

Decision No. 79361**ORIGINAL**

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, ACCURATE CARTAGE
 AND WAREHOUSING, INC., KROWN TRANS-
 PORTATION CO., doing business as
 AMERICAN WAREHOUSE, ANAHEIM TRUCK
 & TRANSFER CO., ATLANTIC TRANSFER
 CO., B & M TERMINAL CORP., 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.,
 CITIZENS WAREHOUSE TRUCKING COMPANY,
 INC., CITY TRANSFER, INC., COLUMBIA
 VAN LINES, INC. OF CALIFORNIA,
 COMMERCE WAREHOUSE COMPANY,
 CONSOLIDATED WAREHOUSE COMPANY OF
 CALIFORNIA, DART PUBLIC WAREHOUSE,
 INC., DAVIES WAREHOUSE COMPANY,
 DEPENDABLE TRUCKING COMPANY,
 FLEETWOOD WAREHOUSE CO., INC.,
 INTERAMERICAN WAREHOUSE CORPORATION,
 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
 WAREHOUSE CO., PACIFIC COMMERCIAL
 WAREHOUSE, INC., PEERLESS TRUCKING
 COMPANY, REDWAY TRUCK AND WAREHOUSE
 COMPANY, JOSEPH J. ROSSINI, TORRANCE
 VAN & STORAGE COMPANY, doing business
 as S. & M. TRANSFER & STORAGE CO.,
 SHIPPERS TERMINAL CO. OF CALIFORNIA
 INC., SIGNAL TRUCKING SERVICE, LTD.,
 STAR TRUCK & TRANSFER COMPANY and
 PIONEER TRUCK COMPANY, doing business
 as STAR TRUCK AND WAREHOUSE CORPORA-
 TION, STATES WAREHOUSES, INC., STORE-
 CENTER, INC., SUPERIOR FAST DRAYAGE,

Application No. 52549

(Filed April 13, 1971;
amended May 17, 1971)

SWIFT TRANSPORTATION COMPANY,
TRULOVE TRANSFER & STORAGE, INC.,
UNION TERMINAL WAREHOUSE, USCO
SERVICES, INC., VERNON CENTRAL
WAREHOUSE, INC., doing business
as VERNON WAREHOUSE COMPANY,
WEBER TRUCK AND WAREHOUSE, WEST
COAST WAREHOUSE CORP., and
WILLIAMS WAREHOUSE AND DISTRIBUTION
CENTER, INC., for authority
to increase their rates as
warehousemen in the City of
Los Angeles and other Southern
California points.

(Appearances are listed in Appendix A)

O P I N I O N

The 48 applicants in this proceeding are engaged in the warehousing of general commodities as public utility warehousemen at various locations within and about the Los Angeles metropolitan area. By this application they seek authority to effect a 5 percent increase in their rates and charges on five days' notice to the Commission and to the public.

Applicants' present rates and charges are set forth mainly in 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. In addition, applicants M & M Transfer Company, Vernon Warehouse Company, and Union Terminal Warehouse Company maintain rates for certain of their services in the following tariffs of Jack L. Dawson, Agent:

M & M Transfer Company:

Warehouse Tariff No. 19, Cal. P.U.C. No. 19;

Vernon Warehouse Company:

Warehouse Tariff No. 8, Cal. P.U.C. No. 8;

Union Terminal Warehouse:

Warehouse Tariff No. 2, Cal. P.U.C. No. 2.

The rates and charges in applicants' Warehouse Tariffs Nos. 28-A and 29-A and in M & M Transfer Company's Warehouse Tariff No. 19 were established at their present level on December 16, 1970, pursuant to authority granted by Decision No. 77996. The rates and charges in Vernon Warehouse Company's Warehouse Tariff No. 8, Cal. P.U.C. No. 8, were established June 24, 1970, pursuant to Decision No. 77334, and the rates and charges in Warehouse Tariff No. 2 of Union Terminal Warehouse were established February 9, 1968, pursuant to Decision No. 75285.

Applicants state that under terms of collective bargaining agreements entered into in 1970 with unions representing their employees the costs of the labor employed in their warehouse operations will be increased substantially on or before July 1, 1971, and that their operating expenses have been increased also by raises in wages and salaries which they have had to grant clerical, supervisory and administrative personnel since July 1, 1970. Assertedly, none of these cost increases were considered by the Commission in reaching its Decision No. 77996. Applicants allege that as a result of said cost increases the rates and charges now provided in applicants' tariffs for all of their services will be on July 1, 1971, and thereafter, unreasonably low, inadequate, and insufficient to provide revenues necessary to meet operating expenses and leave a reasonable profit for the warehouse services of applicants. They further allege the sought increase of five percent in all of their warehousing rates and charges is necessary to bring such rates and charges to a reasonable and sufficient level.

Public hearing on this application was held before Examiner C. S. Abernathy at Los Angeles on May 24 and 25, 1971. Evidence was presented on applicants' behalf by the secretary-treasurer of the Los Angeles Warehousemen's Association. A representative of the Duke Molner Wholesale Liquor Co., Inc., participated in the development of the record in opposition to the application. Members of the Commission's staff also participated in the development of the record.

The evidence which applicants' witness presented is to the following effect:

Following the labor agreements which applicants entered into in 1970, applicants' witness initiated a study for the purpose of determining whether the warehousemen could absorb the increases in labor costs which the agreements specified or whether they would have to seek compensating revenue increases through increased rates. Financial data which were used as the basis for this study were taken from the warehousemen's annual reports to the Commission for the year 1969 inasmuch as more recent data were not available at the time. Assuming that the warehousemen's revenue and expense experience would continue at 1969 levels except for the increases in labor costs (plus certain related cost increases) and except for the increases in rates which the Commission has since authorized, the witness adjusted the 1969 revenue and expense figures to include provision therein on an annual basis for the higher labor costs and rate increases. The resultant figures were represented as a portrayal of the present revenue and expense position of applicant warehousemen under present labor and labor-related costs and under present rates.

