

ORIGINAL

Decision No. 89352 SEP 6 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation }
for the purpose of considering and }
determining minimum rates for }
transportation of property by }
vacuum-type tank vehicles and pump- }
type tank vehicles statewide as }
provided in Minimum Rate Tariff 13 }
and the revisions or reissues }
thereof. }

Case No. 6008
Petition for Modification
No. 38
(Filed May 11, 1978)

O P I N I O N

California Trucking Association (CTA), a nonprofit corporation composed of persons, firms, and corporations engaged in the transportation of property by highway carriers, including many of whom are engaged in the transportation of property by vacuum-type and pump-type vehicles within the State of California, requests that the rates and charges contained in Minimum Rate Tariff 13 (MRT 13) be increased by an average of 9.5 percent in Territory "A" (an area comprising six southern California counties) and by an average of 8.5 percent in Territory "B" (all area outside of Territory "A"). CTA estimates that the proposed increases will produce additional yearly revenues of approximately \$1,500,000. No protests to the petition have been received.

MRT 13 sets forth the minimum rates, charges, and rules governing the transportation of commodities in bulk transported in vacuum-type and pump-type tank vehicles. The rates and charges contained in MRT 13 were last revised and adjusted pursuant to the Commission's Decision No. 88563 dated March 7, 1978 in Petition 37 which gave recognition to increased labor and labor-related costs generally effective as of July 1, 1977. CTA contends that increases

of substance are now payable by carriers because of higher social benefit taxes and increased levels of Workers' Compensation Insurance effective on January 1, 1978 and that additional significant increases will result from higher wages and fringe benefits payable on July 1, 1978 pursuant to terms of collective bargaining agreements. Furthermore, fuel costs and equipment costs have continued to escalate and the upward trend of inflationary pressures continues with the result that higher costs are paid for virtually every operating expense. CTA contends that the impact and effect of such increases in labor costs and other costs are susceptible to precise measurement and attached to its petition a document entitled "Report on Cost of Transportation under Minimum Rate Tariff No. 13" which develops in detail updated total hourly labor, equipment, and running costs for operations governed by MRT 13. In formulating the total direct and indirect costs, CTA used the wage (cost) offset method which assumes that indirect expense items have, or will, increase proportionately with direct costs.

The Commission staff estimates that if the increase in rates sought by the petition is authorized, the increased annual carrier revenue would be approximately \$1,669,000. The staff's Exhibit 1 finds that a rate increase is justified because of increased carrier costs, but recommends that the increase be calculated using the direct wage offset method which, unlike the wage (cost) offset method used by CTA, holds constant indirect expenses and makes no allowance for changes in indirect expenses in the cost offset adjustment in rates. Use of the direct wage offset method is estimated by the staff to result in an increase in rates of 7.7 percent and produce additional annual revenues of approximately \$1,397,000.

As the Commission stated in Decision No. 88563, the last full scale cost study for MRT 13 was made so many years ago that the

indirect expense cost component data base is stale. Since the same condition holds true today, we are of the opinion that the direct wage offset method, as used by the staff, is the reasonable method to employ in this MRT 13 offset proceeding.

Findings

1. Carrier costs for rendering service under MRT 13 have increased since the tariff was last adjusted pursuant to Decision No. 88563.

2. The amended rates and charges recommended by the Transportation Division for MRT 13 are reasonable and the tariff should be amended accordingly.

3. 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 Code, 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.

4. A public hearing is not necessary.

We conclude that MRT 13 should be amended in accordance with the foregoing findings.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 13 (Appendix B of Decision No. 55584, as amended in Case No. 6008) is further amended by incorporating therein, to become effective thirty-nine days after the date hereof, Nineteenth Revised Page 7 and Seventeenth 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 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 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 are authorized to establish in their tariffs increases in hourly rates not exceeding the extent authorized by this decision.

7. The base rates, on which the increases authorized by Ordering Paragraph 6 are to be applied, are the rates which were authorized by Decision No. 88563. In no circumstance is the authority conferred by Ordering Paragraph 6 to be construed as authorizing that increase in addition to the increases ordered and/or authorized by Ordering Paragraphs 1 through 5.

8. 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 made effective thirty-nine days after the date hereof, on not less than five days' notice to the Commission

and to the public; such tariff publications as are authorized shall be made effective not earlier than thirty-nine days after the date hereof, on not less than five days' notice to the Commission and to the public, and this 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 Sections 460 and 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.

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

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

Dated at San Francisco, California, this 6th day of SEPTEMBER, 1978.

Robert Bateman
President
William J. Quinn
John L. Stenger
Charles W. Howell
Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

MINIMUM RATE TARIFF 13

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) \$20.20 or (2) \$17.75 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.</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>	060
<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.</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 style="text-align: center;">HANDLING OF CLAIMS FOR LOSS OR DAMAGE</p> <p>Claims for loss or damage shall be governed by the provisions of General Order No. 139.</p>	75
<p>◊ Increase, Decision No. 89352</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-----	\$27.35	\$22.00	
35	45-----	27.35	22.35	
45	60-----	29.35	24.10	
60	80-----	32.30	27.75	
80	95-----	32.60	27.80	
95	-----	33.20	28.30	\$200
<p>(1) Territory "A" consists of the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Imperial.</p> <p>(2) Territory "B" consists of all counties in California other than those included in Territory "A".</p> <p>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.</p>				
<p>Change) Increase) Decision No. 89352</p>				
EFFECTIVE				
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.				
Correction				