

ORIGINAL

Decision No. 77940

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. 200

(Filed May 29, 1970)

- E. O. Blackman, for California Dump Truck Owners Association, petitioner.
- G. Ralph Grago and James R. Foote, for Associated Independent Owner-Operators, Inc., interested party.
- J. C. Kaspar, Arlo D. Poe, H. F. Kollmyer, for California Trucking Association, interested party.
- Harry C. Phelan, Jr., for California Asphalt Pavement Association, interested party.
- Ernest E. Gallego (by Lawrence A. Wexted), for Southern California Rock Products Association, interested party.
- Robert E. Walker and Fred P. Hughes, for the Commission's staff.

O P I N I O N

Petitioner, the California Dump Truck Owners Association (CDTOA), seeks increases in the zone rates in Minimum Rate Tariff 7 (MRT 7) which have been prescribed as minimum rates for for-hire highway carriers engaged in the transportation of rock, sand, gravel, asphaltic concrete and other specified commodities by dump-type vehicles within the Antelope Valley area of Los Angeles, Kern and San Bernardino Counties.

Petitioner alleges that said zone rates have not been adjusted since 1960; that the carriers have since experienced substantial increases in their operating costs; that other circumstances affecting the transportation involved have also changed materially, and that, as a consequence, the zone rates should be revised extensively. Petitioner further alleges that pending the time that such revisions can be accomplished, the rates should be increased to provide the carriers some relief from the cost increases which they have experienced. The sought rate increases are proposed as an interim measure. The specific increases which petitioner seeks are:

5 percent in the zone rates for rock, sand, gravel and related commodities;

10 percent in the zone rates for asphaltic concrete and related commodities.

Public hearing on the petition was held before Examiner Abernathy at Los Angeles on August 12, 1970, and the matter was taken under submission for decision.

Evidence in support of the petition was submitted mainly by petitioner's general manager, who presented and explained an exhibit showing a comparison of the carriers' revenues per load from representative hauls of rock products under the zone rates, and revenues per load under hourly rates which also are prescribed in MRT 7 as minimum rates for the transportation of rock products in dump truck equipment in southern California territory.^{1/}

^{1/} The hourly rates do not apply to transportation which is subject to the zone rates.

According to this comparison, the revenues which the carriers realize from the transportation of rock, sand and gravel under the zone rates are about 95 percent of those which the carriers would receive under the hourly rates. For the transportation of asphaltic concrete the carriers' revenues under the zone rates are about 90 percent of the revenues which they would receive under the hourly rates. Hence, the exhibit indicates that increases in the zone rates as sought would do no more than approximately equate the carriers' revenues under the zone rates with those from comparable hauls under the hourly rates.^{2/}

The petition was opposed in part by the California Asphalt Pavement Association (CAPA). The executive secretary for CAPA also presented and explained exhibits setting forth comparisons of the carriers' revenues from the transportation of asphaltic concrete under the zone and hourly rates. In contrast to the showing of CDTOA's manager, whose revenue comparisons with respect to asphaltic concrete were limited to hauls in truckload quantities, the presentation of CAPA's witness was developed on two bases, viz., on revenues per truck load and on revenues per truck-and-trailer load.

The showing of CAPA's witness concerning revenues per truck load was virtually the same as that of CDTOA's manager. The witness took no issue with the sought rate increases insofar as they would apply to truckload movements. He opposed, however, any increases in rates for truck-and-trailer loads.

^{2/} Assertedly the comparable hauls consisted of the movement of rock, sand and gravel in truck-and-trailer load quantities and of asphaltic concrete in truckload quantities.

According to the data which the witness submitted concerning the revenues per truck-and-trailer load, the present zone rates return hourly revenues as indicated in the following examples:

<u>Time in Minutes per Haul</u>	<u>Zone Rate in Cents per Ton</u>	<u>Revenue per Hour</u>
45	58	\$14.27
60	78	15.35
75	98	16.07
90	118	16.59
105	138	16.97
120	158	17.27
135	179	17.61
150	199	17.80
165	220	18.04
180	240	18.17

In comparison, the present minimum hourly rate per truck-and-trailer engaged in like hauls in southern California territory is \$15.63 per hour. CAPA's witness asserted that it is obvious that an increase in the zone rates as they apply to truck-and-trailer movements is not warranted. He said, furthermore, that a substantial portion of the asphaltic concrete transported by for-hire carriers within the Antelope Valley moves by truck-and-trailer. He reported that an analysis which he had had made of such transportation during the first six months of 1970 shows that almost half of the tonnage involved was so transported in truck-and-trailer quantities. The witness also cited decisions of the Commission which state or indicate that the costs of transporting rock products by truck-and-trailer combinations is less than that by truck.^{3/}

^{3/} Decision No. 71874, Case No. 5437, 66 Cal. PUC 725; Decision No. 75249, dated January 28, 1969, Case No. 5437.

