

ORIGINAL

Decision No. 91831 MAY 20 1980

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, in bulk, of }
agricultural products and related }
articles statewide as provided in }
Minimum Rate Tariff 14-A and the }
revisions or reissues thereof. }

Case No. 7857
Petition for Modification
No. 172
(Filed December 28, 1979;
amended March 21, 1980)

INTERIM OPINION

By amended petition, California Trucking Association (CTA) requests the Commission to order general increases approximating 12 percent in the rates and charges in Minimum Rate Tariff 14-A (MRT 14-A) for the transportation, in bulk, of agricultural products.^{1/} No objections to the increases sought by the amended petition have been received.

The minimum rates and charges of MRT 14-A were last adjusted by Decision No. 90223 dated April 24, 1979 (Case No. 7857 Petition for Modification No. 167), which gave recognition to defined payroll cost changes incurred by agricultural carriers and payable during the principal 1979 harvest seasons. CTA contends that since then agricultural carriers have continued to experience cost increases susceptible to precise enumeration in virtually every category of expense. Considerable cost increases result from higher wages and wage-related expense, including statutory payroll taxes

^{1/} The herein decision will not deal with increases relative to the transportation of oilseed, as no detailed cost or rate analysis for cottonseed has as yet been submitted by CTA.

and Workers' Compensation Insurance, affecting virtually every category of carrier employee. For example, the changes in the taxable wage base and rate for social security tax have risen to all-time highs. The level of Workers' Compensation Insurance has increased by 8 percent, which has an actual cost impact of 14 percent on the employer-carrier because the increase must be paid on the increased level of wages payable pursuant to contractual labor agreement which are not reflected in the present rate levels in MRT 14-A. Effective May 1980, the total hourly labor and labor-related costs under the horticultural and agricultural collective bargaining agreement governing work performed under MRT 14-A will increase by 8.42 percent. This labor agreement is the least costly of the several prominent industry collective bargaining agreements, CTA contends. In addition, the level of rates in MRT 14-A are the lowest of any of the Commission's minimum rate tariffs and assertedly result in the inability of for-hire agricultural transportation to attract sufficient competent personnel to enable the carriers to furnish the full amount of required transport capacity.

Between January 1979 and January 1980 the Producer Price Index of tire cost has risen over 32 points, and the cost of vehicle parts over 19 points. The cost of mechanic's labor has increased on an annual basis by more than 11.9 percent and within the past year the cost of a new 3-axle tractor and a set of grain hopper trailers has risen 12.3 percent. None of these increases are considered or covered in the current level of MRT 14-A rates.

The amended petition shows that 25 of the carriers earning 60 percent or more of their revenue from MRT 14-A achieved a composite pretax, preinterest operating ratio of 98 for the calendar year 1978, which translated into actual dollars means that each of the top 25 firms, on the average, earned \$15,729 before making payment for taxes and interest. CTA contends that such a return cannot be expected to engender adequate and dependable transportation service.

The amended petition presents a model which summarizes the impact of the currently experienced cost increases in terms of a total percentage cost increase on an agricultural carrier's operation.^{2/} The model used performance factors taken from existing Commission studies on agricultural commodities and the current MRT 14-A levels of costs were incorporated to create a new datum plane. The 1980 level of carrier costs were then flowed through using the same performance factors to develop the impact of these measured cost increases on the total agricultural carrier operational model. As shown in the model, such increases generally average 8 percent in total volume impact. CTA contends, however, that an increase in rates of only 8 percent would give the carriers only a 100 percent operating ratio and would only keep carriers in the same precarious financial situation as the last season when there existed a severe shortage of needed carrier equipment and that an additional 4 percent increase in rates and charges is needed to enable agricultural carriers to furnish the level of service mandated by Section 3661 of the Public Utilities Code which sets forth the State policy as being "to establish such rates as will promote the freedom of movement by carriers of products of agricultural...at the lowest lawful rates compatible with the maintenance of adequate transportation service."

CTA requests that the prayed for rate relief be made effective no later than May 3, 1980 so as to be in time for the distribution of the California harvest.

The amended petition was served in accordance with Commission rules, and notice of the filing of the amended petition appeared on the Commission's Daily Calendar. There are no protests or requests for hearing in connection with the rate relief sought in the amended petition. Hearing will be held in connection with the final rate increase sought in the amended petition and the protest received from cotton seed oil producers in connection with the rates on oilseeds.

Findings of Fact

1. The minimum rates and charges of MRT 14-A were last adjusted by Decision No. 90223 dated April 24, 1979.

^{2/} The increase in the price of fuel was not included as that increase is being considered in a separate proceeding.