With respect to the figures for 12 of the applicant warehousemen, the witness made certain other adjustments to exclude therefrom expenses which he considered as inappropriate charges to the public utility operations involved. For example, where the warehousemen had included charges to depreciation expense which the witness considered as excessive, he reduced said charges to amounts which he considered to be normal and reasonable. In some instances the warehousemen had included as charges against their warehousing operations expenses incurred from certain other operations such as property rentals and trucking in which some of the warehousemen are also engaged. These expenses were also excluded. Another adjustment which the witness made was to substitute owners' costs (such as taxes and depreciation) for rental costs where the warehousemen were renting their warehouse operating properties from affiliates. Six of the twelve warehousemen so rent their properties. This substitution assertedly conforms to procedures which the Commission has followed in past proceedings involving these warehousemen.^{1/}

The 12 warehousemen whose operating data were thus refined are warehousemen whom the witness considered to be representative of applicants generally. Said warehousemen reportedly enjoy a substantial amount of revenue and serve a substantial number of customers. They are not completely specialized. They utilize buildings (both single-story and

^{1/} The substitution of owners' costs for rental costs has the effect of avoiding the problem as to whether the rentals which the warehousemen are paying to their affiliates are excessive. The substitution resulted in reductions ranging from about \$25,000 to \$117,000 in the operating expenses of five of the warehousemen and an increase of \$30,500 for the sixth. The change for the six as a group was a reduction of \$313,159.

multi-story) that are conducive to public utility warehousing. They maintain proper accounting procedures in connection with their operations. Ten of the selected warehousemen are part of a group of eleven which the Commission has accepted as representative warehousemen in a number of proceedings heretofore which have resulted in increases in rates for most of the warehousemen who are located in and about the Los Angeles metropolitan area. The remaining two of the twelve selected in this matter are similar to the others, and were added as a replacement of one of the former group who had discontinued membership in the Los Angeles Warehousemen's Association. The twelve warehousemen account for about 72 percent of the revenues derived under the public utility tariffs which are involved in this matter. They likewise account for about 72 percent of the space dedicated to public utility warehousing by the applicants herein.

Table No. 1 below sets forth the financial data which the witness so developed for the aforesaid 12 warehousemen. Table No. 2 sets forth the financial data which the witness developed for 28 of the other applicants. Financial data were not presented for eight applicants for reasons that they conducted no operations under Warehouse Tariff No. 28-A during 1969, or that they conducted no warehousing operations, or that they have become parties to Warehouse Tariff No. 28-A too recently to have any data to submit.

Table No. 1

Estimated Annual Operating Results
12 Selected Warehousemen
Under Present Rates

<u>Warehousemen</u>	<u>Revenues</u>	<u>Expenses*</u>	<u>Net*</u>	<u>Operating Ratio* (percent)</u>
Dart Public Warehouse, Inc.	\$ 275,425	\$ 230,963	\$ 44,462	83.86
Pacific Commercial Warehouse, Inc.	400,442	346,163	54,279	86.45
Interamerican Warehouse Corporation	612,056	548,475	63,581	89.61
Metropolitan Warehouse Co.	1,683,899	1,559,326	124,573	92.60
Ace City Delivery, dba Ace City Warehouse	457,437	424,571	32,866	92.82
Redway Truck and Warehouse Company	346,791	326,828	19,963	94.24
Davies Warehouse Company	707,270	676,576	30,694	95.66
Pacific Coast Terminal Warehouse Co.	1,656,723	1,640,630	16,093	99.03
Star Truck & Transfer Company and Pioneer Truck Company, dba Star Truck and Warehouse Corporation	924,239	916,669	7,570	99.18
Daniel C. Fessenden Company, dba California Warehouse Co.	331,451	334,897	(3,446)	101.04
Overland Terminal Warehouse Co.	815,728	851,900	(36,172)	104.43
Union Terminal Warehouse	<u>1,442,294</u>	<u>1,622,302</u>	<u>(180,008)</u>	<u>112.48</u>
Total	\$9,653,755	\$9,479,300	\$174,455	98.19

○ Indicates loss.

*After provision for income taxes.

Table No. 2
Estimated Annual Operating Results
28 Other Warehousemen
Under Present Rates

<u>Warehousemen</u>	<u>Revenues</u>	<u>Expenses*</u>	<u>Net*</u>	<u>Operating Ratio* (percent)</u>
Columbia Van Lines, Inc., of California	\$ 1,665	\$ 673	\$ 992	40.42
Trulove Transfer & Storage, Inc.	232	129	103	55.60
Atlantic Transfer Co.	19,422	12,588	6,834	64.81
Overmyer of La Mirada	69,210	52,548	16,662	75.93
Torrance Van & Storage Company, dba S. & M. Transfer & Storage Co.	5,758	4,433	1,325	76.99
Dependable Trucking Company	113,172 ^(a)	90,254 ^(a)	22,918 ^(a)	79.75 ^(a)
Bokins Warehousing Corp.	219,346	183,880	35,466	83.83
M & M Transfer Company	233,746	196,348	37,398	84.00
California Cartage Warehouse Co., a division of California Cartage Company, Inc.	298,212	252,043	46,169	84.52
Krown Transportation Co., dba American Warehouse	61,340	52,810	8,530	86.09
B & M Terminal Corp.	64,821 ^(b)	57,470 ^(b)	7,351 ^(b)	88.66 ^(b)
Los Angeles Transport & Warehouse Company	270,530	250,986	19,544	92.78
City Transfer, Inc.	184,812	175,110	9,702	94.75
Commerce Warehouse Company	388,446	369,419	19,027	95.10
Consolidated Warehouse Company of California	22,432	21,336	1,096	95.11
Vernon Central Warehouse, Inc., dba Vernon Warehouse Company	337,973	323,519	14,454	95.72
West Coast Warehouse Corp.	489,374	469,849	19,525	96.01
Central Terminal Warehouse Co.	130,126	128,930	1,196	99.08
Anaheim Truck & Transfer Co.	33,581	34,162	(581)	101.73
Weber Truck and Warehouse	260,788	277,904	(17,116)	106.56
Citizens Warehouse Trucking Company, Inc.	75,507	80,674	(5,167)	106.84
Lyon Van & Storage Co.	3,645	4,252	(607)	116.65
Moser Trucking Incorporated	133,082	157,845	(24,763)	118.61
Lew Express, Inc.	28,608	35,533	(6,925)	124.21
Superior Fast Drayage	1,366	1,727	(361)	126.43
States Warehouses, Inc.	275,114	385,490	(110,376)	140.12
USCO Services, Inc.	5,431 ^(c)	7,652 ^(c)	(2,221) ^(c)	140.89 ^(c)
Storecenter, Inc.	15	142	(127)	946.67
Total	\$3,727,754	\$3,627,706	\$100,048	97.32

Indicates loss.

*After provision for income taxes.

(a) Period, March 1 through December 31, 1969.

(b) Fiscal year through September 30, 1969.

(c) Period, October 1, 1969, through December 31, 1969.

Following the witness' development of the data in Table No. 1 showing the projected operating results under present rates and labor costs, said data were considered by applicants' rate committee which concluded that rate increases should be sought to restore applicants to a reasonably profitable position. Consideration was given by the rate committee to the form that the rate increases should take, and it was further concluded that the increase should be in the form of a horizontal increase which would affect all rates and charges equally -- that such an increase would cause less disturbance to the warehousemen's patrons than would increases by particular items. The placing of the increases wholly on the handling charges was also weighed, but was not adopted for reasons that the handling charges have been rather substantially increased over the past years and that further increases would cause more diversion of traffic. Accordingly, the rate committee concluded, with the subsequent concurrence of the other applicants generally, that an increase of five percent in all rates and charges should be sought.

