

Decision 89 02 044 FEB 23 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 Sterling Transit)
Co., Inc., seeking authority to in-)
crease rates and charges in Western)
Motor Tariff Bureau, Inc. Tariff's)
ES 1-B, 113, 170, 570-A and Sterling)
Transit Tariff No. 200 (including)
reissues thereof).)

Application 88-12-049
(Filed December 27, 1988)

O P I N I O N

Western Motor Tariff Bureau, Inc. (WMT) seeks authority for Sterling Transit Co., Inc. (Sterling) to increase Sterling's rates and charges by 10% in the following 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
- Class Rates Tariff WMT 570-A, CA PUC 85
- Sterling's STER Tariff 200, CA PUC 1

Sterling has implemented the Truck Freight Cost Index (TFCI) rate increases of 2.4% for transportation not subject to a minimum weight of 10,000 pounds or more and 1.8% for transportation subject to a minimum weight of 10,000 pounds or more, effective August 16, 1988, pursuant to Resolution TS-683.

Since those increases, Sterling has experienced increases in operating expenses, the most significant being the costs of maintaining a dependable fleet and purchasing new equipment.

It has been estimated by Sterling that through the application of the rate window, carrier has realized an increase in revenue of \$5,500 and a decrease in revenue of \$8,000.

By letters dated January 24, 1989 and February 1, 1989, WMT has provided revised financial data based on an 11-month period ending November 30, 1988. These figures were annualized and the TFCI increases allocated accordingly to both revenue and expenses. From that data, the staff has prepared a comparison of Sterling's financial position using projected costs in conjunction with current and proposed revenues. The rate window figures have not been included in the projection because of the insignificant amounts.

Test Period Ending December 31, 1989
Present Rates Proposed Rates

| | | |
|---------------------|---------------|--------------|
| Revenue | \$14,936,911 | |
| Less-than-truckload | | |
| TFCI (2.4%) | 333,392 | |
| Truckload | | |
| TFCI (1.8%) | <u>18,821</u> | |
| Total Revenue | \$15,289,124 | \$16,818,036 |
| Projected Expenses | 15,769,266 | 15,769,266 |
| Profit (Loss) | (480,142) | 1,048,770 |
| Operating Ratio | 103.1 | 93.8 |

A minimum of 120 days to implement the authorized increases is requested by Sterling, because the notification and negotiation process with shippers in a customer specific pricing environment is extremely time consuming. Further, 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 January 4, 1989. 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. Sterling has experienced increases in operating expenses.
2. Sterling is seeking a 10% increase in its rates and charges.
3. The TFCI rate increases of 2.4% for transportation not subject to a minimum weight of 10,000 pounds or more and 1.8% for transportation subject to a minimum weight of 10,000 pounds or more have been implemented by Sterling, effective August 16, 1988, in accordance with Resolution TS-683.
4. Sterling estimates that with the application of the rate window, it has realized an increase in revenue of \$5,500 and a decrease in revenue of \$8,000.
5. The proposed rates would increase Sterling's annual revenue by approximately \$1,528,912.
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. Sterling Transit Co., Inc. is authorized to increase its base rates and charges by 10% in Western Motor Tariff Bureau, Inc. tariffs and its STER Tariff 200 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. Sterling Transit Co., 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.

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6. This order is issued pursuant to Section 308 of the Public Utilities Code and Resolution TS-678.


This order is effective today.

Dated FEB 23 1988, at San Francisco, California.



Kenneth K Henderson, Director
Transportation Division

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


Victor Wulser, Executive Director