

Decision No. 93111 MAY 19 1981

ORIGINAL

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 any and all com-)
modities statewide including, but)
not limited to, those rates which)
are provided in Minimum Rate)
Tariff 2 and the revisions or)
reissues thereof.)

Case No. 5432
Petition for Modification
No. 1042
(Filed March 7, 1979)
(Amended February 9, 1981)

And Related Matters.

- Case No. 5330
Petition for Modification No. 106
Case No. 5433
Petition for Modification No. 71
Case No. 5436
Petition for Modification No. 281
Case No. 5437
Petition for Modification No. 305
Case No. 5438
Petition for Modification No. 121
Case No. 5439
Petition for Modification No. 333
Case No. 5440
Petition for Modification No. 108
Case No. 5441
Petition for Modification No. 413
Case No. 5603
Petition for Modification No. 214
Case No. 5604
Petition for Modification No. 64
Case No. 6008
Petition for Modification No. 39
Case No. 7783
Petition for Modification No. 162
Case No. 7857
Petition for Modification No. 168
Case No. 8808
Petition for Modification No. 47
Case No. 9819
Petition for Modification No. 36
Case No. 9820
Petition for Modification No. 14
(Filed March 7, 1979)
(Amended February 9, 1981)

FINAL OPINION AND ORDER

By amendments to the above petitions, the California Trucking Association (CTA) requests the Commission to direct its staff to develop current data and formulas to reflect cost increases in petroleum-derived (fossil) fuels in the various minimum rate tariffs (MRTs), and to adjust permissive authority granted by Decision No. 91596, et al. to common carriers subject to former Minimum Rate Tariffs 1-B, 2, 6-B, 9-B, 11-A, 13, 15 and 19 to reflect the impact of a 65.7 cent per gallon increase in fuel costs.

Originally the petitions were consolidated for public hearing on a single record before Administrative Law Judge Arthur M. Mooney in San Francisco on April 20 and 21, 1979. The proceeding was submitted subject to the receipt of late-filed Exhibit 7, which was received on April 30, 1979. However, because of the continuing uncertainties that existed regarding the future pricing of gasoline and diesel fuels, the submissions were set aside and the proceedings were kept open for the consideration of the effect on tariff rates and charges of any future adjustments in fuel prices that may be brought to the Commission's attention.

In Decision 90663 which eliminated Minimum Rate Tariffs 1-B, 2, 9-B, 11-A, 15 and 19, effective April 30, 1980, and in Decision 91861 which eliminated Minimum Rate Tariffs 6-B and 13, effective July 31, 1980, the Commission established transition tariffs in lieu of the cancelled minimum rate tariffs. It was indicated in these decisions that the transition tariffs would not be adjusted by the Commission after they were established.

On March 2, 1981, the California Manufacturers Association (CMA) filed a motion with the Commission to dismiss CTA's request that the Commission grant permissive authority to all highway common carriers subject to former Minimum Rate Tariffs 1-B, 2, 6-B, 9-B, 11-A, 13, 15 and 19 to increase rates to reflect increased fuel costs. CMA based its request upon Decision 92432 dated November 18, 1980, in which the Commission denied CTA's request to authorize all highway common carriers to increase general commodity rate tariffs by four percent. CMA stated that the Commission denied CTA's petition on the grounds that the petition did not present a legitimate request by the affected common carriers and a showing as required by the California Public Utilities Code. Upon petition by CTA for reconsideration or rehearing of Decision 92432, the petition was denied by Decision 92690.

CTA recommends that a 65.7 cents per gallon increase be used for minimum rate tariffs. The staff recommends that a 59 cents per gallon increase be used for MRT 10; 61 cents per gallon

increases for MRTs 8-A and 12-A; 63 cents per gallon for MRT 3-A; 64 cents per gallon for MRTs 7-A, 17-A, 18 and 20; 67 cents per gallon for MRT 14-A; and by 55 cents a gallon for MRT 4-B. The staff points out that its recommendation is based on the most current fuel price data submitted by carriers to the Commission's Data Bank. It is estimated that the additional increases authorized herein will generate 16.7 million dollars of additional revenue for all carriers operating under the MRTs. However, as is evident, this additional revenue merely offsets the additional fuel costs carriers are paying.

The only matter requiring comment is the amount of fuel increases to be reflected in the various MRTs. As to the other issues, the evidence clearly established that substantial increases in fuel prices have occurred in recent months and that these increases are not included in the costs on which the minimum rates are based. We will adopt the staff formula for the purposes of this decision, and will apply the amount of fuel increases recommended by the staff. While the proposal by the CTA as to the amount of increase to apply may have some merit, it is based on rather limited surveys; whereas, the staff proposal on this issue is based on the current information in its Data Bank which is a summation of a continual survey of prices paid by truckers. This summation is made in table form in the appendix .

The price of fuel as of May 6, 1981 for the fuel surcharge increase is based as follows: Minimum Rate Tariff 7-A - gasoline \$1.260 and diesel \$1.150; 17-A and 20 - diesel only \$1.156, and diesel only \$1.177, respectively; 3-A - diesel only \$1.140; 4-B for hourly rates - gasoline only \$1.215, and distance rates - gasoline \$1.215 and diesel \$1.147; 8-A - gasoline \$1.275 and diesel \$1.195; 10 - for northern territory - diesel only \$1.112, and southern territory - diesel only \$1.105; 12-A - diesel only \$1.125; 14-A - diesel only \$1.180; and 18 - diesel only \$1.201.

