

ORIGINAL

Decision No. 81672

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 transporta-)
tion of property by vacuum-type and)
pump-type tank vehicles (including)
transportation for which rates are)
provided in Minimum Rate Tariff 13).)

Case No. 6008
Petition for Modification
No. 20
(Filed August 31, 1972;
amended September 11 and
November 8, 1972)

Richard W. Smith and A. D. Poe, Attorneys at Law,
and Herbert Hughes, for California Trucking
Association, petitioner.

T.A.L. Loretz, Roy D. Owen, and Roy D. Owen, Jr.,
for Routh Transportation and Kyle O. Mayes
Co., Inc.; T.A.L. Loretz and Donald C. Brain,
for Fix & Brain Vacuum Truck Service; Hoyt
Hipple, for Crosby & Overton Transportation;
Ottis E. Pittman, for Ott's Vacuum Truck Service;
Bill Shearer, for Chancellor & Ogden, Inc.; and
Robert H. Morrison; respondents.

Marshall Stein, for Shell Oil Company; and Warren
P. Mayhugh, for Mobil Oil Corp.; protestants.

Robert S. Greitz, for Western Motor Tariff Bureau,
Inc.; and Jess J. Butcher, by Dan Ables, for
California Manufacturers Association; interested
parties.

Walter H. Kessenick, Attorney at Law, and George L.
Hunt, for the Commission staff.

O P I N I O N

In original Petition 20 in this proceeding California Trucking Association (CTA) requests the Commission to direct its staff to make a comprehensive study of Minimum Rate Tariff 13 (MRT 13) which contains rates applicable to transportation of certain property in vacuum-and pump-type truck equipment by several classes of highway carriers. In its first amendment

to the petition CTA seeks increases in the Territory A^{1/} (southern California) hourly rates in Item 200 of the tariff to offset increases in costs, principally labor and payroll costs that have been incurred by vacuum truck carriers since January 1, 1972. The January 1, 1972 cost increases were considered in connection with the last MRT 13 adjustment in rates in Territory A (Decision No. 80294 dated July 25, 1972 in Case No. 6008, Petition 17). Petitioner states that labor costs and attendant payroll costs were increased further, effective July 1, 1972 and January 1, 1973, pursuant to contracts entered into effective July 1, 1970. In its second amendment to the petition CTA adjusted upward its rate proposal in the first amendment to reflect statutory cost increases that carriers will experience effective January 1, 1973.

Public hearings in this proceeding were held before Examiner Norman Haley at Los Angeles on November 30 and December 12, 1972. The rate increase phase (proposals in the first and second amendments to the petition) was submitted December 12, 1972. Hearing on the CTA request contained in the original petition concerning the staff study of MRT 13 was adjourned.

At the outset of the hearing on November 30 the staff urged that the request in original Petition 20 for a comprehensive staff study of MRT 13 be denied for the reason that all available manpower is committed for the next 12 months to other studies of major importance. Toward the close of the hearing on December 12 petitioner moved orally that the Commission direct its staff to introduce evidence to explain the basis for its opposition to performance of a new cost study, including the allegation that it is impossible to perform such a study due to workload of other

^{1/} Territory A consists of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Imperial. Territory B consists of all counties in California other than those included in Territory A.

assignments. The original petition was adjourned to permit CTA to reduce its oral motion to writing and to permit the staff to answer.^{2/} The arguments that were presented in the filings that ensued disclose clearly the positions of CTA and the staff. Under the circumstances there is no need to schedule additional hearings on original Petition 20 to explore further the issues raised relative to the request for a comprehensive staff study of MRT 13. Those matters will be dealt with hereinafter. First, however, we direct our attention to the request for increases in hourly rates within Territory A, as set forth in the first and second amendments to Petition 20.

