

ORIGINAL

Decision No. 82849

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. 79
(Filed December 12, 1973; amended
January 23, 1974 and March 8, 1974)

Petition for Modification No. 82
(Filed December 28, 1973;
amended March 8, 1974)

Petition for Modification No. 83
(Filed December 28, 1973;
amended March 8, 1974)

(Appearances are shown in Appendix B)

O P I N I O N

In the captioned proceedings California Moving & Storage Association (CMSA) seeks authority to increase the hourly rates for the transportation of household goods and related articles as set forth in Items 330 and 350 of Minimum Rate Tariff 4-B (MRT 4-B).^{1/}

^{1/} Petitions 79, 82, and 83 relate to hourly rates applicable within Territories C, B, and A, respectively.

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.

Territory C consists of all counties in the State except: 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 petitions seek increases to offset higher labor and payroll costs which will be incurred by carriers since the rates were last adjusted, and to offset recent increases in fuel costs.

The Territory C hourly rates were last adjusted to offset higher labor and payroll costs pursuant to Decision No. 82249 dated December 18, 1973 in Petition 72 in Case No. 5330. The Territories A and B hourly rates were last adjusted to reflect increased wage and payroll costs pursuant to Decision No. 82428 dated February 5, 1974 in Petitions 74 and 75 in Case No. 5330. Decision No. 82453 dated February 5, 1974 in Case No. 5432 (Petition 780), Case No. 5330 (Petition 80), and related proceedings ordered that MRT 4-B be amended to provide that charges resulting thereunder shall be increased by three percent (except as to accessorial service charges), pending further order of the Commission. The interim three percent surcharge was established to offset the unprecedented increases in fuel costs incurred by highway carriers which were not reflected in the minimum rates. The petitions herein seek cancellation of the interim fuel surcharge concurrently with the establishment of the higher hourly rates sought in the petitions.

Public hearing was held in the captioned petitions on a common record before Examiner Mallory in Los Angeles on March 18 and 19, 1974. Petitions 82 and 83 were submitted at the conclusion of the hearing; Petition 79 was submitted upon receipt of late-filed Exhibit 79-5 of the Commission's staff. Evidence was presented on behalf of petitioner and the Commission's Transportation Division staff. No one opposed the relief sought.

A transportation analyst employed by California Trucking Association presented cost data and recommended rates on behalf of petitioner. Similar studies were presented on behalf of the Commission's Transportation Division by an associate transportation engineer and an associate transportation rate expert. The cost

studies presented on behalf of petitioner and the staff adjust the original full-scale cost studies used as a basis for the development of existing hourly rates in MRT 4-B to reflect current wages, payroll costs, weight fees, and fuel costs.^{2/} The offset cost studies differ in the following respects. Wage costs in petitioner's study are based entirely on wages and fringe benefits set forth in the various local union contracts applicable within Territories A, B, and C, whereas the staff study reflects the wages paid by both union and nonunion carriers; a different method is used to weight the several levels of wage costs to arrive at a composite figure for each territory; and a different method of providing for indirect expenses is used by each witness.

The basic cost study from which the existing hourly rates were developed was presented by the Commission staff in Petition 32 in Case No. 5330. That study reflects the wage costs of both union and nonunion carriers. Subsequent offset proceedings have adopted the level of costs shown in offset cost studies developed by the staff to provide a consistent basis for comparison with the original study. For that same reason the data set forth in the staff study introduced herein should serve as a basis for determination of the changes in labor and payroll costs since the last adjustment of the hourly rates.

^{2/} The wage costs are those which became effective April 1, 1974 for Territory C and which will become effective July 1, 1974 for Territories A and B.

