

ORIGINAL

Decision 89 01 022 JAN 12 1989

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 G.I. )  
Trucking Company, seeking )  
authority to increase rates )  
and charges in Western Motor )  
Tariff Bureau, Inc., Tariffs )  
ES-1B, 113, 170, 20-4 and 570-A )  
(including reissues thereof). )

Application 88-11-015  
(Filed November 7, 1988)

O P I N I O N

Western Motor Tariff Bureau, Inc. (WMT), seeks authority for G.I. Trucking Company (G.I.) to increase G.I.'s rates and charges by 12% 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 GITC, CA PUC 79-A
- Class Rates Tariff WMT 570-A, CA PUC 85

G.I. has 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 2.5% (.7% permissive increase not taken in 1987 combined with the 1.8% mandated increase for 1988) on rates and charges subject to a minimum weight of 10,000 pounds or more, effective August 16, 1988, in accordance with Resolution TS-683.

A window rate increase of 5% was applied by G.I., effective April 25, 1988, under Rule 7.3 of General Order 147-A. This increase was implemented only in tariffs WMT 170 and WMT 570-A, which G.I. estimates produces 61% of its intrastate revenue.

Since the time of the last increase, G.I. has experienced increased operating expenses. Applicant asserts that the cost of maintaining a dependable fleet, as well as the purchase price of new equipment, has increased considerably.

By letter dated December 8, 1988, WMT has provided revised financial data for the 52-week period ending September 10, 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 G.I.'s financial position using current costs in conjunction with current and proposed revenues. Revenues and expenses are adjusted to reflect the TFCI changes in both revenue and expenses, the window rate application, and the impact of the proposed increase.

	<u>Test Period Ending September 10, 1988</u>		
	<u>Present Rates</u>	<u>Restated</u>	<u>Proposed Rates</u>
Revenue	\$30,315,481		
Less-than-truckload TFCI (2.4%)	709,382		
Truckload TFCI (2.5%)	18,947		
Window rate (5% increase)	<u>(305,125)</u>		
Base rate revenue		\$30,738,685	\$34,427,327
Projected expenses		31,798,050	31,798,050
Profit (Loss)		(1,059,365)	2,629,277
Operating ratio		103.4	92.4

G.I. requests a minimum of 120 days to exercise the authorized increases, because the notification and negotiation process in a customer specific pricing environment is extremely time consuming. Also, many shippers require advance notification of any pricing adjustment 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 November 14, 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. G.I. has experienced increases in operating expenses.
2. G.I. is seeking a 12% increase in its rates and charges.
3. G.I. has implemented the 2.4% increase on rates and charges not subject to a minimum weight of 10,000 pounds or more and the 2.5% increase on rates and charges subject to a minimum weight of 10,000 pounds or more, effective August 16, 1988, pursuant to Resolution TS-683.
4. A window rate increase of 5% was applied by G.I. in tariffs WMT 170 and WMT 570-A, effective April 25, 1988, as authorized by Rule 7.3 of General Order 147-A.
5. The proposed rates would increase G.I.'s annual base rate revenue by approximately \$3,688,642.
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.

ORDER

IT IS ORDERED that:

1. G.I. Trucking Company is authorized to increase its base rates and charges by 12% in tariffs published by Western Motor Tariff Bureau, Inc., 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.

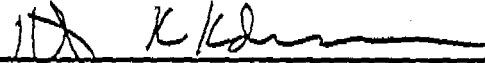
3. G.I. Trucking Company, in establishing and maintaining the rates authorized by this order, is authorized to depart from the provisions of Public Utilities Code Section 461.5 to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding 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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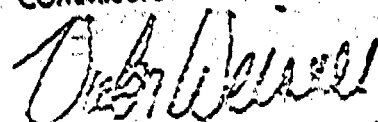
4. This authority will expire if not exercised within 120 days of the effective date of this order.
5. The application is granted as set forth above.
6. This order is issued pursuant to Section 308 of the Public Utilities Code and Resolution TS-678.

This order is effective today.

Dated JAN 12 1989, at San Francisco, California.

  
Kenneth K Henderson, Director  
Transportation Division

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

  
Victor Weiss, Executive Director