

ORIGINALDecision No. 68815

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE EUREKA ICE & COLD STORAGE COMPANY)
 for an Increase in Rates. }

Application No. 47278
 (Filed January 21, 1965)

O P I N I O N

The Eureka Ice & Cold Storage Company is a public utility operating 100,000 square feet of cold storage warehouse space in Eureka. By this application it seeks authority to increase its rates for freezing, storage, handling and related services, and to amend rules governing the application of its rates.

The verified application states that present rates do not yield sufficient revenues to allow applicant to conduct its warehouse operations at a reasonable profit, and that increased rates are necessary to enable applicant to continue in business and to render adequate and efficient service to the public. According to the application, present rates have been in effect for a period of more than ten years. Labor costs and other expenses have risen in this period.

Applicant proposes to increase its special labor rates by 33 percent, from \$3.00 to \$4.00 per-man per-hour for straight-time service, and from \$4.50 to \$6.00 per-man per-hour for overtime service. Rates for storage and handling service are proposed to be increased by varying amounts, ranging from 6 to 12 percent. The application contains a full explanation of the rate increases sought.

Attached to the application are a balance sheet as of September 30, 1964, an income statement for applicant's operations as a whole for the 12-month period ending September 30, 1964,^{1/} and a profit and loss statement covering applicant's public utility warehouse operations for the 12-month period ending September 30, 1964. The profit and loss statement shows that the public utility warehouse operations for this period resulted in revenues of \$87,609, expenses of \$84,481, and profit (before income taxes) of \$3,128.

The application also contains, for a projected rate year, estimates of results of operations based upon current wage rates and other current levels of expenses under a continuation of present rates and under proposed rates. These data are summarized in the following table.

TABLE I

Estimated Results of Operation
For a Projected Rate Year
Under Present and Proposed Rates

	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenues	\$ 87,609	\$ 97,685
Expenses (Including Income Taxes)	<u>86,443</u>	<u>89,092</u>
Net Profit (After Taxes)	\$ 1,166	\$ 8,593
Operating Ratio (After Taxes)	98.7%	91.2%
Rate Base	228,499	228,940
Rate of Return	0.5%	3.8%

The rate base figures set forth in the above table include net operating property and working cash in the amount of two-months' operating expenses, less depreciation. Income taxes were determined on 1965 rates.

^{1/} Applicant also operates an ice plant at the same location as its public warehouse.

The application also contains a development of overall labor costs per-man per-hour, as justification for the increases in hourly rates for special labor services. This study shows that the average straight-time labor cost for warehouse employees under present wage rates, not including supervision and overhead expenses is \$3.692 per hour, and including provision for supervision and overhead expenses, is \$4.12 per hour.

A letter from applicant's tariff agent (hereby made a part of the record as Exhibit 1) indicates that applicant's present customers were notified of the proposed rate increases and were requested to communicate with the Commission in the event of a protest. No protest or request for public hearing has been received.

Based upon the foregoing, the Commission finds that:

1. The revenues produced by the present rates here in issue are insufficient to enable applicant to continue to provide adequate and efficient service at the facilities involved in this proceeding.
2. The increased rates proposed in Application No. 47278 will be reasonable and have been justified.
3. A public hearing is not necessary.

The Commission concludes that Application No. 47278 should be granted. Applicant requests that it be authorized to publish and file the sought increased rates on five days' notice. The following order will authorize the publication of the increased rates on ten days' notice.

O R D E R

IT IS ORDERED that:

1. The Eureka Ice & Cold Storage Company, a corporation, is authorized to establish the increased rates proposed in Application No. 47278. Tariff publications authorized to be made as a result of

the order herein may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and the public.

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

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

Dated at San Francisco, California, this 30th day of March, 1965.

Frederick B. Halaloff
President

Arthur S. Mitchell

George C. Brown

Augustus

William G. Bennett
Commissioners