

Decision No. 30074.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Suspension by the Commission on its own motion of various rates of Los Angeles & Salt Lake Railroad Company, etc., for the transportation of cement, etc.

Case No. 3981.

In the Matter of the Investigation by the Commission on its own motion into rates, rules, etc. of every highway carrier doing business within the State of California, in so far as said rates, etc., relate to the transportation of cement, etc.

Case No. 4071.

In the Matter of the Application of ASSOCIATED CONTRACT TRUCKERS, a corporation, and others, for an order establishing new minimum rates to be charged by any highway carriers for the transportation of cement within Southern California.

Application
No. 21172.

APPEARANCES:

Raymond Tremaine, and Franklin L. Knock, Jr., by Raymond Tremaine, for Applicant Associated Contract Truckers and other petitioners.

Sanborn, Roehl & MacLeod, by H. E. Sanborn, and Chas. R. Boyer, for the Southwestern Portland Cement Company.

T. A. L. Loretz, for Blue Diamond Corporation, Ltd.

L. W. Dill, for Truck & Warehouse Association of San Diego and Imperial Counties.

Black, Hammack & McWilliams, by A. L. Black and Waldo Gillette, for the Monolith Portland Cement Company.

William Guthrie and J. L. Dartt, for California Portland Cement Company.

O'Melveny, Tuller & Myers, by L. M. Wright, for Riverside Cement Company.

G. E. Duffy and George Hurst, for The Atchison, Topeka & Santa Fe Railway Company.

R. E. Wedekind, for Southern Pacific Company.

C. W. Cornell, F. P. Willey, and E. L. H. Bissinger, for Pacific Electric Railway Company.

E. C. Renwick, for Union Pacific Railroad Company.

T. A. Maher, for Automotive Council of Orange County.

RILEY, COMMISSIONER:

INTERIM OPINION AND ORDER

The above entitled matters deal with the fixation of rates, rules and regulations governing the transportation of cement in sacks from the so-called inner and outer mills⁽¹⁾ to the marketing area in Southern California, being primarily the Metropolitan Los Angeles area.

The Commission, by Decision No. 28334, dated November 4, 1935, entered its order in Cases Nos. 3981 and 4071, prescribing rates for the transportation of cement, clinker, empty sacks, and accessorial services incident to such transportation, for all carriers operating under the Commission's jurisdiction and within the scope of these Cases.

Application No. 21172 was filed with the Commission May 4, 1937, seeking an order

"authorizing applicants and other highway carriers and the railroads to charge thereafter a rate, for the transportation of cement in lots of not less than 28,500 pounds, of not less than 1 cent per hundred pounds more than the minimum rates now required to be observed as set forth in Decision No. 28334 of the Railroad Commission of California, and as more particularly described in Exhibit A attached thereto."

In support of this application it is alleged in effect that truck transportation costs have materially increased, as a result of increased costs of trucks, truck parts, repairs, tires, gasoline, oil, insurance, licenses, taxes, rentals, and labor, subsequent to the issuance of said Decision No. 28334, or, in other words, that operating costs have increased approximately 20 per cent subsequent to October, 1935, at which time the Commission took evidence upon which said Decision No. 28334 was based, and it is therefore requested that the Commission increase the minimum rates to meet these costs of providing the service.

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- (1) The outer mills are located at Victorville and Oro Grande, San Bernardino County, and Monolith, Kern County.
- (2) The inner mills are located at Colton, San Bernardino County, and Crestmore, Riverside County.

Considerable testimony has thus far been introduced to show the increased cost of truck transportation subsequent to the time the Commission made its order in said Decision No. 28334.

Exhibit No. 9-A, presented by Crozen Truck Company, one of the signatories to Application No. 21172, shows the following:

<u>Item</u>	<u>Increase in Costs as of May 30, 1937, as compared with September 30, 1935.</u>
Motor Vehicle equipment	28%
Driver's Wages	25%
Taxes, Licenses, and Insurance	25%
Tires	61%
Fuel	29%
Oils	9%*
Grease	47%
Repairs	26%

* = Decrease

A comprehensive study of cost of transporting cement in sacks by motor vehicles was introduced by C. H. Jacobsen, one of the Commission's staff, which shows the estimated reasonable minimum cost of transporting cement in trucks from the inner and outer mills to the various markets by both "for hire" and "plant facility" trucks. The following tabulation is taken from this report:

COMPARISON BETWEEN RATES PRESCRIBED IN DECISION NO. 28334,
AND ESTIMATED COST OF TRANSPORTING ORE IN SACKS BY MOTOR
VEHICLES, AS DEVELOPED IN EXHIBIT 6-B (2)

IN CENTS PER 100 LBS.

FROM	TO	Truck Transportation Rates (3) Prescribed in Decision No. 28334		Transportation Costs, as Developed in Exhibit 6-B	
		Rail-head point	Off rail but within 2½ miles of a rail- head point	"Plant Facility" Trucks Based upon a load- ing of 460 sacks	"For Hire" Trucks Based upon a loading of 300 Sacks 460 Sacks or 14½ tons 21.85 tons
Monolith	Business center of Los Angeles	6½	7	8.9	12.2 11.8
Victorville	-do-	6½	7	7.4	10.1 9.7
Colton	-do-	4½	5	4.2	5.7 5.5
Crestmore	-do-	4½	5	4.1	5.6 5.4

(2) Presented by O. H. Jacobsen, Senior Engineer
of the California Railroad Commission.

