

**ORIGINAL**Decision No. 71422

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 any and  
 all commodities between and within  
 all points and places in the State  
 of California (including, but not  
 limited to, transportation for  
 which rates are provided in Minimum  
 Rate Tariff No. 2).

Case No. 5432  
 Petition for Modification No. 424  
 (Filed June 13, 1966)

A. D. Poe, J. C. Kaspar, and R. W. Smith,  
 for California Trucking Association,  
 petitioner.

Paul D. Turner, for Union Truck Company, Inc.,  
 respondent.

Jim Hazard, for G. L. Bolitho, Richfield Division  
 of the Atlantic Richfield Company, interested  
 party.

Bill T. Farris and Fred P. Hughes, for the  
 Commission staff.

O P I N I O N

California Trucking Association, petitioner, seeks increases in the hourly rates and charges contained in Items Nos. 720, 720.1 and 720.2 of Minimum Rate Tariff No. 2 for the transportation of oil, water or gas well outfits and supplies. It alleges that since the rates were last adjusted pursuant to Decision No. 70789, dated June 1, 1956, and Decision No. 69404, dated July 13, 1965 (64 Cal.P.U.C. 517), the costs of for-hire carriers of providing the services involved have increased and that compensating increases in the hourly rates and charges are necessary to the maintenance of said rates and charges at a just and reasonable level.

Public hearing was held and the matter submitted before Examiner Mallory on July 15, 1966, at Los Angeles. Evidence was

presented by petitioner's assistant director of research. A representative of a carrier and members of the Commission staff participated in the development of the record.

The witness for petitioner testified that the increased operating costs which have prompted petitioner's rate increase proposals herein are increases of 10 cents per hour in wages and 6.7 cents per hour in fringe benefits which became effective July 1, 1966 pursuant to the national wage agreement between employers and teamsters' unions. The witness submitted and explained figures which he had developed to measure the impact of these wage cost increases upon the costs of the carriers' various services. In general, these figures were computed by applying the increased wage rates to the cost exhibits of record upon which the present minimum rates and charges were developed. In this development effect was given to additives for holidays, premium pay, non-productive time, workmen's compensation insurance, and indirect costs. The latter costs were represented to be 26 percent of the increase in the direct costs as measured by the witness' study.

The Commission staff engineer took the position that the indirect expenses developed by petitioner's witness were improperly measured, as only the labor portion of such expenses should be included. The staff representative contended that indirect expenses cover (in addition to wages, salaries and related expenses) items such as rent, property taxes, and communication and utility expenses, which do not necessarily increase when highway carriers incur increases in labor costs. The staff representative stated that the record showed that 75 to 80 percent of indirect costs are related to labor and the balance are related to other items. He urged that indirect costs be determined by applying 80 percent of the figure used by petitioner's witness.

The purpose of an offset rate increase proceeding of this type is to adjust rates to give effect to increased labor costs. We determined in recent offset proceedings involving the Los Angeles Drayage Area and San Diego Drayage Area that petitioner had not sustained the necessary burden of proof with respect to the effect which should be given to indirect expenses.<sup>1/</sup> In the Los Angeles case, Decision No. 71076 states, in part, as follows:

"In general, the indirect costs of a carrier are costs which cannot be allocated directly to any particular type of transportation service. For example, office rent and real property taxes are expenses which are classified as indirect costs. There does not appear to be any such relationship between rent and real property taxes, on the one hand, and wage costs for drivers, on the other hand, that rent and taxes would increase as drivers' wages are increased. Whether, to what extent, and when any increases in said costs would follow the increases in drivers' wage costs with which this petition is primarily concerned are so speculative that no provision for increases in said costs should be made in this matter. On this record our conclusions are the same with respect to other of the indirect costs."

In this proceeding the Commission staff urges that, since costs related to labor amount to 75 to 80 percent of indirect costs for hourly oilfield hauling, 80 percent of the provision for indirect costs as measured by petitioner should be included herein. Petitioner's showing in the immediately prior offset proceeding involving hourly oilfield rates (Decision No. 70789) was that indirect costs had increased concurrently with increases in direct costs. It is clear that, with respect to hourly oilfield rates, the preponderance of indirect costs are directly related to labor costs, and that increases in such indirect costs are concurrent with increases in direct labor costs. The differences in the exact amount of the resulting rate adjustments as between the procedure proposed by

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<sup>1/</sup> Decision No. 71076 dated August 2, 1966, in Case No. 5435 (Los Angeles Drayage Area) and Decision No. 71086, dated August 2, 1966, in Case No. 5439 (San Diego Drayage Area).

petitioner and that urged by the staff are not significant; the rates proposed by petitioner will be authorized.

The Commission finds:

1. The increases in the rates and charges in Items Nos. 720, 720.1 and 720.2 of Minimum Rate Tariff No. 2 proposed by petitioner have been shown to be justified, and as so increased said rates and charges are and will be the just, reasonable and nondiscriminatory minimum rates and charges for the services to which they apply.

