

Decision No. 60324

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BEALL REFRIGERATING CO., MERCHANTS)
 REFRIGERATING COMPANY OF CALIFORNIA,)
 MODERN ICE & COLD STORAGE CO., NATIONAL)
 ICE AND COLD STORAGE COMPANY OF)
 CALIFORNIA, REFRIGERATED FOOD SERVICES,)
 INC., SANTA CLARA COLD STORAGE & FREEZER) Application No. 42238
 CO., TAYLOR FREEZER & COLD STORAGE)
 (Russell B. Taylor, dba), TURLOCK REFRIG-)
 ERATING COMPANY, UNION ICE & STORAGE)
 COMPANY, and WESTERN REFRIGERATION COMPANY,)
 for an Increase in Rates.)

OPINION AND ORDER

The ten applicants herein are engaged in public utility cold storage warehouse operations at various locations in the area extending from Santa Maria and Turlock, on the south, to Santa Rosa, on the north.

By this application filed May 10, 1960, authority is sought to increase (1) the straight time labor rate from \$3.00 to \$4.00 per man per hour with comparable adjustment in the overtime rate; and (2) the charge for service of taking and recording marked weights from one and one-half cents to two cents per package, with an increase in the minimum charge for this service from 35 to 50 cents per tally. Applicants also seek authority to establish a car-unloading charge of \$4.00 per man per hour for regular working hours and \$6.00 per man per hour at other times. No changes are proposed in the storage and handling in-and-out rates which are now performed on a package or 100-pound basis.

Applicants state that the purpose of the proposed increases is to revise the present man-hour rates for labor to a basis more in

¹ Collectively, applicants operate approximately 14,840,000 cubic feet of warehouse floor space at their warehouses covered by this application.

line with the cost of the services rendered; to compensate warehousemen for labor expenses incurred in car unloading of merchandise received by rail; and to adjust the charges for the taking and recording of marked weights of packages to a compensatory basis. Applicants state that the rates and charges sought by this application are the same as authorized other warehousemen by Decision No. 58875, dated August 11, 1959, in Application No. 41062, applicable at various cold storage warehouse operations.

Applicants estimate that had the proposed rates and charges been in effect for the latest available test year, the overall revenue gain would have been approximately one percent before provision for additional income taxes. The actual and adjusted operating revenues are as follows:

	<u>Actual Operating Revenue</u>	<u>Proposed Additional Operating Revenue</u>
Beall Refrigerating Co.	\$ 133,397	\$ 1,001
Merchants Refrigerating Co.	1,346,300	14,959
Modern Ico & Cold Storage Co.	475,641	5,880
National Ico & Cold Storage Co.	606,508	6,164
Refrigerated Food Services, Inc.	992,521	13,221
Santa Clara Cold Storage & Freezer Co.	215,191	2,282
Taylor Freezer & Cold Storage	20,746	140
Turlock Refrigerating Co.	536,183	2,170
Union Ico & Storage Co.	590,317	6,892
Western Refrigeration Co.	619,183	8,045
	<u>\$5,515,987</u>	<u>\$ 60,754</u>

A study showing overall labor cost per man per hour was submitted with the application. Excluding direct supervision and overhead, the study develops an average direct cost of \$3.26 per man per hour. Adjusted for supervision and overhead expense, the study develops an average cost of \$4.30 per man hour. Applicants state that this cost makes no provision for a profit. It is alleged that, on an overall basis, applicants have been experiencing a loss of some \$1.30 per man per hour on labor furnished under

the current man-hour rate of \$3.00. Applicants aver that the proposed \$4.00 rate will cover their direct cost and contribute to supervision and overhead expense.

The application shows that a copy of a notice to increase the rates here involved has been sent to the storers of record. No objection has been received to the granting of the application.

Upon consideration of all of the facts and circumstances set forth in the verified application, the Commission is of the opinion and finds that the proposed increased rates and charges are justified. A public hearing is not necessary. The application will be granted. Applicants will be authorized to publish the proposed rate adjustments herein involved on ten days' notice.

Therefore, good cause appearing,

IT IS ORDERED:

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

(2) That the authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

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

Dated at San Francisco, California, this 28th day of June, 1960.

President

Commissioners