

ORIGINAL

Decision No. 78476

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, highway carriers,)
 and city carriers, relating to the)
 transportation of used household)
 goods and related property.)

Case No. 5330
 Petition for Modification No. 56
 (Filed January 25, 1971)

Knapp, Gill, Hibbert & Stevens, by Wyman Knapp,
 Attorney at Law; and Charles A. Woelfel, for
 California Moving & Storage Association,
 petitioner.

A. L. Libra, by Tad Muraoka, for California
 Manufacturers Association; Tad Muraoka, for
 IBM Corporation; and Harmon E. Overmire,
 for United Technology Center Division of
 United Aircraft Corporation, interested
 parties.

James A. Nevil, for Nevil Storage Company, and
Robert C. Johnson, for Bekins Moving &
 Storage Co., respondents.

Robert W. Stich and Robert E. Walker, for the
 Commission staff.

O P I N I O N

In this petition 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 4-B.^{1/}

This matter was heard and submitted before Examiner Mallory
 on February 22, 1971, in San Francisco. Evidence was presented by
 petitioner and the Commission staff.

^{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.

The local moving hourly rates for Territory C were last adjusted pursuant to Decision No. 77194, dated May 12, 1970, in Case No. 5330, Petition No. 47. Petition No. 56 alleges that Decision No. 77194 predicated the rate increases provided therein upon prevailing labor and related costs of household goods carriers operating within Territory C as of April 1, 1970, and that as of April 1, 1971, there will be additional increases in labor and related costs of such consequence that the minimum hourly rates and accessorial charges in Territory C will be unduly and unreasonably low. The petition requests that increases be made in said rates to restore them to a reasonable and compensatory level.

Studies measuring the percentage changes in costs from those adopted as reasonable in Petition No. 47 (Decision No. 77194) were presented by representatives of petitioner and the Commission staff. The percentage increases in total costs, as developed by said witnesses, are the following:

	<u>Petitioner</u> (Exhibit 56-1)	<u>Staff</u> (Exhibit 56-3)
<u>Vehicle with driver and helper:</u>		
2-axle truck	6.42	4.0
Tractor and semitrailer	6.09	3.8
<u>Vehicle with driver:</u>		
2-axle truck	5.78	3.8
Tractor and semitrailer	5.27	3.5
<u>Labor:</u>		
Extra helper	19.93	5.0
Packing and unpacking	7.36	4.6

The results set forth in the two exhibits differ primarily because of the different methods used by the witnesses in providing

for increases in indirect expenses. The witness for petitioner used the so-called "Wage (Cost) Offset" method in the development of his cost study, whereas the staff cost witness used the so-called "Wage Offset" method. (See footnote 2, infra.) Petitioner's witness relied upon the finding in Decision No. 77194 that the "Wage (Cost) Offset" method was reasonable for the purpose of that proceeding, for the continued use of said method. The reasoning advanced by the Commission staff engineer for his use of the "Wage Offset" method does not justify a change in the method previously found reasonable.

A minor difference in the two cost studies results from the manner in which costs for extra helpers were developed. Petitioner's witness contended that the basic cost study introduced as Exhibit 32-1 in Case No. 5330, Petition No. 32, did not reflect wage contract provisions which require that casual labor be paid for a full eight hours, or if used for a lesser number of hours, at one and one-half the base hourly wage rate. The staff stated that consideration was given to this contract provision in the basic studies, inasmuch as the wage contract provision in issue was in effect at the time said study was developed.

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.

Discussion

Decision No. 77194 (supra) found that it was reasonable and appropriate in that proceeding to adjust the existing hourly rates and accessorial charges in Territory C by using the Wage (Cost) Offset method adopted in Decision No. 76627, dated December 30, 1969, Case No. 5330, Petition No. 41.

As pointed out in Decision No. 76735, dated January 3, 1970, in Petition No. 42 (involving household goods distance rates):

"...(T)he only material issue to be resolved herein is a determination of which of the cost methods described in Decision No. 76353 ^[2/] is appropriate in this proceeding.

That decision indicates (in Conclusion 1) that:

"Interested parties have the right to come before this Commission and the subsequent responsibility to assume the burden of proof as to any alleged changes in the cost factors underlying the established minimum rates; and, in the light of such alleged changes, recommend remedial cost off-set minimum rate adjustments. (Underscoring supplied.)"

In the proceeding leading to Decision No. 76735, California Moving and Storage Association, the petitioner, had sought to change the cost method previously found reasonable. The Commission stated in that decision that petitioner had not sustained the burden of showing that the existing method was inappropriate, and concluded, therefore, that no reasons had been presented to substitute a different method for adjusting distance household goods rates for the method theretofore found reasonable.

