Decision No. 74352

ORIGINAL

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 Tariffs Nos. 7 and 17).

And Related Matters.

Case No. 5437 Order Setting Hearing Dated May 23, 1967

Cases Nos. 5432, 5435, 5439, and 5441. Order Setting Hearing in Decision No. 73399, issued November 28, 1967.

Robert E. Walker, R. J. Carberry and R. E.

Douglas, for the Commission staff.

Wade & Wade, by James W. Wade, and W. F.

Webster, for Owl Rock Products Company;

E. O. Blackman, for California Dump Truck

Cwners Association; Richard W. Smith,

H. F. Kollmyer and A. D. Poe, for California

Trucking Association; Brundage & Hackler,

by Daniel Feins, for Western Conference of

Teamsters; Ralph Grago, by E. O. Blackman,

for Associated Independent Owner Operator

Association; R. Herman Ohs, for Consolidated

Rock Products Company; and Scott J. Wilcott,

for Southern California Rock Products

Association; Ronald P. McClosky, for Monsanto

Company; Ralph Hubbard, for California Farm

Bureau Federation; John T. Reed, for California

Manufacturers Association; Asa Button, for

Spreckels Sugar Company; Bert Ferre', for

Kaiser Cement and Gypsum Company; interested

parties.

Donald Denny, for L. R. Denny, Inc.; and Frank

Golzen, for Universal Transport, Inc.;

respondents.

OPINION

Decision No. 72470, dated May 23, 1967, in Case No. 5437, ordered that a hearing be held for the purpose of receiving evidence relative to "the utilization of pneumatic hopper trailing equipment

and the definition of 'Dump Truck Equipment' in connection with the rates and rules set forth in Minimum Rate Tariffs Nos. 7 and 17."

Following the hearing held on October 3, 1967, before Examiner Mallory at Los Angeles, Decision No. 73399, dated November 28, 1967, was issued which amended the Order Setting Hearing in Case No. 5437, dated May 23, 1967, to read as follows:

"A hearing in Cases Nos. 5432, 5435, 5437, 5439 and 5441 shall be held before Commissioner Symons and/or Examiner Mallory at a time and place to be set, for the purpose of receiving evidence (a) with respect to the establishment or revisions of minimum rates and rules applicable to commodities currently described in Minimum Rate Tariffs Nos. 7 and/or 17 when transported in bulk, in pneumatic hopper equipment and, (b) to determine whether the rates set forth in Minimum Rate Tariffs Nos. 7 and 17 should be made applicable to the transportation of commodities named therein without regard to the type of equipment furnished for such transportation."

A further hearing was held on March 19, 1968, in San Francisco, and the matter was submitted subject to the filing of written statements of position on or before April 30, 1968. Such statements were filed by the Commission staff, by California Trucking Association (CTA), by California Dump Truck Owners Association (CDTOA), and by Southern California Rock Products Association. The positions of the parties are hereinafter discussed.

Evidence was adduced by the Commission staff and by representatives of CTA. The staff presented alternative proposals in the form of two exhibits. Exhibit 1 would incorporate in

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Minimum Rate Tariffs Nos. 7 and 17 (MRT 7 and MRT 17), the substance of Transportation Division Informal Ruling No. 162. Exhibit 2 would cancel the definition of "Dump Truck Equipment" in the two tariffs, permitting the commodities for which rates are named therein to be transported under the minimum rates in the two tariffs, without regard to the type of equipment used, plus an additional charge of \$10 per load when pneumatic hopper equipment is used. Under the staff proposal movements in flat-bed equipment, as well as in dump trucks or pneumatic hopper equipment, would be covered by the rates in MRT 7 and MRT 17.

The record shows the following: Pneumatic hopper trailers $\frac{2}{}$ are used for the transportation of dry fungible commodities in bulk.

"Dump Truck Equipment means any motor vehicle (including component trailing equipment), as defined in the Highway Carriers' Act and City Carriers' Act, which discharges its load by gravity either (a) in conjunction with mechanical or pneumatic (induction of air used to speed gravitation) means that are an integral part of the vehicle, or (b) by opening all or a portion of the bottom sides or end, or (c) by combination of (a) and (b). It does not include a motor vehicle engaged in the transportation of concrete mechanically mixed in transit or equipment which is unloaded by air pressure in defiance of gravity."

