

Decision No. 84965

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, and highway
carriers relating to the transportation
of trailer coaches and related items
as provided in Minimum Rate Tariff
No. 18.

Case No. 8808
Petition for Modification
No. 33
(Filed January 25, 1975;
amended April 7, 1975
and June 13, 1975)

Milton W. Flack, Attorney at Law, Don B. Shields,
and John K. Grissom, for Highway Carriers
Association, petitioner.
Fred Rahal, Jr., for National Trailer Convoy, Inc.,
respondent.
H. W. Hughes and J. C. Kaspar, for the California
Trucking Association, interested party.
Raymond Toohey and Frank M. Nyulassy, for the
Commission staff.

O P I N I O N

Minimum Rate Tariff 18 (MRT 18) contains minimum rates for the statewide transportation of trailer coaches and campers by highway carriers. The charges resulting under the provisions of MRT 18 are subject to a fuel offset surcharge of 3 percent. Petitioner, Highway Carriers Association, requests that this surcharge be increased to 6.25 percent.

Public hearing was held before Examiner Gagnon in Los Angeles on July 24, 1975 and the matter was submitted. No one appeared in opposition to the sought relief and the Commission's Transportation Division staff recommends that petitioner's proposal be adopted.

The MRT 18 rates were last generally adjusted effective March 23, 1974, pursuant to Decision No. 82498 dated February 20, 1974 in Case No. 8808. The rates thus established reflect labor and allied payroll costs effective generally as of July 1, 1973. By Decision No. 82453 dated February 5, 1974 in Case No. 8808 (Petition 26) et al., charges resulting under the provisions of MRT 18 were made subject to a fuel cost offset surcharge of 3 percent.

Petitioner requests official notice be taken of the facts and findings in Decision No. 83092 dated July 2, 1974 in Case No. 5432 (Petition 780) et al., and Decision No. 83985 dated January 14, 1975 in Case No. 5432 (Petition 821) et al. By Decision No. 83092 MRT's 1-B (East Bay Drayage), 2 (General Commodities - Statewide), 9-B (San Diego Drayage), 15 (Vehicle Unit Rates), and 19 (San Francisco Drayage) were made subject to a 1 percent fuel offset surcharge. This surcharge was in addition to the 3 percent surcharge established by Decision No. 82453. Pursuant to Decision No. 83985 charges resulting under the provisions of MRT's 1-B, 2, 9-B, 15, and 19 were made subject to an additional 5 percent surcharge to offset increases in certain nonlabor related cost elements (running costs less fuel, fixed equipment depreciation costs, and nonlabor indirect expenses).

Petitioner contends that the cost increases adduced in the proceedings leading up to Decisions Nos. 83092 and 82453 fall upon all trucking activities, including those governed by MRT 18, with equal impact. Therefore, it is proposed that, in addition to the current 3 percent fuel offset surcharge, the MRT 18 charges also give effect to the 1 percent fuel offset surcharge authorized by Decision No. 83092. Petitioner further requests that the present MRT 18 cost offset surcharge be amended to reflect those elements of carrier operating costs, other than fuel, not previously considered since the MRT 18 level of rates was established. To this end a traffic

consultant on behalf of petitioner presented evidence to show the effect of inflationary trends upon specific operating expense items through the employment of wholesale price indices in a manner similar to that considered in Decision No. 83985. In Exhibit 1 the consultant endeavored to demonstrate the effects of inflationary pressures upon the MRT 18 carriers' running costs (less fuel), equipment investment costs, and nonlabor related indirect expenses. A summary of his calculation is:

TABLE 1
Summary of Cost Increases - Less Fuel
1973-1975

<u>Item</u>	<u>Percent</u>
Running Costs	.0315
Equipment Investment Cost	.8100
Nonlabor Indirect Expense	<u>1.32</u>
Total	2.1615

Based on the above calculations a surcharge increase of 2.25 percent is suggested as sufficient to offset increases in operating expenses other than fuel incurred by carriers since 1973 and not heretofore reflected in the level of MRT 18 rates. To this amount petitioner would add the 1 percent fuel offset surcharge increase previously authorized by Decision No. 83092. The resulting cost offset surcharge of 6.25 percent would be in lieu of the present MRT 18 fuel offset surcharge of 3 percent. However, from the consultant's computations summarized in Table 1, an updated cost offset surcharge of 6 percent appears appropriate.

