

Decision 90-09-052 September 12, 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
for the purpose of considering and )  
determining minimum rates for )  
transportation of used household )  
goods and related property statewide )  
as provided in Minimum Rate )  
Tariff 4-C and the revisions or )  
reissues thereof. )

Case 5330  
Petition for Modification  
123  
(Filed September 7, 1990)

O P I N I O N

Recent events in the Middle East, including the invasion of Kuwait by Iraq, have sent prices on world oil markets spiraling upwards. Prices have nearly doubled in the past few weeks, rising to levels as high as \$31 per barrel. This has had a serious impact on the transportation of used household goods and related property statewide.

During our August 29, 1990 meeting, while addressing this issue for other classes of carriers, we indicated our willingness to consider raising Minimum Rate Tariff (MRT) 4-C rates temporarily and solely to enable household goods carriers to recover the significant fuel cost increases caused by Middle East events. We invited these carriers to file formal petitions both requesting this action and justifying its need in a timely enough manner to allow us to consider action at our September 12, 1990 meeting.

On September 7, the California Moving and Storage Association, Inc. (CMSA) filed the above captioned petition in response to our August 29 invitation. By this petition, CMSA seeks an MRT 4-C hourly rate increase of 1.10% and an MRT 4-C distance rate increase of 2.47%. In support of its request, CMSA states that it has monitored the diesel and gasoline fuel costs experienced by movers and determined that the fuel costs paid by household goods carriers statewide increased by 33 cents per gallon

between August 1 and September 2, 1990. Petitioner proceeds to estimate the fuel cost related impact created since early August due to Middle East events by utilizing the MRT 4-C cost datum plane we established by Decision (D.) 87-01-066 and D.87-09-045. Using this datum plane, CMSA holds all cost elements contained therein constant except fuel. Substituting first its August 1, 1990 fuel cost value into the datum plane, and then its September 2 fuel cost, CMSA projects this 33 cent difference in fuel costs in its composite of total costs upon which MRT 4-C is based. The fuel cost values petitioner uses in its analysis are a result of actual carrier experience, and Transportation Division staff verified that these values appear to be a reasonable approximation for the purpose for which they are used. Assuming all costs underlying MRT 4-C except fuel cost have remained constant, CMSA's method approximates the impact of the Middle East crisis.

We recognize that fuel cost is but one element of total carrier operating cost and, to the extent that the other elements of operating cost being experienced by movers could be declining, the impact of increasing fuel cost may be mitigated to some extent.

We will grant interim MRT 4-C increases of the magnitude requested by petitioner only because events in the Middle East have created the need for us to act quickly on the basis of the best cost information presently available. We will implement interim increases of 1.1% for MRT 4-C hourly rates and 2.5% for MRT 4-C distance rates through the issuance of a tariff surcharge supplement, to expire November 9, 1990, unless cancelled prior to that date by further order.

We intend to schedule and conduct hearings prior to November 9, 1990, to further consider this petition and allow parties of interest in this matter opportunity to present any evidence they believe may more accurately identify the actual cost increases carriers subject to MRT 4-C are experiencing due to events in the Middle East.

Parties should not interpret this action we take today as an indicator of how we will treat rate increase matters of a more routine nature in the future. We take this action only because of

this crisis situation which caused unforeseen and significant increases in fuel costs.

Petitioner has requested ex parte consideration in its filing. Notice of the filing of the petition appeared in the Commission's Daily Transportation Calendar of September 11, 1990. No protest to the granting of the petition has been received.

Findings of Fact

1. Recent events in the Middle East have resulted in precipitous and unforeseeable fuel price increases associated with abnormal market conditions.

2. Some household goods carriers have reported that they are already paying significantly higher fuel prices.

3. Household goods minimum rate tariffs do not currently reflect the precipitous cost increases caused by this emergency.

4. Using the MRT 4-C datum plane established by D.87-01-066 and D.87-09-045, CMSA has calculated that the approximately 33 cents per gallon fuel cost increase related to the Middle East crisis has an approximately 1.1% impact on MRT 4-C hourly rates and an approximately 2.5% impact on MRT 4-C distance rates. CMSA's calculations appear to be a reasonable approximation of the impact of the Middle East crisis.

Conclusions of Law

1. Household goods carriers should be permitted to recover the increase in fuel costs experienced after August 1, 1990, due to the emergency in the Middle East by means of a minimum rate tariff surcharge supplement.

2. The fuel surcharge supplement described in Conclusion of Law 1 above should expire on November 9, 1990 or such earlier date that the Commission sets in the event that fuel prices decline to levels more nearly comparable to those existing before the fuel crisis.

3. The fuel surcharge supplement authorized by this order is justified only because of the current Middle East crisis.

4. It is appropriate to increase the rates in MRT 4-C on a temporary basis due to the unforeseen crisis in the Middle East.

O R D E R

IT IS ORDERED that:

1. Minimum Rate Tariff 4-C (Appendix D to Decision 87-01-066, as amended) is further amended by incorporating the attached Supplement 1 effective September 16, 1990.

2. This supplement shall expire November 9, 1990, or such earlier date that the Commission sets in the event that fuel prices decline to levels more nearly comparable to those existing before the fuel crisis.

3. A public hearing in this matter shall be held before an Administrative Law Judge of the Commission at a time and place to be determined, at which time and place all interested parties may appear and be heard.

4. The Executive Director shall serve a copy of this decision on each subscriber to MRT 4-C.

This order is effective today.

Dated September 12, 1990 at San Francisco,  
California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
PATRICIA M. ECKERT  
Commissioners

Commissioner John B. Ohanian,  
being necessarily absent, did  
not participate.

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY

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NEAL J. SHULMAN, Executive Director

**SURCHARGE SUPPLEMENT**

(E) SUPPLEMENT 1  
(Supplement 1 Contains All Changes)  
TO  
MINIMUM RATE TARIFF 4-C  
NAMING  
MINIMUM RATES AND RULES  
FOR THE  
TRANSPORTATION OF USED PROPERTY, NAMELY:  
HOUSEHOLD GOODS, PERSONAL EFFECTS AND  
OFFICE, STORE AND INSTITUTIONAL FURNITURE,  
FIXTURES AND EQUIPMENT OVER THE  
PUBLIC HIGHWAYS WITHIN THE  
STATE OF CALIFORNIA  
BY  
HOUSEHOLD GOODS CARRIERS

(E) ◇ APPLICATION OF SURCHARGE

Except as otherwise provided, compute the amount of charges in accordance with the rates and rules in this tariff, and increase the resulting total as follows:

1. By one and one-tenth (1.1) percent on charges computed at rates set forth in Item 320; and
2. By two and five-tenths (2.5) percent on charges computed at rates set forth in Items 300, 310, 330, 380 and 390.

The surcharge authorized herein shall be computed to the nearest five (5) cents. In computing the surcharge, two and one-half (2-1/2) cents shall be considered as being nearer to the next five cents.

(E) Expires no later than November 9, 1990

◇ Increase, Decision 90-09-052

EFFECTIVE SEPTEMBER 16, 1990

Issued by the  
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
Governor Edmund G. "Pat" Brown Building  
505 Van Ness Avenue  
San Francisco, California 94102