

ORIGINALDecision No. 48514

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

E. O. Blackman, for California Dump Truck Owners
 Association, Inc., petitioner

Austin H. Peck, Jr. and H. G. Ferraud, for
 Southern California Rock Products
 Association, interested party.

R. A. Lubich, transportation engineer of the
 staff of the Public Utilities Commission
 of the State of California.

SUPPLEMENTAL OPINION

This opinion relates to the zone rates which apply as minimum for the transportation of rock, sand, gravel and decomposed granite in dump trucks over the public highways between designated production areas and delivery zones in Los Angeles, Orange, Ventura and San Diego counties. By petition filed December 26, 1952, and by amended petition filed February 20, 1953, the California Dump Truck Owners Association, Inc., representing approximately 500 dump truck carriers, seeks an increase of 7½ percent in the rates. It alleges that an increase of this amount is necessary to meet increases in operating costs which have become effective since the rates were last adjusted early in 1951.

¹ Petitioner's initial filing requested increases in the zone rates in Los Angeles, Orange and Ventura counties. Its amended petition extended the scope of its request to include the zone rates applicable in the northern part of San Diego County. The zone rates applicable in the southern part of San Diego County are not involved herein.

Public hearing of the petition was held before Examiner Abernathy at Los Angeles on February 16, 1953. Subsequently, on February 27, 1953, the matters involved were taken under consideration for decision.

Evidence was submitted at the hearing by petitioner's secretary and by a transportation engineer of the Commission's staff. The Southern California Rock Products Association, an association of the principal producers of rock, sand, gravel and decomposed granite in Los Angeles and Orange counties, participated in the examination of the witnesses as an interested party.

Petitioner's secretary undertook to measure the extent that costs have increased for the operation of 3-axle and 5-axle units of dump truck equipment since the submission of cost data at the hearing in the previous phase of this proceeding, in October, 1950, which resulted in the rate adjustments in early 1951. The major cost increases, he testified, have been in drivers' wages and related welfare benefits. In addition, gasoline and oil costs, repair costs, and insurance costs have also increased. On the other hand, he reported a decrease in tire costs. Another decrease which he reported was in the carriers' usage of equipment during 1952 because of strikes and bad weather. This decrease, however, had the effect of increasing the carriers' operating costs per hour worked and per ton of material transported. Modifying the cost data introduced at the 1950 hearing to reflect the cost changes noted, but making no changes otherwise, the secretary developed hourly costs for the operation of 3-axle and 5-axle units of equipment. Comparing these figures with those which had been developed at the previous hearing, he calculated that in the interval since late in 1950, the hourly costs of operating 3-axle units of equipment have increased

approximately 10 percent and that the costs of operating the 5-axle units have increased approximately 12½ percent.

The Commission engineer submitted the results of a study which he had made to develop the results of operations for 1952 of 35 dump truck carriers whom he believed to be representative of the dump truck carriers generally who are engaged principally in the transportation of rock, sand, gravel and decomposed granite. The revenues and expenses of these carriers were shown by the engineer (a) as set forth by the carriers in their books of account and (b) with certain adjustments to give effect to the value of services performed by owner-operators but not shown as a charge to expense in the book records. In this latter respect the engineer explained that under present income tax laws owner-operators who are doing business as proprietorship entities are not required to charge against their businesses the appropriate cost of the time expended by them in their operations. To adjust the operating expenses to allow for the value of the services of the owner-operators, he included amounts calculated on the basis of the wage rates for the services involved and the time spent by the owner-operators in performing those services. Also, he included allowances for office rental and for vehicle parking in instances where the owner was using his residence property for office and parking purposes.

The adjustments which the engineer made for the services of the owner-operators were in the expense accounts for drivers' wages, for mechanics' wages and for office expense. He based his calculations on current prevailing wage rates. For comparative purposes, where the driving, repair and office services were performed by employees rather than by the owner-operators, he adjusted the wages paid to the basis of current wage levels. As a consequence his

figures show what the carriers' operating experience for 1952 would have been had current wage levels prevailed throughout the year.

These figures are shown in the table below:

1952 Operating Results (Adjusted)
35 Dump Truck Carriers

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Operating Revenues</u>	<u>Operating Ratio</u>
Carriers operating				
2-axle trucks	\$ 34,231	\$ 36,558	\$(2,327)	106.79%
3-axle trucks	159,471	175,556	(16,085)	110.08%
4 and 5-axle units				
Fleet operators	202,639	212,901	(10,262)	105.06%
Owner operators	<u>225,820</u>	<u>229,566</u>	<u>(3,746)</u>	101.66%
Total	\$622,161	\$654,581	\$(32,420)	105.21%

() Indicates loss

No one appeared at the hearing in opposition to granting of the petition. The representative of the Southern California Rock Products Association stated specifically that his association was not opposed to establishment of the sought rate increases, nor was it opposed to an increase in the minimum charge per shipment to that for the transportation of 8 tons of material at the applicable rate instead of the charge for transporting 7 tons of material at the applicable rate.

