

Decision No. 78593

ORIGINAL

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. 51  
(Filed July 28, 1970; Amended  
August 28, 1970 and  
November 18, 1970)

- 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

Interim Decision No. 77818, issued October 14, 1970, authorized increases of 5 percent in the Territories A and B hourly rates and accessorial charges and in distance rates and charges for the transportation of used household goods and personal effects. Said decision stated that public hearings would be scheduled to receive additional evidence and to consider rate scales appropriate to replace the interim surcharge.

Petitioner, California Moving & Storage Association, in its Second Amendment to Petition No. 51 filed November 18, 1970,

seeks increases ranging from 11.75 percent to 25.42 percent, in place of the interim surcharge applicable to Territories A and B hourly rates.<sup>1/</sup>

Public hearing was held and the matter submitted before Examiner Mallory at San Francisco on February 22 and 23, 1971. Evidence was presented by petitioner and the Commission staff.

The local moving hourly rates in Territories A and B were last adjusted on a permanent basis effective September 13, 1969, pursuant to Decision No. 75995, dated August 5, 1969, in Petition No. 39. Said decision indicates that the rate adjustment authorized therein reflects carrier wage costs as of August 1, 1969. The petition herein seeks to offset in the minimum rates the increases in carrier wage costs and fringe benefits occurring since August 1, 1969, pursuant to teamster labor contracts. The cost data presented by petitioner and the Commission staff reflect carriers' wages and related costs as of January 1, 1971. Petitioner and the Commission staff recommend that rates and charges be increased by the same percentage as the related operating costs have increased.

The principal issue presented herein is the method of treating indirect expenses in the development of adjusted costs. Decision No. 75995 (supra) contained the following conclusion:

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<sup>1/</sup> Territory A consists of the Counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara and a portion of Sonoma County.  
Territory B consists of the Counties of Del Norte, Fresno, Humboldt, Madera, Mendocino, Merced, Napa, Sacramento, Solano, San Joaquin, Stanislaus, Yolo, and the balance of Sonoma County.

"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, upon 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."

Decision No. 76353, dated October 28, 1969, in Case No. 5432, Petition No. 523, et al., found three cost offset methods to be acceptable, described therein as (1) Direct Wage Offset, (2) Wage Offset, and (3) Wage (Cost) Offset.<sup>2/</sup> That decision (finding 10) stated that the "selection and employment of any one of said methods . . . must be fully justified by relevant and competent evidence."

The witness for petitioner developed his offset cost study using the Wage (Cost) Offset Method. The Commission staff engineer used the Wage Offset Method.

Decision No. 76353 (supra) stated that the proximity in time of the offset proceeding to the proceeding in which the original full-scale cost study was introduced is an important consideration in determining which of the three offset proceedings is appropriate.

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<sup>2/</sup> The Wage (Cost) Offset Method assumes that indirect expense increases proportionately with direct costs; the Wage Offset Method 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 Direct Wage Offset Method, indirect expenses are held constant and no allowance for changes in indirect expenses is made in the cost offset adjustment in rates.

That decision also stated that initially the Wage (Cost) Offset Method is appropriate; then, as the time between the original and offset study becomes greater, the Wage Offset Method, and then the Direct Wage Offset Method becomes more appropriate. ✓

The record shows that the original full-scale cost study underlying Territories A and B hourly rates was introduced as Exhibit 32-1 in Case No. 5330, Petition No. 32, and said Exhibit was dated October, 1967. Exhibit 32-1 also underlies the Territory C hourly rates. In Decision No. 78476, dated March 30, 1971, in Case No. 5330, Petition No. 56, we found that the Wage (Cost) Offset Method is appropriate with respect to offset adjustments of Territory C hourly rates. The record herein contains no facts to show that a method different from that adopted in Decision No. 78476 would be appropriate herein.

The other issues raised herein by petitioner relate to the manner in which underlying wage costs were developed by the staff witness from carriers whose records were used to develop wage costs in Exhibit 32-1 and in the method of developing holiday and sick leave wage costs. The methods used by the staff in its study are reasonable.

#### Findings and Conclusions

The Commission finds as follows:

1. As of January 1, 1971, the prevailing labor costs of household goods carriers operating in Territories A and B 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.

