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ORIGINAL

Decision No. 73837

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
DREISBACH COLD STORAGE CO., HASLETT
COMPANY, MERCHANTS ICE AND COLD
STORAGE COMPANY, NATIONAL ICE AND
COLD STORAGE COMPANY OF CALIFORNIA,
UNION ICE & STORAGE COMPANY and
UNITED COLD STORAGE, for an increase
in rates.

Application No. 49750
(Filed October 20, 1967;
Amended November 10, 1967)

Vaughan, Paul & Lyons, by John J. Lyons, and Jack L.
Dawson, for applicants.
Kenji Tomita, Joseph C. Matson and C. T. Fritter, for
the Commission staff.

O P I N I O N

By this application, as amended, seven cold storage
warehousemen with storage locations within the San Francisco Bay
area, ^{1/} seek authority to increase the lot withdrawal charge on all
deliveries of less than 1500 pounds from 50 cents to \$1.00 and to
increase all other rates and charges by ten percent. ^{2/} Applicants
allege that their current rates do not yield revenues sufficient
in amount to allow them to conduct their operations at a reasonable
profit.

1/ The warehouses involved and their locations are:

Dreisbach Cold Storage	Oakland
Haslett Company	Oakland and San Francisco
Merchants Ice and Cold Storage Company	San Francisco
National Ice and Cold Storage Company of California	San Francisco, Oakland and Petaluma
Union Ice & Storage Company	Oakland
United Cold Storage	South San Francisco
Growers' Refrigeration Company	San Francisco

2/ The rates and charges proposed to be increased are published in
California Warehouse Tariff Bureau Cold Storage Warehouse Tariff
No. 16-A, Cal.P.U.C. No. 192, Jack L. Dawson, Agent.

A duly noticed public hearing was held and the matter was submitted before Examiner Mallory at San Francisco on February 1, 1968. Evidence was adduced by applicants' tariff agent and by a staff member of the Commission's Finance and Accounts Division. Other staff members participated in the development of the record.

Applicants have notified all of their storers of the proposed increase. No one protested the application.

The evidence adduced by applicants' witness shows that since the rates involved herein were last adjusted, effective May 6, 1965, (pursuant to Decision No. 68853, in Application No. 46977) applicants have experienced an increase of 65 cents per man per hour in plant labor cost, exclusive of holidays, vacations, sick leave, paid time not worked and supervision or overhead. The witness testified that the instant application reflects labor costs which became effective June 1, 1967 under a newly negotiated three-year labor agreement, and that applicants intend to seek additional rate increases in the future to compensate for further increases in wage costs under such contracts which are scheduled to become effective on June 1, 1968 and June 1, 1969.

Applicants' witness showed that the proposed increased withdrawal charge for small lot deliveries is exceeded by the cost of providing this service. He stated that the substantial increase in this charge is proposed in order to bring the charge more in line with actual costs of providing the service.

Applicants' witness submitted exhibits showing the actual results of public utility warehouse operations for six of the seven applicants for recent periods. He also submitted estimated results of operations for the same group of warehousemen for a future year under present and proposed rates and expenses revised to include

current costs.^{3/} The estimated results of operations for a future year indicated that, as a group, applicants would operate at a loss under present rates, and would experience a rate of return of 1.3 percent and an operating ratio of 97.7 percent (after taxes) under proposed rates. The exhibits show estimated revenue for the group to be \$2,258,277 and \$2,540,196 under present and proposed rates, an increase of \$281,919 or 12.5 percent.

The staff witness presented in evidence a study of recorded and adjusted results of operation for five applicants for recent twelve month periods, and revised results of operations reflecting current expenses and proposed rates. The staff study showed that applicants, as a group, experienced a loss under present rates, and would enjoy a rate of return of 1.75 percent and an operating ratio of 96.71 percent (after taxes) under proposed rates. The staff witness concluded that, based on his investigation, the proposed rates will not produce an excessive rate of return for applicants on a composite basis. He recommended that the application be granted.

There are several differences in the adjusted revenue and expense figures developed by applicants and by the Commission staff. No need appears to reconcile these differences, as it is clear that applicants, as a group, are currently operating at a loss, and that, under the projected operating results developed by both applicants and the staff, earnings under the proposed rates will not be excessive.

^{3/} Operations for United Cold Storage were for an eight-month period and were not annualized.

The Commission finds as follows:

1. The present rates of applicants do not provide revenues sufficient to meet the expenses incurred in providing public utility warehouse services.
2. Applicants are in urgent need of additional revenues for their public utility warehouse operations.
3. The proposed rates will not produce excessive earnings for applicants.
4. The proposed increases in rates and charges are justified.

The Commission concludes that the application, as amended, should be granted. In authorizing the increases as proposed, the Commission does not make any finding of fact as to the reasonableness of any particular rate or charge.

O R D E R

IT IS ORDERED that:

1. Applicants are authorized to establish, on not less than ten days' notice to the Commission and to the public, the increased rates and charges as proposed in their application, as amended. In publishing the increased rates authorized herein, applicants are authorized to dispose of fractions in the following manner:

Where resulting rate or charge is less than 10 cents,
dispose of fractions to the nearest mill, dropping
fractions of less than 1/2 mill and increasing
fractions of 1/2 mill or over to the next whole
mill.

Where resulting rate or charge is in excess of 10 cents, dispose of fractions to the nearest cent, dropping fractions of less than 1/2 cent and increasing fractions of 1/2 cent or greater to the next whole cent.

2. 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 of this order on not less than ten days' notice to the Commission and to the public.

3. The authority granted is subject to the express condition that applicants will never urge before this Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding, that the opinion and order herein constitute a finding of fact of the reasonableness of any particular rate or charge, and that the filing of rates and charges pursuant to the authority granted herein will be construed as consent to this condition.

4. 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 12th day of MARCH, 1968.

[Signature]
President
[Signature]
[Signature]
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Commissioners