The witness' estimates of operating results under the proposed rates and under present labor costs are set forth in Tables Nos. 3 and 4 below. Regarding the estimates which are shown in Table No. 3 for the 12 selected warehousemen, the witness noted that the table shows that said warehousemen, as a group, would realize an operating ratio of 95.31 percent under the proposed rates. He said that this operating ratio is consistent with operating ratios which the Commission has approved for this same group of warehousemen in previous rate increase proceedings.

Table No. 3

Estimated Annual Operating Results
12 Selected Warehousemen
Under Proposed Rates

<u>Warehousemen</u>	<u>Revenues</u>	<u>Expenses*</u>	<u>Net*</u>	<u>Operating Ratio* (percent)</u>
Dart Public Warehouse, Inc.	\$ 289,196	\$ 238,074	\$ 51,122	82.32
Pacific Commercial Warehouse, Inc.	420,464	356,502	63,962	84.79
Interamerican Warehouse Corporation	642,659	564,278	78,381	87.80
Metropolitan Warehouse Co.	1,768,094	1,602,804	165,290	90.65
Ace City Delivery, dba Ace City Warehouse	480,309	436,382	43,927	90.85
Redway Truck and Warehouse Company	364,231	335,783	28,348	92.21
Davies Warehouse Company	742,634	694,838	47,796	93.56
Star Truck & Transfer Company and Pioneer Truck Company, dba Star Truck and Warehouse Corporation	970,451	936,556	33,895	96.51
Pacific Coast Terminal Warehouse Co.	1,739,559	1,682,271	57,288	96.71
Daniel C. Fessenden Company dba California Warehouse Co.	348,024	338,429	9,595	97.24
Overland Terminal Warehouse Co.	856,514	853,094	3,420	99.60
Union Terminal Warehouse	<u>1,514,409</u>	<u>1,622,302</u>	<u>(107,893)</u>	<u>107.12</u>
Total	\$10,136,444	\$9,661,313	\$475,131	95.31

 Indicates loss.

* After provision for income taxes.

Table No. 4
Estimated Annual Operating Results
28 Other Warehousemen
Under Proposed Rates

<u>Warehousemen</u>	<u>Revenues</u>	<u>Expenses*</u>	<u>Net*</u>	<u>Operating Ratio* (percent)</u>
Columbia Van Lines, Inc., of California	\$ 1,748	\$ 693	\$ 1,055	39.65
Trulove Transfer & Storage, Inc.	244	132	112	54.10
Atlantic Transfer Co.	20,393	12,854	7,539	63.03
Overmyer of La Mirada	72,671	53,498	19,173	73.62
Torrance Van & Storage Company, dba S. & M. Transfer & Storage Co.	6,046	4,512	1,534	74.63
Dependable Trucking Company	118,831 ^(a)	93,177 ^(a)	25,654 ^(a)	78.41 ^(a)
Bekins Warehousing Corp.	230,313	189,543	40,770	82.30
M & M Transfer Company	245,433	202,383	43,050	82.46
California Cartage Warehouse Co., a division of California Cartage Company, Inc.	313,123	259,743	53,380	82.95
Krown Transportation Co., dba American Warehouse	64,407	53,652	10,755	83.30
B & M Terminal Corp.	68,062 ^(b)	58,360 ^(b)	9,702 ^(b)	85.74 ^(b)
Los Angeles Transport & Warehouse Company	284,056	257,971	26,085	90.82
City Transfer, Inc.	194,053	177,647	16,406	91.55
Consolidated Warehouse Company of California	23,554	21,644	1,910	91.89
Commerce Warehouse Company	407,868	379,291	28,577	92.99
Vernon Central Warehouse, Inc., dba Vernon Warehouse Company	354,872	330,564	24,308	93.15
West Coast Warehouse Corp.	496,762	473,664	23,098	95.35
Central Terminal Warehouse Co.	155,632	130,717	5,915	95.67
Anaheim Truck & Transfer Co.	35,260	34,404	856	97.57
Weber Truck and Warehouse	270,672	277,904	(7,232)	102.67
Citizens Warehouse Trucking Company, Inc.	79,282	80,674	(1,392)	101.76
Lyon Van & Storage Co.	3,827	4,252	(425)	111.11
Moser Trucking Incorporated	139,736	157,845	(18,109)	112.96
Law Express, Inc.	30,038	35,533	(5,495)	118.29
Superior Fast Drayage	1,434	1,727	(293)	120.43
States Warehouses, Inc.	288,870	385,490	(96,620)	133.45
USCO Services, Inc.	5,703 ^(c)	7,652 ^(c)	(1,949)	134.17 ^(c)
Storecenter, Inc.	16	142	(126)	887.50
Total	\$3,893,906	\$3,685,668	\$208,238	94.65

⊖ Indicates loss.

* After provision for income taxes.

(a) Period, March 1 through December 31, 1969.

(b) Fiscal year through September 30, 1969.

(c) Period, October 1, 1969, through December 31, 1969.

Discussion

Applicants are here seeking authority to impose a levy of approximately \$649,000 on their patrons through increases in their rates and charges on grounds that their revenues under their present rates and charges are insufficient to return the costs of their warehousing services and to provide a reasonable profit. However, the evidence which they have presented sets forth quite a diverse portrayal of the earning positions of the individual warehousemen that comprise the applicants in this matter. Tables Nos. 1 and 2 above show that of the 40 warehousemen for whom revenue and expense data were presented, 16 are operating at a loss or at earnings which may be clearly designated as unreasonably low and insufficient. The other 24 warehousemen are operating at profit levels which range from minimally reasonable to excessive. The evidence also shows that in the event the sought increases in rates and charges are authorized, approximately \$303,000 of the \$649,000 in additional revenues which would be earned thereunder would be received by the 16 warehousemen whose present earnings are insufficient and \$346,000 would be received by the remaining 24 warehousemen.

Despite the diversity in earning position of the individual warehousemen, and despite the fact that the earnings of a majority of the warehousemen under present rates either lie within the range of reasonableness or are excessive, applicants nevertheless assert that as a group they are in need of additional revenues, and their group earning position under present rates and expenses is as shown by the data in Table No. 1.

It may be noted that Table No. 1 also portrays a diverse earning position among the 12 warehousemen represented thereby. It appears that under present rates, five of the 12 warehousemen are operating at profit levels which are unreasonably low and insufficient, and that the other seven are operating at profit levels which range from minimally reasonable to excessive.

