

T/LW

Decision 89 11 071

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Cal-West Tariff Bureau, Inc., Agent, on behalf of David Allen Cummins, d/b/a/ D. A. Cummins Freight Transfer Co., to increase rate by 18.37% (to \$200.00) in Item 2200 of Local Freight Tariff No. 1, Cal PUC No. 1, issued by Cal-West Tariff Bureau, Inc., Agent; and  
 For authority to depart from the provisions of Section 461.5 and 491 of the California Public Utilities Code to the extent necessary to accomplish publication of proposed tariff provision.

ORIGINAL

Application 89-08-009  
(Filed August 4, 1989)

OPINION

Cal-West Tariff Bureau, Inc., Agent (CWTB), on behalf of David Allen Cummins, doing business as D.A. Cummins Freight Transfer Co. (Cummins), seeks authority for Cummins to increase his rate by 18.37% from \$168.96 to \$200 per unit of equipment utilized for paper articles in Item 2200 of Local Freight Tariff No. 1, CAL. P.U.C. No. 1. However, the proposed increase will not apply to the accessorial charges listed in Notes 2 and 4 of Item 2200.

The current rate of \$168.96 became effective as the carrier's generally applicable common carrier rate level pursuant to Cost Justification No. 87-208-R. But the original conditions under which this rate was cost justified have dramatically changed since then.

Cummins states that for approximately the last two years, its largest account has gradually increased the volume of freight shipped under this rate and has modified the manner in which these articles are stored in the trailer. To adapt to this situation, Cummins had to make some corresponding changes in equipment and

personnel, and, as a result, had to absorb the considerable costs inherent in this type of change: switching from 45-foot trailers to 53- and 57-foot trailers, and the corresponding changes in leasing charges from \$270.00 to \$400.00 per month; pallet usage has increased from 20 to 27 per unit of equipment, and are tightly situated in the trailer to utilize as much space as possible, which substantially increases loading time and driver compensation for overtime; and over the past 2 years, loads have increased from 5 to 20 per week, requiring additional drivers, extension of labor time, night work, overtime compensation for drivers, dispatchers and other administrative personnel, including the complementary skyrocketing insurance costs inherent in this type of expansion.

Cummins has furnished 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 Cummins' 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>Proposed Rates</u>
Total Revenue	\$521,377	\$559,688 <sup>1</sup>
Projected Expenses	564,581	564,581
Profit (Loss)	(43,204)	(4,893)
Operating Ratio	108.3	100.9

1 The 18.37% rate increase was applied to 40% of the overall gross annual revenue earned under Item 2200 of Local Freight Tariff No. 1, CAL P.U.C. 1, which amounts to \$38,310.

The application was listed on the Commission's Daily Transportation Calendar of August 14, 1989. No protest to the granting of the application has been received.

Findings of Fact

1. Cummins has experienced increases in operating expenses.
2. Cummins is seeking increases of 18.37% in Item 2200 of its Local Freight Tariff No. 1.
3. The proposed rates would increase Cummins' annual base rate revenue by approximately \$38,311.
4. The increases resulting from this proposal are justified.

Conclusions of Law

1. The application should be granted.
2. A public hearing is not necessary.
3. This order should be made effective today, since there is an immediate need for rate relief.

ORDER

IT IS ORDERED that:

1. David Allen Cummins is authorized to increase its rate in Item 2200 by 18.37% in Local Freight Tariff No. 1.
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. David Allen Cummins, 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 NOV 27 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.

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*Wesley Franklin*  
WESLEY FRANKLIN, Acting Executive Director

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