MRT 13 was established by Decision No. 55584 dated September 24, 1957. As stated in Item 40, the tariff applies to statewide transportation in vacuum- and pump-type truck equipment of commodities in semi-plastic form, commodities in suspension in liquids, and liquids. Application of the tariff is restricted to transportation which is incidental to the construction, operation, or maintenance of oil or gas wells, oil pipe lines, or oil storage facilities.^{3/} MRT 13 does not apply to petroleum products for

2/ Following adjournment of original Petition 20 a series of filings were made, as follows: Petitioner reduced its motion to writing in a letter to staff counsel dated December 12, 1972. The staff filed an answer on December 27, 1972 urging that the motion be denied. By letter dated January 3, 1973 the examiner denied the motion. On February 16, 1973 petitioner filed a second motion replying to the staff answer to the first motion, and appealing the examiner's ruling to the Commission. On March 16, 1973 the staff filed its reply urging that the examiner's ruling denying petitioner's motion for introduction of evidence concerning staff study be sustained by the Commission.

3/ In Decision No. 55584 we said, "The transportation that is here involved is a specialized type of service. It consists mainly of transportation of oil-well-drilling waste materials from well sites to disposal areas and the transportation of oil-well-drilling muds, compounds, and chemicals from suppliers to well sites."

which rates are provided in Minimum Rate Tariff 6-A, to certain property transported for the United States Government, nor to disaster supplies. Except for increases in rate levels to reflect successive increases in labor costs, there have been no significant changes in the basic minimum rates since they were originally established by Decision No. 55584. The geographic coverage of the tariff was enlarged in 1972 to include intracity transportation (Decision No. 80294). Reduced volume tender rates, applicable within a radius of 250 air miles from a carrier's base of operations, were added to the tariff by Decision No. 81235 dated April 3, 1973 on an experimental basis for at least one year.

CTA Evidence

Evidence in support of the proposed increases in Territory A rates was presented by the association's cost supervisor. No increases are sought in connection with Territory B rates applicable in northern California. The witness explained that no costs were developed for Territory B because a study of that area would require more extensive analyses of individual carrier operations, including substantial field work. The Territory B rates were last adjusted pursuant to Decision No. 78117 dated December 22, 1970 in Petition 15, Case No. 6008.

Petitioner's witness introduced and explained Exhibit 1, which is a report of the cost of transportation under MRT 13 as of January 1, 1973 within Territory A. The witness stated that none of the changes in labor costs, payroll costs, or equipment costs reflected in the exhibit were considered by the Commission in connection with the last adjustment of the tariff involving the rates here in question (Decision No. 80294).

The witness explained the scope of the labor cost increases applicable within Territory A, which are required by the Vacuum and Pump Truck Wage Agreement of the Teamsters Union,

Local 692. He stated that approximately 30 percent of the vacuum truck drivers in Territory A are in Local 692. The labor increases in Table 1 below are reproduced from Schedule II of Exhibit 1.

TABLE 1
Labor Increases

| Classification | Jan. 1, 1972 | July 1, 1972 | Jan. 1, 1973 | Percent Increase 1-1-72 to 1-1-73 |
|---|-----------------|-----------------|-----------------|--|
| <u>Base Wage Rate Per Hour</u> | | | | |
| Drivers-all operations | \$ 5.77(1) | \$ 6.10(1) | \$ 6.30(1) | 9.19% |
| Helpers | 5.53(1) | 5.86(1) | 6.06(1) | 9.58% |
| Health and welfare (Per man per month) | \$55.42 | \$55.42 | \$59.75 | 7.81% |
| Pension fund (Per man per week) | \$13.00 | \$13.00 | \$14.00 | 7.69% |

(1) Includes \$.03 per hour cost of living allowance effective July 1, 1971 and \$.08 per hour effective July 1, 1972.

The witness explained that the statutory cost increases attendant to payroll costs, effective January 1, 1973, consist of increases in the level of social security, California unemployment insurance, federal employment tax, and workmen's compensation insurance.

