

ORIGINALDecision No. 82428

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. 74

(Filed September 13, 1973;
amended November 1, 1973)

Petition for Modification No. 75

(Filed September 18, 1973;
amended November 1, 1973)

Knapp, Gill, Hibbert & Stevens, by Warren N. Grossman,
Attorney at Law, and Charles A. Woelfel, for
California Moving & Storage Association, petitioner.
Mr. and Mrs. Dell E. Bevan, for Bevan Pearson
Moving & Storage, Inc.; Sam S. Blank, for
Dependable Moving & Storage Co.; Robert C. Johnson,
for Bekins Moving & Storage Co.; and James A.
Nevil, for Nevil Storage Co.; respondents.
Thomas Hays, Herbert W. Hughes, and Arlo D. Poe,
Attorney at Law, for California Trucking Association;
Tad Muraoka, for IBM Corporation and California
Manufacturers Association; and Robert A. Kormel,
for Pacific Gas and Electric Company; Interested
parties.
Clyde T. Neary and Charles F. Gerughty, for the
Commission staff.

O P I N I O N

The California Moving & Storage Association, Inc. seeks
labor cost offset increases in the hourly moving rates for Territories
A and B set forth in Items 330 and 350 of Minimum Rate Tariff 4-B
(MRT 4-B).^{1/}

- ^{1/} Territory A consists of the city and county of San Francisco and
the counties of Alameda, Contra Costa, Marin, San Mateo, Santa
Clara, and that portion of Sonoma County not included in
Territory B.
Territory B consists of the counties of Del Norte, Fresno,
Humboldt, Madera, Mendocino, Merced, Napa, Sacramento, Solano,
San Joaquin, Stanislaus, Yolo, and that portion of Sonoma County
not included in Territory A.

Petitions 74 and 75 were heard on a common record before Examiner Gagnon at San Francisco on November 12, 1973. The petitions were submitted subject to the receipt of petitioner's late-filed Exhibit 5 which was received November 19, 1973.

Petitions 74 and 75 (Costs)

Petition 74. The MRT 4-B hourly moving rates for Territory A were last increased effective September 6, 1973 pursuant to Decision No. 81708 dated August 14, 1973. The labor cost offset rate adjustments established by that decision were predicated upon projected labor costs effective generally as of January 1, 1973. Since that time the household goods carriers operating in Territory A have experienced further increases in their wage costs and allied payroll expenses. Studies measuring the percentage changes in the historical costs of record in Petition 67 (Decision No. 81708) were presented by petitioner and the Commission staff. The percentage increases in total costs, as developed by petitioner and the staff are:

TABLE 1

(Petition 74 - Territory A)

<u>Type of Service</u>	<u>Petitioner Exhibit 74-1</u>	<u>Staff Exhibit 74-4</u>	
	(a) %	(b) %	(c) %
<u>Vehicle with Driver & Helper</u>			
2-axle truck	5.12	4.92	6.25
Tractor, semitrailer	5.13	4.69	6.03
<u>Vehicle with Driver</u>			
2-axle truck	4.77	4.77	6.12
Tractor, semitrailer	4.86	4.38	5.74
<u>Extra Labor</u>			
Helper	6.93	2.11	3.46
Packing & unpacking	6.14	6.69	8.02

Wage Offset methods employed to compute indirect costs:

- (a) Wage (cost) Offset
- (b) Direct Wage Offset
- (c) Wage Offset

Petition 75. The hourly moving rates for Territory B were last revised effective January 1, 1973 by Decision No. 80766 dated December 5, 1972. The labor cost offset rate increases found justified in this decision were predicated upon up-dated wage costs and allied payroll expenses effective generally as of August 1, 1972. Since that time household goods carriers operating in Territory B have experienced further increases in their wage costs and payroll expenses. The labor cost offset studies presented by petitioner and the staff in this particular phase of the proceeding also measure the percentage changes in the historical costs of record in Petition 61 (Decision No. 80766). The percentage increases in total costs underlying the current Territory B hourly moving rates thus determined are:

TABLE 2

(Petition 75 - Territory B)

<u>Type of Service</u>	Petitioner Exhibit 75-1	Staff Exhibit 75-4	
	(a) %	(b) %	(c) %
<u>Vehicle with Driver & Helper</u>			
2-axle truck	5.65	4.38	5.55
Tractor, semitrailer	5.65	4.14	5.32
<u>Vehicle with Driver</u>			
2-axle truck	6.10	5.10	6.27
Tractor, semitrailer	6.07	4.62	5.82
<u>Extra Labor</u>			
Helper	3.09	1.98	3.27
Packing & unpacking	7.42	7.31	8.44

