

T/HEC/FS

Decision No. 92829 MAR 17 1981**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
 WESTERN MOTOR TARIFF BUREAU, INC.,)
 AGENT, for authority to increase)
 rates in Western Motor Tariff)
 Bureau Tariffs Nos. ES 1-B, 11,)
 101-A, 104-A, 106, 108, 109-A, 111,)
 113, 123, 271 and 571 (including)
 reissues thereof) containing rates)
 of common carriers for the trans-)
 portation of commodities and the)
 performance of specified services)
 related thereto.)

Application No. 60165
 (Filed December 30, 1980)

INTERIM OPINION AND ORDER

By this application Western Motor Tariff Bureau, Inc., Agent, (WMTB) seeks on behalf of the common carriers participating in certain of its tariffs to publish increases in rates and charges for transportation and related services.

WMTB is making this filing pursuant to Commission authority enabling it to conduct operations as a rate bureau.^{1/} The WMTB tariffs ^{2/} subject of this application cover the traffic which was

^{1/} Western Motor Tariff Bureau, Inc. operates pursuant to Commission Decisions Nos. 82563 and 83991, Applications Nos. 54539 and 55358, respectively.

^{2/} No. ES 1-B - Exceptions to Governing Classifications
 No. 11 - Truckload Commodity Rates
 No. 101-A - Commodity Rates on Iron or Steel Articles
 No. 104-A - Class and Commodity Rates (San Diego Area)
 No. 106 - Class and Commodity Rates (East Bay Drayage Area)
 No. 108 - Mechanical Protective Service Tariff

(Footnote 2 - Continued on Next Page)

formerly subject to Commission minimum rate tariffs. These minimum rate tariffs have been cancelled under the Commission's reregulation program and are now titled, as follows: Transition Tariffs 1-B, 2, 9-B, 11-A, 15 and 19.^{3/}

WMTB in seeking the increase for its members alleges that the increase being sought is based on: (1) increased operating costs presently being experienced and (2) an April 1, 1981 increase in labor costs in accordance with the terms of collective bargaining agreements to which many of its member carriers are party.^{4/} The Commission, recognizing that an agreement for WMTB's operations accords to each party participating in its tariffs free and unrestrained right to independent action, will make increases granted in the following order permissive.

2/ (Continued)

- No. 109-A - Commodity Rates
- No. 111 - Class and Commodity Rates
- No. 113 - Vehicle Unit Rates
- No. 123 - Class and Commodity Rates on Oil, Water and Gas Well Outfits and Supplies and Other Property
- No. 271 - Rates on Uncrated New Furniture
- No. 571 - Class Rates (San Francisco)

3/ Decisions Nos. 90663 and 90816 in Case No. 5432, Pet. 884 et al. provided for the implementation of the Commission's reregulation program and the establishment of the transition tariffs effective April 30, 1980.

4/ Exhibit A - Tables 2, 3, 4, 5 and 6 attached to the application.

The increased operating costs, other than labor, have been enumerated as F.I.C.A. (Social Security), motor vehicle parts and the replacement of equipment. These costs are usually considered as direct expenses in establishing rates. To illustrate that the proposed increase is warranted, WMTB has had prepared tables showing the impact of the increases other than labor as measured in the Consumer Price Index.^{5/}

Applicant in Decision No. 92256, dated September 16, 1980 in Application No. 59835, was authorized a four percent permissive increase for the individual participants in these general commodity tariffs. This increase was justified by a labor cost-of-living increase effective October 1, 1980 and increased indirect costs of operations. Applicant filed for a modification of this decision. The Commission granted the modification in Decision No. 92564 dated December 30, 1980. This modification removed the time period for individual tariff participants to exercise their managerial prerogatives in taking any or all of the four percent increase.

Staff analysis of the application has found that applicant's data supports the carrier's contentions for additional revenue needs. This data justifies a seven percent permissive increase to the participants of applicant's general commodity tariffs. The application

^{5/} Exhibit A - Tables 7, 8, 9 and 10 attached to the application.

proposes an increase of 11 percent for the individual carrier participants. However, the California Manufacturer's Association objects to the ambiguity of the applicant's need for "an increment (4%) to enhance rate innovativeness and profit potential." The staff notes that this four percent increase as requested lacks data justifying its need as required by Public Utilities Code Section 454.

The staff recommends that the application be granted on an interim basis to the extent justified by the cost and revenue data submitted by the applicant.

Further, the staff recommends that the (4%) increase granted by Decision No. 92256, as modified by Decision No. 92564, remain effective.

