

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
D. E. BESS, D. DUNCAN, G. H. KORWES,)
J. C. HALBERT, TONY RAMOS, JAMES D.)
GARRETT, JACK D. TURNER, C. P. SUTTER-)
FIELD, R. C. GOOKIN, T. B. WILSON, V. J.)
CARTER, JOHN M. SOARES, A. M. OLIVEIRA,)
WALTER B. ROSELIP, EDWARD L. MISHLER,)
LESTER GREEN and E. P. CORNECL, for)
authority to charge less than minimum)
rates under the provisions of the High-)
way Carriers' Act.)

ORIGINAL

Application No. 24108

BY THE COMMISSION:

O P I N I O N

Applicants are highway contract and radial highway common carriers engaged in transporting rock, sand and gravel by dump trucks from Atascadero to various points in San Luis Obispo and Monterey counties. By this application they seek authority to charge less than the minimum rates established by Decision No. 32566, of November 14, 1939, as amended, in Cases Nos. 4246 and 4434.

At the present time applicants transport rock, sand and gravel in dump trucks from the Roselip Atascadero Rock and Sand Plant located at Atascadero, California, to Camp Roberts and to other government camps and highway projects located in San Luis Obispo and Monterey counties, within a radius of 50 miles from Atascadero. The application alleges that the rates prescribed by Decision No. 32566, as amended, presently applicable to this traffic are on an hourly basis only and that applicants seek authority of this Commission to charge rates on a per-ton basis

(1)
in lieu of said hourly rates.

Applicants propose rates based upon the three cents per ton mile, plus ten cents per ton for loading and unloading at point of origin and destination. In support of their proposal applicants allege that hourly rates are unsatisfactory and unworkable for the movement of rock, sand and gravel from Atascadero to government and highway projects because the hourly basis prevents a shipper and contractor from ascertaining the precise cost of transportation incurred on a particular job or project. Various reasons are assigned for this difficulty, the more important being the fact that the hourly basis is susceptible of variation depending upon the efficiency of the individual dump truck operator, the size and age of his equipment and the length of the haul involved. The per ton basis of rates, it is alleged, would place all truck operators on a parity and enable shippers and the contractors to ascertain the cost of transportation per cubic yard more accurately.

It is urged, moreover, that the per-ton basis here sought was prescribed by the Commission and is now maintained in Southern California and in the San Diego area pursuant to minimum rate orders of this Commission, whereas in Northern California dump truck rates are established upon an hourly basis only.

(1) Typical of said hourly rates are the following rates published in Highway Carriers' Tariff No. 7, for dump trucks of 7 cubic yards capacity:

- a. When power loading device is used - \$2.70 per hour;
- b. When loading is performed by hand - \$1.85 per hour;
- c. When loading performed under other conditions - \$2.40 per hour.

Applicants propose to charge a rate of 3 cents per ton per mile, plus 10 cents per ton for loading and unloading service.

The application sets forth several typical hauls under the proposed rates and compares them with the per ton rates currently maintained in Southern California and in the San Diego area as follows:

| F R O M Atascadero | Constructive Miles | <u>Rates in cents per ton</u> | | |
|-----------------------|-----------------------|-------------------------------|--------------------------------|--------------------|
| | | Rates Sought Herein | Southern Territory Scale | San Diego Scale |
| <u>T O</u> | | | | |
| Templeton | 6 | 28 | 29 | 33 |
| Paso Robles | 12 | 46 | 48 | 58 |
| San Miguel | 21 | 73 | 78 | 78 |
| McKay | 25 | 85 | 78 | 93 |
| Cayucos | 30 | 100 | 91 | 108 |
| Bradley | 33 | 109 | 104 | 123 |
| Nipomo | 50 | 160 | 141 | 168 |

In conclusion, the applicants assert that the proposed rates based upon three cents per ton mile plus ten cents per ton for loading and unloading are sufficiently remunerative to cover their costs of service and afford them a fair and reasonable profit. If the proposed rates here sought are authorized, applicants propose to make them subject in all other respects to the rules and regulations published in Highway Carriers' Tariff No. 7 for the transportation here involved.

It is apparent from the foregoing presentation that the proposed rates substantially follow the cost of providing the service, which element was the primary and controlling factor in establishing dump truck rates in the southern territory and the San Diego area. It is evident also that only one shipper will be affected by the proposed rates and that this shipper and all of the carriers involved are in complete agreement as to the reasonableness of the proposed rates.