(Informal rulings are made by the Commission's Transportation Division in response to questions propounded by the public. These rulings are tentative and provisional and are made in the absence of formal decisions upon the subjects by the Commission.)

2/ The principal difference between pneumatic hopper trailers and other bulk trailers is that unloading is accomplished by blowing the material from the body of the vehicle through pipes or hoses to locations several feet above or laterally from the trailer. The mechanical means of developing the air pressure to blow the material from the vehicle may be an engine attached to the trailer or may be a device working off the engine of the tractor.

The following amendment of Tariffs Nos. 7 and 17 was proposed in Exhibit 1:

Such trucking equipment has come into general use in California within the last five years. Pneumatic trailer equipment is used for the transportation of several commodities now subject to the rates in MRT 7 or MRT 17, when such commodities are transported in bottom-dump or end-dump equipment. Pneumatic trailers also are used for commodities not subject to said tariffs when transported in conventional dump truck equipment. At the present time, the minimum rates which are generally applicable to commodities transported in pneumatic hopper trailers are the class or commodity rates set forth in minimum rate tariffs other than MRT 7 or MRT 17.

The staff witness testified that the proposal in Exhibit 1 would continue in effect the present application of minimum rates by clarifying the tariffs; no change in rate levels would occur.

The staff witness testified that a study was made to develop the information set forth in Exhibit 2, which consisted, in part, of reviewing freight bills furnished to him by carriers operating preumetic hopper trailers and, in part, by reviewing cost information presented by staff transportation engineers in other proceedings. The record shows the freight bill information furnished to the witness was limited to movements which were within the geographical scope of MRT 17. No

^{3/} Rock dust, crushed rock (roofing granules), blasting sand, slag, lime-treated road base.

^{4/} Cement, sugar, flour, safflower seed, hydrated lime, chemicals, plastic pellets, and fertilizers.

^{5/} Fertilizers are exempt from minimum rates.

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information was made available to the witness concerning current movements within the area embraced by MRT 7. No analysis was furnished by the staff witness which would show the effect on carriers' revenues if the proposal in Exhibit 2 were adopted.

The witness concluded that the rate levels which would result from the proposal in Exhibit 2 would be reasonable if an additional charge of \$10 per load were added to the rates in MRT 7 and MRT 17 to cover the additional expenses of acquiring and operating pneumatic trailers. This conclusion was based on the witness' analysis of the difference in costs for conventional bottom-dump (hopper) equipment and pneumatic hopper equipment used in the transportation of cement.

A further comparison was made of the costs for transporting cement in bottom-dump equipment with costs for certain commodities in bottom-dump equipment as set forth in a cost study introduced in another proceeding in Case No. 5437, involving the adjustment of Southern Territory dump truck distance rates in MRT 7.

The staff witness testified that with respect to flat-bed equipment, a carrier transporting large boulders has been granted authority to charge dump truck rates in a proceeding filed under

^{6/} Exhibit 26-1, received in evidence in Case No. 5440, Petition No. 26. Said exhibit was not introduced in evidence in the instant proceeding.

^{2/} Exhibit 3 in Case No. 5437, Order Setting Hearing dated March 22 1966. Decision No. 73038, dated September 12, 1967, discontinued that proceeding. That decision found that the cost studies introduced in the proceeding were inapplicable as a basis for adjustment of rates in MRT 7. Moreover, Exhibit 26-18 (received March 11, 1968 in Case No. 5440, Petition 26) and the testimony in support thereof shows that labor rates for carriers engaged in the transportation of blasting sand, pozzolan, lime, clay and gypsum in pneumatic equipment used also for cement incur labor costs as set forth in the cement carrier supplement to the Teamster Wage Agreement. (Tr. 258, 259.)

Section 3666 of the Highway Carriers' Act. The witness concluded that inasmuch as the MRT 7 rates were made applicable in the circumstances encountered in the less-than-minimum rate proceeding they should be made applicable to all similar movements.