The proposal made herein is not considered to be a major action significantly affecting energy efficiency within the meaning of Sections 3502.1 and 3502.2 of the Public Utilities Code.

Because the increased fuel costs are already being paid by carriers, the order which follows will be made effective on the date it is issued, and the order will provide that the authorized tariff publications may be made on five days' notice. The newly authorized surcharges will be in addition to all previous surcharges heretofore authorized to such common carriers.

In view of the recent stability in oil prices, we will make this the final order in the various proceedings adjusting rates in the minimum rate tariffs.

Findings of Fact

1. The for-hire highway carriers operating intrastate within California have experienced substantial increases in their fuel costs in the last several months.

2. The increases in fuel costs referred to in Finding 1 are not now reflected in the historical cost data underlying the level of rates in the Commission's various MRTs.

3. Highway carriers subject to the Commission's MRTs have experienced fuel increases of such magnitude as to justify fuel cost offset adjustments.

4. The request by CTA to authorize common carriers subject to the Commission's Transition Tariffs 1-B, 2, 6-B, 9-B, 11-A, 13, 15 and 19 to establish increases in their respective tariffs to offset fuel price increases should be denied.

5. The staff's fuel cost surcharge computations have been shown to be an appropriate basis to reflect the substantial increases in fuel costs that have occurred in recent months.

6. The staff recommended 59 cents per gallon increase be used for MRT 10; 61 cents per gallon increase for MRTs 8-A and 12-A; 63 cents per gallon for MRT 3-A; 64 cents per gallon for MRTs 7-A, 17-A, 18 and 20; 67 cents per gallon for MRT 14-A; and 55 cents per gallon for MRT 4-B. These recommended increases are reasonable bases for adjusting common carrier rates subject to this decision.

7. The fuel offset surcharges reflect the fuel increases referred to in Finding 6 and are reasonable and justified and should be adopted.

8. The following order has no reasonably foreseeable impact on the energy efficiency of highway carriers.

9. The proceeding in Case 5432, Petition for Modification 1042, et al. should be closed.

Conclusions of Law

1. The amendments to the petitions of CTA in Case No. 5432 (Petition 1042), et al. should be granted to the extent provided in the following order. To the extent not granted they should be denied.

2. The amendments to petitions of CTA in Case No. 5432 (Petition 1042), et al. requesting an increase in fuel surcharges for common carriers subject to Transition Tariffs 1-B, 2, 6-B, 9-B, 11-A, 13, 15 and 19 should be denied.

3. The cost offset increases authorized herein should be put into effect through the application of surcharges.

4. Since carriers are already paying the increased fuel costs, the order which follows should be made effective on the date hereof, and the surcharge supplements to the various MRTs should be made effective June 7, 1981.

5. For purposes of tariff distribution, the immediate surcharge amendments to MRTs 3-A, 4-B, 7-A, 8-A, 10, 12-A, 14-A, 17-A, 18 and 20 will be grouped according to general types of service in supplemental orders.

6. This proceeding should be closed.

IT IS ORDERED that:

1. Common carriers subject to the Public Utilities Act to the extent that they are subject also to Decisions Nos. 31606, 65834, 67766, 65072, 41363, 50114, 82350 and 55581, as amended, are denied without prejudice, the increases in petroleum-derived (fossil) fuel charges as proposed in the subject petitions.

C.5432, Pet. 1042, et al. T/FS

2. 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 the Commission's Minimum Rate Tariffs.

This order is effective today.

Dated MAY 19 1981 , at San Francisco, California.

 John E. Guyon
President
 Richard P. Healey
 James J. [unclear]
 Walter [unclear]
 Russell C. Grew
Commissioners

APPENDIX

TABLE SHOWING AMOUNT OF FUEL INCREASE BY PERCENT
AND CENTS PER GALLON MEASURED FROM DATUM PLANE IN EACH
OF THE MINIMUM RATE TARIFFS - CASE 5432, PET. 1042, ET AL.

<u>MRT Tariff</u>	<u>Cumulative Amount of Fuel Increase Allowed Through 7th Phase as of 2-26-80</u>	<u>Cumulative Percent of Rate Increases 3-22-80</u>	<u>Cumulative Amount of Fuel Increase Adopted on 9th Phase as of 5-5-81</u>	<u>Cumulative Percent of Rate Increases Adopted as of 5-5-81</u>	<u>Percent Increase This Decision</u>
7-A	0.52	9½%	0.64	11½%	2½%
17-A	0.52	9½%	0.64	11½%	2½%
20	0.52	10½%	0.64	12½%	2½%
4-B Hourly	0.43	1½%	0.55	1 3/4%	½%
Distance	0.43	3%	0.55	4	1 %
8-A LTL	0.49	7 3/4%	0.61	9 3/4%	2 %
TL	0.49	9½%	0.61	12	2½%
14-A	0.55	14%	0.67	17	3
18	0.52	13½%	0.64	16½%	3
3-A-Under 75 miles	0.51	8%	0.63	10	2
3-A over 75 Miles	0.51	13½%	0.63	16 3/4%	3½%
10	0.47	10 3/4%	0.59	13 ½%	2 3/4%
12-A	0.49	7½%	0.61	9½%	1 3/4%