

ORIGINAL

Decision No. 82623

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 fresh or green fruits and vegetables and related items (commodities for which rates are provided in Minimum Rate Tariff No. 8).

Case No. 5438  
Petition for Modification  
No. 96  
(Filed January 9, 1974;  
amended January 30, 1974)

O P I N I O N

The minimum rates governing the highway transportation of fresh fruits and vegetables within California are set forth in Minimum Rate Tariff 8 (MRT 8). Supplement 34 of the tariff, issued pursuant to Decision No. 79902 dated April 4, 1972 in Petition 80 in Case No. 5438, provides, with certain exceptions, that the freight charges resulting under the tariff shall be subject to a surcharge of 20 percent. By this petition, as amended, the California Trucking Association (CTA) requests that the aforementioned surcharge be increased to 26 percent. Decision No. 82453 dated February 5, 1974 in Petition 780 in Case No. 5432, et al., established an interim surcharge of 3 percent to offset increased fuel costs. This latter surcharge applies in connection with numerous minimum rate tariffs, including MRT 8, and is not involved herein.

The petition, as amended, states that interested shippers and carriers have met and discussed revisions necessary to reflect changing circumstances in the transportation of fresh fruits and vegetables. They are basically the same parties entitled the "carrier-shipper" group by the Commission in Decision No. 68921 (1965) 64 CPUC 251, and numerous subsequent decisions. The CTA's proposal in

the amendment to the instant petition was developed following discussions with this group. CTA had initially requested a 15 percent increase in all rates and charges in MRT 8 in the original petition.

The petition, as amended, asserts that the completion date of pending studies relating to revisions of MRT 8 by the Commission staff is uncertain; that the costs of produce haulers have increased steadily due to the general inflationary trend, and, as a result, the minimum rates and charges in MRT 8 are now and will continue to be unreasonably low; that the "carrier-shipper" group has agreed that there is an immediate need for produce carriers to offset cost increases occasioned principally by higher wages and related fringe benefits and by other changes due principally to legislative action; and that this group supports the sought six percent surcharge increase. It points out that there have been significant fuel increases incurred by the trucking industry; that this matter is the subject of another proceeding now before the Commission, Petition 94 in Case No. 5438, et al.; and that accordingly, the revised proposal herein does not reflect any consideration of increased fuel costs.

Justification for CTA's sought relief is set forth in the affidavit and attachments prepared by the Cost Supervisor of its Transportation Economics Division. It is appended to and made a part of the amended petition and states as follows: The most recent general increase in MRT 8 is that set forth in Supplement 34 which became effective April 22, 1972; the 20 percent surcharge in Supplement 34 was predicated upon cost levels of January 1, 1972; wage and wage related costs affecting drivers, mechanics, and clerical employees have increased substantially since that date; since January of 1972, base hourly wage rates have been subject to four separate increases through July of 1974 resulting in a total increase of 23.2 percent in the hourly rate, and employer contributions to various employee benefit funds have increased 50 percent; this has resulted in an increase of \$2.19 or 29 percent in the total labor cost per hour during this period; employer cost for federal social security and other payroll

taxes have likewise been subject to substantial increases; weight fees have also been increased approximately 30 percent; the "carrier-shipper" group concur that the sought surcharge increase would adequately reflect these cost increases and would reflect the repeal of the Board of Equalization Transportation Tax.

The California Farm Bureau Federation and the California Grape and Tree Fruit League have informed the Commission by letters that they support the sought 6 percent increase in the general surcharge. The Local Produce Truckers Association of Los Angeles has informed the Commission that the threat of proprietary transportation and the inability of small farmers to absorb or pass on increased transportation costs should be taken into account in determining the increase to be added to the present surcharge. Basically, the association's objection was to the 15 percent increase originally sought by CTA. The certificate of service shows that the petition and amendment thereto were served on representatives of various produce growers, dealers, and traffic services. No other comments have been received by the Commission regarding the proposal.