Petitioner's cost study and the staff cost study differ also as to the level of fuel costs reflected therein. Petitioner and the staff rely upon the same document as the source of current fuel costs, the Monthly Runout for Goldenrod Report 521 (January 1974) prepared by the Transportation Division's Systems and Procedures Branch (Data Bank). Fuel costs for the month of January 1974 appear in that document in two separate places for operations under MRT 4-B. Petitioner selected the higher figure and the staff the lower figure as the bench mark for current fuel costs. The difference between the two figures is not sufficient to make a significant difference in the hourly rates resulting from this proceeding. The staff figure of 44.3 cents per gallon (including taxes) for gasoline will be reasonable for the purposes of this proceeding.

Petitioner and the staff also differ in the method of determining the amount of increased indirect expenses which should be included in the total costs developed for this proceeding. Petitioner's study is based on the Wage (Cost) Offset method described in Decision No. 76353 (1969) 70 CPUC 277. That method increases indirect costs by the same factor as was used in the original staff study. The staff cost witness developed costs for these proceedings using the Wage Offset method and the Direct Wage Offset method as described in Decision No. 76353, supra. The staff witnesses recommended that the Wage Offset method be used. That method provides for increasing that portion of indirect expenses that represents labor costs by the percentage increase that direct expense is increased. The staff cost witness testified that, based on an analysis presented in Exhibit 35-3 (introduced by the staff in Petition 35 in Case No. 5330), the proportion of labor cost considered to be included in indirect expense is 60 percent.

Petitioner urged that the factors are no longer present that were recited in Decision No. 80192 dated June 27, 1972 in Petition 59 in Case No. 5330 (unreported) as the basis for the adoption of the Wage Offset method in place of the Wage (Cost) Offset method. Therefore, the Commission should return to the use of the Wage (Cost) Offset method which provides higher rates.^{3/} Petitioner points out the Rule 23.1 of the Commission's Rules of Practice and Procedure, promulgated in response to the Federal Economic Regulations, has been rescinded and federal economic

^{3/} Decision No. 80192 reads, in part, as follows:

"Our prior holdings in Decision No. 78476, and decisions cited therein, were to the effect that, in the absence of substantive reasons to support a change, the 'Wage (Cost) Offset' method heretofore found reasonable should be continued to be used as the appropriate basis for adjusting Territory C household goods hourly rates. The Commission staff has introduced evidence in this proceeding that indicates that this holding should be modified, for the purposes of this proceeding, because 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. The lowest level of rates which will return all of the increases in costs (without provision for additional profit) are those set forth in Column D [Wage Offset Method] above. Therefore said rates should be established by the order herein."

controls on utility rates have been lifted. We do not concur.

Decision No. 76353 (70 CPUC 277 at 285) states as follows:

"Since the accuracy and reliability of cost offsets are highest when conducted within the proximity of the original cost and rate presentations, the precise method or mechanics for developing a cost offset at a given period of time might well vary according to the conditions and circumstances surrounding the transportation involved. Initially, the wage (cost) offset method employed by CTA might well prove to be completely satisfactory. However, as successive cost offsets are employed with the passing of time and the likelihood that new full-scale studies may be in the offing, the more restrictive wage offset method proposed by the staff or the direct cost offset procedure suggested as a guideline in the Commission's letter of October 31, 1968, may be the only appropriate methods to employ. The ultimate burden of proof as to the proper cost offset method to use in any given situation should rest, in the first instance, with the party presenting the cost offset rate proposal. The Commission should not rigidly harness itself to any single cost offset procedure for adjusting its minimum rates and thereby preclude the presentation of evidence in justification of other desired cost offset proposals."

The original staff studies which are offset in these proceedings were introduced as Exhibit 32-1 in Petition 32.

[Decision No. 73386 dated November 21, 1967 (unreported).] Because of the seven-year time span between the introduction of the original cost study in Petition 32 and the current offset study, the Wage (Cost) Offset method advocated by petitioner is no longer appropriate in the absence of other circumstances which would require the use of that method. Petitioner introduced no evidence to show that there are other reasons which require the use of the Wage (Cost) Offset method. In the circumstances, the Wage Offset method continues to be the appropriate method for the adjustment of hourly rates in MRT 4-B.

