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ORIGINAL

Decision No. 77906

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 relat-)
ing to the transportation of cement)
and related products (commodities)
for which rates are provided in)
Minimum Rate Tariff No. 10).)

Case No. 5440
Petition for Modification
No. 69
(Filed September 10, 1970;
Amended September 24 and
October 21, 1970)

OPINION AND ORDER

Minimum Rate Tariff No. 10 (MRT 10) provides minimum rates and rules for the transportation of cement and related commodities by highway permit carriers between points in California. By this petition, the California Trucking Association (CTA) seeks to have the MRT 10 cement rates applicable between points in Northern Territory ^{1/} increased by varying amounts, ranging from 1 cent per 100 pounds for distances generally 25 miles or less and increasing thereafter for greater lengths of hauls up to 4 cents per 100 pounds. It is also requested that common carriers be directed to establish in their respective tariffs all such modifications as may be prescribed by the Commission's order in this proceeding, including relief from the long- and short-haul provisions of Section 460 of the Public Utilities Code.

^{1/} Northern Territory is defined in Items 80 and 200 of Minimum Rate Tariff No. 10.

Petitioner states that since the MRT 10 Northern Territory cement rates were last generally adjusted on January 1, 1970, operating costs have substantially increased principally from upward revisions in wage rates and related labor costs. Accordingly, petitioner explains that shippers and carriers of cement, subject to the MRT 10 Northern Territory cement rates, have discussed potential tariff changes which would reflect current marketing conditions; produce additional revenues to the cement carriers to offset increased costs; and would not disrupt established relationships between the various California cement mills involved. The results of said shipper-carrier joint effort are assertedly reflected in petitioner's rate proposal which, in turn, the CTA explains has the support of the interested shippers of cement.

In support of petitioner's sought ex parte increase, it has attached to Amended Petition No. 69 (Exhibits B and C) a verified statement of the Director for CTA's Transportation Economics Division. The director's verified statement may be summarized as follows:

1. "Minimum rates for the transportation of cement in the Northern Territory were last revised by Decision No. 76480, dated November 25, 1969. Said revision reflected, among other things, increased costs which occurred during 1969. Effective July 1, 1970 a new labor contract will become retroactively effective pursuant to negotiations between the Teamster Union and the carriers engaged in the transportation of cement. The resulting 1970 increases in labor costs will be the largest one-year increases ever experienced by California cement carriers ..."

2. "The major element of expense in the transportation of cement involves labor. The basis of pay and the level thereof are generally determined in accordance with the Cement Carriers Supplemental Agreement with the Western Conference of Teamsters ... While negotiations of this Supplement have not been completed the employers have tendered an offer ... which results in a ... 50 cents per hour increase in each of the three contract years as well as the increases in fringe benefits included in the national agreement. The Union, on the other hand, continues to seek the

levels included in the national agreement which would result in an increase in the base hourly rate of \$1.85 during the three year contract life. The end result will obviously be no less than the employer offer of ... 50 cents each year, and this minimum amount has been assumed in our analysis." (Emphasis supplied) Said minimum wage increase for the year 1970, the CTA director noted, exceeds the combined wage increases for the previous two years of 30 cents per hour (15 cents per year).

3. In Schedule II, attached to the CTA director's verified statement, it is indicated that the April 1, 1969 total hourly labor costs underlying the MRT 10 Northern Territory cement rates would be increased a minimum of 11.84 percent retroactively as of July 1, 1970. Said increase reflects the carrier's offer for a 50 cent per hour increase in the base hourly wage rate plus prior agreed increases in allied payroll expenses. In Schedule III of the director's verified statement a summary of the operating revenues and expenses of cement carriers, selected as representative of the cement haulers operating in the Northern Territory, indicates that for the year 1969 and the first half of 1970 such carriers experienced operating ratios of approximately 100 percent.

4. "During discussions between shippers and carriers of cement ... the shipper group recommended that any adjustment in rates consider cost changes anticipated to occur in 1971 to avoid additional general rate adjustments during the construction season. Accordingly, the increased rates proposed herein were determined to be those necessary to maintain a reasonable and proper rate structure throughout 1971 ... (Emphasis supplied.) With a final offer by employers of wage increases of 50¢, retroactive to June 30, 1970, and a further increase of 50¢ per hour in 1971, it is now certain that the carrier labor cost increases during the period of application of the proposed rates will not be less than a 23% increase in the principal cost of providing service."

The record developed previously in Case No. 5440 has shown that labor and related payroll expenses are around 55 percent of total expenses for the transportation of cement by highway carriers. The increases here proposed to offset the wage increases range from 10 to 14 percent and average approximately 12 percent overall.

On October 21, 1970, the CTA filed its second amendment to Petition No. 69 wherein the Commission is advised that labor negotiations have now culminated in a ratified contract at the cost levels upon which the relief sought herein is predicated. Copies of Petition No. 69, as amended, were mailed to various cement shippers on or about September 10, 1970. The petition was listed on the Commission's Daily Calendar of September 14, 1970. Monolith Portland Cement Company; Calaveras Cement Division, The Flintkote Company; Riverside Division, American Cement Corporation; Ideal Cement Company and Pacific Cement & Aggregates have informed the Commission by letter that they support petitioner's proposal. No objections to the granting of the sought ex parte relief has been received.

