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ORIGINAL

Decision 88 09 016 SEP 14 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of )  
 CRESCENT TRUCK LINES, 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. ES 1-B, 170, 20-4 CRNT and )  
 570-A (including reissues thereof) )  
 containing rates and charges for this )  
 Common Carrier for the transportation of )  
 commodities and the performance of )  
 specified services related thereto. )

Application 88-06-001  
(Filed June 1, 1988)

- AND -

For authority to depart from the terms )  
 of Section 454 and 491 of the Public )  
 Utilities Code when accomplishing such )  
 publication. )

O P I N I O N

Crescent Truck Lines, Inc. (Crescent), seeks authority to increase its rates and charges by 7% in the following tariffs of Western Motor Tariff Bureau, Inc. (WMT), including reissues thereof:

- Exception Sheet 1-B, CA PUC 34
- Rules Tariff WMT 170, CA PUC 51
- Crescent Tariff 20-4 CRNT, CA PUC 54
- Class Rates Tariff WMT 570-A, CA PUC 85

Crescent states that it has exhausted all increases as granted by the Commission. The last increase was implemented by Crescent, effective July 14, 1987, pursuant to 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. Crescent also applied the permissive 0.7% increase to its rates and charges subject to a minimum weight of 10,000 pounds or more in Crescent's tariffs except for Tariff No. 20-4 CRNT. In addition, Crescent has applied the 5% window rate increase to its rates and charges in WMT Tariffs 170 and 570-A, effective September 24, 1987, under Rule 7.3 of General Order 147-A. Applicant intends to cancel the 5% window rate increase concurrently with the effective date of the authorized increase. Crescent asserts that it has incurred increases in operating expenses, the most significant being the increased costs of labor, benefits, operating supplies, general supplies and expenses, and terminal rents.

The labor contract with the Teamsters' Union, when ratified, will be retroactive to April 1, 1988. Included in the contract is a change in the wage formula for new hires which would result in an increase of 22% in wage costs. Since the 1985 contract, Crescent has experienced considerable growth and has hired 62 union employees who will be affected by the change. Crescent alleges that due to the growth of business in the Los Angeles Basin, it is necessary to move from the present leased terminal facility to a larger leased terminal facility, which is twice as large as the existing terminal, to provide greater operational efficiency and allow for growth. The estimated increase in cost for leasing the terminal facility will be \$40,000 per month.

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

Crescent 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 Crescent's financial position using current costs in conjunction with current and proposed revenue:

	<u>Test Period Ending December 31, 1988</u>		
	<u>Present Rates</u>	<u>Restated*</u>	<u>Proposed Rates</u>
Revenue	\$24,558,718	\$24,603,448	\$26,325,689
Expenses Revised to Reflect Current Costs	23,498,372		23,498,372
Profit	1,060,346		2,827,317
Operating Ratio	95.7		89.3

\* Revenues are restated to remove the effect of the window rate increase (\$84,030) and to reflect the impact of the Truck Freight Cost Index as if the 1.2% and 0.7% increases (\$128,760) were effective for all of 1987.

The operating ratio of 89.3 is reasonable.

Crescent intends to publish the authorized increases in both supplement form and increased tariff form.

Applicant requests a 120-day implementation period to publish the increases because of the time-consuming notification and negotiation process required to effectively implement a general increase in a customer specific pricing environment. Many of Crescent's customers have asked for advance notification of any pricing adjustments allowing time to recover increased transportation costs by adjusting the price of their products or services.

The application was listed on the Commission's Daily Transportation Calendar of June 7, 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. Crescent has experienced increases in operating expenses.
2. The last rate increase applied by Crescent was effective July 14, 1987, pursuant to Resolution TS-679 which mandated the 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 rates and charges subject to a minimum weight of 10,000 pounds or more, except the 0.7% increase was not applied in its Tariff 20-4 CRNT.
3. Crescent has applied the window rate increase of 5% to its rates and charges in WMT Tariffs WMT 170 and 570-A, effective September 24, 1987, under Rule 7.3 of General Order 147-A.
4. Crescent is seeking a general rate increase of 7% in its base rates, to be applied concurrently with the cancellation of the increase named in Finding of Fact 3, above.
5. The proposed rates would increase Crescent's annual revenue by approximately \$1,766,971, 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. Crescent Truck Lines, Inc., is authorized to increase its base rates and charges by 7% 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. Crescent Truck Lines, Inc., in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of Public Utilities 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.

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

5. The application 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  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

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

  
Victor Weisser, Executive Director

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