

ORIGINAL

Decision No. 87177

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of WESTERN MOTOR TARIFF BUREAU,
INC., AGENT, for authority to
increase rates in WESTERN MOTOR
TARIFF BUREAU, INC., Warehouse
Tariffs No. 1 and No. 2,
containing rates of participating
warehousemen in the City of Los
Angeles and other southern
California points.

Application No. 56673
(Filed August 4, 1976)

Parker, Milliken, Clark & O'Hara, by B. Kent Warner
and Thomas P. Laffey, Attorneys at Law, and M. J.
Nicolaus, for Western Motor Tariff Bureau,
applicant.

Frank Selhorst, for Dart Public Warehouse, Inc.;
C. R. Hoagland, for Redway Truck and Warehouse
Company; and H. W. Hughes and J. C. Kaspar, for
California Trucking Association; interested
parties.

James T. Quinn, Attorney at Law, and Everest A.
Benton, for the Commission staff.

OPINION AND ORDER

On behalf of 35 public utility warehousemen in the Los Angeles area Western Motor Tariff Bureau, Inc. (WMTB) requests the establishment of a surcharge of six percent on the rates and charges in WMTB Warehouse Tariffs Nos. 1 and 2. By Decision No. 86522 dated October 19, 1976, we dismissed this application on the grounds that under our announced regulatory policy for warehousemen we would not entertain requests for rate increases made on a collective basis.^{1/} WMTB petitioned for rehearing of Decision No. 86522 on October 29, 1976, and the Commission granted rehearing by Decision No. 86799 dated December 21, 1976. Hearings were held before Examiner Albert C. Porter on January 17, 1977 in San Francisco and February 15, 1977 in Los Angeles where the matter was submitted.

^{1/} This new policy was set forth in Decision No. 84840 dated August 26, 1975 in Application No. 55488, the pertinent portions follow:

"...the Commission will henceforth set rates on an individual basis, granting permission to increase rates only to those warehouses which are both efficiently operated and unable to earn a reasonable return at existing rates. Group filings of a single rate for warehousing services where no individual justification has been made by the members of the group will be subject to dismissal.

* * *

"To promote the establishment of competitive ratemaking, rates should be set on an individual basis granting authority to increase rates only to those warehousemen which are both efficiently operated and unable to earn a reasonable return at existing rates. Henceforth, rate increase applications involving warehousemen will be considered on an individual basis."

A petition for rehearing of Decision No. 84840 was filed on October 28, 1975; it was denied by Decision No. 85258 dated December 16, 1975.

Applicant's presentation in support of the application consisted, among other things, of the operating results for 31 of the 35 participants to WMTB Warehouse Tariffs Nos. 1 and 2.^{2/} Results were shown for the calendar year 1975 and were then adjusted to take into account wages and expenses at the maximum levels in effect for 1976. Revenues were adjusted for any increases in effect for 1976 that were not in effect for 1975 and then further adjusted for the increase sought in this application. These adjusted results of operations for the 31 warehousemen ranged from a net loss to a rate of return of 350 percent and an operating ratio of 81 percent. Individual results for the group are shown in Appendix A.

In consideration of our announced regulatory policy for warehousemen and in view of the disparate results of operations shown for the individual warehouses on this record, we cannot authorize a blanket increase in the rates and charges of common tariffs such as the ones involved herein.

WMTB may hereafter file for tariff increases for all or part of the warehousemen subject to WMTB Warehouse Tariffs Nos. 1 and 2, but such increases must be based on the individual operating results of the warehousemen. If necessary, such showings should fully allocate expense between utility and any nonutility operations of each warehouseman, or between utility warehouse and motor carrier operations.

Findings

1. WMTB and the warehousemen who are participants in WMTB Warehouse Tariffs Nos. 1 and 2 have not responded to our announced rate regulatory policy for warehousemen.

2. Any increase granted to WMTB for Warehouse Tariffs Nos. 1 and 2 would automatically apply to all tariff participants.

^{2/} 43 warehousemen were parties to the tariffs at the time of the original filing. Since then several have canceled participation in the tariffs and some have made individual filings to the Commission for increases. Some of these have been granted. Of the 35 remaining, 4 did not operate in 1975.

3. For this proceeding, we cannot grant rate increases which would produce rates of return for warehousemen as high as 350 percent and operating ratios as low as 81 percent.

We conclude that the request should be denied.

IT IS ORDERED that the increases requested by Application No. 56673 are denied.

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

Dated at Sacramento, California, this 5th day of APRIL, 1977.

Robert Batyain
President
William S. Green, Jr.
Simon L. Sturges
F. Hess
Richard D. Gault
Commissioners

APPENDIX A

From Exhibit 3
Schedules X-A, B

Income Statements Year 1975 Modified to Reflect
6% Proposed Revenue Increases and Adjusted Expenses

<u>Warehouse</u>	<u>Revenues</u>	<u>Expenses</u> (1)	<u>Net</u> <u>Income</u> (2)	<u>Operating</u> <u>Ratio</u> (2)	<u>Rate of</u> <u>Return</u> (2)
Ace City	\$ 416,271	\$ 373,218	\$ 43,053	89.7%	108.3%
Air Speed Systems	486,269	440,144	46,125	90.5	132.6
American	7,420	174	7,246	NM	NA
B & M Terminal	22,586	28,925	(6,339)	128.1	NM
Bekins	147,520	139,142	8,378	94.3	77.6
Budway	720,265	684,464	35,801	95.0	38.4
California	401,857	412,498	(10,641)	102.6	NM
California Cartage	774,901	691,097	83,804	89.2	6.9
Central Terminal	311,381	321,397	(10,016)	103.2	NM
Citizens	64,675	103,524	(38,849)	160.1	NM
City Distribution	1,039,167	992,840	46,327	95.5	4.8
Commerce	1,080,834	1,007,921	72,913	93.3	41.8
Dart Public	404,981	378,714	26,267	93.5	53.7
Dependable Trucking	26,342	36,673	(10,331)	139.2	NM
Imperial Van Lines	140,159	234,702	(94,543)	167.5	NM
Los Angeles Distribution	736,340	695,393	40,947	94.4	72.4
Los Angeles Transport	259,489	265,666	(6,177)	102.4	NM
M & M Transfer	84,959	83,383	1,576	98.1	22.8
Moser Trucking	73,335	112,243	(38,908)	153.1	NM
National Distribution	248,631	580,892	(332,261)	233.6	NM
Overland Terminal	526,709	495,826	30,883	94.1	38.3
Pacific Commercial	392,803	374,161	18,642	95.3	44.5
Peerless Trucking	143,466	119,549	23,917	83.3	221.3
Redway	422,730	407,994	14,736	96.5	22.1
S & L	123,391	117,947	5,444	95.6	56.4
South Bay Public	376,581	306,078	70,503	81.3	349.7
States	985,545	953,236	32,309	96.7	26.0
TAB Transportation	129,730	120,260	9,470	92.7	20.6
USCO Services	747,914	670,596	77,318	89.7	156.5
Williams	184,792	166,618	18,174	90.2	119.0
West Coast	204,597	194,999	9,598	95.3	25.2

(Red Figure)

(1) Including provision for state and federal income tax.

(2) After provision for state and federal income tax.

NM - Not meaningful

NA - Not available