

ORIGINAL

Decision No. 79911

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. 58
(Filed November 3, 1971)

Knapp, Gill, Hibbert & Stevens, by Wyman C. Knapp
and Warren N. Grossman, Attorneys at Law, and
Charles A. Woelfel, for California Moving &
Storage Association, petitioner.
Tad Muraoka, for IBM Corporation; and Jess J. Butcher,
by Tad Muraoka, for California Manufacturers
Association; interested parties.
Charles F. Gerughty and Robert W. Stich, for the
Commission staff.

O P I N I O N

In this petition California Moving & Storage Association seeks the establishment in Minimum Rate Tariff 4-B (MRT 4-B), effective January 1, 1972, of increases averaging 14 percent in the Territory A hourly rates and charges for household goods moving set forth in Items 330 and 350 of said tariff.

The petition states that the current minimum hourly rates for household goods moving in Territory A were established pursuant to the Commission's ex parte order in Decision No. 78801, dated June 15, 1971, in Case No. 5330, Petition No. 57.^{1/} Said decision authorized a surcharge increase of four percent in Territory A rates

^{1/} Territory A consists of the Counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara and a portion of Sonoma County.

and charges to reflect in said rates and charges the increases in drivers' and helpers' wage costs, effective July 1, 1971, pursuant to collective bargaining agreements between household goods carriers and Teamster Union locals in the Joint Council 7 area. Said decision indicated that effective January 1, 1972, household goods carriers will incur additional increases in wages pursuant to current collective bargaining agreements, and stated that in the intervening period between the issuance of said decision and January 1, 1972, petitioner proposes to present to the Commission for its consideration specific rates covering both the July 1, 1971 and January 1, 1972 wage increases so that the Commission may place into effect as of January 1, 1972 specific rates reflecting not only the basic wage increases but also allied cost increases including, among other things, indirect costs based upon the wage (cost) offset method adopted in Decision No. 78593, dated April 20, 1971, in Case No. 5330, Petition No. 51.

The petition herein was heard before Examiner Mallory at San Francisco on December 20 and 21, 1971, and submitted on the latter date. Evidence was adduced by petitioner and the Commission staff. No one appeared in opposition to the granting of the relief sought.

Representatives appearing for petitioner and the Commission staff presented cost exhibits designed to measure the increase in carriers' costs of operation resulting from increased wages, fringe benefits and payroll costs which will be in effect on January 1, 1972, as compared with corresponding costs of operations based on wage and payroll costs which became effective January 1, 1971.

The Commission staff agrees with petitioner that the minimum hourly rates in Territory A should be increased to offset the increases in carriers' costs. The issues in this proceeding concern the appropriate method of measuring these cost changes. The record contains proposed increased rates reflecting four different methods of cost development. Petitioner's proposal is based on its

cost calculations set forth in Exhibit 58-1. Said calculations employ the so-called "wage (cost) offset" method, as described in Decision No. 76353 (70 Cal.P.U.C. 277) and adopted by the Commission in Decision No. 78593 (supra). Said exhibit develops increased hourly wage rates and fringe benefits based exclusively on the Teamster Union contracts in the Joint Council 7 area, and arrives at weighted average wage rates based on the relative population of the areas where the local wage contracts are applicable.

The Commission staff proposal is based on its calculations of increased costs set forth in Exhibit 58-2. Said exhibit employs the so-called "wage-offset" method described in Decision No. 76353. To the extent that the staff witness could not verify changes in certain payroll taxes and in workmen's compensation insurance, he used the data set forth in the staff exhibit introduced in Petition No. 51 (Decision No. 78593, supra). The original full-scale study which underlies the offset studies introduced herein by petitioner and the staff was presented in evidence by a Commission staff engineer.^{2/} Said full-scale study used average driver and helper wage rates which reflect a composite of wage rates of union and non-union carriers operating in Territory A. The staff witness developed the hourly wage rates used in Exhibit 58-2 based on a composite of union wages effective January 1, 1972 and wage rates of non-union carriers which will be in effect subsequent to January 1, 1972.

Inasmuch as the Commission found that the wage (cost) offset method was appropriate in the last offset proceeding involving Territory A hourly rates in MRT 4-B, petitioner's witness adjusted the cost information developed by the staff in its Exhibit 58-2 to reflect the wage (cost) offset method. Said revision is contained in Exhibit 58-5.

^{2/} Exhibit 32-1 in Case No. 5330, Petition No. 32, decided by Decision No. 73386, dated November 21, 1967.