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That the minimum charge per shipment should be increased as indicated was a further proposal of the California Dump Truck Owners Association, Inc. In justification of this increase petitioner's witness asserted that the rates now reflect the usage of vehicles hauling 12 or more tons per trip. He asserted also that the carriers are called upon to transport minimum loads only in instances such as when grades are excessive or when unloading conditions are exceptionally difficult. For these reasons he was of the opinion that the sought increase in the minimum charge per shipment would be reasonable.

The record herein shows that since the zone rates involved were last adjusted, the dump truck carriers engaged in the transportation of rock, sand, gravel and decomposed granite under said rates have experienced increases in their operating costs. It is concluded from the showing made that under the conditions now prevailing the present minimum zone rates do not reasonably reflect current cost levels and that the rates should be increased. Petitioner's showing appears to overstate the extent of the cost increases slightly. Nevertheless, with due allowance made for such modifications as seem necessary, the increase in the minimum rates proposed by petitioner appears to be, and is here found to be, justified. The sought change in the minimum charge likewise appears to be justified. The petition will be granted.

O R D E R

Based upon the evidence of record and 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" to Decision No. 32566 as amended) be and it is hereby further amended by incorporating therein Supplement No. 9 Cancels Supplement No. 8 and Sixth Revised Page 5 Cancels Fifth Revised Page 5, attached hereto and by this reference made a part hereof.

IT IS HEREBY FURTHER ORDERED that in all other respects Decision No. 32566, as amended, shall remain in full force and effect.

This order shall become effective May 11, 1953.

Dated at San Francisco, California, this 21st day of April, 1953.

R. J. [Signature]
President
Justis J. [Signature]
Harold [Signature]
[Signature]
[Signature]
Commissioners

SPECIAL SUPPLEMENT CONTAINING INCREASED RATES AND CHARGES

SUPPLEMENT NO. 9
(Cancels Supplement No. 8)
(Supplement No. 9 contains all changes)

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

Authorized by Decision No. 48514

in Case No. 4808

EFFECTIVE MAY 11, 1953.

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

ITEM NO. 1 - GENERAL APPLICATION

The increase as provided in this supplement shall be applied to the zone rates named in Section No. 3 of City Carriers' Tariff No. 6 - Highway Carriers' Tariff No. 7 with the following exceptions:

- (a) The increases provided herein shall not be applied in the construction of zone rates for the transportation of Asphaltic Concrete (commonly called "Hot Stuff") or for Cold Road Oil Mixture (commonly called "Plant Mix")
- (b) The increases provided herein shall not apply for transportation between the following production areas and delivery zones:

Production Areas

Riverside County
San Bernardino County
San Diego County Production
Areas A, B, C, D, E, F, G and H.

Delivery Zones

San Bernardino County
San Bernardino County
San Diego County Delivery
Zones Nos. 1 through 28,
inclusive.

ITEM NO. 2 - APPLICATION OF TABLE

Find the applicable rate named in the tariff under Column "A". The increased rate to be applied will be found opposite thereto in Column "B".

ITEM NO. 3 - COMBINATION RATES

When the through rate is made by combining separately stated rates, each of such rates shall be increased before combining.

ITEM NO. 4 - TABLE OF INCREASED RATES IN CENTS

Find the rate as shown in the tariff under Column "A" and apply the rate opposite thereto in Column "B".

Col. A	Col. B	Col. A	Col. B	Col. A	Col. B	Col. A	Col. B	Col. A	Col. B
1	1	51	55	101	109	151	162	201	216
2	2	52	56	102	110	152	163	202	217
3	3	53	57	103	111	153	164	203	218
4	4	54	58	104	112	154	166	204	219
5	5	55	59	105	113	155	167	205	220
6	6	56	60	106	114	156	168	206	221
7	8	57	61	107	115	157	169	207	223
8	9	58	62	108	116	158	170	208	224
9	10	59	63	109	117	159	171	209	225
10	11	60	65	110	118	160	172	210	226
11	12	61	66	111	119	161	173	211	227
12	13	62	67	112	120	162	174	212	228
13	14	63	68	113	121	163	175	213	229
14	15	64	69	114	123	164	176	214	230
15	16	65	70	115	124	165	177	215	231
16	17	66	71	116	125	166	178	216	232
17	18	67	72	117	126	167	180	217	233
18	19	68	73	118	127	168	181	218	234
19	20	69	74	119	128	169	182	219	235
20	22	70	75	120	129	170	183	220	237
21	23	71	76	121	130	171	184	221	238
22	24	72	77	122	131	172	185	222	239
23	25	73	78	123	132	173	186	223	240
24	26	74	80	124	135	174	187	224	241
25	27	75	81	125	134	175	188	225	242
26	28	76	82	126	135	176	189	226	243
27	29	77	83	127	137	177	190	227	244
28	30	78	84	128	138	178	191	228	245
29	31	79	85	129	139	179	192	229	246
30	32	80	86	130	140	180	194	230	247
31	33	81	87	131	141	181	195	231	248
32	34	82	88	132	142	182	196	232	249
33	35	83	89	133	143	183	197	233	250
34	37	84	90	134	144	184	198	234	252
35	38	85	91	135	145	185	199	235	253
36	39	86	92	136	146	186	200	236	254
37	40	87	94	137	147	187	201	237	255
38	41	88	95	138	148	188	202	238	256
39	42	89	96	139	149	189	203	239	257
40	43	90	97	140	151	190	204	240	258
41	44	91	98	141	152	191	205	241	259
42	45	92	99	142	153	192	206	242	260
43	46	93	100	143	154	193	207	243	261
44	47	94	101	144	155	194	209	244	262
45	48	95	102	145	156	195	210	245	263
46	49	96	103	146	157	196	211	246	264
47	51	97	104	147	158	197	212	247	266
48	52	98	105	148	159	198	213	248	267
49	53	99	106	149	160	199	214	249	268
50	54	100	108	150	161	200	215	250	269