Responding to CAPA's witness, petitioner's manager disputed the witness's testimony concerning the extent of the usage of trucks and trailers in the transportation of asphaltic concrete. He presented evidence through three carriers serving the Antelope Valley area to the effect that the volume of the tonnage of asphaltic concrete transported by truck-and-trailer units is only a small percentage of the total.

In statements of position, representatives of the California Trucking Association and of the Associated Independent Owner-Operators, Inc., supported the granting of the petition in full. The representative of the Associated Independent Owner-Operators, Inc., particularly urged that different levels of rates not be provided according to whether the transportation is performed by truck or by truck and trailer. He said that such a dual basis of rates now prevails in the so-called Core Area (the Los Angeles Metropolitan area and adjacent portions of Orange, San Bernardino, Riverside, Ventura and Santa Barbara Counties); that it is unsatisfactory in practice, and that it should be corrected as soon as possible.

Discussion

In order to provide perspective for the issues in matter, it appears that the background of the present zone rates for the Antelope Valley area should be reviewed briefly.

Zone rates for the transportation of rock (including sand, gravel, decomposed granite) and asphaltic concrete (including cold road oil mixture) in dump truck equipment within the Antelope Valley were first established by Decision No. 56044, dated January 7, 1958, Case No. 5437. Two scales of rates were provided for rock. One scale was subject to a minimum of 8 tons, and was based on costs of service by 3-axle dump truck. The other scale (which was lower) was subject to a minimum of 18 tons and was based on costs of service by truck-and-trailer. A single scale of rates, based on costs of service by 3-axle dump truck equipment, was provided for asphaltic concrete.

On December 31, 1960, the truck-and-trailer rates for rock were canceled by Decision No. 61051, dated November 15, 1960, on evidence that the maintenance of two levels of rates for the transportation of rock was detrimental to carriers and shippers alike.^{4/} The decision also increased the rates for asphaltic concrete by 20 percent.

^{4/} The evidence which was presented in support of the cancellation of the truck-and-trailer rates was, in substance, that with two levels of rates in effect, sales of rock were being made on the basis that the rock would be transported at the lower level; that the majority of the dump truck carriers domiciled in the Antelope Valley area did not operate truck-and-trailer equipment; that the truck-and-trailer rates were too low to be compensatory for transportation performed in truckload lots; that the maintenance of the lower scale of rates tended to exclude the carriers in the Antelope Valley area from entering into the transportation of rock, and that, consequently, the shippers favored the cancellation of the rates as a measure to enable them to employ the services of for-hire carriers when needed.

The effect of the changes prescribed by Decision No. 61051 was to make the rates which were prescribed in 1958 for the transportation of rock in 3-axle dump trucks the governing rates for said transportation, and to establish rates for the transportation of asphaltic concrete which are about 40 to 75 percent higher than those for rock.

The rates which were established by Decision No. 56044 and the changes therein which were made by Decision No. 61051 were designed to reflect the specific transportation circumstances in which rock and asphaltic concrete were being moved in the Antelope Valley area from points of production of said commodities to points of use. In contrast, the hourly rates in MRT 7 are rates which have the most general application of any of those which the Commission has prescribed as minimum for transportation by dump truck equipment within southern California. They apply to such diverse commodities as wet premixed concrete, broken concrete, cullet, debris from street maintenance, fodder, crude sulphate of soda and talc as well as to rock and asphaltic concrete. In view of the more general nature of the hourly rates, the reliance of petitioner upon said rates to substantiate the alleged need for the sought zone rate increases raises question as to the extent that the hourly rates constitute a valid measure of what level of rates is appropriate for the zone rates.

On the record here presented it appears that the hourly rates should be viewed as indicative only of the extent that some of the operating costs of dump truck carriers serving the Antelope Valley area have increased since the revisions in the rates which

were prescribed by Decision No. 61051 became effective. To this extent it appears that the hourly rates provide a sufficient basis for accomplishing the limited purposes of this matter, namely, interim adjustment of the zone rates pending completion of studies to develop what further adjustments should be made.

Decision No. 56044 states, among other things, that the zone rates for rock therein under consideration were at about the same level as the then hourly rates and that the asphaltic concrete zone rates were about 8 percent higher than the hourly rates. Since the issuance of Decision No. 56044, the hourly rates have been increased repeatedly, mainly to reflect increases which have occurred in the carriers' costs for labor. In total the increases exceed 45 percent. Even taking into account the 20 percent increase in the asphaltic concrete rates which was prescribed by Decision No. 61051, it is evident that the zone rate increases which are sought in this matter are within the range of those which have been made in the hourly rates.

