

Decision 89 09 001 SEP 5 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CRESCENT TRUCK LINES, INC., for)
 authority to increase rates in)
 Tariffs, of which this Carrier is)
 party thereto, for this Carrier's)
 participation only, namely Western)
 Motor Tariff Bureau Tariff Nos.)
 ES 1-B, 113, 170, 20-4 CRNT, 570-A)
 and Crescent Truck Lines, Inc.,)
 Tariff, CRNT 101 (including reissues)
 thereof) containing rates and)
 charges for this Common Carrier for)
 the transportation of commodities)
 and the performance of specified)
 services related thereto.)
 - AND -)
 For authority to depart from the)
 terms of Section 454 and 491 of the)
 Public Utilities Code when accom-)
 plishing such publication.)

Application 89-07-024
(Filed July 14, 1989)

OPINION

Crescent Truck Lines, Inc. (Crescent), seeks authority to increase its less-than-truckload (LTL) rates and charges¹ by 12% and its truckload (TL) rates and charges² by 5%. The proposed general increase will be published in the following Western Motor Tariff Bureau, Inc., Agent (WMT), tariffs including reissues thereof:

- 1 Applies to rates subject to minimum weights less than 10,000 pounds, and to accessorial service charges.
- 2 Applies to rates subject to minimum weights of 10,000 pounds or more, and to rates or charges stated on "half set" or "full set" rates.

Exception Sheet 1-B, CA PUC 34
Local Freight Tariff 113, CA PUC 19
Tariff WMT 170, CA PUC 51
Tariff 20-4 CRNT, CA PUC 54
Tariff WMT 570-A, CA PUC 85

Crescent asserts that it has exhausted all increases that were granted by the Commission. Applicant has implemented 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 subject to a minimum weight of 10,000 pounds or more, effective August 16, 1988, in accordance with Resolution TS-683. Crescent increased its rates and charges by 7% on September 27, 1988, as authorized by Decision (D.) 88-09-016. Applicant has also applied the window rate increase of 5%, effective November 21, 1988, under Rule 7.3 of General Order 147-A. Crescent intends to cancel the 5% rate window increase concurrently with the publication of the proposed increases.

Crescent has incurred increases in its operating expenses, the most significant being the costs of labor, benefits, operating supplies, general supplies and expenses, and terminal rents. Expenses for labor and benefits increased by 3.2% under the terms of the National Master Freight Agreement, effective April 1, 1989. There has also been a substantial cost in the replacement of a fuel tank in the Los Angeles terminal facility which will ultimately result in a replacement cost in excess of \$200,000.

Crescent states 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.

By letter dated July 31, 1989, Crescent 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 Crescent's financial position

using projected costs in conjunction with current and proposed revenues:

	<u>Test Period Ending December 31, 1989</u>		
	<u>Present Rates</u>	<u>Restated³</u>	<u>Proposed Rates</u>
Revenue			
LTL (89.1%)	\$25,623,018	\$26,197,912	\$29,341,661
TL (10.9%)	<u>3,134,578</u>	<u>3,204,907</u>	<u>3,365,152</u>
Total Revenue	\$28,757,596	\$29,402,819	\$32,706,813
Projected Expenses		29,496,391	29,496,391
Profit (Loss)		(93,572)	3,210,422
Operating Ratio		100.3	90.2

Crescent intends to publish the authorized increases in both supplement form and increased tariff form.

Applicant requests 120 days to implement the increases and states the following reasons:

- "1. The majority of California Intrastate revenue is generated from customer specific tariff provisions. The notification and negotiation process required to effectively implement a general increase in a customer specific environment is extremely time consuming.
- "2. Crescent's Intrastate pricing structures apply to nearly 4,000 active customers. There are many who have asked for advance notification of any pricing adjustments 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 July 20, 1989. No protest to the

³ Revenues are restated [1] to remove the effect of the window rate increase (\$28,545) and [2] to reflect the impact of the TFCI increases of 2.4% and 1.8% (\$406,636) and the 7% increase authorized by D.88-09-016 (\$267,132) as if the interim increases were effective for all of the 12-month test period.

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. Crescent has experienced increases in operating expenses.
2. Crescent is seeking increases of 12% in its LTL base rates and charges and 5% in its TL base rates and charges in certain WMT tariffs.
3. Crescent 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 August 16, 1988, pursuant to Resolution TS-683.
4. Crescent has taken a window rate increase of 5%, effective November 21, 1988, under Rule 7.3 of General Order 147-A. Crescent intends to cancel the window rates concurrently with the publication of the authorized increases.
5. By D.88-09-016, Crescent increased its rates and charges by 7%, effective September 27, 1988.
6. The proposed rates would increase Crescent's annual base rate revenue by approximately \$3,303,994.
7. 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. Crescent Truck Lines, Inc. is authorized to increase its less-than-truckload base rates and charges by 12% and its truckload base rates and charges by 5% 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. Crescent Truck Lines, 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.

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

This order is effective today.

Dated SEP 5 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.

Wesley Franklin

WESLEY FRANKLIN, Acting Executive Director