Schedule 1A of Exhibit 1 reflects development of equipment costs consisting of depreciation, taxes and license fees, and running costs. For the purpose of arriving at equipment costs the witness obtained from the Commission's data bank a list of equipment operated by 50 carriers reporting revenue under MRT 13 in 1971. The witness contacted 49 of the 50 carriers and arrived at a list of 23 that actually owned vacuum trucks. That equipment was supplemented by the witness where carriers provided for new purchases in 1972. The witness found no equipment with capacity less than 45 barrels. Historical costs for equipment by

type and capacity were taken from graphic curves of costs of the individual units after making adjustments necessary to arrive at a smooth progression. The historical costs are the average costs over an eight year service life allowing for a salvage value of 10 percent. The witness stated that he selected eight years as the most representative service life after analysis of equipment purchase dates. He found that all but four units were purchased in the years 1964 to 1972. The oldest was a 1945 model. The four older units were considered to be not efficient for minimum rate purposes. The witness stated that he did not make a field check of vacuum truck equipment because the data bank records include all equipment registered with the Department of Motor Vehicles.

In reducing the equipment costs to hourly bases the witness utilized certain factors developed for the CIA study in Petition 8, Case No. 6008, which assertedly have not changed significantly (Decision No. 75522 dated April 1, 1969). These factors were annual use hours (ranging from 2200 for a three-axle truck to 2800 for a three-axle gas tractor), gallons of fuel per hour, miles per hour, oil cost per mile, tire cost per tire mile, and maintenance cost. The witness considers these factors to be the most meaningful and current information available.^{4/} Sales tax was added to historical equipment costs and to fuel costs.

Schedule 1B is the development of total labor cost per hour. The base wage rates per hour are those shown in Table 1 above, which include the two 8-cent cost of living increases effective July 1, 1971 and July 1, 1972. Vacation pay and

4/ The witness explained that annual use hours brought forward from the Petition 8 study are somewhat higher (reflect greater productivity) than the use hours developed in the more recent Petition 17 study. To this extent he was of the opinion that the costs in Exhibit 1 are understated.

premium pay were calculated from percentage factors utilized in the Petition 8 study. Schedule 1B shows that since the last rate increase proceeding (Decision No. 80294) driver labor cost has increased approximately 86 cents per hour or 10.15 percent. Helper labor cost has increased approximately 79 cents per hour, or 10.27 percent.

To arrive at total hourly costs for equipment with driver the witness added the equipment and labor costs from Schedules 1A and 1B and included expansion factors from the Petition 8 study for nonproductive time (3.3 percent), indirect expenses (48 percent), and gross receipts expenses (2.27 percent). The resulting figures were expanded to reflect an operating ratio of 100 percent. The total costs in Schedule 1C of Exhibit 1 as of January 1, 1973, including costs for additional helper, are reproduced below in Table 2:

TABLE 2

Development of Total Hourly Costs for Vacuum
Trucks Operating Within MRT 13 - Territory A

| Line No. | Description | 3-Axle Truck 0-60 BBL | 3-Axle Gasoline Tractor (1) | (2) | Weighted 3-Axle Cost | 3-Axle Diesel Tractor(2) |
|-------------|---|-----------------------------|-----------------------------------|--------------|----------------------------|--------------------------------|
| 1 | Equipment cost (Exh. 1, Sched. 1A, Line 24) | \$ 2.662 | \$ 4.073 | \$ 4.235 | | \$ 4.322 |
| 2 | Labor cost (Exh. 1, Sched. 1B, Line 13) | <u>9.321</u> | <u>9.321</u> | <u>9.321</u> | | <u>9.321</u> |
| 3 | Subtotal | \$11.983 | \$13.394 | \$13.556 | | \$13.643 |
| 4 | Non-prod. time at 3.3%(3) | <u>.395</u> | <u>.442</u> | <u>.447</u> | | <u>.450</u> |
| 5 | Total direct cost | \$12.378 | \$13.836 | \$14.003 | | \$14.093 |
| 6 | Total direct and indirect cost at 48%(3) | \$18.319 | \$20.477 | \$20.724 | | \$20.858 |
| 7 | Expanded for gross receipts expense of 2.27%(3) and an operating ratio of 100% | \$18.745 | \$20.953 | \$21.205 | \$21.274 | \$21.342 |

