

Decision No. 45400

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

ORIGINAL

Appearances

- Frank Loughran, for Dump Truck Owners Association of Northern California.
- P. H. McCarthy, Jr., and Herbert S. Johnson, for Building Material and Construction Dump Truck Operators Association, Inc.
- E. O. Blackman, for California Dump Truck Owners Association.
- Winfield H. Arata and Thomas C. Stanton, Jr., for Northern California Chapter, The Associated General Contractors of America.
- Eugene R. Booker, for Rock, Sand and Gravel Producers Association of Northern California.
- W. Y. Bell, for Richfield Oil Company.

SUPPLEMENTAL OPINION

By petition filed November 28, 1950, the Dump Truck Owners Association of Northern California alleged, among other things, that the minimum rates applicable to the transportation of property in dump trucks in northern California were inadequate, depressed and inequitable. Petitioner urged that the Commission direct its Transportation Department to make a study of these rates.

Public hearings were had at San Francisco on January 26 and February 2, 1951, before Examiner Mulgrew.

Dump truck rates of state-wide application are set forth in City Carriers' Tariff No. 6 - Highway Carriers' Tariff No. 7 (Appendix "A" of Decision No. 32566 as amended). In southern California there are rates on both hourly and weight bases. The

northern California rates are hourly rates exclusively. The hourly rates vary with the capacity of the equipment. They also vary with the loading method involved. The northern California rates were last adjusted, effective September 20, 1947, by Decision No. 40667. That decision increased highway carrier rates by 20 percent and city carrier rates by 27 percent. This restored the hourly rate parity between these classes of carriers which had theretofore been disturbed by a previous 6 percent increase in highway carrier rates and not in city carrier rates.

The full hourly rate is determined under the provisions of the dump truck tariff by adding the hourly rates specifically stated therein to the prevailing wage rates. The hourly rates as hereinabove stated have not been adjusted since 1947. There has thus been no adjustment since that time in the minimum rates except to the extent that prevailing wage rates may have been adjusted.

The staff evidence submitted at the hearings is preliminary in character. It consists of financial showings of the operating results of carriers said to be representative of the industry and of studies of estimated costs for the transportation involved.

The value of the financial showings as they now stand in determining proper rate levels is somewhat speculative because the revenue figures were taken from the carriers' books without determining the extent to which, if at all, those revenues were produced by applying the minimum rates. The financial results disclosed by the studies were for the year 1949 and for the first nine months of 1950. For 13 dump truck carriers engaged in general for-hire service the operating ratios were 108.84 and 97.72 percent, respectively, for these periods. For 18 carriers operating

as underlying carriers, the ratios were 106.53 and 102.85 percent. For three overlying carriers, the ratios were 98.55 and 94.13 percent. The financial information relating to underlying and overlying carriers is of little value without knowledge of the arrangements under which the transactions involved were handled. At this stage of the proceeding these arrangements have not yet been disclosed.

According to the staff cost showings, aggregate costs, exclusive of prevailing wage rate costs, are now substantially higher than the corresponding hourly rates. Such aggregate costs, before provision for income taxes and based on the equipment now in service, are shown in the studies as \$3.03 per hour for 3½ cubic yard equipment, \$4.04 or \$3.75 for 5-yard equipment depending on the type of operation involved, \$5.68 for 8-yard equipment, and \$6.84 for 10-yard equipment. Still higher costs are developed for new equipment. In Decision No. 40667, supra, the Commission held that "investment figures in excess of those represented by the property involved lead to inflated results." The costs for the equipment in service are the costs to be principally considered. The existing minimum rates, varying with the loading method involved, range from \$1.52 to \$2.54 for 3½-yard trucks, from \$1.85 to \$2.93 for 5-yard trucks, from \$2.67 to \$3.87 for 8-yard trucks, and from \$3.31 to \$4.75 for 10-yard trucks.

The staff cost witness explained that his figures were based on field surveys and other studies of the operations of carriers engaged in dump truck transportation. He claimed that use factors were substantially less than in 1947 when the hourly rates for northern California were last considered. He estimated

the use factor for 3½-yard and 5-yard trucks as 1250 hours per year and for 8- and 10-yard trucks as 1350 hours. The corresponding figures in the 1947 study were 1650 and 1590 hours, respectively. Cross-examination developed that in a recent southern California staff study of dump truck costs use factors ranging from 1920 to 2200 hours were developed. The witness also asserted that new equipment costs were now greater than in 1947 and that other increased expenses had contributed towards higher aggregate costs.

One of the directors of the Northern California Chapter of The Associated General Contractors of America testified that members of that association were substantial users of for-hire carrier dump truck service. The witness said that the directors had considered the subject of for-hire carrier rates and had named him as the chairman of a committee to make a study of the matter. He also said that while he and the other members of that committee had not had sufficient time to make a complete study, they were convinced that the staff study overstated the costs of the transportation involved. He stressed the fact that the use factors which the staff witness employed were much lower than the corresponding figures in the 1947 study and in the recent southern California study. He insisted that the present estimates were too low. In fact he claimed that the 1947 study had also somewhat understated use factors. The director said that he believed proper use factor would be from 1700 to 1800 hours per year. He claimed further that the cost estimates for new equipment were too high, that the useful life of the equipment was understated and that fuel and certain other costs were higher than need be incurred.

Petitioner indicated that it must rely upon the staff studies and stated that it had no showing to make at the present time. It urged, however, that the plight of its members was desperate and that minimum rate relief was essential to the maintenance of adequate for-hire dump truck transportation. Its views were supported by the Building Material and Construction Dump Truck Operators Association.