Applicants' utilization of the operating results of 12 selected warehousemen to justify the sought increases in rates and charges of 48 of the public utility warehousemen in and about the Los Angeles metropolitan area is a procedure which has been followed and which the Commission has accepted since the initial publication of applicants' Tariffs Nos. 28-A and 29-A about fifteen years ago. In this proceeding, however, considerations have emerged which give rise to serious question as to whether further acceptance of this kind of showing, without other supporting data, is warranted. These considerations center about the operations which the warehousemen conduct under the provisions of Tariff No. 29-A instead of those in Tariff No. 28-A.^{2/}

Tariff No. 29-A differs from Tariff No. 28-A in that the latter tariff sets forth the warehousing rates and charges of all of applicant warehousemen whereas Tariff No. 29-A sets forth special rates which are lower than those in Tariff No. 28-A and which are assessed by only certain warehousemen. The rates in Tariff No. 29-A are at times designated as volume rates, inasmuch as their application is contingent upon the storage and handling of designated quantities of the commodities involved.

^{2/} Official notice is taken of Tariffs Nos. 28-A and 29-A and the provisions thereof.

For example, the tariff names special rates for the storage of dry beans and rice. The rates are subject to minimum quantities of 1,000,000 pounds per year. They apply at American Warehouse, Overland Terminal Warehouse and Union Terminal Warehouse. Other examples are as follows:

<u>Tariff Item No.</u>	<u>Commodity</u>	<u>Minimum Storage Quantity, per Year (in pounds)</u>	<u>Warehouseman</u>
60	Business forms	3,500,000	Commerce
77	Candy	6,000,000	Los Angeles Transport; Union Terminal; Weber
110	Fluorescent light fixtures	1,500,000	Dart; Redway; Union Terminal; Weber
136	Dietary foods and food supplements	12,000,000	Union Terminal
139.7	Ladders and scaf- folds, aluminum	350,000	Union Terminal
250	Sugar, beet or cane, refined ✓	50,000,000 (Not less than 4,000,000 lbs. per month)	Davies; Interamerican

There are 79 items in the principal section of Tariff No. 29-A in which special storage and handling rates are provided. Twenty-six of the forty-eight applicants herein participate in said items. All of the 12 selected warehousemen whose operating results are set forth in Table No. 1 are participants. The extent of their participation is as follows:

<u>No. of Warehousemen</u>	<u>Participation (No. of Items)</u>
1	2
2	6
2	7
1	9
1	12
2	14
1	17
1	19
1	29
Average per warehouseman	9.58

The extent of the participation of the other 14 warehousemen is as follows:

<u>No. of Warehousemen</u>	<u>Participation (No. of Items)</u>
2	1
4	2
2	3
3	4
2	5
1	8
Average per warehouseman	1.64

The record does not show what proportion of the participating warehousemen's revenues are earned under the rates in Tariff No. 29-A. Applicants were unable to supply this information. However, the conclusion seems inescapable that insofar as the 12 selected warehousemen are concerned a significant portion of their revenues are earned under the rates in Tariff No. 29-A.

If this conclusion is correct, it follows that the financial operating results which are reported for the 12 selected warehousemen in Table No. 1 simply reflect the operations of said warehousemen as those operations are being conducted. They do not provide a measure of adequacy or inadequacy of the rates in Tariff No. 28-A. Clearly, operating results which may be substantially derived under special rates cannot be deemed representative per se of operating results under a general level of rates. In the circumstances the fact that the 12 warehousemen account for about 72 percent of the revenues of all of the applicants in this proceeding loses its significance as a valid indicator that the operating results of the 12 selected warehousemen are representative of those of applicants generally. Before such results are further accepted they should be supplemented by other data which would more definitely establish their representative character than is possible on this record.

A further consideration in this same vein is the fact that applicants' assertions of insufficiency of the present rates rest essentially on the operating results of but five of the 12 selected warehousemen. These five warehousemen are those whose operations are shown by Table No. 1 to be the least profitable

of the group. For convenience of reference their operating results are reproduced from Table No. 1 as follows:

<u>Warehousemen</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>	<u>Operating Ratio (percent)</u>
Pacific Coast Terminal Warehouse Co.	\$1,656,723	\$1,640,630	\$ 16,093	99.03
Star Truck and Warehouse Corporation	924,239	916,669	7,570	99.18
California Warehouse Co.	331,451	334,897	(3,446)	101.04
Overland Terminal Warehouse Co.	815,728	851,900	(36,172)	104.43
Union Terminal Warehouse	1,442,294	1,622,302	(180,008)	112.48

Inasmuch as these five warehousemen are purported to be representative warehousemen, it is proper to inquire into the causes of the unfavorable operating results. It is particularly proper to inquire whether the unfavorable operating results may be attributed to services which the warehousemen are providing under the special rates in Tariff No. 29-A.

Tariff No. 29-A shows that the participation of these five warehousemen in the 79 principal rate items in the tariff is as follows:

<u>Warehousemen</u>	<u>Participation (No. of Items)</u>
Pacific Coast Terminal Warehouse Co.	12
Star Truck and Warehouse Corporation	7
California Warehouse Co.	6
Overland Terminal Warehouse Co.	14
Union Terminal Warehouse	29
Average per warehouseman	13.6

In response to inquiry concerning the relative profitability of the rates in Tariff No. 29-A, applicants' attorney and witness both asserted that the rates in Tariff No. 29-A, and in Tariff No. 28-A also, are mainly the product of managerial judgment and are not, and never have been, designed to produce costs plus a reasonable profit. These assertions do not appear to be wholly accurate factually.

The present structure of Tariff No. 28-A had its inception in revisions which were made in 1957 in a precedent tariff, Tariff No. 7-C, for purposes which included the elimination of various inequities in the rate structure then applicable. Storage rates which were proposed on behalf of the warehousemen and which were authorized (Decision No. 55198, dated July 2, 1957, in Application No. 37663), were designed to reflect an average revenue of 7.5 cents per square foot of gross storage area, an amount which was deemed at the time to be compensatory. Rates for warehouse handling services were designed to produce an over-all average of \$2.50 per ton, although the then current wage scales assertedly justified a rate of \$3.25 per ton.

At the time that these revisions were being made in the underlying rate structure of Tariff No. 28-A, changes were also made in the warehousemen's Tariff No. 5-J, a precedent tariff to Tariff No. 29-A. These changes were mainly in the form of rate increases in the amount of about 10 percent. Apparently, such increases were not accomplished on a rate/cost relationship comparable to that used in the revision of Tariff No. 7-C.

In summary, it appears that as a result of the revisions in 1957 the warehousemen undertook to orient their individual rates in Tariff No. 7-C with costs, whereas they did not take corresponding action with respect to the special rates

in Tariff No. 5-J. Changes which have been since made in both tariffs have been mainly in the form of rate increases to produce revenues to offset increases in labor and related costs. The increases have been effected primarily on the basis of the revenue needs of a group of selected warehousemen computed on the warehousemen's combined operations under Tariffs Nos. 28-A and 29-A (or precedent tariffs). To the extent that the rates for some of the warehousemen's services have fallen short of returning the applicable costs, it appears that the differences have been imposed on the rates for other services which have been sufficient, or more than sufficient, to return the costs involved. Nevertheless, in view of the revisions undertaken in 1957, it is reasonable to conclude that Tariff No. 28-A is more closely related to costs than is Tariff No. 29-A.

