

Decision No. 57106**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF)
 WILLIG FREIGHT LINES, CALIFORNIA MOTOR)
 EXPRESS, LTD., INTERSTATE FREIGHT)
 CARRIERS CONFERENCE, INC., AND PACIFIC)
 COAST TARIFF BUREAU, C. R. NICKERSON)
 AGENT, TO INCREASE RATES UNDER)
 SECTION 454 OF THE PUBLIC UTILITIES)
 CODE OF THE STATE OF CALIFORNIA)

Application No. 40067

Ballard E. Rowland, for Willig Freight Lines and
 for California Motor Express, Ltd; C. R. Nickerson,
 for Interstate Freight Carriers Conference, Inc.,
 and for Pacific Coast Tariff Bureau; applicants.
Jack K. Miller, Arlo D. Poe and James Quintrall, for
 California Trucking Associations, Inc., interested
 party.
A. R. Day, for the Commission's staff.

O P I N I O N

Willig Freight Lines, a corporation, and California Motor Express, Inc., operate as a highway common carrier and as an express corporation, respectively, between points in this state. Interstate Freight Carriers Conference and Pacific Coast Tariff Bureau are engaged in the publishing and filing of tariffs for the account of certain highway common carriers and express corporations. By this application, as amended, the above-named applicants seek authority to increase by 10 per cent certain rates and charges.

Public hearing of the application was held before Examiner Carter R. Bishop at San Francisco on June 25, 1958. Evidence was presented by Willig's operations manager and by its

traffic and sales manager. A representative from the Commission's transportation engineers assisted in the development of the record.

The rates involved herein are all class and commodity rates, except those subject to minimum weights in excess of 10,000 pounds, applicable between points served by Willig located on State Highway No. 1, Jenner to Rockport, inclusive, and on State Highway No. 28 north of Cloverdale,^{1/} on the one hand, and, on the other, all other points served by Willig and by other carriers with whom Willig maintains joint rates from and to the above-described North Coast points. Rates as described above applicable between any and all of the said North Coast points served by Willig are also embraced by the application herein.^{2/}

The joint rates involved herein apply between the Willig North Coast points and points in California served by 28 different highway common carriers and express corporations. Geographically, the latter points extend from the Sacramento Valley and the San Francisco Bay Area on the north to points as far south as San Diego and El Centro. Willig's own operations also extend into Southern California. According to the record, less than one-half of one per cent of the traffic involved in this proceeding moves under the joint rates sought to be increased.

^{1/} The points involved herein on State Highways Nos. 1 and 28 will be sometimes hereinafter referred to as the "North Coast" points. They are located in Sonoma and Mendocino Counties.

^{2/} The rates involved in this proceeding are published in three different tariffs, which are issued by Interstate Freight Carriers Conference, Pacific Coast Tariff Bureau and James C. Coughlin, Agent, respectively. They are specifically identified in the application.

By Decision No. 51552, dated June 7, 1955, in Application No. 36830, Willig Freight Lines was authorized to increase by 15 per cent its class and commodity rates, except those subject to minimum weights in excess of 10,000 pounds, applicable between the above-described North Coast points and points in the San Francisco Bay Area. Prior to the 15 per cent increase the above-mentioned rates were on the levels of the Commission's statewide minimum rates. According to the record, the Commission's statewide minimum rates have been increased during the intervening period until they are now on the same levels as the rates in issue in this proceeding.

Willig's traffic manager testified that the circumstances attending operations in the North Coast area are so adverse as to necessitate higher rates than those reflected by the minimum rate structure. The factors which contribute to this situation were enumerated by the traffic manager as follows: (1) the sparse population in the North Coast area; (2) difficult operating conditions due to narrow highways, many grades and many curves; (3) the seasonal character of some of the traffic; (4) the lack of balancing southbound traffic resulting in unfavorable load factors; (5) the necessity of making frequent stops to deliver small quantities of freight; and (6) the necessity of performing additional terminal handlings to obtain the most economical utilization of equipment.

Willig's operations manager presented a series of exhibits which included balance sheets, profit and loss statements, analyses of revenues and expenses referable to the North Coast operation, and an estimate of revenues and expenses anticipated under the proposed rates. The actual operating results for the Willig

system for the year 1957, for the first quarter of 1958 and for the month of March 1958, respectively, are summarized in Table I below.

TABLE I

Willig Freight Lines
System Operating Results

	Year 1957	First 3 Months 1958	March 1958
Operating Revenues	\$3,114,041	\$754,261	\$291,794
Operating Expenses	<u>3,134,942</u>	<u>733,484</u>	<u>256,108</u>
Net Before Income Taxes	<u>(\$20,901)</u>	\$ 20,777	\$ 35,686
Operating Ratio (Before Income Taxes)	100.7%	97.2%	87.8%

 Indicates loss

Willig's operating results for that portion of their services which is embraced by this application are set forth in Table II below. The figures, which are for the month of March 1958, show the estimated results under present rates, and what they would have been had the sought increased rates been in effect during that period.

TABLE II

Willig Freight Lines
North Coast Operation
Estimated Results Under Present
and Proposed Rates

Test Month - March 1958

	Present Rates	Proposed Rates
Operating Revenues	\$17,761	\$19,419
Operating Expenses	<u>19,040</u>	<u>19,102*</u>
Net Revenue (or loss)	<u>(\$1,279)</u>	\$ 317*
Operating Ratio (Before Income Taxes)	107.2%	98.4%*

 Indicates loss

* Figures from exhibits of record adjusted to include additional gross revenue expense reflected by the increased revenues anticipated under the proposed rates.

