

CAPTION SHEET

BASE MANAGEMENT SYSTEM

- 1. REPORT DATE: 00/00/00
- 2. BUREAU: TAS
- 3. SECTION(S):
- 5. APPROVED BY: DIRECTOR: SUPERVISOR:
- 6. PERSON IN CHARGE:
- 8. DOCKET NO: R-00049828
- 4. PUBLIC MEETING DATE: 00/00/00
- 7. DATE FILED: 09/30/04
- 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: FISCHER-HUGHES TRANSPORT, INC.

COMP/APP COUNTY: UTILITY CODE: 749290

ALLEGATION OR SUBJECT

FISCHER-HUGHES TRANSPORT, INC., BUCKS COUNTY. INCREASE IN RATES.

DOCUMENT
FOLDER

DOCKETED

SEP 30 2004

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: September 14, 2004	2. BUREAU AGENDA NO. SEP-2004-TSM-0166 *
3. BUREAU: Transportation & Safety	
4. SECTION(S): M. C. S. & E.	5. PUBLIC MEETING DATE: September 30, 2004
6. APPROVED BY: Director: Hoffman: 3-3846 Mgr/Spvr: Keezel: 3-5010 Legal Review:	
7. PERSONS IN CHARGE: Minder 7-1168	9. EFFECTIVE DATE OF FILING: N/A
8. DOCKET NO.: A-00103976 R-00049828	

DOCKETED
OCT 15 2004

10. (a) **CAPTION** (abbreviate if more than 4 lines)
 (b) Short summary of history & facts, documents & briefs
 (c) Recommendation

(a) **FISCHER-HUGHS TRANSPORT, INC
INCREASE IN RATES**

(b) Fischer-Hughs Transport, Inc. furnishes household goods in use service originating in Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, and transported distances of forty (40) miles or less as more thoroughly described in the official tariff. The carrier has filed Tariff Freight Pa. PUC No. 9. The carrier is requesting a 7.0% increase in the hourly charges to cover projected increases in insurance expenses of \$77,296 and to improve its profit margin by \$20,674. The carrier was previously granted an increase August 12, 2002.

(c) The Bureau recommends that the Tariff Freight Pa. PUC No. 9 be **suspended**, and that the carrier be offered the option of adopting a tariff reflecting an increase in hourly rates of 1.29% as recommended by the Bureau of Transportation and Safety.

**DOCUMENT
FOLDER**

10. **MOTION BY:** Commissioner Chm. Fitzpatrick

SECONDED: Commissioner Bloom

Commissioner Thomas - Yes
Commissioner Pizzingrilli - Yes
Commissioner Holland - Yes

CONTENT OF MOTION: Staff recommendation adopted.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

September 30, 2004

A-00103976
R-00049828

FISCHER-HUGHES TRANSPORT INC
450 N BROAD ST
DOYLESTOWN PA 18901

DOCUMENT

Pennsylvania Public Utility Commission
v.
Fischer-Hughes Transport, Inc.

DOCKETED
NOV 05 2004

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on September 30, 2004 has adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

Rpb
Encls
Cert. Mail
Receipt Req

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Public Meeting held September 30, 2004

Commissioners Present:

Terrance J. Fitzpatrick, Chairman
Robert K. Bloom, Vice Chairman
Glen R. Thomas
Kim Pizzingrilli
Wendell F. Holland

DOCKETED
NOV 05 2004

Pennsylvania Public Utility Commission

v.

Fischer-Hughs Transport, Inc.

A-00103976
R-00049828

ORDER

DOCUMENT

BY THE COMMISSION:

Fischer-Hughs Transport, Inc. furnishes household goods in use service originating in Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties and transported distances of forty (40) miles or less as more thoroughly described in the official tariff.

Fischer-Hughs Transport, Inc. (Carrier) has filed Tariff Freight Pa. PUC No. 9 on June 18, 2004 and proposes an increase in total revenues of \$97,970 of which \$49,827 would come from intrastate revenues, and \$48,143 would come from interstate revenues. The proposed rate increase is to cover increased insurance expense and to improve the carrier's operating ratio.

Carrier's total 2003 revenue is \$7,577,116. Carrier's total intrastate revenue is \$2,762,816, which includes \$711,808 in local moving revenues for transporting household goods forty (40) miles or less. Carrier's total interstate revenue is \$4,814,300.

The carrier has calculated that the increase will produce additional PUC revenues of \$49,827. In order to generate this increase, the carrier proposes increasing its normal complement of three (3) men and a vehicle from \$114.00 per hour to \$122.00 per hour.

INCOME AND EXPENSE STATEMENT
JANUARY 1, 2003 TO DECEMBER 31, 2003
CARRIER PROJECTED TOTALS

	<u>Actual</u>	<u>Adjustments</u>	<u>Projection With Adjustments</u>
<u>Operating Revenues:</u>			
Interstate	\$4,814,300	\$48,143	\$4,862,443
Intrastate	2,762,816	49,827	2,812,643
<u>Total Revenues:</u>	\$7,577,116	\$97,970	\$7,675,086
<u>Operating Expenses:</u>			
Maintenance	\$ 201,764	-	\$ 201,764
Transportation	4,222,946	-	4,222,946
Terminal	706,330	-	706,330
Traffic	947,969	-	947,969
Insurance	302,552	77,296	379,848
Administrative	1,173,177	-	1,173,177
Taxes and Licenses	47,994	-	47,994
Depreciation	52,031	-	52,031
Loss on disposition of Assets	1,250	-	1,250
<u>Total Expenses:</u>	\$7,656,013	\$77,296	\$7,733,309
<u>Total Income (loss):</u>	(\$78,897)	\$20,674	(\$58,223)
<u>Operating Ratio Before Taxes:</u>	101%		100.8%

COMPANY CLAIMED ADJUSTMENTS TO OPERATING EXPENSES

Insurance expense – is projected to increase in 2004 by \$77,296 or 25.6% due to an increase in workmen's compensation premiums. The carrier provided premium notices from the insurance carrier for 2003 and 2004, to support the projected increase in insurance expense.

