

T/DW/amb

Decision 88 05 044 MAY 24 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
TNT Bestway Transportation, Inc.,)
seeking authority to increase rates) Application 88-03-065
and charges in TNT Bestway) (Filed March 29, 1988)
Transportation Inc., CA PUC 2,)
(Tariff TNBW 300) only.)
_____)

O P I N I O N

James L. Craft (applicant), on behalf of TNT Bestway Transportation, Inc. (Bestway), seeks authority to increase common carrier rates and charges in TNBW Tariff 300, CA PUC 2 by 17%.

Bestway'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, in TNBW Tariff 300 effective August 30, 1987. Bestway did not apply the permissive 0.7% increase under Resolution TS-679 to rates and charges subject to a minimum weight of 10,000 pounds or more. Prior to the above stated increase, Bestway took the 10% increase mandated by Decision 86-04-045 on May 5, 1986.

Bestway has also exercised its authority under Rule 7.3 of General Order 147-A to increase or decrease certain rates in its tariff by 5% using the rate window. Applicant asserts that the window increases were offset by the window decreases, affecting carrier revenue only slightly.

Bestway is seeking authority to increase its rates to offset increased operating expenses, resulting primarily from increased labor, equipment, and insurance costs, and to operate profitably.

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 this data, the staff has prepared a comparison of Bestway's financial position using current 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 | \$12,816,421 | \$14,995,213 |
| Current Expenses | 13,903,163 | 13,903,163 |
| Profit (Loss) | (1,086,742) | 1,092,050 |
| Operating Ratio | 108.5 | 92.7 |

The operating ratio of 92.7 is reasonable.

The application was listed on the Commission's Daily Transportation Calendar of April 4, 1988. No protest to the granting of the application has been received. The application was not filed under authority granted pursuant to Section 496 of the Public Utilities (PU) Code.

By letter dated May 13, 1988, applicant made a minor revision to Exhibit A of Application 88-03-065 to adjust the allocation of Bestway's revenues and expenses to its California intrastate operations. Also, a minor revision was made to Exhibit B to impute the carrier's increased expenses into the affected line items.

Findings of Fact

1. Bestway has experienced increased operating expenses.
2. Bestway is seeking a 17% increase in its rates and charges in TNBW Tariff 300.
3. Bestway is seeking the increase to offset increased operating expenses and to operate profitably.
4. Bestway implemented the mandatory 1.2% increase on all rates and charges not subject to a minimum weight of 10,000 pounds or more in TNBW Tariff 300 effective August 30, 1987. Bestway's last general rate increase was a 10% increase pursuant to Decision 86-04-045 effective May 5, 1986.

5. Applicant estimates that the proposed rate increase would increase Bestway's annual revenue by \$2,178,792.
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. TNT Bestway Transportation, Inc. is authorized to increase its rates and charges in TNBW Tariff 300, CA PUC 2 by 17%.
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. TNT Bestway Transportation, 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 60 days of the effective date of this order.

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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 MAY 24 1988, at San Francisco, California.



PAUL TRAHAN, Assistant Director
Transportation Division