Nevertheless, it appears that the sought increases should not be granted in full. The comparisons to revenues under the hourly rates and the references thereby made to cost increases which are reflected in said rates do not warrant greater increases in the zone rates for asphaltic concrete than in those for rock. Conversely, it does not appear that the costs support lesser increases in the rates for rock than for asphaltic concrete. The proposal to equate the zone rates for rock with the hourly rates for truck-and-trailer equipment suggests that the transportation of rock in the Antelope Valley area is accomplished predominantly

by truck-and-trailer combinations. However, the evidence does not show that such is the case. On this record it appears that there is not a material difference in present vehicle usage for the transportation of rock, on the one hand, and for the transportation of asphaltic concrete, on the other hand. In the circumstances any increases to be made in the zone rates for asphaltic concrete should not exceed increases which are prescribed in the rates for rock.

Also, the record does not warrant the adoption of CAPA's proposal that the hourly rates for truck-and-trailer equipment be made applicable to the transportation of asphaltic concrete when performed in said equipment within the Antelope Valley area. The fact that the costs of service by truck-and-trailer may be, or are, less than those by truck is not of itself sufficient to justify the action sought by CAPA at this time. Another important consideration is the level of the costs of service within the Antelope Valley area. As pointed out hereinabove, the level of said costs may not be inferred from the level of the hourly rates. Also to be considered is whether, or to what extent, the present form of the rate structure should be modified in order to conform more closely to equipment demands upon the carriers and to commercial needs of the shippers.

Findings

The Commission finds that:

1. The operating costs of for-hire carriers engaged in the transportation of rock, asphaltic concrete and related commodities

within the Antelope Valley area have increased substantially since the zone rates in MRT 7 were established at their present level in 1960 by Decision No. 61051.

2. The extent that increases in said operating costs have occurred since 1960 is partially reflected by the extent that the hourly rates in MRT 7 have been increased during the same period of time.

3. Increases as hereinafter provided in the zone rates in MRT 7 for the transportation of rock, asphaltic concrete and related commodities within the Antelope Valley area would offset in part the increases in operating costs which the carriers have experienced.

4. Increases as hereinafter provided in the zone rates in MRT 7 for the transportation of rock, asphaltic concrete and related commodities within the Antelope Valley area have been shown to be justified.

Conclusions

The zone rates in MRT 7 for the transportation of rock, asphaltic concrete and related commodities within the Antelope Valley area should be increased by 5 percent.

O R D E R

IT IS HEREBY ORDERED that Minimum Rate Tariff No. 7 (Appendix "A" of Decision No. 32566, as amended) is hereby further amended by incorporating therein, to become effective

December 19, 1970, the revised pages attached hereto, and made a part hereof by this reference, said pages being specifically identified as:

Second Revised Page 38-A-A1
Second Revised Page 38-T

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

This order shall become effective twenty-four days after the date hereof.

Dated at San Francisco, California, this 10th day of NOVEMBER, 1970.

Chairman

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Commissioner

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

MINIMUM RATE TARIFF 7

SECTION 3--RATES FROM PRODUCTION AREAS TO DELIVERY ZONES IN CENTS PER TON (Continued)										ITEM
MATERIAL, viz.:										
Granite, decomposed, Gravel, Sand,					Stone, crushed, chips or waste, Stone, natural, blocks, pieces or slabs, rough quarried, Stone, natural, sawed, nor further finished.					
FROM (1) ANTELOPE VALLEY PRODUCTION AREA A TO (1) ANTELOPE VALLEY DELIVERY ZONES (MINIMUM WEIGHT 8 TONS)										
FOR ROUND-TRIP DELIVERY TIMES (in minutes) TO DETERMINE ZONE RATES ON THIS PAGE SEE ITEM 269 ON PAGE 38-B-1										
Minutes	Rate	Minutes	Rate	Minutes	Rate	Minutes	Rate	Minutes	Rate	
30	29	70	71	110	113	150	155	190	197	
31	30	71	72	111	114	151	156	191	198	
32	32	72	74	112	116	152	158	192	200	
33	33	73	75	113	117	153	159	193	201	
34	34	74	76	114	118	154	160	194	202	
35	35	75	77	115	119	155	161	195	203	
36	36	76	78	116	120	156	162	196	204	
37	37	77	79	117	121	157	163	197	205	
38	38	78	80	118	122	158	164	198	206	
39	39	79	81	119	123	159	165	199	207	
40	40	80	82	120	124	160	166	200	208	
41	41	81	83	121	125	161	167	201	209	o
42	42	82	84	122	126	162	168	202	210	262
43	43	83	85	123	127	163	169	203	211	
44	44	84	86	124	128	164	170	204	212	
45	45	85	87	125	129	165	171	205	213	
46	46	86	88	126	130	166	172	206	214	
47	47	87	89	127	131	167	173	207	215	
48	48	88	90	128	132	168	174	208	216	
49	49	89	91	129	133	169	175	209	217	
50	50	90	92	130	134	170	176	210	218	
51	51	91	93	131	135	171	177	211	219	
52	53	92	95	132	137	172	179	212	221	
53	54	93	96	133	138	173	180	213	222	
54	55	94	97	134	139	174	181	214	223	
55	56	95	98	135	140	175	182	215	224	
56	57	96	99	136	141	176	183	216	225	
57	58	97	100	137	142	177	184	217	226	
58	59	98	101	138	143	178	185	218	227	
59	60	99	102	139	144	179	186	219	228	
60	61	100	103	140	145	180	187	220	229	
61	62	101	104	141	146	181	188	221	230	
62	63	102	105	142	147	182	189	222	231	
63	64	103	106	143	148	183	190	223	232	
64	65	104	107	144	149	184	191	224	233	
65	66	105	108	145	150	185	192	225	234	
66	67	106	109	146	151	186	193	226	235	
67	68	107	110	147	152	187	194	227	236	
68	69	108	111	148	153	188	195	228	237	
69	70	109	112	149	154	189	196	229	238	

