

ORIGINAL

Decision No. 42479

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation }
into the rates, rules, regulations, }
charges, allowances and practices }
of all common carriers, highway }
carriers and city carriers relating }
to the transportation of property. }

Case No. 4808

Appearances

Herbert Cameron and E. O. Blackman, for
California Dump Truck Owners Association.
Austin H. Peck, Jr. and H. G. Feraud, for
Southern California Rock Products Association.
Harold Easton, for Pacific Rock and Gravel Co.

SUPPLEMENTAL OPINION

This supplemental opinion deals with proposed revisions in minimum rates, rules and regulations established for the transportation of rock, sand, gravel and other materials in dump truck equipment in southern California.

Public hearings were had at Los Angeles on November 30, and December 1, 1948, before Examiner Mulgrew.

The minimum rates now in effect reflect extensive rate adjustments established by Decisions Nos. 40724 of September 16, 1947, and 41676 of May 28, 1948. Further adjustments are proposed by California Dump Truck Owners Association, Southern California Rock Products Association, and a member of the Commission's staff.

The Dump Truck Association urges that the rates be increased by 7½ per cent. It also urges that the scale of hourly rates applicable when loading is from hoppers, chutes, or bunkers be cancelled. Its witnesses testified that higher costs for

equipment, fuel, tires, repairs and labor had been experienced by the carriers since the rates were adjusted by Decision No. 41676, supra, and that other expenses had not changed since that time. To measure the effect of the higher costs, the association's secretary-manager applied the increased prices and wage rates to cost estimates submitted by a Commission engineer at the hearings had prior to the last rate adjustment. The resulting cost figures, he said, provide a "fair and reasonable representation" of current expenses. He submitted an exhibit showing his adjustments of the engineer's so-called "expanded costs" (costs expanded before provision for income taxes by using an operating ratio of 93 to provide for such taxes and for profit). The following tabulation shows the total "expanded costs" per hour so developed for the three types of equipment used in dump truck operations and the amounts of the increases on a percentage basis:

	<u>Commission Engineer</u>	<u>Adjusted</u>	<u>Per Cent Increase</u>
2 Axle Unit	\$ 4.2776	\$ 4.6126	7.83
3 Axle Unit	5.2346	(1)5.6258	(1)7.47
5 Axle Unit	6.5364	6.5364	7.03

(1) Mathematical error corrected.

The proposed 7½ per cent increase assertedly is urgently needed to compensate the carriers for the higher costs incurred in their operations.

The Southern California Rock Products Association opposed any increase in the rates. Its executive secretary said that increased rates were neither desirable nor necessary. He testified that the tonnage of rock, sand and gravel transported had increased; that many new for-hire carriers desired to haul materials at the present rates; and that shippers had no trouble in securing for-hire

dump truck transportation under these rates. He referred to the proprietary operations of members of his association and claimed that increased rates would reduce their patronage of for-hire carriers.

A dump truck operator called as a witness for the Rock Products Association expressed the opinion that the rates should not be increased. He claimed that his operations under the present minimum rates were profitable. On cross-examination, however, he was unable to substantiate this claim. He also opposed increases on the further ground that rate increases had resulted in new for-hire operations. The field, he said, was already overcrowded. Increased rates, he claimed, would create additional competition.

Counsel for Pacific Rock and Gravel Company also opposed any increase. He contended that operating costs vary with the size of the equipment, that the present rates do not reflect differences in operating costs for the various sizes of dump truck equipment in general use, and that rates which reflect such differences should be established before any increase is granted.

It is not disputed and the record shows that operating costs have increased since the rate level was last considered. It has not been established, however, that an increase as great as that proposed is justified due, among other things, to the method used in computing depreciation charges. In Decision No. 41676, supra, it was pointed out that investment and depreciation figures in excess of those represented by the value of the equipment in use lead to inflated results. In determining such expenses the carriers have not heeded this admonition.

The remaining increases in expenses relied upon to support the proposed higher rates, those for fuel, tires, repairs and labor, have been shown to be somewhat in excess of 5 per cent for all of the types of equipment involved. In the absence of a showing of operating results or other further proof of the carriers' revenue requirements, the full increase indicated by the cost showing will not be granted. In view of the cost showing and the history of the rates in question, however, it is reasonably clear that, except in the case of hourly rates, an increase of 5 per cent is justified. The record does not show that lesser cost increases than those which will thus be given effect have been experienced in proprietary operations. From a cost standpoint, the competitive situation should not be adversely affected.