Additional Helper

| | | | | | | |
|----|---|--|--|--|----------|--|
| 8 | Total hourly labor cost (Exh. 1, Sched. 1B, Line 13) | | | | \$ 8.534 | |
| 9 | Total direct and indirect cost at 48%(3) | | | | \$12.630 | |
| 10 | Expanded for gross receipts expense of 2.27%(3) and an operating ratio of 100% | | | | \$12.923 | |

(1) Includes 2-axle trailer 95 BBL and under

(2) Includes 2-axle trailer over 95 BBL

(3) From study in Petition 8, Case No. 6008

Exhibit 2 contains the proposed revisions to the hourly rates and accessorial charges in MRT 13. In developing the proposed Item 200 rates the witness utilized the costs shown on line 7 of Table 2 above, increased them to reflect a cost-rate relationship of 95, and rounded the resulting figures to the nearest five cents. The present and proposed rates are set forth in Table 3 below:

TABLE 3

Proposed Rates

| Capacity of Equipment in Barrels | | Cost Basis Table 2, Line 7 | Item 200 Rates Per Hour Territory A | | Percent Increase |
|----------------------------------|-------------------|--|---|----------|------------------|
| More Than | But Not More Than | | Present | Proposed | |
| 0 | 35 | (1) | \$17.50 | \$18.45 | 5.43 |
| 35 | 45 | (1) | 17.50 | 18.45 | 5.43 |
| 45 | 60 | 3-axle truck | 18.75 | 19.75 | 5.33 |
| 60 | 80 | Gas tractor and trailer under 95 barrels | 19.50 | 22.05 | 13.08 |
| 80 | 95 | Gas tractor and trailer over 95 barrels | 20.00 | 22.35 | 11.75 |
| 95 | | Diesel tractor and trailer over 95 barrels | 21.00 | 22.50 | 7.14 |

- (1) The proposed rate of \$18.45 (45 barrels and less) is related to the proposed rate of \$19.75 (45-60 barrels) in the same proportion as present rates for those capacities.

The present accessorial charge in Territory A set forth in Item 60 of MRT 13 is \$10.12 per man per hour. In

arriving at the proposed accessorial charge in Exhibit 2 the witness utilized the figure of \$12.923 shown on line 10 of Table 2 for additional helper, and expanded it to reflect a cost rate relationship of 95. This produced a proposed charge of \$13.60 which would be a 34.39 percent increase over the present charge of \$10.12.

Petitioner's witness checked the 1971 records of 16 vacuum truck carriers to determine operating results for that year. The 16 carriers earned approximately \$5 million, and had a composite operating ratio of 97.3.

The witness stated that he knew of no gains or losses in carrier productivity or other changes in operations of carriers under MRT 13 which have taken place since the two CTA field studies were conducted in connection with Petitions 8 and 17 in Case No. 6008. He explained that any increases in sizes of equipment, increases in speed, faster loading and unloading times, and any other efficiencies that may have occurred would automatically benefit the rate payers under MRT 13. This is because the rates are in cents per hour and any increased efficiencies (better utilization of equipment and labor) permit more work to be performed in the same amount of time. The witness stated that any efficient practices that permit transportation of more property in a given period of time do not result in additional revenue to carriers. He asserted that the only way a carrier employed at hourly rates under MRT 13 can offset additional costs of acquiring larger and more powerful equipment is through an increase in the hourly rate level.

The witness requested that in the event the Commission does not direct its staff to make a full-scale study of MRT 13, as sought in original Petition 20, that it set forth in this decision those cost factors relied upon as the bases for any new rates that are established (datum plane). He pointed out that

this was not done at the time the tariff was originally issued, nor at the time of any subsequent adjustment of the minimum rates. He recommended that the factors set forth in Exhibit 1 be established as the datum plane for rates in MRT 13.

