

ORIGINAL

85081

Decision No. \_\_\_\_\_

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investi-  
gation for the purpose of  
considering and determining  
minimum rates for transportation  
of petroleum and petroleum  
products in bulk, in tank truck  
equipment statewide as provided  
in Minimum Rate Tariff 6-B and  
the revisions or reissues thereof.

Case No. 5436  
Petition for Modification No. 194  
(Filed July 16, 1975)

INTERIM OPINION

Minimum Rate Tariff 6-B (MRT 6-B) contains rates and rules governing the highway transportation of bulk petroleum products in tank vehicles by petroleum contract carriers.<sup>1/</sup> The California Trucking Association (CTA) seeks a 5 percent labor cost offset increase in all MRT 6-B rates and charges.

The present MRT 6-B rates and charges established February 1, 1974 pursuant to Decision No. 82350 (Petition 142) dated January 15, 1974 reflect CTA's full scale cost and performance studies. The cost studies reflect operating costs for the period 1970-1972 with updated wage and allied payroll costs effective generally as of January 1, 1973. The CTA's performance studies were conducted during the year 1971. By Decision No. 82619 (Petition 159) dated March 19, 1974 the MRT 6-B rates established by Decision No. 82350 were increased approximately

1/ MRT 6-B provides several rate scales for Commodity Rate Groups generally described in Item 30 of the tariff as:

A - Gasoline  
B - Jet Fuel, Kerosene  
C - Fuel Oil  
D - Residual Oil

E - Petroleum Products  
F - Crude Oil  
G - Liquefied Petrol. Gas  
H - Asphalt, Road Oil

14 percent to offset increases in labor costs, fuel prices, and vehicle weight fees effective generally as of February 1, 1974. This upward adjustment in rates also reflected increases in indirect expenses through the application of established indirect ratios to the previously determined February 1, 1974 direct costs. A fuel cost offset surcharge of 2 percent was established in MRT 6-B effective September 10, 1974, pursuant to Decision No. 83349 (Petition 155) dated August 27, 1974. The resulting tariff charges reflect an average fuel price of 41.9 cents per gallon, including taxes. By Decision No. 83628 (Petition 172) the MRT 6-B rates established by Decision No. 82619 were further increased 6½ percent to offset October 1, 1974 labor cost increases and an average fuel price of 44 cents per gallon, including taxes. This latter upward adjustment in rates was in lieu of the 2 percent surcharge authorized by Decision No. 83349. The 6½ percent increase in MRT 6-B rates also reflects an upward adjustment in indirect expenses effective as of October 1, 1974. By Decision No. 84654 (Petition 184) dated July 8, 1975 the charges resulting under the rates established by Decision No. 83628 were made subject to a 3 percent surcharge when the distance or special commodity rates named in Section 3 of the tariff were employed to compute charges. When the vehicle unit volume tender rates named in Section 4 of MRT 6-B were used, a surcharge of 2 percent was established. These latter surcharges were adopted to offset increases in carriers' running costs (less fuel) and equipment investment costs effective generally as of October 1, 1974.

The CTA states that since the basic MRT 6-B rates were last adjusted by Decision No. 63628 the petroleum tank truck carriers have experienced further increases in their labor costs effective generally as of October 1, 1975. It is explained that such increases affected virtually all categories of employees including truck drivers, helpers, maintenance, and clerical employees. A summary of CTA's computation of petroleum tank truck driver costs as of October 1, 1975 follows:

TABLE 1

Development of Tank Truck Driver Cost  
October 1, 1975

<u>Item</u>	<u>Cost Per Hour</u>		<u>Increases</u>	
	<u>October 1, 1974</u>	<u>October 1, 1975</u>	<u>Amount</u>	<u>Percent In Item</u>
Base Hourly Wage	\$ 6.640	\$ 7.050	\$ .4100	6.17%
Holiday & Funeral Allowance	<u>.2204</u>	<u>.2566</u>	<u>.0362</u>	16.42
Subtotal	\$ 6.8604	\$ 7.3066	\$ .4462	6.50
Expand to Include Vacation Allowance	\$ 7.1627	\$ 7.6285	\$ .4658	6.50
Workmen's Compensation	.3553	.3906	.0353	9.94
Payroll Taxes	.4126	.4417	.0291	7.05
Health, Welfare, & Pension	<u>.8116</u>	<u>.9218</u>	<u>.1102</u>	13.58
Total Direct Cost	\$ 8.7422	\$ 9.3826	\$ .6404	7.33

The increase in the direct hourly labor costs experienced by tank truck carriers as of October 1, 1975 is not reflected in the established cost data underlying the existing level of MRT 6-B rates and charges. The CTA contends that as a result of the October 1, 1975 labor cost increases the minimum rates and charges provided in MRT 6-B are now unreasonably low. The Commission's Transportation Division staff has reviewed the CTA's rate proposal and advises that, based upon the information now before it, a labor cost offset increase in MRT 6-B rates and charges of not more than 4 percent appears justified. Since the tank truck carriers are already experiencing the October 1, 1975 upward adjustments in their labor costs, it is suggested that MRT 6-B rates and charges be adjusted by ex parte order pending hearing of Petition 194.

