

Decision 89 05 030

MAY 16 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
Smiser Acquisition Corporation, dba)
Smiser Freight Service, 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 89-02-014
(Filed February 8, 1989)

OPINION

Smiser Acquisition Corporation, doing business as Smiser Freight Service (Smiser), seeks authority to increase its rates and charges by 10% in the following Western Motor Tariff Bureau, Inc., Agent (WMT), tariffs:

- 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
- WMT Tariff 20-4 SMFS, CA PUC 101

Smiser's last rate increases were a 10% increase authorized by Decision 88-09-074, dated September 29, 1988, and the Truck Freight Cost Index (TFCI) increases of 2.4% on rates based on a minimum weight of less than 10,000 pounds and 1.8% on rates based on a minimum weight of 10,000 pounds or more, effective August 16, 1988, pursuant to Resolution TS-683. Applicant states in its letter dated April 17, 1989, that the increase authorized by Decision 88-09-074 had an overall effect of increasing its revenue by less than 3%. Further, applicant has not applied the rate window to any of its rates. It is Smiser's opinion that if they applied a window rate increase of 5%, it would actually result in an increase of less than 1% of its operating revenue.

Since those rate increases, Smiser has experienced an increase in operating expenses, the most significant being the costs of equipment and labor.

Smiser intends to incorporate the authorized increase into the specific rates and rules over a period of time.

The revised financial data received from Smiser on May 1, 1989, sets forth actual revenue and expenses as well as projected results under the proposed rates for a 12-month period ending December 31, 1988. From that data, the staff has prepared a comparison of Smiser's financial position using current expenses in conjunction with current and proposed revenues:

Test Period Ending December 31, 1989

	<u>Present Rates</u>	<u>Proposed Rates</u>
Revenue	\$11,155,508	\$12,271,059
Current Expenses	11,581,704	11,581,704
Profit (Loss)	(426,196)	689,355
Operating Ratio	103.8	94.4

The application was listed on the Commission's Daily Transportation Calendar of February 14, 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. Smiser has experienced increases in operating expenses.
2. Smiser is seeking a 10% increase in its rates and charges.
3. Smiser's last rate increases were the 10% increase authorized by Decision 88-09-074, dated September 29, 1988, and the TFCI increases of 2.4% on rates based on a minimum weight of less than 10,000 pounds and 1.8% on rates based on a minimum weight of

10,000 pounds or more, effective August 16, 1988, in accordance with TS-683.

4. Applicant has not taken a window rate increase.

5. The proposed rates would increase Smiser's annual revenue by approximately \$1,115,551.

6. The increases resulting from this proposal are justified.

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.

3. A public hearing is not necessary.

ORDER

IT IS ORDERED that:

1. Smiser Acquisition Corporation, doing business as Smiser Freight Service, is authorized to increase its rates and charges by 10% in certain tariffs published by Western Motor Tariff Bureau, Inc., Agent, 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. Smiser Acquisition Corporation, doing business as Smiser Freight Service, 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 MAY 16 1989 at San Francisco, California.

William R. Schulte
William R. Schulte, Director
Transportation Division

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

[Signature]
Victor Velasco, Executive Director