The proposed rates in some instances would be lower than and in other instances higher than the minimum hourly rates heretofore established for the transportation here involved, due to the difference in operating efficiency of the various applicants. To the extent that the proposed rates are lower than existing hourly rates, the reduction does not appear to be sufficient to create undue advantages in favor of any of the applicants herein. The absence of a per-ton basis of rates applicable to dump truck movements in Northern California appears to handicap the applicants in this particular case and the reasons offered in support of the establishment of rates upon a per-ton basis are persuasive that such rates are more satisfactory to both the shipper and the carrier and afford a more precise method of calculating transportation costs for particular movements. Finally, it appears that the proposed rates lie somewhat between the level of rates heretofore established for Southern California and San Diego and are, therefore, not unduly low.

Applicants have shown that relief from the requirements of our minimum rate orders in Decision No. 32566, as amended, is necessary and authority will be granted to depart from said minimum rate orders to the extent of permitting applicants to charge rates constructed on a per-ton basis in lieu of hourly rates.

The findings herein are necessarily predicated upon existing conditions. Because of the possibility of changes in these conditions which might require modification of the rates here found justified, the relief to be authorized should be limited to a definite period. Accordingly, the application will be granted for a period of one year. If, upon its expiration, the carriers are of the opinion that an extension is justified an appropriate application requesting such action should be filed.

O R D E R

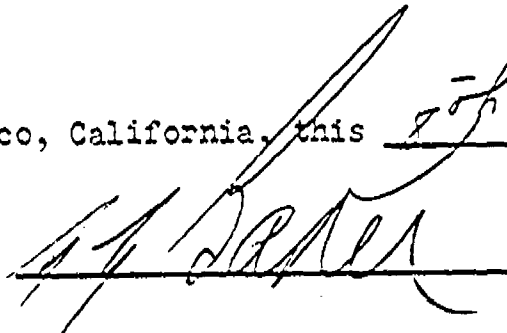
The matter having been duly presented and the Commission being advised in the premises,

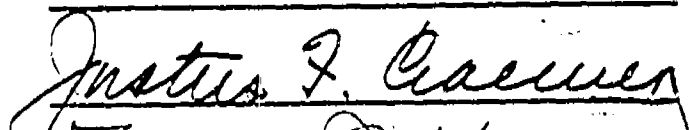
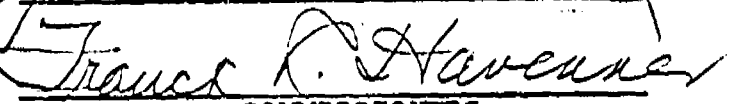
IT IS HEREBY ORDERED that applicants be and they hereby are authorized to assess and collect for the transportation of rock, sand and gravel and between the points for which rates are provided in Appendix "A" attached hereto and hereby made a part hereof, rates less than the minimum rates heretofore established by Decision No. 32566, as amended, in Cases Nos. 4246 and 4434 but not less than the rates provided in said Appendix "A."

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall expire one (1) year from the effective date of this order.

The effective date of this order shall be five (5) days from the date hereof.

Dated at San Francisco, California, this 27th day of April, 1941.



COMMISSIONERS

APPENDIX "A"

Rates in this appendix apply only for transportation of rock, sand and gravel in dump trucks, as described in Highway Carriers' Tariff No. 7, from the Roselip Atascadero Rock and Sand Plant at Atascadero, California, to points within a radius of fifty (50) miles therefrom.

| <u>MILES</u> | | <u>Distance Rates in Cents per Ton of 2000 Pounds</u> |
|--------------|-----------------------------|---|
| <u>Over</u> | <u>But Not Over</u> | |
| 0 | 2 | 16 |
| 2 | 4 | 22 |
| 4 | 6 | 28 |
| 6 | 8 | 34 |
| 8 | 10 | 40 |
| 10 | 12 | 46 |
| 12 | 14 | 52 |
| 14 | 16 | 58 |
| 16 | 18 | 64 |
| 18 | 20 | 70 |
| 20 | 22 | 76 |
| 22 | 24 | 82 |
| 24 | 26 | 88 |
| 26 | 28 | 94 |
| 28 | 30 | 100 |
| 30 | 32 | 106 |
| 32 | 34 | 112 |
| 34 | 36 | 118 |
| 36 | 38 | 124 |
| 38 | 40 | 130 |
| 40 | 42 | 136 |
| 42 | 44 | 142 |
| 44 | 46 | 148 |
| 46 | 48 | 154 |
| 48 | 50 | 160 |

Rates in this appendix are subject in all other respects to rules and regulations published in Highway Carriers' Tariff No. 7, as amended.