

ORIGINAL

Decision No. 80744

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ADAMS, SCHWAB & ADAMS WAREHOUSE CO.)
(DAVID S. ADAMS, D. Q. ADAMS, W. W.)
ADAMS, ELIZABETH ADAMS McCLURE,)
MARGARET ADAMS DALLAM, NANCY ADAMS)
BLOOM, WILLIAM O. ADAMS, ELIZABETH)
ADAMS PEABODY and LORALEE S. ADAMS,)
dba), et al.)

Application No. 52547
(Petition filed July 18, 1972)

(For Appearances See Decision No. 79268)

Additional Appearances

Silver & Rosen, by Michael J. Stecher, Attorney at
Law, for Rice Growers Association, protestant.
R. G. Thayer, Attorney at Law, for the Commission
staff.

INTERIM OPINION

Applicants are 77 so-called "country" warehousemen engaged
in the storage of agricultural commodities, including barley, oats,
wheat, milo, corn, safflower and rice, in bulk and in sacks. Appli-
cants seek to increase their season storage rates on these
commodities.^{1/}

Decision No. 78694, dated May 18, 1971, in this proceeding
granted interim authority to increase season storage rates for
barley, oats, wheat, corn and milo, in bulk. Decision No. 78844,
dated June 22, 1971, granted interim authority to increase season
storage rates for safflower, in bulk. By petition for interim
relief filed June 9, 1971, applicants sought interim increases in

^{1/} The last general increase in applicants' rates on paddy rice
was made pursuant to Decision No. 63971, 60 Cal PUC 32.

their season storage rates for rice. Following the Executive Order of the President of the United States announced August 15, 1971, imposing a freeze on price and wage increases for a period of 90 days, applicants asked that their petition be withdrawn. Such petition was dismissed by Decision No. 72968, dated October 27, 1971.

In the petition filed July 18, 1972, applicants seek an interim order of the Commission authorizing applicants to increase their rates for storage of paddy rice in bulk, from \$4.00 per ton per season to \$4.50 per ton per season, subject to the following condition:

"The increased rates herein authorized and the proceeds therefrom are subject to modification or refund to the extent that any part thereof is not found justified by a subsequent decision in this proceeding."

The petition alleges that the present season storage rates for paddy rice, in bulk, do not yield sufficient revenues to allow applicants to conduct their businesses at a profit. Season storage rates apply from September 15 of any year to September 14 of the following year. Applicants request that interim relief be granted without hearing so that the sought rate may be applied beginning with the 1972 storage season starting in mid-September. The request for ex parte action was opposed by Rice Growers Association (Rice Growers), who also opposed the prior request for interim rate relief on rice. Rice Growers filed a reply to applicants' request for interim relief on July 26, 1972.

Public hearing on applicants' request for interim rate relief for the storage of paddy rice in bulk was held before Examiner Mallory on August 28, 29, and 30, and September 1 and 2, 1972, in San Francisco, and the request for interim relief was submitted.^{2/} The matter was continued on the Commission's Hearing Calendar to

^{2/} Earlier phases of this proceeding were heard before Examiner Abernathy on July 21, 22, 23 and August 17, 1971, in San Francisco. The evidence adduced in such hearings was augmented in the hearings held in August and September of 1972.

February 7, 1973 for consideration of permanent rate relief for all of the involved commodities.

It is the position of Rice Growers that if a portion of the revenues of rice drying is allocated to the storage of paddy rice in bulk, the warehouse operations of applicants are profitable and no increase in storage rates for paddy rice is required at this time. The Examiner that heard the initial phase of this proceeding requested the parties to present evidence on the question of whether the service of rice drying is a part of applicants' public utility warehouse operations involving the storage of rice, so that said question might be resolved before the Commission determined the rate relief justified on a permanent basis.^{3/}

3/ The following are excerpts from the statements of C. S. Abernathy, Examiner at the Prehearing Conference, on January 24, 1972:

"During the hearings held heretofore on applicants' proposals to increase rates for rice, it has become evident that a critical issue is whether rice drying services of the warehousemen are public utility or non-public utility services.

"From a procedural standpoint it appears that one of the most critical issues is whether such services as rice drying, rice soaking, bean cleaning, seed cleaning and any other similar services are public utility services and whether the earnings therefrom should be considered in evaluating the needs of the warehousemen for the sought increases in their rates.