Wage Offset methods employed to compute indirect costs:

- (a) Wage (cost) Offset
- (b) Direct Wage Offset
- (c) Wage Offset

The petitioner's total up-dated costs per revenue hour are higher than the like cost computations of the staff. This is due primarily to the use of different labor cost factors in the basic historical cost studies of record as developed by petitioner and the staff. Additionally, petitioner and staff have not generally selected the same labor cost offset methods for determining increases in indirect expenses in subsequent labor cost offset rate increase proceedings. The petitioner's labor cost studies reflect only wage rates and related fringe benefits set forth in effective union labor agreements. The staff's labor cost computations, on the other hand, also reflect wage scales and fringe benefits of nonunion employees of certain household goods carriers. Such nonunion labor cost data were used by the staff in this proceeding even though the increases in nonunion wage rates were larger than the union wage increases in certain instances. Petitioner's sought relief, as amended on November 1, 1973, reflects the increase in vehicle registration fees of the household goods carriers which became effective December 1, 1973 pursuant to the enactment of Assembly Bill No. 505 on October 14, 1973. This latter cost increment was not included in the staff's up-dated cost data.

From Tables 1 and 2 hereof it will be noted that the witness for petitioner used the Wage (cost) Offset method for developing his labor cost offset studies. The staff, however, calculated its up-dated indirect expenses by the Wage Offset and Direct Wage Offset methods. Except for the inclusion (Wage Offset method) or exclusion (Direct Wage Offset method) of labor cost increases reflected in indirect expenses, the percentage differentials shown in Tables 1 and 2 constitute more of a ploy of percentages rather than any material difference in actual labor cost increases. This, of course, again highlights the inherent infirmity of the labor cost offset procedure as a method for adjusting minimum rates over an extended period of time.

Petition 74 and 75 (Rates)

The staff recommends that the hourly moving rates for Territories A (Petition 74) and B (Petition 75) be increased by only the actual dollar amount of change in direct labor as determined by the staff cost witness under the Direct Wage Offset method. This staff rate proposal does not reflect known increases in wage costs classified as an indirect expense in the historical cost data underlying the current hourly rates for Territories A and B. It also excludes consideration of any increase in indirect expenses other than labor. Increasing the current hourly moving rates by only the actual dollar amount of change in direct labor costs also avoids the possibility of increasing any mark-up in the existing hourly moving rates above full costs which is provided so that household goods carriers may have an opportunity to realize a reasonable margin of profit.

The staff rate witness explained that his recommended rate adjustment provides for an average increase of 4.3 percent over the present level of rates and is in full conformity with the Commission's Resolution No. A-4157 dated August 21, 1973.^{2/} The staff rate witness also indicates in his Exhibit 4 (Part Two) that under petitioner's rate proposal the estimated average increase in revenue would be 5.8 percent for Territory A and 5.6 percent for

^{2/} Resolution No. A-4157 provides, in part, as follows:

"BE IT FURTHER RESOLVED: That this Commission, in administering its responsibilities and duties in the establishment of just and reasonable rates and charges of public utilities and related transportation businesses, shall adhere to the spirit and goals of the Economic Stabilization Program in maintaining rate increases at the lowest level consistent with its Constitutional and statutory mandate."

Territory B. From these staff computations the conclusion may be drawn that the wage rate increases reflected in the rate proposals of both petitioner and the Commission's staff are within the suggested wage guideline of 6.2 percent of the Federal Cost of Living Council. The specific hourly moving rates proposed by petitioner and recommended by the staff are:

TABLE 3

MRT 4-B Territories A and B Hourly Moving Rates
(In Cents Per Hour)

<u>Territory A - Pet. 74</u>				
<u>Unit of Equipment</u>	(a)	(b)	(c)	(d)
With driver	1670	1750	1765	1745
With driver & helper	3000	3155	3180	3140
<u>Labor</u>				
Extra helper	1065	1140	1100	1085
Packing & unpacking	1330	1410	1435	1415

<u>Territory B - Pet. 75</u>				
<u>Unit of Equipment</u>	(a)	(b)	(c)	(d)
With driver	1410	1495	1490	1475
With driver & helper	2450	2590	2575	2545
<u>Labor</u>				
Extra helper	735	760	755	750
Packing & unpacking	1095	1175	1180	1170

- (a) Present rates
- (b) Petitioner's rate proposal - Wage (cost) Offset method
- (c) Staff developed rates - Wage Offset method
- (d) Staff recommended rates - Direct Wage Offset method

