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Decision No. 84191

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of YUBA CITY REFRIGERATING COMPANY for an order authorizing a revision in rules covering location of merchandise, small warehouse lot deliveries, hours of service, charges for overtime and special labor, loading cars, minimum lot charges, tariff for loading and unloading trucks and cars, racking, cannery stock rates, fruits, berries, and vegetable tariffs, rates for various animal products and poultry, for nursery stock, for merchandise not otherwise specifically covered and cancellation of two tariffs no longer in use.

Application No. 55418
(Filed December 30, 1974;
amended January 20, 1975)

O P I N I O N

Yuba City Refrigerating Company operates a cold storage warehouse of approximately 1,600,000 cubic feet in Yuba City. By this application, as amended, authority is sought to increase various storage and handling rates, rules, and charges. Applicant's current rates, rules, and charges are contained in its Warehouse Tariff Cal. P.U.C. No. 8, effective September 25, 1961, as amended, pursuant to Decisions Nos. 62427, 73967, and 78750 dated August 15, 1961, April 9, 1968, and June 2, 1971, respectively.

According to the application, increases in costs and operating expenses since the last rate adjustment in 1971 are 28 percent for hourly labor, refrigerating and superintendent wages, and office salaries; 21 percent for payroll expenses and insurance; 47 percent for power and water; 50 percent for supplies and parts; and 2 percent for property taxes and licenses; and 31 percent for administrative salaries.

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Table 1 below summarizes the various tariff rules and items proposed to be increased including estimates of the increases in revenues of each:

TABLE 1

Estimated Additional Annual Gross Revenue Resulting From Proposed Increase - Based on 1973-74 Fiscal Year

	1973-74	Last Adjusted	Estimated	Increase	Percent Change
Rule 25 Ex Platform	\$ 47	1954	\$ 94	\$ 47	100.0
Rule 30 Small Deliveries	414	1961	496	82	20.0
Rule 45 Overtime Penalty	6,642	1971	7,306	664	10.0
Rule 55 Labor Charge	6,011	1971	7,231	1,220	20.0
Forklift Charge	1,565	1971	1,690	125	7.8
Rule 60 Load Cars	972	1971	1,166	194	20.0
Rule 75 Minimum Charge	630	1961	1,110	480	76.2
Rule 140 Load-Unload Trucks	20,300	1971	22,330	2,030	10.0
Rule 145 Unload Cars	46	1961	55	9	20.0
Rule 165 Racking	245	1961	294	49	20.0
Item 1 Cannery Fruit	247,209(1)	1971	271,929	24,720	10.0
Cannery Fruit	4,800(2)	1971	5,760	960	20.0
Item 2 Fruit, Packed	18,750	1971	20,652	1,902	10.0
Item 3 Fruit & Veg. -F(5)	300	1973	411	111	37.0
Fruit & Veg. -F(5)	195	1973	321	126	64.6
Item 4 Meat -F(5)	14,760	1971	16,974	2,214	15.0
Item 5 Carcass Meat -F(5)	-	1961	-	-	-
Item 6 N.O.S. -C(3)	11,012	1971	12,663	1,651	15.0
Item 7 N.O.S. -F(4)	1,355	1971	1,558	203	15.0
Item 9 Poultry -F(5)	1,100	1971	1,265	165	15.0
Item 10 Nursery Stock	48,110	1968	62,543	14,433	30.0
Other Revenue	18,783		18,783	-	-
Actual Gross Revenue	403,246				
Revenue Adjusted For Proposed Increases			454,631	51,385	12.7

- (1) Revenue for first month's storage.
- (2) Revenue for storage after the first month.
- (3) Merchandise not otherwise specified - cooler.
- (4) Merchandise not otherwise specified - freezer.
- (5) Freezer.

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In addition to the rate adjustments, applicant proposes to cancel the tariff provisions covering special handling of packed fruit (Rule 170) and nuts in shell (Item 8).

Applicant submitted a number of financial statements in support of the requested increase. The fiscal year ending April 30, 1973 was selected as the test period for justifying the rate adjustments. The average operating revenue for the years 1969 through 1974 was \$332,200. The \$327,757 generated during fiscal year 1972-73 is a close approximation of the 6-year average. According to the applicant, cannery operations were curtailed during the 1973-74 season by strikes, causing growers to divert crops to warehouse storage. The diversion resulted in a nonrecurring increase in applicant's revenues, resulting in an abnormally favorable operating results for fiscal year 1973-74.

Table 2 below summarizes the present and proposed rates and expenses adjusted to reflect current cost levels.

TABLE 2
(Based on 1972-73 Fiscal Year)

	<u>Present Rates</u>		<u>Proposed Rates</u>
	<u>Actual</u>	<u>Adjusted</u>	
Operating Revenues	\$327,757	\$327,757	\$374,769
<u>Operating Expenses</u>			
Direct Expenses	182,286	233,396	233,396
Admin. and Gen. Expenses	<u>102,263</u>	<u>119,577</u>	<u>119,577</u>
Operating Income Before Taxes	43,208	(25,216)	21,796
Federal and State Taxes	16,041	-	5,882
Operating Income After Taxes	27,167	-	15,914
Rate Base	245,377	-	222,431
Rate of Return	11.07%	-	7.15%

(Red Figure)

The Commission's Transportation Division staff has reviewed the application, as amended, and recommends that in the absence of protest, the relief sought be granted by ex parte order. Applicant's customers were informed of the sought rate increase and two of applicant's customers had advised that they believe the proposed rates are reasonable and justified. The application was listed on the Commission's Daily Calendar of January 3, 1975. No objection to granting the application, as amended, has been received.

Findings

1. Applicant's present cold storage tariff rates and charges do not provide revenues sufficient to meet expenses in providing public utility warehouse operations.
2. Applicant has demonstrated a need for additional revenue for its public utility warehouse operations.
3. The proposed increases in applicant's tariff rates, rules, and charges have been shown to be justified.
4. The proposed cancellation of Rule 170 and Item 8 of applicant's Warehouse Tariff Cal. P.U.C. No. 8 has been shown to be justified.

The Commission concludes that Application No. 55418, as amended, should be granted. A public hearing is not necessary. In authorizing the proposed increases, the Commission makes no finding of fact as to the reasonableness of any particular rate, rule, or charge.

O R D E R

IT IS ORDERED that:

1. Yuba City Refrigerating Company is authorized to establish the increased rates, rules, and charges proposed in Application No. 55418, as amended. Tariff publications authorized to be made as a result of this order shall be filed not earlier than the effective date of this order and may be made effective not earlier than five

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days after the effective date of this order on not less than five days' notice to the Commission and to the public.

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

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

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

Dated at San Francisco, California, this 18th
day of MARCH, 1975.

Vernon L. Sturgeon
President
William Lynovs Jr.
Stanley
Leonard Roriz
Commissioners