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Decision No. 84629

ORIGINAL

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. 55264  
(Filed October 21, 1974;  
amended November 27, 1974)

Henry S. Dahl, for applicant.  
H. W. Hughes and J. C. Kaspar, for California  
Trucking Association, interested party.  
Robert C. Labbe, Fred K. Hendricks, and  
Frank M. Nvulassy, for the Commission staff.

FINAL OPINION

Applicant Packers' Cold Storage, Inc. 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. By this application, as amended, applicant seeks authority to increase all rates by 10 percent.

By interim order in Decision No. 84097 dated February 19, 1975 the relief sought was granted for applicant's rates covering cold storage on an interim basis pending hearing. Public hearing was held before Examiner O'Leary on April 22, 1975 at Los Angeles at which time the matter was submitted.

Evidence in support of the application was presented by applicant's controller. The representative of the California Trucking Association and members of the Commission staff assisted in the development of the record through examination of applicant's witness.

Exhibits 1, 4, and 5 set forth applicant's revenue and expense data for the year 1974 for total combined operations, refrigerated operations, and nonrefrigerated operations, respectively. The data set forth in the exhibits is summarized as follows:

	<u>Refrigerated</u>	<u>Nonrefrigerated</u>	<u>Combined</u>
Income	\$2,327,244	\$161,035	\$2,488,279
Expenses	2,487,489	237,885	2,725,374
Net Loss	160,245	76,850	237,095

Prior to the interim order in Decision No. 84097 the last general adjustment in applicant's rates and charges was a 10 percent increase authorized by Decision No. 83002 (1974). The revenue and expense data set forth above include the 10 percent increase for the last six months of 1974.

If the increase requested is granted applicant's revenue and expense data for a future rate year would be as follows assuming no further increase in expenses:

	<u>Refrigerated</u>	<u>Nonrefrigerated</u>	<u>Combined</u>
<u>Income</u>			
1974	\$2,327,244	\$161,035	\$2,488,279
Dec. 83002 *	<u>107,759</u>	<u>8,341</u>	<u>116,100</u>
	2,435,003	169,376	2,604,379
10% requested	<u>243,500</u>	<u>16,938</u>	<u>260,438</u>
	2,678,503	186,314	2,864,817
Expenses	2,487,489	237,885	2,725,374
Net Profit	191,014	(51,571)	139,443

(Red Figure)

\*Additional revenue derived from authority granted by Decision No. 83002 for first six months of year.

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The above table discloses that applicant's operating ratio for refrigerated, nonrefrigerated, and total operations will be 92.87 percent, 127.7 percent, and 95.13 percent, respectively.

Applicant will not achieve the operating ratio set forth herein as the full increase sought in the application, if granted, does not reflect expected labor increases which will go into effect July 1, 1975.

#### Findings

1. Prior to the interim relief granted herein applicant's rates were last adjusted pursuant to authority granted by Decision No. 83002 in 1974.

2. Interim Decision No. 84097 dated February 19, 1975 authorized applicant to increase its rates for cold storage pending hearing on the full amount of the relief sought.

3. The increase sought will provide applicant with additional revenue of approximately \$139,500 annually and an operating ratio of approximately 95.13 percent.

4. The proposed increases will not produce excessive earnings for applicant.

5. The proposed increases have been shown to be justified.

#### Conclusions

1. To the extent not granted in the interim order herein, the relief sought should be authorized.

2. Applicant should be authorized to establish the authorized increases on five days' notice.

FINAL ORDER

IT IS ORDERED that:

1. Packers' Cold Storage, Inc. is authorized to establish the increased rates proposed in Application No. 55264. 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 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 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.

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 twenty days after the date hereof.

Dated at San Francisco, California, this 9th  
day of JULY, 1975.

  
President

  
  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.