"If such services are part of the services which the warehousemen provide as public utilities, it would seem that the revenues and expenses applicable to those services should be taken into account in considering the warehousemen's revenue needs. On the other hand, if such services are either not part of, or only partially part of, the public utility services, then extensive allocations of revenues and expenses are necessary to separate the revenues and expenses applicable to the public utility services from those properly classifiable as non-public utility services.

"It would appear desirable that some firm determination as to whether or what extent these revenue and expense allocations are necessary should first be made before they are undertaken. Therefore, it is suggested that, as an intermediate step, hearings be held on these issues and decision be rendered thereon."

It was agreed by the parties that the current phase of Application No. 52547 was to be devoted to the determination of the foregoing question, as well as to applicants' request for interim relief.

Evidence was adduced by applicants' tariff agent and by representatives of several applicant warehousemen. Evidence in opposition to interim rate relief on paddy rice was presented by a certified public accountant employed by protestant Rice Growers. Evidence concerning the question of whether rice drying should be considered to be part of applicants' public utility warehouse operations was presented by a Transportation Rate Expert from the Commission's staff. A Financial Examiner from the Commission's Finance and Accounts Division presented an exhibit comparing applicants' tariff and non-tariff operating results, based on data extracted from annual reports filed with the Commission by applicants.

The question of the public utility status of applicants' rice drying operations will be considered first.

Public Utility Status of Applicants' Rice Drying Operations

The record shows that 30 of the 77 applicants herein store rice in bulk. Applicants' tariff agent, after consulting with said warehousemen, arrived at a group of eight warehousemen whose operations are deemed to be typical of the operations of all applicants who engage in the storage of paddy rice. Representatives of each of the eight so-called typical or test warehousemen testified in detail concerning their methods of operation. Their testimony indicates that each operates a rice dryer in connection with its public utility warehouse storage operations. The operations of each warehouseman differ in minor respects from the operations of other warehousemen, but the operations of all fall within the general pattern described in the following paragraphs.

Rice is harvested by combines in the field and the threshed rice is transported in dump trucks directly from the field to the rice drier. The threshed paddy rice must be dried before it is stored or the paddy rice will begin to ferment. Upon arrival at the drier, the loaded truck is weighed on a public weighmaster's scale operated by the warehouseman, the rice is dumped into receiving pits, and the empty truck is again weighed. A weight receipt is issued for the net weight of the wet rice received by the drier. The moisture content of the rice is determined by testing samples of the rice received in each lot.

From the receiving pits, the rice is moved to the drier by mechanical conveyors. Enroute to the drier the rice passes over a scalping aspirator which removes foreign matter. The rice is then put through the kiln (drier) in a series of progressive passes. The moisture content of the rice when received at the drier and the moisture content at which the warehouseman desires to store the rice determines the number of passes through the kiln.

As the rice passes through the kiln, moisture is removed from the outer layer of the kernel but not from the interior of the kernel. Dehydration causes the outer portion of the kernel to contract, thereby creating pressure from the inner portion which will cause the kernel to shatter if the moisture is withdrawn too rapidly. Tempering is necessary to prevent chattering of the rice kernels by allowing the moisture to equilibrate. After each pass through the kiln the rice is put into bulk storage bins and allowed to temper.

After the drying is completed, the rice is moved by conveyor system to the storage facility. The storage facility generally has equipment designed to aerate the rice while in storage. This equipment can also be used to reduce the moisture content of the rice.

As hereinbefore indicated, a weighmaster's receipt is issued at the time that the rice is received at the drier. The name of trucker, the owner of the rice and the lot identification

is recorded on the weighmaster's certificate and said information is recorded daily on the books of the warehouseman. After the peak of the harvest is over and most of the rice has been processed, the warehouseman issues either a negotiable or non-negotiable warehouse receipt to the person having title to the goods in storage.

The rice drier and the rice warehouse facilities are generally located adjacent to each other. The same personnel is used for the functions of receiving and weighing the rice, operating the drier and running the warehouse. The same office personnel is also used for duties involving rice drying and warehousing.

In order to arrive at the operating expenses for the storage function, it is necessary to allocate the wages of operating and office personnel, the cost of fuel for operating the kiln (drier) and the aerators in the warehouse, and other operating and administrative expenses. The warehousemen testified as to the methods used by each to allocate expenses between the drying and warehousing functions.^{4/} As an example, several witnesses testified that the time of the employee used to initially receive the rice at the pit was allocated 50 percent to drying and 50 percent to warehousing, on the basis that the rice had to be received at the pit whether or not it was dried before being stored. Other arbitrary judgements were made by witnesses in allocating the time of other employees between the drying and warehousing functions.