Shipper Evidence

Testimony in opposition to the proposed increases in rates (Exhibits 3 and 4) was presented by witnesses for Mobil Oil Corporation and Shell Oil Company, which companies utilize the services of vacuum truck carriers. The two witnesses were of the opinion that the proposed increased rates in Exhibit 2 are excessive per se, and are excessive in comparison with rates for certain other tank truck hauling. They refer to the fact that the territory A rates in MRT 13 were increased as recently as September 1972 (Decision No. 80294). These witnesses were of the opinion that petitioner did not present an adequate cost study to reflect current operating conditions. They were critical of the 48 percent indirect cost factor adopted from the Petition 8 study. They pointed out that CTA cost studies in Petition 8 and other prior petitions in Case No. 6008 have not been adopted, except for measurement of increased labor costs.

The witness for Mobil asserted that improvements in certain elements of carrier productivity, when they occur, can benefit carriers as well as shippers. In this connection he cited annual use hours, running costs, nonproductive time, and indirect costs. He stated that Mobil is considering adding more vacuum trucks to its proprietary fleet. The witness for Mobil recommended that the request for staff study in original Petition 20 be granted and that the request for increased rates in the second amendment be denied. The witness for Shell requested that the second amendment be denied. He had no position concerning the original petition.

Discussion

We have not adopted petitioner's cost studies in prior proceedings involving MRT 13, other than portions related to labor increases, principally because the cost data were developed and offered concurrently with proposals which were not justified upon the records made at the time. Those were proposals (1) to enlarge the scope of the tariff to include all commodities and services when transportation is performed in vacuum tank vehicles, (2) to change the method of time computation, and (3) to revise equipment capacities for statement of rates. Additionally, certain equipment costs introduced in prior proceedings were excessive or inconclusive for use as a measure for adjusting rates. In this proceeding petitioner has overcome the equipment cost infirmities; has related the costs to rates currently contained in MRT 13; and has not brought in the other issues.^{5/}

Exhibit 1 in this proceeding reflects labor and related payroll costs now being experienced by vacuum truck carriers operating within Territory A. Exhibit 1 also reflects historical equipment costs developed by petitioner based upon data bank records through 1971, supplemented in one or two instances with the records of 1972 purchases. In Exhibit 1 the cost witness utilized certain factors from the CTA study in Petition 8 to reduce the equipment costs to hourly bases, and also to expand the sum of the labor and equipment costs to arrive at total hourly costs. The indirect cost factor brought forward from the Petition 8 study is 48 percent. As the result of its more recent study in Petition 17, CTA developed an indirect cost ratio of

^{5/} Maintenance costs shown on Line 22, Schedule 1A of Exhibit 1, and total equipment costs on Line 24 (reproduced on Line 1, Table 2, above) are significantly lower than those presented by CTA in its Petition 17 study.

37 percent. A reasonable indirect ratio for purposes of this proceeding will be 43 percent. With the exception of the indirect cost factor, the costs in Exhibit 1 upon which petitioner relies are reasonably representative of the circumstances applicable to transportation now being performed. They will be adopted as reasonable costs as bases for revising Territory A rates in MRT 13.

By substituting an indirect cost ratio of 43 percent for the 48 percent shown on line 6, Table 2, and by following the steps explained in connection with development of Table 3, the following adjusted Item 200 hourly rates for Territory A are produced:

| TABLE 4 | | | | |
|--|------------------------------|---|-----------------|-----------------------------|
| | | <u>Adjusted Rates</u> | | |
| Capacity of Equipment in Barrels | | Item 200 Rates Per Hour Territory A | | <u>Percent Increase</u> |
| <u>More Than</u> | <u>But Not More Than</u> | <u>Present</u> | <u>Adjusted</u> | |
| 0 | 35 | \$17.50 | \$17.78 | 1.60 |
| 35 | 45 | 17.50 | 17.78 | 1.60 |
| 45 | 60 | 18.75 | 19.05 | 1.60 |
| 60 | 80 | 19.50 | 21.30 | 9.23 |
| 80 | 95 | 20.00 | 21.55 | 7.75 |
| 95 | | 21.00 | 21.70 | 3.33 |

By substituting the 43 percent indirect cost factor for the 48 percent factor on line 9 of Table 2, we arrive at an adjusted hourly accessorial charge of \$13.15, an increase of 29.94 percent over the present Territory A accessorial charge of \$10.12 in Item 60 of the tariff.

