

Decision No. 82723

ORIGINAL

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 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. 2).

Case No. 5432
Petition for Modification
No. 786
(Filed January 8, 1974)

And Related Matters.

Case No. 7783
Petition for Modification
No. 88
(Filed January 8, 1974)

(For Appearances see Appendix A)

O P I N I O N

In the captioned proceedings Highway Carriers Association (HCA), petitioner, seeks the immediate establishment of a 4 percent surcharge on the rates and charges in Minimum Rate Tariffs 2 and 15 to offset the increases in fuel costs recently incurred by highway carriers subject to those tariffs.

Public hearings were held in the captioned proceedings before Examiner Mallory in San Francisco on January 15 and February 25, 1974 and the matters were submitted.

At the hearing on January 15, 1974, a transportation consultant employed by petitioner introduced Exhibit 786-1, entitled "Report on the Cost of Fuel". The witness testified that he had conducted a survey of carriers engaged in the transportation of

mobile homes and house trailers and had determined that those carriers had paid approximately 42-1/2 cents per gallon for gasoline, and 37-1/2 cents per gallon for diesel fuel in October 1973.^{1/} The witness endeavored to show the result of higher fuel costs by substituting a fuel cost of 40 cents per gallon in lieu of the fuel costs originally set forth in a cost exhibit introduced by a staff witness in a prior proceeding (Exhibit 5 in Case No. 5432, Order Setting Hearing dated August 31, 1965). The aforesaid staff exhibit related to transportation of less truckload shipments under class rates in MRT 2. The cost analysis made by the HCA witness was not complete, as it showed only pickup and delivery costs. No development was made by the HCA witness for truckload shipments handled under rates in MRT 2, nor for vehicle unit rate transportation under MRT 15.

In the period between the initial hearing and the final hearing in the captioned proceedings, the Commission issued Decision No. 82453 dated February 5, 1974 in Case No. 5432 (Petition No. 780), Case No. 7783 (Petition No. 85), and related proceedings. That decision amended all minimum rate tariffs issued by the Commission by the establishment of an interim surcharge increase of 3 percent on the charges resulting from the application of the rates in those tariffs. The 3 percent surcharge was established to offset "the unprecedented increases in fuel costs not currently reflected in the Commission's several minimum rate tariffs".

At the hearing in the captioned proceedings on February 25, 1974, the transportation consultant employed by HCA introduced Exhibit 786-2, entitled "Analysis of Carrier Fuel Cost and Comparison of the Use of Gasoline and Diesel". That exhibit contains an analysis of the responses to a questionnaire sent by HCA to 1,992

^{1/} Fuel costs in cents per gallon stated in this opinion include all applicable federal and state taxes.

carriers (including many carriers not subject to MRT 2 or MRT 15). A total of 533 responses to the questionnaire were received, of which 525 were useable. Analysis of the responses shows that the carriers paid a range of prices for fuel from 23-1/2 cents per gallon to over 49-1/2 cents per gallon. The median price appears to fall in the range of 43-1/2 to 45-1/2 cents per gallon. The exhibit also contains an analysis of for-hire motor vehicles registered in California in 1962 and 1972 by the type of fuel used (gasoline vs. diesel). That comparison shows that in 1962 29.1 percent of the vehicles used diesel fuel, and that in 1972 53.0 percent of the vehicles used diesel fuel. The witness presented no information which would show how the higher fuel prices per gallon reflected in his exhibit would change the total costs of operation for transportation under MRT 2 or MRT 15.

A witness appearing for the Cannery League of California presented evidence to show the changes in fuel prices reflected in the fuel cost summary for 1973 prepared by the Commission's Systems and Procedure Branch (Data Bank). The change in prices reflected in the Data Bank information was less than that shown by petitioner. The Cannery League questioned whether the emergency fuel increases sought herein are justified by the actual facts relating to fuel cost increases.

