

Decision 89 12 036 DEC 18 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 Viking Freight System, 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 No. 113,)
 and Viking Freight System Tariffs,)
 VIKN 1034 (sic), VIKN 104, VIKN 200,)
 VIKN 205, VIKN 207, VIKN 211-B, VIKN)
 626, VIKN 202, VIKN 250, and VIKN 501)
 (including reissues thereof) contain-)
 ing rates and charges for the)
 performance of specified services)
 related thereto,)
 - AND -)
 For authority to depart from the)
 terms of Sections 460 and 491 of the)
 Public Utilities Code when accom-)
 plishing such application.)

ORIGINAL

Application 89-07-051
 (Filed July 28, 1989;
 amended September 26, 1989)

OPINION

Viking Freight System, Inc. (Viking), seeks authority to increase its base rates and charges by 7% in the following tariffs:

- Viking Freight System, Inc., Tariff 103-A, CA PUC 10
- Viking Freight System, Inc., Tariff 104, CA PUC 9
- Viking Freight System, Inc., Tariff 501, CA PUC 8
- Western Motor Tariff Bureau, Inc., Agent, Local Freight Tariff 113, CA PUC 19
- Viking Freight System, Inc., Tariff 200, CA PUC 1
- Viking Freight System, Inc., Tariff 202, CA PUC 2
- Viking Freight System, Inc., Tariff 205, CA PUC 6
- Viking Freight System, Inc., Tariff 207, CA PUC 12
- Viking Freight System, Inc., Tariff 211-C, CA PUC 14

Viking Freight System, Inc., Tariff 626, CA PUC 17
Viking Freight System, Inc., Tariff 250, CA PUC 23

Viking states that it has incurred increases in expenses, especially in the costs of labor, benefits, fuel, claims, communications, depreciation, lease, rent and bad debt.

Viking previously increased its rates and charges by 7% pursuant to Decision (D.) 88-12-057, effective January 11, 1989. It also applied the truck freight cost index (TFCI) increases on various tariffs effective August 15, 1988, September 27, 1989 and October 2, 1989 on rates not subject to a minimum weight of 10,000 or more, in compliance with Resolutions TS-683 and 684. Viking utilized the rate window during 1989, increasing its intrastate revenue by approximately \$3,886,695.

Applicant has furnished financial data from June 26, 1988 through June 17, 1989, 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 Viking's financial position using projected costs in conjunction with current and proposed revenues:

	<u>Test Period Ending June 17, 1990</u>		
	<u>Present Rates</u>	<u>Restated</u>	<u>Proposed Rates</u>
Revenue	77,733,908		
Impact of TFCI increase of 2.4%, effective 8/15/88, if applied from 6/26/88.	245,632		
Impact of increase (D.88-12-057) of 7.0% effective 1/11/89, if applied from 6/26/88	2,814,992		
Impact of TFCI increase of 2.5%, effective 9/89 on certain tariffs & 10/89 on other tariffs, if applied from 6/26/88	1,846,180		
Revenue with interim increases	82,640,712		
Window rate revenue	3,886,695		
Base rate revenue excluding window rate revenue		78,754,017	84,266,798
Expenses revised to reflect proposed expenses		72,364,002	72,364,002
Profit Operating ratio		6,390,015 91.9	11,902,796 85.9

Viking intends to publish the authorized increases in both supplement form and increased tariff rate form. Applicant has requested permission to publish the increase within 120 days of the effective date of the decision, because the notification and negotiation process with shippers in a customer specific pricing environment is extremely time consuming. Further, it would allow shippers time to recover increased transportation costs by adjusting the price of their product or services. Many of applicant's 12,000 intrastate customers have requested advance notification of any pricing adjustments.

Upon the implementation of the authorized 7% increase, Viking will maintain or amend the 5% window rate assessed in January 1989 on a permissive basis as provided in Rule 7.3 of General Order 147-A and paragraph 7, Section IV, of Decision 86-04-045.

The application and amendment were listed on the Commission's Daily Transportation Calendars of August 3, 1989 and October 13, 1989, respectively. No protest to the granting of the application, as amended, has been received. The application was not filed under authority granted pursuant to Section 496 of the Public Utilities Code.

Findings of Fact

1. Viking has experienced increases in operating expenses.
2. Viking is seeking a 7% increase in its rates and charges.
3. Applicant has increased its rates and charges by 7% authorized by Decision 88-12-057, effective January 11, 1989.
4. Viking has implemented the TFCI increases of 2.4% on rates based on a minimum weight of less than 10,000 pounds effective August 15, 1988, pursuant to Resolution TS-683. Viking has also implemented the TFCI increases of 2.9 on rates based on a minimum weight of less than 10,000 pounds on various tariffs effective on September 27, 1989 and October 2, 1989, pursuant to Resolution TS-684.

5. The proposed rates would increase Viking's annual base rate revenue by approximately \$5,512,781.

6. The increases resulting from this proposal are justified.

7. A public hearing is not necessary.

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.

ORDER

IT IS ORDERED that:

1. Viking Freight System, Inc., is authorized to increase its base rates and charges by 7% as specifically stated 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. Viking Freight System, 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, as amended, is granted as set forth above.

This order is effective today.

Dated DEC 18 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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

Wesley Franklin

WESLEY FRANKLIN, Acting Executive Director

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