We turn now to the request in original Petition 20 that the Commission direct the staff to commence a comprehensive study of operating costs, economic considerations, and traffic flows

relative to modernizing the rates basically provided in MRT 13. Before any comprehensive study of MRT 13 is commenced a number of matters should be considered.

Since MRT 13 was established it has applied principally to transportation associated with the disposal of waste material from gas and oil well sites and related facilities. However, certain other transportation also is involved (Footnote 3 above). In prior proceedings petitioner has proposed that the scope of MRT 13 be substantially broadened to include all commodities and services when transportation is performed in vacuum tank vehicles, without the present limitation concerning transportation incidental to construction, etc., of certain oil and gas facilities (Decisions Nos. 75522 and 80294). Minimum rates have not been established for transportation of commodities in semi-plastic form, in suspension in liquids, or in liquid form, in tank truck equipment, except petroleum products in MRT 6-A and those commodities governed by MRT 13.^{6/} If a future study is to encompass any additional commodities this fact should be determined in advance. Furthermore, the question arises as to whether a study should be limited to vacuum- and pump-type vehicles. If other commodities are to be included, minimum rates applicable only to vacuum- and pump-type vehicles may discriminate in favor of or against transportation of the same commodities in other kinds of tank truck equipment.^{7/}

^{6/} The basic minimum rate exemption for tank truck transportation is contained in Item 41 of MRT 2. MRT 6-A and MRT 13 are exceptions. The exemption reads as follows: "Liquids, compressed gases, commodities in semi-plastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semi-trailers or a combination of such highway vehicles."

^{7/} Whether tank truck equipment is constructed for a particular purpose; whether it is loaded or unloaded by external pumps, or by pumps which are integral parts of the vehicles; whether loading or unloading is accomplished in whole or in part by altering the air or vapor pressure inside the tank; or whether the force of gravity is used in whole or in part, may not constitute sufficient distinctions as bases for different minimum rate treatment under current conditions.

It may well be that the tank truck proposals which have been discussed in prior pleadings and decisions will not best lend themselves to resolution by minimum rate processes. It is not necessary to establish minimum rates for all commodities.^{8/} An alternative could be to cancel MRT 13 and require all common carriers (permitted as well as certificated) to file tariffs for transportation of liquids and liquid-like commodities in tank trucks. Under such a program contract carriers could be required to charge not less than the lowest common carrier rate. This approach should be explored as well as other possible alternatives to the requested study which is limited to vacuum truck carriers and minimum rates basically provided in MRT 13.

The Commission's Transportation Division staff must make many economic, certificate, safety, and compliance studies with respect to the transportation of persons and property by various modes of transport, and in connection with the storage of merchandise. If and when any requested study should be made involves broad considerations. These include the evaluation of the importance and priority of the particular study in relation to the requirements of other programs and studies as a whole. It is not feasible for a special request for a study to be acted upon and carried to conclusion without considering other Commission staff responsibilities and work load. If we direct the staff to conduct a particular study, there can be no assurance that it can be started or completed at any particular time. New events bring up new issues and require new investigations. Some new investigations require earlier attention and action than those already

^{8/} Re transportation of logs: Decision No. 80134 dated June 7, 1972; petition for rehearing denied, Decision No. 80596 dated October 11, 1972; writ of review denied March 8, 1973 by California Supreme Court (SF 22974).

scheduled or under way. In view of the present schedule of work assignments a general direction to the staff to conduct a study as sought, or as otherwise might be contemplated, would not have any particular benefit to petitioner. The examiner denied petitioner's motion that we direct the staff to explain its opposition at the hearing to a new study as sought in original Petition 20, and to support the staff allegation that it is impossible for it to perform such a study due to the load of other previously assigned or committed studies. We affirm.