As previously noted the consultant employed various wholesale price indices in his cost offset projections in a manner similar to that accorded qualified acceptance in Decision No. 83985. In accepting such indices as a basis for cost offset rate adjustments the Commission stated:

"...offset procedures lack precision and are not designed or intended to replace or be accepted as a completely satisfactory alternative for thorough full-scale studies... The procedure adopted herein is an expediency designed only to remedy an emergency situation and is not meant to be suitable for future cost offset proceedings..."

The emergency conditions and circumstances surrounding the Commission's action in Decision No. 83985 have not been shown to be present in this proceeding. However, pursuant to a rather extensive analysis by the staff, it is recommended that, in this particular instance, the proposed cost offset surcharge be adopted. As previously noted herein such surcharge should not exceed 6 percent. Such surcharge increase in MRT 18 annual revenues would amount to approximately \$260,000.

Findings

1. The charges resulting under the provisions of MRT 18 governing the highway transportation of trailer coaches and campers are subject to a fuel offset surcharge increase of 3 percent.
2. The Highway Carriers Association seeks to have the current 3 percent fuel offset surcharge increased to 6.25 percent.
3. The purpose of the proposed surcharge adjustment is to offset increases in certain cost elements currently reflected in MRT 18 rates which historically have not been previously offset pursuant to established cost offset procedures.

4. The proposed surcharge is designed to offset increases in running costs, vehicle equipment costs, and nonlabor indirect expenses. In addition, petitioner seeks to have the 1 percent fuel offset surcharge established in MRT's 1-B, 2, 9-B, 15, and 19 pursuant to Decision No. 83092 dated July 2, 1974 in Case No. 5432 (Petition 780) et al., made applicable in connection with charges determined under the provisions of MRT 18.

5. The MRT 18 rates were last generally adjusted effective March 23, 1974 pursuant to Decision No. 82498 dated February 20, 1974 in Case No. 8808. The rates reflect labor and allied payroll expenses generally effective as of July 1, 1973. The charges resulting under the existing level of rates are subject to a fuel offset surcharge of 3 percent pursuant to Decision No. 82453 dated February 5, 1974 in Case No. 8808 (Petition 26) et al.

6. Petitioner requests official notice be taken of the facts and findings in Decision No. 83092 of July 2, 1974 in Case No. 5432 (Petition 780) et al., and Decision No. 83985 dated January 14, 1975 in Case No. 5432 (Petition 821) et al. In the former decision the charges determined under MRT's 1-B (East Bay Drayage), 2 (General Commodities - Statewide), 9-B (San Diego Drayage), 15 (Vehicle Unit Rates), and 19 (San Francisco Drayage) were made subject to a 1 percent fuel offset surcharge. By the latter decision charges under the aforementioned minimum rate tariffs were made subject to an additional 5 percent surcharge to offset increases in certain nonlabor related cost elements other than fuel.

7. Petitioner contends that the impact of the cost increases adduced in the proceedings leading up to Decisions Nos. 83092 and 83985 falls equally upon all trucking operations, including those governed by MRT 18.

8. Petitioner urges that the 1 percent fuel offset surcharge established by Decision No. 83092 be added to the present MRT 18 fuel offset surcharge of 3 percent. In addition, petitioner has endeavored to demonstrate, in a manner similar to that considered in Decision No. 83985, that inflationary pressures upon MRT 18 carriers' running costs (less fuel), equipment costs, and nonlabor indirect expenses have resulted in increases amounting to 2.1615 percent.

9. Increases in MRT 18 charges have been shown to be necessary to offset increases in the carriers' running costs, equipment investment costs, and nonlabor related indirect expenses. To this end a cost offset surcharge of 6 percent, in lieu of the existing fuel offset surcharge of 3 percent has been shown to be justified.

10. The increased rates and charges established in the order which follows are just, reasonable, and nondiscriminatory minimum rates for the transportation services governed thereby.

