

Decision 88 04 032 APR 19 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
Viking Freight System, 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 No. 113, and Viking Freight )  
System Tariff, VIKN 103, VIKN 104, )  
VIKN 200, VIKN 205, VIKN 207, VIKN )  
211-B, VIKN 626, VIKN 202, VIKN 501, )  
VIKN 604-A, and VIKN 613 (including re- )  
issues thereof) containing rates and )  
charges for this common carrier for )  
the performance of specified services )  
related thereto. )

Application 88-03-025  
(Filed March 9, 1988)

-AND-

For authority to depart from the terms )  
of Sections 460 and 491 of the Public )  
Utilities Code when accomplishing such )  
publication. )

O P I N I O N

Viking Freight System, Inc. (Viking), seeks authority to increase its base rates and charges by 6.7% in the following tariffs:

Viking Freight System Tariff No. VIKN 103, CA PUC 10  
Viking Freight System Tariff No. VIKN 104, CA PUC 9  
Viking Freight System Tariff No. VIKN 501, CA PUC 8  
Viking Freight System Tariff No. VIKN 200, CA PUC 1  
Viking Freight System Tariff No. VIKN 202, CA PUC 2  
Viking Freight System Tariff No. VIKN 205, CA PUC 6  
Viking Freight System Tariff No. VIKN 207, CA PUC 12  
Viking Freight System Tariff No. VIKN 211-B, CA PUC 14  
Viking Freight System Tariff No. VIKN 626, CA PUC 17  
Viking Freight System Tariff No. VIKN 604-A, CA PUC 15  
Viking Freight System Tariff No. VIKN 613, CA PUC 13  
Western Motor Tariff Bureau, Inc., Local Freight Tariff  
113, CA PUC 19

Viking's last rate increase was in accordance with Resolution TS-679 which mandated a 1.2% increase in all rates and charges not subject to a minimum weight of 10,000 pounds or more with effective dates ranging from July 6, 1987 to August 28, 1987 on the various tariffs. Viking applied the permissive 0.7% increase under Resolution TS-679 to rates and charges subject to a minimum weight of 10,000 pounds or more with the foregoing effective dates.

Viking has also applied the window rate increase of 5% to its tariffs effective October 5, 1987, under Rule 7.3 of General Order 147-A. By letter dated April 8, 1988, Viking clarified its request for a 6.7% general rate increase regarding the application of the rate window. It will maintain or amend the 5% rate window assessed in October, 1987, on a permissive basis as provided in General Order 147-A, Rule 7.3, and Decision 86-04-045, Paragraph 7, allowing for rate making flexibility.

Viking asserts that additional revenue is required to offset increased operating expenses resulting primarily from increased wages, benefits, fuel and depreciation (data processing equipment and terminals) expenses.

Applicant has furnished financial data for the 12-month period ending December 31, 1987, setting forth actual revenue and expenses as well as projected results under the proposed rates. From that data, the staff has prepared a comparison of Viking's financial position using current and projected costs in conjunction with current (including 5% window rate increase) and proposed (excluding 5% window rate increase) revenues:

	<u>Test Period Ending December 31, 1988</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	(current) \$79,463,321	(base rate) \$84,324,035
Expenses	75,186,488	75,925,553
Profit	4,276,833	8,398,482
Operating Ratio	94.6	90.0

The operating ratio of 90.0 is reasonable.

Applicant requests permission to publish any authorized increase within 120 days of the effective date. The 120-day implementation period is considered essential for the following reasons:

1. Applicant's pricing environment is customer specific and the notification and negotiation process is extremely time consuming.
2. A longer implementation period will allow shippers time to adjust their prices to recover increased transportation costs.
3. Many of Viking's 12,000 intrastate shippers have requested advance notification of pricing adjustments.

The application was listed on the Commission's Daily Transportation Calendar of March 18, 1988. A protest was filed by Con-Way Western Express, Inc. on April 15, 1988 and withdrawn on April 18, 1988. The application was not filed under authority granted pursuant to Section 496 of the Public Utilities (PU) Code.

#### Findings of Fact

1. Viking is seeking to increase its rates up to, but not exceeding, 6.7%.
2. Viking has experienced an increase in operating expenses.

3. Viking implemented the mandated 1.2% increase on all rates and charges not subject to a minimum weight of 10,000 pounds or more and the permissive 0.7% increase on all rates and charges subject to a minimum weight of 10,000 pounds or more, the earliest effective date being July 6, 1987.

4. A window rate increase of 5% was taken by Viking effective October 5, 1987, under Rule 7.3 of General Order 147-A.

5. The proposed rates would increase Viking's annual revenue by approximately \$4,860,714, excluding the 5% window rate increase.

6. The increases resulting from this proposal are justified.

7. A public hearing is not necessary.

Conclusions of Law

1. The application 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. Viking Freight System, Inc., is authorized to increase its base rates and charges by 6.7% as specifically provided 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. Viking Freight System, Inc., in establishing and maintaining 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 authority shall expire if not exercised within 120 days of the effective date of this order.

5. The application 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 19 1988, at San Francisco, California.

  
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P. J. TRAHAN, Assistant Director  
Transportation Division

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

  
Victor Weiss, Executive Director