A datum plane reflecting current costs of vacuum truck carriers transporting property by reasonably efficient means within Territory A has been justified herein. New minimum rates will be established. No further or additional study of MRT 13 (with or without consideration of other tank truck transportation) will be scheduled at this time.

Findings

1. Minimum Rate Tariff 13 was established by Decision No. 55584 dated September 24, 1957 and applies to the transportation of waste materials and certain other commodities in vacuum- and pump-type vehicles when such transportation is incidental to the construction, operation, or maintenance of oil or gas wells, oil pipelines, or oil storage facilities.

2. By Decision No. 80294 dated July 25, 1972 the territorial application of MRT 13 was extended to include intracity transportation. By Decision No. 81235 dated April 3, 1973 certain volume tender rates and related provisions were established in MRT 13 on an experimental basis. Since the tariff was established in 1957 the rates have been increased a number of times to reflect successive increases in costs of labor and related expenses.

3. By original Petition 20 filed August 31, 1972 California Trucking Association requested the Commission to direct its staff to make a comprehensive study toward modernizing the rates now

basically provided in MRT 13, including operating costs, economic considerations, and traffic flows peculiar to such transportation.

4. The record does not justify us to direct the staff to make a comprehensive study of MRT 13 at this time.

5. By first and second amendments to Petition 20 filed September 11 and November 8, 1972, respectively, California Trucking Association proposed increases in the levels of Territory A rates prescribed in Items 60 and 200 of MRT 13.

6. Petitioner's proposed revisions to Territory A rates in Items 60 and 200 of MRT 13 are set forth in Exhibit 2. They are based upon petitioner's estimates of the costs of providing services in vacuum-type tank vehicles as of January 1, 1973 contained in Exhibit 1.

7. The cost estimates and underlying data in Exhibit 1, with the exception of the indirect cost factor of 48 percent, represent the present costs of carriers operating in a reasonably efficient manner in the transportation of property for which minimum Territory A rates have been established in Items 60 and 200 of MRT 13, and provide a reasonable basis for adjusting those tariff provisions.

8. An indirect cost ratio of 43 percent of the direct costs should be adopted as a reasonable indirect cost factor in place of the 48 percent factor in Exhibit 1.

9. The rates, charges, and rules in MRT 13, as modified by this order, are the just, reasonable, and nondiscriminatory minimum rates, charges, and rules for the transportation governed thereby.

10. In compliance with Rule 23.1 of this Commission's Rules of Procedure we find that the increased rates for Territory A of MRT 13, as set forth in the revised pages attached hereto:

- a. Are cost justified and not reflective of future inflationary expectations.
- b. Are not higher than those sufficient to return to the carriers increases in costs based upon operation of vacuum truck equipment in reasonably efficient circumstances, which increases are not reflected in the current minimum rates.
- c. Will achieve the minimum return needed to attract capital at reasonable costs and not impair the credit of vacuum truck carriers.
- d. Take into account expected and obtainable productivity gains. The record does not show that there are any productivity gains susceptible to quantitative measurement available to vacuum truck carriers engaged in the transportation involved, which have not been implemented in their current operations.
- e. No vacuum truck carrier appeared at the hearing to present evidence expressing a willingness and capacity to provide service at existing rates.

11. The procedures of the Commission provided for reasonable opportunity for participation by all interested persons or their representatives. Notice of hearing was sent to carriers and shippers and to organizations known to be interested.

The Commission concludes that:

1. Petition for Modification 20, as amended, in Case No. 6008, should be granted to the extent set forth in the order herein and that MRT 13 should be amended accordingly.
2. To the extent not granted herein, Petition for Modification 20, as amended, should be denied.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 13 (Appendix B of Decision No. 55584, as amended) is further amended by incorporating therein, to become effective September 8, 1973, Thirteenth Revised Page 7 and Eleventh

Revised Page 12, 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 said Decision No. 55584, as amended, are directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered herein.

