

Decision 88 01 003 JAN 10 1989

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of	)	
Western Motor Tariff Bureau, Inc.,	)	
for and on behalf of Smith Transpor-	)	
tation Co. (sic), seeking authority	)	Application 88-07-044
to increase rates and charges in	)	(Filed July 22, 1988;
Western Motor Tariff Bureau, Inc.	)	amended October 3, 1988)
Tariffs ES-1B, 113, 170, 20-4 and	)	
570-A (including reissues thereof).	)	

O P I N I O N

Western Motor Tariff Bureau, Inc. (WMT), on behalf of Smith Transportation (Smith), seeks authority for Smith to increase its rates by 7% in the following WMT tariffs, including reissues thereof:

- WMT Exception Sheet 1-B, CA PUC 34
- WMT Local Freight Tariff 113, CA PUC 19
- Rules Tariff WMT 170, CA PUC 51
- Tariff 20-4 SMTC, CA PUC 83
- Class Rates Tariff WMT 570-A, CA PUC 85

Smith implemented the Truck Freight Cost Index (TFCI) increases of 2.4% on rates and charges not subject to a minimum weight of 10,000 pounds or more and 1.8% on rates and charges subject to a minimum weight of 10,000 pounds or more in Tariff WMT 570-A and Tariff 20-4 SMTC, effective August 16, 1988, pursuant to Resolution TS-683.

Smith also exercised its authority under Rule 7.3 of General Order 147-A by applying a window rate decrease of 5% in Tariff 20-4 SMTC, effective July 2, 1987.

Since the time of the last increase, Smith has experienced increased operating expenses, the most significant being the increased costs of labor and equipment.

By letter dated December 6, 1988, Smith has furnished revised 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 Smith's financial position using current costs in conjunction with current and proposed revenues:

Test Period Ending December 31, 1988

	<u>Present Rates</u>	<u>Restated</u>	<u>Proposed Rates</u>
Revenue	\$12,630,537		
Window Revenue (if Smith had not taken the 5% window rate decrease)	<u>68,796</u>		
Base Rate Revenue		\$12,699,333	\$13,588,286
Expenses Revised to Reflect Current Costs		13,284,926	13,284,926
Profit (Loss)		(585,593)	303,360
Operating Ratio		104.6	97.8

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

Smith requests a 120-day implementation period to publish the increases. Smith states that the notification and negotiation process required to effectively implement a general increase in a customer specific pricing environment is time consuming. Further, Smith's intrastate pricing structures apply to more than 5,000 active customers. Many of the shippers 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 and amendment were listed on the Commission's Daily Transportation Calendars of July 27, 1988 and October 7, 1988, respectively. No protest to the granting of the application, as amended, has been received. The application was not filed under authority granted pursuant to Section 496 of the Public Utilities Code.

Findings of Fact

1. Smith has experienced increases in operating expenses.
2. Smith requests authority to increase its rates by 7%.
3. Smith implemented the TFCI increases of 2.4% on rates and charges not subject to a minimum weight of 10,000 pounds or more and the 1.8% on rates and charges subject to a minimum weight of 10,000 pounds or more in Tariff WMT 570-A and Tariff 20-4 SMTC, effective August 16, 1988, pursuant to Resolution TS-683.
4. Smith applied the window rate decrease of 5% in Tariff 20-4 SMTC, effective July 2, 1987, under Rule 7.3 of General Order 147-A.
5. The proposed rates would increase Smith's annual base rate revenue by approximately \$888,953.
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. Smith Transportation is authorized to increase its base rates by 7% 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 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. Smith Transportation, 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 shall expire if not exercised within 120 days of the effective date of this order.

5. The application, as amended, 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 JAN 10 1989, at San Francisco, California.

  
Kenneth K Henderson  
Transportation Division

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

  
Victor Weissler, Executive Director  
PS