

ORIGINAL

Decision No. 91888 JUN 3 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 of motor vehicles)
and related items statewide as)
provided in Minimum Rate Tariff)
12-A and the revisions or reissues)
thereof.)

Case No. 5604
Petition for Modification
No. 67
(Filed December 28, 1979;
amended January 8, 1980
and March 13, 1980)

OPINION AND ORDER

Minimum Rate Tariff 12-A (MRT 12-A) contains minimum rates for the statewide transportation of motor vehicles and related commodities. The rates and charges in the tariff were last generally adjusted by Decision No. 90853 dated September 25, 1979 in Case No. 5604 (Petition 65) and the increases authorized thereby, which averaged approximately 5.4 percent, became effective November 1, 1979. Subsequent thereto, surcharge increases to offset increased fuel costs have been added to the tariff by supplements.

By this petition, the California Trucking Association (CTA) seeks increases averaging approximately 12-1/2 percent in the rates and most charges in MRT 12-A to offset increased costs in wage rates, fringe benefits, social benefit taxes, and vehicle fixed and running costs. The Commission staff (staff) has advised that it recommends increases averaging approximately 10-3/4 percent.

CTA included a cost study and proposed increased rates and charges in Exhibits D and C, respectively, to the Second Amendment to its petition. The staff has prepared a cost study and rate proposal which are received in evidence as Exhibits 1 and 2, respectively.

The increases in direct costs developed by CTA and the staff in their respective cost studies are substantially identical. They give recognition to the following direct cost increases which are not now included in the historical cost data of record on which the current rates and charges in MRT 12-A are based: (1) an increase in the basic hourly wage rate of 35 cents per hour effective June 1, 1980 and cost-of-living increases of 49 and 41 cents per hour effective December 1, 1979 and June 1, 1980, respectively; (2) one additional paid holiday and one additional sick leave day effective June 1, 1980; (3) an increase of \$8.00 in health and welfare payments per man per week effective January 1, 1980; (4) an increase in the Workers' Compensation rate to \$11.43 per \$100 effective January 1, 1980; (5) an increase in the taxable wage on which FICA (Social Security Tax) payments are based from \$22,900 to \$25,900 effective January 1, 1980; (6) increases in vehicle maintenance costs to 14.11 and 5.53 cents per mile for 3-axle diesel tractors and 2-axle trailers, respectively; (7) increases to \$33,954 and \$8,196 in the fixed (historical) costs of 3-axle diesel tractors and 2-axle trailers, respectively; and (8) increases in license fees.

The staff-recommended increases in its Exhibit 2 are based on the Direct Wage Offset (DWO) method, which holds indirect costs constant. The CTA-recommended increases in Exhibit C to its Second Amendment to its petition are based on the Wage Cost Offset (WCO) method, which increases indirect costs proportionately with increases in direct costs. The anticipated additional annual revenues that would result under the rate proposals by CTA and the staff are \$3,951,472 and \$3,267,563, respectively, a difference of \$683,909.

The record clearly establishes that all of the increases in wages, related payroll expenses, and vehicle costs referred to above will be experienced by MRT 12-A carriers by June 1, 1980 and that these increases are not now reflected in the cost datum plane on which the rates in the tariff are based. For the past several years, it has been the Commission's policy to apply the DWO method, advocated by the staff, in adjusting rates and charges in offset proceedings involving changes in direct costs such as the increases in issue herein. This procedure is appropriate in this proceeding. The surcharge increases recommended by the staff in its Exhibit 2 will be adopted.

The increases authorized herein comply with the guidelines of President Carter's Council on Wage and Price Stability. In this connection, the Council has furnished the Commission with an opinion that the profit margin exception in the guidelines may be applied when increase petitions on an industrywide basis are being considered. The increases herein would have no upward effect on the profit margin of respondent carriers and would come within this test.

Staff has contacted Fiat Motors of North America, Nissan Motors Corporation, Toyota Motor Sales, U.S.A., Inc. and Volkswagen of America. None of these parties has any objection to the staff approach. The petition and amendments thereto have been listed on the Commission's Daily Calendar. No protests have been received.

