

Decision No. 31589

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
HARRY E. SMITH for authority to charge) Application
less than minimum rates established by)
the Railroad Commission of the State of) No. 22349
California for transportation in dump)
trucks over the public highways.)

ORIGINAL

APPEARANCES:

T. A. L. Loretz, for Applicant

A. H. Driscoll, for Department of Water and Power
of the City of Los Angeles

BY THE COMMISSION:

O P I N I O N

In this proceeding Harry E. Smith seeks authority, under Section 10 of the City Carriers' Act and Section 11 of the Highway Carriers' Act, to operate dump trucks for the City of Los Angeles, Department of Water and Power, at rates less than those prescribed as minimum rates by the Commission in its Decision No. 28836.

A public hearing was conducted in this matter before Examiner Hunter at Los Angeles, November 30, 1938, and it is now ready for decision.

The transportation involved in this proceeding consists, for the most part, of the movement by dump trucks of excavated materials from the city streets to designated points of disposal.

It is the practice of the Department of Water and Power to employ dump trucks, subject to call, on an annual basis. Bids are received and contracts awarded in accordance with certain standards of the department (in this particular case under Specification No. 2774) for a definite period of time, usually on an annual basis or within the limits of a certain appropriation.

It appears that such bids were received October 13, 1938, from some twenty-two dump truck operators in the Los Angeles area, for the service of ten dump trucks, of both 2 and 4 cubic yard capacity. Of this group applicant was the lowest bidder.

As will be shown hereinafter, applicant's bid is less than the minimum rates prescribed by the Commission. He has been advised by the department that before he will be awarded the contract he must receive authority from this Commission to operate for less than the prescribed minimum rates. The following table shows the rates bid by applicant as compared with the minimum rates prescribed by the Commission.

	(1)		(2)		(3)		(4)	
	<u>2-cy</u>	<u>4-cy</u>	<u>2-cy</u>	<u>4-cy</u>	<u>2-cy</u>	<u>4-cy</u>	<u>2-cy</u>	<u>4-cy</u>
Hourly Rates Proposed by Applicant	\$1.43	\$1.74	\$1.38	\$1.48	\$1.43	\$1.74	\$1.00	\$1.15
Minimum hourly Rates prescribed by Comm. Dec. No. 28836	<u>1.65</u>	<u>2.60</u>	<u>1.45</u>	<u>2.10</u>	<u>1.55</u>	<u>2.35</u>	<u>1.10</u>	<u>1.25</u>

NOTE: Rates include driver at the rate of \$6.00 per 8 hour day, or 75 cents per hour.

- (1) Loaded by power shovel
- (2) Loaded by hand
- (3) Loaded by any other method
- (4) Standby time

It may be observed that the differential between applicant's bid and the rates prescribed by the Commission varies considerably with respect to the 2-yard and 4-yard trucks, to the effect that there is only a comparatively small difference in the case of the 2-yard truck whereas there is a material difference in the rate for the 4-yard truck. The record shows that in the case of the 4-yard equipment, applicant proposes to use light dump trucks newly developed for this capacity in this type of service which can be operated at a much lower cost than the heavier types which were employed in studies upon which the Commission's rates are based.

Applicant's exhibit No. 2 shows that under the proposed rates it will enjoy an estimated profit, on the various types of equipment and operations, from 75 cents to \$2.05 per day, except in the case of the bid for standby service, where there will be an estimated loss of 70 cents per day in the case of the 2-yard truck and 12 cents per day for the 4-yard truck. The standby time, however, is estimated to consist of approximately only 2 per cent of the total time involved. Therefore, it would appear from this record that the overall operations will be conducted at a profit.

Applicant's low unit operating cost is based upon a comparatively high use factor. It is his contention that on the average his dump trucks are employed 2,240 hours per year, which is the equivalent of 43 hours per week, or 280 days of 8 hours each during the year.

Although the department does not guarantee applicant any specific amount of employment, it is applicant's contention that this work fits in with his other operations so that his dump trucks are employed more or less continuously throughout the year. This high use factor is approximately 15 per cent higher than the use factor employed in the estimates presented to the Commission in the record upon which the minimum rates were prescribed.

No opposition developed to the granting of this application. A representative from the Department of Water and Power testified that it was the department's policy to cooperate with the Commission in every respect and that the department would appreciate receiving an early decision as the contract covering the present for-hire dump truck operation expires within a short time.

A careful review of this record leads to the conclusion that this application should be granted. This conclusion is supported by the fact that applicant enjoys an unusually high use factor for his dump trucks and the operations are conducted with

light, modern equipment on an economical and efficient basis.

O R D E R

A public hearing having been held in the above entitled proceeding, and the matter being now ready for decision,

IT IS HEREBY ORDERED that Harry E. Smith be and is hereby authorized to assess and collect for the transportation for which rates are provided in Appendix "A" attached hereto and by this reference made a part hereof, rates less than the minimum rate heretofore established by the Commission in Decision 28836, but not less than those provided in the said appendix.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire upon the expiration of the agreement between Harry E. Smith and the Department of Water and Power of the City of Los Angeles under specification No. 2774, unless sooner cancelled, changed or extended by appropriate order of this Commission.

This order shall become effective on the date hereof.

Dated at San Francisco, California, this 19th day of December, 1938.

Robert A. Smith
Frank J. Kelly
Harry E. Smith
H. J. Kelly
Commissioners.

APPENDIX A

ITEM NO. 1 - APPLICATION OF RATES

Rates provided in Item No. 2 of this Appendix shall apply only for the transportation of excavated materials and building material for the account of the Department of Water and Power of the City of Los Angeles in accordance with specification No. 2774 of the Department of Water and Power.

ITEM NO. 2 - RATES (in dollars per hour - including driver)

<u>Capacity of Dump Truck - Water Level Measurement</u>	<u>Column (1)</u>	<u>Column (2)</u>	<u>Column (3)</u>	<u>Column (4)</u>
2 cubic yards	\$1.43	\$1.38	\$1.43	\$1.00
4 cubic yards	\$1.74	\$1.48	\$1.74	\$1.15

(Column 1) The minimum rates based upon Column 1 apply to the transportation by dump trucks of excavated materials when loaded by power shovel or other power loading device, other than when loaded at a commercial producing plant.

(Column 2) The minimum rates based upon Column 2 apply to the transportation by dump trucks of sand, rock, gravel, road building material, excavated material, building materials, asphaltic concrete, decomposed granite, and stabilizing materials when loaded by hand and the average mileage of each truck does not exceed eight (8) miles per hour per day during the hours such truck is operated.

(Column 3) The minimum rates based upon Column 3 shall apply to transportation by dump trucks of sand, rock, gravel, road building material, excavated material, building materials, asphaltic concrete, decomposed granite, and stabilizing materials, except where transported or loaded under the conditions specified under Columns 1 and 2.

(Column 4) In addition to the minimum rates herein-
above specified, there shall be charged and collected not less
than the minimum rates based upon Column 4 for "standby time",
whenever any truck is held but not used for a period in excess of
thirty (30) minutes at the point of loading or unloading of any
one load, such standby charge to apply to all such standby time
in excess of thirty minutes.