A public hearing will be scheduled at a time and place to be announced. The hearing will address the need for the additional revenue not justified on the face of the present application.

This proposal is not considered to be a major action significantly affecting energy efficiency within the meaning of Sections 3502.1 and 3502.2 of the Public Utilities Code.

Findings of Fact

1. Western Motor Tariff Bureau, Inc., Agent operates as a rate bureau pursuant to Public Utilities Code Section 496.

2. Western Motor Tariff Bureau, Inc., Agent seeks to publish increases in its Western Motor Tariff Bureau Tariff Nos. ES 1-B, 11, 101-A, 104-A, 106, 108, 109-A, 111, 113, 123, 271, and 571.

3. The increases are needed to offset cost increases now being incurred and will be incurred April 1, 1981 by highway common carriers parties to the tariffs. The sought increases have not been covered by any prior rate increase application.

4. Many of the carriers, in accordance with the terms of collective bargaining agreements, are subject to the payment of an additional amount approximating 87 cents per hour predicated upon the terms of the contractual agreements.

5. The application seeks an 11 percent increase on behalf of the individual carriers participating in the named tariffs (Finding 2 above).

6. The cost data submitted with the application describes areas of increased cost being, and to be, experienced which results in an increase of seven percent. This increase, if every carrier were to apply the authorized (permissive) amount, would add \$33.1 million to the annual revenues of the carriers.

7. An analysis of the application and the detailed financial support data submitted demonstrates that the granting of the increase is cost-justified and would result in an operating ratio of 95 for the "composite group" of carriers presenting the data.

8. Western Motor Tariff Bureau, Inc., Agent, has not justified the additional four percent being sought as required by Public Utilities Code Section 454.

9. Western Motor Tariff Bureau, Inc., Agent, initially seeks to apply the percent increase authorized as a surcharge to the named tariffs (Finding 2 previous page).

10. Western Motor Tariff Bureau, Inc., Agent intends to incorporate this surcharge and any outstanding surcharges into the specific rates and charges of each tariff as soon as possible.

11. Notice of the filing of the application appeared on the Commission's Daily Calendar of January 6, 1981.

12. California Manufacturing Association, by letter, has objected to the lack of justification of the four percent increase for "rate innovativeness".

13. A public hearing is to be scheduled on the reasonableness of the additional four percent increase for rate innovation.

14. Since the carriers are already experiencing some of the increased operating costs, the order which follows should be made effective on the date of signature. The tariff pages should be made effective no sooner than April 1, 1981.

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

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

17. The following order has no reasonably foreseeable impact on the energy efficiency of highway carriers.

Conclusion of Law

Interim authority for the proposed rates that have been cost-justified is just and reasonable, and the application should be granted to the extent set forth in the ensuing order.

IT IS ORDERED that:

1. Western Motor Tariff Bureau, Inc. Agent, is authorized to publish a seven (7) percent surcharge increase on behalf of the individual carriers participating in its following tariffs:

- No. ES 1-B - Cal. P.U.C. 34 - Exceptions to Governing Classifications
- No. 11 - Cal. P.U.C. 5 - Truckload Commodity Rates
- No. 101-A - Cal. P.U.C. 37 - Commodity Rates on Iron or Steel Articles
- No. 104-A - Cal. P.U.C. 23 - Class and Commodity Rates (San Diego Area)
- No. 106 - Cal. P.U.C. 11 - Class and Commodity Rates (East Bay Drayage Area)
- No. 108 - Cal. P.U.C. 12 - Mechanical Protective Service Tariff
- No. 109-A - Cal. P.U.C. 43 - Commodity Rates
- No. 111 - Cal. P.U.C. 15 - Class and Commodity Rates
- No. 113 - Cal. P.U.C. 19 - Vehicle Unit Rates
- No. 123 - Cal. P.U.C. 32 - Class and Commodity Rates on Oil, Water and Gas Well Outfits and Supplies and Other Property
- No. 271 - Cal. P.U.C. 46 - Rates on Uncrated New Furniture
- No. 571 - Cal. P.U.C. 49 - Class Rates (San Francisco)

2. Tariff publications authorized to be made as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than April 1, 1981 on not less than five days' notice to the Commission and to the public.

3. Western Motor Tariff Bureau, Inc., Agent in establishing and maintaining the rates authorized by this order, is 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.

4. Western Motor Tariff Bureau, Inc., Agent, is authorized to depart from the Commission's tariff circular requirements only to the extent necessary in establishing the surcharge supplements authorized by this order.

