

ORIGINAL

Decision No. 79627

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 and highway)
 carriers relating to the transport-)
 ation 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. 15).

Case No. 7783
 Petition for Modification
 No. 46
 (Filed August 13, 1971;
 Amended September 1, 1971)

R. W. Smith and A. D. Poe, Attorneys at Law, and
H. F. Kollmyer, for California Trucking Association,
 petitioner.
David C. Williams, for Williams Transfer Co.; and
Emil P. Fleschner, for Southern California
 Truck Leasing, Inc.; respondents.
W. Paul Tarter, for William Volker & Company;
Robert R. Schwenig, for Sears Roebuck & Co.;
William D. Mayer and Jess Butcher, for Cali-
 fornia Manufacturers Association; William D.
Mayer, for Cannery League of California; Ronald
M. Zaller, for Continental Can Company; Robert
A. Kornel, for Pacific Gas and Electric Co.;
Tad Muraoka, for IBM Corporation; Warren P.
Mayhugh, for Mobil Oil Corp.; and Harold Sumerfield,
 for Bethlehem Steel Corporation; interested parties.
Eugene O. Carmody and Robert W. Stich, for the
 Commission staff.

O P I N I O N

By this petition, as amended, the California Trucking Association (CTA) seeks a wage offset increase of 12 percent in most of the rates, and 21 percent in certain rates, contained in Minimum Rate Tariff 15 (vehicle unit rates).

Public hearing was held on September 30, 1971, at San Francisco before Examiner Turpen. Evidence was presented by a transportation analyst from CTA, and by members of the Commission's Transportation Division staff. The matter was submitted October 26, 1971, upon receipt of late-filed exhibits that the examiner directed the staff to prepare.

The minimum rates involved herein were last generally adjusted, effective March 1, 1971, by Decision No. 78300, dated February 9, 1971. Said adjustment reflected the weighted average increase in wage costs, plus increases in allied payroll expenses, which occurred during the calendar year 1971. Petitioner contends that, since the rates were last generally adjusted, the cost of transporting property by motor vehicle has increased, and further substantial increases will become effective during 1972 pursuant to current labor agreements with the Teamster Unions. Increases in payroll taxes and workmen's compensation insurance rates are also anticipated. The hourly wage rates are scheduled to be raised 25 cents per hour on January 1, 1972, in addition to an 8 cents per hour cost of living allowance. On July 1, 1972, said wage contracts provide for an additional increase of 25 cents per hour, thereby making a total hourly wage adjustment of 58 cents for the calendar year 1972. Petitioner contends that the increases in labor and allied payroll expenses during 1972 require that the present level of rates, which are predicated upon cost circumstances occurring during 1971, be increased by appropriate wage offset procedures.

On August 15, 1971 the President of the United States issued an Executive Order imposing a suspension on price and wage increases for a period of ninety days. The California Trucking Association fully supports the President's wage and price stabilization program. If such federal economic controls are not lifted or otherwise modified, the CTA states it will withdraw or otherwise amend its petition so as to remain in complete conformity with said federal regulations.

The CTA presented cost data designed to show the increases which will occur during 1972 in the wage costs and allied payroll expenses reflected in the level of the existing minimum rates. To establish a weighted average of the 1972 wage costs, those increases in wages which became effective with January 1, 1972, were accorded a weight of 46 percent and those occurring as of July 1, 1972 were given a weight of 54 percent. The CTA witness estimates that the weighted average wage increase will amount to 46-1/2 cents per hour during the year 1972. The Commission staff also employed the aforementioned weighting factors in its development of 1972 weighted average wage costs.

Pursuant to the recently announced Phase II of the Federal Government's economic stabilization program, petitioner filed, on November 19, 1971, a motion requesting that it now be granted, on an interim basis only, that portion of its current sought rate relief pertaining to the labor cost increases contemplated by carriers as of January 1, 1972. Specifically, the CTA now urges that the rates in MRT 15 be made subject to a 7-1/2 percent surcharge, in lieu of its initial overall proposal that such rates be increased by 12 percent and 21 percent in order to offset a weighted average increase in carriers' labor costs which are scheduled to occur as of January 1, 1972 and July 1, 1972, respectively. The CTA employed the same labor cost offset procedure in the development of its suggested 7-1/2 percent surcharge as was used for the computation of the trucking association's original wage offset rate proposal for the year 1972.

In developing its initial wage offset rate proposal the staff rate witness also used a labor cost offset procedure not heretofore accepted by the Commission. While said procedure was specifically rejected in the last wage offset rate adjustment it now appears appropriate and in line with the Federal Government's economic stabilization program.

The Commission's staff filed an amended reply, on November 30, 1971, to the CTA's motion for interim relief. This reply recommended that the increase be limited to 4 percent.

The Commission finds that:

1. The rates and charges set forth in Minimum Rate Tariff 15 reflect weighted average wage costs and allied payroll expenses for the calendar year 1971.

2. The transportation costs of highway carriers will be significantly increased during the calendar year 1972 should scheduled increases, under existing labor contracts, become effective as of January 1, 1972 and July 1, 1972. Additional increases in the carriers' payroll taxes and workmen's compensation insurance rates are also scheduled to occur during the year 1972.

3. The increases contemplated in carriers' 1972 costs for labor and certain allied payroll expenses are subject to appropriate authorization under effective federal economic regulations governing wage and price increases.

4. The wage offset rate adjustments proposed by petitioner and the Commission's Transportation Division staff, respectively, are recommended only upon the condition that the contemplated increases in the carriers' costs for labor and certain allied payroll expenses are actually put into effect during the calendar year 1972.

