

**ORIGINAL**Decision No. 61893

## 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 sand, rock,  
 gravel and related items (commodi-  
 ties for which rates are provided in  
 Minimum Rate Tariff No. 7).

Case No. 5437

Petition No. 48  
(Filed December 22, 1958)Order Setting Hearing,  
dated March 24, 1959.

E. O. Blackman, for California Dump Truck  
 Owners Association, Inc., petitioner and  
 interested party.  
Arlo D. Poe, J. C. Kaspar and James Quintrall,  
 for California Trucking Associations, Inc.,  
 interested party.  
H. G. Feraud, for Southern California Rock  
 Products Association, interested party.  
Jere C. Bowden, for San Bernardino-Riverside  
 Counties Rock Products Association, interested  
 party.  
Jay D. Brown, for Sully-Miller Construction  
 Company, interested party.  
Jack Griffin, for Southern Pacific Milling  
 Company, interested party.  
Michael T. Peak, for Hollywood Granite Company,  
 interested party.  
C. Ray Bryant and R. A. Lubich, for the Commis-  
 sion's staff.

O P I N I O N

These matters relate to the rates, rules and regulations  
 in Minimum Rate Tariff No. 7 for the transportation of rock, sand,  
 gravel and other specified materials by dump truck equipment within  
 California. By Petition No. 48 the California Dump Truck Owners  
 Association, Inc., seeks revision of the zone rates, rules and  
 regulations in said tariff that apply for the transportation of

rock and rock products, including decomposed granite, in Southern California territory. It also seeks revision of various other of the rates for dump truck transportation in Southern California. By the Order Setting Hearing dated March 24, 1959, the Transportation Division of the Commission's staff is directed by the Commission "to make a complete and independent investigation of the costs, rates, rules, zones and other matters pertaining to the transportation of property by dump truck within California," and to develop "specific recommendations for necessary tariff changes."

As an initial step towards the above-indicated objectives, a public hearing was held before Examiner C. S. Abernathy at Los Angeles on January 4, 1961, for the receipt of evidence concerning zones that should be prescribed as basis for a revised zone rate structure. Evidence in this respect was presented in Petition No. 48 by petitioner California Dump Truck Owners Association, Inc., and by the Southern California Rock Products Association.<sup>1</sup> A representative of the California Trucking Associations, Inc., and members of the Commission's staff also participated in the proceedings. The record was closed as of March 15, 1961, with petitioner's submission of a late filed exhibit.<sup>2</sup>

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<sup>1</sup> The hearing was held on a consolidated record in both Petition No. 48 and in the Order Setting Hearing dated March 24, 1959.

<sup>2</sup> Petitioner also requested amendment of previously filed exhibits to correct errors in zone descriptions therein contained, and to revise another zone to conform to operating conditions in the area involved.

In general, the proposals which the California Dump Truck Owners Association advanced through its showing in these matters are that the zones which are the basis of the present zone rates in Minimum Rate Tariff No. 7 be revised and divided into smaller zones. Assertedly, a number of the present zones are so large that the applicable zone rates do not result in equitable charges for the services involved in making deliveries throughout such zones. The establishment of various additional zones was also urged by petitioner.

Exhibits to show specifically the zones which petitioner recommends were submitted and explained by petitioner's manager. According to the manager's testimony, these zone proposals were evolved by shipper and carrier committees working together under his general direction to arrive at a system of zones that would be reasonable for shippers and carriers alike. He urged the adoption of the zones as the basis for such zone rates as may be developed and prescribed in subsequent phases of this general proceeding.

This recommendation was supported by the Southern California Rock Products Association, an association of most of the principal producers of rock products in Southern California territory. The association's executive secretary testified that the association has long desired revision of the zone rate structure governing the transportation of rock products in Southern California, and that it is entirely in accord with the zone proposals of the California Dump Truck Owners Association, Inc.

