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ORIGINAL

Decision No. 76627

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
into the rates, rules, regulations,
charges, allowances and practices of
all household goods carriers, common
carriers, relating to the transportation
of used household goods and related
property.

) Case No. 5330
) Petition for Modification
) No. 41
) (Filed August 20, 1969,
) Amended October 30, 1969)

(Appearances are listed in Appendix A)

O P I N I O N

In this petition, as amended, California Moving and Storage Association, Inc. seeks increases in the local hourly moving rates and accessorial charges for Territory C, as set forth in Minimum Rate Tariff No. 4-B.^{1/}

This matter was heard before Examiner Mallory on November 4 and 5, 1969, in San Francisco, and was submitted on the latter date. Evidence was presented by petitioner and the Commission staff.

The statewide local moving hourly rates were last adjusted pursuant to Decision No. 75995, dated September 13, 1969, in Case No. 5330, Petition No. 39. That decision contains the following findings and conclusions which are pertinent here:

^{1/} Territory C consists of all counties in the state, except the following: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, Humboldt, Del Norte, Mendocino, Fresno, Madera, Merced, Napa, Sacramento, Solano, San Joaquin, Stanislaus and Yolo.

"(Finding) 10. Procedures for the treatment of indirect expense and insurance expense in cost finding for minimum rate purposes is presently before the Commission in Case No. 5432, Petition No. 523, and related matters (Submitted May 7, 1969), and the subject matter of the Commission's letter to interested parties dated October 31, 1968 is specifically at issue in said proceeding.

"(Finding) 11. To the extent that the present minimum hourly rates for local household goods moving do not reflect the wage rates of drivers, helpers and packers prevailing on August 1, 1969, said minimum rates are, and for the future will be unreasonable and insufficient minimum rates.

"(Conclusion) 1. Minimum Rate Tariff No. 4-B should be amended to incorporate therein the minimum rates herein found to be reasonable.

"(Conclusion) 3. The findings and order herein should not be conclusive with respect to the treatment to be accorded indirect expense and insurance expense in cost finding by the so-called "offset" method; and, upon final decision in the proceeding designated Case No. 5432, Petition No. 523, et al, the Commission may on petition or on its own motion, reconsider herein treatment of indirect expense and insurance expense in accordance with such methods or procedures as may be prescribed in said decision, and may receive further evidence on said matters consistent with whatever determination is made in said decision."

Case No. 5432, Petition No. 523, et al, was concluded in Decision No. 76353, dated October 28, 1969. That decision describes three methods of treating indirect expense and the insurance portion of gross revenue expense in so-called "offset" minimum rate proceedings, depending on several factors including the nearness of time of the underlying full-scale cost study. The full-scale cost study underlying the current local moving rates is the study presented by the Commission staff as Exhibit 32-1 in Petition No. 32 in Case No. 5330 (Decision No. 73386, dated November 27, 1967). Subsequent off-set rate adjustments in local moving hourly rates were made in Decision No. 74678, dated September 17, 1968, in Case No. 5330, Petition No. 35, and Decision No. 75995, supra. As indicated above,

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Decision No. 75995 made no provision for offsetting indirect expenses or the cargo insurance portion of gross revenue expenses. The amended petition herein seeks an offset increase to give effect to increased labor and allied costs in Territory C, as contained in labor contracts concluded subsequent to the close of the record in Petition No. 39 and retroactively made effective on July 31, 1969, and to the indirect and gross revenue expenses related thereto. For the purpose of this petition, both petitioner and the Commission staff, in their development of increased costs have adopted the method described in Decision No. 76353, supra, as the Wage (Cost) Offset: "Indirect expense ratios established in the original full-scale cost study are applied to the up-dated direct costs determined for the wage offset adjustment. This method assumes that indirect expense items have, or will, increase proportionally with direct costs."

