

ORIGINALDecision No. 70907

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. 127
Filed April 11, 1966
Amended May 4, 1966

Petition No. 129
Filed April 20, 1966

Arlo D. Poe, H. F. Kollner and J. C. Kasper, for California Trucking Association, petitioner in Petition No. 127.
E. O. Blackman, for California Dump Truck Owners Association, petitioner in Petition No. 129.
Brundage & Hacker, by Daniel Feins, for Western Conference of Teamsters; G. Ralph Grago, for Associated Independent Owner-Operators, Inc.; Harry E. Phelan, for California Pavement Association; and Robert J. Buttery, for the Carpenter Steel Company, interested parties.
R. J. Carberry and R. E. Walker, for the Commission staff.

O P I N I O N

These matters were heard on a consolidated record before Examiner Mallory, at San Francisco, on May 12, 1966, and were submitted on that date.

California Trucking Association (CTA), petitioner in Petition No. 127, and California Dump Truck Owners Association (CDTOA), petitioner in Petition No. 129, allege that since the last adjustment in the hourly rates in Minimum Rate Tariff No. 7 effective January 22, 1966 (Decision No. 70089), costs of for-hire carriers engaged in hauling under the hourly dump truck rates have

increased and that compensating increases in hourly rates and charges are necessary to the maintenance of rates and charges at a just and reasonable level.

Evidence in support of the relief sought was presented by witnesses for CTA and CDTOA. The evidence shows that base wages and fringe benefits for drivers of dump truck equipment were increased effectively May 1, 1966, pursuant to collective bargaining agreements between teamster unions and the Associated General Contractors. Such labor cost increases amount to 29 cents per hour in the Upper Northern District and 30 cents per hour in the Lower Northern District and in Southern Territory.

CDTOA seeks increases in the straight-time hourly rates of 30 cents per hour in Upper Northern District and 32 cents per hour in Lower Northern District and in Southern Territory. CTA seeks corresponding increases of 50 cents and 51 cents per hour. Both associations seek proportionate increases in overtime rates.

The rates proposed by CDTOA represent the increased wage costs mentioned above, plus an allowance for carriers' profit (before income taxes) as indicated by an operating ratio of 93 percent. The witness stated that although other elements of cost have increased, his association is not seeking increases to reflect such costs in order to avoid delay in receiving urgently needed rate increases.

The rates proposed by CTA reflect, in addition to the aforementioned increased wage costs, increases in payroll taxes effective January 1, 1966, and workmen's compensation insurance costs. The total of these amounts was expanded by 15 percent to represent the asserted increase in indirect expenses, and by 5.49 percent to represent asserted increases in taxes and insurance based on gross revenues. The resulting amounts were then increased to provide an allowance for carriers' profit.

CTA's witness testified that the expansion factors used for workmen's compensation insurance, indirect expenses, insurance and profit are the same as those used in studies presented by CTA witnesses at different times in past proceedings in which the hourly rates in Minimum Rate Tariff No. 7 were adjusted. To verify that these factors are currently representative of carrier costs, the witness reviewed current records and the latest annual reports of two large carriers operating under rates in Minimum Rate Tariff No. 7. The witness testified that this review indicated that the expansion factors used by him were comparable to recent actual experience of the two carriers used in his check.

Cross-examination of the CTA witness by the Commission staff developed that increases sought in rates for work performed on Saturdays, Sundays and holidays and in excess of eight hours (overtime rates), although developed in the same manner as in prior proceedings, were overstated in that they reflect amounts not actually required to be paid by highway carriers. CTA requested and was granted permission to file a late-filed exhibit to modify its rate proposals for overtime work. Such exhibit has been filed.

The Commission staff opposed the granting of that portion of the rate increase sought by CTA which reflects increases for insurance costs and increases in indirect expenses. The staff representative stated that the Commission has provided in past decisions for increases which have occurred in wages, fringe benefits, and payroll taxes, but did not provide for increases in indirect expenses. The staff representative also asserted that insurance costs were included as direct costs in past staff studies

introduced in Case No. 5437, rather than as a percentage of gross revenues. He asserted that increases reflective of indirect expenses and insurance should not be made herein, as there is no adequate foundation therefor in prior decisions and such increases would set an undesirable precedent and foundation for future proceedings.

