

T/LR/ri

Decision 88 12 001 DEC 5 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
Cal-West Tariff Bureau, Inc., Agent,)
on behalf of Marathon Messenger,)
Inc., seeking authority to publish)
provisions which would result in an)
increase to its minimum charges)
shown in Item Nos. 610 and 615 of)
Class Rate Tariff No. 26, Cal.)
P.U.C. No. 26, issued by Cal-West)
Tariff Bureau, Inc., Agent.)

Application 88-05-052
(Filed May 31, 1988)

and)

For authority to depart from the)
provisions of Section 454, 461.5)
and 491 of the Public Utilities)
Code when accomplishing such)
publication.)

O P I N I O N

Cal-West Tariff Bureau, Inc.--(CWTB) on behalf of Marathon Messenger, Inc., (Marathon) seeks authority, pursuant to Sections 454, 461.5 and 491 of the Public Utilities Code, to publish the proposed Local Freight Tariff No. 2, Cal P.U.C. No. 2, as set forth in Exhibit A of the application. The proposed rates are a restructuring of the present rates and charges published in Items Nos. 610 and 615 of Class Rate Tariff No. 26, Cal. P.U.C. No. 26, issued by CWTB and result in an approximate 6% increase to said rate items.

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Marathon'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 CWTB Tariff Nos. 21 and 22 effective August 3, 1987.

Marathon is a highly specialized common carrier whose primary business is offering same-day and next-day small parcel delivery service. The proposed rates and charges are presently assessed on transportation not subject to rate regulation although shipments which are rate regulated are handled with the same specialized service. Publication of the proposed Local Freight Tariff No. 2 provides Marathon with a simple, easy to read tariff that allows it to assess the same charges for the same transportation regardless of its regulatory status.

Applicant states that Marathon has experienced increased operating expenses, the most significant being the increased cost of fuel, labor and insurance and seeks authority to increase its rates in order to remain profitable.

By supplemental letters dated September 16, 1988 and October 6, 1988, applicant has furnished financial data for the twelve-month period ending July 13, 1988, 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 Marathon's financial position using current costs in conjunction with current and proposed revenue:

	<u>Test Period Ending July 13, 1989</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$1,929,754	\$2,045,539
Expenses Revised to Reflect Current Costs	1,906,810	1,906,810
Profit (Loss)	22,944	138,729
Operating Ratio	98.8	93.2

The operating ratio of 93.2 is reasonable.

The application was listed on the Commission's Daily Transportation Calendar of June 6, 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.

Findings of Fact

1. Marathon is seeking a rate increase of approximately 6% in Item Nos. 610 and 615 of Class Rate Tariff No. 26, Cal. P.U.C. No. 26.

2. Marathon has experienced an increase in operating expenses.

3. Marathon has implemented the mandated 1.2% increase in rates not subject to minimum weights of 10,000 pounds or more, in CWTB Tariff Nos. 21 and 22 effective August 3, 1987.

4. On the basis of the financial data supplied for the twelve-month period, the proposed rates would increase Marathon's annual revenue by an estimated \$115,785.

5. The increases resulting from this proposal are justified.

6. 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.

ORDER

IT IS ORDERED that:

1. Marathon Messenger, Inc., is authorized to increase its rates and charges by 6% 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 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. Marathon Messenger 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.

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4. This authority will expire if not exercised within 60 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 DEC 5 1988, at San Francisco, California.


KENNETH K HENDERSON, Director
Transportation Division

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


Victor Weisser, Executive Director

AS