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Decision 89 03 032 MAR 13 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Willig Freight Lines (T-11501) for authority to increase rates and charges in its Tariffs Nos. 5-A, 6 and 200 - AND - For authority to depart from the terms of Sections 460, 461.5 and 491 of the Public Utilities Code when making such publication.	Application 89-01-041 (Filed January 27, 1989)

O P I N I O N

Willig Freight Lines (Willig) seeks authority to increase by 8% its less-than-truckload (LTL) rates and accessorial service charges, and by 2% its truckload (TL) rates and charges[1] in the following tariffs:

Tariff	Description
Local Freight Tariff WLIG 5-A, CA PUC 8	Class and Commodity Rates, Exception Ratings
Local Freight Tariff No. 6, CA P.U.C. No. 6	LTL Non-alternating Commodity Rates
Local Special Commodity Tariff WLIG 200, CA PUC 2	Special Commodity Rates and Exception Ratings

Besides the 1988 Truck Freight Cost Index (TFCI) changes, applicant last increased its rates and charges pursuant to Decision (D.) 88-06-031 in Application (A.) 88-05-006. Willig

1 The LTL increase would apply to rates subject to minimum weights less than 10,000 pounds, and to accessorial service charges. The TL increase would apply to rates subject to minimum weights of 10,000 pounds or more, and to rates or charges stated on a "half unit" or "unit" basis.

states that although that decision authorized increases of 9% on LTL and 5% on TL rates, the real impact of the increase authorized by that decision was substantially less because of competitive pressures which required that many rates take lesser amounts of increase. In A.88-05-006, applicant estimated that the proposed increase would generate additional revenues of $2,946,041, but it only resulted in an increase in revenue of about $1,600,000.

Willig asserts that since the time of its last request for rate relief, applicant has continued to experience cost increases in virtually every expense category. The increases have been in the costs of operating supplies (13.63%), general supplies and expenses (13.57%), and communication and utilities (11.18%). In addition, depreciation expenses increased more than 9% and the cost of operating rents by more than 12% systemwide, with higher proportions being attributable to its intrastate operations. Also, there was an increase of almost 9% in miscellaneous expenses. The percentages represent increases for the fiscal year period ending September 30, 1988. Furthermore, Willig will soon experience an increase of approximately 3% in the cost of labor, as well as an increase of approximately $300,000 in its liability insurance for 1989.

Willig alleges that its ability to continue to provide adequate and safe public service will be jeopardized unless it quickly makes effective increases in its rates and charges.

Applicant has furnished financial data for the 12-month period ending September 30, 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 Willig's financial position using current costs in conjunction with current and proposed revenues:

	Test Period Ending September 30, 1989		
	Present Rates	Restated[2]	Proposed Rates
Revenue:			
LTL	$30,737,438	$31,427,876	$33,942,106
TL	5,963,981	6,062,013	6,183,253
Total Revenue	$36,701,419	$37,489,889	$40,125,359
Expenses Revised to Reflect Current Costs	36,133,182		36,133,182
Profit	568,237		3,992,177
Operating Ratio	98.5		90.1

Willig requests 120 days to implement the authorized rate increases because many of its rates are customer specific and the notification and negotiation processes associated with a large customer base make it impractical to make all the changes effective at once. Also, it would enable shippers to better adapt to rate changes. If Willig were required to make all the rate changes concurrently, it would mean a delay in implementing the increases because of a large production job in revising the tariff pages.

Willig also requests authority to (1) "round" rates which are stated in cents per 100 to the nearest whole cent, (2) "round" all other rates and charges to the nearest five cents, and (3) determine the additive for shipments moving in excess of 1,200 miles by averaging the amount of increase between the four prior mileage blocks in the same rate scale. Applicant asserts that the revenue impact of such changes is negligible.

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2 Revenues are restated to reflect the impact of TFCI increases and those authorized by D.88-06-031 as if the increases had been effective since April 1, 1988, the date when the newly-negotiated labor cost increases became payable. Also, revenue adjustment was made by removing the effect of D.88-06-031 for the last quarter of the fiscal year, since the increases under that decision were effective June 27, 1988.

The application was listed on the Commission's Daily Transportation Calendar of February 6, 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. Willig has experienced increases in operating expenses.

2. Willig is requesting authority to increase by 8% its LTL rates and accessorial service charges, and by 2% its TL rates and charges.

3. Except for the 1988 TFCI increases, applicant last increased its rates and charges pursuant to D.88-06-031.

4. The proposed rates would increase Willig's annual revenue by approximately $3,423,940.

5. The increases resulting from this proposal are justified.

6. 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.

O R D E R

IT IS ORDERED that:

1. Willig Freight Lines is authorized to increase by 8% its less-than-truckload rates and accessorial service charges, and by 2% its truckload rates and charges as specifically set forth in the body of the opinion.

2. Willig Freight Lines is authorized to "round" the newly-increased rates and charges and to provide for additives beyond 1,200 miles as specifically outlined in the body of the opinion.

3. 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.

4. Willig Freight Lines, 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.

5. This authority will expire if not exercised within 120 days of the effective date of this order.

6. The application is granted as set forth above.

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

This order is effective today.

Dated MAR 13 1989 at San Francisco, California.

Kenneth K Henderson, Director
Transportation Division

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

Victor Weisser, Executive Director

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