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ORIGINAL

Decision No. 85118

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 transpor-  
tation 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. 31  
(Filed March 31, 1975)

Richard W. Smith, Attorney at Law, and H. W. Hughes,  
for California Trucking Association, petitioner.  
Donald C. Brain, for Fix & Brain Vacuum Truck  
Service, Inc.; T. A. L. Loretz, for Routh  
Transportation and Fix & Brain Vacuum Truck  
Service; Harry Clardy, Attorney at Law, for  
Ecology Control, Inc.; J. B. Easter, for Coast  
Vacuum Truck Service, Inc.; Clifford M. Hayter,  
for Hayter Trucking; Murray Hutchison, for Wm. H.  
Hutchison & Sons Service Co.; Karl A. Kirchhof,  
Attorney at Law, for Speeds Oil Tool Service, Inc.;  
John Lambie, for Chancellor & Ogden; Bill McKay,  
for McKay Trucking Co.; and Roy D. Owen, for  
Routh Transportation and Kyle O. Mayes Co.;  
respondents.  
Gregory J. Garrick and Steven C. Kiser, for Shell  
Oil Company; R. S. Greitz, for Western Motor  
Tariff Bureau, Inc.; and W. P. Mayhugh, for  
Mobil Oil Corp.; interested parties.  
Thomas Fann and George L. Hunt, for the Commission  
staff.

### O P I N I O N

Minimum Rate Tariff 13 (MRT 13) contains minimum rates and  
rules governing the transportation of property in vacuum or pump tank  
truck equipment. By this petition California Trucking Association (CTA)

seeks an increase of 4 percent in the rates and charges in MRT 13 to offset increases in those carriers' operating expenses which have not been considered in past offset proceedings. The rates and charges in MRT 13 were last revised to offset fuel and labor cost increases pursuant to Decision No. 83664 dated October 29, 1974 in Petition No. 27.

The operating expenses involved here are running costs (less fuel), equipment costs, and indirect expenses not related to labor. With exception to equipment costs and that portion of running costs which could be related to labor, petitioner relied on the wholesale price index (WPI) as a means of measuring the increases in expenses. No study of carriers operating vacuum tank equipment was made.

In the absence of full-scale studies, the elements of costs involved here are such that accurate measurement of differences in cost from one time to another are often impossible to determine. CTA cites the recent adjustments in general freight rates made pursuant to Petition 821, Case No. 5432, et al. (Decision No. 83985, January 14, 1975) wherein the WPI was used to determine the relative increases of costs similar to those here in issue. Petitioner urges that the circumstances here are such that the WPI is an appropriate indicator of cost differences.

We do not agree with CTA. In the decision relied on by CTA we said, "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." (Ibid. at mimeo. page 21.) Such a qualification certainly removes the use of the WPI per se, as precedent for other minimum rate proceedings. On the other hand, economic indicators such as the WPI can be very useful, provided that studies are made which will indicate a correlation between the indicator and the element being measured. In the instant case, the transportation services are highly specialized. It would appear, therefore, that a field survey might have produced adequate information which would permit a decision as to the value of the WPI as a measurement method.

The development of the factors for labor cost related to running cost and equipment cost is based on the difference between the base wage per hour for mechanics for 1973 and 1975 in the first instance and the difference between the 1974 and 1975 historical cost of equipment.

The record in this matter will support an offset increase of 2 percent. We cannot adopt CTA's "what's sauce for the goose is sauce for the gander" philosophy regarding WPI, and therefore must disallow that portion of the proposed increase based on the WPI factors.

Findings

1. MRT 13 hourly rates and charges were last generally adjusted as of November 29, 1974 pursuant to Decision No. 83664 dated October 29, 1974. Such adjusted rates and charges reflected fuel and labor cost levels effective generally as of October 1, 1974.
2. Petitioner seeks an increase of 4 percent in the rates and charges of MRT 13 to offset increases incurred in the recent period of rapid inflation in those elements of operating costs which historically have not been subject to offset procedures under criteria described in Re Minimum Rate Tariff 2 (1969) 70 CPUC 277.
3. The cost elements referred to in Finding 2 are (a) running costs (less fuel) (maintenance and tire costs), (b) equipment costs, and (c) indirect expenses (other than labor).
4. Offset procedures have not been established with respect to the cost elements described above because in periods of normal prices such costs ordinarily do not increase rapidly and because of the difficulty in measuring changes in such costs.
5. In the current inflationary period there has been a rapid increase in all elements of carriers' operating costs including those elements of cost which historically have been held constant in offset rate proceedings.

6. Increases in minimum rates are necessary in order to offset the increases experienced by highway carriers involving running costs (less fuel) and equipment costs if such minimum rates are to be maintained at just and reasonable levels.

7. The methods employed by petitioner to determine cost differences for running costs as such costs relate to labor and for equipment costs are reasonable.

8. The utilization of the wholesale price index as a measure of cost difference for parts, trucks, tires, and nonlabor indirect expenses is not adequate in the absence of corroborating data.

9. An increase of 2 percent in the rates and charges of MRT 13 is necessary to offset the increased costs found reasonable herein and an increase of that magnitude is justified. The resulting increased rates and charges established in the order which follows are just, reasonable, and nondiscriminatory minimum rates for the transportation services governed thereby and will result in approximately \$270,000 increased annual revenue.

10. To the extent that the provisions of MRT 13 have been found heretofore to constitute reasonable minimum rates and rules for common carriers as defined in the Public Utilities Act, said provisions, as hereinafter adjusted, are, and will be, reasonable minimum rate provisions for said common 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 such carriers, to that same extent the rates and charges of said carriers are hereby found to be, now and for the future, unreasonable, insufficient, and not justified by the actual rates of competing carriers or the costs of other means of transportation.

11. Where common carriers have been heretofore authorized to depart from the so-called long- and short-haul provisions of former Article XII, Section 21, of the Constitution, and Section 460 of the Public Utilities Code, such outstanding authorities should be modified, as requested by petitioner, to depart from Section 461.5 of the Public Utilities Code.

Conclusions

1. Petition 31 in Case No. 6008 should be granted to the extent indicated in the above findings, and MRT 13 should be 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 offset surcharge ordered herein.

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 December 20, 1975, Fourteenth 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 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 13 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 13 rates.

4. 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.

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 13 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 13 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 tenth day after the effective date of this order, on not less than ten days' notice to the Commission and to the public; such tariff publications as are required shall be made effective not later than December 20, 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, 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.

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

C. 6008, Pet. 31 eak \*

9. To the extent not granted herein, Petition No. 31 in Case No. 6008 is denied.

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

Dated at San Francisco, California, this 18<sup>th</sup> day of NOVEMBER, 1975.

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President  
  
\_\_\_\_\_  
Commissioners  
  
\_\_\_\_\_  
Commissioners

## 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	\$21.60	\$18.25
35	45	21.60	18.55
45	60	23.15	20.00
60	80	25.70	22.80
80	95	26.00	22.85
95		26.15 *	22.95

(1) Territory "A" consists of the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Imperial.

(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.

ø200

ø Change )  
ø Increase ) Decision No. 85118

EFFECTIVE

Correction

ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA,  
SAN FRANCISCO, CALIFORNIA.