In the circumstances, it appears, and the Commission finds, that petitioner's proposal is reasonable and that the resulting rates and charges will be just, reasonable and nondiscriminatory minimum rates and charges for the transportation involved, and, to the extent that said rates and charges will result in increases, such increases are justified. A public hearing is not necessary. The Commission concludes that Petition for Modification No. 69, as amended, should be granted to the extent indicated in the order which follows.

IT IS ORDERED that:

1. Minimum Rate Tariff No. 10 (Appendix A to Decision No. 44633, as amended) is further amended by incorporating therein, to become effective December 1, 1970, Fourth Revised Page 12-A attached hereto and by this reference made a part hereof.

2. Common carriers subject to the Public Utilities Act, to the extent that they are subject to Decision No. 44633, as amended, are hereby directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered herein.

3. Common carriers maintaining rates on a level other than the minimum rates for transportation for which rates are prescribed in Minimum Rate Tariff No. 10 are authorized to increase such rates by the same amounts authorized for Minimum Rate Tariff No. 10 rates herein.

4. Common carriers maintaining rates on the same level as Minimum Rate Tariff No. 10 rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff No. 10 are authorized to increase said rates by the same amounts authorized for Minimum Rate Tariff No. 10 rates herein.

5. Common carriers maintaining rates at levels other than the minimum rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff No. 10 are authorized to increase said rates by the same amounts authorized for Minimum Rate Tariff No. 10 rates herein.

6. Tariff publications required to be made by common carriers as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than the fifth day after the effective date of this order on not less than five days' notice to the Commission and to the public and such

tariff publications shall be made effective not later than December 1, 1970; tariff publications which are authorized but not required to be made by common carriers as a result of the order herein may be made effective not earlier than the fifth day after the effective date of this order, and may be made effective on not less than five days' notice to the Commission and to the public if filed not later than sixty days after the effective date of the minimum rate tariff page incorporated in this order.

7. 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; and 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.

8. In all other respects Decision No. 44633, as amended, shall remain in full force and effect.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 4th day of NOVEMBER, 1970.

L. de Sant

J. DeSantis
Chairman

Chairman

William J. ...

Commissioners

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Commissioners

Vernon L. Sturgeon

Commissioners

Commissioners

SECTION 2--RATES IN CENTS PER 100 POUNDS								ITEM
NORTHERN TERRITORY RATES								
MILES		RATES		MILES		RATES		
Over	But Not Over	(1) Bulk	(2) Sack	Over	But Not Over	(1) Bulk	(2) Sack	
0	3	9	10½	145	150	29½	30½	
3	5	9½	11½	150	160	30½	32	
5	10	10½	12	160	170	31½	33	
10	15	11	12½	170	180	32½	34	
15	20	11½	13	180	190	33½	35½	
20	25	12	13½	190	200	34½	36½	
25	30	13½	15	200	210	35½	37½	
30	35	14	15½	210	220	37	38½	
35	40	14½	16	220	230	38	39½	
40	45	15	16½	230	240	39	40½	
45	50	15½	17	240	250	40½	41½	
50	55	17	18½	250	260	41½	42½	
55	60	17½	19	260	270	42½	43½	
60	65	18	19½	270	280	43½	45	0205
65	70	18½	20½	280	290	44½	46	
70	75	19½	20½	290	300	45½	47	
75	80	20	21½	300	320	47½	47½	
80	85	20½	22½	320	340	49½	49½	
85	90	21½	22½	340	360	51½	51½	
90	95	22	23½	360	380	53½	53½	
95	100	22½	24	380	400	55½	55½	
100	105	24	25½	400	420	57½	57½	
105	110	24½	26½	420	440	59½	59½	
110	115	25½	26½	440	460	61½	61½	
115	120	25½	27½	460	480	63½	63½	
120	125	26½	27½	480	500	65½	65½	
125	130	27	28½	500	---	(Add to the rate for 500 miles, 4 cents per 100 pounds for each 25 miles or fraction thereof.)		
130	135	27½	29					
135	140	28½	29½					
140	145	28½	30½					

(1) Rates apply on shipments in bulk.
 (2) Rates apply on shipments in packages.

o Increase, Decision No. 77906

EFFECTIVE

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

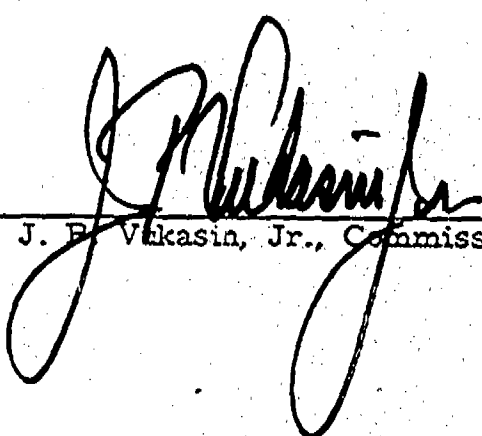
Correction 138

COMMISSIONER J. P. VUKASIN, JR., DISSENTING

I dissent.

This is an ex parte decision without benefit of a public hearing. Use of such a procedure to offset controllable expenses is undesirable. In addition, this order continues the inflationary spiral which is automatically built into the escalator provisions of the wage contract between the Cement Carriers and the Western Conference of Teamsters.

It should also be noted that the rates authorized herein contain cost changes anticipated to occur in 1971, including a wage increase of 50¢ per hour. Authorizing higher rates next year, on the basis of anticipated increased costs, is questionable regulation.



J. P. Vukasin, Jr., Commissioner

San Francisco, California

November 4, 1970