

Decision No. 85597

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
HASLETT COMPANY for an Increase in
Rates.

Application No. 56048
(Filed November 6, 1975)

O P I N I O N

Applicant is a public utility warehouseman for the storage of general commodities at San Francisco and Oakland. The rates, rules, and regulations governing applicant's operations are contained in California Warehouse Tariff Bureau Warehouse Tariffs Nos. 48-A, 49-A, and 83-B, Cal. P.U.C. Nos. 253, 262, and 269, respectively, of Jack L. Dawson, Agent.

Applicant requests authority to:

1. Increase rates and charges named in California Warehouse Tariff Bureau Warehouse Tariff No. 48-A, Cal. P.U.C. No. 253, for the account of applicant as follows:

Rates and charges pertaining to storage, increase by 5%
Rates and charges other than storage, increase by 15%

2. Increase rates and charges named in California Warehouse Tariff Bureau Warehouse Tariff No. 49-A, Cal. P.U.C. No. 262, for the account of applicant as follows:

Item

- | | |
|-----|---|
| 60 | Storage rate, increase by 5% |
| | Handling rate, increase by 15% |
| 220 | Storage and handling rate of 70¢, increase by 10.8% |
| | Storage and handling rate of 65¢, increase by 10.8% |

Cancel applicant's participation in all other rate items named in California Warehouse Tariff Bureau Warehouse Tariff No. 49-A, Cal. P.U.C. No. 262.

3. Increase rates and charges named in California Warehouse Tariff Bureau Warehouse Tariff No. 83-B, Cal. P.U.C. No. 269, by 15 percent for the account of applicant.

In effecting the sought increases, applicant seeks authority to dispose of fractions as follows:

Where the resulting rate is less than 10¢, dispose of fractions to the nearest mill, dropping fractions of less than one-half mill and increasing fractions of one-half mill or greater to the next whole mill.

Where the resulting rate is 10¢ or greater, dispose of fractions to the nearest cent, dropping fractions of less than one-half cent and increasing fractions of one-half cent or greater to the next whole cent.

Applicant alleges that its present rates do not yield sufficient revenue to allow applicant to conduct its warehouse operations at a profit.

Applicant's rates were last adjusted pursuant to authority granted by Decision No. 83246 dated August 6, 1974 in Application No. 54589.

Applicant further alleges that additional revenue is required because of increased costs in all phases of operation, the most significant being the increased cost of plant and clerical labor.

Exhibit D, attached to the application, contains revenue and expense data for the test year ending December 31, 1974, together with adjustments to reflect the proposed increase in revenue should the application be granted. The exhibit discloses that during the test year applicant sustained a loss of \$23,163 and an operating ratio of 101.6 percent. Had the sought rates and increased costs been in effect during the test year applicant would have realized, after taxes, a profit of \$83,261 and an operating ratio of 95.1 percent.

Notice of the proposed increases was sent to each of applicant's storers. None of the storers have registered any objection to the proposed increases.

The Transportation Division staff advises that it has reviewed the application and believes that it may be granted by ex parte order in the absence of protest.

This application is one of a group of 7 similar filings (A.56072, Gibraltar; A.56060, NorCal; A.56048, Haslett; A.56071, SF Warehouse; A.56107, Alltrans; A.56109, Encinal; and A.56137, Walton). These applications all seek increases in the rates for the storage of general commodities. Although they were separately filed, they all seek an increase in Tariff 48-A of 5 percent for storage and 15 percent for handling (except Walton which asks 18 percent for handling). For Tariff 49-A the applications request increases for various commodities but here too there is a consistency. Storage increases requested are all 5 percent. Handling increases requested (for individual commodities) are 11 percent (11 instances), 15 percent (11 instances), or 18 percent (2 instances).

The Commission desires to ensure that a truly competitive situation exists in this industry. Based on the above facts, one must question the extent of competition at present.

Since this is the first individual filing made by these applicants, we will accept their filings. In the future, however, we will expect greater diversity in individual filings made by warehousemen for rate increases. Furthermore, we would hope that the warehousing industry takes steps to divest itself of the anti-trust exemption it presently has under Section 496 of the Public Utilities Code. A petition to rescind Decision No. 83404 in Application No. 55022 appears in order.

Findings

1. Applicant's rates were last adjusted by Decision No. 83246 dated August 6, 1974 in Application No. 54589.

2. Since applicant's rates were last adjusted it has experienced increases in operating expenses, the most significant being the increased cost of plant and clerical labor.

3. Under the increases sought herein applicant estimates it will realize additional annual revenue of \$164,328 and an operating ratio after taxes of 95.1 percent.

4. The proposed increases in applicant's rates and charges have been shown to be justified.

5. A public hearing is not necessary.

The Commission concludes that the effective date of this order should be the date on which it is signed because there is an immediate need for rate relief.

O R D E R

IT IS ORDERED that:

1. Haslett Company is authorized to establish the increased rates proposed in Application No. 56048. 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 thirty days after the effective date of this order on not less than thirty 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 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 is the date hereof.

Dated at Los Angeles, California, this 23rd
day of MARCH, 1976.

I abstain.
William Symons, Jr.
Commissioner

[Signature]
President
[Signature]
[Signature]
Commissioners