The witness testified that he made no field observations of actual operations; the analyses from which his conclusions were drawn were from information furnished to him or which was on hand in the Commission's files.

Evidence on behalf of CTA was adduced by the Assistant Director of Its Division of Transportation Economics and by the president of a carrier engaged in the operation of pneumatic hopper trailers. The first mentioned witness testified that it is CTA's position that no change should be made at this time in rate levels for the movement of commodities in bulk in pneumatic hopper trailers, pending completion of certain studies to be undertaken by CTA at the direction of the California Shipper-Carrier Committee. The witness stated that the staff proposals herein relate only to a limited portion of the commodities which are transported in said equipment; that the methods of operation are similar for the transportation

^{8/} The California Shipper-Carrier Committee is an organization of representatives of CTA and eleven shipper groups established for the purpose of discussing and arriving at mutually satisfactory proposals concerning transportation subject to minimum rates. A special sub-committee of shippers and carriers directly concerned with transportation of bulk fungible commodities in pneumatic equipment was formed to study that transportation and to formulate recommendations to the Commission.

of most commodities in bulk in pneumatic equipment; and that rates for all transportation in pneumatic equipment should be considered at one time. The witness also pointed out that certain factors concerning the operation of pneumatic hopper equipment are different for cement transportation than for commodities such as slag; that many of the commodities subject to MRT 7 and MRT 17 when transported in conventional dump truck equipment cannot be transported in pneumatic hopper equipment because they are not fungible commodities or would damage the blower equipment; and that rates in MRT 17 are based, in part, on costs for conventional dump truck equipment other than bottom-dump (hopper) equipment.

The president of a carrier based in Redwood City, which operates pneumatic equipment, testified as follows: In Northern California the majority of carriers owning pneumatic equipment operate such equipment principally for the transportation of cement, and incidentally for the transportation of commodities which are subject to MRT 7 and MRT 17 when transported in conventional dump truck equipment. The transportation of the latter commodities in pneumatic equipment is not competitive with transportation in conventional dump truck equipment because the latter type of equipment could not be used in the situations where pneumatic trailer equipment is necessary to discharge the freight. Pneumatic equipment is substantially more costly to own and operate than conventional dump truck equipment.

The witness testified that class rates applicable to the transportation of rock dust and blasting sand, which are transported by his company, result in rates considerably higher than the mileage rates set forth in MRT 7. An analysis of the operations conducted by his company indicates that the class rates cover costs of operations

for distances up to about 150 miles and that such rates fail to cover full operational costs over that distance. If MRT 7 rates were applicable, such rates would not cover full costs of operation in pneumatic equipment for any length of haul.

The witness testified that, compared to cement transportation in pneumatic equipment, the transportation of rock dust and blasting sand in pneumatic equipment requires a considerably longer time to unload, for the reason that destination facilities for the receipt of the material are less efficient than for cement.

The witness also testified that he preferred the use of Distance Table 6 for mileage determinations (as now is applicable) rather than the use of actual mileages (as provided in MRT 7) because Distance Table 6 is more accurate, does not require the carrier to measure the mileage for each haul on the ground, and is more equitable as it gives consideration to unfavorable operating conditions.

In summation, the witness concluded that the principal differences between transportation of rock dust and blasting sand in conventional hopper dump truck equipment and in pneumatic equipment are that labor costs are different, lengths of haul are considerably longer in pneumatic equipment, unloading times are substantially greater for pneumatic equipment, and that pneumatic equipment is more expensive to acquire and to operate. The witness urged that the staff proposal contained in Exhibit 2 not be adopted with respect to operations in the Northern California area.

Position of the Parties

In their closing statements, the Commission staff and CDTOA recommend the adoption of the staff's proposal in Exhibit 2. The staff argues as follows:

"Pneumatic trailers have had widespread use for several years in the transportation of bulk

cement and, more recently, have been employed for the delivery of large and increasing volumes of several of the commodities named in Minimum Rate Tariffs Nos. 7 and 17. Transportation of this property was formerly performed in conventional gravity dump truck equipment; however, a transition to pneumatic equipment motivated by the increased value of this service to shippers is occurring. Pneumatic unloading enables the consignee to eliminate or obviate the high cost of receiving machinery, which is expensive to operate and maintain.

