

JR

Decision No. 83190

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Southcoast  
Freight Bureau for Authority to  
Make Effective on California  
Intrastate Traffic General In-  
creases in Local and Joint Freight  
Rates and Charges as Published in  
Tariff of Increased Rates and  
Charges, X-305.

Application No. 54979  
(Filed June 20, 1974)

And Related Matters.

Case No. 5330  
Case No. 5432  
Case No. 5433  
Case No. 5436  
Case No. 5437  
Case No. 5438  
Case No. 5439  
Case No. 5440  
Case No. 5441  
Case No. 5603  
Case No. 5604  
Case No. 7857  
Case No. 7858  
Case No. 8808

OPINION AND ORDER

Pacific Southcoast Freight Bureau (PSFB), on behalf of the California rail carriers participating in its tariffs, requests authority to make effective on California intrastate traffic the same freight rate increases which became effective on interstate traffic in Tariff X-305-A.

By its order served June 4, 1974 the Interstate Commerce Commission authorized the rails to increase their interstate rates by approximately 10 percent effective June 24, 1974. Said increases are scheduled to expire June 30, 1975 unless the federal commission

finds, after a review of the data submitted by the rails in compliance with conditions specified in the order, that continuation of the increase is justified.

In support of the relief sought applicant rail carriers submitted exhibits including a summary of earnings on a depreciated rate basis for the period upon which it bases its justification for the increases. Said exhibits also show the amount of additional gross revenues estimated to result from the proposed increases based on the amount of involved traffic handled during the preceding calendar year. The percentage by which such estimated revenues exceed the gross revenues based on the amount of involved traffic handled during the calendar year is less than 9 percent.

Findings

1. The Interstate Commerce Commission has authorized applicant rail carriers to increase their rates and charges approximately 10 percent effective June 24, 1974 to offset cost increases as set forth in Tariff X-305-A.
2. Applicant rail carriers have demonstrated that they have experienced an increase in their California intrastate expenses.
3. To the extent that the increases sought herein do not exceed the like increases previously authorized for interstate traffic, such increases have been shown to be justified for application on California intrastate traffic.
4. The rates and charges of highway common carriers and other common carriers published and maintained on the level of the present railroad rates, under the "alternative application of common carrier rates" provision set forth in the several minimum rate tariffs of the Commission, are insufficient, unreasonable, and not justified by transportation conditions to the extent such rates and charges are both lower than the increased rail rates and below the applicable minimum rates.

Conclusions

1. Pacific Southcoast Freight Bureau, on behalf of the California rail carriers listed in the application, should be authorized to establish by appropriate tariff supplement the same increases on California intrastate traffic as are now authorized for interstate traffic as set forth in Tariff X-305-A.

2. Common carriers maintaining rates based on rail rates should be authorized and directed to increase their rates to the level of the increased rail rates or the level of the otherwise applicable minimum rates, whichever is lower.

3. Common carriers maintaining rates based on rail rates which have been canceled or changed should be required to adjust their rates to conform to the changed rail rates or to the minimum rates otherwise applicable.

4. Applicant and common carriers should be authorized to depart from the provisions of Section 460 of the Public Utilities Code and from the terms and rules of General Orders Nos. 80-Series and 125-Series to the extent necessary to establish the increased rates authorized herein.

IT IS ORDERED that:

1. Pacific Southcoast Freight Bureau, on behalf of the rail carriers listed in the application, is authorized to establish by appropriate tariff supplement the same increases in California intrastate rates and charges under the same conditions as authorized by order of the Interstate Commerce Commission served June 4, 1974, in Ex Parte No. 305 and set forth in Tariff of Increased Rates and Charges X-305-A.

2. Tariff publications authorized to be made as a result of the foregoing authority shall be filed not earlier than the effective date of the order and may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public, and said authority shall expire unless exercised within sixty days after the effective date of this order. To the extent that departure from the terms and

rules of General Order No. 125 is required to accomplish such publications, authority for such departure is hereby granted.

3. The authority set forth herein is granted subject to the express condition that applicant and the carrier on whose behalf it is participating herein will never urge before the 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. The filing of rates pursuant to the authority herein granted constitutes an acceptance by applicant and said carriers as a consent to the condition.

