

66494

Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
George A. Myers, Karl D. Gentry,)	
Percy Murray, Richard M. Smith, and)	Application No. 45813
Rosemary June Myers, dba TULELAKE)	(Filed September 27, 1963)
COLD STORAGE CO., for authority to)	
increase certain warehouse rates.)	

OPINION AND ORDER

Applicants, a copartnership, are engaged in public utility cold storage warehouse operations in Tulelake. By this application they seek authority to increase certain rates, and to make such increased rates effective on ten days' notice to the Commission and to the public.

The application alleges that the present rates maintained by applicants for the handling and storage of potatoes, onions and turnips, as well as those proposed by the applicants in this proceeding, are the lowest maintained by public utility cold storage warehousemen in California.

The application shows that the first-month storage and handling rates of applicants for the commodities involved herein have not been adjusted since the company began operations in 1947.¹ Applicants state that their present special labor rate of \$1.25 per man per hour has remained in effect without change for approximately ten years, whereas their present hourly labor cost, including fringe benefits and an allowance for overhead, is \$2.96 per man per hour. The proposed rate of \$2.75 per man per hour, it is asserted, is sufficient to cover out-of-pocket costs and make a contribution to overhead expenses.

¹ Authority is sought to increase the special labor rate from \$1.25 per man per hour to \$2.75 per man per hour, and the first-month storage rates (which include the service of handling) for potatoes, onions and turnips by 5 cents per 100 pounds.

Applicants state that the proposed rate increases are required in order that they may continue in business and render an adequate and efficient service which is vitally required by the public. In addition to the increased costs, applicants state that they face a reduction in government storage revenue from \$15,479 to \$7,200, a loss of \$8,279, due to withdrawals without replacement from the government stocks of rations held in storage. Submitted with the application are data reflecting applicants' warehouse operations for the fiscal year ending June 30, 1963, and adjusted as indicated below:

	<u>Column A³</u>	<u>Column B³</u>	<u>Column C³</u>
Operating Revenues	\$105,608	\$ 97,329 ²	\$107,829 ²
Operating Revenue Deductions			
Operating Expenses	83,135	88,333	88,333
Taxes Assigned to Warehousing ..	7,607	3,045	6,599
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Total Operating Revenue Deductions	\$ 90,742	\$ 91,378	\$ 94,932
Net Operating Income	\$ 14,866	\$ 5,951	\$ 12,897
Operating Ratio After Taxes	85.9%	93.9%	88.0%

The verified application shows that applicants notified each of their storers, by letter, of their filing with the Commission with an explanation of the contemplated rate adjustment and the

² Adjusted to reflect loss of \$8,279 in government storage revenue.

³ Column A - profit and loss statement for fiscal year ending June 30, 1963.
Column B - profit and loss statement adjusted to reflect loss of government storage revenue and increased costs.
Column C - profit and loss statement adjusted to reflect increase in revenue from proposed rates, loss of government storage revenue and increased costs.

alleged necessity therefor. No objections to the granting of the application have been received by this Commission.

A financial examiner of the Commission staff made an examination of the applicant's accounting records primarily for the purpose of determining the results of the company's public utility operations, separated from its non-utility business, and to observe the trend in these operating results. The following tabulation shows the company's utility operating revenues and expenses, assuming corporate status, as developed in the staff report. The computations utilize the company's estimate of additional revenues and increased expenses.

	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$97,189	\$107,689
Operating Expenses *	89,364	96,507
Net Operating Revenues	<u>\$ 7,825</u>	<u>\$ 11,182</u>
Rate Base	\$161,070	
Rate of Return	4.86%	6.94%

* including income taxes
computed at corporate rates

In the circumstances, it appears, and the Commission finds, that the increased rates which applicants seek to establish are justified. A public hearing is not necessary. The application will be granted.

Good cause appearing,

IT IS ORDERED that:

1. George A. Myers, Karl D. Gentry, Percy Murray, Richard N. Smith, and Rosemary June Myers, doing business as Tulclake Cold Storage Co., are authorized to establish the increased rates as

proposed in Application No. 45813. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than t e n days after the effective date hereof on not less than tendays' notice to the Commission and to the public.

2. 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 nereof.

Dated at San Francisco, California, this 17th day of December, 1963.

William W. Dunsell
President
John E. Dunsell
W. W. Dunsell
George G. Trover
Fredrick B. Holdioff
Commissioners