

ORIGINAL

Decision No. 82726

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 trans-
portation of property by vacuum-
type and pump-type tank vehicles
(including transportation for which
rates are provided in Minimum Rate
Tariff No. 13).

Case No. 6008
Petition for Modification No. 24
(Filed November 27, 1973;
amended January 15, 1974)

Richard W. Smith, Attorney at Law, and Herbert W. Hughes, for California Trucking Association, petitioner.
Don C. Brain, for Fix & Brain Vacuum Truck Service, Inc.; Ray D. Owen, for Routh Transportation and Kyle O. Mayes Co., Inc.; John Lambie, for Chancellor & Ogden; and Murray H. Hutchison, for Wm. H. Hutchison & Sons Service Co.; respondents.
Robert S. Greitz, for Western Motor Tariff Bureau, Inc.; Warren P. Mayhugh, for Mobil Oil Corp.; Michael J. Donahue, Attorney at Law, for Geo. F. Casey Pumping Co.; and Michael O'Connor, for Shell Oil Company; interested parties.
Frank M. Nyulassy and Carlo A. Rocco, for the Commission staff.

O P I N I O N

Minimum Rate Tariff 13 (MRT 13) provides rates and rules governing the highway transportation of property in vacuum or pump tank truck equipment. By this petition the California Trucking Association (CTA) seeks cost offset increases in the established hourly rates and accessorial helper charge named in the tariff for Territory A.^{1/}

^{1/} Territory A consists of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Imperial.

Public hearing was held in Los Angeles before Examiner Gagnon on February 8, 1974 and the matter was submitted for decision on the same date.

The MRT 13 Territory A hourly rates and helper charge were last adjusted as of September 8, 1973 pursuant to Decision No. 81672 dated July 31, 1973 in Case No. 6008 (Petition 20). The level of rates and helper charge thus established reflect carrier costs in effect generally as of January 1, 1973. Petitioner states that since that time carriers operating under the provisions of MRT 13 have experienced further increases and changes in operating costs. Such changes include the reduction in costs due to the termination of the Motor Vehicle Transportation License Tax effective July 1, 1973. It is contended, however, that the aggregate of all cost changes results in a substantial increase in the overall costs of carriers operating vacuum or pump tank truck equipment under the provisions of MRT 13. The cost increases are primarily due to the provisions of a new collective bargaining labor agreement which became effective from and after October 1, 1973 through June 30, 1976. This labor contract provides for increases in wages and so-called fringe benefits effective October 1, 1973. In addition, related increases in employer payroll costs became effective as of January 1, 1974. Increases have also occurred in the carriers' running costs due to rising fuel prices. An increase in weight fees also became effective January 1, 1974.

A supervisor for CTA's Southern California office, Division of Transportation Economics, introduced a report (Exhibit 24-1) which set forth the specific changes in operating costs noted above. The report also demonstrates the impact of such cost increases upon the historical full-scale cost studies of record adopted in Decision No. 81672 and reflected in the existing level of MRT 13 Territory A hourly rates and helper charge. The supervisor's development of

hourly labor costs for vacuum and pump tank truck carriers operating in Territory A as of October 1, 1973 is:

TABLE 1

<u>Description</u>	<u>Driver</u>	<u>Helper</u>
Base Wage Rate Per Hour	\$6.6500	\$6.4100
Holiday Pay	.2214	.2135
Vacation Pay	.2314	.2231
Subtotal	\$7.1028	\$6.8466
Premium Pay	.8020	.7730
Subtotal	\$7.9048	\$7.6196
Workmen's Compensation Insurance	.4226	.4074
Payroll Taxes	.3961	.3961
Health & Welfare Fund	.3638	.3638
Pension Fund	.3683	.3683
Subtotal	\$9.4556	\$9.1552
Non-Productive Time	.5201	-
Total Hourly Labor Cost) October 1, 1973	\$9.9757	\$9.1552
Total Hourly Labor Cost) January 1, 1973	9.3209	8.5343
Amount of Increase	\$.6548	\$.6209
Percent of Increase	7.03%	7.28%

Table 1 shows that since MRT 13 Territory A hourly rates were last adjusted the total hourly labor costs for a vacuum or pump tank truck driver and helper have increased approximately 65 and 62 cents per hour, respectively. In the development of updated running costs per hour the CTA witness employed fuel costs of 36.73 cents per gallon for gasoline and 35.53 cents per gallon for diesel fuel.^{2/} This represents an increase of 9.5 and 9.2 cents per gallon for gasoline and diesel fuel, respectively, over the like fuel costs employed in basic cost data underlying the existing level of MRT 13 Territory A hourly rates.

