

Decision 84 04 037 April 4, 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Nielsen Freight Lines, Inc., for)
authority to increase rates in)
tariffs, of which this Carrier is)
party thereto, for this Carrier's)
participation only, namely Western)
Motor Tariff Bureau Tariff Nos. E.S.)
1-B, 170, 20-4 NFLL and 570-A)
(including reissues thereof))
containing rates and charges for)
this common carrier for the)
transportation of commodities and)
the performance of specified)
services related thereto.)

Application 83-10-38
(Filed October 21, 1983;
Amended January 11, 1984)

-AND-

For authority to depart from the)
terms of Sections 454 and 491 of the)
Public Utilities Code when)
accomplishing such publication.)

INTERIM OPINION

Nielsen Freight Lines (Nielsen) seeks authority to increase its rates for the transportation of general commodities by 9%. The rates subject to the proposed increase are published by Western Motor Tariff Bureau, Inc., Agent (WMTB) in the following tariffs:

- WMTB Tariff E.S. 1-B, Cal. PUC No. 34;
- WMTB Tariff 170, Cal. PUC No. 51;
- WMTB Tariff 570-A, Cal. PUC No. 85; and
- Nielsen Tariff 20-4 NFLL, Cal. PUC No. 66.

Nielsen is also a participant in the 5% general rate increase, Application 83-06-12, filed by WMTB for all bureau carrier members. For clarification of the separate increase applications, Nielsen filed an amendment stating as follows:

"Applicant is informed that WMTB filed Application 83-06-12 requesting an increase of 5% in rates and charges and that such application is currently pending before the Commission. Applicant does not seek to apply the 9% sought herein plus the 5% sought in Application 83-06-12. It merely seeks to increase its rates and charges by a total of 9%. Thus, if Application 83-10-38 is granted prior to Application 83-06-12, then applicant will reduce Application 83-10-38 to 4% simultaneously with the grant of the 5% in Application 83-06-12. Accordingly, in total, a 9% increase would result (5% for Application 83-06-12 and 4% from Application 83-10-38)."

Nielsen cites its need for revenue increases to offset increased operating expenses. The most significant of such increases is due to the higher labor costs, taxes and insurance.

Nielsen does not seek to waive its right to previously authorized but as of yet unapplied rate increases granted by the Commission. It recognizes that competitive conditions in the future may deem it necessary to apply the allowable total of such increases.

At the staff's request, Nielsen has supplied the revenue impact of its authorized but unexercised increase authority. The potential of these unexercised increase authorities was analyzed

by the staff, as shown in the following table:

	<u>Test Year Ending June 30, 1984</u>	
	<u>Present Rates</u>	<u>Proposed Rates (Estimated)</u>
Revenue (Year ending 6/30/83)	\$19,480,953	\$19,480,953
Unapplied Increases		561,052
9% Requested		<u>1,803,780</u>
Total Potential Revenue		21,845,785
Expenses Revised to Reflect Current Costs	19,986,079	19,986,079
Profit (Loss)	(505,126)	1,859,706
Operating Ratio	102.5%	91.5%

The operating ratio of 91.5% is within the zone of reasonableness; however, the question of whether to grant increase authority to carriers who already have unused authority to increase their rates is presently before the Commission in A.83-06-12. We may or may not find that the policy we adopt in that proceeding to be appropriate when considering applications by individual carriers for rate increases.

As Nielsen has clearly justified a 9% increase on those rates where there is no increase authority remaining to be taken, we will grant interim increase authority, pending further order of the Commission, up to a maximum of 9% applicable on a sliding scale to rates where unused authorized increases of between 1% and 9% remain.

The application and amendment were listed on the Commission's Daily Calendars of October 25, 1983 and January 18, 1984, respectively. No protest to the granting of the application, as amended, has been received.

The proposal is not a major action significantly affecting energy efficiency within the meaning of the Public Utilities (PU) Code Sections 3502.1 and 3502.2.

Findings of Fact

1. Nielsen, as a participant in WMTB tariffs, has been authorized permissive general rate increases totaling 21% since October, 1980.
2. WMTB has filed for its tariff participants, including Nielsen, an application (A.83-06-12) seeking a 5% general rate increase.
3. Nielsen by this application, as amended, is seeking a 9% increase in its rates in WMTB tariffs. Applicant states that should it be granted the 5% general rate increase in A.83-06-12, Nielsen would reduce the sought increase in the instant application to 4% (5% for A.83-06-12 and 4% from A.83-10-38).
4. Under the sought 9% increase, Nielsen estimates that it will realize additional revenue of about \$1,803,780.

5. Increases are justified as follows:

9% where applicant has implemented the total 21% in finding 1;
8% where applicant has implemented 20% of the total 21% in finding 1;
7% where applicant has implemented 19% of the total 21% in finding 1;
6% where applicant has implemented 18% of the total 21% in finding 1;
5% where applicant has implemented 17% of the total 21% in finding 1;
4% where applicant has implemented 16% of the total 21% in finding 1;
3% where applicant has implemented 15% of the total 21% in finding 1;
2% where applicant has implemented 14% of the total 21% in finding 1; and
1% where applicant has implemented 13% of the total 21% in finding 1.