2. To the extent that the provisions of Items Nos. 365, 720, 720.1 and 720.2 of Minimum Rate Tariff No. 2 have been found heretofore to constitute reasonable minimum rates and rules for common carriers as defined in the Public Utilities Act, said provisions, as hereinafter adjusted, are, and will be, reasonable minimum rates for said common carriers. To the extent that the existing rates and charges of said common carriers for the transportation involved are less in volume or effect than the minimum rates and charges hereinbefore designated as reasonable for said carriers, to that same extent the rates and charges of said carriers are hereby found to be, now and for the future, unreasonable, insufficient and not justified by the actual competitive rates of competing carriers or by the costs of other means of transportation.

3. Common carriers, to the extent they maintain low-bed equipment hourly rates for transportation as described in Item No. 720 on the same levels as the rates set forth in Items Nos. 720, 720.1 and 720.2, should be authorized to increase their low-bed equipment rates to the levels of the increased minimum rates in said items, and said increases are justified.

The Commission concludes that Petition No. 424 in Case No. 5432 should be granted.

In connection with the establishment of increased rates in conformity with the order herein, petitioner asks that common carriers be relieved from the so-called long- and short-haul prohibitions of Article XII, Section 21, of the Constitution of the State of California, and of Section 460 of the Public Utilities Code. Where common carriers have been authorized heretofore to depart from the long- and short-haul prohibitions, their outstanding authorities will be amended to the extent necessary to carry out the effect of the order herein.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 2 (Appendix "D" to Decision No. 31606, as amended) is further amended by incorporating therein, to become effective November 26, 1966, the revised pages attached hereto and listed in Appendix A also attached hereto, which pages and appendix by this reference are made a part hereof.
2. Common carriers subject to the Public Utilities Act, to the extent that they are subject also to said Decision No. 31606, as amended, are directed to establish in their tariffs the rate increases necessary to conform to the further increases herein in the rates and charges established by said decision.
3. Common carriers, to the extent they maintain low-bed equipment hourly rates for the transportation described in Item No. 720 of Minimum Rate Tariff No. 2 on the same levels of rates as set forth in Items Nos. 720, 720.1 and 720.2 of that tariff, are hereby authorized to increase said low-bed equipment rates to the levels of the minimum rates in Items Nos. 720, 720.1 and 720.2 of Minimum Rate Tariff No. 2 prescribed by the order herein.

4. Tariff publications required or authorized to be made by common carriers as a result of the order herein may be made effective not earlier than the tenth day after the effective date of this order, on not less than ten days' notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than November 26, 1966; as to tariff publications which are authorized but not required, the authority herein granted shall expire unless exercised within sixty days after the effective date hereof.

5. Common carriers, in establishing and maintaining the rates authorized hereinabove, are hereby authorized to depart from the provisions of Section 460 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding authorizations are hereby modified only to the extent necessary to comply with this order; schedules containing the rates published under this authority shall make reference to the prior orders authorizing long- and short-haul departures and to this order.

6. In all other respects, Decision No. 31606, 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 18<sup>th</sup> day of OCTOBER, 1966.

[Signature]  
President

George C. Brewer

Fredrick B. Hobbs

[Signature]

William W. Bennett  
Commissioners

Item No.	SECTION NO. 3	COMMODITY RATES (Continued)
	<p>HOURLY RATES FOR OIL, WATER OR GAS WELL OUTFITS AND SUPPLIES (Subject to Items Nos. 720-1 and 720-2)</p> <p>Rates in this item apply for transportation of:</p> <p>A. Freight regardless of classification when transported from, to or between: an oil, gas or water well site; a site for drilling an exploratory oil, gas or water well; a pier, quay or wharf for trans-shipment from or to an off-shore drilling facility.</p> <p>B. Property necessary or incidental to the establishment, maintenance or dismantling of pipelines, refineries and cracking or casing head plants.</p> <p>Rates in this item apply only for distances not exceeding 30 air miles from point of origin.</p>	

p720	Type of Equipment	Rates in Cents Per Hour
	Truck Without Trailer	
	2 Axle .....	1160
	3 Axle .....	1410
	Trucks, Tractors, Trailers, Semitrailers, Dollies or any combination thereof moving as a single unit	
	Carrier owned .....	1625
	Excess of Trailers or Semitrailers	
	Carrier Owned .....	0270
	Tractor and Driver Only .....	1475
	(Shipper Owned Trailing Equipment)	
	(Continued in Item No. 720-1)	

Change )  
 Increase, except as noted ) Decision No. **71422**  
 No change )