^{2/} Fuel costs per gallon include taxes.

The October 1, 1973 total hourly costs for the accessorial services of an additional helper within Territory A are:

TABLE 2
Development of Total Hourly Cost
Additional Helper

<u>Description</u>	
Hourly Labor Cost	\$9.1552
Total Direct and Indirect Cost at 43%	\$13.0919
Expanded for Gross Receipts Expense of 1.96% and an Operating Ratio of 100%	\$13.3536
Full Cost as Developed in Petition 20 as Revised in Decision No. 81672	<u>\$12.4871</u>
Amount of Increase	\$.8665
Percent of Increase	6.94%

The additional helper hourly cost is shown in Table 2 to have increased by approximately 87 cents since January 1, 1973. The CTA witness recommends that the current tariff charge of \$13.15 per hour for the accessorial services of an additional helper performed in Territory A be increased to \$14.05. This updated charge results from the application of the percentage cost increase of 6.94 percent to the current tariff charge of \$13.15. Consistency dictates, however, that since the CTA supervisor's proposed updated hourly rates were determined directly from his October 1, 1973 level of total hourly costs for equipment and driver and not by the direct application of the percentage increase in such updated costs over the January 1, 1973 like historical costs of record, the same offset methodology should be employed here. Accordingly, the MRT 13 accessorial charge of \$13.15 should be increased to not more than \$14.00.

The October 1, 1973 adjusted total hourly costs for equipment and driver operating in Territory A, as developed by the CTA witness, are:

TABLE 3

Development of Total Hourly Cost - Equipment and Driver
Vacuum-Pump Type Vehicles - Territory "A"
October 1, 1973

Description	3 Axle Gas Tractor				
	3 Axle Truck 0-60 Bal.	2 Axle Trlr. 95 BBL & Under	2 Axle Trlr. 95 BBL & Over	Weighted 3 Axle Cost	3 Axle Diesel Tractor 2 Axle Trlr.
Equipment Cost Per Hour					
Fixed Expense	\$ 1.4195	\$ 1.3704	\$ 1.5325		\$ 2.0735
Running Cost	<u>1.5102</u>	<u>3.1371</u>	<u>3.1371</u>		<u>2.5941</u>
Total Equipment Cost	\$ 2.9297	\$ 4.5075	\$ 4.6696		\$ 4.6676
Labor Cost Per Hour (Schedule 1)	<u>9.9757</u>	<u>9.9757</u>	<u>9.9757</u>		<u>9.9757</u>
Subtotal	\$12.9054	\$14.4832	\$14.6453		\$14.6433
Non-Productive Time 3.3%	<u>.4259</u>	<u>.4779</u>	<u>.4833</u>		<u>.4832</u>
Total Direct Cost	\$13.3313	\$14.9611	\$15.1286		\$15.1265
Total Direct and Indirect Cost at 43%	\$19.0638	\$21.3944	\$21.6339		\$21.6309
Expanded for Gross Receipts Expense of 1.96% and an Operating Ratio of 100%	\$19.4449	\$21.8221	\$22.0664	\$22.0649	\$22.0633
Full Cost as Developed in Petition 20 as Revised in Decision No. 81672	<u>\$18.1116</u>	<u>\$20.2451</u>	<u>\$20.4894</u>	<u>\$20.5552</u>	<u>\$20.6210</u>
Amount of Increase	\$ 1.3333	\$ 1.5770	\$ 1.5770	\$ 1.5097	\$ 1.4423
Percent Increase	7.36%	7.79%	7.70%	7.34%	6.99%

The hourly rates proposed by CTA are predicated upon the October 1, 1973 adjusted full costs shown in Table 3, expanded to reflect a 95 percent operating ratio. The percentage increases in the January 1, 1973 hourly costs adopted in Decision No. 81672, also shown in Table 3, were not employed by petitioner as a basis for employing one of the more conventional cost offset rate procedures.

