

Decision No. 52155

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BEALL REFRIGERATING COMPANY, BERGUT-)
 RICHARDS PACKING CO., CRYSTAL ICE &)
 COLD STORAGE COMPANY, FRESNO CONSUMERS)
 ICE CO., HASLETT WAREHOUSE COMPANY,)
 LAWRENCE WAREHOUSE COMPANY, MERCHANTS)
 ICE & COLD STORAGE COMPANY, MODERN)
 ICE & COLD STORAGE COMPANY, NATIONAL)
 ICE AND COLD STORAGE COMPANY OF)
 CALIFORNIA, SANTA CLARA COLD STORAGE)
 & FREEZER CO., SECURITY WAREHOUSE &)
 COLD STORAGE CO., and UNION ICE &)
 STORAGE COMPANY, for an increase in)
 rates:)

Application No. 37251

OPINION AND ORDER

Applicants are public utility warehousemen collectively operating 27,000,000 cubic feet of warehouse storage space in San Francisco, Sacramento, Stockton, Fresno, Exeter, San Jose, Santa Clara and Napa. Authority is sought to increase their rates for the storage and handling of potatoes, onions, garlic, rutabagas and turnips. They allege that the present rates do not yield sufficient revenues to allow the recovery of the expenses incurred in the storage and handling of the commodities. These rates and charges are set forth in the following tariffs:

- California Warehouse Tariff Bureau
Cold Storage Warehouse Tariff No. 1-D, Cal. P.U.C. No. 135
(L. A. Bailey series) (Fresno)
- Cold Storage Warehouse Tariff No. 6-C, Cal. P.U.C. No. 153
(San Francisco)
- Cold Storage Warehouse Tariff No. 7-F, Cal. P.U.C. No. 150
(Sacramento, Stockton)
- Cold Storage Warehouse Tariff No. 9-E, Cal. P.U.C. No. 149
(San Jose, Santa Clara)
- Fresno Consumers Ice Co. Cold Storage Warehouse Tariff No. 6,
Cal. P.U.C. No. 6, (Exeter)
- Union Ice and Storage Company Cold Storage Warehouse Tariff
No. 5-C, Cal. P.U.C. No. 16 (Napa).

The proposed storage and handling rates are 5 cents per 100 pounds higher than the present rates except that at Sacramento, San Jose and Napa the increase is 10 cents and 12½ cents over the present rates for quantities of less than 10,000 pounds. The season rate, generally extending for a term of eight months or less, would be increased 32½ cents per 100 pounds. The present rates are subject to a racking charge of 2½ cents. The proposed rates include the racking charge and therefore the actual increase would be 2½ cents per 100 pounds less than the amounts noted above. Authority is also sought to remove on short notice a one-cent handling charge on 50-pound sacks and to reduce humidifying charges to 7 cents per 100 pounds for the first month and to 5 cents per 100 pounds per month thereafter in Item 170 of California Warehouse Tariff Bureau, Cold Storage Warehouse Tariff No. 9-E, Cal. P.U.C. No. 149.

Applicants state that the basic monthly storage and handling rates in which increases are herein sought have been in effect without adjustment for over 25 years. They point out that these rates are lower than rates charged by them for storage and handling of other commodities. It is alleged that since the present rates became effective increased costs have been incurred in labor, power, taxes, rents and for all other materials, supplies and services used in the conduct of their warehouse operations. The increased rates and charges proposed are, they assert, necessary to meet these increased costs.

To demonstrate the need for the increased rates, applicants submitted by an exhibit attached to the application a study of the results of operations in storing and handling potatoes and onions at the Stockton warehouse of the Union Ice and Storage Company for the year ending December 31, 1954. The operations of this warehouse

accounted for over 60 percent of the total tonnage stored. It was selected as being representative of the operating experience of the group as a whole. Total revenue shown for the storage and handling of the commodities involved is \$109,898, expenses \$114,164, with a resulting loss of \$4,266. Revenue under the proposed increased rates would have been \$135,565, an increase of \$25,667. The resulting net earnings after provision for income tax would have been \$12,233. These operating figures under the proposed rates indicate an operating ratio of 91 percent and a rate of return of 5 percent on a depreciated capital investment of \$242,811. The capital investment figure used was developed by apportioning that part of the total investment to the potato and onion operation according to the warehouse space used in that operation.

Of the eleven remaining warehouse companies participating in the tariffs in question, five report they have stored none of these commodities during the year 1954. The other six companies stored amounts ranging from one to ten percent of their total storage. Applicants state that the quantities of the potatoes and onions stored each year have diminished over the past several years and that no increase in volume is expected.

Notice of the proposed rates was mailed by the applicants to each of their storers of the commodities involved during the years 1954 and 1955 with the request that any objections be forwarded to the Commission. No objections have been received.

It is clear from the facts and circumstances presented in this proceeding that the rates in question have not been adjusted for many years; that applicants are not receiving under the present rates sufficient revenue to meet increased operating expenses and provide a reasonable return on their investment; and that operating results under the proposed rates will be reasonable. We are of the opinion, and hereby find, that the sought increases are justified. The application will be granted. A public hearing is not necessary.

Applicants have requested authority to make the increased rates effective on one day's notice to the Commission and to the public in lieu of the thirty days' notice required by Section 491 of the Public Utilities Code. The order which follows will authorize the tariff changes to be made effective on five days' notice to the Commission and to the public.

Therefore, good cause appearing,

IT IS HEREBY ORDERED:

(1) That applicants be and they are hereby authorized to establish, on not less than five days' notice to the Commission and to the public, the increased rates and charges and tariff changes proposed in the above-entitled application.

(2) That the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 1st day of November, 1955.

[Signature]
President

[Signature]

[Signature]

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Commissioners