EFFECTIVE NOVEMBER 26, 1966

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

Correction No. 1808

Cancels

Item No.	SECTION NO. 3--COMMODITY RATES (Continued)																				
	<p>HOURLY RATES FOR OIL, WATER OR GAS WELL OUTFITS AND SUPPLIES (Continued)</p>																				
	<p>1. Charges shall be computed on the following basis: (See Exception.)</p> <p>The number of hours of service will be computed from the time the carrier's driver commences either operating the motor vehicle or performing other related service, whichever is earlier, and ending at the time that carrier's driver either ceases operating the motor vehicle or performing other related service, whichever is later.</p> <p>When the service performed extends over more than one day and the equipment is not returned to carrier's terminal, the period of time the driver is off duty shall not be included in the hours of service.</p> <p>EXCEPTION.--(a) Allowance shall be made for delays occasioned due to failure of carrier's equipment, or due to time taken out for meals.</p> <p>(b) After the total time has been determined it shall be converted into hours and fractions thereof. Minimum charge, one hour. Fractions of an hour shall be determined in accordance with the following table:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Minutes</u></th> <th></th> <th></th> </tr> <tr> <th style="text-align: center;"><u>Over</u></th> <th style="text-align: center;"><u>But Not Over</u></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">8</td> <td style="text-align: center;">-----</td> <td>Omit</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">38</td> <td style="text-align: center;">-----</td> <td>Shall be 1/2 hour</td> </tr> <tr> <td style="text-align: center;">38</td> <td style="text-align: center;">60</td> <td style="text-align: center;">-----</td> <td>Shall be 1 hour</td> </tr> </tbody> </table>	<u>Minutes</u>				<u>Over</u>	<u>But Not Over</u>			0	8	-----	Omit	8	38	-----	Shall be 1/2 hour	38	60	-----	Shall be 1 hour
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8	38	-----	Shall be 1/2 hour																		
38	60	-----	Shall be 1 hour																		
720-1	<p>2. For transportation furnished under this item on Saturdays and Sundays, there shall be an additional charge of \$3.00 per hour in excess of those set forth in Item No. 720.</p> <p>3. For transportation furnished under this item on holidays there shall be an additional charge in excess of those set forth in Item No. 720, as follows:</p> <p>(a) On July 4th, Labor Day, Thanksgiving Day, Christmas Day and New Year's Day, \$11.75 per hour.</p> <p>(b) On Washington's Birthday, Memorial Day and December 24th, \$5.85 per hour.</p>																				
	<p>(Continued in Item No. 720-2)</p>																				



Change }  
Increase }

Decision No.

71422

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Correction No. 1809

-51-EE-

Item No.	SECTION NO. 3--COMMODITY RATES (Continued)
	<p style="text-align: center;">HOURLY RATES FOR OIL, WATER OR GAS WELL OUTFITS AND SUPPLIES (Concluded)</p> <p>4. Rates include the exclusive services of vehicle and driver and do not include any equipment other than a winch affixed to the vehicle to load and unload. When carrier furnishes help other than the driver or supervising foreman, such service shall be charged for at a rate of not less than <math>\diamond</math>\$7.20 per hour per extra man furnished.</p> <p>(a) On Saturdays and Sundays, the applicable helper rate shall be <math>\diamond</math>\$9.55 per hour.</p> <p>(b) On July 4th, Labor Day, Thanksgiving Day, Christmas Day and New Year's Day, the applicable helper rate shall be <math>\diamond</math>\$17.60 per hour.</p> <p>(c) On Washington's Birthday, Memorial Day and December 24th, the applicable helper rate shall be <math>\diamond</math>\$12.15 per hour.</p> <p>(d) The helper's hours of service for each day shall be computed from the time helper is engaged to perform loading, unloading, and other related service or is required to ride carrier's vehicle, whichever is earlier, and ending at the time the loading, unloading or other related service is completed, or the helper is returned to the point at which he was engaged at start of day, whichever is later.</p> <p>(e) Allowances shall be made for delays due to failure of carrier's equipment or time taken out for meals.</p> <p>(f) When the service performed extends over more than one day, the time the helper is off-duty shall not be included in the hours of service.</p> <p>(g) After the total time has been computed, it shall be converted into hours and fractions thereof as provided under the provisions of Item No. 720-1.</p> <p>(h) There shall be a minimum charge of one hour service at the applicable rate.</p> <p>5. When rates are provided in this item on the shipment transported, the rates in this item will apply regardless of class or commodity rates in other items in this tariff.</p>

6720-2

6. Each shipping document issued in connection with transportation under this item shall, in addition to other requirements set forth in this tariff, identify the equipment used by its equipment number and description as provided in Item No. 720.
7. Each vehicle shall have stenciled or otherwise permanently displayed on it an equipment number.
8. Excess trailers means trailers or semi-trailers furnished by carrier in excess of the number of vehicles or combination of vehicles operated as a single unit.
9. Rates include converter gears (auxiliary dollies).
10. "Dollies" include pole or pipe dollies, stretch dollies, lowbed dollies, bolster type dollies, but not auxiliary dollies.

∅ Change )  
◊ Increase ) Decision No. 71422

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