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T/HEC/RI *

Decision No. 91828 MAY 20 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the Pacific South-)
coast Freight Bureau for Author-)
ity to Make Effective on Cal-)
ifornia Intrastate Traffic)
General Increases in Local and)
Joint Freight Rates and Charges)
as Published in Tariff of In-)
creased Rates and Charges, X-375)

Application No. 59538
(Filed March 26, 1980)

And Related Matters

-) Case No. 5330
-) Case No. 5432
-) Case No. 5433
-) Case No. 5436
-) Case No. 5437
-) Case No. 5438
-) Case No. 5439
-) Case No. 5441
-) Case No. 5603
-) Case No. 5604
-) Case No. 7857
-) Case No. 7858
-) Case No. 8803
-) Case No. 9819
-) Case No. 9820

OPINION AND ORDER

Pacific Southcoast Freight Bureau, on behalf of California common carriers^{1/} participating in its tariffs, requests authority to make effective on California intrastate traffic the same freight rate increases which became effective April 1, 1980, on interstate traffic in Tariff of Increased Rates and Charges (TIRC) X-375.^{2/}

^{1/} The common carriers are listed in Exhibit A attached to the application and Appendix A of this order.

^{2/} The increases which are contained in Tariff of Increased Rates and Charges X-375 and Supplements 1 through 4 thereto are set forth in Exhibit K attached to the application.

The Interstate Commerce Commission (I.C.C.) authorized carriers operating within the Western Region only to increase their rates by 2 percent as an interim emergency general rate increase. This increase was subject to expire May 1, 1980 unless an approval to a nationwide increase of 4 percent was granted by the I.C.C. By an order served March 19, 1980 in Ex Parte No. 375 the I.C.C. granted the nations' railroads the 4 percent increase. Permission was also granted at the same time by the I.C.C. to incorporate the 1.1 percent fuel surcharge (Tariff of Surcharges Account Increases in Fuel Costs X-311-A) into Master Tariff X-375.

The Commission in Decision 91589, dated April 15, 1980 in Application 59476, authorized the 2 percent interim emergency increase (X-374) for the California carriers (Western Region - I.C.C.). The need was established based on increased labor costs currently being experienced. The increase sought by this application (4 percent) will include the 2 percent interim emergency increase which shall be cancelled effective with the filing of TIRC X-375.

Authority is also sought in this application to incorporate the recently granted 1.1 percent fuel surcharge into Tariff X-375 at such time as it may become effective. On March 18, 1980, the Commission in Decision 91447, in Application 59412, authorized the 1.1 percent fuel related surcharge increase. The incorporation of this fuel surcharge within the X-375 Master Tariff is in the interest of simplifying railroad tariffs and easing the burden on shippers in determining appropriate rates.

The present application seeks authority to increase all the charges provided in Decision 91502 and 91447 by the amounts set forth in TIRC X-375 and Supplements 1 through 4 thereto. Applicant alleges that the increases proposed herein would yield an estimated annual gross revenue of \$5.8 million for the Class 1 railroad applicants. Daily losses of \$15,900 per day will be

experienced by the Class 1 railroad carriers until the increase becomes effective. Applicant requests that the proposed increase be made effective immediately. Financial data detailing the supporting justification for the proposed increases are set forth in Exhibits L through N attached to the application.

The I.C.C. approved the Ex Parte No. 375 increase over the opposition of the President's Council on Wage and Price Stability. The council had asked for suspension, saying the I.C.C. had already permitted increases totaling 22 percent since the President's anti-inflation program began in October of 1978.