Another carrier association, California Dump Truck Owners Association, represents chiefly carriers whose operations are ordinarily in southern California. Its secretary said that its members were nevertheless interested in the northern California rate structure because some of them operated at times in that area and because northern California carriers likewise sometimes engaged in handling southern California traffic. In some of the latter cases, he said, the northern carriers had failed to observe the practices and other requirements established by the Commission for southern California operations. He claimed that adjustment of the northern California rates alone would not be sufficient. The rules, regulations and practices, he said, also required revision. He asserted that requirements similar to those previously established in connection with southern California rates would be desirable and that in any event some action in addition to adjusting the rates is essential.

The general contractors concede that, notwithstanding what they believe to be infirmities of the staff cost study, some increase is appropriate. They stated, however, that they were opposed to an increase exceeding 15 percent at this stage of the proceeding. They also indicated that some further increase might be necessary. They insisted, however, that they needed time to make a reasonably thorough study of the cost and rate problems involved.

Other shipper participation in the hearings was limited to examination of the witnesses.

The staff studies were submitted as the first phase of a complete inquiry into northern California dump truck costs and rates. These studies are still in progress. It is clear, however, from the record thus far made that an immediate increase of 15 percent in minimum rates is justified, that the carriers urgently require this increase, and that it should be granted forthwith. These conclusions are of course without prejudice to those other or different conclusions which may be reached upon a more comprehensive record in this matter. It is recognized that further consideration of the rates, and of the rules, regulations and practices as well, is highly desirable. The parties and the department are urged to complete their studies as promptly as practicable. The rate adjustment here made is an interim adjustment. The record indicates that it will not solve the problems faced by the carriers and their patrons. There is a substantial variance between the preliminary cost estimates of the staff and the contractors. Until this controversy is set at rest, minimum rates reflecting the higher staff basis should not be established. The 15 percent increase falls far short of full costs as estimated by the staff witness. The cost questions involved need further exploration.

A new check sheet for tariff pages will be provided for in the order herein. This is a matter of tariff routine and does not affect the rates and charges.

Upon consideration of all of the facts and circumstances of record we are of the opinion and hereby find that the existing rates, rules and regulations should be revised to the extent hereinbefore indicated and as provided in the order herein.

O R D E R

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

IT IS HEREBY ORDERED that City Carriers' Tariff No. 6 - Highway Carriers' Tariff No. 7 (Appendix "A" of Decision No. 32566 as amended), be and it is hereby further amended by incorporating therein First Revised Page 1 cancels Original Page 1 and Seventh Revised Page 42 cancels Sixth Revised Page 42, which pages are attached hereto and by this reference made a part hereof.

This order shall become effective March 20, 1951.

Dated at Los Angeles, California, this 27th day of February, 1951.

Justin F. Quisenberry
Harold A. Hale
John E. Mitchell

Commissioners

CORRECTION NUMBER CHECKING SHEET

This tariff is issued in loose-leaf form. All added and revised pages will be numbered consecutively in the lower left-hand corner. These correction numbers should be checked below on this checking sheet before pages are filed in tariff.

CORRECTION NUMBERS

281✓	321	361	401	441	481	521
282✓	322	362	402	442	482	522
283✓	323	363	403	443	483	523
284✓	324	364	404	444	484	524
285	325	365	405	445	485	525
286	326	366	406	446	486	526
287	327	367	407	447	487	527
288	328	368	408	448	488	528
289	329	369	409	449	489	529
290	330	370	410	450	490	530
291	331	371	411	451	491	531
292	332	372	412	452	492	532
293	333	373	413	453	493	533
294	334	374	414	454	494	534
295	335	375	415	455	495	535
296	336	376	416	456	496	536
297	337	377	417	457	497	537
298	338	378	418	458	498	538
299	339	379	419	459	499	539
300	340	380	420	460	500	540
301	341	381	421	461	501	541
302	342	382	422	462	502	542
303	343	383	423	463	503	543
304	344	384	424	464	504	544
305	345	385	425	465	505	545
306	346	386	426	466	506	546
307	347	387	427	467	507	547
308	348	388	428	468	508	548
309	349	389	429	469	509	549
310	350	390	430	470	510	550
311	351	391	431	471	511	551
312	352	392	432	472	512	552
313	353	393	433	473	513	553
314	354	394	434	474	514	554
315	355	395	435	475	515	555
316	356	396	436	476	516	556
317	357	397	437	477	517	557
318	358	398	438	478	518	558
319	359	399	439	479	519	559
320	360	400	440	480	520	560

EFFECTIVE MARCH 20, 1951

Issued by the Public Utilities Commission of the State of California,
 San Francisco, California.
 Correction No. 285

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 OA	Column OB	Column OC	Column A	Column B	Column C		
		(1) Rates in Cents For Hour (See Item No. 330 series)							
360-G Cancels 360-F	Over 0 2 2½ (2) 3½ (2) 4½ (2) 5½ 7 8 9 10 11 12 13 14 15	But not over 2 2½ 3½ 4½ 5½ 7 8 9 10 11 12 13 14 15	146 175 242 292 337 394 445 496 546 597 647 698 749 799	110 124 146 175 213 270 307 344 381 417 454 491 528 565	131 153 205 248 292 351 394 438 482 526 569 613 657 700	118 144 185 215 241 297 354 384 415 446 482 513 548 579	92 103 118 138 164 210 251 282 308 333 364 390 420 446	108 123 154 185 215 256 287 318 354 384 420 451 482 513	
		15 Add to rate for 15 cubic yards capacity for each cubic yard or fraction thereof-----		51	37	44	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>									

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.

◇ Increase, Decision No. 45400

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San Francisco, California.
Correction No. 286