

ORIGINAL

Decision No. 68037

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 (commodities for)
which rates are provided in Minimum)
Rate Tariff No. 7).)

Case No. 5437
(Petition for Modification
No. 102
Filed March 11, 1964)

E. O. Blackman, for California Dump Truck Owners
Association, petitioner.
W. L. Manasco, for Miles & Sons Trucking Service,
respondent.
Eugene A. Feise, for Calaveras Cement Co.; E. J.
Bertana, for Pacific Cement and Aggregates, Inc.;
J. C. Kaspar, James Quintrall, H. F. Kollmyer and
A. D. Poe, for California Trucking Association;
interested parties.
Carl B. Blaubach, R. A. Lubich and Joseph Braman,
for the Commission staff.

O P I N I O N

This petition was heard before Examiner Thompson on June 17, 1964, at San Francisco, and on July 14, 1964, at Los Angeles, and was submitted. Copies of the petition and notices of the hearings were served in accordance with the Commission's procedural rules.

California Dump Truck Owners Association, petitioner, is a nonprofit corporation representing approximately 800 permitted carriers engaged in the business of transporting commodities in dump trucks. It here seeks to have the hourly rates in Minimum Rate Tariff No. 7 increased by amounts sufficient to offset certain increases in labor costs. There were no protests. The Commission staff took the position that the increases in labor

costs are offset by the reduction in income taxes resulting from the changes in the income tax provisions prescribed by the Federal Internal Revenue Act of 1964. The staff moved that proceedings in this petition be postponed and be combined with the proceedings in Case No. 5437, now pending.^{1/} That motion was denied. Said ruling is affirmed. Studies concerning transportation by dump truck at hourly rates in northern and southern California have not been completed by the staff. Petitioner has alleged that increases in labor costs effective May 1, 1964 have resulted in the minimum rates becoming unreasonably low. It contends that operations conducted by dump truck carriers after that date will be at a loss. Under the circumstances it is entitled to be heard and to have its petition decided on its merits without delay.

Evidence was presented by petitioner and by the staff. The only controversial issue in this proceeding is the treatment that should be accorded the revised Federal income tax rates and the investment tax credit provisions provided for in the Federal Internal Revenue Act of 1964. The staff indicates that the revenue needs of dump truck carriers will be reduced as a result of the income tax changes and that the increases in labor costs are offset by the reduction in taxes. Petitioner and California Trucking Association disagree with the position of the staff.

It is known that the impact of income tax adjustments will vary with different rates and between different carriers and that it cannot be measured precisely. The exact effect cannot

^{1/} Pursuant to Order Setting Hearing Dated March 24, 1959, the staff is, and has been, making studies of the costs, rates, rules, and other matters pertaining to the transportation of property by dump truck. Hearings have been held on the initial phase of that matter which involves zone rates for the transportation of certain commodities in southern California.

be determined on this record, but it will be considered in the rate adjustments herein authorized, if the effect thereon is evident. Other facts material to this petition are not disputed.

We find that:

1. The hourly rates here in issue were last adjusted by the Commission by Decision No. 66754, dated February 4, 1964.

2. The hourly rates are used mainly for the transportation of commodities in dump trucks at locations where construction is in progress.

3. The prevailing wage rates of drivers engaged in dump truck transportation at locations where construction is in progress are prescribed in collective bargaining agreements entered into between the teamsters' unions and chapters of the Associated General Contractors of America.

4. The wage agreements in effect between the teamsters' unions and chapters of the Associated General Contractors of America were negotiated in 1962 and specify certain wages and fringe benefits which were to have been paid in July, 1962 with increases in said wages and benefits to have become effective January 1, 1963, May 1, 1963, September 15, 1963, January 1, 1964, May 1, 1964, and January 1, 1965.

5. Effective May 1, 1964, the wages in Upper Northern Territory (as described in Minimum Rate Tariff No. 7) were increased 19 cents per hour, and the wages in Lower Northern Territory and Southern Territory were increased 13 cents per hour, over those in effect on January 1, 1964.

6. Those additional wage costs, effective May 1, 1964, are not reflected in the hourly rates prescribed in Minimum Rate Tariff No. 7.

7. The increases in wage rates result in some increases in other carrier operating expenses, particularly in such items of expense as payroll taxes and workmen's compensation insurance expense.

8. The greater number of carriers performing transportation at hourly rates prescribed in Minimum Rate Tariff No. 7, not being corporations, file individual Federal income tax returns.

9. The average gross revenue per carrier engaged in transportation at the hourly rates prescribed in Minimum Rate Tariff No. 7 is less than \$30,000 annually.

10. The average net revenue of carriers engaged in performing transportation at the hourly rates is such that the individual's personal exemptions have a greater effect upon the amount of income taxes due than the amount of the tax rate.

11. The revisions in the income tax rates prescribed in the Federal Internal Revenue Act of 1964 will have little effect upon the net earnings of the carriers, as a whole, engaged in performing transportation at the hourly rates set forth in Minimum Rate Tariff No. 7.

