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ORIGINAL

Decision No. 83349

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 petroleum and petroleum)
products in bulk (commodities for)
which rates are provided in Minimum)
Rate Tariff 6-B).

Case No. 5436
Petition for Modification No. 155
(Filed December 14, 1973; amended
February 1, 1974 and
June 25, 1974)

INTERIM OPINION AND ORDER

Minimum Rate Tariff 6-B (MRT 6-B) provides minimum rates and rules for the statewide transportation of bulk petroleum products in tank vehicles by petroleum contract carriers. The California Trucking Association (CTA) seeks to have the charges resulting under the application of the current MRT 6-B rates made subject to a fuel cost offset surcharge of 3 percent.

By Decision No. 82619 dated March 19, 1974 in Case No. 5436 the MRT 6-B rates and charges were increased approximately 14 percent to offset like increases in labor and vehicle unit costs effective generally as of February 1, 1974, and fuel costs determined by CTA as of November 1973. ~~Petitioner~~ states that tank truck carriers of bulk petroleum products have experienced further substantial increases in their fuel costs as of June 1974 which are not reflected in the current level of MRT 6-B rates and for which a fuel cost offset surcharge of 3 percent is now proposed. Such additional fuel cost increases are predicated upon a study conducted by a cost supervisor for CTA's Transportation Economics Division. The results of the study are set forth in a verified statement attached to the petition as Exhibit B.

The cost supervisor notes that the existing level of MRT 6-B rates established by Decision No. 82619 reflects a weighted average fuel price of 37 cents per gallon including taxes. To provide a continuity in measuring amounts of increases in fuel prices, since a fuel cost of 37 cents per gallon was found justified in Decision No. 82619, the cost supervisor surveyed the same carrier group for the month of May 1974 from whom fuel cost data employed in Decision No. 82619 were obtained. The result of the survey follows:

TABLE 1
Comparative Fuel Cost From Carrier Survey

<u>Carrier</u>	<u>November 1973</u>		<u>May 1974</u>	
	<u>Gallons</u>	<u>Cost Per Gallon (1)</u>	<u>Gallons</u>	<u>Cost Per Gallon (1)</u>
Acme Transportation	81,446	\$.3689	84,731	\$.445
Allyn Transportation	113,557	.3698	101,931	.440
Cantlay and Tanzola	155,360	.3675	131,113	.452
Citizens of Riverside	1,837	.3705	7,650	.368
Diamond Tank Lines	26,457	.3854	30,000	.340
Evans Tank Line	36,945	.3807	36,474	.428
Hitchcock Transportation	15,000	.4774	4,909	.433
Hulsman Transportation	6,880	.4329	16,188	.477
Leonard Tank Line	13,000	.4240	13,960	.355
Miles Tank Line	15,423	.4240	49,007	.421
V. B. Morgan Company	52,658	.3065	39,000	.418
Oilfields Trucking Company	283,529	.3631	201,932	.377
Pacific Intermountain Express (Bulk Div.)	40,883	.3467	55,782	.443
Telfer Tank Line	<u>22,279</u>	<u>.4116</u>	<u>23,767</u>	<u>.421</u>
Total	865,254		796,444	
Weighted Cost Per Gallon		\$.3683		\$.419

(1) Diesel fuel.

A comparison of the overall weighted fuel costs per gallon shown in Table 1 for November 1973 and May 1974 indicates that the price for diesel fuel increased approximately 4.9 cents per gallon. In addition to the survey of actual carrier fuel costs the CTA monitors fuel cost changes from other available sources including price increase announcements by major petroleum distributors. Analysis of such price changes (Exhibit B, Schedule III) indicates an average increase in fuel prices of 2 cents per gallon per month. Using this average monthly price increase to bring forward the May 1974 diesel fuel cost information set forth in Table 1, the CTA cost supervisor developed a June 1974 diesel fuel cost of 43.9 cents per gallon. This amounts to an increase of 6.9 cents per gallon over the fuel cost of 37 cents per gallon reflected in the existing level of MRT 6-B rates. The procedures established in Decision No. 82905 (Appendix B) dated May 9, 1974 in Case No. 5432 et al. were then employed to determine that a 6.9 cents per gallon increase in fuel costs would require the proposed 3 percent fuel cost offset surcharge under the existing level of MRT 6-B rates. However, the Commission's Data Bank Report No. 521-1 for June 1974 indicates that the average fuel price experienced by MRT 6-B carriers did not materially change during the month of June. Under the circumstances a fuel cost offset surcharge of 2 percent, in lieu of the proposed 3 percent surcharge, is deemed appropriate.

