expenses resulting from new wage contracts which became effective January 1, 1971.

The Commission's Transportation Division staff recommends that, in the absence of protests, applicants be authorized, by an interim ex parte order, to apply a 5 percent surcharge to their rates and charges pending decision on evidence to be adduced at a public hearing in this matter. Application No. 52429 was listed on the Commission's Daily Calendar of February 4, 1971. No objection to the granting of the sought ex parte relief has been received.

The Commission finds that:

1. Applicants have experienced 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. Except for a 5 percent interim increase in applicants' rates and charges, the total relief sought in Application No. 52429 has not been shown to be fully justified at this time.

4. Applicants' proposed interim 5 percent surcharge increase in rates and charges has been shown to be justified.

We conclude that applicants should be authorized, on not less than five days' notice to the Commission and to the public, to increase their rates and charges by applying thereto a surcharge of 5 percent. It is also concluded that public hearing should be held for the receipt of evidence concerning applicants' request for further upward revisions in their tariff rates and charges to replace the interim surcharge authorized herein.

IT IS ORDERED that:

1. Pending further order of the Commission, applicants are hereby authorized to increase their rates and charges by first computing the total warehousing charges due from each storer under the current provisions of the tariffs herein involved and increasing the amount so obtained by 5 percent. Fractions shall be disposed of as follows: Fractions of less than one-half cent shall be dropped; whereas fractions of one-half cent or greater shall be increased to one cent.

2. Tariff publications authorized to be made by the order herein may be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

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 constitutes a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to

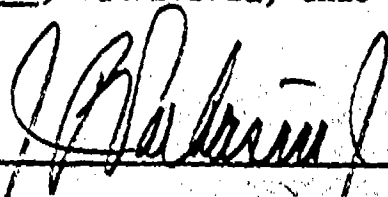
the authority herein granted will be construed as consent to this condition.

4. A public hearing shall be scheduled in this proceeding for the receipt of evidence concerning applicants' request for further upward revisions in their tariff rates and charges to replace the interim surcharge authorized herein.

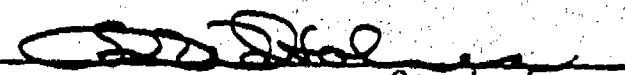
5. The interim authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at San Francisco, California, this 30th
day of MARCH, 1971.


Chairman


Vernon L. Sturgeon


Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.