Under a provision that prevailing wage rates are to be combined with specifically stated hourly rates to determine full hourly rates, the higher labor expenses disclosed by this record have largely been given effect in the hourly rate structure. An increase of 2½ per cent in the specifically stated rates is as much as is warranted on this record.

In regard to the contentions of Pacific Rock and Gravel, it is sufficient to point out that operating costs for various types of equipment and other rate-making considerations were covered by extensive evidence and exhaustively treated in prior decisions, that no further evidence was offered here, and that there is no basis for changing the conclusions heretofore reached.

Similarly, with respect to the proposed cancellation of hourly rates applicable when loading is from hoppers, chutes or bunkers, the showings made in support of and in opposition to the proposal are the same as those advanced when this matter was

previously considered. This evidence, it was held in Decision No. 41676, supra, did not support the sought cancellation. No reason for revising this holding has been made to appear.

We turn now to proposals of the Rock Products Association. It requested (1) that carriers transporting rock, sand and gravel be exempted from the provisions of General Order No. 84-B requiring the filing of a surety bond to cover monies collected on C.O.D. shipments; (2) that minimum rates, rules and regulations for the transportation of rock, sand and gravel be established in a separate tariff; and (3) that minimum rates be calculated on the basis of the time involved instead of on the basis of the time and mileage.

In connection with the sought exemption from the requirements of General Order No. 84-B, the association's executive secretary stated that no appreciable risk was involved in C.O.D. shipments of rock, sand and gravel; that maintaining the bond was an unnecessary expense to the carriers; that such expense would be reflected in the rate structure; that the association's members accounted for approximately 90 per cent of the rock, sand and gravel produced in Los Angeles County; and that they did not require the protection afforded by General Order No. 84-B. The record does not show the requirements of other Los Angeles County shippers nor of shippers of the commodities involved in the balance of southern California. Furthermore, there is nothing of record to indicate that the expense of maintaining surety bonds is sufficient to warrant any rate adjustment. The proposed exemption will be denied without prejudice to further consideration of this matter in any proceeding which may arise.

With respect to the establishment of a separate tariff for rock, sand and gravel and to the adjustment of rates from a time and

mileage to a time basis, the situation is the same as in the proposed cancellation of hourly rates for "bunker loading." No new or additional facts have been presented. The proposals will not be adopted.

There remain for discussion recommendations made by a rate expert of the Commission's staff. He pointed out that hourly rates are applicable from the time the truck and driver report for service pursuant to the shipper's order to the time the truck and driver are released from service; that a shipment is defined as a quantity of freight tendered by one shipper on one shipping document at one point of origin at one time for one consignee at one point of destination; and that the tariff does not specifically state how hourly rates are to be computed when two or more shipments are transported during one period of service. He said that under hourly rates the factor of controlling importance is the time involved rather than the number of shipments transported. He recommended that it be specifically provided that hourly rates apply to one or more shipments transported for one shipper in one unit of dump truck equipment from the time the truck and driver report for service pursuant to the shipper's order to the time of the completion of the last trip under this order. No one opposed this recommendation. It will be adopted.

Hourly rates in northern California also require clarification to the extent indicated in the preceding paragraph with respect to southern California rates. The adjustment will be made on a state-wide basis. A public hearing is not necessary with respect to its application to northern California.

The rate witness also pointed out that hourly rates apply in southern California only when the carrier is given written notice

Cor. 1

by the shipper in advance of shipment that service under hourly rates is desired; that hourly rates apply to numerous commodities; and that weight rates are provided for the transportation of many but not all of these commodities. The commodities for which weight rates are not named are debris, fertilizer, manure, ore, salt cake, soapstone or talc and wet premixed concrete. The witness said that the shipper notification merely provided a means of determining whether hourly or weight rates were applicable to a particular movement, and that notification was not necessary in connection with transportation of debris and the other commodities specifically named above. He recommended that hourly rates in southern California be made applicable to those commodities without requiring notice to the carrier of the shipper's intention to have the transportation performed under such rates.