Findings and Conclusions

1. By Decision No. 82619 dated March 19, 1974 in Case No. 5436, the minimum rates contained in MRT 6-B were generally increased effective March 30, 1974. The minimum rate levels thus established included an increment to compensate for November 1973 fuel costs of 37 cents per gallon.

2. Highway carriers of bulk petroleum products have experienced overall fuel cost increases of approximately 4.9 cents per gallon. Such fuel cost increases are not currently reflected in the historical cost data underlying the existing level of rates named in MRT 6-B.

3. Under the fuel cost offset surcharge procedure established by Decision No. 82905 (Appendix B) dated May 29, 1974 in Case No. 5432 et al., a fuel cost increase of 4.9 cents per gallon produces an overall fuel offset surcharge of 2 percent.

4. The increase in charges resulting under a 2 percent fuel offset surcharge has been shown to be justified, and such increased charges are, and for the future will be, the just, reasonable, and nondiscriminatory minimum charges for the highway transportation of property governed thereby.

The Commission concludes that Petition 155 should be granted to the extent authorized herein and MRT 6-B amended accordingly. A public hearing is not necessary.

IT IS ORDERED that:

1. Minimum Rate Tariff 6-B (Appendix A of Decision No. 82350, as amended) is further amended by incorporating therein, to become effective September 10, 1974 Supplement 2 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. 82350, 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 6-B are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 6-B rates.

4. Common carriers maintaining rates on the same level as Minimum Rate Tariff 6-B rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff 6-B are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 6-B 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 6-B are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 6-B 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 first day after the effective date of this order, on not less than one day's notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than September 10, 1974; and as to tariff publications which are authorized but not required, the authority shall expire unless exercised within thirty days after the effective date of this order.

7. Common carriers are authorized to depart from the Commission's tariff circular requirements only to the extent necessary in establishing the interim surcharge authorized by this order.

8. 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.

9. In all other respects, Decision No. 82350, as amended, shall remain in full force and effect.

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

Dated at San Francisco, California, this 27th
day of AUGUST, 1974.

William L. Stearns
President
William Lyndon H.
[Signature]
[Signature]
Commissioners

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

SPECIAL INCREASE SUPPLEMENT

SUPPLEMENT 2

(Cancels Supplement 1)

(Supplement 2 Contains All Changes)

TO

MINIMUM RATE TARIFF 6-B

NAMING

MINIMUM RATES AND RULES

FOR THE

TRANSPORTATION OF

PETROLEUM AND PETROLEUM PRODUCTS

(AS DESCRIBED HEREIN)

WHEN TRANSPORTED IN BULK IN TANK TRUCKS,

TANK TRAILERS OR TANK SEMITRAILERS

OVER THE PUBLIC HIGHWAYS WITHIN

THE STATE OF CALIFORNIA

BY

PETROLEUM CONTRACT CARRIERS

APPLICATION OF SURCHARGE
(See Page 2 of This Supplement)

Decision No.

83349

EFFECTIVE

Issued by the
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
State Building, Civic Center
San Francisco, California 94102

APPLICATION OF SURCHARGE

Except as otherwise provided, compute the amount of charges in accordance with the provisions of this tariff, including any surcharges applicable thereto under other supplements to this tariff, and increase the resulting total amount by two percent.

For purposes of disposing of fractions under provisions hereof, fractions of less than one-half cent shall be dropped and fractions of one-half cent or greater shall be increased to the next higher whole cent.

EXCEPTIONS: The surcharge provided in this supplement shall not be applied to those charges determined under provisions of this tariff specified below:

- (a) Item 80, Alternative Application of Common Carrier Rates.
- (b) Item 90, Alternative Application of Combinations with Common Carrier Rates (railhead to railhead portion only).
- (c) Item 130, Collect on Delivery (C.O.D.) Shipments.
- (d) Item 170, Loading and/or Unloading of Equipment (paragraph 2(a) only).
- (e) Item 500, Daily Vehicle Unit Volume Tender Rates. (Notes 9 and 11 only).
- (f) Item 510, Monthly Vehicle Unit Volume Tender Rates (Notes 9 and 11 only).
- (g) Item 520, Yearly Vehicle Unit Volume Tender Rates (Notes 9 and 11 only).

THE END