

TWENTY

Decision No. 28836

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
RALPH C. PERL, for authority to)	Application No. 21685
charge less than minimum rates)	
)	
)	
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E. S. WAKEMAN for Ralph C. Perl.

BY THE COMMISSION:

O P I N I O N

The applicant, Ralph C. Perl, seeks authority from the Railroad Commission, pursuant to Section 11 of the Highway Carriers' Act (Chapter 223, Statutes of 1935, as amended), to render transportation services with two 4-cubic yard water level capacity dump trucks for the State Department of Public Works, Division of Highways, Bishop District, the work to consist of the removal of slide material from the highways and the trucks to be loaded by power shovel. About seventy-five per cent of the services is to be performed in Mono County, in the vicinity of Bridgeport, where the minimum rate established by the Commission, by Decision No. 28836 in Case No. 4087, is \$2.15 per hour, plus driver's wages, and twenty-five per cent of the work is to be performed in Inyo County, near Big Pine, where the minimum rate is \$1.85 per hour, plus driver's wages.

In both counties, drivers' wages are \$0.75 per hour, making a minimum rate of \$2.90 per hour in Mono County and a minimum rate of \$2.60 per hour in Inyo County. Authority is sought to render this service for \$2.34 per hour.

A public hearing was held on the application before Examiner Cameron, on January 19, 1938, at Los Angeles, at which hearing applicant appeared personally and by counsel.

Applicant testified that he had been in the trucking business in California, owning and operating dump trucks, for the past twelve years. At the present time, he has four 4-cubic yard water level capacity dump trucks. He proposes to use two of these trucks on the Bishop job. He stated he had rendered services for the Division of Highways on a job near San Luis Obispo approximately eighteen months prior to the hearing. He presented figures as to certain of his costs of operation on that job, which showed his expenses to be \$1.45211 per hour per truck. With this figure as a basis, he seeks authority to perform the Bishop job at \$2.34 an hour, including drivers' wages. When asked if he was familiar with the conditions that existed on the Bishop job, under which he would have to operate, he was unable to make any definite statement other than that he understood his operations would be on paved highways, that his trucks would be loaded by a one-half yard power shovel, and that he thought generally the conditions under which he would perform the services on the Bishop job were more favorable than those on the San Luis Obispo job.

The costs on the San Luis Obispo job were reduced to

an hourly basis per truck. There are thirteen items of expense upon which applicant relies to establish the reasonableness of the rate requested. We shall consider the evidence in support of these items.

On the items of license and taxes, it was shown that these figures did not include a three per cent gross operating revenue tax which must be paid on the Bishop job.

The items as to the cost of oil, grease and gasoline were figured by approximating the cost and the amount used per truck per hour on the San Luis Obispo job. There was some testimony to show the quantity of oil, gasoline and grease consumed on that job. However, in view of applicant's lack of familiarity with conditions on the Bishop job, such as topography of highways, price of gasoline, oil and grease, and the cost of getting supplies to the trucks, it is apparent that these items of expense cannot be a proper criterion of costs for the Bishop job.

An item of truck supervision was an arbitrary figure inserted to cover the cost of a trip which applicant made from Los Angeles to San Luis Obispo and return. From the testimony, it could not be determined how this figure was arrived at, nor in what way it was considered a supervisory cost. This was also true as to the item of office expense.

The items listed as tire and truck depreciation costs were also arbitrary amounts. It is impossible to determine in just what way applicant secured these amounts. He stated, however, that the San Luis Obispo job lasted one-fourth of the year and therefore should bear one-fourth of the cost. There might be some basis for these figures, providing the trucks were

used in the same manner throughout the year. However, it was shown that on the San Luis Obispo job the trucks were operated six days a week for a period of three months, while the remaining three-fourths of the year they averaged approximately four and one-half days a week. The San Luis Obispo job should, therefore, bear a greater proportion of the expense. In view of the uncertain basis of these figures listed as depreciation, it is impossible to consider them in determining costs of the Bishop job.

The item of wages, listed at \$.7482 per hour, was conceded to be wrong as the wage paid the drivers was \$0.75 per hour. This latter item is the only figure presented that could be given any consideration, for drivers are to be paid \$0.75 per hour on the Bishop job.

The applicant was asked if he had allowed any item of cost for transporting his equipment between Los Angeles and Bridgeport. To this, he stated that he had made an allowance of \$8.00 to cover the cost of getting his equipment to and from Los Angeles. It is apparent that this estimate cannot be considered, for according to applicant's own testimony it requires twelve driving hours to transport a truck from Los Angeles to Bridgeport. This being true, figuring only the driver's salary at \$0.75 per hour, to transport two trucks from Los Angeles to Bridgeport and back to Los Angeles would alone require a cost to applicant of \$36.00, exclusive of other items of cost incurred in driving the equipment for such a distance.

There was evidence to the effect that the trucks were to be loaded with a one-half yard power shovel. The use of such a small shovel, according to testimony, would minimize wear and

tear on the equipment. In this respect only is there any evidence showing that the transportation services, for which relief is requested, merit any consideration. However, because of the failure to show the amount by which the costs would be reduced through the use of this sized shovel, we are unable to see how it would have much bearing on the final outcome.

There was evidence to the effect that general operating costs have increased about 14% in the last eighteen months. There was no evidence submitted by applicant to adjust the three-months listed expenses, which were incurred eighteen months prior to the hearing, to the costs of the Bishop job which is to be performed immediately.

In view of applicant's lack of knowledge of the conditions under which the work is to be performed and the availability of facilities where materials and supplies could be secured, it is apparent there was little or no evidence offered to show the actual costs that would be incurred on the Bishop job.

Section 11 of the Highway Carriers' Act (Chapter 223, Statutes of 1935, as amended) states in part that the Commission shall,

" * * * upon finding that the proposed rate is reasonable, authorize such rates less than the minimum rates established in accordance with the provisions of Section 10 hereof. "

Considering the application, in view of the evidence submitted in support thereof, it is obvious that there has been no sufficient showing to support a finding that the proposed rate is reasonable. Under the circumstances, therefore, the relief sought cannot be granted.

O R D E R.

A public hearing having been had, evidence produced, the matter submitted, and the Commission now being fully advised in the premises;

IT IS HEREBY ORDERED that the above entitled application be and it is hereby denied.

This order shall become effective twenty (20) days from and after the date thereof.

Dated at San Francisco, California, the 2nd day of February, 1938.

Walter H. ...
Leon ...
Thomas ...

W. H. ...
W. H. ...
COMMISSIONERS.