At the hearing to be scheduled in this matter the CTA will be expected to fully justify the relief sought in Petition 194. As a condition precedent to a finding by the Commission that MRT 6-B rates and charges should now be amended on other than a temporary basis, it will also be incumbent upon CTA, respondent carriers, or other interested parties to submit probative evidence pertaining to the resolution of the following major issues:

1. Volume of MRT 6-B traffic transported by:
  - (a) Petroleum irregular route carriers.
  - (b) Petroleum contract carriers.
2. MRT 6-B results of operation studies:
  - (a) Petroleum irregular route carriers.
  - (b) Petroleum contract carriers.
3. Economic impact of alternative courses of action to that proposed in Petition 194:
  - (a) Applications filed by petroleum irregular route carriers requesting authority (Sec. 454 of Public Utilities Code) to increase their individual common carrier tariff rates and charges to offset October 1, 1975 labor cost increases.
  - (b) Petroleum contract carriers adjusting their individual contract rates and charges to offset October 1, 1975 labor cost increases for which no prior authority is required.

4. Economic factors which preclude:

- (a) Maintenance of MRT 6-B rates and charges at other than the "going rate level."
- (b) Exemption of transportation of bulk petroleum products from minimum rate regulation.
- (c) The level of rates for transporting bulk petroleum products to be determined solely by the uninhibited competitive force of the so-called market place.

Copies of Petition 194 were served upon various interested parties on or about July 15, 1975. The petition was also listed on the Commission's Daily Calendar for July 17, 1975. To date no protests concerning the relief sought in Petition 194 have been received.

Findings

1. The CTA seeks a 5 percent labor cost offset increase in the minimum rates and charges named in MRT 6-B governing the highway transportation of bulk petroleum products in tank vehicles.

2. The operating cost data underlying the existing level of MRT 6-B rates and charges reflect labor costs effective generally on October 1, 1974. Pursuant to outstanding labor agreements, tank truck carriers transporting bulk petroleum products under the governing provisions of MRT 6-B have experienced further substantive increases in their labor costs effective generally as of October 1, 1975.

3. The Commission's Transportation Division staff has reviewed the CTA's rate proposal. Pursuant to such staff review, an ex parte labor cost offset increase of not more than 4 percent in MRT 6-B rates and charges has been shown to be justified at this time pending hearing of Petition 194.

4. The ex parte increase found justified herein should be granted on an interim surcharge basis only pending hearing of Petition 194.

5. As a condition precedent to a future finding that MRT 6-B rates and charges should be amended on other than a temporary basis as proposed by CTA, it shall be incumbent upon CTA, respondent tank truck carriers of bulk petroleum products, and other interested parties to submit probative evidence at the hearing to be scheduled in Petition 194 pertaining to the major issues of Commission concern in this proceeding as outlined in the opinion hereof.

6. The ex parte interim surcharge increases in rates and charges established in the order which follows are just, reasonable, and nondiscriminatory minimum rates and charges for the transportation services governed thereby.

7. To the extent that the provisions of MRT 6-B have been found to constitute reasonable minimum rates and rules for common carriers defined in the Public Utilities Code, said provisions as hereinafter adjusted will be reasonable minimum rate provisions for said carriers. To the extent that the existing rates and charges of said common carriers for the transportation involved are less in volume or effect than the minimum rates and charges herein designated as reasonable for said carriers, to the same extent the rates and charges of said carriers are found to be, now and for the future, unreasonable, insufficient, and not justified by the actual rates of competing carriers or by the costs of other means of transportation.

#### Conclusions

1. Petition for Modification No. 194 in Case No. 5436 should be granted to the extent provided in the order herein and MRT 6-B 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 cost offset surcharges ordered herein.

3. Since the ex parte surcharge increase granted herein is conditioned upon the receipt of essential evidence at public hearing to be scheduled in Petition 194, such increase should be initially established on a temporary basis only subject to an expiration date of approximately one year.