But even though Tariffs Nos. 28-A and 29-A were, and are, the product of managerial judgment, such fact does not preclude an examination into the propriety of the rate structures in either or both tariffs. The right of managements of public utility warehousemen to exercise managerial discretion in the selection of the rates to be assessed is not an untrammelled right to set and adjust rates within whatever boundaries the managements choose to observe. Section 453 of the Public Utilities Code proscribes public utility rates, charges, services and facilities which are discriminatory or preferential. Section 454 requires that the rates of public utilities be just and reasonable.^{3/}

^{3/} It appears that in the exercise of managerial judgment, the warehousemen have given weight at times to other than warehouse considerations. It is noted that the special rates which are named in Item No. 250 of Tariff No. 29-A for the storage and handling of sugar in minimum quantities of 50,000,000 pounds a year by Davies Warehouse Company and Interamerican Warehouse Corporation are contingent upon the utilization of the non-warehouse trucking facilities of those companies for the transportation of the sugar to and/or from said companies' warehouses.

In view of the development in this proceeding of the character of the rates in Tariff No. 29-A as reduced and special rates, the propriety of increasing applicants' rates in Tariff No. 28-A on a showing of insufficient revenues is brought into question. It would not be reasonable to impose increases on applicants' patrons generally to compensate for losses under unduly low rates that have been voluntarily established and maintained for the benefit of a favored few. In view of the question thus raised, and inasmuch as the sufficiency of the special rates to return the costs of the services to which they apply has not been established or tested either here or in a prior proceeding, it is incumbent upon the applicants to show that the circumstances upon which the rate increases are sought are not the result of undue losses under the special rates. Such a showing was not made. On this basis, also, the record does not warrant the authorization of rate increases as sought.

Aside from the above discussed infirmities of applicants' presentation in this matter, another consideration which would bar authorization of the full amount of the sought rate increases stems from the form of the increases themselves. Applicants' proposals are to increase all of their rates and charges for their various services by a uniform percentage of five percent. The services involved are storage, handling, and miscellaneous or other. Storage consists of the custodial services which applicants provide in the retention of the merchandise stored. Handling consists of the services of transporting merchandise from receiving platform to storage area, the piling of the merchandise in said area, and the subsequent unpling and retransporting of the merchandise to delivery platform. Miscellaneous or other services consist of such services as sorting, weighing, labeling, sampling,

reconditioning, loading into or from rail cars, and other services involving the use of special labor and/or clerical personnel. On the basis of the revenues reported by applicants' witness for 1969 it appears that about 38.6 percent of applicants' revenues are earned from storage, 45.7 percent from handling, and 15.7 percent from miscellaneous or other.

Although applicants are here seeking increases in their rates and charges on the grounds of increased labor and related costs, the increases which they would make in their rates for storage, for handling and for their miscellaneous or other services are not proportionate to the extent that their costs of performing said services have increased. The handling and miscellaneous services are mainly labor related services whereas storage is not.^{4/} The uniform increase of 5 percent which applicants seek to make in their rates and charges would result in increases in their total charges approximately as follows:

Storage	\$250,000
Handling	297,000
All Other	<u>102,000</u>
Total	\$649,000

^{4/} In prior proceedings involving the rates of public utility warehousemen in and about the Los Angeles metropolitan area, labor expense has been described as being involved in storage only to a minor degree (Decision No. 57992, dated February 9, 1959, in Application No. 40688), as constituting only a small part of the costs entailed in the storage function of warehousemen (Decision No. 61781 dated April 4, 1961, in Application No. 42592), as an inconsequential factor in storage rates (Decision No. 63517, dated April 3, 1962, in Application No. 43849), and as comprising only from 10 to 15 percent of the total cost of rendering the service of storage (Decision No. 73581, dated March 12, 1968, in Application No. 49761).

If labor costs are so small a proportion of applicants' storage services as has been represented heretofore, it appears that an increase of not more than \$75,000 in applicants' total storage charges would be sufficient to compensate for the increased labor costs applicable to the services involved. Under the rate increase proposals in issue herein, applicants' storage patrons would be charged \$175,000 or more for costs not applicable to the storage services.

Applicants undertook to justify the proposed increases in storage rates and charges on grounds that every piece of merchandise that is received for storage is subject both to handling and storage charges, and that the same group of people storing a given commodity will consequently pay both charges in a uniform and nondiscriminatory manner. Applicants' argument in this respect disregards the fundamental difference between the handling and storage services. It assumes, moreover, that applicants' patrons uniformly use the handling and storage services. Handling basically is a one-time charge, since it covers the movement of goods within a warehouse from point of receipt to point of storage and from point of storage to point of delivery. Storage charges, on the other hand, are continuing charges which vary according to the duration of the storage. Applicants did not undertake to show, nor does it appear otherwise, that the storage periods of all storers are uniform. Where the storage periods differ, and where handling costs are imposed in part on storage by means of a percentage increase in the storage rates, the storer who stores for several months at a time will be required to pay a greater proportion of such costs than will the storer who stores for

brief periods. On the record before us we do not agree that such result is nondiscriminatory.^{5/}

Applicants also undertook to show through their witness that increases in the storage rates and charges are justified by cost increases other than those for labor and related costs. In this respect the witness stated that the purpose of the sought rate increases is not simply to capture additional revenues to compensate for the increases in labor and related costs. He declared that "the other costs which the warehousemen incur, the paper they use, the rent that they pay, the taxes they pay, the supplies, the lights, the gas, the water, all of the gasoline they use, the repairs on their equipment, all of those have increased proportionately." Such costs, he said, are not capable of precise measurement to the extent that the labor cost increases are. He asserted that his purpose of measuring the labor cost increases was merely to indicate to the Commission the profitability of the warehousemen's operations.^{6/} He further asserted that were the warehousemen to seek full compensation for all of the increases in their operating costs, they would have requested rate increases of 8 to 10 percent instead of the 5 percent actually sought.

^{5/} Our conclusions apply with even greater force to applicants' proposals to shift part of the increased costs of the miscellaneous or other services to storage. Whereas handling is also involved in every instance when goods are received for storage, few, if any, miscellaneous or other services are provided except in instances when specifically required by the storer.

^{6/} If the purposes of the witness' measurement of the labor cost increases are as indicated, they do not coincide with those of the application, the whole thrust of which is made on the basis of increases in warehouse labor, clerical, supervisory and administrative wage and salary costs which applicants allegedly have experienced and which are not reflected in the present rates.