4. Common carriers maintaining, under outstanding authorization permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable are authorized and directed to increase such rates to the level of the rail rates established pursuant to the authority granted in paragraph 1 hereof or to the level of the otherwise applicable, specific minimum rates, whichever is lower. To the extent such common carriers have maintained such rates at differentials above previously existing rail rates, they are authorized to increase such rates by the authority granted in paragraph 1 hereof, provided, however, that such increased rates may not be lower than the rates established by the rail lines pursuant to the authority granted in paragraph 1 hereof, nor higher than the otherwise applicable minimum rates.

5. Common carriers maintaining under outstanding authorization permitting the alternative use of rail rates, rates based on rail rates which have been changed or canceled and which are below the specific minimum rate levels otherwise applicable are hereby directed to increase such rates to applicable minimum rate levels and to abstain from publishing or maintaining in their tariff rates, charges, rules, regulations, and accessorial charges lower in volume or effect than those established in rail tariffs or the applicable minimum rates, whichever are lower.

6. Tariff publications required or authorized to be made by common carriers as a result of Paragraph 4 hereof may be made effective not earlier than the fifth day after the publication by applicant made pursuant to the authority granted in paragraph 1 hereof, on not less than five days' notice to the Commission and to the public; and such tariff publications as are required shall be made effective not later than thirty days after the effective date of the tariff publications made by applicant pursuant to the authority granted in said paragraph 1.

7. Tariff publications required to be made by common carriers, as a result of paragraph 5 hereof, may be made effective not earlier than the effective date of this order on not less than five days' notice to the Commission and to the public and shall be made effective not later than thirty days after the effective date of this order.

8. In making tariff publications authorized or required by paragraphs 4 through 7, inclusive, common carriers are authorized to depart from the terms and rules of General Order No. 80-Series to the extent necessary to comply with said ordering paragraphs.

9. Applicant and common carriers, in establishing and maintaining the rates authorized hereinabove, are authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; and schedules containing the rates published under the authority shall make reference to the prior orders authorizing long- and short-haul departures and to the order.

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10. Applicants shall file with the Commission a copy of each report they file with the Interstate Commerce Commission in compliance with Conditions 1, 2, 3, and 4 of the order of the Interstate Commerce Commission served June 4, 1974 in Ex Parte No. 305, which conditions are set forth in Appendix A attached hereto and by reference made a part hereof. Concurrent with such filing, applicants shall also file with the Commission corresponding data for their intrastate operations.

11. Applicant shall make the tariff amendments specified in paragraph VII of Application No. 54921 wherein it stated that fuel cost surcharges are to be adjusted on making X-305-A rate adjustments.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 23rd  
day of JULY, 1974.

Vernon L. Stevenson  
President  
William J. Synovay  
W. J. Synovay  
W. J. Synovay  
W. J. Synovay  
Commissioners

APPENDIX A  
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Conditions Set Forth  
In  
Order of the Interstate Commerce Commission  
Served June 4, 1974  
In  
Ex Parte No. 305

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1. On or before August 19, 1974, each carrier shall provide this Commission (a) with an estimate of the costs of deferred plant and equipment maintenance<sup>3/</sup> as of June 30, 1974; number and percent of bad order cars by type; and miles of track by class on which slow orders were in effect. The estimate of deferred maintenance should be classified to show amounts for equipment by type of cars, locomotives plant, including yard and running track, and other similar classes of property and facilities; (b) with a report of the annual maintenance and capital expenditures for the years 1971-1973, inclusive, and the first and second quarters of 1974. A report of estimated maintenance and capital investments shall be provided for the third and fourth quarters of 1974 and the first two quarters of 1975.

2. All railroads shall maintain a monthly record of the increased freight revenues derived from the increases by months. The increased freight revenues may be estimated if the procedure for the estimations is explained.

3. Revenues generated by the increases should be expended for capital improvements and deferred maintenance of plant and equipment and the amount needed for increased material and supply cost, other than fuel. A record of such expenditures shall be maintained on a monthly basis.

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<sup>3/</sup> The railroad management decision or determination to expand these revenues largely on long deferred maintenance or other capital improvements has been made. See the verified statements of the Chief Executive Officers or Operating Officers of the 17 representative railroads, which statements are a matter of record herein.

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Conditions Set Forth  
In  
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Ex Parte No. 305

4. At the end of the third, sixth, and ninth months following the effective date of the increases, each carrier shall provide this Commission with an estimate of the freight revenues generated by the increases. Additionally, each carrier shall report the amount of expenditures made for deferred maintenance of plant and equipment, e.g., by type of car, track, cross ties, etc., as well as amounts expended for capital improvements by type of project. Furthermore, each carrier shall report the amount of unexpected funds derived from the authorized increases and how those funds are to be expended.