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CHICAGO MILWAUKEE ST. PAUL
& PACIFIC RAILROAD COMPANY

JAN 9 1976

OFFICE OF
GENERAL MANAGER

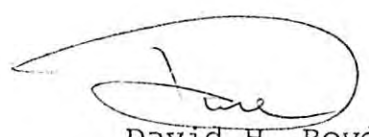
January 9, 1976
Seattle - Law Dept.

Messers:

- G. B. Bowman
- C. E. Jones
- Q. W. Torpin ✓
- P. C. White
- J. J. Nagle

Re Idaho Commission's Order granting rate increase - Cases R-2000-261 & R-2000-262

Attached find order of I.P.U.C. regarding above referenced applications. Your attention is invited to the second paragraphs of page 3, which may cause future problems for Idaho rail carriers. It is my understanding that the Union Pacific and protestants had an informal meeting with the I.P.U.C. regarding deletion of this paragraph from the order. As soon as I can determine the result of the meeting, I will pass on the information.



David H. Boyd
General Attorney

DHB:jsk

enc.

cc: Mr. W. H. Ploeger (with enc.)

ALL NOTE
& INITIAL

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

JAN 5 1976

IN THE MATTER OF THE APPLICATION)
 OF IDAHO CARRIERS BY RAIL FOR)
 AUTHORITY TO INCREASE INTRASTATE)
 FREIGHT RATES AND CHARGES AS)
 AUTHORIZED IN EX PARTE 310)

CASE NO. R-2000-261

IN THE MATTER OF THE APPLICATION)
 OF IDAHO CARRIERS BY RAIL FOR)
 AUTHORITY TO INCREASE INTRASTATE)
 FREIGHT RATES AND CHARGES AS)
 AUTHORIZED IN EX PARTE 313)

CASE NO. R-2000-262

ORDER NO. 12284

APPEARANCES:

R. B. BATCHELDER, D. H. BOYD, P. W. HOHENHAUS, and
 E. C. PHOENIX, appearing on behalf of the Applicants.

W. H. COWLES, C. W. HOSACK, and J. M. WUNDERLI,
 appearing on behalf of Utah-Idaho Sugar Company.

KENNETH E. HAGEMANN, appearing on behalf of the
 Amalgamated Sugar Company.

G. W. MCGREW, appearing on behalf of Potlatch
 Corporation.

A. E. STOEGER, appearing on behalf of FMC Corporation.

CONLEY WARD, JR., Assistant Attorney General,
 appearing on behalf of the Commission.

BY THE COMMISSION:

On June 30, 1975, the Idaho intrastate carriers by rail filed a joint application with the Idaho Public Utilities Commission requesting authority to increase intrastate freight rates and charges by seven percent. This proposed percentage increase is in all respects identical to the seven percent increase in interstate rates authorized by the ICC in a proceeding designated Ex Parte No. 310. On July 11, 1975, the Idaho carriers by rail filed another application with the Commission requesting an additional 7.5 percent increase in intrastate rates corresponding to the interstate increase granted by the ICC in Ex Parte No. 313.

Pursuant to due notice, the consolidated applications came on for regularly scheduled hearings on October 9-10, 1975, before Commissioners M. Karl Shurtliff and Robert Lenaghan.

No attempt will be made in this order to summarize the substantial body of evidence produced during the two days of hearings. Both applications are primarily designed to compensate the railroads for known and measurable increases in labor costs. The gist of the Applicants' case is that all the intrastate carriers by rail suffer from patently inadequate system-wide earnings, and that a failure to approve the requested increases will result in further deterioration of the present earnings. During 1974, the four Class I railroads operating in intrastate commerce in Idaho garnered the following overall rates of return on book investment:

Union Pacific - 6.19%
 Burlington Northern - 2.95%
 Spokane International - deficit
 Chicago, Milwaukee - deficit

With the possible exception of Union Pacific, all the carriers clearly failed to earn a sufficient return on their investment. In addition, Applicants presented some evidence which indicates that Union Pacific's intrastate costs exceed its intrastate revenues.

From the evidence and for the reasons stated, the Commission makes the following:

F I N D I N G S

I.

THAT the Applicants are common carriers by rail operating in intrastate commerce, subject to the jurisdiction of this Commission.

II.

THAT the increases proposed in Case Nos. R-2000-261 and R-2000-262 are just, reasonable, and nondiscriminatory.

III.

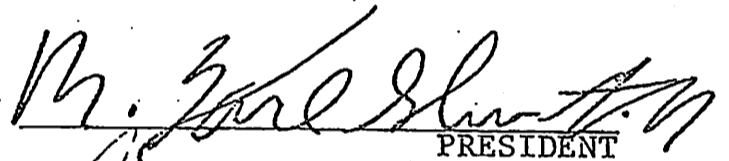
THAT in order to preserve the existing relationship between commodity rates, the increases approved hereby should be applied in full without exception to all intrastate rail traffic within the State of Idaho.

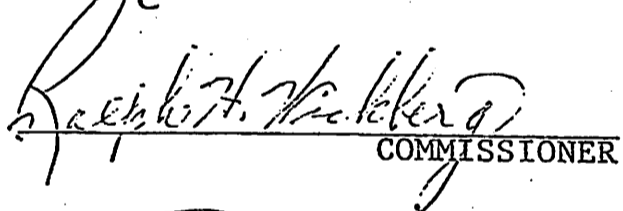
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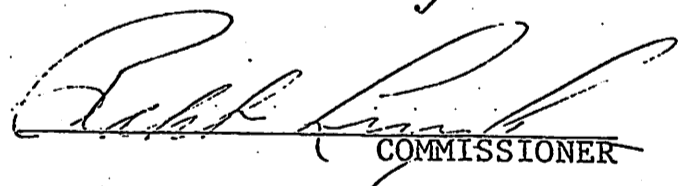
IT IS THEREFORE ORDERED that the Applicants herein are hereby authorized to increase intrastate freight rates and charges in Idaho by the same percentage, and subject to the same conditions, as the corresponding interstate increases authorized by the ICC in Ex Parte Nos. 310 and 313.

IT IS FURTHER ORDERED that said increases shall be applied in full, without exception, to all intrastate rail traffic within the State of Idaho. In the event Applicants enter into negotiations with specific shippers on the subject of rate hold downs or decreases for specific commodities, the railroad involved shall promptly inform this Commission in writing of its intention to undertake such negotiations, and no change in rates resulting therefrom shall be effective without the formal approval of this Commission.

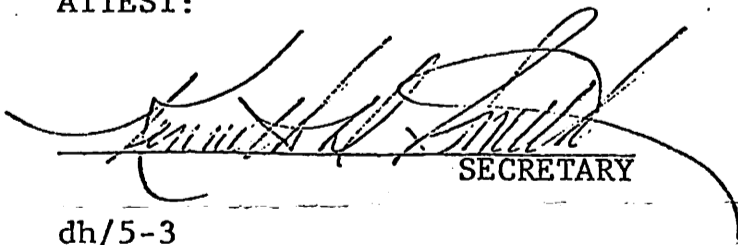
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this *2nd* day of January, 1976.


PRESIDENT


COMMISSIONER


COMMISSIONER

ATTEST:


SECRETARY

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