5. Under the provisions of Phase II of the Federal Government's stabilization program, as recently announced subsequent to the submission of this proceeding, it has been determined that the increase found justified herein should be expressed in the form of a tariff surcharge in lieu of a proposed definitive upward adjustment in rates.

6. In recognition and support of Section 201.14 of the Regulations of the Cost of Living Council, the Pay Board and the Price Commission of the Federal Government (Vol. 36, No. 220, of the Federal Register, dated November 13, 1971) it has been further determined that the surcharge referred to in Finding 5 should reflect only the increases in labor costs as of January 1, 1972.

7. Under existing federal guidelines a surcharge of 5-1/2 percent would appear to be consistent with the Federal Government's

economic stabilization program, within the lower zone of reasonableness and justified by transportation conditions.

8. To the extent that the provisions of Minimum Rate Tariff 15 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 rate provisions 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 herein 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.

The Commission concludes that:

1. In view of the limitations and/or conditions imposed under Phase II of the Federal Government's economic regulations, Petition for Modification No. 46, as amended, in Case No. 7783, should be partially granted by the authorization of a surcharge of 5-1/2 percent and Minimum Rate Tariff 15 should be amended by the publication of an appropriate surcharge supplement.

2. To the extent not granted herein, Petition 46, as amended, and subsequent motion of petitioner for interim relief, including replies thereto, should be denied.

3. Further public hearing on petitioner's motion is unnecessary.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 15 (Appendix B to Decision No. 65072, as amended) is further amended by incorporating therein, to become effective February 1, 1972, Supplement 3, 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 also to Decision No. 65072, as amended, are hereby directed to establish in their tariffs the amendments necessary to conform with the further adjustments ordered herein of said decision.

3. Any provisions currently maintained in common carrier tariffs which are more restrictive than, or which produce charges greater than, those contained in Minimum Rate Tariff 15 are authorized to be maintained in connection with the increased rates and charges directed to be established by ordering paragraph 1 hereof.

4. Common carriers maintaining rates on a level other than the minimum rates for transportation for which rates are prescribed in Minimum Rate Tariff 15 are authorized to increase such rates by the same amounts authorized for Minimum Rate Tariff 15 herein.

5. Common carriers maintaining rates on the same level as Minimum Rate Tariff 15 rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff 15 are authorized to increase said rates by the same amounts authorized for Minimum Rate Tariff 15 rates herein.

6. 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 15 are authorized to increase said rates by the same amounts authorized for Minimum Rate Tariff 15 rates herein.

7. Tariff publications required or authorized 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 February 1, 1972, on not less than two days' notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than February 1, 1972; and 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 of this order.

8. 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.

9. In all other respects Decision No. 65072, as amended, shall remain in full force and effect.

10. To the extent Petition for Modification No. 46 as amended, in Case No. 7783 is not granted herein, said petition and subsequent motion and replies relative thereto are hereby denied.

The effective date of this order shall be January 29, 1972.

Dated at San Francisco, California, this 19th day of JANUARY, 1972.

[Signature]
Chairman
[Signature]
[Signature]
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

SPECIAL INCREASE SUPPLEMENT

SUPPLEMENT 3

(CANCELS SUPPLEMENT 2, ISSUED AUGUST 31, 1971)
(Supplements 2 (effective April 24, 1971) and
3 Contain All Changes)

TO

MINIMUM RATE TARIFF 15

NAMING

MINIMUM YEARLY, MONTHLY AND WEEKLY

VEHICLE UNIT RATES AND RULES

FOR THE

TRANSPORTATION OF PROPERTY OVER THE

PUBLIC HIGHWAYS WITHIN THE

STATE OF CALIFORNIA

BY

RADIAL HIGHWAY COMMON CARRIERS

HIGHWAY CONTRACT CARRIERS

AND

CEMENT CONTRACT CARRIERS

APPLICATION OF SURCHARGES
(See Page 2 of This Supplement)

Decision No.

79627

EFFECTIVE

Issued by the
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
State Building, Civic Center
San Francisco, California 94102

APPLICATION OF SURCHARGES

Except as otherwise provided, compute the amount of charges in accordance with the rates and rules in this tariff and increase the amount so computed by 5 1/2 percent.

In computing the amount of the surcharge, fractions of less than fifty cents shall be dropped; fractions of fifty cents or greater shall be increased to one dollar.

EXCEPTIONS.--The surcharge herein shall not apply to:

- (a) Mileage and subsistence charges in Item 120;
- (b) Penalty cargo charges in Items 140 and 141;
- (c) Subsistence charge in Item 150;
- (d) Additional charge for transporting wine or liquor in Item 160;
- (e) Additional charge for transporting hazardous articles in Item 170;
- (f) Power lift-gate and furniture pad or skin charges in Notes 3 and 4 of Items 200, 211, 300, 311, 400 and 411.
- (g) Power lift-gate charges in Items 451 and 452;
- (h) Excess trailing equipment rates in Items 210, 310, 410, 453, 454, 455 and 456;
- (i) Mileage rates in Items 452, 458, 500 and 510;
- (j) Column 2 forklift charge in Item 460;
- (k) Temperature control service rates in Item 560.

(1) SUSPENSION NOTICE

The effective date of First Revised Page 24-B is suspended until further order of the Commission.

(1) Reissued from Supplement 2, issued August 31, 1971.

THE END

o Increase, Decision No. 79627