(1) For descriptions of Antelope Valley Production Area and Delivery Zones, see Pages 33-V to 33-V-22, inclusive.

o Increase, Decision No. **77940**

EFFECTIVE

Correction 1344

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

SECTION 3--RATES FROM PRODUCTION AREAS TO DELIVERY ZONES IN CENTS PER TON (Continued)

ITEM

MATERIAL, viz.:
 Asphaltic Concrete (commonly called "Hot Stuff"),
 Cold Road Oil Mixture (commonly called "Plant Mix").

FROM (1) ANTELOPE VALLEY PRODUCTION AREA A
 TO (1) ANTELOPE VALLEY DELIVERY ZONES
 (MINIMUM WEIGHT 8 TONS)

FOR ROUND-TRIP DELIVERY TIMES (in minutes) TO DETERMINE
 ZONE RATES ON THIS PAGE SEE ITEM 295-1 ON PAGE 38-T-1

Minutes	Rate	Minutes	Rate	Minutes	Rate	Minutes	Rate	Minutes	Rate
40	53	80	109	120	166	160	223	200	279
41	55	81	111	121	168	161	225	201	281
42	57	82	112	122	169	162	226	202	282
43	58	83	114	123	171	163	228	203	284
44	59	84	116	124	172	164	229	204	286
45	61	85	118	125	174	165	231	205	288
46	62	86	119	126	175	166	232	206	289
47	63	87	120	127	176	167	233	207	290
48	64	88	121	128	177	168	234	208	291
49	65	89	122	129	179	169	235	209	292
50	68	90	124	130	181	170	237	210	294
51	69	91	126	131	183	171	239	211	295
52	70	92	127	132	184	172	240	212	297
53	71	93	128	133	185	173	242	213	298
54	74	94	130	134	187	174	244	214	300
55	75	95	131	135	188	175	245	215	301
56	76	96	132	136	189	176	246	216	302
57	77	97	133	137	190	177	247	217	303
58	80	98	134	138	191	178	248	218	305
59	81	99	138	139	194	179	251	219	307
60	82	100	139	140	195	180	252	220	309
61	83	101	140	141	196	181	253	221	310
62	84	102	141	142	197	182	254	222	311
63	86	103	143	143	200	183	256	223	313
64	87	104	144	144	201	184	257	224	314
65	88	105	145	145	202	185	258	225	315
66	89	106	146	146	203	186	259	226	316
67	92	107	149	147	206	187	263	227	317
68	93	108	150	148	207	188	264	228	320
69	95	109	151	149	208	189	265	229	321
70	96	110	152	150	209	190	266	230	322
71	97	111	153	151	210	191	267	231	323
72	99	112	155	152	212	192	269	232	326
73	100	113	156	153	213	193	270	233	327
74	101	114	158	154	214	194	271	234	328
75	103	115	160	155	216	195	272	235	329
76	105	116	162	156	218	196	275	236	332
77	106	117	163	157	219	197	276	237	333
78	107	118	164	158	221	198	277	238	334
79	108	119	165	159	222	199	278	239	335

295

(1) For descriptions of Antelope Valley Production Area and Delivery Zones,
 see Pages 33-V to 33-V-22, inclusive.

♦ Increase, Decision No. **77940**

EFFECTIVE

Correction 1345

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