

ORIGINALDecision No. 90667 AUG 14 1979

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 petroleum and)
 petroleum products in bulk, in tank)
 truck equipment statewide as pro-)
 vided in Minimum Rate Tariff 6-B)
 and the revisions or reissues)
 thereof.)

Case No. 5436
 Petition for Modification
 No. 288
 (Filed May 31, 1979;
 amended July 11, 1979)

O P I N I O N

Minimum Rate Tariff 6-B (MRT 6-B) contains rates and rules for the transportation of petroleum and petroleum products in bulk, in tank truck equipment, by petroleum contract carriers. The rates and charges in MRT 6-B were last generally increased by Decision No. 90090 dated March 13, 1979 in Case No. 5436 (Pet. 265). Certain specific items of the tariff have been adjusted since that time, and the tariff is now subject to a fuel surcharge.

California Trucking Association (CTA), petitioner herein, seeks increases by surcharge supplement in the rates and charges in MRT 6-B to reflect increases in labor and labor-related expenses which are not now included in the cost datum plane on which the rates and charges are based. Collective bargaining labor negotiations had not been completed at the time the petition was filed. In the amendment, CTA has advised that the labor negotiations have now been completed, and it requests that the rates and charges in MRT 6-B be adjusted to reflect increases in the base wage rates of 80 cents per hour and 1-3/4 cents per mile and also increases in various fringe benefits and in Worker's Compensation Insurance contributions. All increases were effective July 1, 1979.

CTA points out that carriers are now paying the increased costs in issue and asks that rate relief be granted promptly by ex parte handling. To facilitate its request, CTA has prepared Exhibit D to the amended petition in the form of an affidavit of its supervisor in charge of Rates and Regulatory Affairs. That exhibit contains the detailed data relied upon by CTA for the increases proposed in Exhibit C. The increases requested in the petition average about 5½ percent.

The increased rates and charges proposed in Exhibit C to the amended petition are developed on the wage (cost) offset method. Our Transportation Division staff, by an Advice of Participation (received herein as Exhibit 1), advised the Commission that it has no objection to the proposed rate increases if they are developed on the direct wage offset method. That method produces lesser increases than the method used in the petition.^{1/} The staff has set forth in Exhibit 1 revisions of the rates and charges which reflect costs developed on the direct wage offset method. CTA does not object to the staff proposals. The increases recommended by the staff average about 5½ percent and are estimated to produce an increase in carriers' annual revenues of \$5,000,000.

The staff has advised in Exhibit 1 that the increases it proposes conform with the current guidelines of President Carter's Council on Wage and Price Stability.

In Decision No. 90354, which eliminates Minimum Rate Tariff 6-B, effective January 31, 1980, the Commission indicated that rate levels in that tariff would not be further adjusted except in the event that "exceptional need" arises. The recent increases in labor and related costs have created such an exceptional need.

^{1/} The three offset methods for adjusting rates in the Commission's minimum rate tariffs in the period between full-scale cost and rate studies are described in Re Minimum Rate Tariff 2, et al. (1969) 70 CPUC 277, at pages 280 and 281.

Because the increases in issue are already effective, the order which follows will be made effective on the date it is issued, and the supplement stating the surcharge increases will be made effective on August 19, 1979. To facilitate tariff application, the latest fuel surcharge increase will be incorporated in the increases authorized herein, and the supplement containing the latest fuel surcharge increase will be canceled.

Copies of the petition and amendment were served in accordance with Commission rules, and notice of the filing of the petition and amendment appeared on the Commission's Daily Calendar. There are no protests or requests for hearing.

Findings of Fact

1. Since the rates were last generally adjusted in MRT 6-B, carrier operating costs have risen with respect to transportation services performed under the provisions of that tariff.

2. Increases averaging 5½ percent in rates and charges based on the direct wage offset method of calculating underlying cost data are required to maintain the rates in MRT 6-B on a reasonable level and such increases should be established in that tariff.

3. The adjustments in the rates and accessorial charges described in Finding 2 will be reasonable and the increases resulting therefrom are justified.

4. The rate increases authorized herein are estimated to increase revenues of the carriers transporting petroleum and petroleum products in bulk in tank truck equipment by \$5,000,000 annually.

5. The increases in rates and charges referred to in Finding 2 conform with the current guidelines of President Carter's Council on Wage and Price Stability.