The record shows that not all rice is stored at the point where it is dried; and some rice is dried and then moved directly to the rice mills for milling, without being stored. The record shows, however, that the preponderance of the paddy rice handled by applicants is stored at a point adjacent to the point where it is dried, and that any other type of handling is infrequent and unusual.

^{4/} This testimony showed that warehouse operating expenses set forth in Annual Reports of Gridley Warehouse, Hi & Dry Warehouse and Tyndall Warehouse may be understated because of inaccurate allocation procedures used to develop such operating expenses. Warehouse operating expenses in exhibits presented by applicants' tariff agent for these warehousemen were adjusted upward by substantial amounts over the corresponding amounts in the Annual Reports.

The staff witness pointed out in his exhibit that it is essential that the rice be dried before it can be stored or milled. The freshly harvested rice usually has a moisture content that varies from 20 to 26 percent (wet basis). Fermentation will begin if the rice is not put through its initial drying process within 12 hours after cutting. The moisture content must be reduced to about 16 percent before the rice is placed in storage in order to prevent later fermentation. Rice mills will not accept rice with moisture levels exceeding 14 percent for milling purposes. Therefore, drying of the rice is a service required to make paddy rice suitable for milling, as well as for storage.

The record shows that if the rice is initially placed in storage at a moisture content higher than 14 percent, it is sometimes necessary to run the rice through the drier upon removing it from storage in order to reduce the moisture content to the maximum moisture content of 14 percent required for milling.

If the rice is placed in the warehouse at a moisture content higher than 14 percent, those warehousemen operating the more modern type of aeration equipment can use such equipment to reduce the moisture content of the rice. It should be pointed out that aeration equipment is primarily designed for the maintenance of the rice in the warehouse without spoilage; the reduction of moisture content of the rice with such equipment is a secondary function.

As hereinbefore noted, applicants selected eight of their number as being warehousemen whose operations are representative of the 30 rice warehousemen as a group. The eight test warehousemen are:

Colusa-Glenn Storage Company
DePue Warehouse Company
Gridley Warehouse
Hi & Dry Warehouse, Inc.
Delta Lines, Inc. (Sacramento River Warehouse)
Sutter Basin Growers Cooperative
Terhel Farms Drier & Storage Co.
Tyndall Warehouse Co., Inc.

The tariff agent presented in evidence exhibits showing revenues and expenses for the warehousing and other operations conducted by the eight test warehousemen. The data contained in said exhibits was obtained in the form of answers to a questionnaire sent by the agent to the warehousemen. The expenses for rice storage operations, as hereinbefore indicated, are based on allocations of joint expenses for warehousing, rice drying and other operations. The representatives of individual warehousemen testified as to the manner in which joint expenses were allocated, as well as to the manner in which rice storage and drying operations are conducted at the warehouses.

The record shows that 80 percent of the rice stored at Sutter Basin Growers Cooperative is for members of the cooperative, and that the profits from the operations of the cooperative (including warehousing) are returned to its members in the form of patronage dividends at the end of the fiscal year. No patronage dividend is made to non-members.

The record also shows that the rice drying operations of Colusa-Glenn Storage Company are conducted in the name of an affiliated company owned and operated by the same persons who own and control Colusa-Glenn Storage. The rice drying revenues and expenses are not included in the data submitted in evidence in this proceeding. Therefore, it is not possible to determine the overall profitability of the total operations of the two affiliated companies for their combined storage and rice drying operations, nor whether the allocations of joint expenses are reasonable.

