

Decision No. 84788**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of LYON MOVING & STORAGE CO. for)
 authority to increase public)
 utility warehouse rates and)
 charges.)

Application No. 55455
 (Filed January 23, 1975;
 amended March 31, 1975)

Knapp, Stevens, Grossman & Marsh, by Wyman C.
Knapp, Attorney at Law, for applicant.
James Quintrall, for himself, interested party.
Joel D. Anderson and Jack Johnson, for the
 Commission staff.

O P I N I O N

Lyon Moving & Storage Co. conducts warehouse operations in San Diego County at National City and San Diego. By this application, as amended, a 20 percent increase (\$19,943) in all rates and charges, other than storage, is sought to compensate for increased operating costs incurred since April 1971.^{1/} Public hearing was held in San Diego before Examiner Tanner on April 14, 1975.

A consultant engaged by applicant, applicant's San Diego District Manager, and applicant's Manager for Accounting and Taxes, testified in support of the relief sought. The staff of the Commission's Transportation Division participated by cross-examination of applicant's witnesses. No opposition to granting of the application was made.

The consultant presented evidence reflecting the increases in labor costs since 1971, financial data indicating applicant's financial position, including estimates of earnings under current

1/ April 1, 1971 was the effective date of the wage agreement upon which the current rates are based.

and proposed rates, and comparison of wage scales and warehouse rates between the Los Angeles and San Diego areas.

Exhibit 2 indicates that applicant has experienced a 39.75 percent increase in direct labor costs over those which were the basis for the current rates. His analysis indicates that of applicant's total cost of performing its service, 50.3 percent is plant labor and 14.2 percent is office and administrative labor, the remaining 35.5 percent is made up of plant rent (18.7 percent), taxes (5.2 percent), and other, including administrative and general expenses (11.6 percent).

The consultant estimated that under the present rates applicant can expect to experience a loss of \$45,897. If the relief sought herein is granted the loss will be cut to \$24,954.

Applicant is a wholly owned subsidiary of Lyon Household Shipping, Inc. The consolidated balance sheet for December 31, 1974 shows the corporation to have assets of \$10,237,122 and the shareholders' equity as \$4,730,716. The consolidated statement of income and retained earnings for the calendar year 1974 show an income, after taxes, of \$187,156. Cash dividends totaling \$365,000 were paid resulting in a reduction in retained earnings from \$4,177,575 carried over from 1973 to \$4,076,916.

Applicant notified all of its commercial storage accounts by mail on February 12, 1975 and April 1, 1975 of the proposed rate increase. The Commission has received no communication from any of those so notified regarding this application.

After consideration the Commission finds:

1. Applicant's present rates and charges do not provide revenues sufficient to meet expenses in providing public utility warehouse operation.
2. Applicant has demonstrated a need for additional revenue for its public utility warehouse operations in the amount of \$19,943.
3. The proposed increase, in the form of a surcharge, has been shown to be justified.

The Commission concludes that Application No. 55455, as amended, should be granted. In authorizing the proposed increases, the Commission makes no finding of fact as to the reasonableness of any particular rate, rule, or charge.

O R D E R

IT IS ORDERED that:


1. Lyon Moving & Storage Co. is authorized to establish the increased rates proposed in Application No. 55455. Tariff publications authorized to be made as a result of this order 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 of this order on not less than five days' notice to the Commission and to the public.
2. The authority shall expire unless exercised within ninety days after the effective date of this order.
3. The authority granted by this order 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

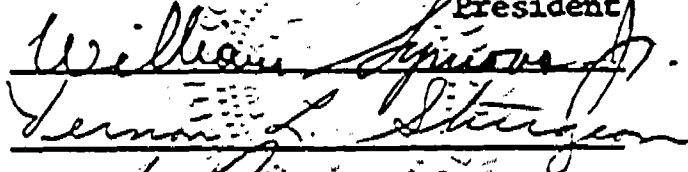
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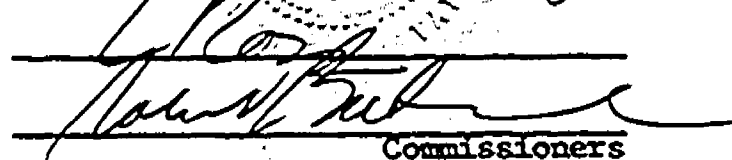
rate or charge. The filing of rates and charges pursuant to this order will be construed as a consent to this condition.

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

Dated at San Francisco, California, this 12th day of AUGUST, 1975.



President


Vernon L. Sturgeon


Commissioners