No other zone proposals were made. No one spoke in opposition to adoption of the zones which the California Dump Truck Owners

Association, Inc., recommended. However, the representative of the California Trucking Associations, Inc., questioned whether decision on the zone aspects of these matters should be made solely on the basis of the proposals of the California Dump Truck Owners Association, Inc. He pointed out that the Order Setting Hearing of March 24, 1959, assigns to the Commission's staff the task of submitting specific recommendations for necessary tariff changes, and that thus far the record does not contain recommendations in response to this assignment. Regarding this point, a representative of the Commission's Transportation Division stated that the staff would have nothing to present in the way of evidence on zones. He said that inasmuch as specific zone proposals had been developed by the California Dump Truck Owners Association, Inc., with the concurrence of the Southern California Rock Products Association, the staff had concluded that for it also to undertake to develop and propose a system of zones would entail improvident expenditures of time and money.

The zones which the California Dump Truck Owners Association, Inc., advocates with the support of the Southern California Rock Products Association are, in effect, proposals toward the modernization of a zone rate structure that has applied to the transportation of rock products and allied materials in Southern California territory for almost 15 years. Viewed in the light of the experience that the carriers and shippers have gained in working under zone rates during these years, it appears that much weight should be given to the zone recommendations. This conclusion is further supported by the fact that the specific proposals are a

product of joint efforts of carriers and shippers having direct knowledge of and experience in the areas involved. It appears, moreover, that the recommendations may be accepted as representing the balanced judgment of the carriers and shippers of the weight to be given factors to be considered in the determination of zones for an appropriate zone rate structure for the transportation of rock products.<sup>3</sup>

We therefore find and conclude that except as otherwise noted below the zones which the California Dump Truck Owners Association, Inc., has recommended in connection with its Petition No. 48 are and will be reasonable as a basis for the development and establishment of revised zone rates for the transportation of rock products and allied materials in further phases of this general proceeding pertaining to Petition No. 48 and to the Order Setting Hearing dated March 24, 1959. In the circumstances it does not appear necessary that the Commission's staff should develop separate zone recommendations for the same areas. To this extent the staff should be relieved of its assignment contained in the aforesaid Order Setting Hearing. To this extent the directives of said Order Setting Hearing will be deemed to be modified.

Our findings and conclusions, herein, relative to the reasonableness of the zone recommendations of the California Dump Truck

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<sup>3</sup> Some of the more important of such factors are as follows: transportation conditions within the area to be zoned; the size of the zones in relation to the costs of service; topographical features; shippers' marketing needs, and probable future developments within the area. In general, zones should be so established that the costs of deliveries to all points within a zone are substantially similar. The zone boundaries should be readily recognizable divisions, and the zones as a group should reflect both present and future needs of the carriers and shippers involved.

Owners Association, Inc., apply to the zones in general. They do not apply to the precise boundary descriptions which were proposed for the delineation of the zones. The request which the California Dump Truck Owners Association, Inc., filed on March 15, 1961, for amendment of exhibits describing the recommended zones points up certain errors in the proposed descriptions. It appears that there are other errors, also. Since the propriety of the zone rates that will be developed subsequently in these matters will be dependent in part upon the propriety of the zones, errors in the zone descriptions should be corrected before incorporation of the zones into Minimum Rate Tariff No. 7. To this end the staff of the Commission's Transportation Division should undertake to review said zone descriptions, as part of its assignment under the Order Setting Hearing dated March 24, 1959, and to develop recommendations concerning respects in which the proposed descriptions should be corrected, clarified, and otherwise made certain and definite. These recommendations will be received at a further hearing in this matter scheduled for such purpose.

In view of our findings and conclusions, herein, a specific Order in this phase of Case No. 5437 is not necessary.

Dated at San Francisco, California, this 25<sup>th</sup> day of April, 1961

*George H. Hoover*  
President

*George H. Hoover*  
*G. Hoover*

*George H. Hoover*

*Frederick B. Holbrook*  
Commissioners