Applicants' tariff agent presented Exhibit 24, which is entitled "Overall Results Without Adjustments" covering revenues and expenses of the total operations of the test warehousemen. The data in Exhibit 24, adjusted to eliminate operating results of Colusa-Glenn Storage Company and Sutter Basin Growers Cooperative, are summarized in the following table:

TABLE I

ACTUAL RESULTS OF OPERATIONS FOR SIX TEST WAREHOUSEMEN
FOR FISCAL PERIODS SHOWN

	Year Ended:	De Pue Warehouse Company 2/28/72	Gridley Warehouse 9/30/71	Hi & Dry Warehouse 5/31/72	Delta Lines, Inc. 12/31/71	Terhel Farms Drier & Storage Co. 5/31/72	Tyndall Warehouse Co., Inc. 12/31/72	Total
<u>Revenue</u>								
Warehouse		\$216,994	\$ 31,895	\$182,601	\$ 330,245	\$ 55,179	\$117,256	\$ 934,170
Drying, Cleaning and Soaking		217,824	38,621	358,677	170,714	72,477	123,117	981,430
Other Non-Utility Revenue		-	45,844	-	213,893	-	-	259,737
Other Income		48,595	6,490	4,544	-	1,335	400	61,364
Total Revenue		\$483,413	\$122,850	\$545,822	\$ 714,852	\$128,991	\$240,773	\$2,236,701
<u>Expenses</u>								
Warehouse Operating Expense		\$213,108	\$ 44,460	\$202,873	\$ 300,380	\$ 83,365	\$ 56,361	\$ 900,547
Drying, Cleaning and Soaking		175,208	47,682	309,454	126,019	77,263	39,169	774,795
Other Non-Utility Exp.		-	55,000	-	205,241	-	(2)140,825	401,066
Total Expenses		\$388,316	\$147,142	\$512,327	\$ 631,640	\$160,628	\$236,355	\$2,076,408
Interest & Income Deductions		\$ 26,079	-	\$ 11,307	\$ 19,596	\$ 8,840	-	\$ 65,822
Income Taxes		\$ 4,930	\$ (1)	\$ 7,501	\$ 100	\$ 100	\$ 1,094	\$ 13,725
Net Profit (After Taxes)		\$ 64,088	\$(24,292)	\$ 14,687	\$ 63,516	\$(40,577)	\$ 3,324	\$ 80,746
Rate Base		\$599,192	\$130,575	\$768,512	\$1,136,938	\$384,221	\$120,708	\$3,140,146
Rate of Return		10.7%	-	1.9%	5.59%	-	2.8%	4.7%
Operating Ratio (After Taxes)		86.7%	119.7%	97.3%	91.1%	131.5%	98.6%	93.4%

() = Loss or Red Figure.

(1) No taxes shown.

(2) Rent for warehouse and drier.

Exhibit 25 presented by a financial examiner from the Commission's Finance & Accounts Division consists of analyses of data abstracted from the fiscal year 1971 annual reports filed with this Commission by applicants. The exhibit contains summarizations of utility and non-utility revenues and expenses of: (a) a group of 55 agricultural warehouses whose gross utility operating revenues accounted for more than 90 percent of the total utility operating revenues of the 82 applicant warehousemen, (b) a group of 12 agricultural warehouses dealing exclusively in rice, and (c) a group of 10 additional warehousemen dealing in rice and other commodities. The data are as reported by warehousemen, except for obvious errors in classification.

The witness developed earning ratios on a composite basis for each group of warehousemen for their utility operations and for their warehouse-related non-utility operations.

The following tabulation summarizes the percentage relationships of net operating income to gross revenues, i.e., earnings ratio, for both utility and non-utility operations for the warehousemen described in categories (b) and (c) above:

<u>No. of Warehouses</u>		<u>Earnings Ratio</u>	
		<u>Utility</u>	<u>Non-Utility</u>
12	Rice Only	5.32%	18.94%
10	Rice & Other Commodities	1.15%	35.50%
22	Combined	2.74%	29.08%

It was the opinion of this staff witness that adequate and accurate separations of expense between utility and non-utility services are very difficult to achieve. It was also the opinion of this witness that it would be proper to consider the revenues and expenses of warehouse-related non-utility services in arriving at reasonable net earnings for applicant warehousemen in a manner similar to the consideration of charter operations of passenger stage corporations and beverage sales of air lines in passenger-fare proceedings.

A certified public accountant employed by protestant Rice Growers presented a series of exhibits designed to show that operations of applicants are profitable under existing rate levels, and to show the types of operations conducted by Rice Growers. Exhibit 26 of this witness made certain adjustments to annual report figures of applicants to correct errors determined by the CPA's audit of the data. When such adjustments are made, the exhibit showed a composite operating ratio of 90.2 percent for the combined utility and non-utility operations for the 1971-72 fiscal year for the eight test warehousemen used in the exhibits of applicants' tariff agent. Exhibit 27 showed that if a portion of the drier revenue of the warehousemen which use aerators to reduce moisture content of rice in storage is allocated to warehouse operations, the eight test warehousemen would achieve a composite operating ratio of 94.5 percent for their public utility warehouse operations in the 1971-72 fiscal year.