Petitioner's witness further adjusted the cost data in Exhibit 58-5 to reflect increases in state unemployment insurance, workmen's compensation insurance and wage rates and fringe benefits of certain non-union carriers. According to the witness the staff witness failed to adjust said costs because the information necessary to make such adjustments was not available at the time the staff studies were completed. The witness stated that he had made further investigations as recently as the last day of the hearing to determine the amount of increases in said costs effective January 1, 1972, or thereafter. The witness further revised the data in the staff cost study to reflect the cost information mentioned above.

Petitioner's witness also introduced evidence designed to show that the increases sought herein are consistent with the policy and guidelines established in connection with the National Economic Stabilization Program.

Petitioner's witness and a transportation rate expert from the Commission's staff recommended revised rates based on the cost data introduced herein. Petitioner's witness developed his proposed rates by increasing existing minimum rates by the same percentage that the related costs have been shown to have increased. This method has been followed by both petitioner and the staff in prior proceedings. The staff witness recommended that the rates be increased by the specific dollar amounts that related costs are shown to have increased, in order that no increase in profit factors will result. The staff witness relied upon several decisions involving offset increases in public utility bus, gas, electric and water rates.^{3/} The witness admitted that he had not read the cases cited in support of his proposal; therefore, he could not state how the facts in such cases relate to the facts adduced herein.

^{3/} Decision No. 71787, dated December 29, 1966, in Application No. 46892, involving Greyhound Lines; Decision No. 78973, dated July 27, 1971, in Application No. 52565 involving Pacific Gas and Electric Co. and similar proceedings involving Southern California Gas Co. and Southern California Water Co.

Findings and Conclusions

The Commission finds as follows:

1. The last offset adjustment of Territory A hourly rates was made by ex parte Decision No. 78801, dated June 15, 1971, in Case No. 5330, Petition No. 57. That decision indicates that only increases in direct costs were considered therein; and that further consideration of allied costs, such as indirect expenses and payroll taxes, would be considered herein.

2. The last proceeding involving Territory A hourly rates in which indirect expenses were considered was Decision No. 78593, dated April 20, 1971, in Case No. 5330, Petition No. 51. Said decision found that the cost finding system used in the staff report introduced in that proceeding, modified to reflect the Wage (Cost) Offset Method of providing for increased indirect expenses, reasonably and appropriately measured the impact of the cost increases occurring since the prior adjustment of Territory A hourly rates.

3. As of January 1, 1972, the prevailing costs of household goods carriers operating in Territory A as described in MRT 4-B will be further increased, because of increased wages, fringe benefits and payroll taxes. The increased wage and fringe benefits considered herein are those wages in union contracts and of non-union carriers effective January 1, 1972 or thereafter not requiring specific approval of the National Wage Board.

4. The specific cost data and methods utilized in the staff's Exhibit 58-3, modified to reflect (a) compensation insurance computed as 6.46 percent of hourly wage costs and (b) payroll taxes of \$653.20 per year for drivers and helpers and 9.8 percent of hourly wage costs for extra helpers, will be reasonable for the purposes of this proceeding. Such modification results in total costs per hour of \$14.36 for 2-axle equipment, \$15.50 for tractor/semi-trailer equipment, \$9.29 for extra helpers, and \$11.88 for packing and unpacking labor. The increases in costs over those adopted in Decision No. 78593 in Petition No. 51 are as follows:

2-axle truck	8.8%
Tractor/semi-trailer	8.2%
Extra helper	9.8%
Packing and unpacking labor	10.3%

(Decision No. 78801 established surcharge increases of 4 percent on rates established pursuant to Decision No. 78593.)

5. In light of the National Economic Stabilization Program and the desire of the Commission to maintain minimum rates at the lowest level consistent with the maintenance of an adequate transportation system, the Wage Offset Method of providing for indirect expenses as described in Decision No. 76353 (70 Cal. P.U.C. 277, at page 282) will be reasonable and appropriate for the purposes of this proceeding.

6. The Commission staff proposed that current rates be increased by the dollar amount of increased costs as measured in the staff cost studies, without provision for any increase in the profit factor contained in said rates. Said method of increasing rates was not supported by probative evidence and should not be adopted in this particular proceeding. The method used in prior proceeding will result in just and reasonable rates.

7. The minimum rates set forth in the tariff pages attached hereto will result in just, reasonable and nondiscriminatory minimum rates and charges, and the increases resulting therefrom are justified. Said increases average about 4.6 percent over the surcharge rates now in effect.

The Commission concludes that Petition No. 58 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 13, 1972, Supplement 16, Fourteenth Revised Page 28 and Fourteenth Revised Page 29, 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 said Decision No. 65521, as amended, are hereby directed to establish in their tariffs the increases necessary to conform with the further adjustment ordered herein.