3. It will be reasonable for the purposes of this proceeding to adjust the existing hourly rates and accessorial charges in Territories A and B by using the Wage (Cost) Offset Method adopted in Decision No. 78476 for Territory C hourly rates.

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, will reasonably and appropriately measure the impact of the increased costs occurring since the Territories A and B hourly rates and accessorial charges were last adjusted. Said method provides the following percentage-wise increases in costs:

	<u>Territory</u>	
	<u>A</u>	<u>B</u>
<u>Vehicle with driver and helper:</u>		
2-axle truck	15.2	9.1
Tractor and semitrailer	14.4	8.7
<u>Vehicle with driver:</u>		
2-axle truck	14.3	8.8
Tractor and semitrailer	13.0	7.9
<u>Labor:</u>		
Extra helper	17.5	4.2
Packing and unpacking	17.8	11.1

5. The existing 5 percent surcharge on the minimum hourly rates and charges applicable in Territories A and B should be cancelled and said rates and charges should be increased to the following levels (in cents per hour):

<u>Item No. 330 - HOURLY RATES</u>	<u>Territory</u>	
	<u>A</u>	<u>B</u>
Unit of Equipment:		
(a) With driver	1425	1220
(b) With driver and one helper	2530	2120
Additional helpers, per man	910	640
<u>Item No. 350 - ACCESSORIAL RATES</u>		
Packing or unpacking	1105	935

6. The rates set forth in finding 5 reasonably and appropriately reflect the increases in costs of transporting household goods and of accessorial services described in finding 4. To the extent that the existing minimum hourly rates and accessorial charges in Territories A and B do not reflect the cost increases described in finding 4, said minimum rates are, and for the future will be, unreasonable and insufficient minimum rates for the services to which they apply.

7. The increases resulting from the establishment of the minimum rates found reasonable herein are justified.

The Commission concludes that Petition No. 51 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 29, 1971, the revised pages and supplement attached hereto and by this reference made a part hereof, which pages and supplement are numbered as follows:

Supplement 13.  
Thirteenth Revised Page 28.  
Thirteenth 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 29, 1971.

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 20th day of APRIL, 1971.

William Sproule Jr. Chairman

Vernon L. Sturgeon

[Signature] Commissioners

Commissioner THOMAS MORAN

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Present but not participating.

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

SUPPLEMENT 13

(CANCELS SUPPLEMENT NO. 12)

(Cancels part of Interim Surcharge Supplement in Decision No. 77818 as indicated in the Cancellation Notice herein.)

(Part of Interim Surcharge Supplement in Decision No. 77818 not canceled herein and Supplement No. 13 contain all changes.)

TO

MINIMUM RATE TARIFF NO. 4-B

NAMING

MINIMUM RATES AND RULES

FOR THE

TRANSPORTATION OF USED PROPERTY, VIZ.:  
HOUSEHOLD GOODS, PERSONAL EFFECTS AND  
OFFICE, STORE AND INSTITUTION FURNITURE,  
FIXTURES AND EQUIPMENT OVER THE  
PUBLIC HIGHWAYS WITHIN THE  
STATE OF CALIFORNIA

BY

RADIAL HIGHWAY COMMON CARRIERS

HIGHWAY CONTRACT CARRIERS

AND

HOUSEHOLD GOODS CARRIERS

OO CANCELLATION NOTICE

The surcharge of 5 percent set forth in Interim Surcharge Supplement in Decision No. 77818 is canceled insofar as said surcharge applies to the Territory "A" and "B" hourly rates in Items 330 and 350 of this tariff.

o Increase )  
o Decrease ) Decision No.

78593

EFFECTIVE

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



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)

- (a) with driver-----
- (b) with driver and 1 helper-----
- Additional helpers, per man-----
- Minimum charge--the charge for one hour.

A	B	C
1425	1220	o 1235
2530	2120	o 2145
910	o 640	o 655

o330

- (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)

FIRST PIECE			Each Additional Piece
MILES (3)			
Not Over 10	Over 10 but Not Over 20	Over 20	
1025	1905	2665	355

340

- (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.

o Increase, except as noted )  
 o Reduction ) Decision No. 78593  
 o No change )

EFFECTIVE

Correction

ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA,  
 SAN FRANCISCO, CALIFORNIA

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
	OA	OB	C	
	1105	935	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. <b>78593</b>				
EFFECTIVE				
Correction		ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.		