12. The average number of trucks per carrier engaged in this transportation is two, and most of the vehicles are not purchased new.

13. The investment tax credit provisions of the Federal Internal Revenue Act of 1964 will have very little effect upon carriers, as a whole, engaged in performing transportation by dump truck at hourly rates.

14. The presently effective hourly rates prescribed in Minimum Rate Tariff No. 7 are insufficient to the extent that they do not reflect the increases in drivers' wages which became effective May 1, 1964.

15. The increases in drivers' wages are not offset by the reduced income tax rates or by the investment tax credit provisions of the Federal Internal Revenue Act of 1964.

16. Additional revenues which would result from an increase in rates will be subject to a fee of one third of one percent prescribed by the Transportation Rate Fund Act and some of those additional revenues will be subject to the transportation tax administered by the State Board of Equalization.

17. The hourly rates set forth in Item No. 360 of Minimum Rate Tariff No. 7 (Upper Northern District Rates) increased by 20 cents per hour, and the hourly rates set forth in Item No. 361 (Lower Northern District Rates) and Item No. 365 (Southern Territory Rates) increased by 14 cents per hour, are, and for the future will be, the just, reasonable, and nondiscriminatory minimum hourly rates to be assessed by highway carriers and city carriers for transportation subject to the provisions of said Items Nos. 360, 361, and 365 of Minimum Rate Tariff No. 7.

We conclude that Minimum Rate Tariff No. 7 should be amended to establish therein the just, reasonable, and nondiscriminatory minimum hourly rates for transportation performed by dump truck.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 7 (Appendix A of Decision No. 32566, as amended) is further amended by incorporating therein, to become effective November 21, 1964, the revised pages attached hereto, and by this reference made a part hereof, which pages are numbered as follows:

Twentieth Revised Page 42
Twelfth Revised Page 42-A
Twelfth Revised Page 42-C.

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

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 13th day of OCTOBER, 1964.

Fredrick B. Holcomb
President

William H. Bennett

*I dissent.
I cannot
agree with
the treatment
accorded
income taxes.
George G. Grover
Commissioner*

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Item No.	SECTION NO. 4 - HOURLY RATES (Continued)									
COMMODITIES, as described in Item No. 320 (Items Nos. 360, 361 and 362).										
Level Capacity of Dump Truck Body in Cubic Yards. (See Note 1 in Item No. 362)		NORTHERN TERRITORY (See Item No. 110)								
		(1)(2) Rates in Cents per Hour (See Item No. 300)								
		Upper Northern District (See Item No. 315)								
Over	But Not Over	Column A			Column B			Column C		
		M	O	P	M	O	P	M	O	P
0	2	679	1055	866	606	982	793	654	1030	841
2	3	734	1110	921	644	1020	831	705	1061	892
3	4	792	1168	979	683	1059	870	757	1133	944
4	5	853	1236	1043	726	1109	916	811	1194	1001
5	6	907	1290	1097	763	1146	953	858	1241	1048
6	7	979	1383	1179	819	1223	1019	924	1328	1124
7	8	1022	1426	1222	851	1255	1051	966	1370	1166
8	9	1098	1527	1311	907	1336	1120	1031	1460	1244
9	10	1142	1571	1355	937	1366	1150	1068	1497	1281
10	11	1183	1612	1396	965	1394	1180	1103	1532	1316
11	12	1222	1651	1435	991	1420	1204	1134	1563	1347
12	13	1262	1695	1478	1020	1453	1236	1169	1602	1385
13	14	1293	1726	1509	1041	1474	1257	1195	1628	1411
14	15	1322	1755	1538	1061	1494	1277	1220	1653	1436
15	16	1348	1781	1564	1078	1511	1294	1242	1675	1458
16	17	1385	1831	1607	1109	1553	1329	1275	1721	1497
17	18	1415	1861	1637	1131	1577	1353	1302	1748	1524
18	19	1434	1880	1656	1144	1590	1366	1317	1763	1539
19	20	1451	1897	1673	1155	1601	1377	1332	1778	1554
20	(3)	017	017	017	011	011	011	014	014	014

(1) Minimum charge shall be the rate for one hour.
 (2) For application of Columns A, B and C and Subcolumns M, O and P, see Item No. 362.
 (3) Add to the rate for 20 cubic yards capacity, the amount shown opposite this reference mark for each additional cubic yard or fraction thereof.

(Continued in Items Nos. 361 and 362)

◇ Increase, except as noted } Decision No. 68037
 ○ No change }

EFFECTIVE NOVEMBER 21, 1964

Issued by the Public Utilities Commission of the State of California,
 San Francisco, California.