Petitioner showed that the prior adjustment of Territories A and B hourly rates (Decision No. 82428) had failed to give effect to an increase in weight fees amounting to approximately 10 cents per hour. Petitioner also showed that full effect was not given in the rate levels established therein to the changes in total costs measured by the staff cost study in that proceeding. In its Exhibit 82-3 petitioner portrayed the result of basing the current rate adjustment on rate levels which would have been in effect if the weight fees had been considered and if full effect had been given to the costs measured by the staff in the prior proceeding. That method of computing the rate increases, using cost data developed by the staff in this proceeding, will be reasonable for the purposes of this proceeding.

The cost data developed by the Commission staff for Territory C hourly rates did not include certain fringe benefit increases set forth in union agreements. Late-filed Exhibit 79-5 adjusted the staff cost data to reflect the current fringe benefit costs for Territory C. The cost data in that exhibit reasonably reflect the current operating costs of carriers providing service in Territory C and will be used for adjustment of Territory C hourly rates.

The following table sets forth the rates sought in the amended petitions herein, the rate adjustments proposed by the staff, and the rate adjustments found reasonable herein:

TABLE 1

Comparison of Hourly Rates Sought by Petitioner,
Rates Proposed by Staff, and Rates Adopted Herein

Unit of Equipment	Rates in Cents per Hour								
	Territory A			Territory B			Territory C		
	Pet.	Staff	Adopted	Pet.	Staff	Adopted	Pet.	Staff	Adopted
With driver	1865	1810	1825	1590	1570	1570	1605	1575	1575
With driver and one helper	3370	3310	3335	2740	2715	2715	2810	2670	2670
Additional helpers (per man)	1165	1170	1170	795	800	800	850	810	810
Packing and unpacking Labor	1505	1465	1490	1250	1235	1240	1295	1270	1270

Findings

1. The hourly rates for local transportation of household goods set forth in Items 330 and 340 of MRT 4-B were last adjusted as follows:

- (a) Territories A and B, effective March 8, 1974, pursuant to Decision No. 82428 in Case No. 5330 (Petitions 74 and 75).
- (b) Territory C, effective January 18, 1974, pursuant to Decision No. 82249 in Case No. 5330 (Petition 79).

2. The current Territories A, B, and C hourly rates reflect carrier wages and allied payroll costs as of January 1, 1974, and reflect fuel costs as set forth in the original cost study introduced in 1968 as Exhibit 32-1 in Petition 32 in Case No. 5330.

3. Since the rates in Items 330 and 340 of MRT 4-B were last adjusted, carriers operating under such rates have or will incur increased costs for wages and fringe benefits, payroll expenses, and for fuel which are not reflected in the current rates.

4. Petitioner and the Commission staff have introduced studies measuring the effect on total operating costs of the increased wages, fringe benefits, payroll expenses, and fuel costs referred to above. To provide a consistent basis of determining the difference in total operating costs from the prior proceeding to this proceeding the results set forth in the studies introduced by the staff will be reasonable and are adopted for the purposes of this proceeding. Those studies reflect fuel costs based on 44.3 cents per gallon (including applicable taxes).

5. Rate increases based on the percentage increases in total costs developed on the Wage Offset method described in Decision No. 76353 (1969) 70 CPUC 277 will result in just, reasonable, and non-discriminatory minimum rates, and the increases resulting from the establishment of such rates are justified. The specific rates found reasonable herein are those set forth in the columns headed "Adopted" in Table 1 of this opinion.

Conclusions

1. The amended Petitions 79, 82, and 83, filed by California Moving & Storage Association should be granted to the extent indicated above, and MRT 4-B should be amended as provided in the order which follows.

2. The preponderance of the increased wage and fuel costs applicable within Territory C are now in effect; therefore, the Territory C hourly rates should become effective as shown in the order.

3. The preponderance of the increased wage and fringe benefit costs applicable within Territories A and B will become effective July 1, 1974; therefore, the increased hourly rates for those territories should become effective July 1, 1974.