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 13 are authorized to be maintained in connection with the increased rates and charges directed to be established by ordering paragraph 2 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 13 are authorized to increase such rates by the same amounts authorized for Minimum Rate Tariff 13 rates herein.

5. Common carriers maintaining rates on the same level as Minimum Rate Tariff 13 rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff 13 are authorized to increase said rates by the same amounts authorized for Minimum Rate Tariff 13 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 13 are authorized to increase said rates by the same amounts authorized for Minimum Rate Tariff 13 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 the fifth day after the effective date of this order, on not less than five days' notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than SEP 8 - 1973.

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 hereof.

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 said Decision No. 55584, as amended, shall remain in full force and effect.

10. To the extent not granted herein Petition for Modification 20, as amended, is denied.

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

31st Dated at San Francisco, California, this
day of JULY, 1973.

William Lyman Jr. President
[Signature]
[Signature] Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

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

| SECTION 1--RULES OF GENERAL APPLICATION (Continued) | ITEM |
|---|------|
| <p style="text-align: center;">ACCESSORIAL CHARGES</p> <p>When carrier furnishes help in addition to the driver, an additional charge of (1) ♦\$13.15 or (2) \$8.80 per man per hour shall apply. The time for computing the additional charge shall be not less than the actual time in minutes the helper or helpers are engaged in performing the services. The total time so computed shall be converted into hours and fractions thereof. Fractions of an hour shall be determined in accordance with the table provided in Item 80. See Item 360 for additional charges in connection with Volume Tender Service.</p> <p>(1) Applies when the accessorial service is performed in Territory "A" consisting of the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Imperial.</p> <p>(2) Applies when the accessorial service is performed in Territory "B" consisting of all counties in California other than those included in Territory "A."</p> | 60 |
| <p style="text-align: center;">MINIMUM CHARGE</p> <p>1. The minimum charge per shipment shall be that for two hours of service at the applicable rate. See Item 300 for minimum charge in connection with Volume Tender Service.</p> <p>2. When service is provided under the provisions of Items 60 or 200 on holidays, an additional charge shall be assessed for each driver or helper so furnished, as follows:</p> <p>(a) On New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day and Christmas Day, twice the hourly charge in Item 60 for each hour worked with a minimum charge of four hours.</p> <p>(b) On Washington's Birthday, Good Friday, the day after Thanksgiving and December 24th, the hourly charge in Item 60 for each hour worked with a minimum charge of four hours.</p> | 70 |
| <p>♦ Change } ♦ Increase }</p> <p>Decision No. 81672</p> | |
| EFFECTIVE | |
| <p style="text-align: center;">ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA</p> | |

Correction

SECTION 2--HOURLY RATES

ITEM

| Capacity of Equipment (In Barrels) | | Rates in Dollars per Hour (See Note) | |
|---------------------------------------|----------------------|--|------------------|
| More Than | But Not More Than | Territory "A"(1) | Territory "B"(2) |
| 0 | 35----- | \$17.78 | \$14.85 |
| 35 | 45----- | 17.78 | 15.10 |
| 45 | 60----- | 19.05 | 16.25 |
| 60 | 80----- | 21.30 | 17.20 |
| 80 | 95----- | 21.55 | 17.95 |
| 95 | ----- | 21.70 | 19.05 |

6200

- (1) Territory "A" consists of the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Imperial.
- (2) Territory "B" consists of all counties in California other than those included in Territory "A".

NOTE.--The rates named are for transportation by vacuum-type tank vehicles. Where the transportation is performed by pump-type tank vehicles, the applicable rates are \$1.00 per hour less than those for transportation in vacuum-type tank vehicles.

Change }
Increase } Decision No. 81672

EFFECTIVE

Correction

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