Studies measuring the percentage changes in costs from those set forth in the staff's Exhibit 39-4 in Petition No. 39 (Decision No. 75995) were presented by representatives of petitioner and the Commission staff. Petitioner's study uses a date for wage costs of July 31, 1969; the staff study uses a date of October 1, 1969. The results set forth in the two exhibits differ primarily because of the different approaches used by the witnesses in weighting labor costs. The record shows that the labor costs for Territory C considered in Petition No. 32 were based, in part, on carriers not subject to union labor agreements and, in part, on carriers subject to such agreements. The cost witness for petitioner testified that the labor costs in his study were developed by assuming that all carriers were subject to labor agreements, and by

weighting the wage costs set forth in the several local union contracts applicable in Territory C by the relative population of the districts in which said agreements are applicable. He further testified that the exact method used by the staff was not developed on the record in Petition 32, and that petitioner had been precluded in subsequent offset proceedings (until this proceeding) from cross-examining staff cost witnesses on the background of the staff cost exhibit presented as Exhibit 32-1. Therefore, the method adopted in its study appeared to petitioner to be the most reasonable alternate to the method used in the staff cost exhibit in Petition No. 32 and in subsequent staff exhibits in offset proceedings.

Both the witness for petitioner and the staff rate witness recommended that the current hourly rates and accessorial charges for local moving in Territory C be increased by the percentage increases in costs occurring since said rates were last adjusted.

The Commission finds as follows:

1. As of October 1, 1969, the prevailing labor costs of household goods carriers operating in Territory C, as described in Minimum Rate Tariff No. 4-B, have increased.

2. Prior decisions involving hourly rates and accessorial charges for local moving service have adopted the staff cost studies introduced in the proceedings therein as appropriate measures of the impact of increased wages and allied costs (Decisions Nos. 75386, 74676 and 75995).

3. It will be reasonable and appropriate in this proceeding to adjust the existing hourly rates and accessorial charges in Territory C by using the Wage (Cost) Offset method as described in Decision No. 76353.

4. The report of the Commission staff engineer (Exhibit 41-4) reasonably and appropriately measures the impact of the increased costs occurring since the hourly rates and accessorial charges in Territory C were last adjusted.

5. The rates suggested by the rate expert of the Commission staff set forth in Exhibit 41-4 reasonably and appropriately reflect said increases in the cost of transporting household goods and of accessorial services.

6. To the extent that the existing minimum hourly rates and accessorial charges in Territory C do not reflect the cost increases measured in Exhibit 41-4, said minimum rates are, and for the future will be, unreasonable and insufficient minimum rates for the services to which they apply.

The Commission concludes that Petition No. 41 should be granted to the extent provided by the order which follows, and that Minimum Rate Tariff No. 4-B should be amended to incorporate the minimum rates found reasonable herein.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff No. 4-B (Appendix C of Decision No. 65521, as amended) is further amended by incorporating therein, to become effective February 7, 1970, the revised pages attached hereto and by this reference made a part hereof, which pages are numbered as follows:

Ninth Revised Page 28

Ninth Revised Page 29

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2. In all other respects said Decision No. 65521, as amended, shall remain in full force and effect.

The effective date of this order shall be twenty-five days after the date hereof.

Dated at San Francisco, California, this 30th day of DECEMBER, 1969.

William J. Sycos - Jr
President

[Signature]

[Signature]

James L. Sturgeon
Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

LIST OF APPEARANCES

Petitioner: Wyman C. Knapp and Warren Grossman of Knapp, Gill, Hibbert & Stevens, and Charles A. Woelfel, for California Moving and Storage Association.

Respondents:

Jackson W. Kendall and William F. Goines, for Bekins Moving & Storage; Jacques Lange, R. L. Reeves, and Frank A. Payne, Jr., for Lyon Van & Storage Co.; Robert J. Menne, for U.C. Express & Storage; Thomas W. King, for Crockett's Van & Storage, Inc.; Margaret Dowd, for Dowd's Moving and Storage, Inc.; Jay Kramer, for James Transfer & Storage Co.; Quig M. Driver, for Stringer-Driver Moving & Storage Co.; Ralph E. Rose, for City Transfer & Storage Co.; Charles H. Mann, for Palo Alto Moving & Storage Co.; John J. Canova, for Canova Moving & Storage Co.; Charles W. Carlon, for C. A. Buck Moving & Storage Co.; A. L. Chipman for Chipman Van & Storage Co.; Robert R. Eisenberger, for Oakland Van & Storage; Jim Garvey, for Kozy Moving & Storage Co.; Jack Hussey, for Hussey's Moving & Storage, Inc.; Harold Jensen, for Modesto Transfer; F. Douglas Rideout, for Calmay Van Lines, Inc.; W. A. Sanburn, for Tri-City Van & Storage Corp.; Phil Shambough, for Phil's Transfer & Storage; Roger S. Stinson, for Owens Bros. Transfer & Storage; George E. Thomas, for Thomas Transfer & Storage Co., Inc.; Thomas R. Travers, for Western Van & Storage; Robert Shirk, for North American Van Lines, Inc., and Nocal, Inc.; Lloyd Walters, for Camelot Van & Storage; and Donald Winkowski, for Settles Van & Storage.