2/ Decision No. 76353, dated October 28, 1969, in Case No. 5432, Petition No. 523, and in several other related minimum rate proceedings (none of which involved household goods), set forth three appropriate methods of developing cost information for use in minimum rate offset proceedings, such as Petition 56 herein. The methods are described as (1) Wage Cost Offset, (2) Wage Offset, and (3) Direct Wage Offset. The first assumes that indirect expenses increase proportionately with direct costs; the second assumes that only those expenses included in the indirect expense ratios related to salaries and wages will increase proportionately with the increases in direct labor costs; and in the third, indirect expenses are held constant and no allowance for changes in indirect expenses is made in the cost offset adjustment in rates.

Our prior holdings in Decisions Nos. 76353, 76735 and 77194 require, in the absence of substantive reasons to support a change, that the Wage (Cost) Offset method heretofore found reasonable shall continue to be used herein. Petitioner introduced Exhibit 56-4 showing the modifications to the staff's Exhibit 56-3 to reflect the use of the Wage (Cost) Offset method. Said exhibit shows the following percent increases in total costs over those adopted in Decision No. 77194:

Vehicle with driver and helper:

2-axle truck	4.4
Tractor and semitrailer	4.1

Vehicle with driver:

2-axle truck	4.2
Tractor and semitrailer	3.7

Labor:

Extra helper	5.9
Packing and unpacking	5.3

It appears that the contract provisions concerning the manner in which extra helpers shall be paid have been in effect continuously since the development of the basic cost study in Exhibit 32-1. The record does not show that Exhibit 32-1 failed to give consideration to the contract provisions in question. Therefore, the increased costs measured in Exhibit 56-4, rather than Exhibit 56-1, should be used for extra helpers.

The cost increases measured in Exhibit 56-4 are reasonable for the purposes of this proceeding, and should serve as a basis for adjusting the Territory C hourly rates.

Findings and Conclusions

The Commission finds as follows:

1. As of April 1, 1971, the prevailing labor costs of household goods carriers operating in Territory C, as described in

Minimum Rate Tariff 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. 77194, 73366, 74676, 75995 and 76627).

3. It will be reasonable for the purposes of this proceeding to adjust the existing hourly rates and accessorial charges in Territory C by using the Wage (Cost) Offset method adopted in Decision No. 76627 and Decision No. 77194.

4. The cost finding system used in the report of the Commission staff engineer, modified to reflect the Wage (Cost) Offset method of providing for increased indirect expenses, as more specifically set forth in Exhibit 56-4, reasonably and appropriately measures the impact of the increased costs occurring since the Territory C hourly rates and accessorial charges were last adjusted.

5. The rates suggested in Exhibit 56-4 reasonably and appropriately reflect said increases in the cost of transporting household goods and of accessorial services. Said rates result in increases amounting to 4.2 percent for unit of equipment with driver, 4.35 percent for unit of equipment with driver and helper, 5.9 percent for extra helpers, and 5.3 percent for labor for packing and unpacking. Said rate increases are justified.

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 56-4, 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. 56 should be granted to the extent provided by the order which follows, and that Minimum Rate Tariff 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 4-B (Appendix C of Decision No. 65521, as amended) is further amended by incorporating therein, to become effective May 1, 1971, the revised pages attached hereto and by this reference made a part hereof, which pages are numbered as follows:

Twelfth Revised Page 28
Twelfth Revised Page 29.

2. Common carriers subject to the Public Utilities Act, to the extent that they are subject also to said Decision No. 65521, as amended, are hereby directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered herein.

3. Tariff publications required to be made by common carriers as a result of the order herein shall be filed not earlier than the effective date of this order and may be made effective not earlier than the fifth day after the effective date of this order, on not less than five days' notice to the Commission and to the public, and shall be made effective not later than May 1, 1971.

C. 5330 (Pet. 56) ds

4. 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 days after the date hereof.

Dated at San Francisco, California, this 30th day of MARCH, 1971.

Chairman

[Signature]
Dennis L. Sturgeon

[Signature]
Commissioners

Abstains

Abstaining Chairman

In the absence of statistics on operating ratio & with no explanation of the cost method utilized, I abstain from signing this order which is to a large extent a labor effort.

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

SECTION 3--RATES (Continued)				ITEM	
RATES IN CENTS PER HOUR (1) (2) (Applies for Distances of 50 Constructive Miles or Less)				330	
Unit of Equipment: (a) with driver ----- (b) with driver and 1 helper ----- Additional helpers, per man ----- Minimum charge—the charge for one hour.		TERRITORY (3)			
		A	B		OC
		1245	1120		1235
		2200	1945	2145	
		775	615	655	
(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)				340	
FIRST PIECE			Each Addi- tional Piece		
MILES (3)					
Not Over 10	Over 10 but Not Over 20	Over 20			
1025	1905	2665			
(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. 78476			
EFFECTIVE					
Correction 127		ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.			

MINIMUM RATE TARIFF 4-B

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)	350
	A B OC	
	940 840 950	
(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 agent, 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 ----- 170 cents Each bundle of containers, folded flat---- 170 cents Minimum charge, per delivery ----- 790 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.		360
(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.		
⚡ Change) ◊ Increase) Decision No.		
78476		
EFFECTIVE		
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.		
Correction 128		