The revenue figures for the North Coast operation were readily ascertained from Willig's books. The development of unit cost figures, however, necessitated, in some instances, the use of system averages and of arbitrary allocations. Actual cost figures for the operation here in issue, to the extent that they were available, were utilized. The methods employed in the development of the expense estimates for the test period were substantially the same as those utilized by Willig in Application No. 38630, supra.

According to the record, the portion of the traffic involved herein which moves under joint rates is so small that it was not deemed practical to prepare operating results of the 28 connecting carriers for their respective portions of the joint movements in question. The operating results introduced by Willig do take into account that carrier's portion of the joint hauls.

The record discloses that only a small portion of the North Coast traffic of Willig consists of shipments subject to minimum weights of 20,000 pounds or greater, and that such competition as it does experience with other carriers in the North Coast area is felt in connection with such shipments. Because of these facts, the traffic manager said, it was concluded not to seek increases in the rates which are subject to minimum weights of 20,000 pounds or greater.

No one opposed the granting of the increased rates.

Conclusions

While the application herein involves to some extent joint rates applicable between Willig's North Coast points and points served by other carriers, the great bulk of the traffic for which rate increases are sought moves locally over Willig's

system either between its North Coast points or between those points and other points served by Willig. The estimated operating results under present rates for Willig's North Coast operation, for the test month of March 1958, show a deficit of \$1279 and an operating ratio of 107.2 per cent. Willig's estimate for that same period, had the sought increases been in effect, reflects a profit of \$317 and an operating ratio of 98.4 per cent, both before income taxes.

The test period selected by Willig for its estimates of operating results for the North Coast service appears to be too short to be fully representative. However, these results, even under the proposed rates, are far from favorable. In this connection it is noted that Willig's over-all results of operations for the entire system for this same period, March 1958, are the most favorable of those shown in Table I, supra, in which the actual results of three recent periods are depicted.^{3/}

Upon careful consideration of all the evidence of record, the Commission is of the opinion and finds as a fact that the proposed increased rates have been justified. The application, as amended, will be granted.

Applicants propose to publish the rate increases in the form of a surcharge supplement. As tariff pages are reissued it is planned to merge the increases into the individual rates. Accordingly, authority is sought, for a period of one year, to deviate from the requirements of the Commission's General Order

^{3/} The operations manager anticipated that system operating results for the year 1958 would be more favorable than those of 1957 but somewhat less favorable than the results experienced in the first quarter of 1958 and in March 1958.

No. 80. The request appears to be reasonable. It will be granted.

In connection with certain of the rates here in issue applicants are authorized to depart from the long-and-short-haul provisions of Article XII, Section 21, of the Constitution of the State of California, and of Section 460 of the Public Utilities Code. Applicants now request authority, in establishing the increased rates, to continue to depart from those provisions to the extent necessary to adjust existing long-and-short-haul departures. Such authority will be granted.

O R D E R

Based upon the evidence of record and upon the findings and conclusions set forth in the preceding opinion,

IT IS ORDERED that:

(1) Willig Freight Lines, California Motor Express, Ltd., Interstate Freight Carriers Conference, Inc., and Pacific Coast Tariff Bureau be and they are hereby authorized to increase by 10 per cent, on not less than five days' notice to the Commission and to the public, all local and joint class and commodity rates and rules and regulations on shipments subject to ratings at 10,000 pound minimums or less that are now established and on file with this Commission in the following tariffs:

California Common Carriers Motor Freight Local and Joint Tariff No. 1, CAL. P.U.C. No. 1, issued by Interstate Freight Carriers Conference Inc., Agent;

Pacific Coast Tariff Bureau Northern California Motor Freight Local and Joint Freight Tariff No. 16, CAL. P.U.C. No. 19, issued by C. R. Nickerson, Agent;

California Motor Express Local and Joint Freight and Express Tariff No. 14-A, CAL. P.U.C. No. 1, issued by James C. Coughlin, Agent;

between points north of Jenner and Cloverdale, including Jenner, but excluding Cloverdale, on State Highways Nos. 1 and 28, to and including Rockport, on the one hand, and all points in California, on the other hand.

(2) Applicants be and they are hereby authorized, in establishing said increased rates and charges, to depart from the provisions of General Order No. 80 to the extent necessary to publish a one-year surcharge supplement as proposed in the first amended application in this proceeding. Authority to maintain the increases in the form of a surcharge supplement shall expire one year after the effective date of this order.

(3) In computing the increased rates and charges herein authorized, fractions of less than one-half cent shall be dropped and fractions of one-half cent or more shall be advanced to the next whole cent.

(4) Applicants, in establishing and maintaining the rates and charges authorized hereinabove, be and they are authorized to depart from the provisions of Article XII, Section 21, of the Constitution of the State of California, and Section 460 of the Public Utilities Code, to the extent necessary to adjust long-and-short-haul departures now maintained under outstanding authorizations; that such outstanding authorizations be and they are modified only to the extent necessary to comply with this order; and that common carriers in publishing rates under the authority conferred in this ordering paragraph shall make reference in their schedules to the prior orders authorizing the long-and-short-haul departures and to this order.

(5) 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 charge, and that the filing of rates and charges pursuant to the authority herein granted will be construed as a consent to this condition.

(6) The authority herein granted shall expire unless exercised within sixty days after the effective date of this order.

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

Dated at Los Angeles, California, this 5th day of August, 1958.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.