

Decision 87 10 011

ORIGINAL Oct 16 1987

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Rapid Freight Systems)
under the Shortened Procedure Tariff)
Docket to publish provisions resulting)
in increases because of proposed)
publication of erroneous overcharge -)
duplicate payment claims to be)
published in Tariff WMT 170.)

Application 87-02-027
(Filed February 11, 1987)

Conrad K. Quentin and Michael R. Persinger,
for Rapid Freight Systems, applicant.
Donald R. Carnahan, for Associated Traffic
Services, National Small Shipments Traffic
Corporation, Drug And Toilet Preparation
Traffic Conference, and National Industrial
Transportation League; and Fred D. Preston,
for Actran and National Association of
Freight Traffic Consultants; protestants.
Charles D. Gilbert, for California Trucking
Association; and R. G. Moon, for Western
Motor Tariff Bureau, Inc.; interested
parties.
Kenneth Koss, for the Transportation Division.

O P I N I O N

Applicant Rapid Freight Systems, a highway common carrier, requests authority to publish for its own account in Western Motor Tariff Bureau (WMT) 170, CA PUC 51, a new item to be worded as follows:

"When carrier receives claims relating to overcharge, duplicate payment, or erroneous payment, and carrier rejects claims due to an error on the claimant's behalf, a charge of \$10.00 per claim will be billed to either the agent filing the claim or to the party on whose behalf the claim was filed."

The application was protested by Associated Traffic Services, National Small Shipments Traffic Corporation, Drug and Toilet

Preparation Traffic Conference, National Industrial Transportation League, Actran, and National Association of Freight Traffic Consultants. Hearing was held in San Francisco on May 12, 1987 and the case was submitted June 15, 1987.

This application was filed under the Shortened Procedure Tariff Docket (Article 7 of the Commission's Rules of Practice and Procedure) but because protests to the application were filed and several of the protestants requested an oral hearing, the matter was taken off of the Shortened Procedure Tariff Docket and assigned to the regular docket for hearing.

At the hearing applicant did not present any cost study to justify the requested charge, even though the application stated that the objective of the application was, in part, "to provide a charge to compensate the carrier for time spent...[on] improperly filed claims." The other stated reason for the application was "to discourage most improperly filed claims."

Applicant's traffic manager testified that well over 90% of the claims¹ his company receives are filed by freight traffic consultants and that approximately 50% of all claims it receives are denied as being erroneously filed. His company turns down an average of three to four claims a week and believes that the initiation of the proposed charge will cause the filing of invalid claims to be reduced to two or three a year. Human error, faulty research, and duplication of effort are among the many causes attributed by applicant for the invalidity of the many claims filed with applicant. Applicant considers the requested charge to be an accessorial charge and states that the underlying cost of handling invalid claims is identifiable.

1 As used herein the word claim refers to a claim against a carrier relating to an overcharge or a duplicate or erroneous payment and does not refer to a claim for short or damaged freight.

Applicant's traffic manager stated that his company would be the sole judge of whether a claim was or was not invalid. He was asked if his company would disallow a claim and charge \$10 if the claim was for overpayment and the claim did not include the cancelled check and he answered that his company would disallow the claim and make the \$10 charge. When it was pointed out to the witness that Rule 4d of Commission General Order (GO) 148, which relates to the processing of overcharge claims, states, in essence, that the carrier's need for additional information to process a claim does not constitute disallowance of a claim, the witness stated that he would have to amend the proposed tariff item to exclude such a situation from the application of the proposed tariff item.

The office manager of applicant testified that it takes many different bodies in his company to handle a claim and that the average salary of a clerk, particularly one knowledgeable in tariff research, is between \$9 and \$10 an hour, so that the proposed tariff charge of \$10 is not out of line.

Protestants, who are or who use traffic consultants, oppose the publication of the proposed tariff item. They claim the item, if published, would be in conflict with GO 148 as shippers and receivers of freight would no longer be assured of uniformity in the handling of overcharge claims by all carriers. In addition, the item does not define what is an improperly filed claim and, presumably, any claim that applicant disagrees with would be an improperly filed claim. Protestants contend the item is vague, arbitrary, and unreasonable. If allowed to be published, it would be an unjust and unreasonable rate in violation of the Public Utilities Code Section 451.

Discussion

In order to find a rate or charge to be reasonable we must know the underlying cost on which the rate or charge is based. Applicant states that the cost of handling invalid claims is

identifiable, yet applicant has produced no cost study identifying such costs. For the lack of the production of the underlying costs in handling invalid claims we cannot find the charge to be reasonable and hence must deny the application.

Findings of Fact

1. Applicant requests authority to publish a new tariff item which would require a claimant whose claim has been rejected by applicant due to claimant's error to pay applicant a charge of \$10 per rejected claim.

2. Applicant has presented no cost study on which we can base a finding that the proposed charge is reasonable.

Conclusion of Law

The application should be denied.

O R D E R

IT IS ORDERED that Application 87-02-027 is denied.

This order becomes effective 30 days from today.

Dated OCT 16 1987, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners

Commissioner John B. Ohanian, being necessarily absent, did not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Weiss, Executive Director