On cross-examination the witness stated that he had not made a study to determine the rates under which these commodities were moving when shipper notice had not been given. The secretary-manager of the Dump Truck Association said that some of the commodities involved are moving under other than hourly rates and suggested that before the recommendation is adopted a study be made to determine the basis of "going" rates. In the circumstances, no order in this phase of the matter should be issued at this time.

Upon consideration of all the facts and circumstances of record, we are of the opinion and hereby find that the proposed modifications of existing rates, rules and regulations have been justified to the extent hereinbefore indicated and as provided by the order herein; and that in all other respects the proposals made have not been justified.

O R D E R

Based upon the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that Decision No. 32566 of November 14, 1939, in Cases Nos. 4246 and 4434, as amended, be and it is hereby further amended by incorporating in City Carriers' Tariff No. 6 - Highway Carriers' Tariff No. 7 (Appendix "A" of said Decision No. 32566, as amended) the supplement and revised pages attached hereto and by this reference made a part hereof, which supplement and pages are numbered as follows:

Supplement No. 7 cancels Supplement No. 6
First Revised Page 38-A-A cancels Original Page 38-A-A
Second Revised Page 41 cancels First Revised Page 41
Sixth Revised Page 42 cancels Fifth Revised Page 42

IT IS HEREBY FURTHER ORDERED that except to the extent hereinbefore provided the petition of California Dump Truck Owners Association filed October 1, 1948, be and it is hereby denied.

In all other respects the aforesaid Decision No. 32566, as amended, shall remain in full force and effect.

The effective date of this order shall be March 1, 1949.

Dated at San Francisco, California, this 1st day of February, 1949.

R. E. [Signature]
Justice F. Casper
[Signature]
[Signature]
[Signature]
Commissioners

SUPPLEMENT NO. 7
(CANCELS SUPPLEMENT NO. 6)

TO

CITY CARRIERS' TARIFF NO. 6

HIGHWAY CARRIERS' TARIFF NO. 7

NAMING

MINIMUM RATES, RULES AND REGULATIONS

FOR THE

TRANSPORTATION OF PROPERTY IN DUMP TRUCK

EQUIPMENT BETWEEN POINTS

IN CALIFORNIA.

BY

RADIAL HIGHWAY COMMON CARRIERS

HIGHWAY CONTRACT CARRIERS

AND

CITY CARRIERS

INCREASE IN RATES

In applying rates shown in Sections Nos. 2 and 3 of this tariff, the tariff rates shall be increased 5 per cent, dropping fractions of less than one-half cent and increasing fractions of one-half cent or greater to one cent.

When the applicable rate is determined by combining separately stated rates, the increase herein provided shall be applied to each of the separately stated rates.

EFFECTIVE MARCH 1, 1949

Issued by the
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
State Building, Civic Center
San Francisco 2, California

SECTION NO. 3 - RATES FROM PRODUCTION AREAS TO DELIVERY ZONES IN CENTS PER TON (Continued)

MATERIAL, viz.:

Granite, decomposed,
Gravel,
Sand,
Stone, crushed, chips or waste,
Stone, natural, blocks, pieces or slabs, rough quarried,
Stone, natural, sawed, not further finished.

Between Points in SAN DIEGO AREA as described on Pages 33-B to 33-E series, inclusive.

* * *

261-A
Cancels
261

Item No.	FROM		TO		
	Production Areas		Production Areas		
	G	H	G	H	
1	78	83	16	61	67
2	82	87	17	67	72
3	88	92	18	71	76
4	76	80	19	100	105
5	81	86	20	77	83
6	67	72	21	83	88
7	71	76	22	52	58
8	76	81	23	38	45
9	77	83	24	72	76
10	87	91	25	77	83
11	93	99	26	111	116
12	95	100	27	27	33
13	106	110	28	36	43
14	112	118			
15	117	121			

*** Note eliminated, Decision No. 42479

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San Francisco, California.

