

Decision No. 80512

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application Under the Shortened)	Shortened Procedure
Procedure Tariff Docket to Amend)	Tariff Docket
Demurrage Rules in Tariff 4-I of)	Application No. 53376
Agent B. B. Maurer.)	(Filed June 5, 1972)

OPINION AND ORDER

By this application, B. B. Maurer, Agent, Trunk Line-Central Territory Railroads, seeks authority on behalf of the railroads operating in California¹ to amend the demurrage charges in his Freight Tariff 4-I on California intrastate traffic by increasing such charges (1) from \$5.00 to \$10.00 for each of the first four chargeable days; (2) from \$10.00 to \$20.00 for each of the next two chargeable days; (3) from \$10.00 to \$30.00 per car per day for the seventh and eighth chargeable days and (4) from \$15.00 to \$30.00 for each chargeable day in excess of eight. Applicant also proposes to apply the above-mentioned increased charges for cars detained in excess of four chargeable days to cars on which four debits have accrued under the "average agreement" provisions of Tariff 4-I and to increase the charge per debit from \$5.00 to \$10.00.²

¹The railroads are listed in Exhibit A attached to the application.

²Under the "average agreement" provisions, one credit is allowed for each car released before the expiration of the first 24 hours of free time and a maximum of four credits may be applied in cancellation of debits accruing on any one car. After the expiration of 48 hours free time, one debit per car per day is charged for each of the first four days. At the end of the calendar month, the total number of credits is deducted from the total number of debits and the charge per debit is applied only if there is a remainder of debits.

Applicant states that the proposed charges were authorized by the Interstate Commerce Commission and went into effect on April 1, 1971 on interstate traffic to, from and between points in the State of California. Applicant declares that the present levelsof charges for demurrage have been in effect since July 1, 1964 and that recent developments pertaining to detention of railroad cars indicate that these levels are insufficient to achieve the purposes for demurrage charges.

Applicant alleges that the purpose of its proposal is twofold: first, to increase availability and use of freight cars thereby alleviating, in some measure, car shortages; and second, to compensate, in part, for increased costs of car ownership and maintenance. Applicant asserts that car detention has steadily increased over the past eight years and in support thereof introduces the following table:

Freight Car Detention*

<u>Year</u>	<u>Percent of Cars Held Beyond Free Time</u>
1963	17.99
1964	18.78
1965	19.34
1966	19.42
1967	19.42
1968	21.39
1969	21.79
1970 (Jan.-June)	22.58

*Data furnished by Association of American Railroads Car Service Division, Washington, D.C.

Applicant contends that adequate demurrage charges are effective in maintaining proper availability and utilization of freight cars. Applicant avers that, when the Interstate Commerce Commission issued its Service Order No. 979 effective April 1, 1966 until July, 1967, and increased the demurrage charges to the level proposed herein, the 1966 demurrage detention increased only .08

percent over 1965 and remained at that level during 1967.

Applicant asserts that the carriers have experienced increases in the cost of owning railroad equipment and performing railroad service and that such increases provide some justification for the proposed charges. Applicant declares that, between 1957 and 1969, the railroads' average investment per car has more than tripled and the average interest rates paid for new equipment obligations have increased more than 150 percent so that the cost of capital investment per car owned in 1969, based on the average rate, was 6.8 times that of 1956. Applicant contends that, when shippers use freight cars for nontransportation purposes, they should make reasonable payment thereof and demurrage charges are partly in the nature of such rental.

Applicant avers that increases resulting from the proposal herein would not increase the California intrastate gross revenue of any of the involved carriers by as much as one percent.

The application was listed on the Commission's Daily Calendar of June 8, 1972. No objection to the granting of the application has been received.

Commission staff analysis discloses that ample free time for loading and unloading freight cars is afforded to shippers and that railroad operational costs have increased since the last adjustment was made in the demurrage charges. The proposed charges would more adequately compensate the carriers for the use of their equipment and better utilization of their equipment would be obtained. The staff recommends the application be granted by ex parte order.

In the circumstances, the Commission finds that increases resulting from publication of the demurrage charges as specifically proposed in the application are justified. A public hearing is not necessary. The Commission concludes that the application should be granted.

Pursuant to paragraph (E) (2) (e) of Rule 23.1 of the Commission's Rule of Practice and Procedure, no findings regarding compliance with the Federal Economics Stabilization Act are required for Shortened Procedure Tariff Docket filings seeking carrier rate adjustments under Rule 25 thereof.

IT IS ORDERED that:

1. B. B. Maurer, Agent, on behalf of the carriers listed in Exhibit A of the application, is hereby authorized to publish in his Freight Tariff 4-I increased charges as specifically proposed in said application.
2. 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 earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public.
3. The authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 19th day of September, 1972.

Vernon L. Spurgeon
President
William J. Spurgeon
J. H. Spurgeon
Commissioners

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