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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
WESTERN MOTOR TARIFF BUREAU, INC. )  
To Increase Rates and Charges )  
on Behalf of Motor Carriers )  
Participating in WMTB's Break-Bulk )  
and Delivery Tariff No. 11-A, )  
Island of Oahu. )  
WMTB Rate Notice No. 4330-11-A. )  
\_\_\_\_\_ )

DOCKET NO. 02-0426

ORDER NO. 19933

Filed Dec. 23, 2002  
At 8:00 o'clock A .M.

Karen Higashi  
Chief Clerk of the Commission

DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

2002 DEC 23 P 3:51

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ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

K. Higashi

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Docket No. 02-0426

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ORDER

I.

By Rate Notice No. 4330-11-A, filed on November 27, 2002, WESTERN MOTOR TARIFF BUREAU, INC. (WMTB) seeks to amend its Break-Bulk and Delivery Tariff No. 11-A to reflect a four per cent across-the-board increase in its rates and charges. WMTB supports its request with a cost study, dated November 26, 2002.

WMTB makes its request: (1) on behalf of all Oahu-based break-bulk and delivery carriers that participate in Tariff No. 11-A; and (2) in accordance with Hawaii Revised Statutes (HRS) §§ 271-20 and 271-21. The proposed effective date of WMTB's tariff changes is January 1, 2003.

Copies of the rate notice and cost study were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate).

## II.

The burden of proof is on WMTB to prove the justness and reasonableness of its proposed increases in rates and charges. See HRS § 271-20; see also HRS § 91-10(5).

Upon careful review and consideration, the commission is unable, at this time, to determine, among other things, the justness and reasonableness of the proposed increases in rates and charges. In particular, the commission notes that the cost study neglects to:

1. Indicate whether the sample carriers' results of operations were normalized to eliminate the effects of extraordinary events such as the aftermath of September 11, 2001.
2. Explain how the operating expenses of Hawaii Transfer Company, Ltd., and Island Movers, Inc. were allocated between the carriers' total operations and their non-regulated operations.
3. Analyze the expenses that are included in Hawaii Transfer Company, Ltd.'s ocean freight expenses of \$442,232.
4. Explain whether the sample carriers' subcontract transportation expenses of \$382,550 were analyzed to eliminate the effects of: (A) subcontracting amongst the sample carriers; and (B) a sample carrier acting as a subcontractor to a non-sample carrier.
5. Provide an account analysis of the sample carriers' insurance and safety expenses of \$1,005,821.
6. Explain why Hawaii Transfer Company, Ltd.'s workers' compensation experience modification factor is 27 per cent.

In addition, page 3 of the cost study states that the sample carriers' regulated expenses were allocated based on the percentage of revenue methodology. This methodology, the

commission notes, is not the preferred method of allocating expenses.<sup>1</sup>

The commission, thus, will: (1) suspend the operation of Rate Notice No. 4330-11-A; (2) investigate the proposed changes pursuant to HRS § 271-20(e); and (3) name the Consumer Advocate as a necessary party. Within 14 days from the date of this order, WMTB and the Consumer Advocate shall submit an agreed-upon procedural schedule for the commission's review and consideration.<sup>2</sup>

### III.

#### THE COMMISSION ORDERS:

1. The tariff changes proposed by WMTB in Rate Notice No. 4330-11-A are suspended for a period of up to five months from the proposed effective date, up to and including June 1, 2003, and placed under investigation.

2. WMTB shall file the appropriate tariff sheets to reflect the suspension ordered by the commission.

3. The Consumer Advocate shall be a party to this proceeding.

4. Within 14 days from the date of the instant order, WMTB and the Consumer Advocate shall submit their agreed-upon procedural schedule for the commission's review and consideration. If WMTB and the Consumer Advocate are unable to

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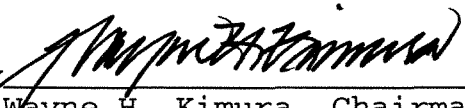
<sup>1</sup>Ideally, expenses that can be identified to a specific operation should be charged directly to that activity. The residual expenses can then be allocated based on an acceptable allocation methodology, such as revenues, payroll, square footage, etc.

<sup>2</sup>The commission's forthcoming prehearing order will incorporate the agreed-upon procedural schedule.

agree on a schedule, they shall separately submit, by the deadline date, their proposed schedules. Further instructions from the commission will follow.

DONE at Honolulu, Hawaii this 23rd day of December, 2002.

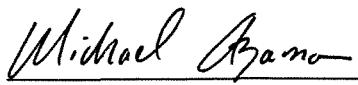
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Wayne H. Kimura, Chairman

By   
Janet E. Kawelo, Commissioner

By   
Gregg J. Kinkley, Commissioner

APPROVED AS TO FORM:

  
Michael Azama  
Commission Counsel

4330-11-A.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 19933 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
P. O. Box 541  
Honolulu, HI 96809

WESTERN MOTOR TARIFF BUREAU, INC.  
P. O. Box 30268  
Honolulu, HI 96820

  
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Karen Higashi

DATED: December 23, 2002