

Decision No. 78184

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Southcoast  
Freight Bureau for Authority to  
Make Effective Increases in Local  
and Joint Rail and Rail-Highway  
Freight Rates and Charges (X-265 B  
and X-267).

Application No. 52329

ORDER DENYING PETITION FOR  
INTERIM INCREASE PENDING  
HOLDING OF HEARINGS

On November 25, 1970, Pacific Southcoast Freight Bureau filed application for authority to increase rail freight rates (excepting rates on sugar beets in carloads) by amounts set forth in Tariff of Increased Rates and Charges X-265-B (1 percent), and, in addition to increase the aforementioned increased rates and the rates on sugar beets by amounts set forth in Tariff of Increased Rates and Charges X-267 (15 percent). Concurrently with the filing of the application, applicant filed a petition for an order authorizing without hearing immediate application of the aforementioned 1 percent increase plus an additional increase of 8 percent as was authorized by the Interstate Commerce Commission on November 4, 1970 in connection with interstate freight rates in X-265-B and X-267-A.

The Commission has received several pleadings and a number of communications protesting the granting of the sought interim increases without hearing. The Commission staff on December 21, 1970, filed a motion for denial of applicant's Petition for Interim Increase Pending Holding of Hearings, and for an order requiring

applicant to amend its application to bring it into compliance with subparagraphs (e), (f) and (g) of Rule 23 of the Commission's Rules of Practice and Procedure.

On January 4, 1971 there was filed an amendment to the application consisting of an exhibit showing summary of earnings at the proposed rates. Said exhibit shows estimates of increases in wages, fuel and material costs of 11.43 percent, increases in health and welfare expenses of 14.37 percent, increases in taxes other than income taxes of 6.97 percent and increases in net rents of 19.27 percent which in the aggregate result in an increase of 11.62 percent in total expenses attributable to the transportation of freight in intrastate commerce in California. As requested by applicant, we take official notice of Public Law 91-541 enacted by the Congress of the United States on December 10, 1970 and signed into law by the President. Said law provides for increases in wages of certain railroad employees of 5 percent retroactive to January 1, 1970, and 3-1/2 percent retroactive to November 1, 1970.

The application, as amended, reflects estimates of increases in the costs of transporting property of 11.62 percent and applicant in its petition seeks immediate interim authority to increase rates by 9 plus percent. Except for the estimates of increases in wages resulting from Public Law 91-541, the estimates by applicant are untested and cannot be verified from any supporting data set forth in the pleadings.<sup>1/</sup> The estimates of increases in

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<sup>1/</sup> The amendment to the application asserts that all underlying data and working papers relating to the exhibit are presently available for inspection and review by the staff of the Commission and any interested party at the office of Mr. Thor H. Sjostrand, Room 878, One Market Street, San Francisco, California.

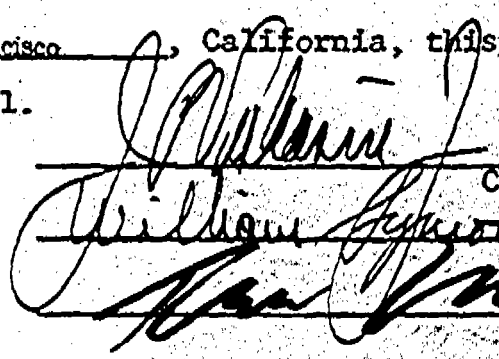
expenses other than wages comprise a large portion of the estimated 11.62 percent increase in total expense. There is no doubt that since the recent adjustment in railroad freight rates authorized by the Commission in Decision No. 73022, dated December 1, 1970, in Application No. 51944 the cost to the railroads of transporting freight in intrastate commerce within the State of California has increased substantially as a result of the wage increases required by Public Law 91-541. Such wage increases, however, do not result in increasing total expenses by 9 percent; and, as stated above, the estimates of increases in other expenses cannot be tested from any supporting data in the pleadings.

The more expedient manner in which to test the estimates is at a public hearing. We cannot fail to recognize that the railroads are incurring additional expense each day as a result of the provisions of Public Law 91-541 and that such expense cannot be recovered retroactively from rate increases that are prospective. We conclude that although applicant's petition for interim relief without hearing should be denied, this matter should be set for an early hearing and the denial of the petition herein should not prejudice any motion made by applicant for interim relief during the course of said hearing; therefore,

IT IS ORDERED that applicant's Petition for Interim Increase Pending Holding of Hearings is denied without prejudice.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 13th  
day of JANUARY, 1971.

  
Chairman

Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.