2. Since April 24, 1979 agricultural carriers have continued to experience cost increases in virtually every category of expense. These increases are not reflected in the current level of minimum rates.

3. CTA, in its first amended petition, seeks to increase the present rates and charges in MRT 14-A, except those pertaining to the transportation of oilseed, by approximately 12 percent.

4. CTA contends that its cost increase analysis, excluding fuel cost increases, shows that an increase in rates of approximately 8 percent would give agricultural carriers a 100 percent operating ratio and that another 4 percent increase is necessary to promote the freedom of movement of agricultural products.

5. The Commission staff has not had time to do an in-depth study of CTA's cost exhibits in the matter due to the shortness of time between the date of the filing of the first amended petition and the date CTA has requested that a decision in the matter be made.

6. The staff recommends that an interim increase of 7 percent be granted in these rates and charges. This can be achieved by increasing the present surcharge by 8 percentage points pending a hearing on the petition.

7. An increase of approximately 8 percentage points in the surcharge in MRT 14-A as set out in Supplement 28, attached hereto, is just and reasonable pending a hearing on the matter.

8. The staff estimates that increasing the surcharge 8 percentage points will increase the involved carriers' annual gross revenue by \$3.9 million.

Conclusions of Law

1. The amended petition should be granted to the extent provided herein on an interim basis pending a hearing on the petition.

2. There is an immediate need for the rate relief authorized herein due to the fact that the California distribution of harvest is due to commence shortly. Accordingly, this order should be made effective the date hereof.

INTERIM ORDER

IT IS ORDERED that:

1. Minimum Rate Tariff 14-A (MRT 14-A) (Appendix A to Decision No. 67397, as amended) is further amended by incorporating therein, to become effective May 25, 1980, Supplement 28, 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. 67397, 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 MRT 14-A are authorized to increase such rates by the same amounts authorized by this decision for MRT 14-A rates.
4. Common carriers maintaining rates on the same level as MRT 14-A rates for the transportation of commodities and/or for transportation not subject to MRT 2 are authorized to increase such rates by the same amounts authorized by this decision for MRT 14-A 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 MRT 14-A are authorized to increase such rates by the same amounts authorized by this decision for MRT 14-A rates.
6. Any provisions currently maintained in common carrier tariffs which are more restrictive than, or which produce charges greater than, those contained in MRT 14-A are authorized to be maintained in connection with the increased rates and charges directed to be established by Ordering Paragraph 2 hereof.
7. Common carrier tariff publications required by this order shall be filed not earlier than the effective date of this order and shall be made effective May 25, 1980. Tariff publications

authorized but not required shall be made effective not earlier than May 25, 1980. The authority for authorized increases shall expire unless exercised within sixty days after the effective date of this order. All tariff publications must give ten days' notice to the Commission and the public.

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. 67397, as amended, shall remain in full force and effect.

10. A hearing on the matter will be set at a date in the future as determined by the Commission.

The effective date of this order is the date hereof.

Dated MAY 20 1980, at San Francisco, California.

John E. Byron President
Herbert L. Stanger
Richard W. Howell
Clair J. Delaney
Leonard J. Smith Commissioners

SUPPLEMENT 28
(Cancels Supplement 27)
(Supplements C. 18, 23 and 28 Contain All Changes)
TO
MINIMUM RATE CARETT 14-A
NAMING
MINIMUM RATES AND RULES
FOR THE
TRANSPORTATION, IN BULK, OF
AGRICULTURAL COMMODITIES AND
RELATED ARTICLES
NAMED HEREIN
OVER THE PUBLIC HIGHWAYS WITHIN THE
STATE OF CALIFORNIA
BY
RADIAL HIGHWAY COMMON CARRIERS
HIGHWAY CONTRACT CARRIERS
AND
AGRICULTURAL CARRIERS

Decision No.

91831

EFFECTIVE

MAY 25, 1980

APPLICATION OF SURCHARGE

Except as otherwise provided, compute the amount of charges in accordance with the rates and rules of this tariff, and increase the resulting total amount by twenty-two (22) percent. (See Exception).

For purposes of disposing of fractions under provisions hereof, fractions of less than one-half (1/2) cent shall be dropped and fractions of one-half (1/2) cent or greater shall be increased to the next higher whole cent.

EXCEPTION: The surcharge herein shall not apply to:

1. Item 120 - Delays to Equipment;
2. Item 135 - Charges for Obtaining a Weighmaster's Certificate;
3. Item 170 - Split Pickup or Split Delivery Charges;
4. Item 190 - Stopping in Transit;
5. Items 200 and 210 - (Railhead-to-railhead charges only);
6. Item 222 - Collect on Delivery (C.O.D.) Shipments.

THE END

Increase, Decision No.

13312