

Decision No. 80766**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 transporta-
 tion of used household goods and
 related property.

Case No. 5330
 Petition for Modification No. 61
 (Filed May 22, 1971)

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

Harold Jensen, for Modesto Transfer & Storage;
George Schultz, Jr., for Schultz Bros. Van &
Storage; R. L. Reeves, for Lyon Van & Storage;
Robert C. Johnson, for Bekins Moving & Storage
Co.; James A. Nevil, for Nevil Storage Co.;
Sam S. Blank, for Dependable Moving & Storage Co.;
Ralph E. Rose, for City Transfer & Storage Co.;
Gerald Cryderman, for CSMA Global Moving & Storage;
William Schulze, for Pacific Moving & Storage Co.;
Mae H. Bevan, for Bevan-Pearson Moving & Storage,
Inc.; Jim Garvey, for Kozy Moving & Storage; and
John J. Canova, Attorney at Law, for Canova Moving
& Storage Co.; respondents.

H. F. Kollmeyer and J. C. Kaspar, for California
Trucking Association; William W. Edmond, for Acme
Transfer & Storage; Jack Hussey, for Hussey's Moving
& Storage, Inc.; Claire A. Burnett and Robert F.
Burnett, for Bekin's Moving & Storage Co.; interested
parties.

William E. Roe and Charles F. Gerughty, for the Com-
mission staff.

O P I N I O N

This matter was heard July 18, 1972 before Examiner Thompson at San Francisco. Late-filed Exhibits 61-9, 61-10 and 61-11 of petitioner were received August 4, 1972. On August 13, 1972, the

Commission staff made written response thereto and notified the Commission and the parties that further hearings for the purpose of cross-examination regarding said exhibits would be unnecessary. The petition stands submitted as of August 18, 1972 and is ready for decision.

By this petition, California Moving and Storage Association requests increases in the local moving minimum rates set forth in Items 330 and 350 of Minimum Rate Tariff 4-B to reflect increases in costs within Territory B.^{1/} The Commission staff opposes the proposed increase in rates. The basic facts are not in dispute. Petitioner and staff disagree regarding the cost-finding and rate-making principles that should be considered in connection with said facts.

The present structure of local moving rates for three territories was established by the Commission in its Decision No. 73386, dated November 21, 1967. Exhibit 32-1 in said proceeding was the cost study upon which the rates were established. The method used in the development of said costs was by examination of expenses and performance of a sample of carriers within each of the three territories. Since 1967 there have been a number of adjustments in the local moving rates to offset changes in costs. Every one of said adjustments was based upon a recalculation of Exhibit 32-1 with the substitution of the changes in cost factors. The measurement of the known changes in cost factors was determined from the same sample of carriers considered in the development of Exhibit 32-1. The most recent adjustment in the local moving rates for Territory B was prescribed in Decision No. 78801, and said adjustment considered known changes in cost levels as of January 1, 1971.

^{1/} Territory B encompasses the Counties of Sacramento, Yolo, Merced, Stanislaus, Fresno, Madera, San Joaquin, Napa, Solano, Mendocino, Humboldt and Del Norte, and a portion of Sonoma County.

Since the aforementioned date there have been measurable changes in some of the cost factors considered in the last rate adjustment, including: increases in wages, fringe benefits, compensation insurance rates, payroll tax rates, and P.U.C. Transportation Rate Fund Fee; the application of the State Sales Tax to gasoline; and the establishment of a uniform business license tax.

One difference in the estimates of petitioner and the staff concerns wage rates and fringe benefits to be provided by carriers in Mendocino and Sonoma Counties. At the time of hearing a collective bargaining agreement between drivers and helpers and household goods carriers was being negotiated. In its development of costs petitioner utilized the offer dated July 13, 1972 of Redwood Employers Association, agent for the carriers, to General Truck Drivers, Warehousemen and Helpers Union, Local 980.^{2/} Staff in its development used the wage rates and benefits set forth in the prior contract between the drivers and employers. To the extent that a negotiated wage offer has not been approved by the Pay Board, or to the extent that in the case where a negotiated contract has not been agreed to by the parties but a firm wage offer has been tendered by the carriers, such amount, not to exceed the current Price Commission guideline for overall wage increases, may be included in the cost-of-service study (Rule 23.1, Commission's Rules of Procedure). The offer by Redwood Employers Association to Local 980 provides for a wage increase to drivers from \$4.35 per hour to \$4.70 per hour (8 percent increase), a wage increase to helpers from \$4.05 per hour to \$4.20