Correction No. 1061

Item No.		SECTION NO. 4 - HOURLY RATES (Continued)								
COMMODITIES, as described in Item No. 320 (Item Nos. 360, 361 and 362).										
Level Capacity of Dump Truck Body in Cubic Yards. (See Note 1 in Item No. 362)		NORTHERN TERRITORY (See Item No. 110)								
		(1)(2) Rates in Cents per Hour (See Item No. 300)								
		Lower Northern District (See Item No. 315)								
		Column A			Column B			Column C		
Over	Sub Not Over	M	O	P	M	O	P	M	O	P
0	2	664	1046	854	591	923	781	628	1010	818
2	3	721	1103	911	629	1011	819	677	1059	867
3	4	777	1159	967	668	1050	858	729	1111	919
4	5	835	1220	1026	708	1093	899	782	1167	973
5	6	889	1274	1080	745	1130	936	830	1215	1021
6	7	940	1325	1131	780	1165	971	876	1261	1067
7	8	988	1373	1179	812	1197	1003	927	1312	1118
8	9	1039	1429	1233	848	1238	1042	960	1350	1154
9	10	1083	1473	1277	878	1268	1072	1004	1394	1198
10	11	1124	1514	1318	906	1296	1100	1036	1426	1230
11	12	1163	1553	1357	932	1322	1126	1067	1457	1261
12	13	1206	1604	1404	964	1362	1162	1104	1502	1302
13	14	1237	1635	1435	985	1383	1183	1130	1528	1328
14	15	1264	1662	1462	1005	1403	1203	1153	1551	1351
15	16	1292	1681	1490	1022	1420	1220	1173	1571	1371
16	17	1338	1758	1547	1060	1480	1269	1213	1633	1422
17	18	1368	1788	1577	1084	1504	1293	1238	1658	1447
18	19	1387	1807	1596	1097	1517	1306	1253	1673	1462
19	20	1402	1824	1613	1108	1528	1317	1267	1687	1476
20	21	1419	1841	1630	1119	1539	1328	1281	1701	1490
21	22	1436	1858	1647	1130	1550	1339	1295	1715	1504
22	23	1453	1875	1664	1141	1561	1350	1309	1729	1518
23	24	1470	1892	1681	1152	1572	1361	1323	1743	1532
24	25	1487	1909	1698	1163	1583	1372	1337	1757	1546
25	26	1527	1972	1750	1197	1640	1418	1374	1817	1595
26	(3)	017	017	017	011	011	011	014	014	014

+361

- (1) Minimum charge shall be the rate for one hour.
- (2) For application of Columns A, B and C and Subcolumns M, O and P, see Item No. 362.
- (3) Add to the rate for 26 cubic yards capacity, the amount shown opposite this reference mark for each additional cubic yard or fraction thereof.

(Continued in Item No. 362)

o Increase, except as noted } Decision No. 68037
 o No change

EFFECTIVE NOVEMBER 21, 1964

Issued by the Public Utilities Commission of the State of California,
 San Francisco, California.

Correction No. 1062

Cancels

Item No.	SECTION NO. 4	HOURLY RATES (Concluded)		
<p>COMMODITIES, as described in Item No. 320.</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 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)		SOUTHERN TERRITORY (See Item No. 100) (1) Rates in Cents Per Hour (See Item No. 300) (See Note 2)		
Over	But Not Over	Column A	Column B	Column C
0	3	696	571	690
3	4	734	599	728
4	5	777	619	759
5	6	820	653	798
6	7	863	690	836
7	8	912	744	869
8	9	955	782	906
9	10	993	815	944
10	11	1031	846	982
11	12	1079	893	1020
12	13	1122	917	1063
13	14	1149	944	1090
14	15	1176	966	1117
15	16	1214	1012	1144
16	17	1241	1045	1171
17	18	1268	1077	1198
(2)18	-	-	-	1225
(3)18	19	1295	1109	
(3)19	20	1322	1142	
(3)20	21	1349	1174	
(3)21	22	1376	1206	
(3)22	23	1403	1238	
(3)23	24	1430	1270	
(3)24	25	1457	1302	
(3)25	26	1507	1357	
(3)26	(4)	027	032	

0365

- (1) Minimum charge shall be the rate for one hour.
- (2) Applies only in connection with rates in Column C.
- (3) Does not apply in connection with rates in Column C.
- (4) Add to the rate for 26 cubic yards capacity, the amount shown opposite this reference mark for each additional cubic yard or fraction thereof.

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.

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.

NOTE 2.-(a) For transportation service furnished under this item on Sundays and/or New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, add to the applicable hourly rate shown above: \diamond \$4.80 per hour when the level capacity is less than 25 cubic yards; \diamond \$5.26 per hour when the level capacity is 25 cubic yards or more.

(b) Except as otherwise provided in paragraph (a) of this note, for transportation service furnished under this item on Saturdays or during periods in excess of 8 hours in any one shift, add to the applicable hourly rate shown above: \diamond \$2.58 per hour when the level capacity is less than 25 cubic yards; \diamond \$2.93 per hour when the level capacity is 25 cubic yards or more.

\diamond Increase, except as noted } Decision No. 68037
 o No change

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 Correction No. 1063