Interested Parties: John T. Reed, for California Manufacturers Association; and Tad Muraoka, for I B M Corporation and California Manufacturers Association.

Commission Staff: E. H. Burgess and Robert W. Stich.

SECTION 3--RATES (Continued)			ITEM														
RATES IN CENTS PER HOUR (1) (2) (Applies for Distances of 50 Constructive Miles or Less)																	
Unit of Equipment:	TERRITORY (3)			6330													
		A	B		C												
(a) with driver-----	1245	1120	1130														
(b) with driver and 1 helper-----	2200	1945	1950														
Additional helpers, per man-----	775	615	590														
Minimum charge—the charge for one hour.																	
(1) See Item 70 for application of rates. (2) See Item 95 for computation of time. (3) See Item 210 for territorial descriptions.																	
DISTANCE RATES IN CENTS PER PIECE (1) (2) (Applies to Shipments of Not More Than 5 Pieces for Distances of 50 Miles or Less)																	
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">FIRST PIECE</th> <th rowspan="3" style="text-align: center;">Each Addi- tional Piece</th> </tr> <tr> <th colspan="3" style="text-align: center;">MILES (3)</th> </tr> <tr> <th style="text-align: center;">Not Over 10</th> <th style="text-align: center;">Over 10 but Not Over 20</th> <th style="text-align: center;">Over 20</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">955</td> <td style="text-align: center;">1780</td> <td style="text-align: center;">2490</td> <td style="text-align: center;">330</td> </tr> </tbody> </table>			FIRST PIECE			Each Addi- tional Piece	MILES (3)			Not Over 10	Over 10 but Not Over 20	Over 20	955	1780	2490	330	340
FIRST PIECE			Each Addi- tional Piece														
MILES (3)																	
Not Over 10	Over 10 but Not Over 20	Over 20															
955	1780	2490	330														
(1) See Item 70 for application of rates. (2) Rates in this item will not apply to split pickup or split delivery shipments, or storage in transit privileges. (3) See Item 50 for computation of distances.																	
⚡ Change) ◊ Increase) Decision No. 76627																	
EFFECTIVE																	
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.																	
Correction 115																	

SECTION 3--RATES (Concluded)		ITEM
ACCESSORIAL RATES Rates in Cents per Man per Hour (1) (2) (3)		
Packing) Unpacking) Minimum Charge--the charge for one hour.	TERRITORY (4)	6350
	A B C	
	940 840 0845	
(1) See Item 70 for application of rates. (2) See Item 95 for computation of time. (3) Rates do not include cost of materials. (See Item 360) (4) See Item 210 for description of territories.		
RATES AND CHARGES FOR PICKING UP OR DELIVERING SHIPPING CONTAINERS AND PACKING MATERIALS		
1. In the event new or used shipping containers, including wardrobes, are delivered by the carrier, its agents, or employees, prior to the time shipment is tendered for transportation, or such containers are picked up by the carrier, its agents or employees subsequent to the time delivery is accomplished, the following transportation charges shall be assessed: (See Note 1) Each container, set up -----155 cents Each bundle of containers, folded flat-----155 cents Minimum charge, per delivery-----730 cents		
2. (a) Shipping containers, including wardrobes (See Note 2) and packing materials which are furnished by the carrier at the request of the shipper will be charged for at not less than the actual original cost to the carrier of such materials, F.O.B. carrier's place of business. (b) In the event such packing materials and shipping containers are returned to any carrier, participating in the transportation thereof when loaded, an allowance may be made to the consignee or his agent of not to exceed 75 percent of the charges assessed under the provisions of paragraph 2(a). NOTE 1.--If the hourly rates named in Item 330 provide a lower charge than the charge in paragraph 1 of this item such lower charge shall apply. NOTE 2.--No charge will be assessed for wardrobes on shipments transported at the rates provided in Item 330.		360
♂ Change) ◊ Increase) Decision No. 76627		
EFFECTIVE		
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.		
Correction 116		