In view of the continuing inflation which has prevailed over the past year, a matter which is one of common knowledge, it may be conceded that the warehousemen have experienced increases in all of their operating costs -- that the cost increases have not been limited to those for labor. However, the position of applicants' witness is that all of such other costs increases have been proportionate to those for labor. The witness was unable to submit any factual data to support his position. In the absence of such supporting data we find the allegation to be unacceptable as a basis for the authorization of increases in storage rates.

Other matters to be considered briefly in connection with the sought increases in storage rates deal with the allegations of applicants' witness that the warehousemen have here elected to seek a horizontal increase in all of their rates and charges because the rates and charges for handling have been rather substantially increased over the past years and that further increases thereof would cause more diversion of traffic.

The witness did not submit information which would show the extent that increases have been effected in the handling rates in contrast to those for storage. However, a review of the decisions which have authorized increases in applicants' rates and charges since the general revision of applicants' basic rate structure in 1957 shows that the handling rates have been increased 10 times, primarily on the basis of increased labor costs, and that the increases, in total, amount to about 75 percent. The increases which have been made in the storage rates during this same period total 31 percent. These increases include an increase of about 10 percent in handling and storage rates which was authorized in 1970 by Decisions Nos. 76878 and 77334 in Application No. 51473, and a 6 percent increase in handling and storage rates which was authorized by Decision No. 77996, dated December 1, 1970, in Application No. 52180.

Although the decisions support the allegation that the rates and charges for handling have been increased substantially, it does not appear that the handling rates have been increased disproportionately in relation to the increases in labor costs which were the basis for the rate increases. On the contrary it appears that, if anything, the handling services have been favored over the storage services, particularly in 1970, when increases of about 16 percent were effected in both the handling and storage rates. Understandably, applicants may wish to avoid diversions of traffic that follow from increases in their handling rates. However, in order to accomplish this result, they should not unreasonably burden other of their services by imposing thereon costs applicable to handling. Without further information to establish the propriety thereof we cannot accept applicants' desire to avoid diversion of traffic as sufficient justification for an increase as sought in the rates and charges for storage.

As our discussion thus far shows, we have concluded that applicants' presentation herein, which rests mainly upon the financial operating results of 12 selected warehousemen, does not justify the authorization of increases in applicants' rates and charges as sought. The apparently extensive operations which the selected warehousemen conduct under the special rates in Tariff No. 29-A and the unanswered question as to whether applicants' alleged revenue needs are a result of losses from rates in Tariff No. 29-A which may be unduly low preclude the acceptance of the financial operating results of the 12 selected warehousemen as being representative of applicant warehousemen as a group.

Applicants' attorney expressed strong opposition to the giving of any effect to the operations under the rates in Tariff No. 29-A in determining whether the operating results of the 12 selected warehousemen should be considered as representative of applicants' operations generally. He said that such question has not been raised heretofore; that in proceeding after proceeding resulting in increases in applicants' rates the Commission has accepted as sufficient the same kind of presentation as here made, and that the raising of question at this time as to the representative character of the 12 selected warehousemen without prior notice and opportunity to respond is tantamount to denial of due process. He asserted, furthermore, that to question whether the operations under Tariff No. 29-A may be less profitable than those under Tariff No. 28-A is unwarranted; that applicants' rates have never been maintained on a cost-plus basis; and that the judgment of the warehousemen as to how best to recover needed revenues should be accepted as a sound and satisfactory determination of how the rates should be adjusted. Regarding whether adjustments should be made on a cost basis as between handling, on the one hand, and storage, on the other, applicants' attorney declared that a precise separation of the respective costs is impossible; and that any division of the costs is only an approximation. Who better than the warehousemen, he declared, can determine what is a reasonable spread between handling and storage rates in effecting increases in the rates.

Notwithstanding the arguments of applicants' attorney to the contrary, the bearing upon this proceeding of the operations of various applicant warehousemen under Tariff No. 29-A cannot be disregarded. What has become evident, apparently for the first time, is that the applicant warehousemen who are operating under

Tariff No. 29-A cannot, admittedly, provide an appraisal of the extent that such operations are profitable or unprofitable. Hence, the operating results of said warehousemen cannot be reasonably evaluated in determining the justification for, and propriety of, the sought rate increases, particularly as they would apply to the rates and charges in Tariff No. 28-A. We cannot entertain applicants' argument that the increases should be accepted because they are a product of the warehousemen's judgment as to how the rates should be adjusted. To do so would constitute an abdication to the warehousemen of responsibilities which the Commission itself must exercise under the provisions of Section 454 of the Public Utilities Code.

Neither can we accept applicants' argument that the costs of the services involved should not be considered. Just as whether the rates reasonably return the costs of service is a definitive factor in determining the propriety of the rates from applicants' standpoint so it is also in determining the propriety of the rates from the standpoint of applicants' patrons. Moreover, inasmuch as it is evident that applicants' handling and miscellaneous services, on the one hand, and the storage services, on the other hand, are performed under different costs, the factor of costs becomes an inextricable consideration in determining how cost increases, which fall unequally on said services, should be borne by applicants' rate payers.

That the costs of the separate services may not be calculated with mathematical precision is not reason for wholly disregarding cost considerations in adjustments of applicants' rates. We are of the opinion that the costs can be reasonably approximated without undue strain upon applicants and that such

data should be presented. Applicants are hereby placed on notice that in seeking further rate increases they will be expected to support their rate increase requests by appropriate cost information.^{7/}

Applicants apparently do not have specific cost information upon which they can immediately rely to substantiate increases in their rates. Hence, it appears that the development of such information will require studies to that end. Inasmuch as the necessity for the indicated cost data, insofar as applicants are concerned, has been pointed up for the first time in this proceeding, it would be unfair to require that the studies be completed, and the results thereof be made known to the Commission before any relief in the form of increased rates is granted to those warehousemen who have shown that their services for the public are now being conducted at a loss or under inadequate earnings. Moreover, from the public's standpoint it would not be in the public interest to withhold support needed for the maintenance of services required by public convenience and necessity.

It is recognized that rate increases which may be granted in this instance to meet the immediate needs of those warehouses whose earnings under present rates are insufficient may be subject to some of the same infirmities as those pointed up in connection with the rate increases sought by applicants. Nevertheless, on balance, we believe that our actions here as an interim measure

^{7/} The need here stressed for adequate cost information in the setting of rates is not unique to warehousing. It applies also to other public utilities whose operations involve complex cost determinations. Compare Decision No. 74917, dated November 6, 1968, re Rates, Pacific Telephone and Telegraph Company, wherein it was stated (69 Cal. P.U.C. 53, 70) "'Cost' is an indispensable factor in the setting of fair and reasonable rates for service." Compare, also, Decision No. 76560, dated December 16, 1969, re Rates, The Western Union Telegraph Company.

should be controlled by the warehousemen's needs for additional revenues.