A comparison of the present MRT 13 Territory A hourly rates with those proposed by petitioner are:

TABLE 4
MRT 13 - Item 200: Hourly Rates

Capacity of Equipment (In Barrels)		Rates in Dollars Per Hour Territory A	
<u>More Than</u>	<u>But Not More Than</u>	<u>Present</u>	<u>Proposed</u>
0	35 . . .	\$17.78	\$19.10
35	45 . . .	17.78	19.10
45	60 . . .	19.05	20.45
60	80 . . .	21.30	22.90
80	95 . . .	21.55	23.20
95	. . .	21.70	23.25

In lieu of the quantitative cost offset procedure employed by petitioner, the staff recommends that the established percentage adjustment resulting under the direct wage offset method be used. Such method would exclude any consideration to increases in such cost factors as fuel costs, indirect labor, and related indirect expenses. In view of the fact that the rates and accessorial charge involved herein are on an hourly basis the cost offset procedure used by petitioner has merit. In addition, the cost data underlying the present level of MRT 13 Territory A hourly rates and accessorial helper charge were the subject of a recent comprehensive review and adjustment in the proceeding leading up to Decision No. 81672. In this connection it should also be noted that in the same decision

the Commission denied a motion of petitioner which requested that the staff be directed to conduct comprehensive full-scale performance, cost, and rate economic staff studies relative to MRT 13. In the circumstances the petitioner's rate proposal in this particular instance is appropriate for the purposes intended.

On February 5, 1974 MRT 13 was made subject to a 3 percent interim fuel cost supplement and order pursuant to Decision No. 82453 issued in Case No. 6008 (Petition 25) et al. With the suggested adoption of CTA's rate proposal, which incorporates fuel cost increases of 9.5 and 9.2 cents per gallon for gasoline and diesel fuel, respectively, the present MRT 13 interim surcharge of 3 percent should be amended so as not to apply in connection with charges resulting under the Territory A hourly rates.

Findings and Conclusions

1. MRT 13 Territory A hourly rates and accessorial helper charge were last adjusted as of September 8, 1973 pursuant to Decision No. 81672 dated July 31, 1973. The level of hourly rates and accessorial helper charge thus established reflect vacuum and pump tank truck carrier operating costs effective generally as of January 1, 1973.

2. Petitioner has demonstrated that the operating costs for vacuum and pump tank carriers subject to the MRT 13 Territory A hourly rates and accessorial helper charge have increased approximately 7 percent due primarily to increases in labor costs, allied payroll expenses, and fuel costs effective generally as of October 1, 1973. Such increases in operating costs are not reflected in the level of MRT 13 Territory A hourly rates and accessorial helper charge.

3. Petitioner's proposed cost offset increases in MRT 13 Territory A hourly rates and accessorial helper charge (as modified herein) reasonably reflect the increases in operating costs for providing the services to which such minimum rates apply.

4. The proposed increases have been shown to be justified and the resulting increased hourly rates and accessorial charge constitute the just, reasonable, and nondiscriminatory minimum rates and accessorial charge for the transportation governed thereby. The increase averages approximately 7 percent and will increase annual carrier revenues by an estimated \$600,000.

5. The 3 percent interim surcharge supplement and order issued in Decision No. 82453 of February 5, 1974 in Case No. 6008 (Petition 25) et al. should not apply in connection with charges determined under the MRT 13 Territory A rates to be adopted herein.

It is concluded that Petition 24, as amended, should be granted as modified herein and MRT 13 revised accordingly. To the extent not granted herein Petition 24, as amended, should be denied. Application of the MRT 13 fuel cost interim surcharge supplement and order will be amended by a separate order in Case No. 6008 (Petition 25) et al.

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 April 27, 1974, Fourteenth Revised Page 7 and Twelfth 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 also to Decision No. 55584, as amended, are hereby directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered by this 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 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 by this decision for Minimum Rate Tariff 13 rates.

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 such rates by the same amounts authorized by this decision for Minimum Rate Tariff 13 rates.

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 such rates by the same amounts authorized by this decision for Minimum Rate Tariff 13 rates.

7. Common carriers maintaining rates not otherwise specifically referred to in other ordering paragraphs of this decision are authorized to increase such rates by 7 percent.

8. 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 April 27, 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.

9. 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.

10. In all other respects Decision No. 55584, as amended, shall remain in full force and effect.

11. To the extent not granted herein Petition 24, as amended, is denied.

The effective date of this order is the date hereof.

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

William Symons, Jr. President

[Signature]

[Signature] Commissioners

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

I abstain
[Signature], Commissioner

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) \$14.00 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>	660
<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 Years 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>o Change) o Increase) Decision No. 82726</p>	
EFFECTIVE	
<p style="text-align: center;">ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.</p> <p>Correction</p>	

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	\$19.10	\$14.85	
35	45	19.10	15.10	
45	60	20.45	16.25	
60	80	22.90	17.20	
80	95	23.20	17.95	
95		23.25	19.05	
(1) Territory "A" consists of the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Imperial.				200
(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. 82726				
EFFECTIVE				
Correction ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.				