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Decision 89 08 046

AUG 8 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Bay Area-Los Angeles)
 Express, Inc., for authority to)
 increase rates by virtue of certain)
 rule changes in Bay Area-Los Angeles)
 Express, Inc. Tariff No. 300, Cal.)
 P.U.C. 3 (including reissues thereof))
 containing rates of this common)
 carrier for the transportation of)
 commodities and the related thereto.)
 - And -)
 For authority under Section 454 and)
 to depart from Sections 460 and 491)
 of the Public Utilities Code when)
 accomplishing such publication.)

Application 89-04-003
 (Filed April 3, 1989;
 amended June 8, 1989)

OPINION

Bay Area-Los Angeles Express, Inc. (Bay Area) seeks authority to increase its base rates by 12.35% in Items 1250 (minimum charges) and 3010 (class rates) in its Tariff 300, CA PUC 3. Bay Area stated in the amended application that Item 1250 (minimum charges) and Item 3010 (class rates) will be increased by 12.35% after rolling in the surcharges of 3% in Supplement 11 and the Truck Freight Cost Index (TFCI) increases of 2.4% or 1.8% in Supplement 16. The Commission staff informed Western Traffic Services, Inc. (WTS), Bay Area's Traffic Representative, that the 3% insurance surcharge in Supplement 11 cannot be rolled into the base rates since Decision 86-05-053 ordered that the 3% increase be published in supplement form. WTS, by letter dated June 26, 1989, responded that the proposed rates in Exhibit "A" of the amended application would be adjusted by removing the 3% surcharge (Supplement 11 rolled in) from the new base rates and make those rates subject to Supplement 11 (3%), to comply with the Commission's order. Bay Area has determined that the window rates currently published in Items 1250 and 3011 at 5% above the base

rates did not return adequate revenue. With the publication of the new base rates, applicant will cancel the window rates in Items 1250 and 3011.

Bay Area implemented the TFCI increases of 2.4% on rates not subject to a minimum weight of 10,000 pounds or more and 1.8% on rates subject to a minimum weight of 10,000 pounds or more, effective October 15, 1988, pursuant to Resolution TS-683. The window rate increase of 5% was applied under Rule 7.3 of General Order 147-A, effective August 13, 1987.

Bay Area finds that the proposed rate increase is necessary to offset the increase in operating expenses that it is experiencing. The most significant increases have been in the costs of fuel, insurance, repairs and labor.

By letter dated July 27, 1989, WTS has furnished revised financial data for the 12-month period ending December 31, 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 Bay Area's financial position using projected expenses in conjunction with current and proposed revenues:

	<u>Test Period Ending December 31, 1989</u>		
	<u>Present Rates</u>	<u>Restated</u>	<u>Proposed Rates</u>
Revenue	\$5,960,831		
TFCI increases of 2.4% and 1.8%, effective 10-15-88		<u>26,945</u>	
Revenue with interim increases	\$5,987,776		
Window rate revenue increase		<u>298,042</u>	
Base rate revenue excluding window rate revenue		\$5,689,734	\$6,392,416
Projected expenses		5,964,873	5,964,873
Profit (Loss)		(275,139)	427,543
Operating ratio		104.8	93.3

The application and amendment were listed on the Commission's Daily Transportation Calendars of April 10, 1989 and June 15, 1989, respectively. No protest to the granting of the application, as amended, has been received.

Findings of Fact

1. Bay Area has experienced increases in operating expenses.
2. Bay Area is seeking a 12.35% increase in the base rates and charges in Items 1250 and 3010 in its Tariff 300, CA PUC 3.
3. The window rates in Items 1250 and 3011 will be canceled with the publication of the new base rates.
4. Applicant has implemented the TFCI increases of 2.4% on rates not subject to a minimum weight of 10,000 pounds or more and 1.8% on rates subject to a minimum weight of 10,000 pounds or more, effective October 15, 1988, pursuant to Resolution TS-683.
5. Bay Area has taken a window rate increase of 5%, effective August 13, 1987, under Rule 7.3 of General Order 147-A.

6. The proposed rates would increase Bay Area's annual revenue by approximately \$702,682.

7. The increases resulting from this proposal are justified.

Conclusions of Law

1. The application, as amended, 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. Bay Area Los Angeles Express, Inc. is authorized to increase the base rates and charges by 12.35% in Items 1250 and 3010 in its Tariff 300, CA PUC 3, and with the publication of the new base rates, cancel the window rates in Items 1250 and 3011.

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. Bay Area Los Angeles Express, 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, as amended, 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 AUG 8 1989, at San Francisco, California.

William R. Schulte
William R. Schulte, Director

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

Victor Weisser
Victor Weisser, Executive Director

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