^{2/} Exhibit 61-2 herein is a copy of the June 15, 1972 proposal of Local 980 concerning a basis for negotiations for a renewed collective bargaining agreement. Exhibit 61-1 is a copy of a letter dated July 13, 1972, signed by the executive director of Redwood Employers Association, and addressed to the Secretary-Treasurer of Local 980, stating that a number of items set forth in the aforementioned proposal had been rejected by Redwood Employers Association and offering a counter proposal with respect to said items. The terms of the counter proposal together with the items of the Union's proposal which were not rejected comprise the basis of petitioner's estimates of changes in wages and fringe benefits for Sonoma and Mendocino Counties.

per hour (3.5 percent increase), and an increase in health and welfare premium contributions to \$47 per man per month to cover the cost of Plan "B" of Policy #1000. The general policy of the Price Commission in considering price increases is to limit the effect of increases in wages, including fringe benefits, to not in excess of 5.5 percent. There are exceptions to said general policy, but the record in this proceeding does not disclose whether the circumstances of the offer by Redwood Employers Association to Local 980 come within an exception to the general guideline. While the wage rates and other terms in the offer dated July 13, 1972 as set forth in Exhibit 61-1 herein should be considered in the adjustment of the minimum rates, the effect of those terms should be limited to an increase in labor cost of not in excess of 5.5 percent. As a practical means of adjusting the labor costs for Territory B, the wages of a driver for Local 980 will be considered to be \$4.589 per hour without consideration for additional fringe benefit costs, and the helper wage rate for Local 980 will be considered to be \$4.20 per hour, and the contribution for health and welfare for Local 980 helpers will be increased not to exceed the equivalent of 7.3 cents per hour.

In the development of direct costs per hour the staff reduced the labor cost by a productivity factor of 2.3 percent. The staff witness stated that the only basis for the application of said productivity factor is the productivity rates established by the Price Commission as guidelines for regulatory agencies. Appendix III of Part 300 of Title 6 of the Code of Federal Regulations

sets forth a productivity factor of 2.3 percent for the classification, "Trucking, Except Local". Such guideline by definition does not apply to local moving at hourly rates for distances not exceeding 50 miles. The rates under consideration here are hourly rates. Any gains in productivity respecting labor will be reflected in fewer hours to which the rates are to be applied. The application of a 2.3 productivity factor to costs in the instant case would be improper, inconsistent with the guidelines of the Price Commission, and would be unreasonable.

There are other minor differences in the estimates made by petitioner and by the staff. Those concern the rate for compensation insurance and the payroll taxes to be applied to extra helpers. The staff's method in the development of said estimates was the same as was used in the development of costs in Exhibit 32-1 and subsequent supplementary studies. The costs we will consider for the purpose of determining and fixing reasonable minimum rates in this proceeding will be those developed by using the format and cost factors in Exhibit 61-3 presented by the Commission staff, modified to give effect to wage increases for Local 980 as heretofore stated and further modified to eliminate the application of the 2.3 productivity factor. The weighted average increases in the costs so developed from the costs in Exhibit 51-3 (Rev), which exhibit was the basis for the last adjustment in the local moving rates for Territory B, have been calculated by the staff^{3/} and are set forth below:

^{3/} In any future proceeding involving increases in rates for Territory B to offset increases in costs, the calculations made pursuant to the said development of costs would become a necessary consideration. For that reason, the staff is directed, on the effective date of the order herein, to place in the formal file in this proceeding a copy of the calculations made in the aforesaid development of costs. Said document shall be incorporated as a part of the record in this proceeding as Exhibit 61-12.

TABLE I

Weighted Average Increases in Costs
of Performing Local Moving in
Territory B as of August 1, 1972

<u>Service</u>	<u>Increase</u>	
	\$	%
Driver and Helper	2.24	11.0
Driver Only	1.30	11.4
Extra Helper	0.63	10.4
Packing and Unpacking	1.17	13.0

