

Decision No. 83592

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
RIVER LINES COMPANY, a corporation,)
for an Order authorizing increases)
in its rates and charges for the)
transportation of petroleum and)
petroleum products in bulk.)

Application No. 54957
(Filed June 10, 1974;
amended August 12, 1974)

INTERIM OPINION

River Lines Company, a California corporation, operates as a common carrier by vessel on the waters of San Francisco Bay and its tributaries. Applicant is principally engaged in the transportation of petroleum and petroleum products, in bulk, at rates published in the San Francisco Barge Tariff Bureau Local Freight Tariff No. 1, Cal. P.U.C. No. 2 of William M. Larimore, Agent. Applicant seeks ex parte authority to increase its petroleum rates by 20 percent concurrently with the cancellation of its existing tariff and the reissue of its tariff rates and rules in River Lines Company Local Freight Tariff No. 7, Cal. P.U.C. No. 2. If this matter is to be set for public hearing applicant requests authority for an interim rate increase.

Applicant's rates for bulk petroleum and petroleum products were last increased pursuant to Decision No. 80614 dated October 17, 1972 in Application No. 53352. Since that time applicant has experienced substantial increases in its labor costs and other operating expenses, the results of which will cause applicant to sustain a net operating loss under the existing level of rates. In an effort to lessen the impact of increased costs upon its revenues, applicant on January 1, 1973 entered into a unified operations agreement with United Towing Co. The resulting joint operating company was named the United River Lines Co.

The River Lines Company and United River Lines Co. consolidated results of operations under present and proposed rates and adjusted expenses for the 1973 rate year were attached to the amended application in support of the sought relief. A summary of the projected results of operations follows:

TABLE 1

RIVER LINES COMPANY AND UNITED RIVER LINES CO.

Petroleum and Petroleum Products in Bulk
 1973 Actual Operating Results and
1974 Operating Results at Present and Proposed Rates

	Actual 1973	Actual 1973 Revenue Projected Expenses	Projected Revenues & Expenses Annualized
<u>Operating Revenues</u>			
Bulk petroleum products	\$2,945,488	\$2,945,488	\$3,534,586
<u>Direct Operating Expenses</u>			
Crew wages	983,190	1,098,379	1,098,379
Payroll taxes and benefits	316,638	354,665	354,665
Repairs and maintenance	261,149	303,899	303,899
Depreciation	246,515	246,515	246,515
Towage	183,129	201,442	201,442
Charter	33,739	15,739	15,739
Fuel and lube	92,910	197,666	197,666
Wharfage and dockage	20,160	26,208	26,208
Insurance	140,170	158,392	158,392
Property taxes	9,454	9,454	9,454
Operating supplies	21,464	23,610	23,610
Other operating supplies	19,981	21,978	21,978
Total	\$2,328,499	\$2,657,947	\$2,657,947
<u>General and Administrative Expenses</u>			
Officers salaries	63,750	67,256	67,256
Administrative salaries	226,368	238,818	238,818
Payroll taxes	62,962	66,506	66,506
Travel and entertainment	30,802	30,802	30,802
Printing and stationery	7,198	7,198	7,198
Professional services	46,354	46,354	46,354
Rent and insurance	44,830	44,830	44,830
Utilities	42,486	44,610	44,610
Taxes	17,200	17,200	17,200
Other	38,704	40,640	40,640
Total	\$ 580,654	\$ 604,214	\$ 604,214
Total Operating Expenses	\$2,909,153	\$3,262,161	\$3,262,161
Operating Income (loss)	\$ 36,335	\$ (316,673)	\$ 272,425
Operating Ratio	98.8%	110.7%	92.3%

Table 1 indicates that applicant anticipates an operating deficit of \$316,673 under present rates and projected expenses. On the other hand, the sought rate increase is expected to produce sufficient additional revenues to yield an operating profit of \$272,425.

The Commission's staff investigation of applicant's sought relief indicates that the unified operations agreement entered into by applicant with United Towing Co. should be the subject of further review. In the circumstances the full amount of the sought 20 percent increase should not now be granted by ex parte order.

Applicant's proposed increase in rates and other related tariff changes have been discussed with its customers and none have expressed any objections to the sought relief. The verified statement shows that on or about June 6, 1974 a copy of Application No. 54957 was mailed to the firms on the tariff mailing list maintained by the San Francisco Barge Tariff Bureau which includes all of applicant's customers. The application was also listed on the Commission's Daily Calendar for June 12, 1974. No protests or requests for public hearing have been received. However, in light of the Commission's staff investigation of applicant's joint venture operations with United Towing Co., a public hearing in this matter is required. Applicant's alternative request for ex parte interim relief should be limited to a rate increase not exceeding 10 percent.

Subject to further review upon consideration of evidence to be adduced at public hearing in this matter, the Commission finds that an interim increase of 10 percent in applicant's rates for bulk petroleum and petroleum products, together with the other sought related tariff amendments, has been shown to be justified. It is concluded that applicant's alternative request for interim ex parte relief should be granted to the extent provided in the order herein.

INTERIM ORDER

IT IS ORDERED that:

1. River Lines Company is authorized to increase its present rates and charges by 10 percent together with the other related tariff changes proposed in Application No. 54957, as amended. 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 earlier than five days after the effective date of this order on not less than five days' notice to the Commission and to the public.

2. Public hearing shall be scheduled in this proceeding for the receipt of evidence relative to the final disposition of Application No. 54957, as amended.

3. To the extent not granted herein applicant's alternative request for interim ex parte relief is denied.

4. The ex parte authority granted herein shall expire unless exercised within sixty days after the effective date of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16th
day of OCTOBER, 1974.

Verma L. Stryker
President
William J. Vukasin, Jr.

[Signature]
[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.