

Decision No. 82773**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of COMPASS TRADING CO.,
INC., a California corporation,
under Sections 454 and 491 of
Public Utilities Code for authority
to increase Public Utility Ware-
house Rates.

Application No. 54626
(Filed February 4, 1973)

INTERIM OPINION AND ORDER

Applicant is a public utility warehouseman as defined by Section 239(b) of the Public Utilities Code of the State of California, holding a certificate of public convenience and necessity to operate as such at San Jose, California, as set forth in Decision No. 81137 dated March 13, 1973 in Application No. 53634 filed October 11, 1972.

Applicant requests interim authority for a 10 percent increase in its rates and charges named in Public Warehouse Tariff No. 1, Cal. P.U.C. No. 2 to offset wage increases averaging 6 percent under contract effective July 1, 1973 and other increases pending hearing on an overall proposed 20 percent increase in rates and charges.

In support of the application, applicant alleges that since joining the agency tariff, reflected by tariff revision issued July 17, 1970, effective August 24, 1970, it has not had any increase in its rates and charges. However, since that period of time various costs and operating expenses have increased substantially as follows:

- (a) An increase in wages to union personnel of approximately 30 percent, broken down as follows:

As of April 1, 1971	\$.30 per hour raise
As of July 1, 1971	\$.30 per hour raise
As of July 1, 1972	\$.30 per hour raise
As of July 1, 1973	\$.30 per hour raise
As of January 1, 1974	\$.10 per hour raise

- (b) Approximately a 30 percent increase in wages to nonunion personnel.
- (c) There is a planned increase in wages and salaries of 10 percent to nonunion personnel for 1974.
- (d) In accordance with the provisions of the lease, any increase in property taxes over the base year tax (1970-71) will be paid by the lessee. Increases over base year tax were \$2,347.33 (22.9%) for 1971-73 and \$3,620.19 (35.3%) for 1972-73. Current year's tax of \$3,620.19 is an increase of 54.2 percent over \$2,347.33.

An examination of income and revenue for the period January 1, 1973 to July 31, 1973, shown in Appendix B attached to the application, indicates that applicant's warehouse operation has resulted in a loss. Applicant alleges that as a result of increased labor costs and other increases discussed above these losses will continue. Further examination of Appendix B indicates that a 10 percent increase in its rates will reduce the amount of operating loss enabling applicant to operate at an operating ratio of approximately 106.28 percent, and a total increase of 20 percent would further reduce operating loss enabling applicant to operate at an operating ratio of approximately 97.60 percent.

Findings

1. Applicant's present rates and charges have been in effect since August 24, 1970.

2. Since August 24, 1970 applicant has experienced substantial increases in operating expenses.

3. Applicant's proposed interim increase of 10 percent in rates and charges, pending hearing for the receipt of evidence relative to the full 20 percent sought increase, has been shown to be justified.

The Commission concludes that pending hearing on this matter applicant should be authorized, on not less than five days' notice to the Commission and to the public, to increase its rates and charges by 10 percent.

IT IS ORDERED that:

1. Applicant is authorized to increase its rates and charges by 10 percent.

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

3. The authority granted herein is subject to the express condition that applicant will never urge before this Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that this opinion and order constitute a finding of fact of the reasonableness of any particular rate or charge. The filing of rates and charges pursuant to this order will be construed as a consent to this condition.

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

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5. A public hearing shall be scheduled in this proceeding for the receipt of evidence relative to Application No. 54626 and full disposition thereof.

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

Dated at San Francisco, California, this 23rd day of APRIL, 1974.

William L. Sturgeon
President
William L. Sturgeon
Alvin M. ...
...
Commissioners

I dissent
William L. Sturgeon, Commissioner