

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution TL-18374
Transportation Division
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R E S O L U T I O N

RESOLUTION AUTHORIZING COMMON CARRIERS TO MAKE
TARIFF FILINGS IN RESPONSE TO MAJOR FUEL COST
CHANGES DUE TO THE CRISIS IN THE MIDDLE EAST

Recent events in the Middle East, including the invasion of Kuwait by Iraq, have sent prices on world oil markets spiraling upwards. Prices have nearly doubled in the past few weeks, rising to levels as high as \$28 per barrel.

These unforeseen fuel cost increases will affect general freight common carriers. Some carriers have reported that they are already paying as much as 30 cents higher per gallon.

Under current Commission procedures, to obtain the authority to recover these costs to the extent not previously authorized within the "zone of reasonableness," up to 3,000 individual carriers would be forced to file formal applications.

General freight transportation is crucial to the economic health of the state. Therefore, this Commission must take emergency action on an interim basis.

We understand that the Interstate Commerce Commission has already taken action to permit the carriers that it regulates to respond to this emergency. We believe similar action by this Commission is appropriate.

Findings of Fact

1. Recent events in the Middle East have resulted in precipitous and unforeseeable fuel price increases associated with abnormal market conditions.
2. Some carriers have reported that they are already paying significantly higher fuel prices.
3. A number of carriers may be unable to recover cost increases due to this emergency without additional authority.

Conclusions of Law

1. All common carriers subject to G.O. 147-B should be permitted to file tariffs within a revised "zone of reasonableness," whose upper limit is ten percent above the

previously authorized "zone of reasonableness," until September 30, 1990, due to the unforeseen rise in fuel costs.

2. Public hearings should be held promptly.

3. Notice of this matter did not appear on the Commission's public agenda; however, an emergency exists in that recent events in the Middle East have resulted in an unforeseen, large, and rapid escalation in fuel prices, which justifies our action today under Public Utilities Code Section 306(b).

4. The tariff filings authorized by this order are justified.

ORDER

IT IS ORDERED that:

1. Until September 30, 1990, all common carriers subject to G.O. 147-B are permitted to file tariffs within a new zone of reasonableness whose upper bound is ten percent above the previously authorized "zone of reasonableness" (see Rules 3.21 and 7.2 of G.O. 147-B).

2. These carriers shall be permitted to exercise this authority by making a tariff filing showing a percentage surcharge on any or all of their tariffs within the range authorized by ordering paragraph 1, and further justifying the surcharge by a simple calculation showing the percent by which increases in fuel costs have increased their overall costs. This calculation shall show the carriers' overall costs; the percentage of those overall costs that consist of fuel costs; and the increase in fuel costs the carrier has experienced after August 1, 1990, due to the current emergency in the Middle East, both in dollar figures and as a percentage.

3. Tariff filings pursuant to this order may be made effective upon one day's notice (one day after filing with the Commission).

4. Any tariff filings authorized pursuant to this order shall expire September 30, 1990, absent further order by this Commission.

5. This resolution does not authorize any collective ratemaking or other collective action pursuant to Public Utilities Code Sec. 496. However, independent carrier action within rate bureaus is not prohibited. Individual carriers may

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use rate bureaus as their publishing agent for individual tariff filings pursuant to this resolution.

6. Public hearings on the necessity for this and any further action due to this emergency shall be held promptly, at such time and place, and before such Commissioner or Administrative Law Judge, as shall hereafter be determined.

7. The Executive Director shall serve a copy of this resolution on all highway common carriers.

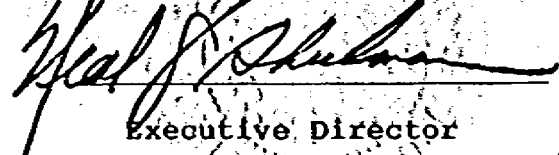
This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on August 8, 1990.

The following Commissioners approved it.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
[REDACTED]
Commissioners

PUBLIC UTILITIES COMMISSION
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Executive Director

Commissioner Patricia M. Eckert,
being necessarily absent, did
not participate.