INTERIM ORDER

IT IS ORDERED that:

1. Minimum Rate Tariff 6-B (Appendix A to Decision No. 82350, as amended) is further amended by incorporating therein, to become effective November 10, 1975, Supplement 5, 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. 82350, as amended, are hereby 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 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 November 10, 1975; 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 are authorized to depart from the Commission's General Order No. 80-A requirements only to the extent necessary in establishing the interim surcharges 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 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.

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


10. Public hearing shall be scheduled in this proceeding for the receipt of evidence relative to the final disposition of Petition 194.

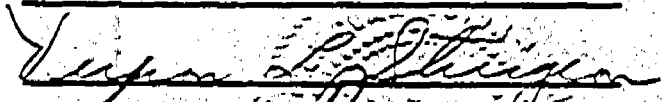

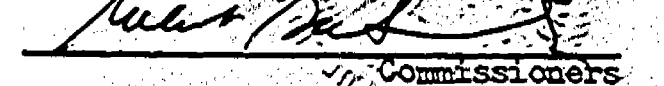


11. To the extent public hearing is to be scheduled in this proceeding the request and motion of the California Trucking Association for public hearing of Petition 194 is granted.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 31st  
day of OCTOBER, 1975.

  
President

  
  
  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

SPECIAL INCREASE SUPPLEMENT

SUPPLEMENT 5

(Cancels Supplement 4)

(Supplement 5 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 SURCHARGES

(See Page 2 of this Supplement)

Decision No.

**85081**

EFFECTIVE  
(EXCEPT AS NOTED)

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

(E) APPLICATION OF SURCHARGE  
(EFFECTIVE 1975)

Except as otherwise provided, compute the amount of charges in accordance with the provisions of this tariff, and increase the resulting total amount by:

1. Seven percent (7%) when the distance or special commodity rates named in Section 3 of the tariff are employed to compute charges.
2. Six percent (6%) when the vehicle unit volume tender rates named in Section 4 of the tariff are employed to compute charges.
3. Four percent (4%) when the provisions of this tariff specified below are applied:
  - (a) Paragraph 3(a) of Item 170 (Loading and/or Unloading of Equipment).
  - (b) Paragraph 1(a) and the Extra Labor charge in Paragraph 4 of Item 260 (Accessorial Services).
  - (c) Item 280 (Internal Cargo Tank Cleaning).
  - (d) Paragraph 3(b) and Notes 7, 15 and 16 of Item 500 (Daily Vehicle Unit Volume Tender Rates).
  - (e) Paragraph 3(c) and Notes 7, 15, 16 and 19(b) of Item 510 (Monthly Vehicle Unit Volume Tender Rates).
  - (f) Paragraph 3(c) and Notes 7, 15 and 16 of Item 520 (Yearly Vehicle Unit Volume Tender Rates).

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

Item 80, Alternative Application of Common Carrier Rates.

Item 90, Alternative Application of Combinations with Common Carrier Rates (railhead to railhead factor only).

Item 130, Collect on Delivery (C.O.D.) Shipments.

Item 500, Daily Vehicle Unit Volume Tender Rates (Notes 9 and 11).

Item 510, Monthly Vehicle Unit Volume Tender Rates (Notes 9 and 11).

Item 520, Yearly Vehicle Unit Volume Tender Rates (Notes 9 and 11).

APPLICATION OF SURCHARGE  
(EFFECTIVE January 1, 1977)

Except as otherwise provided, compute the amount of charges in accordance with the provisions of this tariff, and increase the resulting total amount by:

1. Three percent (3%) when the distance or special commodity rates named in Section 3 of the tariff are employed to compute charges.
2. Two percent (2%) when the vehicle unit volume tender rates named in Section 4 of the tariff are employed to compute charges.

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

Item 80, Alternative Application of Common Carrier Rates.

Item 90, Alternative Application of Combinations with Common Carrier Rates (railhead to railhead factor only).

Item 130, Collect on Delivery (C.O.D.) Shipments.

Item 170, Loading and/or Unloading of Equipment (paragraph 3(a) only).

Item 260, Accessorial Services (paragraph 1(a) and Extra Labor charge in paragraph 4).

Item 280, Internal Cargo Tank Cleaning.

Item 500, Daily Vehicle Unit Volume Tender Rates (paragraph 3(b) and Notes 7, 9, 11, 15 and 16).

Item 510, Monthly Vehicle Unit Volume Tender Rates (paragraph 3(c) and Notes 7, 9, 11, 15, 16 and 19(b)).

Item 520, Yearly Vehicle Unit Volume Tender Rates (paragraph 3(c) and Notes 7, 9, 11, 15 and 16).

THE END

(E) Expires with December 31, 1976

o Increase )  
o Reduction ) Decision No.

85081