Other exhibits presented by Rice Growers' witness showed that the amount of California rice acreage has remained approximately the same for the nine-year period 1962-1970, but that yields per acre have risen from an average of 2.36 tons per acre to 2.72 tons per acre. The witness also showed that in the same period Rice Growers has handled total tonnage of rice per year for its members ranging from 294,000 in 1963 to 522,700 in 1970. Rice Growers has increased the tonnage stored in its own facilities from 67,800 tons in 1963 to 131,000 tons in 1970. In 1963, 223,300 tons were stored by Rice Growers in public warehouses; in 1970, 252,100 tons were stored in public warehouses. The amounts stored by Rice Growers in public warehouses varied from year-to-year for intervening years. The purpose of this exhibit was to show that Rice Growers depends upon public warehousemen for storage of a substantial portion of the paddy rice of its members.

Positions of the Parties

The Commission, in prior rate proceedings, has considered rice drying to be a non-public utility service.^{5/} Applicants urge that the Commission can only make a finding that rice drying is a public utility service if it first finds that rice drying is an accessorial service in connection with the storage of rice.

Rice Growers does not urge that the Commission find that rice drying is a public utility service. Rice Growers urges that at least 16 percent of the drying revenue should be allocated to warehousing, or that 16 percent of the warehousing expense should be allocated to non-utility drying.^{6/} Rice Growers contends that most of the warehousemen perform part of the drying function through the use of aerators, which reduces the moisture content of the stored rice from approximately 16 percent to 14 percent, or approximately 17 percent of the total reduction in moisture content is accomplished by use of aerating equipment.

The conclusions set forth in the report of the Commission staff witness are as follows:

"Drying is requisite for the storage of rice. The services and facilities devoted to drying are an integral part of the storage system and warehouse plant operated by the public utility warehousemen. Accordingly, the accessorial service of drying rice should be regulated as a public utility function of warehousemen and the revenues and expenses associated with the drying service should be considered in measuring the overall results of the operation."

The staff witness recommended that the Commission find that rice drying is a function of warehouse utility operation, and warehousemen who provide rice drying service be required to set forth by tariff publication their rates and charges for the service.

^{5/} See Decision No. 63971, 60 Cal PUC 33 (1962).

^{6/} The charges for rice drying are generally paid by the grower. Most of the applicants interviewed by the staff witness charged between \$5.00 and \$5.50 per wet ton. One applicant's charges were predicted on the wet basis scaled as follows: \$5.50, \$6.00, and \$6.50 on moisture levels of 24.3 percent, 24.4 percent to 26.3 percent, 26.4 percent and over, respectively. Another applicant's charges were on the dry weight basis of \$4.50 per ton. Many of the applicants interviewed had not changed their drying charges for 10 years or more.

Findings and Conclusions

On the issue of whether or not applicants' rice drying operations are public utility services, we find as follows:

1. Thirty applicants herein who are participants in California Warehouse Tariff Bureau Tariff No. 38 stored rice in the 1969-70 crop-year in quantities ranging from approximately 3,000 to 50,000 tons, and totalling approximately 562,100 tons. (Applicants' Exhibit 23.)

2. It is the present practice of rice growers to harvest paddy rice and ship said rice without field drying. The moisture content of the rice threshed in the field is generally too high to permit storage without deterioration of the rice. Therefore, it is necessary to reduce the moisture content of the paddy rice before it can be stored. The means of reducing the moisture content is a rice dryer (kiln).

3. Rice mills are required by government regulation to accept paddy rice for milling at a moisture content not exceeding 14 percent. It is necessary to dry paddy rice by natural or artificial means to reduce moisture content of rice to 14 percent or less.

4. Testimony was received from representatives of eight public utility warehousemen engaged in the storage of paddy rice in bulk. Each of said warehousemen operates a rice dryer in connection with its warehousing operations. With a few minor exceptions, all of the rice stored by said warehousemen was dried in rice driers operated by said warehousemen. The facilities for rice drying are located adjacent to rice storage facilities.

5. The same personnel are used by the warehousemen to operate their rice driers as are used in the operation of their public warehouse facilities. The same office personnel are used in both operations.