Because ~~of~~ the increases in issue will be effective June 1, 1980, the order which follows will be made effective on the date it is issued, the supplement to MRT 12-A will be made effective five days thereafter, and required tariff publications will be authorized to be made on five days' notice. The current fuel surcharge will be incorporated in the supplement issued herein.

Findings of Fact

1. MRT 12-A was last generally adjusted by Decision No. 90853 to give recognition to labor, labor-related, and other direct cost increases. Also surcharge increases have been added to the tariff by supplements to subsequent decisions to reflect increases in the cost of fuel.

2. CTA and the staff have demonstrated that since MRT 12-A was last generally adjusted, the for-hire carriers governed thereby have incurred increases in labor, labor-related, and vehicle fixed and running expenses.

3. The increased costs referred to in Finding 2 are not now reflected in the historical cost data underlying the level of rates named in MRT 12-A.

4. CTA seeks increases in MRT 12-A based on the WCO procedure which would average approximately 12-1/2 percent.

5. The staff recommends increases in MRT 12-A based on the DWO procedure which would average approximately 10-3/4 percent.

6. The increases recommended by the Commission staff have been shown to be justified and the resulting rates and charges are and for the future will be just, reasonable, and nondiscriminatory minimum rates for the highway transportation of motor vehicles and related commodities governed by the provisions of MRT 12-A.

7. The increases referred to in Finding 6 are within the standards set forth in the guidelines of President Carter's Council on Wage and Price Stability.

8. A public hearing is not necessary.

Conclusions of Law

1. Petition 67 should be granted to the extent provided herein and MRT 12-A should be amended accordingly.

2. Because there is an immediate need for the sought relief, the effective date of this order should be the date of signature, the tariff supplement should be made effective five days thereafter, and required tariff publications should be authorized to be made on five days' notice.

IT IS ORDERED that:

1. Minimum Rate Tariff 12-A (Appendix A to Decision No. 85573, as amended) is further amended by incorporating therein, to become effective five days after the date hereof, Supplement 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. 85573, as amended, are directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered by this decision.

3. 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 five days after the date hereof, on not less than five days' notice to the Commission and to the public.

4. 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.

5. In all other respects, Decision No. 85573, as amended, shall remain in full force and effect.

6. To the extent not granted herein, Petition for Modification No. 67 is denied.

7. 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 12-A.

8. The Executive Director shall serve a copy of each of the tariff amendments on each subscriber to Minimum Rate Tariff 12-A.

The effective date of this order is the date hereof.

Dated JUN 3 1980, at San Francisco, California.

I dissent
[Signature]

[Signature]

President
[Signature]

[Signature]

Commissioners

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

SURCHARGE SUPPLEMENT

SUPPLEMENT 12

(Cancels Supplement 11)

Supplement 12 Contains All Changes)

TO

MINIMUM RATE TARIFF 12-A

NAMING

MINIMUM RATES AND RULES

FOR THE

TRANSPORTATION OF MOTOR VEHICLES

(As described herein)

IN SECONDARY MOVEMENT

BY

TRUCKAWAY SERVICE

OVER THE PUBLIC HIGHWAYS WITHIN THE

STATE OF CALIFORNIA

BY

RADIAL HIGHWAY COMMON CARRIERS

HIGHWAY CONTRACT CARRIERS

Decision No.

91888

EFFECTIVE

6/8/80

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

APPLICATION OF SURCHARGE

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

1. By ten and three-quarters (10 $\frac{3}{4}$) percent on charges computed at rates provided in Items 120, 130, 140 220;
2. By eighteen and one-quarter (18 $\frac{1}{4}$) percent on all other rates and charges.

For purpose 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 150 - Special Loading and unloading charges;
2. Item 160 - Payment of Advance Charges;
3. Items 180, 190, 200 and 210 - (Railhead-to-railhead Charges only);
4. Item 232 - Special C.O.D. Service;
5. Item 235 - Collect on Delivery (C.O.D.) Shipments.

THE END

o Increase, Decision No.

22212