11. The surcharge increases found justified herein will enable carriers operating under the governing provisions of MRT 18 to earn additional cost offset annual revenues amounting to approximately \$260,000.

Conclusions

1. Petition for Modification No. 33, as amended, in Case No. 8808 should be granted to the extent provided in the order herein and MRT 18 amended accordingly.

2. Common carriers should be authorized to depart from the long- and short-haul provisions of Section 461.5 of the Public Utilities Code and the Commission's tariff circular requirements only to the extent necessary to publish the revised cost offset surcharge ordered herein.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 18 (Appendix B of Decision No. 72418, as amended) is further amended by incorporating therein, to become effective November 8, 1975, Supplement 9, 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. 72418, as amended, are directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered by this decision.

3. 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 November 8, 1975.

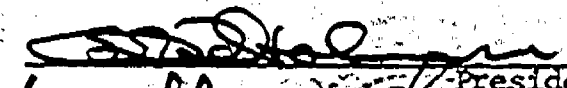
4. Common carriers, in establishing and maintaining the rates authorized by this order, are authorized to depart from the provisions of Section 461.5 of the Public Utilities Code to the extent necessary to adjust long- and short-haul departures now maintained under outstanding authorizations; such outstanding 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.

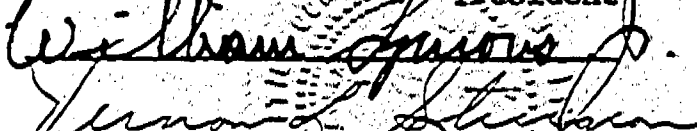
5. In all other respects, Decision No. 72418, as amended, shall remain in full force and effect.

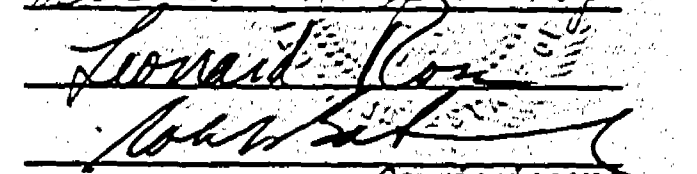
6. To the extent not granted herein, Petition 33 in Case No. 8808 is denied.

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

Dated at San Francisco, California, this 7th day of OCTOBER, 1975.



President


Leonard R. Quinn


Commissioners

SURCHARGE SUPPLEMENT

SUPPLEMENT 9

(Cancels Supplement 8 and Interim Surcharge Supplement
and Order to this tariff in Decision No. 82453)

(Supplements 5 and 9 Contain All Changes)

TO
MINIMUM RATE TARIFF 18

NAMING
MINIMUM RATES AND RULES
FOR THE
TRANSPORTATION OF
TRAILER COACHES AND CAMPERS
OVER THE PUBLIC HIGHWAYS WITHIN
THE STATE OF CALIFORNIA

BY
RADIAL HIGHWAY COMMON CARRIERS
AND
HIGHWAY CONTRACT CARRIERS

APPLICATION OF SURCHARGE
(See Page 2 of this Supplement)

Decision No.

84965

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 and increase the amount so computed by six (6) 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 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 170 - Charges for Delays.
- (b) Item 190 - Diverted Shipments.
- (c) Item 210 - Special Services.
- (d) Item 220 - Repairs or Replacement in Transit.
- (e) Item 230 - Tire and Tube Repair and/or Replacement.
All charges except the mileage charge in paragraph 1(b) thereof.
- (f) Item 240 - Charges for Escort Service.
All charges except the mileage charge in paragraph (b)1 thereof.
- (g) Item 250 - Storage in Transit.
- (h) Item 260 - Charges for Permit Shipments.
- (i) Item 270 - Payment of Advance Charges.
- (j) Item 281 - Split Shipment.
- (k) Item 290 - Alternative Application of Common Carrier Rates.
- (l) Item 300 - Alternative Application of Combinations with Common Carrier Rates.
- (m) Item 301 - Alternative Application of Combinations with Common Carrier Rates.
- (n) Item 310 - Accessorial Services not Included in Common Carrier Rates.
- (o) Item 321 - Collect on Delivery (C.O.D.) Shipments.

THE END