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Decision 88 06 031 JUN 15 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of WILLIG FREIGHT LINES (T-11501) for authority to increase rates and charges in its Tariffs Nos. 5-A, 6 and 200 - AND - For authority to depart from the terms of Sections 460, 461.5 and 491 of the Public Utilities Code when making such publication.	Application 88-05-006 (Filed May 5, 1988)

O P I N I O N

Willig Freight Lines (Willig) seeks authority to increase its rates and charges by 9% on less-than-truckload (LTL) rates and accessorial charges, and by 5% on truckload rates and charges. The LTL increase would apply to rates subject to minimum weights of less than 10,000 pounds and to accessorial charges. The truckload increase would apply to rates subject to minimum weights of 10,000 pounds or more, and to rates and charges stated on a "half unit" or "unit" basis. The increases will be published in the following tariffs:

Tariff	Description
Local Freight Tariff WLIG 5-A, CA PUC 8	Class and Commodity Rates, Exception Ratings
Local Freight Tariff No. 6, Cal. P.U.C. No. 6	LTL Non-alternating Commodity Rates
Local Special Commodity Tariff WLIG 200, CA PUC 2	Special Local Commodity Rates and Exception Ratings

Willig states that except for increases attributable to Decision (D.) 86-04-045 in 1986 (10%) and the Truck Freight Cost Index (TFCI) in 1987 (1.2% on LTL rates and 0.7% on truckload rates), the last general rate increase of applicant occurred in 1985 pursuant to D.85-09-080. Since that time, Willig has incurred increases in operating expenses, the most significant being the increased costs of fuel, oil, vehicle parts, outside maintenance, labor, and general supplies. In mid-1987, Willig increased certain class rates by 5% on a small portion of its traffic (8%) by applying the rate window under Rule 7.3 of General Order 147-A.

It has been determined by Willig that its ability to continue to provide adequate and safe public service will be jeopardized unless it quickly makes effective increases in its rates and charges.

Willig 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 Willig's financial position using current costs in conjunction with current and proposed revenues.

	Test Period Ending December 31, 1988		
	Present Rates	Restated*	Proposed Rates
Revenue:			
LTL	$28,232,081	$28,333,540	$30,883,559
Truckload	5,477,867	5,497,553	5,772,430
Total Revenue	$33,709,948	$33,831,093	$36,655,989
Current Expenses Revised to Reflect Current Costs	32,997,822		32,997,822
Profit	712,126		3,658,167
Operating Ratio	97.9		90.0

* Revenues are restated to remove effect of rate window increase and to reflect impact of TFCI as if 1.2% and 0.7% increases were effective for all of 1987.

The operating ratio of 90.0 is reasonable.

Willig requests a 120-day implementation period to exercise the authority granted. Applicant states that many of its rates are customer specific and the notification and negotiation processes associated with a large customer base make it impractical to make all the changes effective at once. Further, it would enable shippers to better adapt to rate changes. If Willig were required to make all the changes concurrently, it would result in a delay in implementing the increases due to a large production job in revising the tariff pages. Willig may publish a surcharge supplement initially and later incorporate the surcharges into the rates.

Willig also requests authority to (1) "round" rates which are stated in cents per 100 pounds to the nearest whole cent, (2) "round" all other rates and charges to the nearest five cents, and (3) determine the additive for shipments moving in excess of 1,200 miles by averaging the amount of the increase between the four prior mileage blocks in the same rate scale. Applicant affirms the revenue impact of such changes is negligible.

The application was listed on the Commission's Daily Transportation Calendar of May 12, 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 Code.

Findings of Fact

1. Willig has experienced increases in operating expenses.

2. Willig is seeking a 9% increase in its LTL rates and accessorial charges, and a 5% increase in its truckload rates.

3. Willig's last general rate increase was a 10% increase pursuant to D.86-04-045 in 1986. Willig 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, pursuant to Resolution TS-679, in 1987.

4. Willig applied the rate window to certain class rates, under Rule 7.3 of General Order 147-A, on a small portion of its traffic (8%) in mid-1987.

5. The proposed rates would increase Willig's annual revenue by approximately $2,946,041, 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. Willig Freight Lines is authorized to increase its rates and charges by 9% on less-than-truckload rates and accessorial charges, and by 5% on truckload rates and charges as specifically set forth 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. Willig Freight Lines is authorized to "round" the newly-increased rates and charges and to provide for additives beyond 1,200 miles as specifically outlined in the body of the opinion.

4. Willig Freight Lines, in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of Public Utilties 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.

5. This authority shall expire if not exercised within 120 days of the effective date of this order.

6. The application is granted as set forth above.

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

This order is effective today.

Dated June 15, 1988, at San Francisco, California.

/s/ KENNETH K HENDERSON
KENNETH K HENDERSON, Director
Transportation Division