

ORIGINAL

Decision No. 77702

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
DREISBACH COLD STORAGE CO., GROWERS')
REFRIGERATION COMPANY, HASLETT COMPANY,)
MERCHANTS ICE AND COLD STORAGE COMPANY,)
SCHAEFER'S MEATS, UNION ICE & STORAGE)
COMPANY, UNITED COLD STORAGE and UNITED)
STATES COLD STORAGE OF CALIFORNIA, for)
an increase in Rates.)

Application No. 52095
(Filed August 3, 1970)

INTERIM OPINION AND ORDER

By this application, eight cold storage warehousemen¹ with storage locations in the San Francisco Bay area seek authority to increase their rates and charges for the cold storage, quick freezing and incidental handling of merchandise² by 15 percent on five days' notice to the Commission and to the public. In the event that a public hearing is deemed necessary, applicants request authority to apply a 5 percent surcharge to their rates and charges pending such hearing.

1

The warehousemen involved and the locations at which they operate are: Dreisbach Cold Storage Co., Oakland; Growers' Refrigeration Company, San Francisco; Haslett Company, Oakland and San Francisco; Merchants Ice and Cold Storage Company, San Francisco; Schaefer's Meats, Oakland; Union Ice & Storage Company, Oakland; United Cold Storage, South San Francisco; and United States Cold Storage of California, San Francisco, Oakland and Petaluma.

2

The rates and charges proposed to be increased are published in California Warehouse Tariff Bureau Cold Storage Warehouse Tariff No. 18, Cal.P.U.C. No. 227, of Jack L. Dawson, Agent, and in Growers' Refrigeration Company Cold Storage Warehouse Tariff No. 3, Cal.P.U.C. No. 3. The proposed increase would not apply to the lot delivery charge of \$1.00 for lot deliveries of less than 1500 pounds.

Applicants state that the rates and charges in question were last increased on April 10, 1968, and that they as a group operated at an unsatisfactory level since that date having had an operating ratio of 96.5 and a rate of return of 1.7 percent for the calendar year of 1969 and the fiscal year for one company of April 30, 1970. Since April 10, 1968, applicants aver that they have experienced labor increases of 25 cents per hour effective June 1, 1968, and 20 cents per hour effective June 1, 1969. Applicants allege that a new labor contract has been concluded which calls for a labor cost increase of 59 cents per hour retro-active to June 1, 1970, and that the labor cost increase experienced by them since April 10, 1968, is \$1.04 per man per hour.

Applicants contend that, had the present wage rates been in effect during the calendar year of 1969, they would have sustained an operating ratio of 100.2. Applicants declare that, had the present expenses and proposed rates been in effect during the same test year, they would have experienced an operating ratio of 92.5 and a rate of return of 4.3 percent on a depreciated rate base.

Applicants state that their current rates do not yield revenues sufficient in amount to allow them to conduct their warehouse operations at a reasonable profit. Applicants aver that, in order to obtain the necessary revenues to enable them to continue in business and to render an adequate and sufficient service to the public, they will require the sought increase of 15 percent in their rates and charges.

The application was listed on the Commission's Daily Calendar of August 4, 1970. No objection to the granting of the application has been received.

The Transportation Division staff has reviewed the application and supporting data included therein and recommends that applicants be authorized by an interim ex parte order to apply a 5 percent surcharge to their rates and charges as proposed in their application pending decision on evidence to be adduced at a public hearing in this matter.

The Commission finds that applicants have incurred increased labor costs since April 10, 1968. The Commission concludes that, until further order of the Commission, applicants should be authorized to increase their rates and charges by applying thereto a surcharge of 5 percent as set forth in the following order. Public hearing will be scheduled to receive additional evidence in this matter and to consider appropriate rates and charges to replace the interim surcharge.

IT IS ORDERED that:

1. Applicants are authorized, on not less than five days' notice to the Commission and to the public, to increase their rates and charges as proposed in the application by computing the total warehousing charges (cold storage, quick freezing and incidental handling charges) due from each storer under the provisions of the tariffs herein involved and increasing the amount so obtained by 5 percent. Fractions shall be disposed of as follows: Fractions of less than one-half cent shall be dropped; fractions of one-half cent or greater shall be increased to one cent.

2. Tariff publications authorized to be made as a result of the order herein may be made effective not earlier than five days after the effective date of this order on not less than five 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 the surcharge provisions, and that the filing of such surcharge provisions pursuant to the authority granted herein will be construed as a consent to this condition.

4. A public hearing shall be scheduled in this proceeding for the receipt of evidence on this application and full disposition thereof.

This order shall become effective on the date hereof.

Dated at San Francisco, California, this 1st day of September, 1970.

Chairman

W. J. ...

William J. ...

Vernon L. Stinger

Commissioners

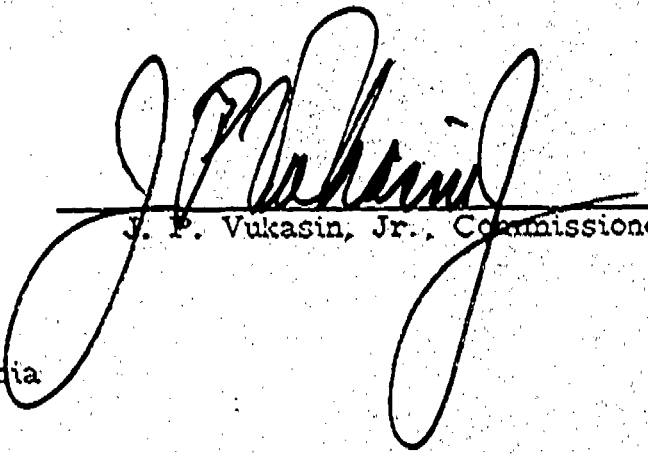
L. ...
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A. 52095 D. 77702 MJ

COMMISSIONER J. P. VUKASIN, JR., DISSENTING

I dissent.

As previously stated, I have serious reservations about the propriety of automatic rate adjustments, particularly interim relief, to offset increased labor costs. Accordingly, I cannot sign the foregoing order, and dissent therefrom.



J. P. Vukasin, Jr., Commissioner

San Francisco, California

September 1, 1970