4. Concurrently with the effective date of the revised hourly rates, the interim surcharge increase established by Decision No. 82453, supra, should be cancelled with respect to Items 330 and 350 of MRT 4-B.

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 the supplement and revised tariff pages included in Appendix A, attached hereto and made a part hereof. Said supplement and tariff pages shall become effective on the dates indicated thereon.

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 June 2, 1974 with respect to Territory C hourly rates, and July 1, 1974 with respect to Territories A and B hourly rates, 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. 79, 82, and 83 in Case No. 5330 are denied.

The effective date of this order shall be May 28, 1974.

Dated at Los Angeles, California, this 7th
day of MAY, 1974.

William J. Sturgeon, Jr. President
Malcolm
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

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

C. 5330 (Pet. 79)

APPENDIX A

LIST OF SUPPLEMENT AND REVISED
PAGES TO MINIMUM RATE TARIFF 4-B

SUPPLEMENT 27

TWENTY-SECOND REVISED PAGE 28

TWENTY-FIRST REVISED PAGE 29

(END OF APPENDIX A)

SUPPLEMENT 27

Cancels

(Interim Surcharge Supplement and Order to this tariff in Decision No. 82453 insofar as it applies to Territory C rates and charges named therein effective June 2, 1974)

And Cancels

(Interim Surcharge Supplement and Order to this tariff in Decision No. 82453 insofar as it applies to Territory A and B rates and charges named therein effective July 1, 1974.)

(Supplements 18, 21, 24, 25, 26 and 27 and Interim Surcharge Supplement and Order to this tariff in Decision No. 82453 insofar as it applies to Territory A and B rates and charges named therein Contain All Changes in effect June 2, 1974)

And

(Supplements 18, 21, 24, 25, 26 and 27 Contain All Changes in effect July 1, 1974.)

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

Decision No.

82849

EFFECTIVE JUNE 2, 1974
(EXCEPT AS NOTED)

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)					330	
Unit of Equipment:	TERRITORY (3)					
	A		B			OC
	(4)	o (5)	(4)	o (5)		
(a) with driver-----	1750	1825	1490	1570		1575
(b) with driver and 1 helper-----	3155	3335	2575	2715	2760	
Additional helpers, per man-----	1100	1170	755	800	810	
Minimum charge--the charge for one hour.						
(1) See Item 70 for application of rates. (2) See Item 95 for computation of time. (3) See Item 210 for territorial descriptions. (4) Expires with June 30, 1974. (5) Effective July 1, 1974.						
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.						
✱ Change) ✱ Increase) Decision No. 82849						
EFFECTIVE JUNE 2, 1974 (EXCEPT AS NOTED)						
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.						
Correction						

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APPENDIX B

LIST OF APPEARANCES

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

Respondents: Frank A. Payne, Jr., for Lyon Moving & Storage Co.; Joe Hammer and Alfred P. Page, Jr., for Smyth Van & Storage Co. of Calif., Inc.; H. Don Robinson, for Blue Ribbon Van & Storage Co.; Robert C. Johnson, for Bekins Moving & Storage Co.; Carl Richardson, for Alexander Moving & Storage; M. J. Anderson, for Burbank Van & Storage Co.; George E. Strouse, for Citizens Transportation Co. of Riverside; Giles W. Stadler, for Torrance Van & Storage Co., dba S & M Transfer & Storage Co.; Jack Gaynor, for Rudds Transfer and Storage; Fred Nason, Jr., for Beverly Hills Transfer & Storage Co.; and Forrest F. Poore, for Circle North American Moving & Storage Co.

Interested Parties: Tad Muraoka, for IBM Corporation; Jess J. Butcher, by Tad Muraoka, for California Manufacturers Association; Ralph J. Staunton, for County of Los Angeles; and T. J. Hays and Herbert W. Hughes, for California Trucking Association.

Commission Staff: Clyde Neary and Charles F. Gerughty.