

ORIGINAL

Decision 88 09 015 SEP 14 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Brother's )  
Transportation, Inc., to increase )  
rates subject to job site delivery )  
by 20% )  
-and- )  
Permission to depart from Sections )  
454, 461.5 and 491 of the Public )  
Utilities Code. )  
\_\_\_\_\_ )

Application 88-04-034  
(Filed April 13, 1988;  
amended July 21, 1988)

O P I N I O N

Brother's Transportation, Inc. (Brother's) seeks authority to increase rates applicable to job site deliveries by 20%. The applicant wishes to accomplish this by increasing the rates in Item 3090 of its Tariff No. 2, which are currently applicable to job-site deliveries and other shipments, and publishing the higher rates in new Item 3095, which will be restricted to apply only to job site deliveries, as indicated in amended Exhibit E to this application.

Brother's indicates that shipments destined to job sites represent approximately 20% of its business. Applicant expects a 5% to 10% increase in job-site deliveries in the future. Exhibit B to this application shows that shipments destined to job sites involve excessive empty miles which makes them unprofitable for the applicant. The operating ratio for the twenty-two sample shipments shown in Exhibit B of the application is 110. Imputing the proposed 20% increase into the rates for the same shipments would result in an operating ratio of 92.

Applicant'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 Tariff No. 2 effective August 17, 1987. Brother's 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. Since the item that is the subject of this application, Item 3090 of Tariff No. 2, has a minimum weight requirement of 50,000 pounds, it did not receive any increase pursuant to Resolution TS-679. The last increase applied to that item was the 10% increase mandated by Decision 86-04-045 on May 5, 1986.

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 Brother's overall 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	\$2,452,867	\$2,550,982*
Current Expenses	2,185,639	2,185,639
Profit	267,228	365,343
Operating Ratio	89.1	85.7

- \* Revenue under the proposed rates is derived by taking 20% of Brother's overall revenue (\$490,573), which is the amount of revenue derived from job-site deliveries, and increasing that amount by 20% (\$98,115), which is the amount of the proposed increase.

The operating ratio of 85.7 is reasonable.

The application and amendment were listed on the Commission's Daily Transportation Calendars of April 18 and August 3, 1988, respectively. No objection to the granting of the application, as amended, has been received. The application was not made pursuant to Section 496 of the Public Utilities Code.

Findings of Fact

1. Brother's shipments destined to job sites are unprofitable under its present rates.
2. Brother's is seeking a 20% increase in its rates applicable to job site shipments.
3. The rates applicable to job site shipments are found in Brother's Tariff No. 2, Item 3090.
4. Brother's last increase in the rates in Item 3090 of Tariff No. 2 was a 10% increase mandated by Decision 86-04-045 effective May 5, 1986.
5. The proposed rate increase would increase Brother's annual revenue by approximately \$98,115.
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. Brother's Transportation, Inc. is authorized to increase the rates currently in Item 3090 of its Tariff No. 2, Cal PUC 2 by 20% and publish the increased rates in new Item 3095.

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. Brother's Transportation, Inc., 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.

4. This authority will 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.

This order is effective today.

Dated SEP 14 1988, at San Francisco, California.

STANLEY W. HULETT  
President

DONALD VIAL  
FREDERICK R. DUDA  
C. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

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

  
Victor Weissert, Executive Director