The I.C.C. said the railroad's rates of return on investment nationwide, unadjusted for taxes, rose from 1.7 percent in 1977 and 1978 to 2.7 percent as of September 30, 1979. While the I.C.C. said there is no fixed standard for railroad return on equity, the I.C.C.'s decision in Ex Parte No. 363 indicated that a 13.5 percent rate of return is reasonable and adequate. Presently, the I.C.C. reports that the rates of return nationwide are deficit figures without the 4 percent increase, and 2.33 percent with the approved boost. (For the West, the ratios reported by the I.C.C. are 1.3 percent without the increase and 3.4 percent with it.) In every instance the railroads' rates of return would be higher with the proposed increase than during the base-year period ended September 30, 1979. When compared with a range in rates of return between 7 percent and 11 percent, the I.C.C. reports, returns would be inadequate. S

Findings of Fact

1. Applicant seeks to increase intrastate rail freight rates and charges to the levels named in TIRC X-375.
2. Applicant's present intrastate freight rates and charges were authorized by Decision No. 91502, dated April 15, 1980 (TIRC X-374).

3. The application shows that the proposed increase would produce an additional annual gross revenue of approximately \$5.8 million for the Class 1 railroad participants to the tariff.

4. The Interstate Commerce Commission has approved the increases contained in TIRC X-375 for application to interstate traffic within the Western Territory.

5. Applicant, for tariff simplicity, seeks to incorporate the 1.1 percent fuel surcharge (X-311-A) into the TIRC X-375. The fuel surcharge was authorized by the Commission in its Decision 91447, dated March 18, 1980, in A. 59412.

6. The I.C.C. in opposition to the President's Council on Wage and Price Stability determined that the sought increase is necessary for the railroads to offset a deficit rate of return.

7. Notice of the filing of the application appeared on the Commission's Daily Calendar of March 27, 1980.

8. An increase to the levels named in TIRC X-375-A in applicant's freight rates and charges is justified and should be granted.

9. Limited authority to depart from the provisions of Section 461.5 of the Public Utilities Code should be granted.

10. Limited authority to depart from the terms and rules of General Order 80-Series and 125-Series should be granted.

11. A public hearing is not necessary.

12. The proposed increase in applicant's rates and charges has been shown to be justified.

13. In view of the fact that the proposed increase of 4 percent includes the 2 percent interim emergency relief previously granted by Decision 91502, dated April 15, 1980 in Application 59476, TIRC X-374 should be cancelled effective with the filing of TIRC X-375.

14. In view of the fact that the proposed increase will bring applicant's intrastate rates into conformity with rates already in effect for interstate transportation, the ensuing order should be made effective on the date hereof.

Conclusion of Law

We conclude that the applicant should be granted the relief specified herein.

IT IS ORDERED that:

1. Pacific Southcoast Freight Bureau, on behalf of the common carriers listed in the application, is authorized to establish by appropriate tariff supplements the same increases on California intrastate rates and charges under the same conditions as authorized by orders of the Interstate Commerce Commission as set forth in Tariff of Increased Rates and Charges (TIRC) X-375 which became effective on interstate traffic on April 1, 1980.
2. Pacific Southcoast Freight Bureau, on behalf of the common carriers listed in the application, is authorized to incorporate the 1.1 percent fuel surcharge into TIRC X-375.
3. TIRC X-374 shall be cancelled upon the effectiveness of TIRC X-375.
4. Tariff publications authorized to be made as a result of the foregoing authority shall be filed not earlier than the effective date of this order and may be made effective not earlier than ten days after the effective date hereof on not less than ten days' notice to the Commission and to the public, and said authority shall expire unless exercised within sixty days after the effective date of this order. To the extent that departure from the terms and rules of General Orders 80-Series and 125-Series is required to accomplish such publications, authority for such departure is hereby granted.
5. Nothing in this opinion and order constitutes a finding of fact regarding the reasonableness of any particular rate or charge filed pursuant to this order, and applicant, by reason of this declaration, has no ground to contend to the contrary in any proceeding under Section 734 of the Public Utilities Code or in any other proceeding.

