

Decision 88 04 001 APR - 8 1988

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of )  
 DI SALVO TRUCKING CO., 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, 106, 170, 20-4 DSAL, )  
 507-A, and 571 (including reissues )  
 thereof) containing rates and charges )  
 for this Common Carrier for the )  
 transportation of Commodities and the )  
 performance of specified services )  
 related thereto. )  
 - And - )  
 For authority to depart from the terms )  
 of Section 454 and 491 of the Public )  
 Utilities Code when accomplishing such )  
 publication. )

Application 87-12-021  
 (Filed December 10, 1987;  
 amended February 25, 1988)

O P I N I O N

Di Salvo Trucking Company (Di Salvo) seeks authority to increase its base rates and charges by 7% on any quantity and 5,000-pound rates and by 2% on rates subject to a minimum weight of 10,000 pounds or more in the following tariffs of Western Motor Tariff Bureau, Inc. (WMT), including reissues thereof:

- Exception Sheet 1-B, CA PUC 34
- Local Freight and Express Tariff 106, CA PUC 11
- Rules Tariff WMT 170, CA PUC 51
- Di Salvo Tariff 20-4 DSAL, CA PUC 67
- Class Rates Tariff WMT 570-A, CA PUC 85
- Class Rates Tariff WMT 571, CA PUC 49

Di Salvo has implemented the mandatory 1.2% increase on rates subject to a minimum weight of less than 10,000 pounds and the permissive 0.7% increase on rates subject to a minimum weight

of 10,000 pounds or more in WMT Tariff 570-A, effective July 14, 1987, and in Di Salvo Tariff 20-4 DSAL, effective July 23, 1987, pursuant to Resolution TS-679.

A window increase of 5% was also applied to Item 610 in WMT Tariff 170 on minimum charges and to Item 7030 in WMT Tariff 570-A on any quantity and 5,000-pound class rates, effective July 23, 1987.

Di Salvo asserts that its operating costs have continued to increase. The most significant increases are in equipment and labor.

Di Salvo desires to add the 7% to the base rates and concurrently cancel the 5% window from its any quantity and 5000-pound class rates, thus holding the 5% window in abeyance to apply if needed when the new contract negotiations with the teamsters have been completed. The current labor agreement expired March 31, 1988.

By letters dated January 29, 1988, February 2, 1988, and March 28, 1988, applicant provided revised financial data and additional information requested by the staff. Di Salvo has furnished the following breakdown of revenue for the 12-month period ending December 31, 1987, and projected revenue for 1988, as well as projected increases in cost for 1988:

1987 Revenue

Revenue Not Affected by Proposed Increase (Interstate Freight)	\$10,750,123
Revenue of 10,000 Pounds and Over, January 1, 1987 through December 31, 1987	3,671,580
Revenue of Less Than 10,000 Pounds, January 1, 1987 through July 22, 1987	13,193,213
Revenue of Less Than 10,000 Pounds July 23, 1987 through December 31, 1987	<u>13,731,713</u>
Total 1987 Revenue	\$41,346,629

1988 Projected Revenue

Revenue Not Affected by Proposed Increase (Interstate Freight)	\$10,750,123
Revenue of Less Than 10,000 Pounds with 7% Increase in Base Rates	28,110,286
Revenue of 10,000 Pounds and Over with 2% Increase	3,745,012
Total 1988 Projected Revenue	<u>\$42,605,421</u>

1988 Projected Labor Cost Increases

In 1988, Based on 1987 Labor Increases:

3 Months @ \$58,980	\$176,940
9 Months @ 37,136	334,224
Total Projected Labor Increase for 1988	<u>\$511,164</u>

1987 Cost of Labor	\$26,213,776
1987 Cost of Labor Without Any Additional Increases for 1988	26,724,940

1988 Projected Increases in Cost

Labor	\$511,164
Workers' Compensation Insurance (Increase Effective January 1, 1988)	239,520
Parts and Repairs (Estimated)	100,682
Payroll Tax	37,650
Total Increases in Cost	<u>\$889,016</u>

From the financial data submitted, the staff has prepared a comparison of Di Salvo's financial position using current and projected costs in conjunction with current and proposed revenues:

	<u>Test Period Ending December 31, 1988</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$41,346,629	\$42,605,421
Expenses	40,287,404	41,176,420
Profit	1,059,225	1,429,001
Operating Ratio	97.4	96.6

The operating ratio of 96.6 is reasonable.

The application and amendment were listed on the Commission's Daily Transportation Calendars of December 17, 1987, and March 1, 1988. No protest to the granting of the application, as amended, has been received. The application was not filed under authority granted pursuant to Section 496 of the Public Utilities (PU) Code.

Findings of Fact

1. Di Salvo has experienced an increase in operating costs.
2. Di Salvo has implemented the mandated 1.2% increase on rates subject to a minimum weight of less than 10,000 pounds and the permissive 0.7% increase in rates based on a minimum weight of 10,000 pounds or more in WMT Tariff 570-A, effective July 14, 1987, and in Di Salvo Tariff 20-4 DSAL, effective July 23, 1987.
3. The window increase of 5% was applied by Di Salvo to its minimum charges in Item 610 of WMT Tariff 170 and to its any quantity and 5,000-pound class rates in Item 7030 of WMT Tariff 570-A, effective July 23, 1987, in accordance with Rule 7.3 of General Order 147-A.
4. Di Salvo is seeking a rate increase of 7% in its base rates, to be applied concurrently with cancellation of the increase named in Finding of Fact 3, above. It also seeks a 2% increase in rates subject to a minimum weight of 10,000 pounds or greater.
5. The proposed rates would increase Di Salvo's annual revenue by approximately \$1,258,792.
6. The increases resulting from this proposal are justified.
7. A public hearing is not necessary.

Conclusions of Law

1. The application, as amended, should be granted.
2. This order should be made effective today, since there is an immediate need for rate relief.

O R D E R

IT IS ORDERED that:

1. Di Salvo Trucking Company is authorized to increase its base rates and charges as specifically stated in the body of the opinion.

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. Di Salvo Trucking Company, 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.

A.87-12-021 T/KM/jpk

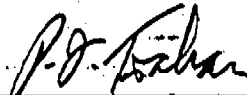
4. This authority shall expire if not exercised within 60 days of the effective date of this order.

5. The application, as amended, is granted as set forth above.

6. This order is issued pursuant to Section 308 of the Public Utilities Code and Resolution TS-678.

This order is effective today.

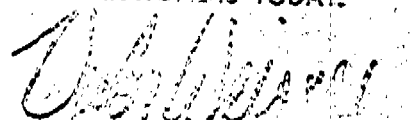
Dated APR - 8 1988, at San Francisco, California.



P.J. TRAHAN, Assistant Director  
Transportation Division

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



Victor Weissert, Executive Director

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