ANALYSIS

Carrier proposes a \$97,970 increase in revenue to offset increased operating expenses of \$77,296 and to increase its profit margin by \$20,674. In 2003, the carrier incurred a loss of \$78,897. Carrier proposes that \$48,143 come from interstate operations and that \$49,827 come from transporting household goods forty (40) miles or less.

We conclude that the carrier's proposal places an unfair portion of the rate increase on local intrastate shippers, and does not place fair and reasonable portion of the increase on interstate revenue sources or 'other' intrastate revenue sources. Although local intrastate revenues account for only 9.39% ($\$711,808 \div \$7,577,116$) of the carrier's total revenues, the proposed rates will generate 51% of the new revenues from local moves of forty (40) miles or less.

In order to generate this revenue increase, carrier proposes to increase its three (3) men and vehicle normal complement charge of \$114.00 per hour to \$122.00 per hour. We conclude that the data compiled and submitted by the carrier does not support the increase, and we recommend the carrier increase its three (3) men and vehicle normal complement charge to \$115.50 per hour as determined in Table 1 below.

The carrier provided a statement asserting that interstate revenues were expected to decrease, because of an increase in local moving, which will mean "less availability of equipment and manpower to perform interstate moves." In addition, the carrier states that it lost a "major national account at the end of 2003."

The carrier did not provide empirical data supporting the assertions discussed in the preceding paragraph. Therefore, we have concluded that the increase in local revenues should be proportional (9.39%) to the amount of total revenues earned for local moves of forty (40) miles or less.

Proportional revenue increase allocated to local moves:	$\$97,970 \times 9.39\%$	\$9,199
Percentage increase:	$\$9,199 \div \$711,808$	1.29%
Alternative rate for three (3) men and vehicle normal complement:	$\$114.00 \times 1.0129$	<u>\$115.50</u>

Fischer-Hughs Transport, Inc. is also subject to the mileage rates contained in the 12th Revised Page 58 to Tariff Freight Pa. PUC No. 51, effective September 16, 2002, for transporting household goods in use in excess of forty (40) miles. Fischer-Hughs Transport, Inc. may wish to consider filing a rate increase to its mileage rates contained in the aforementioned tariff, in order to offset the increase in expenses not covered by the alternative rate proposed above in Table 1 above.

Fischer-Hughs Transport, Inc. has no outstanding assessments or fines.

COMPARATIVE RATES

Fischer-Hughs Transport, Inc. furnishes household goods in use service originating in Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties. Staff review of Commission records reveals that:

Sloane Moving & Storage Co., Inc., Freight Pa PUC Number 9, effective date of August 23, 2004, is requesting a rate of \$105.00 per hour. Sloane Moving & Storage Co., Inc. furnishes household goods in use originating in Philadelphia, Delaware, Chester, Montgomery, and Bucks Counties.

O'Malley Moving & Hauling, Inc., 5th Revised Page 74 to Tariff Freight Pa. PUC No. 54, effective September 13, 2004, is charging \$128.00 per hour. O'Malley Moving & Hauling, Inc. furnishes household good in use originating in Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties.

Clemmer Moving & Storage, Inc., 6th Revised Page 31 to Tariff Freight Pa. PUC No. 54, effective July 17, 2001, is charging \$126.50 per hour. Clemmer Moving & Storage, Inc. furnishes household good in use originating in Bucks, Chester, Delaware, and Montgomery Counties.

CONCLUSION

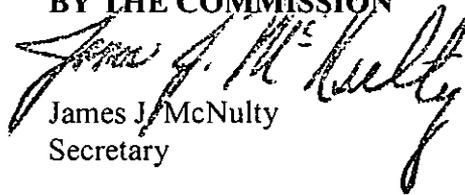
Based on the foregoing, we believe that the rate increase proposed by Fischer-Hughs Transport, Inc., is excessive and inequitable. We propose that Fischer-Hughs Transport, Inc. resubmit a tariff in accordance with the alternative rate of \$115.50 per hour, for a normal complement three (3) men and a vehicle as outlined in Table 1 above:

THEREFORE, IT IS ORDERED:

1. That Tariff Freight Pa. PUC No. 9 as filed by Fischer-Hughs Transport, Inc., be suspended.
2. That Fischer-Hughs Transport, Inc. be directed to file a freight tariff on, or before October 15, 2004, upon less than statutory notice to the Commission, which cancels Tariff Freight Pa. PUC No. 9, cancels the existing tariff, and implements the alternative tariff rate structure proposed by the Bureau of Transportation and Safety.

3. That if Fischer-Hughs Transport, Inc. fails to file such a tariff on or before October 15, 2004, an investigation of Fischer-Hughs Transport, Inc.'s proposed rate increase and existing rates will be instituted and the matter will be assigned to the Office of Administrative Law Judge for hearing.
4. That upon the filing of such a tariff, the investigation will terminate and the record will be closed.
5. That a copy of this order be served upon the carrier.

BY THE COMMISSION


James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: September 30, 2004

ORDER ENTERED: SEP 30 2004