

Decision 90 09 077 SEP 25 1990

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 Tariff's)
VIKN 103 and VIKN 501 (including)
reissues thereof) containing rates)
and charges for the performance)
of specified services related)
thereto.)

ORIGINAL

Application 90-08-001
(Filed August 1, 1990)

O P I N I O N

By this application Viking Freight System, Inc. (Viking) requests authority to increase rates in its private tariffs VIKN 103 and VIKN 501, as well as those in Western Motor Tariff Bureau Tariff 113 by four percent (4%). The carrier requests that it be allowed to publish tariff changes reflecting authorized increases on or after October 1, 1990, and that it be authorized to publish increases up to and including the proposed four percent within 120 days of the effective date of our decision.

In support of its request Viking alleges generally as follows:

1. Viking has currently exhausted its authority to increase rates within the zone of reasonableness provided in Paragraph 7.2 of General Order (GO) 147-B. The carrier last increased its rates by 7.0% effective on January 1, 1990.

2. The Commission authorized Viking to increase its rates effective January 1, 1990 based on an estimated current operating ratio of 85.9%. The increase was granted by ex parte action. Its

current request, if granted, will allow Viking to conduct operations at an operating ratio of approximately 86.0%.

3. Viking has experienced steady increase in costs since the time of its last permissive increase. It has submitted results of operations for the period June 18, 1989 through June 16, 1990 which show, for its California operations, the carrier experienced an operating ratio of 89.7%. An increase of 4% will allow the carrier to earn about \$3.5 million additional revenue annually.

4. Viking has experienced increases in labor, benefits, license and taxes, claims, communications, utilities, depreciation, professional services and bad debt. Labor expense increases beginning with May 1990 were 3% above previous levels. Expenses for benefits rose 8.2%, fuel taxes and registration fees increased by 10.9%. Utilities and communications rose 12.1% and 10.3%, respectively. Professional service expenses rose 17.6%. These increased expenses total about \$7.9 million over expense levels experienced during the 12 month test period.

In response to the recent significantly increased fuel prices resulting from the mid-east crisis, the Commission on August 8, 1990 issued Resolution TL-18374 authorizing general freight common carriers subject to General Order 147-B to file rates within a new zone of reasonableness 10% above the zone authorized by Rules 3.21 and 7.2 of the general order. In making such filings, carriers must justify the fuel surcharges by presenting a calculation showing the percent by which increases in fuel costs have increased their overall costs. Viking's request here involves increased expenses other than those associated with increased fuel prices and may be appropriately considered as a separate issue on the basis of increased costs as recited in the application.

Viking asserts that it has earned a reputation as the premiere California and regional motor carrier. In addition to providing the most consistent, reliable transit times, Viking

offers a number of "value added" services, which it defines as those services which convince customers to pay higher transportation rates in return for cost savings associated with a variety of quality services. Among these are Electronic Data Interchange, maintenance of a modern fleet, inhouse training for its employees, and direct service to more locations than any other California intrastate carrier. Thus, Viking requests authority to publish increases authorized by this decision in both supplement form and increased tariff rate form, within 120 days of the effective date specified in this decision. This is necessary because a large portion of the carrier's revenues is derived from reduced tariff rates which apply from restricted geographical locations. Notification and negotiation processes required to implement a general rate increase with each shipper qualifying for a reduced rate are time consuming. Further, delayed implementation of certain increases sought may be necessary to allow shippers time to recover increased transportation costs by adjusting the cost of their product. Finally, Viking's intrastate pricing structures, it asserts, apply to more than 12,000 customers. So many of these have requested advance notification of rate increases that it is the carrier's policy to notify all customers in advance when rate increases are forthcoming.

The application was listed in the Commission's Daily Transportation Calendar. No protest to the granting of the application has been received. In the circumstances, the application should be granted.

Findings of Fact

1. Viking has experienced further increased operating costs since last receiving authority to increase its intrastate rates and charges.
2. Viking seeks an increase of 4% in rates and charges named in VIKN Tariffs 103 and 501, and in WMTB Tariff 113.

3. The application, if granted, would allow Viking the opportunity to earn about \$3,548,288 in additional revenue annually, resulting in an operating ratio of approximately 86.0%.

4. The increases resulting from this decision are justified.

5. A public hearing is not necessary.

Conclusions of Law

1. The application should be granted.

2. Since there is an immediate need for rate relief, this order should be effective today.

ORDER

IT IS ORDERED that:

1. Viking Freight System, Inc. (Viking) is authorized to increase rates and charges named in its tariffs VIKN 103 and 501, and in Western Motor Tariff Bureau Tariff 113 by amounts up to four percent.

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 the public.

3. Viking, in establishing and maintaining 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. The authority granted herein shall expire if not exercised within 120 days after the effective date of this order.

5. The application is granted as set forth above.

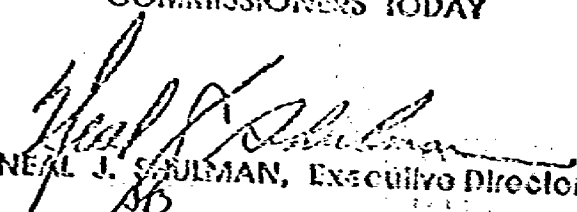
This order is effective today.

Dated SEP 25 1990, at San Francisco, California.

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

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.

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


NEAL J. SULLIVAN, Executive Director