6. The warehousemen consider the function of receiving the wet paddy rice at their facilities (including weighing) to be a function common to their warehouse and to their drying operations.

Said warehousemen have, in most instances, arbitrarily assigned 50 percent of the labor costs of receiving to "non-utility" drying services and 50 percent to "utility" warehouse services in the preparation of their revenue and expense statements herein.

7. The record shows that most, but not all, warehousemen use their aerating equipment (designed primarily for maintaining proper temperatures for stored rice) to reduce the moisture content of the paddy rice to the maximum 14 percent required for milling purposes. In most instances the costs of operating said aerating equipment have been allocated entirely to the storage function in the revenue and expense exhibits presented herein.

8. With respect to that portion of applicants' operations involving paddy rice, the primary business of applicants is a combination of the storage of rice and the drying of rice, and neither function predominates over the other. The two operations, as they are now conducted by applicants, are inseparable inasmuch as the one operation depends upon the other. With limited exceptions, applicants are unable to get storage business without being able to dry paddy rice, nor are they able to get drying business unless they are able to store paddy rice.

9. There is approximately as much time, effort and expense involved in the performance of applicants' rice drying services as there is expended in the performance of their bulk-rice storage operations. The revenues per ton for rice drying equal or exceed the revenues per ton for the season storage of paddy rice.

10. Applicants' rice drying and warehouse operations are conducted with common employees and with some common equipment and facilities. A part of the drying function is performed with aeration equipment located in the warehouse. The drying and warehousing operations of applicants cannot be conducted independently of each other. The manner in which applicants conduct their operations requires allocation of joint expenses between their drying and warehousing operations. Said allocations, of necessity, are

arbitrarily made by applicants. Different allocations of expenses to warehousing operations were made by applicants' witness in exhibits relied upon to show applicants' revenue needs in this proceeding than appear in annual reports filed with the Commission by applicants. Considering all of these factors, reasonable allocations of expenses between warehousing and drying operations cannot be determined on this record.

11. In the absence of a basis for making reasonable allocations of joint expenses between warehousing and rice drying, it is reasonable to determine applicants' revenue needs based on the combined operating revenues and expenses for rice drying and the warehousing of paddy rice.

The Commission concludes:

1. Applicants' rice drying and warehousing operations are a single integrated business operation, and it is not possible to make reasonable separations of the operating results of one portion of such an integrated operation from the other.

2. Applicants' revenue needs for such integrated business operations depend as much upon the earnings from rice drying as from the earnings on storage of paddy rice.

3. It is not possible to regulate the public utility warehouse rates for the storage of paddy rice unless the rates for drying of paddy rice are also regulated.

4. While the record does not show that discrimination has occurred in the past, the possibility of discrimination exists because the total price for the combined service of drying and warehousing of paddy rice can be increased or reduced by the warehouseman according to the rate charged for rice drying.

5. Rice drying performed in conjunction with storage of rice in warehousing operations is a public utility service. Applicants should be directed forthwith to file with the Commission their rates for drying of paddy rice.

6. Inasmuch as applicants initially may file any reasonable level of rates for rice drying, and as we have found that it is reasonable

to determine applicants' revenue needs based on the combined operating revenues and expenses for rice drying and the warehousing of paddy rice, consideration of applicants' request for interim relief on rice should follow the establishment of tariff rates for rice drying.

INTERIM ORDER

IT IS ORDERED that:

1. Applicants in Application No. 52547 that participate in Item 80 (Paddy Rice In Bulk) of California Warehouse Tariff Bureau Tariff No. 38, Cal. P.U.C. No. 203 of Jack L. Dawson, Agent, are directed to file a tariff or tariffs with this Commission naming rates for the drying of paddy rice. Said tariff or tariffs shall be filed on or before sixty days after the effective date of this order and shall become effective on thirty days' notice to the Commission and the public.

2. The interim rate increase for paddy rice requested in the petition for interim relief filed July 18, 1972, in Application No. 52547 is denied, without prejudice to further consideration after the rates for rice drying directed to be filed in ordering paragraph 1 hereof become effective.

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

Dated at San Francisco, California, this 21st day of NOVEMBER, 1972.

Verna L. Sturgeon
President
William J. Quon
[Signature]
Commissioners

I dissent. I do not deem rice drying to be a part of applicants public utility warehouse operations

William J. Quon