From Table 3 it will be noted that the hourly rates produced under the Wage (cost) Offset method are higher than the rates resulting under the Direct Wage Offset procedure. The hourly rates developed by the staff under the Wage Offset method are higher in certain instances than those proposed by petitioner. Labor offset rate increases computed under the Wage (cost) Offset method, however, should

be higher than the like increases in rates determined under the Wage Offset method since under the latter procedure all increases in indirect expenses other than labor are not considered. In Decisions Nos. 81708 and 80766 the Wage Offset method was found to be an appropriate basis for reflecting labor cost offset rate adjustments in MRT 4-B hourly moving rates for Territories A and B. No evidence was presented in this proceeding which would move the Commission to adopt a labor cost offset method different than the procedure found appropriate in prior labor cost offset proceedings. Adoption of the Wage Offset increases in MRT 4-B hourly moving rates for Territories A and B as developed by the Commission staff, modified so as not to exceed the level of rates proposed by petitioner, would be in conformity with the goals of the Federal Cost of Living Council and this Commission's Resolution No. 4157 dated August 21, 1973.

Findings

1. The Minimum Rate Tariff 4-B hourly moving rates for Territory A were last increased as of September 6, 1973 pursuant to Decision No. 81708 dated August 14, 1973. The hourly moving rates named in the tariff for Territory B were last revised effective January 1, 1973 by Decision No. 80766 dated December 5, 1972. The existing hourly moving rates for Territories A and B reflect household goods carriers' labor costs and allied payroll expenses in effect generally as of January 1, 1973 and August 1, 1972, respectively.

2. Since the last labor cost increases were reflected in the hourly moving rates for Territories A and B, the household goods carriers operating in these rate areas have experienced further substantive increases in their wage costs and allied payroll expenses. Such labor cost increases have not been reflected in the current level of hourly rates for Territories A and B.

3. The Wage Offset method described in Decision No. 76353 (1969) 70 CPUC 277 constitutes a reasonable and appropriate labor cost rate offset procedure.

4. The up-dated cost data set forth in the Commission staff Exhibit 4 (Part One) reasonably measures the general impact of the increased costs as of January 1, 1974 experienced by carriers operating in Territories A and B as described in Minimum Rate Tariff 4-B.

5. The cost evidence presented by both petitioner and the Commission staff reflects the repeal of the Board of Equalization tax effective June 30, 1973.

6. To the extent that the labor cost offset increases in the hourly moving rates for Territories A and B developed by the Commission staff under the Wage Offset procedure do not exceed the labor cost offset rate increases proposed by petitioner, such staff wage offset rate increases will reflect the impact of the labor cost increases shown to be justified herein.

7. The labor cost offset rate increases found justified in this proceeding will result in the just, reasonable, and nondiscriminatory minimum rates for the service to which they apply.

The Commission concludes that amended Petitions 74 and 75 should be granted as provided in the order which follows and Minimum Rate Tariff 4-B amended accordingly.

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 March 8, 1974, Twenty-first Revised Page 28 and Twentieth 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 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 shall be made effective not earlier than March 8, 1974, 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. To the extent not authorized herein Petitions Nos. 74 and 75 are denied.

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

Dated at San Diego, California, this 5th day of FEBRUARY, 1974.

Norman L. Sturgeon
President
William J. Quinn

[Signature]
[Signature]
Commissioners

Labaton
Richard J. Cummings

MINIMUM RATE TARIFF 4-B

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)			#330													
	OA	OB	C														
	(a) with driver----- (b) with driver and 1 helper----- Additional helpers, per man----- Minimum charge--the charge for one hour.	1750 3155 1100	1490 2575 755		1480 2610 800												
(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; vertical-align: middle;">Each Additional 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;">1025</td> <td style="text-align: center;">1905</td> <td style="text-align: center;">2665</td> <td style="text-align: center;">355</td> </tr> </tbody> </table>			FIRST PIECE			Each Additional Piece	MILES (3)			Not Over 10	Over 10 but Not Over 20	Over 20	1025	1905	2665	355	340
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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> No Change) Increase) </div> <div style="text-align: center;"> Decision No. 82428 </div> </div>																	
EFFECTIVE																	
<div style="display: flex; justify-content: space-between;"> <div>Correction</div> <div>ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.</div> </div>																	

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)			
	0A	0B	C	
	1410	1175	1195	ø350
(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----- 720 cents				360
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.				
ø Change) Increase) Decision No. 8242S				
EFFECTIVE				
Correction ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.				