A representative of the California Asphalt Pavement Association moved that the rate increases sought in the CTA petition, other than those which reflect increased wages and fringe benefits, be deferred for consideration in the proceedings in Case No. 5437, Order Setting Hearing dated March 23, 1966, involving a general review of the hourly and mileage rates in Minimum Rate Tariff No. 7. In support of the motion, the representative stated that there appeared to be inconsistencies in CTA's proposals which could result in an overstatement of increases necessary to offset known increases in costs.

Discussion, Findings and Conclusion

While the Commission has consistently held that indirect expenses are a cost of transportation which must be considered in the establishment of minimum rates for dump truck transportation service, it has also followed the practice, in proceedings such as this where an increase in minimum rates is sought to provide for higher direct labor costs, of allowing only sufficient increase to cover the additional labor costs and related payroll items. The specific amount of increase sought by CTA, 15 percent of direct expenses, previously has been denied as not having been justified.¹

¹ Decision No. 64528, dated November 7, 1962, in Case No. 5437, Petitions Nos. 85 and 86 (unreported), and Decision No. 60623, dated August 23, 1960, in Case No. 5437 Petition No. 59 (58 Cal. PUC 110).

The record herein does not disclose what amount, if any, of indirect expense is attributed to wages. A review of Commission decisions dealing with hourly dump truck rates shows that rate revisions based on cost studies were last made in Northern Territory pursuant to Decision No. 52952, dated April 24, 1956 (55 Cal. PUC 2), and in Southern Territory pursuant to Decision No. 50854, dated December 14, 1954 (unreported). Subsequent rate adjustments have reflected only changes in wage costs, fringe benefits, payroll costs and gross revenue taxes. No adjustments in rate levels have been made in the intervening period since the dates of the decisions mentioned above for either indirect expenses or for insurance. The portion of the CTA petition which seeks rate adjustments to cover such items should be denied. Other portions of CTA's request have been substantiated on the record and should be granted.

The increases in the minimum rates which this record shows are necessary to compensate for increases in labor and payroll costs which have been incurred since the hourly dump truck rates were last increased pursuant to Decision No. 70089, dated December 15, 1965, are the following:

Increase in Rates and Charges
(In cents per hour)

Item No. 360 (Upper Northern District)	
Column M (straight time)	42
Column O (Sundays and Holidays)	58
Column P (Saturdays and over 8 hours) ..	50
Item No. 361 (Lower Northern District)	
Column M (straight time)	42
Column O (Sundays and Holidays)	59
Column P (Saturdays and over 8 hours) ..	51
Items Nos. 365 and 366 (Southern Territory)	
Straight time	42
Sundays and Holidays	59
Saturdays and over 8 hours	51

The Commission finds that the increases set forth in the preceding table in the hourly rates and charges published in Items Nos. 360, 361, 365 and 366 of Minimum Rate Tariff No. 7 have been justified and that said rates and charges as so increased will be just, reasonable and nondiscriminatory minimum rates and charges for the services to which they apply.

The Commission concludes that Minimum Rate Tariff No. 7 should be amended as provided by the order which follows.

As hereinbefore mentioned, the Commission has scheduled public hearings in another phase of Case No. 5437 for the receipt of evidence concerning adjustment of hourly rates. The Commission staff has recently completed full-scale cost and rate studies for presentation therein. It appears that all issues presented in connection with Petitions 127 and 129 which are not being disposed of at this time are already planned for consideration in connection with the order setting hearing dated March 23, 1966. Accordingly, the motion of the California Asphalt Pavement Association serves no useful purpose and should be denied.

