

Decision 88 12 078 DEC 19 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
Mailed

In the Matter of the Application of)
Con-Way Western Express, Inc., for)
authority to increase rates and)
charges in Tariff CWWE 200 and PMTB)
125, pursuant to Section 454 of the)
Public Utilities Code and to depart)
from the provisions of Sections 460,)
461.5, and 491 of the Public)
Utilities Code.)

DEC 19 1988

Application 88-11-007
(Filed November 4, 1988)

OPINION

Con-Way Western Express, Inc. (Con-Way) seeks authority to increase its common carrier base rates and charges by 8% in the following tariffs:

- Con-Way Western Express, Inc. Tariff CWWE 200
- Pacific Motor Tariff Bureau Rules Tariff 125.

Con-Way's last rate increases were in amounts of 7%, authorized by Decision 88-01-026, dated January 26, 1988, and 1.2%, based upon changes in the Truck Freight Cost Index (TFCI), ordered by Resolution TS 683 effective August 15, 1988.

Con-Way asserts that since those rate increases, it has experienced increases in labor and other operating expenses. For example, during the first and third quarters of 1988, wage increases of 4% for salaried and 5% for hourly employees were absorbed without any increase in rates, other than the TFCI increases of 1.2%. Furthermore, about \$6,100,000 was spent on new motor vehicle equipment in 1988, and another \$1,700,000 during 1988 to maintain the safety and efficiency of its fleet. Substantial further increases are expected by January 1, 1989, e.g., (a) increases in employee benefits of 2-3% in existing payroll expense; (b) an increase in mandatory employee uniform expense of over \$20,000 per month; and (c) an increase in wages of

approximately 3.8%. Con-Way's fuel tank replacement program, mandated by the regulations and orders of various state and federal agencies, including the Environmental Protection Agency, continues to add to the company's financial burden. These replacements, necessary to maintain safety and comply with government regulations, will have cost Con-Way \$168,000 for the Oakland, and \$50,000-\$60,000 for the Sacramento terminals alone before completed at the close of 1988.

Con-Way also asserts that the impending restrictions on hours of operation in the Los Angeles Basin will increase labor, equipment, and licensing expenses in 1989.

Con-Way has furnished recorded and pro forma financial data for the 12-month period ending December 31, 1988, setting forth actual revenues and expenses as well as projected results under the proposed increases. These data indicate that the carrier will experience revenue increases of approximately \$1,743,000 in new California intrastate revenue if its request is granted, resulting in an overall before tax operating ratio of 92%.

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 company states there is an immediate need for rate relief, and requests that its application be granted by ex parte action on less than 30 days' notice.

Findings of Fact

1. Con-Way has experienced further increased operating expenses since last receiving authority to increase its intrastate rates and charges.
2. Con-Way seeks an increase of 8% in rates and charges named in Tariffs CWWE 200 and Pacific Motor Tariff Bureau Rules Tariff 125.
3. The application, if granted, would increase Con-Way's intrastate revenues by \$1,743,000 annually.

4. The increases resulting from this decision are justified.
5. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted.
2. This order should be effective today, since there is an immediate need for rate relief. A public hearing is not necessary.

ORDER

IT IS ORDERED that:

1. Con-Way Western Express, Inc. (Con-Way) is authorized to increase its 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. Con-Way, in establishing and maintaining rates authorized by this order, is authorized to depart from the provisions of Public Utilities Code § 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. The authority granted herein shall expire if not exercised within 60 days after the effective date of this order.

5. The application is granted as set forth above.

This order is effective today.

Dated DEC 19 1988, at San Francisco, California.

STANLEY W. HULETT
President

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

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

Victor Weiszer
Victor Weiszer, Executive Director