The warehousemen who should thus be authorized to effect increases in their rates are those who are shown in Tables Nos. 1 and 2 as experiencing operating ratios of 99 percent or higher from their operations under present rates. The increases which may be so authorized on this record are 5 percent in the handling and miscellaneous rates and 1-1/2 percent in the storage rates of said warehousemen. These increases should enable the warehousemen to improve their earning positions to the extent as indicated by reductions of about two to three percent in their respective operating ratios.

The increases in rates which are hereinafter authorized will constitute departures from a concept, namely, that uniformity of rates amongst warehousemen in the Los Angeles area is required by commercial necessity, which the warehousemen have advocated and the Commission has accepted for a number of years heretofore.^{8/} On the evidence now before us, it appears that this concept is, at the least, partially incorrect. It appears that a uniformity of rates has prevailed to the extent that the warehousemen's operations have been subject to, and governed by, Tariff No. 28-A. However, Tariff No. 29-A represents departures from the uniform basis of rates reflected in Tariff No. 28-A. A uniform basis of rates, therefore,

^{8/} Compare Decision No. 61781, dated April 4, 1961, in Application No. 42592; Decision No. 63517, dated April 3, 1962, in Application No. 43849; Decision No. 66588, dated January 7, 1964, in Application No. 45521; Decision No. 68958, dated April 27, 1965, in Application No. 47175; Decision No. 70589, dated April 19, 1966, in Application No. 47175, and Decision No. 73851, dated March 12, 1968, in Application No. 49761.

has prevailed only to the extent that the warehousemen do not charge differently through their special rates in Tariff No. 29-A.

Increases in the rates in Tariff No. 28-A for certain of the warehousemen will result in further departures from that tariff.

Increases in the rates in Tariff No. 29-A will only result in differences from rates that are already different.

With respect to all of the rate differences which may result from exercise of the rate increase authority hereinafter granted, it should be noted that the authority is permissive -- that the warehousemen are not required to establish the increased rates that are authorized. Hence, the warehousemen individually have the opportunity to evaluate the "commercial necessity" under which they are operating at present before electing to exercise their rate increase authority, either wholly or in part.

Aside from the departures from rate uniformity which would result from the rate increases hereinafter authorized, it should be pointed out that the continuance of the degree of rate uniformity which has hitherto prevailed may no longer be justifiable.

Uniformity of rates amongst competing warehousemen may be acceptable when the operating results of the individual warehousemen under the rates are reasonably uniform. We do not imply that there may not be differences among the individual operating results. We have heretofore recognized that under a given scale of rates, some warehousemen may earn substantially more than others.^{9/} However, there are limits to which the principle may be applied for uniformity's sake. In view of the fact that about 60 percent of the applicant warehousemen for whom financial operating data were submitted show earnings under present rates ranging from minimally

^{9/} Decision No. 63517, dated April 3, 1962, in Application No. 43849.

reasonable to patently excessive, we conclude that before any further comprehensive adjustments are made in the rates and charges in Tariff No. 28-A, the matter of rate uniformity should be thoroughly reconsidered to determine what limits thereon should apply in present circumstances.

Our consideration hereinbefore has dealt with the increases which applicants seek in the rates and charges in Tariffs Nos. 28-A and 29-A. The other increases which are sought would apply to M & M Transfer Company's Warehouse Tariff No. 19, to Vernon Warehouse Company's Tariff No. 8 and to Warehouse Tariff No. 2 of Union Terminal Warehouse. In conformity with our conclusions concerning the increases sought in Tariffs Nos. 28-A and 29-A, we conclude that only the increases sought in Warehouse Tariff No. 2 of Union Terminal Warehouse may be authorized on this record.

Findings

On the basis of the record in this matter the Commission finds that:

1. Applicants are engaged in the warehousing of general commodities as public utility warehousemen at various locations within and about the Los Angeles metropolitan area.
2. Their operations are conducted mainly under 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.

Applicants M & M Transfer Company, Vernon Warehouse Company and Union Terminal Warehouse also maintain rates for certain of their services in the following tariffs of Jack L. Dawson, Agent:

M & M Transfer Company: Warehouse Tariff No. 19,
Cal. P.U.C. No. 19;

Vernon Warehouse Company: Warehouse Tariff No. 8,
Cal. P.U.C. No. 8;

Union Terminal Warehouse: Warehouse Tariff No. 2,
Cal. P.U.C. No. 2.

3. Tariff No. 28-A sets forth warehousing rates and charges for all of applicant warehousemen. Tariff No. 29-A sets forth special rates and charges which are lower than those in Tariff No. 28-A and which are assessed by only certain warehousemen.
4. The rates in Tariffs Nos. 28-A and 29-A were established at their present levels on December 16, 1970, pursuant to authority granted by Decision No. 77996, dated December 1, 1970, in Application No. 52180.
5. Applicants are seeking increases of 5 percent in all of their rates and charges which are set forth in their aforesaid tariffs.
6. The rate increases are sought on the basis of increases in labor and related costs which applicants have experienced, mainly since the present level of their rates was established. Said cost increases are not reflected in their present rates.
7. The evidence upon which applicants principally rely to justify the sought rate increases consists of financial data covering the operating results of 12 applicants for the year 1969, adjusted to give effect to present labor costs and present rates. Applicants allege that said financial data is representative of the operating results of applicants generally.
8. Said financial data shows that under present rates and costs the operations of the 12 warehousemen as a group are resulting in annual earnings of \$174,455 after provision for income taxes and an operating ratio of 98.19 percent; that the operations of 7 of the warehousemen are resulting in net earnings as represented by operating ratios ranging from 83.86 percent to 95.66 percent, and that the operations of 5 of the warehousemen are resulting in net earnings as represented by operating ratios ranging from 99.03 percent to 112.48 percent.

9. Similar financial data covering the operations of 28 other applicant warehousemen show that the operations of said warehousemen as a group are resulting in annual net earnings of \$100,048 after provision for income taxes and an operating ratio of 97.32 percent; that the operations of 17 of the warehousemen are resulting in earnings as represented by operating ratios ranging from 40.42 percent to 96.01 percent, and that the operating ratios of 11 of the warehousemen are resulting in earnings as represented by operating ratios ranging from 99.08 to 946.67 percent.
10. Adjustment of said financial data to show the effect of establishment of the sought rates shows that under the sought rates the 12 warehousemen as a group would realize annual net earnings of \$475,131 after provision for income taxes and an operating ratio of 95.31 percent; that the operations of 7 of the warehousemen would result in net earnings as represented by operating ratios ranging from 82.32 to 93.56 percent, and that the operations of 5 of the warehousemen would result in earnings as represented by operating ratios ranging from 96.51 to 107.12 percent.
11. Similar adjustment of the financial data applicable to the 28 other warehousemen shows that under the sought rates the 28 warehousemen as a group would realize net earnings of \$208,238 after provision for income taxes; that the operations of 17 of the warehousemen would result in net earnings as represented by operating ratios ranging from 39.65 to 95.35 percent, and that the operations of 11 of the warehousemen would result in earnings as represented by operating ratios ranging from 95.67 to 887.50 percent.
12. The participation in the special rates in Tariff No. 29-A of the 12 warehousemen whose operations assertedly are representative of those of all applicants as a group is much greater than that of other warehousemen. The average participation of the 12 warehousemen is 9.58 items per warehouseman. The average participation of 14 other warehousemen is 1.64 items per warehouseman. The remaining 22 warehousemen do not participate at all in the special rates. The participation of 5 of the 12 selected warehousemen who reported operating ratios ranging from 99.03 to 112.48 percent under present rates and costs is 13.6 items per warehouseman.