"As indicated by the parties to this proceeding, most of the carriers who transport the subject property utilize their pneumatic trailers principally in the transportation of bulk cement

"The circumstances which prompted the staff proposals in this proceeding have been developing for some time and strongly indicate that constructive action should be taken in the tariffs to accommodate the pneumatic innovation. The staff believes that its recommendations contained in Exhibit No. 2 are timely, advantageous to the interests of shippers and carriers and, if adopted, will result in a viable rate structure which will further the efficiencies and economics associated with the pneumatic technological development."

CDTOA, in its closing statement, contends as follows:

"C.D.T.O.A. believes the staff's recommendation to eliminate the definition of a dump truck from MRT 7 and 17 should be adopted. Progress and inventiveness will continue to develop new equipment in which MRT 7 and 17 commodities are hauled, at which time a definition revision will be proposed or MRT 7 and 17 will not be applicable. (See Decision No. 56366 dated March 17, 1958.) The obvious logic of this line of thought and conclusion from the Commission's past decision is that the commodities are paramount insofar as these tariffs are concerned. This is practical, too, because shippers, carriers and the public who are concerned with rates for this type of hauling should not have to consider a multiplicity of tariffs."

CTA, in its closing statement, opposed the staff proposal

in Exhibit 2 for the following reasons:

"The Commission staff proposal will substantially reduce carrier revenues without justification. . . . The proposal in Exhibit No. 2 is supported entirely

"Further, it is not clear from the record what impact the staff's second proposal would have on the demand for this type of service. In support of its proposal, the staff argues that though rates would be reduced from their present levels, resulting in a reduction of revenues on an individual basis, the increased demand, and hence increased volume, would provide adequate carrier revenue. The record neither supports the proposition that the proposal would increase the demand for such service, and hence overall carrier business, nor that such increased volume would offset in the aggregate, individual revenue reductions.

C. 5437 OSH 5-23-67, et al. ms "Assuming significant movement by pneumatic equipment of commodities presently listed in Minimum Rate Tariff No. 17, it may be desirable to develop subsequent cost studies providing for this particular transportation service. The record supports the ability of the traffic to bear present class rates. "Neither proposal would result in the establishment of just, reasonable and non-discriminatory minimum rates." The Commission finds as follows: Pneumatic hopper trailer equipment is used for transportation of bulk dry fungible commodities, including cement, rock dust, crushed rock (roofing granules), blasting sand, slag, lime-treated road bose, sugar, flour, and chemicals. Pneumatic hopper trailer equipment has come into general use within California by for-hire carriers only within the last five years. 3. Most of the carriers transporting crushed rock, slag, rock dust, and blasting sand in pneumatic hopper trailers, use such equipment principally for the transportation of bulk cement. 4. The currently applicable minimum rates for transportation of dry fungible commodities in pneumatic hopper trailer equipment are the class or commodity rates set forth in Minimum Rate Tariffs Nos. 1-B 2, 5, 9, 10, 14, and City Carriers' Tariff No. 1-A. The minimum rates set forth in Minimum Rate Tariffs Nos. 7 and 17 are not applicable to the transportation of commodities transported in pneumatic hopper equipment or on flat-bed equipment. The Commission staff submitted alternate proposals as set forth in Exhibits 1 and 2. 6. Exhibit I would retain the present application of the tariffs by clarifying the language thereof. 7. Exhibit 2 would revise the application of minimum rates with respect to transportation of rock, sand, gravel, and slag in -11C. 5437 OSH 5-23-67, et al. ms pneumatic equipment and flat-bed equipment by providing that minimum rates in Tariffs Nos. 7 and 17, now limited to transportation in dump truck equipment, would be applicable to movements in any type of trucking equipment. 8. The evidence shows, with respect to the proposals in Exhibit 2 concerning pneumatic hopper equipment, that some changes will occur in carriers' revenues for movements in areas outside the limited geographical scope of Minimum Rate Tariff No. 17; that transportation of rock, sand, gravel, or slag in pneumatic hopper trailer equipment is not made under the same conditions as when such commodities are transported in dump truck equipment; that costs of service are not similar for pneumatic trailer equipment and for various types of dump truck equipment; and that consideration was not given in the staff study to the transportation of all of the commodities which could be affected by said proposal. 9. The proposal set forth in Exhibit 2 covers only a limited portion of the commodities now transported in pneumatic trailer equipment. Studies of the transportation of dry fungible commodities in pneumatic trailer equipment will be undertaken by parties to this proceeding other than the Commission staff. 10. The only evidence submitted with respect to movements on flat-bed equipment of rock, or other commodities described in Minimum Rate Tariff No. 7, was that a highway permit carrier has been authorized to transport rock on flat-bed equipment at dump truck rates. 11. The evidence adduced in this proceeding does not support the adoption of the proposals in Exhibit 2 herein. The Commission concludes that the proposals set forth in Exhibit 1 will clarify Minimum Rate Tariffs Nos. 7 and 17 without -12making material changes in the current applications of said tariffs, and should be adopted as a result of the proceeding herein. The Commission further concludes that Minimum Rate Tariffs Nos. 7 and 17 should be amended as provided in the order which follows.

