

Decision 89 05 034

MAY 24 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 Motor Cargo, )  
 seeking authority to increase rates )  
 and charges in Western Motor Tariff )  
 Bureau, Inc. Tariff's ES 1-B, 170 )  
 and 570-A (including reissues )  
 thereof) by seven percent. )

**ORIGINAL**

Application 89-03-025  
(Filed March 17, 1989)

OPINION

Western Motor Tariff Bureau, Inc. (WMT) seeks authority on behalf of Motor Cargo (Cargo) to increase Cargo's rates and charges by 7% in the following tariffs (including reissues thereof):

- WMT Exception Sheet 1-B, CA PUC 34
- Rules Tariff WMT 170, CA PUC 51
- Class Rates Tariff WMT 570-A, CA PUC 85

Cargo last increased its rates and charges by applying the Truck Freight Cost Index (TFCI) increases of 2.4% on rates not subject to a minimum weight of 10,000 pounds or more 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. Also, a window rate increase of 5% was in effect in 1988.

Since the time of the last increase, Cargo has experienced an increase in operating expenses. Applicant states that the cost of maintaining a dependable fleet, as well as the purchase price of new equipment, has increased considerably.

Cargo is primarily an interstate carrier. Its intrastate revenue was approximately 3.3% of its systemwide revenue in 1988.

WMT has submitted revised financial data by letter dated May 1, 1989, setting 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 Cargo's financial position using projected expenses in conjunction with current and proposed revenues. Applicant used the revenue percentage to its overall revenue to determine the intrastate expense. The proportional revenue base projects a lower intrastate expense than Cargo actually experiences due to higher labor costs in California.

	<u>Test Period Ending December 31, 1989</u>		
	<u>Present Rates</u>	<u>Restated</u>	<u>Proposed Rates</u>
Revenue	\$1,283,334		
Impact of TFCI increases of 2.4% and 1.8% if applied from 1-1-88	<u>29,414</u>		
Revenue with interim increases	\$1,312,748		
Window rate revenue increase	<u>64,167</u>		
Base rate revenue excluding window rate revenue		\$1,248,581	\$1,335,982
Projected expenses		1,261,979	1,261,979
Profit (Loss)		(13,398)	74,003
Operating ratio		101.1	94.5

Applicant intends to incorporate the authorized increase into Cargo's specific rates and rules over a period of time.

Cargo requests a minimum of 120 days to exercise the authorized increase. Carrier has determined the 120-day implementation period to be essential because the notification and negotiation process in a customer specific pricing environment is extremely time consuming and many shippers require advance

notification to adjust the price of their products or services to recover the increased transportation costs.

The application was listed on the Commission's Daily Transportation Calendar of March 23, 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. Cargo has experienced increases in operating expenses.
2. Cargo is seeking a 7% increase in its rates and charges in certain tariffs of Western Motor Tariff Bureau, Inc., Agent.
3. Cargo has implemented 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, pursuant to Resolution TS-683.
4. A window rate increase of 5% was applied by Cargo during all of 1988.
5. The proposed rates would increase Cargo's annual revenue by approximately \$52,648.
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:

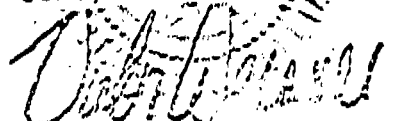
1. Motor Cargo is authorized to increase its rates and charges by 7% in certain tariffs published by Western Motor Tariff Bureau, Inc., Agent, as specifically set forth in the body of the opinion.
2. Tariff publications authorized to be made as a result of this order shall be filed on or after the effective 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. Motor Cargo, 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.
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 24 1989 at San Francisco, California.

  
William R. Schulte, Director  
Transportation Division

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

  
Victor Weissert, Executive Director