(3) Including Unloading.

Applicant in Application No. 21172 urges that the Commission issue an interim order to meet what is alleged to be an emergency situation with respect to the "for hire" truck operators, in that the cost of operating trucks has materially increased during the past year and it is necessary that an increase in the minimum rates be prescribed to meet such increased costs of providing the service. Accordingly, it proposes that the minimum rates prescribed in said decision be increased as follows:

(a) That the unloading charge be increased from $\frac{1}{2}\text{¢}$ to 1¢ per 100 lbs. and that the minimum rates for the transportation of cement by highway carriers from the inner and outer mills to points off rail-head be determined by adding to the rates to such rail-head points a sum of 1¢ per 100 lbs. for the first five miles and $\frac{1}{2}\text{¢}$ per 100 lbs. for each five miles or fraction thereof thereafter, in lieu of the rate prescribed in Exhibit "A" of said Decision No. 28334, which adds $\frac{1}{2}\text{¢}$ per 100 lbs. for the first $2\frac{1}{2}$ miles or fraction thereof, and $\frac{1}{2}\text{¢}$ per 100 lbs. for each five miles or fraction thereof thereafter.

(b) That the railroads be denied the right to absorb up to $\frac{1}{2}\text{¢}$ per 100 lbs. of the cost of moving cement in minimum lots of not less than 75 barrels, from mill to job through the warehouses located on the railroad.

The record shows that where cement is shipped from the mill to a receiving point on the railroad, and is transported from the latter point to the job by truck, the prevailing cost of such truck transportation is approximately 3¢ per 100 lbs. for a haul of not to exceed 5 miles.

The proposal presented by applicant in Application No. 21172 for an interim order was opposed by the rail carriers in so far as it involves an increase in the rail rates.

It is apparent from the record thus far adduced that the "for hire" truck operators who are engaged in the transportation of cement within the scope of this proceeding are faced with material increases in operating costs of providing the service. In passing upon the question of what relief, if any, the "for hire" trucker should be granted in the way of an interim order, two fundamental questions must be determined:

1. The volume of the increase, if any.
2. The spread of the rates between the competing carriers operating under the Commission's jurisdiction.

A review of this record supports the conclusion that the increase in truck transportation rates at this time should not exceed $\frac{1}{2}\%$ per 100 lbs. To authorize an increase of 1% per 100 lbs. as proposed by applicant in Application No. 21172 would produce higher rates from the inner mills than are justified by the cost data shown in Exhibit No. 5-B. This exhibit, however, justifies an increase of $\frac{1}{2}\%$ per 100 lbs. to apply to truck transportation from the inner mills to the job.

In order to maintain the present spread between the rail and the truck carriers, it would be necessary to increase the rail rates. The record, however, does not at this time justify any change in the rail rates.

The following form of Order is recommended.

INTERIM ORDER

Public hearings having been held in the above entitled matters and basing this Interim Order upon the foregoing Opinion,

IT IS HEREBY ORDERED:

A. That said Decision No. 28334 be and it is hereby modified in the following respects:

The last paragraph of Exhibit "A" attached thereto and made a part thereof, reading as follows:

"Minimum rates for the transportation of cement by highway carriers from Colton, Crestmore, Monolith, Victorville, Oro Grande, Los Angeles and Wingfoot, to other than rail facility shall be the rates prescribed for delivery at rail facility plus an additional charge of $\frac{1}{2}\text{¢}$ per 100 lbs. for the first $2\frac{1}{2}$ miles of the distance from the nearest rail facility to the point of delivery, and $\frac{1}{2}\text{¢}$ per 100 lbs. for each 5 miles or fraction thereof thereafter."

is revised to read as follows:

"Minimum rates for the transportation of cement by highway carriers from Colton, Crestmore, Monolith, Victorville, Oro Grande, Los Angeles and Wingfoot, to other than rail facility shall be the rates prescribed for delivery at rail facility plus an additional charge of 1¢ per 100 lbs. for the first $2\frac{1}{2}$ miles of the distance from the nearest rail facility to the point of delivery and $\frac{1}{2}\text{¢}$ per 100 lbs. for each 5 miles or fraction thereof thereafter."

B. That in all other respects said Decision No. 28334 shall remain in full force and effect until further order of this Commission and apply to all respondents in this proceeding.

C. That the Commission shall and it does hereby retain jurisdiction of these proceedings and each of them to alter or amend the minimum rates, charges, classifications, rules and regulations hereby established, and for all of the purposes set forth in Order Reopening Proceedings in Cases Nos. 3981 and 4071, dated June 1, 1937, and for all of the purposes sought in Application No. 21172, as may appear proper in the light of other and further evidence received herein.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

The effective date of this Order shall be ten (10) days
from the date hereof.

Dated at San Francisco, California, this 2nd day of
August, 1937.

William A. ...
Leon ...
Frank R. ...

Ray L. Keeey
Commissioners.