Discussion

The evidence adduced by petitioner and by the Cannery League, although showing different amounts of increases, establishes that highway carriers have incurred fuel cost increases of substantial magnitude in recent periods. However, the evidence presented herein fails to show whether or by how much the interim surcharge increase of 3 percent established by Decision No. 82453 is inadequate to cover the increased fuel costs incurred by carriers operating under MRT 2 and MRT 15. In addition, the question of further adjustment of the rates in MRT 2 and MRT 15 is under consideration in Case No. 5432 (Petitions 779 and 780) and in Case No. 7783 (Petitions 84 and 85). In the circumstances the request of HCA in the petitions herein should be denied.

Finding and Conclusion

The Commission finds that the record in the captioned proceeding is inadequate to determine whether the interim surcharge increase of 3 percent established by Decision No. 82453 is insufficient to cover current fuel costs incurred by carriers subject to MRT 2 and MRT 15 or that additional surcharge increase should be established as proposed by HCA, and concludes that the relief sought by petitioner should be denied.

O R D E R

IT IS ORDERED that Petition for Modification No. 786 in Case No. 5432 and Petition for Modification No. 88 in Case No. 7783 are denied.

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

Dated at San Francisco, California, this 16th day of APRIL, 1974.

William Sturgeon, Jr. President
[Signature]
[Signature]
[Signature] Commissioners

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

APPENDIX A

LIST OF APPEARANCES

Petitioners: Milton W. Flack, Attorney at Law, Don B. Shields, and John K. Grissom, for Highway Carriers Association.

Respondents: Richard D. Stokes, for Haslett Trucking; John Odoxta, for Shippers Imperial, Inc.; M. R. Peters, for REA Express, Inc.; Armand Karp, for Rogers Motor Express; James Roney, for Dart Transportation Service; Jim E. Adams, III, for De Anza Delivery; E. K. Anderson and Lee Pfister, for Willig Freight Lines; Frank J. Corsello and A. J. Konicki, for Pacific Motor Trucking Co.; J. R. MacDonald, for California Motor Express; John McSweeney and Allan D. Smith, for Delta Lines; and T. R. Dwyer, for Delta California Industries.

Protestants: Jess J. Butcher, for California Manufacturers Association; John Leinweber, for Diamond Shamrock Corporation; Kenneth Allen Hicks, for Kaiser Steel Corporation; Calhoun E. Jacobson, for Traffic Managers Conference of California; and Harvey E. Hamilton, for Certain-Teed Products Corporation.

Interested Parties: Richard W. Smith, Attorney at Law, and H. Hughes, for California Trucking Association; Louis P. Warchot, Attorney at Law, for Pacific Southcoast Freight Bureau; Horst W. Klocke, for Pacific Gas and Electric Company; Michael E. McCunn and W. Paul Tarter, for William Volker & Co.; William D. Mayer, for Canners League of California; Ronald M. Zaller, for Continental Can Company; Howard W. Heage, for National Can Corp.; R. C. Fels, for Furniture Manufacturers Association of California; Richard L. Bredeman, for B. R. Garcia Traffic Service; P. W. Pollock and H. Wolff, for Fibreboard Corporation; Kenneth C. DeLaney, for Los Angeles Area Chamber of Commerce; James A. Tomte, for Simpson Lee Paper Co.; Peter W. Eberle, for Crown Zellerbach Corporation; Asa Button, for Spreckels Sugar Division, Amstar Corporation; James Orear, for California & Hawaiian Sugar Co.; Kenneth C. O'Brien, for Container Corporation of America; J. M. Cunningham, for Bethlehem Steel Corporation; Jon L. Sacchetti, for Shell Oil Company; Robert Sheridan, for Morton Salt; Robert R. Schwenig, for Sears Roebuck and Company; and Robert S. Greitz, for Western Motor Tariff Bureau, Inc.

Commission Staff: Lionel B. Wilson, Attorney at Law, Eugene Carmody, and George Morrison.