

ORIGINALDecision No. 83485

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. 55058
 (Filed July 23, 1974)

INTERIM OPINION

Applicants are public utility warehousemen operating warehouse facilities in the San Francisco Bay area for the storage of commodities requiring refrigeration. The rates charged by these applicants for freezing, storage, handling, and other services incidental thereto, and the rules and regulations governing the application of such rates, are contained 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. 5, Cal. P.U.C. No. 5.

Applicants seek an immediate ex parte order authorizing increases in rates and charges set forth below pending consideration of their request for a five percent increase in all other rates and charges set forth in California Warehouse Tariff Bureau Cold Storage Warehouse Tariff No. 18. Applicants' interim rate request is as follows:

Proposed Rate Changes
CWTB Cold Storage Warehouse Tariff No. 18

- A. To establish the following new rule re Preparation of Book Inventories:

For the service of preparing a book inventory of stock on hand, the charge will be computed on the basis of 10¢ per lot inventory line, minimum charge \$5.00 per book inventory.

- B. To amend Rule No. 130 - Deliveries ex Warehouse - to read as follows:

Lot Deliveries

Each lot delivery will be subject to a charge of \$1.15 in addition to the handling rates provided in this Tariff.

Also, to amend rate pages 18 through 34 of CWTB Cold Storage Warehouse Tariff No. 18 by revising the lot delivery charge wording to read:

An additional charge of \$1.15 per delivery per lot will be made on all lot deliveries.

- C. To amend Rule No. 145 - Minimum Charges - by adding the following minimum monthly billing charge:

The minimum monthly billing charge to one account will be \$20.00.

- D. To amend Rules Nos. 185 and 190 by increasing the straight-time man-hour rate from \$7.82 to \$11.00; and the overtime man-hour rate from \$11.73 to \$15.00.

In support of the relief sought in the application, applicants allege as follows: Applicants' rates and charges were last increased pursuant to Decision No. 81756 dated August 21, 1973 in Application No. 53508. That decision estimated that applicants' cold storage operations would result in an operating ratio (after taxes) of 92.6 percent and a rate of return of 5.2 percent. Applicants' operations for the year 1973 resulted in an operating ratio of 95.6 percent and rate of return of 3.2 percent. Applicants consider such operating ratio and rate of return to be unsatisfactory.

Applicants assert that since the establishment of their present rates, they have experienced steady increases in costs of doing business. As an example, applicants showed that their average labor cost per hour increased by 9.5 percent in 1974 over the average labor cost per hour during 1972 and 1973. Applicants state that had their present rates and present labor cost been in effect during the calendar year 1973, as well as other measurable increases, they would have sustained an overall operating ratio of 94.0. Had the present expenses and proposed 5 percent increase in rates been in effect

during the same test year, applicants as a group would have experienced an operating ratio of 91.2 with an accompanying rate of return of 7.4 percent on a depreciated rate base.

The application contains a development of labor cost increases for five test warehousemen^{1/} showing the increase in 1974 over similar expenses incurred in 1973. This analysis shows that for the five test warehousemen plant labor costs increased \$99,980 annually and clerical labor costs increased \$25,211 annually, resulting in a total annual labor cost increase of \$125,191.

The interim request herein is estimated to produce additional annual revenues of \$96,880 for the five test warehousemen, to offset the additional labor costs described above. The interim rate adjustment is estimated to result in an operating ratio (after taxes) of approximately 93 percent and a rate of return of approximately 5.6 percent.

Findings

1. Applicants are public utilities engaged in cold storage warehousing at one or more locations in the San Francisco Bay area.

2. All of the applicants maintain generally the same level of rates and charges for their services. Their present rates and charges were authorized by the Commission in its Decision No. 81756 dated August 21, 1973 in Application No. 53508.

3. In Decision No. 81756 the Commission found that the rates and charges authorized therein would provide, at July 1, 1972 expense levels, an operating ratio of 92.6 percent and a rate of return of 5.2 percent, after income taxes, for the utility warehouse operations conducted by applicants collectively.

^{1/} Dreisbach Cold Storage Co., Growers Refrigeration, Merchants Ice and Cold Storage Co., United Cold Storage, and United States Cold Storage of California.

4. For the year 1973 (fiscal year ended October 31, 1973 for one applicant), applicants' cold storage warehouse operations in issue resulted in an operating ratio (after taxes) of 95.6 with an accompanying rate of return of 3.2 percent.

5. The five test warehousemen selected by applicants incurred on July 1, 1974 further increases in their clerical and plant labor costs pursuant to labor contracts. The annualized effect of such contractual labor cost increases for the selected test warehousemen is estimated to be \$125,191.

6. Applicants request an interim increase in certain rates and charges as described in the preceding opinion, which is estimated to produce an annual increase in revenues for the selected test warehousemen of \$96,880. The application indicates that the interim request is designed to offset, in part, the higher wage expenses estimated to be incurred in 1974.

7. Applicants, as a group, are in need of additional revenues to offset the increases in operating costs which have been experienced by them since the rates here in issue were last adjusted. The additional revenues which would be derived from the proposed increase in rates will do no more than offset increases in expenses already incurred.

8. The interim increase in revenues sought herein is estimated to result in an operating ratio (after taxes) of 93 percent and a rate of return of approximately 5.6 percent.

9. The interim request would produce an operating ratio and rate of return less favorable than those last authorized to applicants in Decision No. 81756.

10. The interim rates requested herein are justified.

11. A public hearing in the interim phase of the application is not necessary.

Conclusion

Interim relief proposed in the application should be granted without hearing, and the balance of applicants' request should be heard.

INTERIM ORDER

IT IS ORDERED that:

1. Applicants are authorized to establish the increased rates proposed as interim rates in appendix A to Application No. 55058. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order, and may be made effective not less than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

2. The authority herein 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 change, and that the filing of rates and charges pursuant to the authority herein granted will be construed as a consent to this condition.

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

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

Dated at San Francisco, California, this 24th
day of SEPTEMBER, 1974.

Vernon L. Stinson
President

William J. ...

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Commissioners

I dissent
Thomas Moran Jr., Commissioner

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.