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 August 6, 1966, the revised pages attached hereto, and by this reference made a part hereof, which pages are numbered as follows:

Twenty-second Revised Page 42
Sixteenth Revised Page 42-A
Sixteenth Revised Page 42-C
Second Revised Page 42-D

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

3. Except to the extent granted herein, Petitions Nos. 127 and 129 in Case No. 5437 are hereby denied.

4. The motion of the California Asphalt Plant Association is hereby denied.

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

Dated at San Francisco, California, this 28th day of JUNE, 1966.

Frederick B. Hubbard
President
W. E. [unclear]
George T. [unclear]
[unclear]
William W. [unclear]
Commissioners

Cancel

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
0360	0	2	754	1179	966	681	1106	893	729	1154	941
	2	3	809	1234	1021	719	1144	931	780	1205	992
	3	4	867	1292	1079	758	1183	970	832	1257	1044
	4	5	928	1360	1143	801	1233	1016	836	1318	1101
	5	6	982	1414	1197	838	1270	1053	933	1365	1148
	6	7	1054	1507	1279	894	1347	1119	999	1452	1224
	7	8	1097	1550	1322	926	1379	1151	1041	1494	1266
	8	9	1173	1651	1411	982	1460	1220	1106	1584	1344
	9	10	1217	1695	1455	1012	1490	1250	1143	1621	1381
	10	11	1258	1736	1496	1040	1518	1280	1178	1656	1416
	11	12	1297	1775	1535	1066	1544	1304	1209	1687	1447
	12	13	1337	1819	1578	1095	1577	1336	1244	1726	1485
	13	14	1368	1850	1609	1116	1598	1357	1270	1752	1511
	14	15	1397	1879	1638	1136	1618	1377	1295	1777	1536
	15	16	1423	1905	1664	1153	1635	1394	1317	1799	1558
	16	17	1460	1955	1707	1184	1677	1429	1350	1845	1597
	17	18	1490	1985	1737	1206	1701	1453	1377	1872	1624
	18	19	1509	2004	1756	1219	1714	1466	1392	1887	1639
	19	20	1526	2021	1773	1230	1725	1477	1407	1902	1654
	20	(3)		017	017	017	011	011	011	011	011
<p>(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.</p> <p>(Continued in Items Nos. 361 and 362)</p>											
<p>◇ Increase, except as noted) Decision No. 70907 ○ No change</p>											
EFFECTIVE AUGUST 6, 1966											
Issued by the Public Utilities Commission of the State of California, San Francisco, California.											
Correction No. 1190											

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	But Not Over	M	O	P	M	O	P	M	O	P
0	2	754	1201	977	681	1128	904	716	1165	941
2	3	811	1258	1034	719	1166	942	767	1214	990
3	4	867	1314	1090	758	1205	981	819	1266	1042
4	5	925	1375	1149	798	1248	1022	872	1322	1096
5	6	979	1429	1203	835	1285	1059	920	1370	1144
6	7	1030	1480	1254	870	1320	1094	966	1416	1190
7	8	1078	1528	1302	902	1352	1126	1017	1467	1241
8	9	1129	1584	1356	938	1393	1165	1050	1505	1277
9	10	1173	1628	1400	968	1423	1195	1094	1549	1321
10	11	1214	1669	1441	996	1451	1223	1126	1581	1353
11	12	1253	1708	1480	1022	1477	1249	1157	1612	1384
12	13	1296	1759	1527	1054	1517	1285	1194	1657	1425
13	14	1327	1790	1558	1075	1538	1306	1220	1683	1451
14	15	1354	1817	1585	1095	1558	1326	1243	1706	1474
15	16	1382	1836	1613	1112	1575	1343	1263	1726	1494
16	17	1428	1913	1670	1150	1635	1392	1303	1788	1545
17	18	1458	1943	1700	1174	1659	1416	1328	1813	1570
18	19	1477	1962	1719	1187	1672	1429	1343	1826	1585
19	20	1492	1979	1736	1198	1683	1440	1357	1842	1599
20	21	1509	1996	1753	1209	1694	1451	1371	1856	1613
21	22	1526	2013	1770	1220	1705	1462	1385	1870	1627
22	23	1543	2030	1787	1231	1716	1473	1399	1884	1641
23	24	1560	2047	1804	1242	1727	1484	1413	1898	1655
24	25	1577	2064	1821	1253	1738	1495	1427	1912	1669
25	26	1617	2127	1873	1287	1795	1541	1464	1972	1718
26	(3)	017	017	017	011	011	011	011	011	011