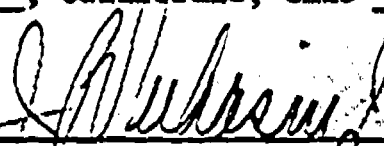
3. Tariff publications required to be made by common carriers as a result of the order herein shall be filed not earlier than the effective date of this order and shall be made effective not earlier than May 13, 1972, on not less than five days' notice to the Commission and to the public.

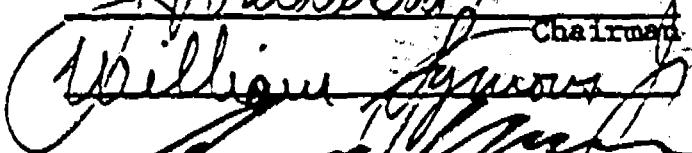
4. In all other respects said Decision No. 65521, as amended, shall remain in full force and effect.

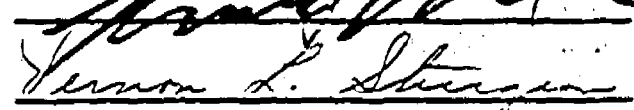
5. Appendix A attached to the decision constitutes the certification required by the Code of Federal Regulations.


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

Dated at San Francisco, California, this 17th
day of APRIL, 1972.



Chairman






Commissioners

APPENDIX A

Data Regarding Increases in Rates
for Certain Transportation Services
Performed by For-Hire Highway Carriers
within California

1. The increases averaging 4.6 percent in rates which are ordered by the decision to which this certification is attached apply to rates which the Cal. P.U.C. has heretofore established as minimum rates for the transportation of household goods locally within portions of six counties surrounding San Francisco Bay by for-hire highway carriers operating under reasonably efficient circumstances.
2. The increased minimum rates reflect cost conditions existing as of January 1, 1972. Said rate increases are cost-based and do not reflect future inflationary expectations.
3. Said rate increases are the minimum required to assure continued, adequate and safe service by carriers engaged in for-hire highway transportation of household goods within the aforementioned territory.
4. The dollar amount of the increased revenue which the increases in rates are expected to provide the carriers collectively is about \$387,500.
5. Said rate increases are not more than those sufficient to return to the carriers increases in operating costs which the carriers have experienced and which are not reflected in present minimum rates; hence, said rate increases:
 - a. Will not result in an increase in earnings which the Cal. P.U.C. has heretofore determined to be the minimum required to maintain adequate and safe transportation for the public.
 - b. Will not increase the carriers' overall rate of return on capital.
6. With exception of Paragraph 4 above, sufficient evidence was taken at public hearings held before the Cal. P.U.C. in connection with said rate increases to support the certification herein made, and that as to Paragraph 4, the amount therein stated is an estimate inasmuch as more specific information in this respect is not available.

SUPPLEMENT 16

(CANCELS SUPPLEMENT 15)

(SUPPLEMENT 16 CONTAINS ALL CHANGES)

TO

MINIMUM RATE TARIFF 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

APPLICATION OF SURCHARGES

(See Page 2 of This Supplement)

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EFFECTIVE

APPLICATION OF SURCHARGES

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 by the following percentages:

- (1) (a) 5 percent under the Territory B rates in Items 330 and 350;
- (1) (b) 10 percent under the remaining rates in the tariff.

The surcharge authorized herein shall be computed to the nearest 5 cents. In computing the surcharge, 2½ cents and 7½ cents shall be considered as being nearer to the next 5 cents.

EXCEPTION.--The surcharges herein shall not apply on charges resulting under:

- (A) Item 45
- (B) Note 1 of Item 110
- (C) Paragraphs (d) and (e) of Item 120
- (D) Item 187
- (E) Item 330 (Territories A and C only)
- (F) Item 350 (Territories A and C only)
- (G) Paragraph 2(a) of Item 360

- (1) Reissued from Supplement 15.

THE END

SECTION 3--RATES (Continued)				ITEM	
RATES IN CENTS PER HOUR (1) (2) (Applies for Distances of 50 Constructive Miles or Less)				6330	
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		C
		1550	1220		1235
		2740	2120		2145
		990	640	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			
			355		
(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.					
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div> Change) Increase) </div> <div> Decision No. 79911 </div> </div>					
EFFECTIVE					
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.					
Correction					

SECTION 3--RATES (Concluded)				ITEM
ACCESSORIAL RATES				350
Rates in Cents per Man per Hour (1) (2) (3)				
Packing) Unpacking)	TERRITORY (4)			
	OA	B	C	
	1220	935	950	
Minimum Charge--the charge for one hour.				
(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				360
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. (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. 79911				
EFFECTIVE				
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.				
Correction				