

Decision 89 01 030 JAN 23 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Northern Truck, Inc.)
(T-149569), for authority to discon-)
tinue participation in Golden State)
Tariff Bureau and publish Local)
Freight Tariff No. 1 containing rates)
resulting in increase in revenue of)
approximately 4.8 percent.)

Application 88-11-050
(Filed November 28, 1988)

OPINION

Northern Truck, Inc. (Northern), seeks authority to discontinue participation in Golden State Tariff Bureau (GSTB) Freight Tariffs Nos. 1, 2 and 3, ^{1/} and to publish its Local Freight Tariff (LFT) No. 1, Cal. P.U.C. No. 1, which would include certain rate increases. Northern's primary hauling has been the transportation of commodities related to the oil industry. Applicant has been subject to the rates in Items 721 and 722 of GSTB Freight Tariff No. 2 for its primary hauling. Numerous rates and rules that were not applicable to Northern during its participation in GSTB tariffs will not be carried forward into the proposed LFT No. 1. Northern states that the elimination of these provisions has a negligible impact on revenue since the hauling performed by Northern was not subject to these rules.

The rules in the proposed tariff correspond to rules of the same item number in GSTB tariffs, while the class rates correspond to GSTB class rates with surcharges rolled in. Following is a comparison of the new item numbers in LFT No. 1 with

^{1/} No. 1 is the Scope of Operations Tariff, No. 2 is the Class and Commodity Rates Tariff and No. 3 is the Exception Ratings Tariff (ERT).

item numbers in GSTB tariffs where item numbers differ:

<u>Local Freight Tariff No. 1</u> <u>Item Number</u>	<u>Golden State Tariff Bureau</u> <u>Item Number</u>
30	120
55	255 and 256
94	820 (ERT)
95	95 and 722.3
97	722-2
98	722-3
99	722.5
139	Supplement No. 1
143	140
330	330.6 and 80 (ERT)
365 and 2590	722 and 722.6
3720 Series	721

Rates from Item 722 in GSTB Freight Tariff No. 2 would be shown as class rates in Item 2590 to be consistent with their original basis in Item 365 of Transition Tariff 2.

There would be a rate increase of 16% in Item 99 for providing a truck superintendent on rig moves and an increase of approximately 15-1/2% on hourly rates in Item 3720 for the transportation of oilfield equipment within a 35-mile radius. Also, applicant would establish new rates on hydrocrane-equipped tractors in Item 3720.

Although the above are large increases, the overall impact of the changes would be an increase of approximately only 4.8% in revenue. A substantial amount of hauling is conducted at distance rates rather than hourly rates. Also, hauling currently conducted as a highway contract carrier would be conducted as a highway common carrier after the publication of its proposed tariff.

Northern's operating costs have increased since March of 1985, when it established hourly rates in Item 721 of GSTB No. 2. These rates were not subject to the 10% increase mandated by Decision 86-04-045, because they were above Transition Tariff 2 level. Applicant has experienced increases especially in the costs of new equipment, insurance, tires, and labor, as well as in

indirect expenses such as communications, office equipment and office supplies.

Northern has furnished 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 Northern's financial position using current costs in conjunction with current and proposed revenues:

	<u>Test Period Ending December 31, 1988</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$1,223,422	\$1,282,130
Expenses Revised to Reflect Current Costs	1,220,436	1,220,436
Profit	2,986	61,694
Operating Ratio	99.8	95.2

It has been indicated that a window rate decrease will be applied to certain rates in LFT No. 1 in accordance with Rule 7.3 of General Order 147-A.

The application was listed on the Commission's Daily Transportation Calendar of December 2, 1988. No protest to the granting of the application has been received.

Findings of Fact

1. Northern is requesting authority to cancel its participation in GSTB Freight Tariffs Nos. 1, 2 and 3, and to publish its LFT No. 1, Cal. P.U.C. No. 1.
2. Northern has experienced increases in operating expenses.
3. Northern is seeking rate increases of 16% in Item 99 and approximately 15-1/2% in Item 3720 in its proposed LFT No. 1. It is also requesting authority to establish new rates on hydrocrane-equipped tractors in Item 3720.
4. A window rate decrease would be applied to certain rates

in Northern's LFT No. 1.

5. The proposed rates would increase Northern's annual revenue by approximately \$58,708.

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. Northern Truck, Inc., is authorized to cancel its participation in Golden State Tariff Bureau Freight Tariffs Nos. 1, 2 and 3; to publish its Local Freight Tariff No. 1, Cal. P.U.C. No. 1; and to increase certain base rates 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. Northern Truck, 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 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 JAN 23 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