Correction No. 204

Item No.	SECTION NO. 4	HOURLY RATES (Continued)
330-A Cancels 330	<p style="text-align: center;">CONSTRUCTION OF RATES</p> <p>The hourly rates are constructed by combination of the vehicle hourly rates shown in Item No. 360 series and the Drivers' and Helpers' wage rate shown in Item No. 340 series.</p> <p>*Hourly rates apply to property, as described in Item No. 320 series, transported for one shipper in one unit of dump truck equipment from the time the truck and driver report for service pursuant to the shipper's order to the time of completion of the last trip under such order. The amount of time of the last trip shall be deemed to be double the running time between the loading and unloading points plus the unloading time.</p> <p>NOTE.-In computing time for assessing hourly rates, allowance may be made for delays occasioned due to failure of dump truck equipment or due to time taken out for meals.</p>	
340	<p style="text-align: center;">DRIVERS' AND HELPERS' WAGE RATE</p> <p>The drivers' and helpers' wage rate shall be the general prevailing rate of wages per diem (converted, however, to an hourly basis) last determined as such pursuant to the provisions of Chapter 397, Statutes of 1931, as amended, for drivers and/or helpers of dump trucks employed on public work of a similar character in the locality in which the work is performed; provided, however, that whenever the Federal Government, the State of California, or any political subdivision thereof shall have fixed or determined the rate of wages to be paid dump truck drivers and/or helpers in connection with any work performed for or on behalf of the Federal Government, the State of California, or any political subdivision thereof, then said rate of wages so fixed and determined shall be the "general prevailing rate of wages" to be used in determining the minimum rates for transportation by dump trucks of the commodities herein mentioned in connection with said work.</p>	
350-B Cancels 350-A.	<p style="text-align: center;">COMPUTATION OF TIME</p> <p>*Item cancelled. Item No. 330 series will apply.</p>	
* Change, Decision No. 42479		
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<p>Issued by The Public Utilities Commission of the State of California, San Francisco, California.</p> <p>Correction No. 205</p>		

Item No.	SECTION NO. 4	HOURLY RATES (Concluded)						
<p>MATERIAL, as described in Item No. 320 series.</p> <p>COLUMN "A" rates apply where the loading is performed by power loading device, excepting processed sand, gravel or crushed stone in stock piles at a commercial producing plant, at point of consumption or at intermediate point of transfer. A hopper chute or bunker shall not be deemed to be a power loading device.</p> <p>COLUMN "B" rates apply where the loading is performed by hand and where the average mileage of the vehicle does not exceed eight (8) miles per hour for the period of time the vehicle is in use each day.</p> <p>COLUMN "C" rates apply where transportation or loading is under conditions other than described under application of Column "A" or Column "B" rates.</p>								
Level Capacity of Dump Truck Body in Cubic Yards (See Note 1)		NORTHERN TERRITORY (See Item No. 110 series)			SOUTHERN TERRITORY (See Item No. 100 series)			
		Column A	Column B	Column C	Column A	Column B	Column C	
(1) Rates in Cents Per Hour (See Item No. 330 series)								
360-F Cancels 360-E and 360-D	Over	But not over						
	0	2	127	96	114	113	92	103
	2	2½	152	106	133	144	103	123
		But less than						
	2½	3½	210	127	172	185	118	154
	(2) 3½	4½	254	152	216	215	138	185
	(2) 4½	5½	293	185	254	242	164	215
		But not over						
	(2) 5½	7	343	235	305	297	210	256
	7	8	387	267	343	354	251	287
	8	9	431	299	381	384	282	318
	9	10	475	331	419	415	308	354
	10	11	519	363	457	446	333	384
	11	12	563	395	495	482	364	420
	12	13	607	427	533	513	390	451
	13	14	651	459	571	548	420	482
	14	15	695	491	609	579	446	513
	15	Add to rate for 15 cubic yards capacity for each cubic yard or fraction thereof	44	32	38	33	28	33
<p>(1) Minimum charge shall be the rate for one hour.</p> <p>(2) Includes the capacity shown.</p> <p>NOTE 1.--Level capacity of Dump Truck body means the cubical content of the body in cubic yards calculated by multiplying the inside length by the average inside width and the average inside height of the sides of the body, including temporary side boards, if such boards are used, with no allowance for the crown of the load or for low head board or low tail gate.</p> <p>In the case of a Dump Truck body not constructed for use of a tail gate (such as the so-called "rock body"), the inside length shall be deemed to mean the average of the measurement along the top of the sides from the inside of the head board to the point of the angle where the sides are diverted downward to meet the floor, and the measurement along the floor from the inside of the head board to the end of the body.</p>								

◇ Increase, Decision No. 42479

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San Francisco, California.

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