

ORIGINAL

Decision No. _____

82213

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 transpor-
tation of cement and related
products (commodities for which
rates are provided in Minimum Rate
Tariff 10).

Case No. 5440
Petition for Modification No. 83
(Filed July 30, 1973; amended
August 6, 1973)

INTERIM OPINION AND ORDER

Minimum Rate Tariff 10 (MRT 10) provides minimum rates and rules for the transportation of cement and related commodities by highway permit carriers between points in the State of California. By this petition, as amended, the California Trucking Association (CTA) seeks to have the MRT 10 cement rates applicable between points in Northern and Southern Territories^{1/} increased by varying amounts to offset like increases in the carriers' operating costs. Petitioner requests that the sought rate increase be made effective by ex parte order of the Commission, and 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 provision of Section 460 of the Public Utilities Code. On August 14, 1973 the Department of Transportation, State of California - Business and Transportation Agency informed the Commission of its objections to the granting of CTA's sought

^{1/} Northern and Southern Territories are defined in Items 80 and 200 of Minimum Rate Tariff 10.

increase in MRT 10 cement rates by ex parte order. On September 5, 1973, however, the Department of Transportation withdrew its opposition to the sought ex parte consideration of Petition 83.

The rates and charges contained in MRT 10 were last generally adjusted on September 1, 1972 pursuant to Decision No. 80307 dated July 25, 1972. Petitioner states that since MRT 10 cement rates were last generally adjusted, operating costs have substantially increased, principally from upward revisions in wage rates and related labor costs. Accordingly, petitioner alleges that shippers and carriers of cement have discussed potential changes in MRT 10 which would reflect cement marketing changes, produce additional revenues to the cement carriers to offset increased costs, and would not disrupt established relationships between the various California cement mills. The results of the shipper-carrier joint effort are assertedly reflected in petitioner's rate proposal which, in turn, CTA alleges, has the support of the interested shippers of cement.

In support of petitioner's sought ex parte increase, there is attached to Petition 83 a verified statement of a CTA cost supervisor. A summary of the verified statement follows:

"Minimum rates for the transportation of cement were last revised by Decision No. 80307 dated July 25, 1972. Said revisions reflected...increased costs which occurred during 1972. In Northern Territory these increases included changes in labor contracts effective on July 1, 1972. The contract applicable to cement carriers in the Northern Territory expired on June 30, 1973... The National Master Freight Agreement with the Teamsters Union...provides for a \$.35 per hour increase in base wage rate as well as \$3.00 per week increases in the employers' contributions to both the health and welfare and pension funds. . . .

"Carriers in the Southern Territory have and will experience increases of similar or greater magnitude in the various labor contracts in which they participate. . . .

". . . Since January of this year many carriers have experienced increases of as much as 7.5¢ per gallon for diesel fuel and increases of 5¢ per gallon are common.

"Investment costs in new equipment are also increasing at a faster rate. Commission Data Bank reports continue to reflect these increases...

". . . As a result of...regulatory lapse in time and the ever increasing influence of inflation...the carriers did in fact operate at an operating ratio of 101.5...

"Our analysis of the factors surrounding the transportation of cement indicates that cement carriers have experienced substantial increases in various items of operating expense since 1972 and additional substantial increases have and will occur in 1973. Continued operation under the existing rate structure would incur severe losses to such carriers, and would impair their ability to provide service to the public."

Schedules II and III of the verified statement indicate that total direct costs per hour as of July 1, 1973 for Northern and Southern Territories have increased 8.8 percent and 7.4 percent, respectively, since July 1, 1972. Schedule V of the statement shows that the carriers running costs per mile for the period July 1, 1972 to July 1, 1973 have increased some 9.56 percent and 7.69 percent for Northern and Southern Territories, respectively.

The Commission's Transportation Division staff has reviewed the petition, as amended, and the supporting data included therein. The staff advises that: "Analysis of data submitted to justify increases related to items other than wage increases raises serious doubt as to the validity of claims. ... based on wage increases in the range of 8% and considering

the repeal of B of E charge of 1.5% as of June 30, 1973 an interim increase of not greater than an average of 4% would appear to be appropriate with hearings scheduled to determine final disposition of the matter."