6. The latest fuel surcharge supplement to MRT 6-B should be canceled, and the fuel surcharge should be incorporated in the surcharge increases authorized herein.

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 those provisions as hereinafter adjusted will be reasonable minimum rate provisions for those carriers.

8. Since the carriers have already incurred the cost increases to be offset by the rate increases authorized herein we should make this order effective on the date signed.

9. A public hearing is not necessary.

Conclusions of Law

1. Petition for Modification No. 288, as amended, 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 tariff adjustments ordered herein.

3. Because there is an immediate need for rate relief, this order should be made effective on the date it is signed, the tariff supplement should be effective on August 19, 1979, and tariff publication may be made on five days' notice.

O R D E R

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 August 19, 1979, Supplement 13, 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 6-3 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 6-3 rates.

4. Common carriers maintaining rates on the same level as Minimum Rate Tariff 6-3 rates for the transportation of commodities and/or for transportation not subject to Minimum Rate Tariff 6-3 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 6-3 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 6-3 are authorized to increase such rates by the same amounts authorized by this decision for Minimum Rate Tariff 6-3 rates.

6. 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 August 19, 1979, 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 August 19, 1979, 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.

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 changes 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. S2350, as amended, shall remain in full force and effect.

10. The Executive Director shall serve a copy of this decision on every common carrier, or such carriers' authorized tariff publishing agents, performing transportation services subject to Minimum Rate Tariff 6-3.

11. The Executive Director shall serve a copy of each of the tariff amendments on each subscriber to Minimum Rate Tariff 6-3.

The effective date of this order is the date hereof.

Dated AUG 14 1979, at San Francisco, California.

John E. Bryson
President
William L. Thompson

Richard D. Gravelle
Edmund W. Quinn
Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

APPLICATION OF SURCHARGE

Except as otherwise provided, compute the amount of charges in accordance with rates and rules in this tariff and increase the amount so computed as follows:

1. By nine and three-quarters (9 $\frac{3}{4}$) percent on charges computed at rates set forth in Items 400, 510 (Note 20, only), 515, 520 (Note 20, only), 523, 525 (Except Note 9), 526, 527 (Except Note 14), 528, 529 and 529.1.
2. By ten and one-quarter (10 $\frac{1}{4}$) percent on charges computed at rates set forth in Items 410 and 420.
3. By eight (8) percent on charges computed at rates set forth in items specified below:
 - (a) Item 160;
 - (b) Item 170, Paragraph 3 (a);
 - (c) Item 220, Note 1;
 - (d) Item 240, Paragraph 1 and 2; Note 1;
 - (e) Item 260, Paragraph 1 (a); Note 4;
 - (f) Item 280, Paragraph 3;
 - (g) Item 500, Paragraph 3(b); Note 5(a) (per hour charge); Note 11; Note 15;
 - (h) Item 505, Paragraph 3(b); Note 5(a) (per hour charge); Note 12;
 - (i) Item 510, Paragraph 3(c); Note 7; Note 11; Note 15;
 - (j) Item 520, Paragraph 3(c); Note 7; Note 11; Note 15.
04. By six (6) cents per mile for mileage rates and charges in:
 - (a) Item 170, Paragraph 3(b);
 - (b) Item 500, Paragraph 3(c);
 - (c) Item 500, Note 5(a);
 - (d) Item 500, Note 5(b);
 - (e) Item 505, Paragraph 3(c);
 - (f) Item 505, Note 5(a);
 - (g) Item 505, Note 5(b);
 - (h) Item 510, Paragraph 3(d);
 - (i) Item 510, Note 19(c);
 - (j) Item 520, Paragraph 3(d);
 - (k) Item 525, Note 9;
 - (l) Item 527, Note 14.

For purpose of disposing of fractions under provisions hereof, fractions of less than one-half ($\frac{1}{2}$) cent shall be dropped and fractions of one-half ($\frac{1}{2}$) cent or greater shall be increased to the next higher whole cent.

THE END

o Increase, except as noted) Decision No. **90667**
 o No Change)

52838

SURCHARGE SUPPLEMENT

Supplement 13

(Cancels Supplement 12;
(Supplement 13 Contains All Changes)

TO

MINIMUM RATE TARIFF 4-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

70802

Decision No.

90667

EFFECTIVE

9/19/79

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