ORDER

IT IS ORDERED that:

- 1. Minimum Rate Tariff No. 7 (Appendix "A" of Decision No. 32566, as amended) is hereby further amended by incorporating therein, to become effective August 10, 1968, Eighth Revised Page 3-B, attached hereto and by this reference made a part hereof.
- 2. Minimum Rate Tariff No. 17 (Appendix "B" of Decision No. 69469, as amended) is hereby further amended by incorporating therein, to become effective August 10, 1968, Twenty-Third Revised Page 1-2, and Fourth Revised Page 1-6, attached hereto and by this reference made a part hereof.
- 3. In all other respects Decisions Nos. 32566 and 69469, as amended, shall remain in full force and effect.

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

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Eighth Revised Page 3-B Cancels Seventh Revised Page ... 3-B

MINIMUM RATE TARIFF NO. 7

Item No.

SECTION NO. 1 - RULES AND REGULATIONS

DEFINITION OF TECHNICAL TERMS (Continued) (Items Nos. 10, 11 and 12)

DRY MIXTURES OF SAND, AND/OR GRAVEL AND/OR CRUSHED STONE (WITH OR WITHOUT CEMENT) IN BATCHES means a shipment of said mixture transported in dump truck equipment provided with one or more batch gates permitting the loading and unloading of a portion or portions of the shipment separately from the other portion or portions of the shipment.

øDUMP TRUCK EQUIPMENT means any motor vehicle (including component trailing equipment) as defined in the Highway Carriers' Act and City Carriers' Act, which discharges its load by gravity either (a) in conjunction with mechanical *or pneumatic (induction of air used to speed gravitation) means that are an integral part of the vehicle, or (b) by opening all or a portion of the bottom, sides or end, or (c) by combination of (a) and (b). It does not include a motor vehicle engaged in the transportation of concrete mechanically mixed in transit *or equipment which is unloaded by air pressure in defiance of gravity.

Øll

HOT PLANT means a fixed installation for the heating of road oil or asphalt and the mixing of such heated oil or asphalt with rock, sand and any other ingredients to produce cold road oil mixture ("plant mix") or asphaltic concrete ("hot stuff").

MAXIMUM ALLOWED LOAD means the maximum total gross weight with load in pounds permitted under the provisions of Section 35551 of the California Vehicle Code, based on a distance between the first and last axles of 56 feet or over.

OVERLYING CARRIER (PRINCIPAL CARRIER) means a carrier which contracts with a shipper to provide transportation service for the latter, but which carrier in turn employs another carrier, known as the Underlying Carrier (independent-contractor subhauler), to perform that service. (See Note.)

NOTE.--The term Overlying Carrier also includes an underlying carrier which employs another carrier to perform transportation service.

POINT OF DESTINATION means the precise location at which a shipment is tendered for physical delivery into the custody of the consignee or his agent. It includes all locations within 300 feet of the point at which physical delivery of said shipment is initiated.

