

Decision No. 91936 JUN 17 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of WESTLAM FOODS for an increase)
in Rates.)

Application No. 59626
(Filed May 2, 1980)

OPINION AND ORDER

Applicant Westlam Foods, Inc., a California corporation (Westlam), is a public utility warehouseman for the storage of agricultural commodities at Sutter (Sutter County) and Chino (San Bernardino County). The rates, rules and regulations governing applicant's operations are contained in California Warehouse Tariff Bureau, Warehouse Tariff No. 38-A, CAL. P.U.C. No. 267, of Jack L. Dawson, Agent.

Applicant alleges that its present rates and charges are insufficient to recover its costs. 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 labor and power.

Applicant's rates were last adjusted pursuant to authority granted by Decision 78844, dated June 22, 1971, in Application 52547. Applicant requests authority to increase its rates to yield an approximate 114 percent increase in revenue.^{1/}

Applicant also requests authority to cancel its participation in the above tariff and at the same time publish Westlam Foods, Inc., Warehouse Tariff No. 1, CAL. P.U.C. No. 1 in its place and stead, publishing the sought increases in the latter tariff.

^{1/} Applicant's revenues would have increased by \$93,696 if the sought increase had been in effect during the company's last fiscal year ending July 31, 1979. However, the projected loss would have been \$518,987, since its total revenues were projected at only \$175,680.

The Commission's staff review of Westlam's financial statements, attached to the application reveals that the sought increases appear not to be sufficient to eliminate the warehouseman's projected continuing losses. However, without the sought additional revenues, the present level of losses would result in an undue hardship to applicant and service to the public might be jeopardized. The requested rate increases have been determined by applicant without consultation or agreement with any other warehouseman.

Exhibit B, attached to the application, contains revenue and expense data for the test year ended July 31, 1979 together with adjustments to reflect the proposed increases in revenue should the application be granted. The exhibits disclose that during the test year applicant sustained a loss of \$694,667 and an operating ratio of 847 percent. Had the sought rates been in effect during the test year, applicant would have sustained a loss of \$518,987 and an operating ratio of 395 percent. Since the sought rates will still result in unprofitable operations, the President's wage-price guidelines do not apply.

Notice of the proposed increases was sent to each of applicant's storers. The application was listed on the Commission's Daily Calendar of May 5, 1980. No objection to the granting of the application has been received. The effective date of this order should be the date hereof in order to enable applicant to reduce its losses and continue to serve the public.

FINDINGS

1. Applicant's rates were last adjusted by Decision 78844 dated June 22, 1971 in Application 52547.
2. Since applicant's rates were last adjusted, it has experienced increases in operating expenses, the most significant being the increased cost of labor and power.
3. Under the increases sought herein, applicant estimates it will realize additional revenue of \$93,696 and an operating ratio of 395 percent.

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

5. A public hearing is not necessary.

IT IS ORDERED that:

1. Westlam Foods, Inc., a corporation, is authorized to establish the increased rates as specifically proposed in Application 59626. 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 ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public.

2. The effective date of applicant's tariff publication authorized herein shall be concurrent with the effective date of applicant's cancellation of participation in California Warehouse Tariff Bureau, Warehouse Tariff No. 38-A, CAL. P.U.C. No. 267, Jack L. Dawson, Agent.

3. In complying with Paragraphs 1 and 2 above, applicant shall make tariff filings in compliance with the regulations governing the construction and filing of tariffs as set forth in the Commission's General Order No. 61-Series.

4. The authority shall expire unless exercised within ninety days after the effective date of this order.

5. Nothing in this opinion and order constitutes a finding of fact regarding the reasonableness of any particular rate or charge filed pursuant to this order, and applicant, by reason of this declaration, has no ground to contend to the contrary in any proceeding under Section 734 of the Public Utilities Code or in any other proceeding.

A. 59626 - T/FS

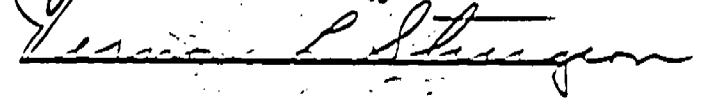
The Executive Director is directed to cause service of a certified copy of the order to be made upon Westlam Foods, Inc. or to mail a certified copy thereof to it at its known address as shown in the Commission's records and to mail a copy of this order to California Warehouse Tariff Bureau, Jack L. Dawson, Agent.

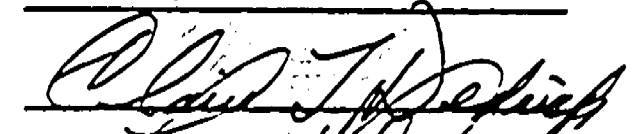
The effective date of this order is the date hereof.

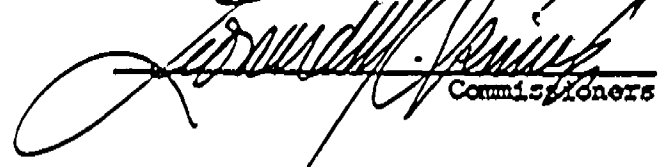
Dated JUN 17 1980, at San Francisco, California.



President







Commissioners

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.