

T/LR

Decision 89 10 040

OCT 12 1989

**ORIGINAL**

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 J & J TRUCK )  
LINE, INC., 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 89-05-062  
(Filed May 26, 1989)

OPINION

Western Motor Tariff Bureau, Inc. (WMT) seeks authority, on behalf of J & J Truck Line, Inc. (J & J), to increase J & J's rates and charges generally by 5% in the following WMT tariffs (including reissues thereof), except as noted:

Exception Sheet 1-B, CA PUC 34  
Local Freight Tariff 113, CA PUC 19  
Tariff 20-4 JNJQ, CA PUC 100  
Tariff WMT 570-A, CA PUC 85  
Tariff WMT 170, CA PUC 51, except Item 610

Authority is sought to increase the charges in Item 610 of Tariff WMT 170 by 13.8%.

J & J last increased its rates and charges by implementing the Truck Freight Cost Index (TFCI) increases of 2.4% on rates and charges not subject to minimum weights of 10,000 pounds or more and 1.8% on rates and charges subject to minimum weights of 10,000 pounds or more, effective August 16, 1988, in compliance with Resolution TS-683. WMT states that J & J utilized the rate window selectively during 1988, increasing its intrastate revenue by approximately \$89,982.

Since the time of the last increase, J & J has experienced increases in operating expenses, the most significant being the cost of equipment and expects to incur increases in fuel and operating supplies and general supplies and expenses.

J & J states that 95% of all shipments transported were under 10,000 pounds (less-than-truckload).

WMT has furnished revised financial data by letter dated June 9, 1989, setting forth actual revenue and expenses as well as projected results under the proposed rates for a 12-month period ending January 31, 1989. From that data, the staff has prepared a comparison of J & J's financial position using projected expenses in conjunction with current and proposed revenues.

Test Period Ending January 31, 1989

|  | <u>Present Rates</u> | <u>Restated</u>          | <u>Proposed Rates</u>    |
|--|----------------------|--------------------------|--------------------------|
| Revenue  | \$4,680,807          |                          |                          |
| Impact of TFCI<br>increases of 2.4%<br>and 1.8%, effective<br>8-16-88, if applied<br>from 1-1-89 | <u>72,108</u>        |                          |                          |
| Revenue with interim<br>increases  | \$4,752,915          |                          |                          |
| Window rate revenue<br>increase  | <u>89,982</u>        |                          |                          |
| Base rate revenue<br>excluding window<br>rate revenue  |                      | \$4,662,933 <sup>1</sup> | \$4,935,120 <sup>2</sup> |
| Projected expenses   |                      | 4,800,924                | 4,800,924                |
| Profit (Loss)  |                      | (137,991)                | 134,196                  |
| Operating ratio  |                      | 103.0                    | 97.3                     |

1 Base rate revenue earned under Item 610 of Tariff WMT 170: \$443,636. All other base rate revenue: \$4,219,297.

2 Proposed base rate revenue earned under Item 610 of Tariff WMT 170: \$504,858. All other proposed base rate revenue: \$4,430,262.

J & J intends to incorporate the authorized increases into the rates and rules over a period of time.

J & J 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 June 2, 1989. No protest to the granting of the application has been received. The application was not filed under the authority granted pursuant to Section 496 of the Public Utilities Code.

Findings of Fact

1. J & J has experienced increases in operating expenses.
2. J & J is seeking a 5% increase in its rates and charges in certain tariffs of Western Motor Tariff Bureau, Inc., Agent.
3. J & J is seeking a 13.8% increase in the charges in Item 610 of Tariff WMT 170.
4. J & J has implemented the TFCI increases of 2.4% on rates not subject to minimum weights of 10,000 pounds or more and 1.8% on rates subject to minimum weights of 10,000 pounds or more, effective August 16, 1988, pursuant to Resolution TS-683.
5. J & J had a window rate revenue increase of \$89,982 in 1988.
6. The proposed rates would increase J & J's annual revenue by approximately \$272,187.
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.

O R D E R

IT IS ORDERED that:

1. J & J Truck Line, Inc., is authorized to increase its rates and charges by 5% and 13.8% 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. J & J Truck Line, 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 OCT 12 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

*so*