THE END

Item No.	SECTION NO. 1 - RULES AND REGULATIONS (Continued)
* 50-D Cancels 50-C	<p style="text-align: center;">MINIMUM CHARGE</p> <p>Except as otherwise provided, the minimum charge per shipment shall be the charge for 8 tons at the applicable rate. (See Note.)</p> <p>NOTE: Between points in San Diego County the minimum charge per shipment shall be the charge for 6 tons at the applicable rate.</p>
60-A	<p style="text-align: center;">METHOD OF DETERMINING WEIGHT OF SHIPMENT (APPLICABLE IN SOUTHERN TERRITORY ONLY)</p> <p>Actual weight of the shipment shall be used when furnished by the shipper or when obtained by the carrier at the shipper's direction and expense.</p> <p>Otherwise charges shall be computed upon the basis of an estimated weight of 2800 pounds per cubic yard.</p>
70-A	<p style="text-align: center;">ALTERNATIVE APPLICATION OF COMMON CARRIER RATES</p> <p>Common carrier rates may be applied in lieu of the rates provided in this tariff, when such common carrier rates produce a lower aggregate charge for the same transportation, from the same point of origin to the same point of destination, than results from the application of the rates herein provided. For charges for loading and unloading see Note 1, Item 90 series. (See Note.)</p> <p>NOTE: When a rail carload rate is subject to varying minimum weights, dependent upon the size of the car ordered or used, the lowest minimum weight obtainable under such minimum weight provisions may be used in applying the basis provided in this item.</p>
80	<p style="text-align: center;">BRIDGE AND FERRY TOLLS</p> <p>On all shipments the actual bridge or ferry tolls shall be added to the transportation charge when such facilities are used by the carrier.</p>
90-A	<p style="text-align: center;">ALTERNATIVE APPLICATION OF COMBINATIONS WITH COMMON CARRIER RATES APPLICABLE TO SOUTHERN TERRITORY OF THE STATE</p> <p>When lower aggregate charges result, rates provided in this tariff may be used in combination with common carrier rates for the same transportation as follows:</p> <p>(a) When point of origin is located beyond railhead and point of destination is located at railhead, add to the common carrier rate applying from any team track to point of destination the rate provided in this tariff for the distance from point of origin to the team track from which the common carrier rate used applies. (See Notes 1, 2 and 3.)</p>

(b) When point of origin is located at railhead and point of destination is located beyond railhead, add to the common carrier rate applying from point of origin to any team track, the rate provided in this tariff for the distance from the team track to which the common carrier rate used applies to point of destination (See Notes 1 and 3.)

(c) When both point of origin and point of destination are located beyond railhead, add to the common carrier rate applying between any railheads the rate provided in this tariff for the distance from point of origin to the team track from which the common carrier rate used applies, plus the rate provided in this tariff for the distance from the team track to which the common carrier rate used applies to point of destination. (See Notes 1, 2 and 3.)

NOTE 1. In the event, under the provisions of Items Nos. 70 and 90 series, a rate of a common carrier is used in constructing a rate for highway transportation and such common carrier rate does not include accessorial services performed by the highway carrier, the following charge for such accessorial services shall be added:

NOTE 2. For loading and unloading 12 cents per ton. When the point of origin located beyond railhead is a commercial producing plant located within any of the production areas described in Section No. 3, in which a team track is located and the point of destination is outside such production area, the combination rate may be constructed by adding to the common carrier rate specified in this item series, the rate of 6 cents per ton in lieu of the rate provided in this tariff for the distance from the point of origin to the team track from which said common carrier rate applies.

NOTE 3. When the rail carload rate is subject to varying minimum weights, dependent upon the size of the car ordered or used, the lowest minimum weight obtainable under such minimum weight provisions may be used in applying the basis provided in this item.

* Change)
◇ Increase) Decision No. 48514

EFFECTIVE MAY 11, 1953

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.
Correction No. 324