(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)

◇ Increase, except as noted }
○ No change } Decision No. 70907

EFFECTIVE AUGUST 6, 1966

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.
Correction No. 1191

Item No.	SECTION NO. 4 - HOURLY RATES (Continued)		
	COMMODITIES, as described in Item No. 320. (Items Nos. 365 and 366)		
	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.		
	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.		
	COLUMN "C" rates apply where transportation or loading is under conditions other than described under application of Column "A" or Column "B" rates.		
	Level Capacity of Dump Truck Body in Cubic Yards (See Note 1 in Item No. 366)	SOUTHERN TERRITORY (See Item No. 100) (1) rates in Cents Per Hour (See Item No. 300) (See Note 2)	
365	Over But Not Over	Column A	Column B Column C
	0 3	786	661 780
	3 4	824	689 818
	4 5	867	709 849
	5 6	910	743 888
	6 7	953	780 926
	7 8	1002	834 959
	8 9	1045	872 996
	9 10	1083	905 1034
	10 11	1122	936 1072
	11 12	1169	983 1110
	12 13	1212	1007 1153
	13 14	1239	1034 1180
	14 15	1266	1056 1207
	15 16	1304	1102 1234
	16 17	1331	1135 1261
	17 18	1358	1167 1288
	(2)18 -	-	-
	(3)18 19	1385	1199 1315
	(3)19 20	1412	1232
	(3)20 21	1439	1264
	(3)21 22	1466	1296
	(3)22 23	1493	1328
	(3)23 24	1520	1360
	(3)24 25	1547	1392
	(3)25 26	1597	1447
	(3)26 (4)	1627	1502

- (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.

(Continued in Item No. 366)

Increase, except as noted } Decision No. 70907
 No change

EFFECTIVE AUGUST 6, 1966

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

Correction No. 1192

Item No.	SECTION NO. 4 - HOURLY RATES (Concluded)
	<p data-bbox="467 493 1249 561">COMMODITIES, as described in Item No. 320. (Items Nos. 365 and 366)</p> <p data-bbox="337 589 1466 808">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 data-bbox="337 836 1466 1091">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> <p data-bbox="337 1118 1508 1338">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: ◊\$5.87 per hour when the level capacity is less than 25 cubic yards; ◊\$6.33 per hour when the level capacity is 25 cubic yards or more.</p> <p data-bbox="337 1365 1508 1809">(b) Except as otherwise provided in paragraph (a) of this note and in the Exception set forth below, 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: ◊\$3.33 per hour when the level capacity is less than 25 cubic yards; or ◊\$3.68 per hour when the level capacity is 25 cubic yards or more. Subject to Paragraphs 2 and 3 of Item No. 300, "periods in excess of 8 hours in any one shift" means the time which exceeds 8 hours from the time the driver with dump truck equipment reports for service, during which time said driver is continuously engaged by one shipper or overlying carrier, irrespective of the number of loads transported within the period.</p> <p data-bbox="337 1837 1491 1995">EXCEPTION. - The additional rates set forth in paragraph (b) shall not apply to transportation service performed on days, other than Saturdays, except when service is performed by one driver with dump truck equipment for a period in excess of 8 hours in any one shift.</p>
◊ 366	<p data-bbox="388 2063 1043 2106">◊ Increase, Decision No. 70907</p>
	<p data-bbox="829 2207 1248 2250">EFFECTIVE AUGUST 6, 1966</p>
Correction No. 1193	<p data-bbox="220 2278 1508 2351">Issued by the Public Utilities Commission of the State of California, San Francisco, California.</p>