

ORIGINAL

Decision No. 83002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
PACKERS' COLD STORAGE, INC. for a  
Rate Increase.

Application No. 54837  
(Filed April 29, 1974)

O P I N I O N

Packers' Cold Storage, Inc. (Packers) is a public utility warehouseman operating a total of 463,322 square feet of space at eight locations in the cities of Anaheim, Fullerton, and La Habra for the storage of commodities requiring refrigeration, as well as commodities not requiring refrigeration. The rates charged by applicant for freezing, cooling, storage, handling, and other services incidental thereto, and the rules governing application of the rates are contained in Packers' Cold Storage, Inc. Warehouse Tariff No. 100. The last general adjustment in those rates and charges was an eight percent increase authorized by Decision No. 80366 (1972). By this application Packers seeks authority to increase all rates by ten percent, except those in Rule 130 of the tariff applicable to labor, clerical, and other services for which varying increases are sought, as shown in Exhibit I to the application.<sup>1/</sup> Packers alleges that its present rates do not yield revenues sufficient to allow it to conduct warehouse

<sup>1/</sup> Proposed increases for labor, clerical, and other services in Rule 130 of the tariff exceed 21 percent in all instances. However, this is not a principal revenue producing item. The rates in this item principally cover overtime labor and accessorial services. The furnishing of ordinary labor and equipment incidental to receiving and releasing merchandise at warehouseman's door or platform during regular warehouse working hours (Rule 105 of the tariff) is included in the handling rates in specific rate items of the tariff. The proposed ten percent increase would apply to all such handling rates.

operations at a reasonable profit, and that the sought increases are necessary to enable it to continue in business and to render adequate and sufficient service to the public.

Attached to the application are the following exhibits:

- Exhibit A - Financial data as of December 31, 1973, and schedule of public utility warehouse space operated.
- Exhibit B - Substitution of affiliates' costs and expenses in place of rents.
- Exhibit C - Financial statement for January and February, 1974.
- Exhibit D - Three year comparative income statements.
- Exhibit E - Forecast for the year to end December 31, 1974.
- Exhibit F - Summary of special handling cost per hour.
- Exhibit G - Warehouse locations.
- Exhibit H - Affiliates' property costs and accumulated depreciation allowances.
- Exhibit I - Present and proposed rates and minimum charges for labor, clerical, and other services (Rule 130 of Warehouse Tariff No. 100).

Applicant states that despite the eight percent rate increase in 1972 and economy measures instituted in 1972 and 1973, coupled with strong efforts to increase business volume, that increased expenses have created a continuing net loss situation. Net operating loss for the fiscal year ended November 30, 1972 was \$63,808. Exhibit A shows that the net loss for the year ended December 31, 1973 was \$32,721. Exhibit C shows that the net loss for January and February 1974 totaled \$76,254. In this connection applicant explains that it was subjected to many increases during the closing months of 1973.

as the result of the energy crisis. Applicant has been served with formal notices announcing further increases from companies supplying it with contract labor, repair materials, electric power,<sup>2/</sup> communications, fuel, office supplies, and computer equipment and supplies. The warehouseman also is on notice to commence negotiations with two unions concerning wages as of July 1, 1974.

Packers rents all of its facilities from affiliates and others. Exhibits B and H reflect substitution of ownership costs for rents. They disclose that the rents applicant pays are not in excess of reasonable rents for ratemaking purposes.

The forecast in Exhibit E for calendar year 1974 discloses prior cost experience, and reflects current data and anticipated future increases in revenues and expenses. This forecast indicates that without a rate increase Packers will have revenues of \$2,486,045, expenses of \$2,585,165, and a net loss of \$99,120, resulting in an operating ratio of approximately 104 for 1974. Exhibit E also anticipates that if the sought increases were authorized and made effective for the last seven months of 1974<sup>3/</sup> that \$117,703 additional revenue would be earned, resulting in a net profit of \$18,583, and an operating ratio of approximately 99. If the sought increases were authorized in full and made effective for a full future year applicant would experience an operating ratio of approximately 95.

Notice of the application was listed on the Commission's Daily Calendar of May 1, 1974. Applicant's storers were informed

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<sup>2/</sup> The production of refrigeration requires substantial amounts of electric power.

<sup>3/</sup> In paragraph No. 1, page 6, and in Exhibit 1 of the application the warehouseman suggests that the requested increases be partially authorized on an immediate interim basis with the remainder of the increases to be authorized beginning September 1, 1974.

of the relief sought on or about May 16, 1974. There are no protests. The Transportation Division staff recommends that under these circumstances the application be granted by ex parte order. A public hearing is not necessary.

Findings

1. Applicant's present tariff rates and charges do not provide revenues sufficient to meet expenses incurred in providing public utility warehouse services.
2. Applicant has demonstrated a need for additional revenues for its public utility warehouse operations.
3. The proposed increase will not produce excessive earnings for applicant.
4. The proposed increase has been shown to be justified.

The Commission concludes that Application No. 54837 should be granted in full. No good purpose would be served by separating the rate increases into two phases as discussed in footnote 3, above.

O R D E R

IT IS ORDERED that:

1. Packers' Cold Storage, Inc. is authorized to increase rates and charges in its Warehouse Tariff No. 100 by ten percent, as proposed in Application No. 54837, except that the rates and charges in Rule No. 130 may be increased by the amounts shown in Exhibit I of the application.
2. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.
3. The authority herein granted is subject to the express condition that applicant will never urge before the Commission in any proceeding under Section 734 of the Public Utilities Code, or in any other proceeding that the opinion and order herein

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constitutes 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 herein granted will be construed as consent to this condition.

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

Dated at San Francisco, California, this  
18th day of JUNE, 1974.

*William L. Stengen*  
President  
*William L. Stengen*

*[Signature]*  
*[Signature]*  
Commissioners

*I attest*

*William L. Stengen, Commissioner*