13. Because of the substantial participation of the 12 selected warehousemen in the special rates in Tariff No. 29-A, the financial operating results of the selected warehousemen have not been shown to be representative of the operating results of the other applicant warehousemen.
14. The record shows that the special rates in Tariff No. 29-A are a product of managerial judgment and have not been based on costs. In the absence of cost information permitting an appraisal of the sufficiency of the special rates to return the costs of the services provided thereunder, no determination can be made as to what extent, if any, the alleged need for rate increases is attributable to the charging of the special rates in Tariff No. 29-A. In the absence of such cost information the sought increases in the rates and charges in Tariff No. 28-A have not been shown to be justified. "Cost" is an indispensable factor in the setting of fair and reasonable rates for service.
15. The increases in labor costs which are the basis for the sought rate increases apply mainly to applicants' handling and miscellaneous services. As affecting storage, the cost increases do not justify rate increases as great as those sought.
16. The increases which applicants seek to make in all of their rates and charges have not been shown to be justified.
17. The earnings of 16 of applicants under present rates and costs are unreasonably low and insufficient. Increases of 1-1/2 percent in the storage rates and of 5 percent in the handling rates and miscellaneous rates and charges of said 16 warehousemen (who are more specifically identified in the following order) have been shown to be justified.
18. That such increases in the rates of said 16 warehousemen would constitute departures from such rate uniformity amongst applicants as has prevailed hitherto is not sufficient reason on this record for withholding such increases.
19. Increases of 5 percent in the rates and charges in Warehouse Tariff No. 2, Cal. P.U.C. No. 2, of Union Terminal Warehouse have been shown to be justified.

Conclusions:

We conclude that increases in the rates and charges of certain of applicants in this proceeding have been justified to the extent that said increases are authorized by the following order. To this extent Application No. 52549 should be granted. In other respects it should be denied.

The establishment of the increased rates and charges on not less than five days' notice to the Commission and to the public should also be authorized.

The rates authorized herein are in the lower zone of reasonableness and are consistent with the purposes of the Federal Government's economic stabilization program in that the increases in labor costs justify the upward adjustments involved.

O R D E R

IT IS ORDERED that:

1. The warehousemen who are identified in paragraph 2, below, are authorized to increase the rates and charges published for their account in California Warehouse Tariff Bureau Tariffs Nos. 28-A and 29-A, Cal. P.U.C. Nos. 193 and 194, respectively, issued by Jack L. Dawson, Agent, as follows:

- a. Increase by 5 percent all handling rates and charges and accessorial service charges.
- b. Increase by 1-1/2 percent all storage rates and charges.

The increases may be established by the publication of a rule providing for (a) the application of a surcharge of 5 percent to the total per bill of the handling and accessorial charges which apply under present provisions of said tariffs and (b) the application of a surcharge of 1-1/2 percent to the total per bill of the storage charges which apply under present provisions of said tariffs. 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 the next whole cent.

2. The following applicant warehousemen are authorized to increase their rates and charges as provided in Paragraph 1, above:

Pacific Coast Terminal Warehouse Co.
Star Truck & Transfer Company and
Pioneer Truck Company, doing business
as Star Truck and Warehouse Corporation.
Daniel C. Fessenden Company, doing business
as California Warehouse Co.
Overland Terminal Warehouse Co.
Union Terminal Warehouse.
Central Terminal Warehouse Co.
Anaheim Truck & Transfer Co.
Weber Truck and Warehouse.
Citizens Warehouse Trucking Company, Inc.
Lyon Van & Storage Co.
Moser Trucking, Incorporated
Law Express, Inc.
Superior Fast Drayage
States Warehouses, Inc.
USCO Services, Inc.
Storecenter, Inc.

3. Union Terminal Warehouse is authorized to increase the rates in its Warehouse Tariff No. 2, Cal. P.U.C. No. 2, by 5 percent. Resulting fractional charges of less than one-half cent will be dropped, and fractions of one-half cent or greater will be increased to the next whole cent.

4. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and 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.


5. The authority herein granted is subject to the express condition that applicants 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 a consent to this condition.

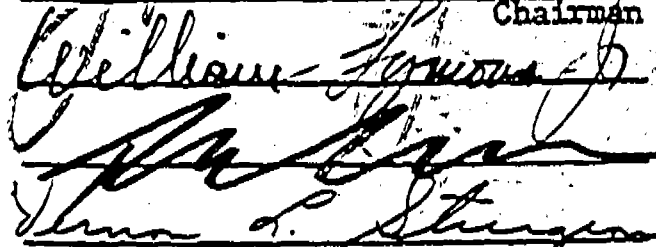
6. In all other respects Application No. 52549 is denied.

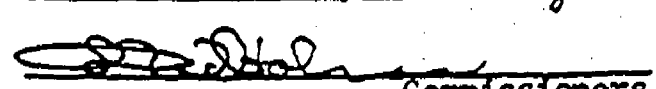
7. The authority herein granted shall expire unless exercised within one hundred twenty days of the effective date of this order.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 22nd day of NOVEMBER, 1971.



Chairman


Commissioners


APPENDIX A

Appearances

Arlo D. Poe, Attorney at Law, for
Ace City Delivery, et al, applicants.
L. M. Duntley and Harold Drury, for
Pacific Coast Terminal Warehouse Co.,
applicant.
E. R. Booth, for Metropolitan Warehouse
Co., applicant.
Elmus M. Ely, for Overland Terminal
Warehouse Co., applicant.
William Allison, for Dart Public
Warehouse, Inc., applicant.
Nicholas N. Weber, for Weber Truck and
Warehouse, applicant.
Tom M. Walker, for Star Truck and
Warehouse Corporation, applicant.
Clyde R. Hoagland, for Redway Truck
and Warehouse Company, applicant.
Duke Molner, for Duke Molner Wholesale
Liquor Co., protestant.
H. Lester Hawkins, for Caloric Corp.,
interested party.
James Quintrall, for Los Angeles
Warehousemen's Association, interested
party.
John de Brauwere, George L. Hunt, and
Alburt F. Braggins, for the Commission's
staff.