6. Authority to depart from the provisions of PU Code Section 461.5 is justified.

7. The following order has no reasonably foreseeable impact on the energy efficiency of highway common carriers.

8. A public hearing is not necessary.

9. The effective date of this order should be today since there is no reason to delay the increase.

Conclusion of Law

The application, as amended, should be granted in part, on an interim basis, as set forth in the following order.

INTERIM ORDER

IT IS ORDERED that:

1. Nielsen Freight Lines is authorized to increase its rates in the following tariffs:

WMTB Tariff E.S. 1-B, Cal. PUC No. 34;
WMTB Tariff 170, Cal. PUC No. 51;
WMTB Tariff 570-A, Cal. PUC No. 85; and
Nielsen Tariff 20-4 NFLL, Cal. PUC No. 66
as follows:

9% where applicant has implemented the total 21%;
8% where applicant has implemented 20% of the total 21%;
7% where applicant has implemented 19% of the total 21%;
6% where applicant has implemented 18% of the total 21%;
5% where applicant has implemented 17% of the total 21%;
4% where applicant has implemented 16% of the total 21%;
3% where applicant has implemented 15% of the total 21%;
2% where applicant has implemented 14% of the total 21%; and
1% where applicant has implemented 13% of the total 21%.

of the increases previously authorized by Decisions 92256, 92829, 93805 and Resolution TS-545.

2. Tariff publications authorized to be made as a result of this order shall be filed on or after the effective date of this order and may be made effective not earlier than 5 days after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

3. Nielsen Freight Lines, in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of PU Code Section 461.5 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are modified only to the extent necessary to comply with this order; and schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

4. This proceeding will remain open for consideration of the requested increase in those categories where applicant has not exhausted the previously authorized increases.

This order is effective today.

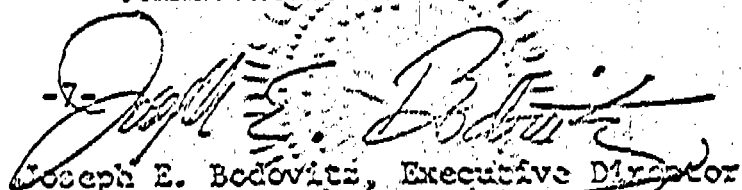
Dated April 4, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CAEVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

Commissioner William T. Bagley
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS


Joseph E. Bodovitz, Executive Director

Decision 84 04 037

APR 4 1984

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 tariffs, of which this Carrier is)
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 participation only, namely Western)
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 1-B, 170, 20-4 NFLL and 570-A)
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O P I N I O N

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Application check
4-4-84

A.83-10-38 T/JRE/ARM/WPSC*

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Nielsen does not seek to waive its right to previously authorized but as of yet unapplied rate increases granted by the Commission. It recognizes that competitive conditions in the future may deem it necessary to apply the allowable total of such increases.

At the staff's request, Nielsen has supplied the revenue impact of its authorized but unexercised increase authority. The potential of these unexercised increase authorities was analyzed

by the staff, and the operating ratio of 91.5% is within the zone of reasonableness.

Nielsen has submitted financial data for year ending June 30, 1983 including the potential revenue impact of its authorized but unexercised authority and the requested 9% increase. From that data the staff has prepared a comparison of Nielsen's financial position using the present costs being experienced compared with revenue earned in 1983, as adjusted to include the sought increase and increases previously granted but not yet applied.

	<u>Test Year Ending June 30, 1984</u>	
	<u>Present Rates</u>	<u>Proposed Rates (Estimated)</u>
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9% Requested;		<u>1,803,780</u>
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4. Under the sought 9% increase, Nielsen estimates that it will realize additional revenue of about \$1,803,780.

5. The increases resulting from this proposal are justified.

6. Authority to depart from the provisions of PU Code Section 461.5 is justified.

7. The following order has no reasonably foreseeable impact on the energy efficiency of highway common carriers.

8. A public hearing is not necessary.

9. The effective date of this order should be today since there is no reason to delay the increase.

Conclusion of Law

The application, as amended, should be granted.

O R D E R

IT IS ORDERED that:

1. Nielsen Freight Lines is authorized to increase its rates by 9% in the following tariffs (including reissues thereof):

WMTB Tariff E.S. 1-B, Cal. PUC No. 34;
WMTB Tariff 170, Cal. PUC No. 51;
WMTB Tariff 570-A, Cal. PUC No. 85; and
Nielsen Tariff 20-4 NFLL, Cal. PUC No. 66.

2. Tariff publications authorized to be made as a result of this order shall be filed on or after the effective date of this order and may be made effective not earlier than 5 days after the effective date of this order on not less than 5 days' notice to the Commission and to the public.

3. Nielsen Freight Lines, in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of PU Code Section 461.5 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are

modified only to the extent necessary to comply with this order;
and schedules containing the rates published under this authority
shall make reference to the prior orders authorizing long- and
short-haul departures and to this order.

This order is effective today.

Dated APR 4 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

Commissioner William T. Bagley
being necessarily absent, did
not participate.