

ORIGINAL

Decision 88 12 057 DEC12 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 Viking Freight System, 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 No. 113,)
 and Viking Freight System Tariff,)
 VIKN 103-A, VIKN 104, VIKN 200,)
 VIKN 205, VIKN 207, VIKN 211-B (sic),)
 VIKN 626, VIKN 202, VIKN 250,)
 VIKN 501, VIKN 604-A, AND VIKN 613)
 (including reissues thereof))
 containing rates and charges for)
 this common carrier for the)
 performance of specified services)
 related thereto.)

Application 88-11-006
 (Filed November 4, 1988)

- AND -

For authority to depart from the)
 terms of Sections 460 and 491 of)
 the Public Utilities Code when)
 accomplishing such publication.)

O P I N I O N

Viking Freight System, Inc. (Viking), seeks authority to increase its base rates and charges by 7% in the following tariffs:

- Viking Freight System, Inc., Tariff 103-A, CA PUC 10
- Viking Freight System, Inc., Tariff 104, CA PUC 9

Viking Freight System, Inc., Tariff 501, CA PUC 8
Western Motor Tariff Bureau, Inc., Agent, Local Freight
Tariff 113, CA PUC 19
Viking Freight System, Inc., Tariff 200, CA PUC 1
Viking Freight System, Inc., Tariff 202, CA PUC 2
Viking Freight System, Inc., Tariff 205, CA PUC 6
Viking Freight System, Inc., Tariff 207, CA PUC 12
Viking Freight System, Inc., Tariff 211-C, CA PUC 14
Viking Freight System, Inc., Tariff 626, CA PUC 17
Viking Freight System, Inc., Tariff 604-A, CA PUC 15
Viking Freight System, Inc., Tariff 613, CA PUC 13
Viking Freight System, Inc., Tariff 250, CA PUC 23

Viking states that it has experienced significant expense increases from June 1988 through August 1988. The increases have been incurred especially in costs of labor, benefits, insurance and claims, and office supplies and overnight express, resulting in an annualized increase of \$7,807,746 above expense levels annualized for 1988.

Viking previously increased its rates and charges by 6.7% pursuant to Decision 88-04-032, effective May 3, 1988. It also applied the truck freight cost index (TFCI) increase, effective August 15, 1988, which resulted in a weighted average increase of 2.2%.

Applicant has furnished financial data for the first half of 1988 (26-week period from January 1, 1988 through June 25, 1988). The six-month results were annualized by Viking to present the full year impact of revenue and expense changes. From that data, the staff has prepared a comparison of Viking's financial position using current costs in conjunction with current and proposed revenues:

	<u>Test Period Ending December 31, 1989</u>		
	<u>Present Rates</u>	<u>Restated</u>	<u>Proposed Rates</u>
Revenue	\$74,229,386		
Impact of 6.7% increase effective 5-3-88 if applied from 1-1-88	3,226,643		
Impact of net 2.2% TFCI effective 8-15-88 if applied from 1-1-88	<u>1,622,380</u>		
Revenue with interim increases	\$79,078,409		
Window rate revenue	<u>3,711,469</u>		
Base rate revenue excluding window rate revenue		\$75,366,940	\$80,642,626
Expenses revised to reflect current costs		72,637,604	72,637,604
Profit		2,729,336	8,005,022
Operating Ratio		96.4	90.1

The operating ratio of 90.1 is reasonable.

Viking intends to publish the authorized increases in both supplement form and increased tariff rate form. Applicant has requested permission to publish the increases within 120 days of the effective date of the decision, because the notification and negotiation process with shippers in a customer specific pricing environment is extremely time consuming. Further, it would allow

shippers time to recover increased transportation costs by adjusting the price of their product or services. Many of applicant's 12,000 intrastate customers have requested advance notification of any pricing adjustments.

Upon the implementation of the authorized 7% increase, Viking will maintain or amend the 5% window rate assessed in May 1988 on a permissive basis as provided in Rule 7.3 of General Order 147-A and paragraph 7, Section IV, of Decision 86-04-045.

The application was listed on the Commission's Daily Transportation Calendar of November 10, 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. Viking has experienced increases in operating expenses.
2. Viking is seeking a 7% increase in its rates and charges.
3. Applicant has increased its rates and charges by 6.7% authorized by Decision 88-06-031, effective May 3, 1988.
4. Viking has implemented the TFCI increase which has resulted in a weighted average of 2.2%, effective August 15, 1988.
5. The proposed rates would increase Viking's annual base rate revenue by approximately \$5,275,686.
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. Viking Freight System, 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. Viking Freight System, 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.

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.

A.88-11-006 T/KM/bcy

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 12 1988, at San Francisco, California.

KKH

Kenneth K Henderson, Director
Transportation Division

A CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY

Victor Weiser

Victor Weiser, Executive Director

AB

T/KM/bcy

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