#### Findings

1. Supplement 34 to MRT 8 provides, with certain exceptions, for freight charges, computed in accordance with the rates and rules named in the tariff, to be increased by 20 percent.

2. The surcharge contained in Supplement 34 of MRT 8 was established by Decision No. 79902, supra, and reflects labor cost levels as of January 1, 1972.

3. Since the present level of surcharge was established in Supplement 34 of MRT 8, the underlying wage costs and allied payroll expenses of produce haulers have increased by approximately 29 percent. They have likewise experienced substantial increases in federal social security and other payroll taxes, and weight fees have increased by approximately 30 percent.

4. Petitioner, together with supporting produce shippers, recommends that the current surcharge named in Supplement 34 of MRT 8 be increased by the minimum amount necessary to continue the required transportation service.

5. The sought increase of an additional 6 percent in the existing surcharge gives recognition both to the cost increases referred to in Finding 3 and to the repeal of the Board of Equalization Transportation Tax.

6. The sought surcharge increase referred to in Finding 5 is reasonable, and the resulting freight charges will be just, reasonable, and nondiscriminatory minimum charges for the transportation involved.

Conclusions

1. The sought increase of an additional 6 percent to be added to the surcharge in issue should be granted, and MRT 8 should be amended by the publication of an appropriate surcharge supplement.

2. The surcharge supplement should be made effective on the earliest feasible date in order to be uniformly applied during the forthcoming harvest season of California produce.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 8 (Appendix C of Decision No. 33977, as amended) is hereby further amended by incorporating therein, to become effective March 31, 1974, Supplement 40, 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. 33977, as amended, are directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered by this decision.

3. Common carriers maintaining rates on a level other than the minimum rates for transportation for which rates are prescribed in Minimum Rate Tariff 8 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 8 rates.

4. Common carriers maintaining rates on the same level as Minimum Rate Tariff 8 rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff 8 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 8 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 8 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 8 rates.

6. Tariff publications required or authorized 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; such tariff publications as are required shall be made effective not later than March 31, 1974; and as to tariff publications which are authorized but not required, the authority shall expire unless exercised within sixty days after the effective date of this order.

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. 33977, as amended, shall remain in full force and effect.

The effective date of this order is March 25, 1974.

Dated at San Francisco, California, this 19th day of MARCH, 1974.

James L. Spurgeon  
President  
William J. Moran Jr.

Commissioners

I dissent  
J. H. Harkin Jr., Commissioner

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

SPECIAL INCREASE SUPPLEMENT

SUPPLEMENT 40

(Cancels Supplements 34)

(Supplements 29, 38, 39 and 40 and  
Interim Surcharge Supplement and Order  
to this tariff in Decision No. 82453  
Contain All Changes)

TO

MINIMUM RATE TARIFF 8

NAMING

MINIMUM RATES AND RULES

FOR THE

TRANSPORTATION OF FRESH FRUITS,  
FRESH VEGETABLES AND EMPTY  
CONTAINERS OVER THE PUBLIC HIGHWAYS  
BETWEEN POINTS IN THE STATE OF  
CALIFORNIA AS DESCRIBED HEREIN

BY

RADIAL HIGHWAY COMMON CARRIERS

AND

HIGHWAY CONTRACT CARRIERS

APPLICATION OF SURCHARGES  
(See Page 2 of This Supplement)

Decision No.

**82623**

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 twenty-six (26) percent (See Exception).

EXCEPTION.--The surcharges herein shall not apply to:

1. Deductions from rates,
2. Collect on Delivery (C.O.D.) services,
3. Surcharges applicable to deliveries at Golden Gate Produce Terminal and to San Francisco Produce Terminal as set forth in Supplement 29, and
4. Accessorial charges resulting under Paragraph 1 (b) of Item 120.

THE END

♦ Increase, Decision No. 82623