In the circumstances, the Commission finds that, subject to further review at a public hearing in this proceeding, an interim increase of 4 percent in the existing level of cement rates named in Items 205 and 210 of Minimum Rate Tariff 10 will result in just, reasonable, and nondiscriminatory minimum rates for the highway transportation of cement governed thereby. The Commission concludes that petitioner's sought cost offset increase in rates should be granted to the extent provided in this interim order, pending public hearing and final disposition of Petition 83, and Minimum Rate Tariff 10 should be amended accordingly.

IT IS ORDERED that:

1. Minimum Rate Tariff 10 (Appendix A to Decision No. 44633, as amended) is further amended by incorporating therein, to become effective January 1, 1974, Sixth Revised Page 12-A and Fifth Revised Page 12-B 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 10 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 10 rates.

4. Common carriers maintaining rates on the same level as Minimum Rate Tariff 10 rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff 10 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 10 rates.

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 10 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 10 rates.

6. Tariff publications required to be made by common carriers as a result of this order 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 shall be made effective not later than January 1, 1974.

7. Common carriers, in establishing and maintaining the rates authorized by this order, are 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.

9. A public hearing shall be scheduled in this proceeding for the receipt of evidence relative to a final disposition of Petition 83.

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

Dated at San Francisco, California, this 4th day of DECEMBER, 1973.

Vernon L. Stinger
President
William Syngue-Jr.
[Signature]
[Signature]
Commissioners

I Obata
J. Williams, Commissioner

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	10½	12	145	150	32½	34½	
3	5	11	12½	150	160	34½	36½	
5	10	11½	13½	160	170	35½	37½	
10	15	12½	14	170	180	36½	38½	
15	20	13	14½	180	190	38	39½	
20	25	13½	15½	190	200	39	40½	
25	30	15	17	200	210	40	41½	
30	35	15½	17½	210	220	41½	43½	
35	40	16	18	220	230	42½	44½	
40	45	17	18½	230	240	43½	45½	
45	50	17½	19½	240	250	45½	47	
50	55	19	20½	250	260	46½	48	
55	60	19½	21½	260	270	47½	49½	
60	65	20½	22	270	280	49	50½	
65	70	21	23	280	290	50	51½	
70	75	21½	23½	290	300	51	52½	
75	80	22½	24½	300	320	53½	53½	
80	85	23½	25½	320	340	55½	55½	
85	90	24	25½	340	360	57½	57½	
90	95	24½	26½	360	380	60	60	
95	100	25½	27	380	400	62½	60½	
100	105	27	28½	400	420	64½	64½	
105	110	27½	29½	420	440	66½	66½	
110	115	28½	30½	440	460	69½	69½	
115	120	28½	30½	460	480	71½	71½	
120	125	29½	31½	480	500	73½	73½	
125	130	30½	32	500	---	(Add to the rate for 500 miles, 0 4½ cents per 100 pounds for each 25 miles or fraction thereof)		
130	135	31	32½					
135	140	31½	33½					
140	145	32½	34					
(1) Rates apply on shipments in bulk. (2) Rates apply on shipments in packages.								
◊ Increase, except as noted) ◊ No change) Decision No. 82213								
EFFECTIVE								
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.								
Correction								

SECTION 2--RATES IN CENTS PER 100 POUNDS				ITEM
SOUTHERN TERRITORY RATES				
MILES		RATES		
Over	But Not Over	(1) Bulk	(2) Sack	
0	3	7½	9½	
3	5	8	9½	
5	10	8½	10	
10	15	9	10½	
15	20	10	10½	
20	25	10½	12	
25	30	11	12½	
30	35	11½	13½	
35	40	12½	14½	
40	45	13	15	
45	50	14	15½	
50	60	15	16½	
60	70	16½	18½	
70	80	17½	19½	
80	90	19½	20½	
90	100	20½	21½	
100	110	21½	23	
110	120	23	24½	
120	130	24	25½	
130	140	26	26½	0210
140	150	27½	27½	
150	160	28½	29	
160	170	30½	30½	
170	180	31½	31½	
180	190	32½	32½	
190	200	34	34	
200	220	36½	36½	
220	240	38½	38½	
240	260	40½	40½	
260	280	43½	43½	
280	300	45½	45½	
300	320	47½	47½	
320	340	49½	49½	
340	360	52	52	
360	380	54	54	
380	400	56½	56½	
400	420	58½	58½	
420	440	60½	60½	
440	460	63½	63½	
460	480	65½	65½	
480	500	67½	67½	
500	---	(Add to the rate for 500 miles 0 4½ cents per 100 pounds for each 25 miles or fraction thereof)		
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