POINT OF ORIGIN means the precise location at which a shipment is physically delivered by the consignor or his agent into the custody of the carrier for transportation. All points within a single commercial producing plant shall be considered as one point of origin. A single commercial producing plant shall include only contiguous property which shall not be deemed separate if intersected by a public street or streets.

RAILHEAD means a point at which facilities are maintained for the loading of property into or upon, or the unloading of property from rail cars or vessels. It also includes truck loading facilities of plants or industries located at such rail or vessel loading or unloading point.

RATE includes charge, and also the ratings, minimum weight, rules and regulations governing, and the accessorial charges applying in connection therewith.

(Continued in Item No. 12)

ø Change) Decisión No. 74352 * Addition)

EFFECTIVE AUGUST 10, 1968

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

Correction No. 1272

SECTION 1-RULES AND REGULATIONS (CONTINUED)

*TARIFF PACES CHECK SHEET

ORIGINAL AND REVISED PAGES AS NAMED BELOW AND SUPPLEMENTS 4, 5 AND 7 CONTAIN ALL CHANGES FROM THE ORIGINAL TARIFF IN EFFECT ON THE DATES SHOWN THEREON. DECISION NUMBERS AND DATES ARE NOT SHOWN OPPOSITE PAGE REVISIONS BELOW WHICH WERE IN EFFECT PRIOR TO APRIL 20, 1968. THE DECISION NUMBERS AND DATES WILL BE SHOWN ON FURTHER REVISIONS OF SUCH PAGES.

PAGE	REVISION	DECISION		PAGE	REVISION	DECISION	2.00
NUMBER	NUMBER	NUMBER	DATE	NUMBER	NUMBER	NUMBER	DATE
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* CHANGE

EFFECTIVE AUGUST 10, 1968

ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA. SAN FRANCISCO, CALIFORNIA.

CORRECTION 782

MINIMUM RATE TARIFF 17

SECTION 1-RULES AND REGULATIONS (CONTINUED)

ITEM

*21

DEFINITION OF TECHNICAL TERMS (Continued) (Items 20, 21 and 22)

DEBTOR means the person assuming responsibility for payment of transportation charges. It also includes an overlying carrier when he utilizes the services of an underlying carrier.

DECOMPOSED GRANITE is disintegrated granite which crumbles readily when removed from its normal geographic location.

DRY MIXTURE OF SAND AND/OR GRAVEL AND/OR CRUSHED STONE (WITH OR WITHOUT CEMENT) IN BATCHES means a shipment of said mixture transported in dump truck equipment provided with one or more batch gates permitting the loading and unloading of a portion or portions of the shipment separately from the other portion or portions of the shipment.

*DUMP TRUCK EQUIPMENT means any motor vehicle (including component trailing equipment) as defined in the Highway Carriers' Act and City Carriers' Act, which discharges its load by gravity either (a) in conjunction with mechanical #or pneumatic (induction of air used to speed gravitation) means that are an integral part of the vehicle, or (b) by opening all or a portion of the bottom, sides or end, or (c) by combination of (a) and (b). It does not include a motor vehicle engaged in the transportation of concrete mechanically mixed in transit #or equipment which is unloaded by air pressure in defiance of gravity.

MULTIPLE LOT SHIPMENT means a shipment transported in accordance with the provisions of Items 230 and 231.

OVERLYING CARRIER (principal carrier) means a carrier which contracts with a shipper to provide transportation service for the latter, but which carrier in turn employs another carrier, known as the underlying carrier (independent-contractor subhauler), to perform that service. (See Note)

NOTE.—The term "Overlying Carrier" also includes an underlying carrier which employs another carrier to perform transportation service.

POINT OF DESTINATION means the precise location at which a shipment is tendered for physical delivery into the custody of the con-Signee or his agent. It includes all locations within 300 feet of the point at which physical delivery of said shipment is initiated.

POINT OF ORIGIN means the precise location at which a shipment is physically delivered by the consignor or his agent into the custody of the carrier for transportation. All points within a single commercial producing plant shall be considered as one point of origin. A single commercial producing plant shall include only contiguous property which shall not be deemed separate if intersected by a public street or streets.

(Continued in Item 22)

- * CHANGE
- # ADDITION

EFFECTIVE AUGUST 10, 1968

ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.