6. Common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates below the specific minimum rate levels otherwise applicable are authorized and directed to increase such rates to the level of the rail rates established pursuant to the authority granted in paragraphs 1 and 2 hereof or to the level of the otherwise applicable specific minimum rates, whichever is lower. To the extent such common carriers have maintained such rates at differentials above previously existing rail rates, they are authorized to increase such rates by the amounts authorized in paragraphs 1 and 2 hereof, provided, however, that such increased rates may not be lower than the rates established by the rail lines pursuant to the authority granted in paragraphs 1 and 2 hereof, nor higher than the otherwise applicable minimum rates.

7. Common carriers maintaining, under outstanding authorizations permitting the alternative use of rail rates, rates based on rail rates which have been changed or canceled and which are below the specific minimum rate levels otherwise applicable are hereby directed to increase such rates to applicable minimum rate levels and to abstain from publishing or maintaining in their tariff rates, charges, rules, and accessorial charges lower in volume or effect than those established in rail tariffs or the applicable minimum rates, whichever are lower.

8. Tariff publications required or authorized to be made by common carriers as a result of paragraph 4 hereof may be made effective not earlier than the tenth day after the publication by applicant made pursuant to the authority granted in paragraphs 1 and 2 hereof, on not less than ten days' notice to the Commission and to the public; and such tariff publications as are required shall be made effective not later than thirty days after the effective date of the tariff publications made by applicant pursuant to the authority granted in said paragraphs 1 and 2.

9. In making tariff publications authorized or required by paragraphs 6 through 8, inclusive, common carriers are authorized to depart from the terms and rules of General Order No. 80-Series to the extent necessary to comply with said ordering paragraphs.

10. Applicant and common carriers, in establishing and maintaining the rates authorized hereinabove, are authorized to depart from the provisions of Section 461.5 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby 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.

The effective date of this order is the date hereof.

Dated MAY 20 1920 , at San Francisco, California.

John E. Guyon
President

Vernon L. Stinson

Richard D. Gavelle

Clare J. DeWitt

Lawrence W. Smith
Commissioners

APPENDIX A

Alameda Belt Line	(a California Corporation)
Almanor Railroad Company	(a California Corporation)
Amador Central Railroad Company	(a California Corporation)
Arcata & Mad River Railroad Company (The)	(a California Corporation)
Atchison, Topeka and Santa Fe Railway Company (The)	(a Kansas Corporation)
Burlington Northern	(a Delaware Corporation)
California Western Railroad	(a California Corporation)
Camino, Placerville and Lake Tahoe Railroad Company	(a California Corporation)
Central California Traction Company	(a California Corporation)
Fikse Brothers Incorporated	(a California Corporation)
Harbor Belt Line Railroad	(unincorporated)
Holton Inter-Urban Railway Company	(a California Corporation)
Los Angeles Junction Railway Company	(a California Corporation)
McCloud River Railroad Company	(a California Corporation)
Miles & Sons Trucking Service	(a California Corporation)
Modesto & Empire Traction Company	(a California Corporation)
Northwestern Pacific Railroad Company	(a California Corporation)
Oakland Terminal Railway (The)	(a California Corporation)
Pacific Motor Trucking Company	(a California Corporation)
Petaluma and Santa Rosa Railroad Company	(a California Corporation)
Quincy Railroad Company	(a California Corporation)
Sacramento Northern Railway	(a California Corporation)
Santa Fe Trail Transportation Company (The)	(a Kansas Corporation)
Santa Maria Valley Railroad Company	(a California Corporation)
Sierra Railroad Company	(a California Corporation)
Southern Pacific Transportation Company	(a Delaware Corporation)
Stockton Terminal & Eastern Railroad	(a California Corporation)
Sunset Railway	(a California Corporation)
Tidewater Southern Railway Company	(a California Corporation)
Trona Railway Company	(a California Corporation)
Union Pacific Railroad	(a Utah Corporation)
Ventura County Railway Company	(a California Corporation)
Visalia Electric Railroad Company	(a California Corporation)
Western Pacific Railroad System (The)	(a Delaware Corporation)
Yreka Western Railroad Company	(a California Corporation)

(END OF APPENDIX A)