Petitioner contends that the minimum rates should be increased by the percentage increases in costs. That is the manner in which adjustments in Territory B local moving rates to offset increases in costs have been made in the past. The staff's position is that the minimum rates should not be increased at all, but if the Commission determines that the rates should be increased to offset increases in costs, then the present rates should be adjusted only by the dollar amount of the cost increases. This is the manner in which adjustments in the local moving rates for Territory A were prescribed in Decision No. 20192, dated June 27, 1972, in Case No. 5330, Petition for Modification No. 59. In said decision the Commission held that the Federal Economic Stabilization program requires that rate increases be the minimum required to assure continued, adequate and safe service by carriers engaged in the transportation services covered by the rates in issue. It has been shown herein that there have been substantial increases in the costs of providing local moving service which the carriers cannot recover except in the form of increased rates. Petitioner has shown that the present minimum rates are unreasonable and inadequate to assure continued service to the extent that they do not provide for the recovery of the increases in costs. Whether or not the carriers are in need of additional dollars in the form of profit to assure

continued, adequate and safe service has not been shown. We are charged with the duty to authorize only the minimum increases necessary; accordingly, the increases in rates authorized herein should reflect the dollar amount of increases in costs.

We find that:

1. Minimum hourly rates for local moving and for packing and unpacking for Territory B have been established by the Commission in Items Nos. 330 and 350 of Minimum Rate Tariff 4-B.

2. Since the last adjustment of said minimum rates the carriers providing local moving service in Territory B have incurred increases in expenses in the following items of costs: wages to employees, contributions to health and welfare and pension funds, workmens compensation insurance, sales taxes on gasoline, Transportation Rate Fund Fees, uniform business license tax, which increases have been measured and the impact thereof is as set forth in Table I herein.

3. To the extent that the minimum rates for local moving do not reflect the increases in costs, said rates are, and for the future will be, unreasonable minimum rates and insufficient to assure continued, adequate and safe service by carriers engaged in the transportation services covered by the rates in issue.

4. The present rates increased by the dollar amount of the increases in costs shown in Table I in this opinion are, and for the future will be, the just, reasonable and nondiscriminatory minimum rates for the transportation of household goods and related articles for distances not exceeding 50 miles and for packing and unpacking in Territory B.

5. The increases in rates are cost-based, do not reflect any future inflationary expectations, are the minimum required to assure continued, adequate and safe service, and said increases are justified.

6. The increases do not reflect labor costs in excess of those allowed by Price Commission policies.

7. The rates to be increased are hourly rates and any future gains in productivity will be reflected in fewer hours to which the rates are to be applied. It has not been established on the record in this proceeding that there are any carriers who are willing and capable of providing service at the existing rate or rates.

8. A duly noticed public hearing was held in this petition at which all interested persons, or their representatives, were accorded full opportunity for participation.

9. It has not been shown by clear and convincing evidence that increases in rates in excess of the dollar amount of increases in costs are necessary to assure continued, adequate and safe service, to provide for necessary expansion to meet future requirements, or to achieve the minimum rate of return needed to attract capital at reasonable costs and not to impair the credit of the household goods carriers providing said services.

10. The adjustments in the hourly rates for Territory B, which will be prescribed herein, will result in total additional revenues of \$298,000 which amount represents an increase in revenues from transportation of household goods under Territory B minimum rates of 10.1 percent.

We conclude that the minimum rates should be adjusted to offset the dollar amount of increases in costs, that Minimum Rate Tariff 4-B should be amended as provided in the order which follows, and that in all other respects the petition of California Moving and Storage Association should be denied.

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 January 1, 1973, the supplement and revised pages attached hereto which supplement and pages are numbered as follows: Supplement 17 to Minimum Rate Tariff 4-B, Eighteenth Revised Page 28, and Seventeenth 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 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 January 1, 1973.

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

5. Except as otherwise provided herein Petition for Modification No. 61 is denied.

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

Dated at _____, California, this 7th day of DECEMBER, 1972.

Vernon L. Sturges
President
William J. Quinn

Thomas Moran
Commissioners
Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

L. J. J. J.
William J. Quinn
Commissioner

SUPPLEMENT 17

(CANCELS SUPPLEMENT 16)

(SUPPLEMENT 17 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,

PICTURES 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 ten (10) percent.

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
- (F) Item 350
- (G) Paragraph 2(a) of Item 360

THE END

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	OB	C	
	1620	1410	1310	
	2905	2450	2285	
	1030	735	695	
(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 Additional 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> <input checked="" type="checkbox"/> Change) <input type="checkbox"/> Increase) </div> <div> Decision No. 80766 </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			
Rates in Cents per Man per Hour (1) (2) (3)			
Packing) Unpacking) Minimum Charge--the charge for one hour.	TERRITORY (4)		
	A	o B	C
	1285	1095	1020
(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.			6350
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.			
80766			
EFFECTIVE			
Correction			
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA			