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Decision 90-12-091 December 19, 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Regulation of Used Household Goods Transportation by Truck.	))))	I.89-11-003 (Filed November 3, 1989)

ORIGINAL

(Appearances are listed in Attachment A.)

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INTERIM OPINION

I. Summary of Decision

This decision finds that minimum rate regulation for the transportation of used property (namely household goods, personal effects and office, store, and institutional furniture, fixtures and equipment--hereafter referred to as household goods) over the public highways by truck should be replaced with maximum rate regulation. Existing consumer protections plus service and safety requirements are retained and expanded. New consumer, service and safety measures include:

1. Maximum rates;

2. A written summary description of the move and rates to be charged provided to the shipper by the carrier performing the move no less than three days before the move begins on a new "Contract for Move" form;

3. A fully executed contract including a ceiling price no later than before the move begins on the day of the move;

4. A reduction of 30 percent from maximum rates for a carrier's failure to complete the crucial information on the new "Contract for Move" form, or use of the quoted rate, whichever is lower;

5. A requirement that the carrier must unload the shipment upon payment of no more than the ceiling price;

6. An increase in the basic valuation protection to $20,000, with valuation amount and cost separately stated on the contract;

7. An updated, renamed, and more readable "Important Information for Persons Moving Household Goods" booklet;

8. An assessment of $100 payable to the shipper by the carrier who performs the move if the carrier fails to provide the "Important Information for Persons Moving Household Goods" booklet when required;

9. A requirement that final charges may not exceed the amount of the estimate or ceiling price (except for valid change orders for service);

10. A reduction in the time from 120 days to 60 days that the carrier has to pay, decline to pay or make a firm compromise offer on loss and damage claims;

11. New safety fitness standards for household goods carrier applicants;

12. A pilot arbitration program offering shippers and carriers another method to resolve loss and damage disputes;

13. A refocused entry examination to test knowledge of the consumer protection aspects of the program (including maximum rates); and

14. Enhanced enforcement against illegal operators.

We will make the competition in this market not only vigorous but fair. Enforcement against illegal operators (both those without a permit and permitted operators not in compliance with the law and our regulations) will be priorities to ensure fair competition. A monitoring plan is ordered to track the impact on the industry of these changes.

Interim maximum rates will become effective in 120 days, at a level approximately 23 percent higher than the minimum rates in Minimum Rate Tariff (MRT) 4-C for distance moves and 26 percent higher than MRT 4-C rates for local moves. The new interim maximum rates are contained in the new Maximum Rate Tariff 4 (MAX 4). (See Attachment B.) Maximum rates are those fixed in the tariff, or may

be higher than the fixed level when one condition is met. The condition is that the carrier must provide the shipper a binding written estimate no less than ten days before the move and receive the shipper's consent to perform the move at that price. Further, the carrier must indicate the total dollar amount the estimate is above the total based on the maximum fixed rates in the tariff, and remind the shipper that he or she may get other estimates.[1]

A second phase of this investigation will be held to finalize the new MAX 4 maximum rates and our new regulatory program. (See Attachment E for a list of Phase II issues.) A prehearing conference on Phase II is set for 10:00 a.m. on January 31, 1991.

We direct Transportation Division (TD) to conduct public information meetings and workshops and prepare five reports and a brochure. (See Attachment F.) These items are:

1. Public information meetings and workshops conducted throughout the state to inform the public on the new maximum rate program, answer questions, receive comments, and discuss program implementation within 90 days;

2. A report at the conclusion of the workshops on matters covered and proposals advanced at the workshops;

3. A report on enforcement due in 90 days, with a follow-up report due one year later;

4. A report on assessing carrier performance (to potentially collect data for shippers' use as they consider carriers for a move) and consumer outreach measures (to inform consumers about their rights and responsibilities), with a preliminary report due in four months and the final due within three months after the conclusion of workshops;

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1 We recognize that the term maximum fixed rate is used in other contexts in the trucking industry. We use it here to describe the specific dollar prices published in the maximum rate tariff.

5. A brochure to explain our pilot arbitration program due one month after the arbitrator(s) is selected;

6. A report on arbitration programs due four months after the conclusion of our pilot arbitration program;

7. A report which monitors the impacts on the industry of our new program, with limited monitoring reports due quarterly and a comprehensive report due six months after data is collected covering two years of experience with our new program.

Finally, we note that this program is a maximum rate program with new and enhanced consumer protections plus service and safety requirements. The new rates are not intended to reflect the cost of any one carrier or the proper cost of any particular move. The maximum rates are not an endorsement that these rate levels are the proper levels to be charged. Rather, they are maximum rates which we adopt to prevent abuses of shippers. We expect the actual rates to be based on the costs incurred by the carrier for each move. The existing vigorous competition that we enhance by this decision will drive rates to the cost of the provider. The efficiency improvements and innovations that are made by creative carriers will allow them to lower their costs and lower their rates to capture more market share. As they lower rates, other carriers will be driven to adopt the same efficiencies and innovations to remain competitive. Therefore, we expect cost savings by carriers to be passed to their shipper-customers, all within the scope of the carriers making reasonable returns on their investments.

II. Background

It is necessary to have some familiarity with the history and current operation of this industry to understand the issues raised in this investigation. This will provide the context in which to put the changes we find necessary, along with the portions of our existing program we retain.

A. Brief History

The Commission has regulated for-hire trucking since 1917, when the Auto Stage and Truck Transportation Act was passed. During the 1930s the Commission established a system of minimum rates for regulated truckers. This regulatory scheme was designed to promote development of the trucking industry and moderate competition between trucks and railroads. It was, in large part, prompted by the instability of the transportation industry during the Great Depression. A minimum rate system specific to the transportation of used household goods was first established in 1936. (Exhibit 33.)

The household goods transportation market is a unique sector of the state's trucking industry, in that it is the only sector that deals directly with the individual California consumer. As a result, provisions emphasizing consumer protection have historically played a major role in the state's regulatory program for used household goods transportation.

In 1951 the California Legislature passed the Household Goods Carrier Act. The goals of this Act include securing just and reasonable rates, protecting consumers, and providing for adequate and dependable service. The Act contains specific carrier requirements concerning business ethics, operating ability and consumer protections, which are both implemented and enhanced by the Commission's General Orders and minimum rate tariff.

The household goods minimum rate system persisted with few changes or challenges until the 1970s (except for enhancements to consumer protections). (Exh. 8, pp. 66-70.) In 1974 the Commission on California State Government Organization and Economy--also called the "Little Hoover Commission"--issued a report on California's regulation of trucks. The report recommended, among other things, abolishing the use of minimum rates. (Exhibit 1, p. 3-6.) Parties to this proceeding dispute whether that recommendation applied to used household goods transportation.

In 1975 we announced our intention to move away from minimum rate regulation. We issued an Order Instituting Investigation (OII) in case (C.) 9963, in which we proposed that carriers file their own rates at any level, subject to protest from the public and Commission staff. At the request of industry, we dismissed C.9963 in 1977. We adopted investigations into reregulation conducted in the framework of on-going minimum rate proceedings by eight industry segments.[2] Since 1977 most minimum rates have been cancelled, with the exception of household goods, dump truck and livestock. (Exhibit 1, p. 3-7.)

B. D.83-05-033

On April 12, 1977, we issued Order Setting Hearing (OSH) 100 in C.5330 to investigate regulatory alternatives to minimum rates for the household goods carrier industry. By D.83-05-033, we found that MRT 4-B should be retained and updated. We found that there was little public support for any of the reregulation programs, while there was lack of support for change by the moving industry. We concluded that the basic goals of the reregulation advocates could be attained given the readily available deviation process and the guaranteed price option, and it was unnecessary to adopt a new regulatory approach at that time. MRT 4-B was retained, and parties were directed to review methodologies and data to present us with updated information.

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2 In 1977 by Decision (D.) 87047, we adopted these industry segments:

1.	General Commodities	MRT 1-B, 2, 9-B, 11-A, 15, and 19
2.	Agriculture	MRT 3-1, 8, and 14-A
3.	Dump Truck	MRT 7-A, 17-A, and 20
4.	Petroleum	MRT 6-B and 13
5.	Household Goods	MRT 4-B
6.	Cement	MRT 10
7.	Automobiles	MRT 12
8.	Trailer Coaches	MRT 18

After further hearing, we updated MRT 4-C in D.87-01-066 dated January 28, 1987. MRT 4-C became effective on March 15, 1987. As we discuss later in this decision, we find that these same conditions no longer exist nor argue in favor of the retention of a minimum rate approach to the regulation of household goods transportation.

C. Current Program

Our current program implements the Household Goods Carriers Act (Public Utilities (PU) Code §§ 5101 to 5320). This is done through MRT 4-C and General Orders (GO) 84-H, 100-L, 102-H, 124-C, 136-B, 139, and 142. We not only apply minimum rates through our program, but we implement requirements for entry, maintain continuous overview of operations, enforce against improper or illegal operations of both permitted and unpermitted carriers, provide for consumer protections, and require carriers to meet minimum service and safety standards.

1. MRT 4-C Tariff Structure and Rates

MRT 4-C establishes price floors and contains rules for application of the rates. Carriers may charge rates at or above the minimum rate level (with some exceptions noted in MRT 4-C where they may charge the established rate, but not above or below that rate). Carriers may charge rates below MRT 4-C levels only after obtaining formal approval from the Commission.

MRT 4-C is divided into four sections:

Section 1: Rules
Section 2: Regions and Territories
Section 3: Rates
Section 4: Forms and Documents

a. Rules: Section 1 defines technical terms and contains numerous rules. Rules establish the rates as minimums (with some exceptions). Rates are not to be charged at any rate lower than specified. Rules are also provided for rates that apply when no estimates are given; computing time and distance; weighing; dealing with the public (e.g., use of fictitious names; advertising

standards; requirement to distribute "Important Information For Shippers" booklet); handling loss and damage claims; dealing with inability to make deliveries; penalties for late pickup and delivery; making estimates; making changes to ordered services; payment of penalties for underestimate of charges; using specific forms and documents; valuation of shipments for loss and damage claims; flight and long carry charges; split pickup and delivery charge computations; storage-in-transit; light and bulky items (e.g., automobiles, boats, hot tubs, gliders); and more.

b. Regions and Territories: Section 2 defines two regions for distance moves (Regions 1 and 2). Section 2 also defines three territories for application of local moves (Territories A, B, and C). Local moves are those of 50 constructive miles[3] or less.

c. Rates: Section 3 contains the minimum rates for distance, local, and piece moves. (Piece moves are for five pieces or less and for 50 constructive miles or less.) Distance rates are charged in dollars per hundred pounds per mile. Local rates are charged in dollars per hour, and piece rates in dollars per piece per mile. Hourly and piece rates may be applied only to transportation of 50 constructive miles or less. Distance rates may be applied to all transportation. If two rates are named for the same transportation, the lower rate applies. Section 3 also contains rates for accessorial services (e.g., packing, unpacking, container charges, charges to pickup and deliver containers, and packing materials), and distance rates to or from storage facilities.

d. Forms and Documents: Section 4 contains minimum documentation requirements on model forms. Forms include those

3 Constructive miles are physical miles adjusted to reflect varying road conditions.

used for estimates; change orders; report of underestimates and penalties; confirmation of shipping instructions and rate quotations; shipping order and freight bill; and the "Important Information for Shippers" booklet.

2. General Orders

Eight GOs direct specific operations of household goods carriers:

GO 84-H : Rules governing collection-on-delivery shipments and moneys collected.

GO 100-L: Insurance requirements.

GO 102-H: Subhaulers (hiring, payments, bonding requirements, and equipment leases)

GO 124-C: Filing of annual reports.

GO 136-B: Cargo insurance, valuation, and loss and damage rules.

GO 139 : Handling of loss and damage claims.

GO 142 : Equipnent, facilities and employee standards.

3. Entry, Overview, and Enforcement

Commission administration and enforcement begins when a carrier applies for a permit and continues with the carrier's operations.

a. Entry Requirements

Before being granted authority to operate as a household goods carrier, an application must be submitted to the Commission and the applicant must pass an examination. The application must demonstrate adequate resources are available to meet working capital requirements for the first 45 days of operations. Additionally, a profit and loss worksheet must be tendered showing estimated operating revenues and costs in a period designated by the applicant from 90 to 360 days. The Commission must refuse to issue a permit if the applicant or any officer, director, partner or associate has committed any dishonest or

fraudulent act, any act that would be grounds for suspension or revocation of a permit, misrepresented any material fact on the application, or has committed a felony or crime involving moral turpitude.

The examination covers MRT 4-C and relevant General Orders. A score of 80% is needed to pass the test. Separate tests are given for the three operations that a carrier may conduct: (1) local and piece hauls of 50 miles or less; (2) distance hauls and (3) subhauling.[4] The test covers rules and regulations the carrier must know (e.g., rates, estimates, claims procedures). If the person tested leaves the employment of the company, or is not readily available at the carrier's location, another employee must take the test.

Further, a carrier must file certificates of liability and cargo insurance.[5] Both liability and cargo insurance must be in force at all times the carrier is in operation. The insurance cannot be cancelled on less than 30 days notice. When such notice is received, the staff advises the carrier that operating authority will be suspended upon cancellation of coverage. The carrier must cease operations by the

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4 Carriers with other permits--such as general freight carriers--are allowed to subhaul household goods without taking the test, although Commission District Offices give the test to new applicants planning to subhaul household goods.

5 Minimum coverages:

$250,000 injury or death to an individual;
$500,000 injury or death to all persons;
$100,000 property damage;

Alternately, a $600,000 combined single limit liability insurance is permitted.

Further, cargo insurance of no less than $20,000 must be held.

effective date of the insurance cancellation, and the carrier's operating permit is revoked 90 days thereafter, unless the coverage is restored.

b. Overview and Enforcement

Carriers with gross operating revenue of $500,000 or more are required to file an annual report. Commission staff periodically conducts audits of carrier operations to confirm and enforce compliance with our rules and regulations.

In addition, the Commission receives and acts on complaints. The Commission can enforce Commission rules and regulations when the complaint involves administrative matters (e.g., failure to pay the $100 per day fee for late pick-up or delivery beyond the specified dates; collection of charges greater than 10 percent above a written estimate). When no administrative violations are involved, staff may assist with informal dispute resolution. If informal means fail, the shipper is advised to pursue another course of action (e.g., civil court for loss and damage claims).

4. Consumer Protections

Many consumer protections have been added over the years. Consumer protections include aspects of the entry requirements; our "Important Information for Shippers" booklet; and rules on estimates, valuation, insurance, clean and appropriate equipment, trained and sober employees, fitness to serve, ethical business practices, presentation by the carrier to the public, disclosure of information, documentation, loss and damage claims procedures, storage-in-transit, and penalties for carrier delays in pickup and delivery.

The entry application and examination provide consumer protection by restricting entry to carriers with minimum insurance coverage, adequate cash flow, reasonable forecast of profitable operations, and basic knowledge about our regulatory program and requirements. In addition, a license may be denied if an applicant

or any officer, director, partner or associate of the carrier has committed an act of dishonesty or fraud, an act that would be grounds for suspension or revocation of a license, misrepresented any material fact on the application, or committed a felony or crime involving moral turpitude.

Another consumer protection measure is the requirement that carriers provide shippers a copy of the "Important Information for Shippers" booklet. This booklet provides an overview of the rights and responsibilities of the shipper and carrier. It provides information on how to select a carrier and obtain estimates. It contains a discussion of packing, weighing the shipment, delivery arrangements, claims filing, general liability issues and limitations on the carrier's liability. Valuation and storage-in-transit provisions are discussed and the Commission's district offices are listed.

Carriers are not required to give an estimate, but if a carrier does not, shippers are free to do business with a carrier that will. If the carrier provides an estimate, MRT 4-C specifies that the estimate must be in writing only after visual inspection of the goods to be moved. If the final charges exceed the written estimate, the amount charged cannot be more than 10% above the original estimate (plus the cost for valid change orders for service). If a shipper wants additional services, a "Change Order for Services" form must be prepared and signed by both parties. Underestimating subjects a carrier to penalties (since the current program is based on no carrier charging less than the minimum rate).

Shippers are provided valuation protection for loss and damage at a rate of $0.60 per pound without charge. Unless the shipper expressly releases the shipment at this coverage, the shipment is deemed released to $2,500 for local and piece moves, and a lump sum value of $1.25 per pound times the weight for distance moves. Alternatively, the shipper may state any amount of

coverage he or she wishes. Additional charges apply for valuations above $0.60 per pound. The shipper may purchase full replacement value coverage for higher charges.

Carriers are required to carry insurance as specified above under entry requirements. Carriers' equipment is required to be clean and free of vermin and debris. Carriers are required to make a reasonable effort on hourly moves to determine the proper size equipment (to avoid multiple trips), and the shipper is free of extra driving time charges if the carrier does not make this reasonable effort or provide the equipment once the determination is made. Carriers are required to employ only trained and experienced drivers and helpers (except during on-the-job training with adequate supervision), and these persons shall not be under the influence of alcohol, liquors, narcotics or habit-forming drugs unless prescribed by a physician.

Carriers are required to disclose their name, address and Commission identification number on all stationery, shipping documents and related forms to ensure that shippers can always identify and locate carriers. Carriers are prohibited from misrepresenting their rates or services in any way. Specific rules govern advertising through handbills, newspapers, and the telephone book. Minimum documentation requirements are specified by the Commission to provide shippers some measure of comparability between carriers and adequate information on the actual move. The Commission does not resolve loss and damage claims, but the carrier is required by the Commission to respond to written claims for loss and damage within 30 days, and either pay, decline to pay or make a firm settlement offer within 120 days. If the claim cannot be settled in 120 days, the carrier is required to notify the shipper every 30 days of the status of the claim and reasons for delay, with a copy to the Commission.

Further consumer protections are provided in our storage-in-transit provisions. Shippers are allowed one-time

storage-in-transit for up to 90 days before final delivery. The storage-in-transit is subject to separate minimum rates.

Finally, when a shipper requests and the carrier agrees to specific dates for pickup and delivery (noted on the appropriate documents) but the carrier is unable to meet these dates, the carrier is required to pay the shipper $100 per day for every day past the agreed pickup date and every day past two days beyond the agreed delivery date.

5. Service Standards

The current program contains provisions for the level of service carriers must provide to shippers. These include provisions for delays in pickup or delivery, delays due to destination location not being ready (e.g., new home not ready to occupy), and loss and damage claims procedures and claim settlement service charges. Other service provisions govern the specific services a carrier may offer with a move. These include rules on packing; appliance service; rigging, hoisting or lowering services; split pickup and delivery; and storage-in-transit. Services in addition to transit are provided at either specific fixed or minimum rates.

6. Safety Standards

The current program requires an applicant for a household goods carrier permit to list all drivers and their license numbers so the Commission may verify the information. The applicant must also certify that the trucking equipment will be maintained in good repair and will be operated in a safe and lawful manner.

The Commission cooperates in several programs operated by the California Highway Patrol (CHP) in which applicants for any kind of carrier operating authority must participate. First is the Management Information System of Terminal Evaluation Records (MISTER) program. Household goods permit applicants must complete a carrier profile form. The form asks for information regarding the carrier's operating authorities, commodities transported and

information about the carrier's terminal, driver and vehicle records. Each carrier is assigned a CHP carrier number which is used to identify all records of that carrier. The records are updated with information regarding any changes to the carrier's operation, citations or accidents.

A second CHP program is the Biennial Inspection of Terminals (BIT). This program applies to all registered owners, lessees, licensees or bailees of specified kinds of vehicles who operate or direct the operation of such vehicles. The terminal is any place where the vehicle maintenance and inspection records and the driver records are kept and where vehicles may be inspected. The CHP requires that all carriers submit a representative sample of the fleet for inspection. The sample number varies according to the size of the operation, but the sample is never less than 10 percent. If the carrier's operations present an imminent danger to public safety, or if a terminal repeatedly fails to pass inspection, the CHP may recommend that the Commission suspend the carrier's operating authority. The Commission is required by law to suspend the operating authority upon receipt of such a recommendation.

D. 1988 En Banc Informational Hearings

The Commission held en banc informational hearings in March 1988 on the conditions in the for-hire trucking industry, including household goods transportation by truck. Positions on our regulation ranged from support to severe criticism. Nearly all the parties, including those supportive of the present minimum rate program, agreed that the program could benefit from some modification. Some argued for more enforcement of current regulations, and only minor modifications of the present program. Others stated that minimum rates harm consumer interests in a naturally competitive market and that current minimum rates are so high that average consumers cannot afford to use regulated carriers. They argued that the current method of regulation may be

impeding, rather than promoting, consumer protection, including the opportunity to be served at the lowest reasonable rates.

The outcome of the household goods segment of the en banc proceeding was basic disagreement on the effects of the minimum rate program, the ways to improve consumer protection, and the state of the moving industry. We were convinced that further review of our household goods program was warranted. Therefore, we issued this Order Instituting Investigation.

E. Brief Description of the Current Household Goods Market

Finally, to give some context of the actual market, this section briefly describes the current number of carriers, moves, revenues, and market shares.

There are 1,293 permits issued by this Commission authorizing intrastate transport of used household goods as of March 31, 1990. (Exhibit 45.) An estimated 700 to 800 permit holders are active carriers. (Exhibit 1, p. 4-8.)

There are an estimated 525,000 to 550,000 California intrastate moves carried by licensed household goods carriers annually. (Tr. 24:2834.) Total industry revenues in 1989 were about $250 million to $330 million (Tr. 10:1224; 24:2835), with the average cost per move about $550 to $600 (Tr. 10:1238). Nationally, household goods carriers move only an estimated 15% of local moves, and 18% of intrastate distance moves, for an average of 16% of all intrastate moves. (Exhibit 24, Table 1 (moving company plus combination moves); Tr. 22:2636.) While the precise national figures may not be exactly those for California, in California as across the nation the vast majority of all intrastate moves are self or self with rental equipment moves.

Unlicensed, illegal carriers are a significant problem according to repeated testimony of nearly all CMSA and moving industry witnesses, including many of the public participation witnesses. It is possible that unlicensed carriers are classified

within the moves transported by carriers (Tr. 10:1226; 22:2635), but they may also be classified as part of the self or self with rental moves. No good estimates are available about the market share of illegal carriers. (Tr. 10:1225; 24:2833.)

An estimated 83.6% of hourly moves and 95.0% of distance moves in 1988 were charged at the minimum rates contained in MRT 4-C. (Exhibit 30, p. 6.) The remaining moves were priced at rates above the minimum. The vast majority of moves are still priced at minimum rates.

III. Procedural History

This OII was issued on November 4, 1989. The OII presented a framework for the comprehensive review of Commission objectives and their implementation in connection with regulation of used household goods transportation by truck. Parties were invited to comment through written testimony on the current program, and to present concrete suggestions for program changes, if any.

The Commission's goal is to protect the public interest. Specific objectives for household goods transportation regulation are: consumer protection, economic efficiency, adequacy of service, highway safety, and administrative feasibility. We invited testimony on all issues to do with our regulation of used household goods transportation by truck, and specifically on 39 questions in Appendix A to the OII. These specific questions covered the areas of regulatory objectives and issues, consumer protection, economic efficiency, adequacy of service, highway safety, administrative feasibility, and subhauling.

Three prehearing conferences were held to determine the schedule and establish procedural ground rules. Nine Administrative Law Judge (ALJ) Rulings were issued on several

matters, including the addition of four questions to be addressed in testimony (in addition to the 39 questions listed in the OII).

At the direction of the ALJ, statements of position were served with the prefiled direct testimony on March 2, 1990. Prehearing briefs on the legal issues of the investigation were served on March 23, 1990. Rebuttal testimony was served March 30, 1990.

Twenty-nine days of hearings were held between April 5 and May 30, 1990 before ALJ Burton W. Mattson, including five public participation hearings (held in Fresno, Sacramento, San Francisco, San Diego, and Van Nuys). Fifty-seven exhibits were received sponsored by 22 witnesses. The public participation hearings were specifically set after the serving of prefiled testimony so the public could view and comment on the positions of the active appearances. This approach was successful. Two hundred fifty statements were received at the public participation hearings, largely from parties who were unable to participate actively in the full evidentiary hearings. The 29 volumes of transcripts total 3,232 pages. The investigation was submitted for decision on June 29, 1990 upon receipt of concurrent briefs. The proposed decision of the ALJ was mailed on October 10, 1990.

Two threshold motions were made the first day of hearing, with one renewed in the concurrent briefs. Since these motions determine whether we proceed with the case, and what evidence we will consider, we will address these motions now. A motion made by the Division of Ratepayer Advocates (DRA) after hearings began was renewed in its concurrent brief (June 29, 1990). Three motions were made after the release of the ALJ's proposed decision. We will address these motions in turn.

A. Teamsters: Motion to Dismiss

First, the California Teamsters Public Affairs Council (Teamsters) moved that the proceeding be dismissed as an unconstitutional violation of the due process rights of regulated

carriers. (Tr. 1:12.) Teamsters argued that regulated carriers have the right to see and respond to a formal proposal for regulatory change presented by the agency recommending the change. No formal proposal was advanced by the Commission in the OII, leaving the carriers no way of knowing what they face, according to Teamsters. Teamsters moved for dismissal.

The ALJ denied the motion. We concur. Our procedures provide for the Commission instituting an investigation on its own motion, and concluding the investigation by taking actions within our jurisdiction.

B. CMSA: Motion to Exclude DRA and Freeze Use of TRF Monies

Second, CMSA moved to exclude DRA from participation in this investigation. CMSA further moved to freeze DRA use of Transportation Rate Fund (TRF) monies to either advocate deregulation or to advocate regulation that is adverse to Sections 5102, 5191, and 5195 of the Public Utilities (PU) Code. (Tr. 1:17-21.) CMSA argued that PU Code § 309.5 statutorily created DRA to represent "public utility customers and subscribers." Household goods carriers are not public utilities, and the Household Goods Carriers Act supersedes the Public Utilities Act (PU Code § 5112). CMSA asserted that use of monies to advocate deregulation of household goods carriers is prohibited under PU Code §§ 5001, 5001.5, and 5005. The motion to exclude DRA's participation is further based upon DRA's alleged misuse of TRF monies under PU Code §§ 5001, 5001.5, and 5005.

The ALJ denied the motion made at hearing. We affirm the ALJ's ruling.

CMSA renewed the motion to exclude DRA from this investigation in its concurrent brief (June 29, 1990).[6] CMSA also requested that we take official notice--and argues that we are required to take official notice--that DRA's participation is funded, at least in part, by TRF monies.

We deny the renewed motion of CMSA to exclude the evidence presented by DRA from this investigation and take notice that DRA's participation was funded, at least in part, by TRF monies. Nothing in PU Code § 309.5 limits DRA's activities to just public utilities, nor any type of transportation cases. In D.89-12-026 we found that DRA, at our direction, represents consumer interests in Commission proceedings. (Finding of Fact 14.) We concluded as a matter of law that DRA, as Commission staff, has standing in all proceedings before the Commission. (Conclusion of Law 2; emphasis added.) Nothing presented here changes our position on DRA's role.

C. DRA: Exclude as Evidence the Entire Direct and Rebuttal Testimonies of CMSA's Witness Rubin

DRA filed a motion on April 18, 1990 to strike the entire prepared direct and rebuttal testimonies of CMSA's witness Rubin. DRA argues that Rubin's testimonies are legal interpretations and opinions on statutes and case law, properly included in CMSA's statement of position and/or legal briefs, but not as prepared evidentiary testimony. Further, DRA asserts that the testimony is argumentative rather than factual, and is cumulative and repetitive. Finally, according to DRA, CMSA's inclusion by

6 The concurrent brief is submitted by CMSA, Bekins Moving and Storage Company (Bekins), and Dennis Transfer, Incorporated (Dennis). References to the CMSA concurrent brief throughout the decision are meant to also include Bekins and Dennis.

reference of Rubin's entire testimony in its prehearing brief on legal issues demonstrates that Rubin's testimony is actually legal argument.

CMSA responds by observing that DRA does not challenge Rubin's qualifications as an expert witness. CMSA points out that the ALJ's question 43 asked "...can the Commission legally decline..." (ALJ ruling dated February 14, 1990). The answer clearly calls for a witness qualified to offer a legal opinion, according to CMSA. Further, CMSA points out that it told the ALJ at the first prehearing conference CMSA may have expert witnesses on the scope and ramifications of the new statutory law created by Senate Bill (SB) 210. The ALJ welcomed that testimony, according to CMSA.

CMSA also argues that Rubin's rebuttal addresses the DRA direct showing. Rubin shows, according to CMSA, that DRA's not addressing the removal of a key phrase in the new PU Code § 5191 from the prior § 5191 is a weakness and failure in the showing of DRA. CMSA says it will bill the Commission an estimated $7,000 if Rubin's testimony is stricken, since Rubin was asked to present testimony on behalf of CMSA after the ALJ's February 14, 1990 ruling. CMSA argues that striking Rubin's testimony would be reversible prejudicial error, that CMSA is considering filing an interlocutory appeal to the Commission if the testimony is struck, and that a rejection by the Commission to reverse an adverse ALJ ruling might be appealed to the Supreme Court, which would delay this investigation.

The ALJ ruling allows Rubin's testimony. (Tr. 13:1567.) The ALJ indicated that the material presented by Rubin should be available to the Commission. Therefore, the only issue is the vehicle (e.g., testimony or brief). If Rubin's testimony is mixed fact(s) and legal argument, we should err in favor of insuring the material gets before the Commission and is not excluded. We affirm the ALJ's ruling.

DRA's Concurrent Brief renews DRA's motion to exclude as evidence the entire testimony of Rubin. DRA argues that Rubin failed to qualify himself as an expert and that nothing in his testimony is evidence.[7] DRA claims cross-examination revealed Rubin has no personal knowledge of the drafting of SB 210 (Tr. 19:2336), and that he relied on his reading of the Legislative Counsel's Digests and CMSA's prehearing brief on the legal issues, as well as discussion with CMSA's counsel Hegarty. These were his only sources for preparation (legal research and Hegarty; Tr. 19:2337), according to DRA, and DRA claims Rubin did not qualify himself as an expert based on special knowledge, skill, or experience.

Further, DRA argues that CMSA hopes the Commission will give greater weight to Rubin's material because it was presented as evidence. DRA argues that this is bad precedent for Commission proceedings. If allowed, this will lead to a parade of lawyers testifying as experts on the law and burdening the record, as well as usurping the Commission's own role as interpreter of the law. DRA moves to strike the entire testimony of Rubin, but does not oppose incorporating Rubin's testimony as part of CMSA's concurrent brief.

We decline to strike Rubin's testimony and incorporate it in CMSA's concurrent brief. The debate is again one of vehicle, not substance. We find there are very few items in Rubin's testimony that might be called facts. Nonetheless, we will consider any facts presented by Rubin as evidence and consider his considerable legal discussion as legal argument as if presented in

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7 According to DRA:

"'Evidence' means testimony, writings, material objects, or other things presented to the senses that are offered to prove the existence or nonexistance of a fact." (California Evidence Code Section 140.)

CMSA's brief. We do not expect to see this ruling lead to a parade of lawyers testifying as legal experts, but will be watchful of this should it be abused.

D. CMSA Motion to Dismiss

CMSA filed a motion to dismiss on October 5, 1990. CMSA argues that PU Code § 311 requires the ALJ proposed decision to be issued no later than 90 days after the matter has been submitted. The ALJ proposed decision was mailed 103 days after submission. CMSA asserts that the 90 days is mandatory and that the Commission loses jurisdiction over the subject matter of the proceeding for failure to comply. On October 25, 1990, CMSA filed a memorandum of points and authorities in further support of its motion.

The CMSA motion is denied. PU Code § 311 is directory, but does not provide that the Commission loses jurisdiction to issue a decision if the time limit is exceeded.

E. CMSA Motion to Extend Comment Period

Rule 77.2 provides that parties may file comments on the proposed decision of the ALJ within 20 days of its date of mailing. A party may request an extension and with that request must show that the benefits of an extension outweigh the burdens of the delay.

On October 24, 1990, CMSA filed a motion requesting an extension of time. On October 25, 1990 an Assigned Commissioner's Ruling was issued granting an extension for the filing of comments to November 9, 1990, with reply comments due by November 14, 1990.

F. DRA Motion to Accept Late-Filed Reply Comments

On November 20, 1990 DRA filed a motion that its reply comments be accepted late. DRA's motion is granted.

G. Comments and Decision

This matter is now ready for decision based upon the extensive and thorough record which has been developed. We have carefully considered the ALJ's proposed decision and each and every comment and reply comment filed by the parties.

1. Changes Made

We make modifications to the ALJ's proposed decision as summarized here based on our review of the comments. First, we have modified the procedure for completing the "Contract for Move." While we will require that the contract be completed and to the shipper no less than three days before the move begins, we will not require that it include the ceiling price. The carrier must provide a written summary of what the move will and will not include (based upon conversations with the shipper), the rates (including separately stated rates for valuation, as discussed below), the carrier's signature and the date, no less than three days before the move begins. Basically the carrier must simply put in writing what the carrier has been told and has promised the shipper. The carrier may mail or in any other convenient way get the document to the shipper. But the carrier need not undertake an on-site inspection of the goods before the move.

In fact, the ceiling price requirement as we see it would not necessarily cause the need for an on-site pre-move inspection. Rather, the carrier might add a margin for error in developing the ceiling price. If the actual hours or weights times the rates produces a lower total cost, the ceiling price would not control the outcome. We expect carriers to be innovative and creative, and believe such carriers could function reasonably without unnecessary costs even with a requirement for a ceiling price no less than three days before the move begins. Nonetheless, we will relax the requirement for the interim, and explore it further in Phase II.

The carrier and shipper are therefore certain to avoid the costs of a separate trip for an on-site inspection (unless an estimate is being made under item 108 of MAX 4.) We still require that before the move begins on the day of the move, the carrier must commit to a ceiling price (subject to valid change orders), again sign and date the contract, and obtain the shipper's signature.

Second, we modify the "Contract" to require valuation charges to be separately stated. Valuation charges will be assessed against the valuation declared by the shipper. If the shipper does not make a declaration, the valuation will be assumed to be $20,000. Valuation rates are included in the maximum fixed rates, plus we will allow up to $126 to be separately charged for valuation up to $20,000.

Third, we allow minimum charges to be levied (e.g., minimum hours, weights, packing material charges) as long as the minimums are stated in writing on the contract no less than three days before the move begins. Fourth, we eliminate the need for each carrier to provide a copy of the "Important Information" document to each shipper when the shipper has already received one from another carrier (confirmed by shipper signature on a release form). Fifth, we adjust and add to issues for the Phase II investigation.

Sixth, we delay implementation from January 1, 1991. We will make the effective date of the new maximum rate program 120 days from the date of this order. Since the decision was not issued when originally expected, we delay the prehearing conference for Phase II until January 31, 1991. But we do not delay it any further because we are eager to begin Phase II in order to get comments and feed back from the industry and other interested parties prior to implementation.

Seventh, we direct Transportation Division to conduct public informational meetings throughout the state. These meetings are to cover the new maximum rate program, and be concluded within 90 days of the date of this order.

Finally, various other minor substantive and procedural changes as well as clarifications and typographical corrections are made to the ALJ's proposed decision as needed.

2. Other Comments

a. Decision not Based on Record

We received comments from some parties that the proposed decision is not based on the record. We find that both the ALJ's proposed decision and our decision are supported by the record. We address a few of the specific comments as examples.

(1) Interim Maximum Rates

Our adoption of interim maximum rates is based on the recommendations of the parties. We could have simply converted minimum rates to maximum rates with an automatic index and easy deviation process, as recommended by CMA. We do not. CMSA testified that maximum rates should be set 10% above minimum rates if the Commission sets maximum rates. We could have simply added 10% to current minimum rates, but we do not. We adjust minimum rates recognizing testimony that current minimum rates may be too low and some costs have increased, even though other costs may have fallen or efficiencies been achieved that may offset cost increases. We combine these recommendations with DRA's recommendation to phase this investigation. We adjust current minimum rates by a reasonable measure of cost increases pending a full investigation in Phase II and add the 10% recommended by CMSA. Furthermore, rather than adopt an index mechanism, we phase the investigation to consider refinement to the interim maximum rates we adopt. Thus, we have combined the recommendations to derive interim maximum rates.

CMSA criticizes the escalation of minimum rates from the date minimum rates were last established (1987), rather than the date the costs were developed (1985). We adjust the minimum rates from when last established since that is the date they were last found reasonable. The vintage of the data upon which costs were last found reasonable does not matter. The only concern is to consider minimum rates from the date last found to be the proper minimums for the reasonably efficient carrier.

Interim maximum rates are therefore based on the record and well within a reasonable range for the interim program pending more refinement in Phase II. We also consider the impact of these interim rates on the market. The record shows that about 84% of hourly moves and 95% of distance moves are charged the minimum rate. CMSA testifies that elimination of the minimum rate

may result in the going rate dropping about 5%. If the going rate drops 5%, more than the 84% to 95% of moves will be charged the minimum rate or less. Even if the going rates do not drop, by simply converting minimum rates to maximum rates as recommended by CMSA, we would expect no impact on between 84% and 95% of moves. That leaves about 5% to 16% or less of moves above the minimum rate that might be impacted.

As CMSA and DRA testified, maximum rates may jeopardize service in some cases unless a method is devised to provide for the legitimate high cost move. By raising minimum rates 23% for distance and 26% for hourly (before the valuation adjustment), service will not be threatened for most of the 5% to 16% of moves above the minimum rate. For the few percent remaining, we have created a method for establishing a maximum rate (i.e., written estimate no less than ten days before the move) which takes advantage of the competition we find generally characterizes this market plus the testimonies of DRA, CMSA, and CMA (regarding a method to set maximum rates above any level fixed by tariff).

We have carefully considered the testimony and applied the recommendations of the parties as appropriate. The Commission, however, is not limited in the exercise of its expertise and statutory authority to the strict recommendations of the parties. We may fashion our own solutions to controversies and problems as necessary to carry out our regulatory responsibilities. (Market Street R. Co. v. Railroad Commission of California, 324 U.S. 548, 560-61; City of Visalia (1969) 69 CPUC 311, 319; Farrington v. Citizens Utilities of California (1988) 27 CPUC 2d 308; Pacific Land Corporation v. Pacific Gas and Electric Company (1988) 27 CPUC 2d 558.)

It would be irresponsible for us to find minimum rates are inequitable and inefficient, do not promote consumer protection and are not in the public interest, but still continue

minimum rate regulation for an unknown period even though a reasonable alternative is available based on the testimony of the parties. It took several years to last update minimum rates, and it may take several years to update maximum rates. We have been able to use the evidence in this record to establish maximum rates that in the interim are high enough to allow service in all cases but low enough to be a reasonable consumer protection. This is responsible regulation.

(2) Written Contract and Ceiling Price

Comments were similarly critical of our requiring a written contract between the shipper and carrier to be completed and tendered to the shipper no less than three days before the move. Our "Contract for Move" is nothing more than the current "Confirmation of Shipping Instructions and Rate Quotation" document supplemented by items we fully explain as necessary based on the testimony. We relax the requirement for a ceiling price three days ahead, but still require the rest of the form to be completed and in the hands of the shipper no less than three days before the move. The effect is to essentially direct that the current "Confirmation" form be completed three days ahead. The record is clear that some desperate carriers would otherwise take advantage of some shippers on what can be one of the most stressful days in a person's life. This is a minor change (especially as now relaxed by not requiring the ceiling price until before the move begins on the day of the move) and is fully supported by the record.

The record similarly supports a binding--not to be exceeded--ceiling price. Otherwise, according to CMSA sponsored testimony, some desperate carriers could take advantage of some shippers, using a number of devices to inflate the total cost of the move. Moreover, Dennis testified that confusion is a problem with price flexibility. Maximum rates will stimulate more price

flexibility, and could therefore cause confusion. Dennis testified that in a survey conducted for Dennis, the consultant was unable to identify the lowest cost move, and when pressed thought the second from the most expensive out of seven was the cheapest. A fixed ceiling price combines the testimony of CMSA and Dennis to solve this problem.

Even without that justification, the decision explains that the ceiling price is our balancing of the recommendations on estimates or a guaranteed fixed total price option. We determine we will not require estimates, and find the contract (which is a small variation from our current confirmation form) will meet this need. This is fully supported by the record.

(3) Penalties

The record also supports the penalties we assess for carrier noncompliance. We assess a $100 penalty for failure to give the "Important Information" booklet when required. CMSA testified repeatedly about the need for more effective enforcement of our rules. CMSA's witness Foy recommended:

> "...strict but fair enforcement against licensed carriers who do not comply with the tariff rules and regulations...CMSA supports enforcement by fine, and, if the circumstances warrant such action, suspension or revocation of permits...Get the word out that licensed carriers are expected to comply with all of the regulations...and if they do not, there is a significant likelihood they will face a meaningful fine..." (Exhibit 17, p. 4.)

Providing a copy of the "Important Information" document is already a tariff requirement, and we do not change that. We already enforce our household goods program with suspension forefitures (i.e., a carrier in violation of the rules may simply pay a fine rather than go to hearing, unless the carrier

desires a hearing). We simply adopt CMSA's recommendation within our current program, apply the same fine that CMSA recommended and we adopted in D.93622 from another similar part of our program in the interim, and ask parties to comment further in Phase II.

Similarly, we reduce rates by 30% from the maximum fixed rate if the carrier fails to complete the contract with the critical information (e.g., ceiling price, signatures). This is nothing more than application of our current program in the new context. As the proposed decision fully explains, if the current "Confirmation" form is not completed, the shipper can be charged no more than the minimum rate, which is a default rate under the current program. Under our new program we similarly need a mechanism to establish the rate if none is agreed to before the move begins. We do not need testimony to simply continue current program elements within the new context. This is especially true since we simply use the concept of a default rate to basically make shippers no better and no worse off than they are now, and include this as an issue in Phase II for refinement.

(4) 60 Days to Resolve Loss and Damage Claims

CMSA claims there is no record for this change in policy. To the contrary, CMSA testified that if desperate a carrier may refuse to pay claims. We do not need any further testimony to take responsible action to prevent this abuse. Moreover, all we do is move up the day the carrier must pay, decline to pay or make a firm compromise offer. We do not require that the claim be settled. Furthermore, we continue to allow the carrier to take longer if events outside the carrier's control so require (as long as the carrier informs the shipper of the status of the claim and the reasons for the delay). We will consider in Phase II if carriers should be given a certain number of days to settle a loss and damage claim.

(5) 10-Day Written Estimate to Exceed Maximum Fixed Rates

CMSA claims there is no record for this policy. To the contrary, CMSA and DRA testified that service could be jeopardized if a mechanism is not provided to exceed whatever is the level determined for maximum rates. CMA made a specific recommendation, which we modify by applying our current estimating rule with a reasonable timeframe. This is fully supported by the record.

b. $20,000 Valuation

CMSA objects that the $20,000 default valuation applies "... regardless of actual value, condition, depreciation, or other relevant factors." (CMSA Comments, p. 3.) CMSA complains about specific language in propose GO 136-C:

> "The liability of a carrier for any loss or damage...shall be based upon the value of the property declared by the shipper...(See Proposed General Order 136-C, page 7)." (CMSA Comments, p. 10.)

CMSA asks and answers:

> "What if only one item of a shipment worth $20,000 is damaged and costs $200 to repair? The General Order appears to clearly state that in each case the shipper is entitled to $20,000 in claims damages." (CMSA Comments, p. 10.)

The language of which CMSA complains is the same language as in GO 136-B. Under the current program, if the shipper takes the $2,500 default valuation for an hourly move, the valuation is based on $2,500 and the goods are covered only for the depreciated value up to $2,500. A loss of $200 does not require that the carrier pay $2,500. We do not change the language in the maximum rate program, we only raise the default value. We cannot understand why CMSA would assert that changing the default value

without changing other conditions would change the way the coverage functions. CMSA either misunderstands or misrepresents the facts.

CMSA uses this example to support its position that we either abandon the ALJ's proposed decision or at least delay implementation until the completion of Phase II:

> "The new...General Orders...are full of such ambiguities and uncertainties and they need to be carefully reviewed and modified to properly reflect intent." (CMSA Comments, p. 10.)

We do not mind parties vigorously and passionately arguing their positions, but we are not amused to the extent CMSA exaggerates to make its point.

c. Phase II before Implementation of MAX 4

Some parties recommend further hearing on the specifics of MAX 4 before implementation. We reject this suggestion. As said above, it would be irresponsible for us to find minimum rate regulation no longer protects customers, promotes economic efficiencies, or is in the public interest, but do nothing more at this time, even though we have a reasonable alternative available.

d. Phase II by Rulemaking

DRA recommends that Phase II be conducted by rulemaking. We will not convert Phase II to a rulemaking. Many Phase II issues might be handled by rulemaking (e.g., the methodology for updating maximum rates), but others might not be candidates for rulemaking (e.g., setting the maximum rate level). Even the issues that might be handled by rulemaking may also be treated by testimony and hearings. We will, however, invite the parties to come to the Phase II prehearing conference with specific proposals for a settlement schedule. If parties are prepared to legitimately and seriously undertake settlement efforts, we authorize the ALJ to adopt a reasonable (but not excessive) settlement schedule. We encourage the parties to settle as many

issues as possible, if not all issues, to reduce or eliminate the contested issues to be litigated in Phase II.

e. Waiver of all MAX 4 Protections

CMA argues that an informed shipper should be allowed to waive all MAX 4 consumer protections (e.g., the 10-day requirement for rates above the maximum fixed rates; allow more than one move to be covered by the contract; not require the "Important Information" booklet for each contract with a carrier; allow the contract to be on any basis other than the rates used in MAX 4). We have adopted some of these recommendations, as explained above. But we will not go so far at this time as to jeopardize the protections in the proposed program. CMA may address its recommendation for further waivers in Phase II.

f. More Time for Comments

Several parties included in their comments a request for more time to file supplemental comments. We will not adopt a further schedule for comments. CMSA made a specific proposal for extension of the comment period and supported its request, as required by our Rules of Practice and Procedure. That request was granted. Similarly, DRA filed reply comments late with a motion to to accept late filed comments. We granted that motion. The other comments requesting more time are not specific (e.g., how long they need) nor do they adequately support the request (by showing the benefits of an extension outweigh the burdens, as required by Rule 77.2).

g. General Freight and Household Goods

CMA recommends that we allow household goods to be part of the $1,000 minimum service committment for special contracts in general freight. We will not do so. General freight is sufficiently different from household goods that the programs

are different. We do not find that the same regulation is correct for general freight as household goods, at least at this time. Further, to combine programs would require notice to all general freight carriers and an opportunity for comment and/or hearing. Notice has not been given. This proceeding is not at a stage where we could adopt this recommendation.

IV. Statement of Issues

This investigation invited evidence into whether, and to what extent, existing and/or prior Commission decisions and general orders or other rules in our economic regulation of used household goods transportation should be modified. (OII, Ordering Paragraph 1.) Specific questions were asked in the areas of regulatory objectives and issues, consumer protection, economic efficiency, adequacy of service, highway safety, administrative feasibility, and subhauling.

We received testimony on these and many subjects. The issues we need to address are:

1. What should be our regulatory objectives?
2. Should we retain or modify our minimum rate regulation of this industry?

3. Should we retain or modify our consumer protection regulations?

   a. Should we modify our rules on estimates and total prices?

   b. Should we change our rules on valuation?

   c. Should we adopt an arbitration procedure?

   d. Should we adopt performance reports for carriers?

   e. Should we adopt consumer outreach measures?

   f. Should we eliminate rates for packing materials?

   g. Can we simplify the tariff?

   h. Can the Commission work with trade and professional organizations to promote a healthy industry?

   i. Should we adopt any changes to our "Important Information for Shippers" booklet?

   j. Should we eliminate carriers' use of minimum hours and weights?

4. Should we retain or modify our standards for carrier service?

5. Should we retain or modify our safety standards?

6. Should we retain or modify our regulation of subhaulers?

7. What changes should be made in administration of our program and how will we undertake implementation?

   a. Should entry restrictions be applied for new carriers?

b. Should the entry examination be changed, including making it either harder or easier?

c. Can the forms be simplified that we require carriers use?

d. What enforcement actions will we undertake to make the competition fair?

e. Given certain changes in our regulation, what if any monitoring of this industry is needed to assess the success or failures of our changes?

f. Given certain changes in our regulation, what will be the remaining steps necessary to accomplish our objectives?

We will address these issues in turn.

V. Regulatory Objectives

Our statutory charge is to protect the public interest. The program objectives serve that end. Our OII identifies the objectives to be:

1. Consumer Protection
2. Economic Efficiency
3. Adequate Service
4. Highway Safety
5. Administrative Feasibility

We asked the parties if other objectives should be addressed. DRA recommends adding a commitment to eliminate unnecessary regulation in meeting these objectives. (Exhibit 2, p. A-1.) CMSA recommends that compliance with legislative mandate and governing statutes be an objective, including the Household Goods Carriers Act as recently amended. (Exhibit 7, p. 2; Exhibit 8, p. 7; Exhibit 16, p. 11.) Dennis Transfer, Inc., (Dennis) recommends an objective be the enforcement of our rules and regulations. (Exhibit 20, p. 3.)

We believe that these additional objectives are all included in our original five. Elimination of unnecessary regulation is part of economic efficiency. Unnecessary regulation would cause economic inefficiency. Compliance with legislative mandate and law is part of all five objectives. The law contains specific consumer protection, efficiency, service, and safety provisions. Further, failure to comply with the law would be contrary to our basic statutory charge. Enforcement is similarly part of all five objectives.

Thus, we believe that the public interest is protected when the objectives of consumer protection, economic efficiency, adequate service, highway safety, and administrative feasibility are met. We include with those objectives the elimination of unnecessary regulation, compliance with the law, and enforcement. Because of the special importance of these last three items and the emphasis parties placed on them in this investigation, we will address them separately in our discussion of ratemaking options and maximum rates below.

VI. Rate Regulation, Legal Options, and Market Structure

A key issue for this industry since at least the "Little Hoover Commission" report in 1974 has been the basis upon which to establish rates: maximum; minimum; maximum and minimum; or no rates. This is the threshold issue in this investigation. As CMSA's Concurrent Brief indicates (p. 4):

> "While there are several subordinate issues raised in this investigation, they all pale to the dominant issue of whether and to what extent the Commission should retain a system of reasonable rate regulation consistent with the governing law and the public interest."

Based on the evidence presented in this investigation, we are now convinced that maximum rates best serve the public

interest. We find that the market is competitive and that carriers will not price destructively. We find that the market is neither monopolistic nor is it a candidate for predatory pricing or price discrimination. In arriving at these conclusions, we will first examine the changes since our last decision to retain minimum rates for household goods. Then we will examine our legal responsibilities and options. We will conclude with an assessment of this industry's market structure, which we then use in Chapter VII in discussing the choices we face.

A. D.83-05-033

OSH 100 in C.5330 was initiated to receive evidence on whether carriers should establish rates and initiate changes in rates. We were presented with several options, not completely unlike the range of options presented in this investigation. Recommendations varied from (1) establishing a standard rate and letting household goods carriers assess any rate from 15% below to 15% above the standard rate; (2) establishing no rates and letting carriers assess any rate they wish, while retaining all consumer protection rules; (3) establishing individual rates for each carrier based on rates filed by that carrier, with the retention of our consumer protection rules; to (4) retaining and updating MRT 4-B.

In D.83-05-033, we decided to retain minimum rates and update MRT 4-B. We found that there was little public or moving industry support for any of the reregulation proposals. We found that actions by the Commission, after the reregulation proposals were advanced, addressed some of the key consumer protection issues which triggered those reregulation proposals in the first instance. Specifically, by D.82-07-083 we modified MRT 4-B to allow the industry to offer a guaranteed price. This guaranteed price was intended to provide the shipper the opportunity to obtain full knowledge of the total price to be paid and therefore obtain complete pricing protection. Also, we encouraged carriers to use

our deviation process to provide for broadened downward pricing freedom, and in that respect address the concerns presented by the reregulation advocates for such downward pricing. We will now examine if those reasons still argue in favor of retaining the minimum rate system.

1. Public Support

CMSA and Teamsters argue that the record in this investigation is void of any consumer outcry for change. CMSA, Bekins Moving and Storage Company (Bekins), and Dennis Transfer, Incorporated (Dennis) point out that nearly all the public participation statements support minimum rates. CMSA asserts that the "respected consumer group" at the en banc hearings (who had argued for elimination of minimum rates) did not present evidence in this investigation, and no organized consumer group presented testimony.

On the other hand, DRA and CMA assert that they represent consumer interests and both desire a change from minimum rate regulation. DRA witnesses include a representative of Public Citizen, a non-profit consumer organization founded by Ralph Nader. CMA states:

> "As to the decision's (D.83-05-033) point that there was no public support for change while the industry opposed change, that is the primary reason CMA is involved in this case. We represent the only element of the shipping public with the interest and resources to take part in a case of this nature...we are here to state our case." (CMA Concurrent Brief, p. 11.)

We find that there is considerable public support for change, as evidenced by DRA and CMA participation and positions. Further, the record shows that the vast majority of all moves in California are either self or self with rental equipment moves, or moves performed by illegal (unauthorized) carriers. When the vast majority vote with their dollars against using an industry we

regulate, we must question whether our regulatory approach is serving the public. We have a program that was founded over 50 years ago to meet the public interest, but is serving little of the public moving in California.[8]

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8 The ALJ's proposed decision cites a statistic of 84% or more of all moves in California as either self or self with rental equipment moves, or moves performed by illegal (unpermitted) carriers. The ALJ finds that 16 percent or less of moves are carried by permitted carriers. CMSA objects to the use of this statistic in its comments on the proposed decision. CMSA says: "These findings cannot be made based upon this record since there is no information specific to California in the record." (CMSA Comments, p. 9.)

We modify the text of the decision to find that rather than 84%, that the "vast majority" of moves are either self or self with rental equipment moves, or moves performed by illegal carriers. In doing this we note that CMSA used the national data in its presentation, and in the following example specifically to refute a DRA position: "...the share of market enjoyed by full-service movers slips to between 12-15% of the entire moving population. (Table 1.)" (Exhibit 24, p. 11.)

This is an investigation into regulation in California. CMSA knows this. CMSA presented the national data in this investigation to support its positions regarding regulation in California. CMSA found the data relevant to California, and cited this specific data as if the data applies to California, in support of CMSA's case. Despite this, we accept CMSA's contention to the extent that the precise figures may not apply to California. The point is clear, however. The data indicates that, although the precise national average figures may not apply to California, that in California as across the nation, the vast majority of moves are not performed by permitted carriers.

As did the ALJ, we further note that the national data is unclear whether the 16 percent carried by permitted carriers may also include moves carried by unpermitted carriers, making even larger the vast majority not using permitted carriers. Furthermore, we agree with the ALJ that even though the 84 percent statistic comes from CMSA sponsored national data (Exhibit 24, Table 1), and different regulatory systems are used in different

(Footnote continues on next page)

The average cost of a move in 1989 is estimated to be $550 to $600. The record shows that moves are an intermittent occurrence. Given the intermittent nature of an expense in the range of $550 to $600, it is not surprising if those in favor of change are not represented by any group other than DRA and CMA. We do not consider this as indifference. We believe that the market result of the vast majority voting with their dollars not to utilize the Commission established program speaks as loudly as any witness in our investigation.

There is lack of support for any change to our minimum rate approach by the moving industry, as evidenced by testimony from CMSA, Starving Students (Students), Dennis, Bekins, and most of the hundreds of public participation statements. As we discuss further below, however, one of the tests we use in assessing the merits of change is whether there is a public interest served by minimum rates aside from the interest of the carriers. The public interest aside from that of the carriers now supports changing the minimum rate system. This is of primary importance to us as we balance the interests of the shipper with that of the carrier, so that both parties are treated justly by our regulation of their business transaction.

2. Guaranteed Price Option

We believed that the guaranteed price option created in D.82-07-083 answered some of the concerns which triggered the reregulation proposals, and therefore decided in D.83-05-033 that we did not need to adopt a change from minimum rates. We

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(Footnote continued from previous page)
jurisdictions within the country, that 84 percent or more of persons moving elect to move without the use of professional movers argues for examining the regulatory system in use, whatever that system.

eliminated the guaranteed price option in D.87-01-066, however, for several reasons. (See Chapter 8 for a further discussion.) Because that option is no longer available, that reason to retain minimum rates does not remain.

3. Deviation Process

We retained minimum rates in D.83-05-033 because the desirable downward pricing freedom found in the alternative rate proposals could be met by our deviation process. Therefore, adopting an alternative mechanism was unnecessary. We encouraged carriers to use the deviation process.

Very few deviations have been requested, however, and only one approved. (Exhibit 23, p. 12.) CMSA, Bekins, and Dennis argue that carriers cannot reduce rates and survive. In support of this, their analysis of Exhibit 14 shows the following financial results for the 53 carriers with at least 65% revenue from PUC regulated rates (CMSA Concurrent Brief, p. 3):

Operating Ratio :	99.10%
Return on Equity :	0.55%
Return on Revenue:	0.90%
Return on Assets :	1.35%

Of this list of 53 carriers, however, we find that 19 (36%) have return on equity of over 20%, and 9 (17%) have an operating ratio under 90%. Further, the 19 firms have total revenue from intrastate household goods operation of $37.3 million, or 25.1 percent of the total intrastate household goods revenues of $148.9 million for the 53 firms. That is, one out of every four dollars could be at rate lower than the minimum rate and provide a reasonable return on equity to these firms. Clearly there are firms that could lower rates and still make a handsome return.

DRA and CMA claim the deviation process itself is difficult, costly and the applicant will probably face a protest from CMSA. Further, CMA claims the industry seems to believe the filing and hearing costs would be wasted (especially for a deviation that would only last one year), since the Commission has

not authorized any deviations. (Exhibit 5, p. 2-3.) These factors have all contributed to very few applications, and virtually no approvals, according to DRA and CMA.

Whatever the reasons may be, the fact is that the deviation process for downward pricing is not producing the effect we envisioned. Therefore, we conclude that because there is a deviation option is by itself no longer a reason to retain minimum rates (at least not without considering some modification to the deviation method if not to the reliance on minimum rates themselves, both of which we do below).

4. Conclusion

The three reasons upon which we relied in D.83-05-033 to retain minimum rates no longer support that conclusion. Whether we retain or change our rate regulation of household goods transportation must now be based on the current program and proposals, and how well they do or do not meet our regulatory goal and objectives for this industry.

B. Legal Responsibilities and Options

1. Maximum, Minimum or Maximum and Minimum

The Household Goods Carriers Act provides the framework in which we may consider our options. PU Code § 5102 reads in pertinent part:

> "It is the purpose of this chapter to...secure to the people just, reasonable and nondiscriminatory rates for transportation by carriers operating upon the highways...by providing for the regulation of rates of all carriers so that adequate and dependable service by all necessary carriers shall be maintained and the full use of the highways preserved to the public."

PU Code § 5191 specifies in more detail the law regarding rates:

> "The commission shall establish or approve just, reasonable, and nondiscriminatory maximum or minimum or maximum and minimum rates to be charged by household goods carriers for the

transportation of property subject to this chapter and for accessorial service performed in connection therewith.

"In establishing or approving rates, the commission shall account for the cost of all transportation service performed or to be performed in connection therewith; the value of the commodity transported, and the value of the equipment, facilities, and personnel reasonably necessary to perform the service."

"The commission shall establish or approve no minimum rate for household goods carriers unless it finds that the rate is at a sufficient level to allow safe operation upon the highways of the state and account for the cost of trained drivers and other reasonable expense of operation of household goods carriers.

Therefore, the Commission has the authority to establish or approve maximum, mininum, or maximum and minimum rates if they are just, reasonable, nondiscriminatory, and account for certain costs and values. If the Commission establishes or approves minimum rates, they must meet certain additional tests.

2. No Rates

We have decided for policy reasons to apply maximum rates. Therefore, we need not determine the legality of the no rate alternative. We asked the parties to address the no rate alternative and they complied with considerable testimony and legal argument. It is sufficiently arguable that legally we may set no rates and for policy reasons we should set no rates, that we consider the no rate choice when we consider our range of ratemaking options. Therefore, we briefly review the legal arguments for the no rate alternative here.

a. DRA

DRA argues that the Commission may also set no rates, based on a California Supreme Court ruling concerning parallel

language in another part of the PU Code.[9] (California Trucking Association v. Public Utilities Commission (1977) 19 Cal. 3d 240, 246.) In CTA the court said (footnote 10, p. 246):

> "Nor can it be argued that the provision (PU Code § 3662) requires the setting of maximum rates where minimum rates are inappropriate. The thrust of the section is to allow the commission to set either type of rate, or no rate at all."

DRA contends that minimum rates are not needed if destructive competition and destructive rate practices are unlikely. Further, DRA claims the courts have placed the responsibility of rate setting with the Commission, as long as the rates are not confiscatory:

> "Thus the responsibility of rate fixing insofar as the law permits and requires, is placed with the Commission, and unless its action is clearly shown to be confiscatory the Courts will not interfere." (Pacific Telephone and Telegraph Company v. Public Utilities Commission (1965) 62 Cal. 2d 634, 647.)

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9 PU Code § 3662 reads:

"The commision shall, upon complaint or upon its own initiative without complaint, establish or approve just, reasonable, and nondiscriminatory maximum or minimum or maximum and minimum rates to be charged by any highway permit carrier for the transportation of property and for accessorial service performed by it."

"In establishing or approving such rates, the commission shall give due consideration to the cost of all of the transportation services performed, including length of haul, any additional transportation service performed, or to be performed, to, for, or beyond the regularly established termini of common carriers or of any accessorial service, the value of the commodity transported, and the value of the facility reasonably necessary to perform the transportation service."

b. CMSA

CMSA argues that we do not have the authority to cancel rates. CMSA says that the Legislature's unanimous statement of legislative intent by passage of SB 210 in 1989 mandates an ongoing system of rate oversight. CMSA asks that we take official notice of the correspondence file in this investigation, containing several letters from Legislators which CMSA says:

> "...clearly evidence a strong and unequivocal legislative recognition that the uniqueness of household goods services set those services apart from other forms of transportation and that continued rate, combined with consumer protection, regulation is necessary." (CMSA Concurrent Brief, p. 58.)

According to CMSA, the repetitive use of the word "shall" in PU Code § 5191 evidences specific legislative intent that household goods carriers be rate regulated. CMSA claims that the Commission is not authorized to ignore and disregard the Legislature's exercise of its plenary power to provide authority and jurisdiction to the Commission.

Further, CMSA argues that standards must be met before the Commission can cancel minimum rates, and that the Commission cannot depart from these standards without a rational and lawful basis. CMSA cites the standards in its Concurrent Brief (pp. 7-8) from D.82377 as:

(1) Is there a compelling economic or competitive need for the establishment (or retention) of minimum rates;

(2) Is the public interest (aside from the interest of the carriers) served by the establishment (or retention) of minimum rates;

(3) If the answer to either of these two questions is affirmative, is there sufficient data to determine a level of just, reasonable, and nondiscriminatory minimum rates.

CMSA asserts that we must consider several matters before we can cancel minimum rates, such as:

(1) Will there be destructive rate practices;

(2) Are there peculiarities attending to this transport which justify the absence of minimum rates;

(3) Is there no obvious or persuasive need in the public interest to establish or retain minimum rates;

(4) Would establishing or retaining minimum rates not have a meaningful effect on the transportation involved;

(5) Does the public interest not require the establishment or retention of minimum rates; and

(6) What will be the economic effects of our actions and are these effects material to our decision.

CMSA asserts that the household goods industry has repeatedly demonstrated that none of the factual and legal standards by which the Commission has refused to establish (or cancelled) minimun rates for other commodities can be met with regard to household goods transportation.

CMSA's Rubin argues that the word "shall" in PU Code § 5191 requires the Commission to continue some form of rate oversight. But Rubin states that the Supreme Court has held, in other contexts, that despite use of the word "shall," rather than the permissive "may," the Commission need not adopt maximum, minimum, or maximum and minimum rates if it cannot find that such rates would be just, reasonable, and nondiscriminatory. (Exhibit 16, p. 14; citing California Trucking Association v. Public Utilities Commission (1977) 19 Cal. 3d 240, 246-247, 137 Cal. Rptr. 190, 194-195.) According to Rubin, the Commission may find no rates are justified if certain standards are met (noted above) and

the Commission has a rational basis for departing from its prior adoption of minimum rates.

Upon further reflection, Rubin argues in rebuttal testimony that the court may not construe the current version of PU Code § 5191 the same as it construed similar language in PU Code § 3662 (which resulted in the court's conclusion that the Commission could set no rates). Section 3662 states that:

> "The Commission shall, upon complaint or upon its own initiative without complaint, establish or approve just, reasonable and nondiscriminatory maximum or minimum or maximum and minimum rates..." (Emphasis added.)

Rubin argues that the Section 3662 statutory language merely sets out the standard that the Commission must apply if it decides to initiate a proceeding, but does not create a mandate to initiate a proceeding. According to Rubin:

> "If it [the Commission] was not required to initiate a proceeding to establish or approve rates in the first place, it could not be expected to adopt rates simply because it did initiate such a proceeding." (Exhibit 27, p. 3.)

Rubin points out that the new Section 5191 eliminates the qualifier "upon complaint or upon its own initiative without complaint." According to Rubin, the former language told the Commission what to do if there was a proceeding, while the current language that the Commission "shall establish" can be read as the Legislature's mandate for the Commission to initiate a proceeding. Thus, Rubin concludes:

> "...it is not at all self-evident that the courts would construe the new version of section 5191 the same way that they construed section 3662. I do not believe that the Commission is free to presume that the revised statutory language imposes no mandate to establish or approve just, reasonable, and nondiscriminatory rates, whether they be maxima, minima, or maxima

and minima and I believe such a presumption is inconsistent with section 5191." (Exhibit 27, p. 4.)

c. Teamsters

Teamsters points out PU Code § 5102 declares that household goods transportation "...is a business affected with the public interest." Prior to 1989, Section 5102, according to Teamsters, required the rates to be just and reasonable, but as a result of SB 210 now requires they be nondiscriminatory as well, thereby significantly enhancing the Commission's regulatory obligations. Similarly, Teamsters argues that prior statutory language required the Commission to "give due consideration" to various costs, but we must now "account for" those costs, including "...the value of the equipment, facilities, and personnel necessary to perform the service." (PU Code § 5191.)

Teamsters asserts that "just and reasonable" rates have long been held to a maximum and minimum permissible rate level. Any rate which falls outside this "zone of reasonableness" is unlawful, according to Teamsters. Teamsters cites the Supreme Court to say the zone has specific meaning (Teamsters Prehearing Legal Brief, p. 3):

> "[T]he zone of reasonableness...imports a rate which is confined in its maximum to a figure not so excessive as to be 'greater than the particular traffic will bear,' and in its minimum not so low that it will be destructive of the business of the common carrier, or that it will not return to the carrier at least the actual 'cost of transportation.'" (Southern Pacific Co. v. CRC (1939) 13 Cal. 2d 96.)

Teamsters argues that with no rates nothing but market forces prohibits carriers from charging rates beneath actual costs or above competitive rates. If the Legislature had determined that market forces alone would keep rates within a lawful zone of reasonableness, it need not have enacted the

Household Goods Carriers Act in the first place, according to Teamsters. DRA's position suggests that the passage of the statute was an idle act, Teamsters claims, a position that is totally in conflict with established rules of statutory interpretation.

Teamsters argues that the Supreme Court and the Commission itself have established a very strict test for determining when a Commission set minimum rate system may be abandoned, citing some of the same tests referenced above by CMSA. Teamsters claims that in no instance have the courts permitted the Commission to abandon rate regulation over an entire mode of transportation. (Teamsters Prehearing Legal Brief, p. 4.)

d. Discussion

We found as Conclusion of Law No. 1 in D.90-02-021 that:

> "Under Public Utilities Code § 3662 the Commission has discretion to set maximum or minimum rates or no rates at all for highway contract carriers."

It is certainly arguable that the same conclusion applies to PU Code § 5191. Even CMSA seems to concede this, except for the strained reading advanced by Rubin in rebuttal. The old language of Section 5191 indicated we shall establish or approve rates, whether it be initiated by complaint or our own initiative. The new language says we shall establish or approve rates. We find the language directs us to the same result. Therefore, we find that the language in the current Section 5191 also strongly suggests we may set no rates, if certain standards can be met. Whether this record will let us meet those tests, as CMSA contends it cannot, is a different matter.

The Supreme Court decision providing for no rates was in 1977. We note that this is after the 1939 ruling cited and used by Teamsters to argue the court requires we must set rates within a zone of reasonableness to make at all meaningful the passage of the law. Teamsters argues certain standards must be met before we can

find no rates are in the public interest. Again, whether this record will let us meet those tests is a different matter. Nonetheless, the reenactment in 1989 of language substantially identical to that previously construed by the Court in 1977, also supports the conclusion that we have legal authority to set no rates under proper circumstances.

The legal arguments are sufficiently strong that we will decide on policy grounds whether to set no rates. For policy reasons explained below, we decide against setting no rates.

3. Conclusion

The law is clear that we may set maximum, minimum, or maximum and minimum rates. We also find it sufficiently arguable we may set no rates that we will consider that option when we review the policy arguments and determine the basis upon which we will set rates.

C. Rate Regulation and Market Structure

We now consider why we regulate rates. Rates are regulated when markets would otherwise produce results that are not in the public interest. Competitive markets generally do not need rate regulation. Rate regulation in the household goods market is designed to address four types of potential market failures: (1) monopoly pricing; (2) predatory pricing; (3) destructive rate practices; and (4) price discrimination. We will consider in turn whether the household goods market is competitive and then the four potential market failures.

1. Competition

The parties basically all agree that the household goods industry is competitive. CMSA says "competition in the used household goods moving industry is fierce for a number of reasons." (Exhibit 15, p. 11.) Another CMSA witness in rebuttal testimony asks himself and answers: "Is the market competitive? All parties agree that it is." (Exhibit 23, p. 32.)

DRA argues that the degree of competition is hindered by the price floor created by minimum rates. DRA testifies that the price floor also limits service choices and service competition. CMA agrees that the market would be workably competitive absent restrictions on price competition. (Exhibit 6, p. 10.)

We find that the market is very competitive. There are many buyers and sellers (over 500,000 buyers of moves with licensed carriers per year and 700 to 800 active licensed carriers). There are several licensed carriers in virtually every part of the state of relatively equal size competing against each other (Exhibit 1, p. 4-8; Exhibit 29, p. 15; Exhibit 15, p. 12.) The market is unconcentrated, as measured by both concentration ratios and the Herfindal-Hirschman index. (Exhibit 1, p. 4-9; Exhibit 15, p. 11.) Entry and exit barriers are not significant (Exhibit 1, p. 4-24; Exhibit 15, p. 15; Exhibit 22, p. 6.) Firms do not need to be large to be profitable and larger size does not necessarily lower costs or increase profit--that is, "...the used household goods industry is virtually bereft of economies of scale..." (Exhibit 24, p. 4.) Alternatives exist in the form of self moves, self with rental equipment moves, or moves performed by an unlicensed carrier. The only competition that is lacking is in price, since price competition below the price floor created by minimum rates is illegal.

2. Monopoly Pricing

Monopoly pricing results from a market structure that allows one firm to keep its prices above what they would otherwise be in a competitive market. None of the parties argue that monopoly pricing is a concern with the household goods market. There are simply too many firms, entry is too easy, there are substitutes if the price gets too high, and there are no economies of scale.

3. **Predatory Pricing**

Predatory pricing is pricing below marginal or incremental cost with the strategy of driving competitors out of business in an attempt to gain market power and reap monopoly profits. Success requires that it is difficult for new firms to enter, but it is easy for existing firms to leave.

DRA contends that it is both easy to get into and out of the household goods market. A firm engaging in predatory pricing loses money until it drives its competition from the market, according to DRA. DRA claims that success requires the firm obtain a position of sufficient market and price control that it can make up the losses. DRA testifies barriers to entry and exit are too low to make this a successful strategy. (Exhibit 1, p. 6-8.)

CMSA argues that the market is fiercely competitive. (Exhibit 15, p. 11.) It is unconcentrated, there are ready substitutes, and exit is relatively easy, according to CMSA. (Ibid.)

Some of the statements received at the public participation hearings expressed the concern that unfettered price competition will result in significant business failures, followed by price increases from the remaining firms. We accept that price competition may cause some business failures, as it does in all price competitive markets. Entry barriers are too low, however, for price increases to be sustained on a wide scale for a long period. This does not mean that individual carriers may not price gouge a particular customer. Our adopted regulatory program will protect against price gouging, as well as the remote chance of predatory pricing.

We conclude that this market is unlikely to see predatory pricing. It is too risky a business strategy. We expect most carriers to readily see this and therefore avoid predatory pricing. If a few carriers elect to try predatory pricing, this would more

likely result in destructive rate practices, which we will address next.

4. Destructive Rate Practices

We found in D.90-02-021 that destructive competition is a misnomer. We found that pricing below cost can be destructive, but that such pricing is not due to competition. Economic circumstances can cause destructive practices, but it cannot be said that competition itself causes those practices. (Mimeo. p. 42 and Findings of Fact 67-76.) The arguments we heard in this investigation regarding destructive competition we believe are best understood in the context of destructive rate practices, and we will discuss them in that way.

a. CMSA, Bekins, Dennis, and Students

CMSA, Bekins, and Dennis agree with DRA's definition of destructive rate practices as:

> "...'cut throat' competition resulting in chronic losses for many participants which leads to deterioration of service as carriers cut corners in an attempt to reduce costs." (Exhibit 1, pp. 6-4 to 5, as corrected at Tr. 4:477-8; CMSA Concurrent Brief, p. 39.)

CMSA, Bekins, and Dennis summarize the evidence on destructive rate practices as follows. Dennis testifies that if minimum rates are cancelled and rates drop, quality of service will be the first thing to be eliminated. Dennis also testifies that cancelling minimum rates will cause it--one of the premier agents for Allied Van Lines in the United States--to leave the California intrastate moving business. (Tr. 2006-7.)

CMSA's witness Harrison testifies that interstate moving services are now provided in a destructive situation and he sees the same happening to California if minimum rates are cancelled. (Tr. 2067.) CMSA's witness Foy asserts that elimination of minimum rates will bring in yokels with stake trucks

ripping off the consumer and causing chaos. (Tr. 19:2314.) CMSA witness Colwell testifies that elimination of minimum rates will force his company to cut necessary but expensive employee training and other programs in order to meet the competition from other companies who elect not to incur these costs. Without minimum rates, the industry is headed for disaster according to Colwell. (Tr. 19:2372-3.)

Students testifies that cancelling minimum rates will force carriers to cut costs to meet competition, with the first cost-cutting being the cost of compliance with consumer protections. Students asserts that the consumer public will suffer, as it claims is the case in Florida. Students discontinued operations in Florida because rate levels are below the cost incurred to provide efficient, adequate service with consumer protection. Students testifies that the California market is particularly vulnerable to this scenario because of the many small carriers here who do not know their own costs. These small carriers would compete at unrealistically low rates as they go into insolvency, Students asserts. Competition at lower prices than the minimum rate will probably mean the discontinuation of its operations in California, according to Students. (Exhibit 22.)

Depressed rate levels in Arizona, Florida, and New York have caused extremely poor household goods carrier service, according to Students. (Tr. 2684-90.) Students testifies further that it is losing money in 1990 because current minimum rates are too low. (Tr. 2692.) Students testifies that carriers will hire employees at minimum wages who are unskilled, will cease paying Workers Compensation, will do business in cash, safety will suffer, quality of service will deteriorate and the public will suffer. (Tr. 2741.)

Finally, Students cites Interstate Commerce Commission Commissioner Emmett as saying that he previously was a proponent of truck deregulation and now believes that truckers will

discount themselves out of business. Few trucking firms, including Students, have sufficient capital base to operate below fully allocated cost for any period, according to Students.

CMSA's witness Hays testifies that destructive rate practices will cause a deterioration of service in the form of consumer abuses. Cancelling minimum rates will cause carriers to take advantage of and abuse consumers in at least twelve ways, according to Hays. (Tr. 2751-3.) Lower rates will come from cancelling minimum rates according to Hays, but that benefit will be outweighed by the detrimental abuses that will prevail. (Tr. 2881-2.)

CMSA's witness Boyarko testifies that the industry financial health is already poor (based on the testimony in Exhibit 14), making it poised to plunge into destruction in the absence of minimum rate regulation. Carriers' knowledge of the market and their costs is poor, and they provide a service that is perceived poorly, according to Boyarko. Given the fiercely competitive nature of the moving industry, some carriers will reduce rates to attract shipments, but without scale economies, price competition will not result in operating productivity gains, according to Boyarko. Carriers will not increase earnings with price reductions since demand is inelastic, Boyarko claims. Rather, already marginal profitability will become losses, Boyarko asserts. Boyarko testifies that the economic conditions that justified minimum rates in the 1930s "...are identical to those that prevail in the moving industry today." (Exhibit 24, pp. 36 to 38.)

b. DRA

DRA argues that destructive rate practices require five conditions, all of which are unlikely in the household goods moving market. The conditions are: (1) high fixed cost; (2) inelastic demand; (3) difficulty in adding capacity quickly with increases in demand; (4) industry inability to act collectively to prevent falling prices; and (5) large sunk costs.

Destructive pricing is unlikely according to DRA due to: (1) a low ratio of fixed to variable costs; (2) few sunk costs; (3) relatively stable, growing demand; (4) lower rates generating some additional demand, increasing utilization and placing upward pressure on prices; and (5) ability of carriers to add capacity quickly. DRA offers that if chronic overcapacity exists that causes destructive rate practices, carriers can reduce capacity or leave the industry, either of which will relieve downward pressure on rates. (Exhibit 1, pp. 6-4 to 6-7.)

DRA says that the Commission's objective in establishing minimum rates in the first place was to protect carriers from destructive rate practices, but that the economic conditions that existed in the 1930s are no longer present. DRA cites our Finding of Fact No. 5 in D.90663:

> "The general economic conditions that existed in the 1930's, and which spawned the present minimum rate program, do not exist today."

DRA's witness Beilock testifies that:

> "As suggested by our research on ornamentals goods haulers, there are good reasons to expect that an unregulated household goods carrier industry in California will NOT exhibit destructive competition or become highly concentrated...Is unregulated trucking inherently unstable and competitively destructive? In the absence of rigid rate regulation, will there be exceedingly high failure rates? The great weight of evidence suggest this is not the case. (Exhibit 1, pp. 14-16 to 14-17; emphasis in original.)

According to Beilock, motor carrier failure rates after the 1980 interstate regulatory reforms are similar to those for all U.S. business as a whole. Beilock's 1988/89 study of interstate produce and ornamentals haulers shows stability among

the smallest of carriers in an environment of little or no regulation.

Beilock testifies that in his research over nearly a decade of reductions or eliminations in economic regulation of motor carriage:

> "...I have never found indications of predatory pricing or widespread bankruptcies suggesting destructive competition, nor have I found that reduced regulatory controls results in increased industry concentration." (Exhibit 1, p. 14-21.)

Beilock testifies that the trucking industry (including household goods carriers), is not competitively destructive; that in the absence of rate regulation, there will not be high failure rates; that he has never found indications of widespread bankruptcies suggesting destructive competition; and that he found in both Arizona and Florida service quality increased after deregulation while at the same time rates decreased. (Exhibit 1, pp. 14-5 to 14-6.)

c. CMA

CMA testifies it is possible that destructive rate practices could have at least temporarily occurred in the Great Depression, and that minimum rate regulation to reduce the danger of the trucking industry being destroyed by competition from the railroads could have seemed desirable. But circumstances are different today, according to CMA. CMA claims today there is no substitute for the trucking industry. CMA asserts that under the general freight rate window (allowing 5% changes without justification or delay) increases outnumbered decreases. Finally, CMA offers that the number of moves made at rates above the minimum demonstrate that destructive rate practices are not a danger in the current economic environment.

d. Discussion

We find that the household goods industry is not structurally predisposed to destructive rate practices and the removal of minimum rates will not cause those practices. As we concluded as far back as D.90663 (1979), the economic conditions of the 1930s which spawned the minimum rate program do not exist today. This is still true in 1990. Further, as this record reveals, studies of motor carrier experience under regulatory reform do not show destructive rate tendencies.

CMSA criticizes Beilock's studies as being on sod carriers (ornamentals), not precious household goods. Beilock's studies include sod, but encompass other freight as well. Further, Beilock's testimony is based on nearly a decade of research.

CMSA's Harrison testifies on the poor financial condition of interstate carriers under relaxed federal regulation. This is caused by destructive rate practices, according to CMSA. The federal experience, however, based on data submitted by CMSA, shows interstate household goods rates have increased above the rate of inflation. Representative interstate rates cited by CMSA have increased 95 percent from 1979 to 1989, while inflation has increased 64 percent.[10] That is, interstate rates have increased 31 percent over the rate of inflation under federal rate relaxation. Further, interstate shippers do not demand the same price discounts as in the past in order to secure quality service. (Tr. 17:2086.) Therefore, even if the interstate experience may be mixed, this evidence does not support a conclusion that destructive rate practices are driving the interstate market.

10 Federal rates have increased 191% from 1979 to 1989 (Exhibit 8, p. 39; Exhibit 10, Appendix M; Tr. 24:2845-6). The average discount is 33% (Exhibit 8, page 39), making the effective increase 95% (i.e., (0.67) (2.91) - 1.0 = 0.95 or 95%). General inflation has been 64% over the same period (Exhibit 51).

Easy entry allows for vigorous price competition between competitors, but we base our regulation on the expectation that carriers will act rationally. Given the freedom to determine one of the most important of business decisions--the price--we believe that carriers will not price in a way that causes self-destruction.

As we cover more below (Chapter VII) in our discussion of unfair practices (e.g., the Unfair Practices Act and the Business and Professions Code), destructive and/or discriminatory rate practices that would destroy or prevent honest competition is illegal. (Business and Professions Code § 17001.) Household goods carriers are not exempt from the Business and Professions Code since they are not public utilities. (B&P Code § 17024.) There is a statutory presumption that selling below cost or at discriminatory prices, along with proof of the injurious effect, is for the purpose or intent to injure competitors or destroy competition. (B&P Code § 17071.) Carriers who price destructively or discriminatorily are subject to restraining orders, injunctions, and fines or penalties of treble damages plus attorneys' fees. (B&P Code §§ 17082, 17100.)

We find that destructive rate practices will not occur because the economy is now different than it was in the 1930s and carriers will act rationally, but note that destructive rate practices also are illegal under the California Business and Professions Code as well as under federal law. We need not retain a minimum rate system that is less than optimal (compared to alternatives) to prevent a practice that we find will not occur, but which, even if it should occur, is illegal. It is not our responsibility to eliminate the possibility that household goods carriers may violate some other law (e.g., Business and Professions Code) by retaining a less than optimal regulatory system. The law provides remedies for those injured by destructive rate practices. As we indicated in D.90-02-021 (revised p. 57), "the remedies are

varied and potent." Since this is such a primary concern for CMSA, CMSA itself is in position to monitor the industry and bring actions for its members against carriers who violate the law. We do not need to retain minimum rates as an additional preventative measure.

CMSA testifies that carriers in many cases do not now know their costs. (Exhibit 18, p. 9; Exhibit 26, p. 2; Exhibit 24, p. 36.) That could be because the minimum rate system allows them to remain in business without such knowledge, even if they are not squeezing every cent of profit from their operations. A business owner not knowing his costs, however, is an intolerable situation which we cannot and will not sanction in our regulatory program. One of our primary objectives in this industry is economic efficiency. A carrier cannot be efficient if he does not know his costs. If cancelling minimum rates forces carriers who do not know their costs out of business, that will be a healthy result.[11] We expect long before that occurs, however, carriers will quickly learn their costs and not price illegally or self-destructively.

If the industry is on the precipice of collapse, we are struck, as discussed above, that 36% of the firms cited by CMSA to support the overall poor financial health of the industry have returns on equity of over 20 percent. We are struck by the testimony of the Chief Executive Officer of Starving Students. Students testified that it has never earned more than 1, 2 or 3 percent profit. Yet it has grown from a firm with one truck to one of the largest moving companies in California, operating nearly 200

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11 We note our finding in the general freight market and find it similarly applies to household goods:

> "Business failures by individual carriers are not necessarily destructive to the general freight carriage industry as a whole." (Finding of Fact 71, D.90-02-021, revised p. 135.)

vehicles and expecting to generate over $10 million in 1990 from California intrastate moving services. (Exhibit 22, pp. 3n5.)

If elasticity of demand is low (i.e., inelastic), we expect carriers to act rationally and not price destructively. If some firms elect to test the elasticity of the market and their hypotheses of elasticity prove to be wrong, that is the normal and healthy way a market operates.

If competition forces some firms to reduce training, that may be the result of the market voting with its dollars for the quality and quantity of the product and service it wishes to buy from this industry. We require trained, sober employees in this industry. Beyond the minimum standards we require, however, we believe further training pays. That is, a better trained employee is more productive--and contributes more to the owner's profit--than one that is not. We believe that the training testified to by Colwell, for example, pays. Each carrier will need to make the decision to train up to the point at which the marginal cost of more training exceeds the marginal benefit. Clearly some training pays, and some does not.

Cost cutting by eliminating Commission required consumer protections and abusing consumers will not be allowed, as we will discuss later under enforcement. Therefore, firms like Dennis and Students need not consider leaving the industry in order to avoid being in an industry with poor quality of service (as Students indicated it did in Florida).

The market is bereft of scale economies so there will not be a tendency for firms to lower prices to grow and further lower prices. If the market could support only a few firms, the natural tendency would be to drive out all but a few firms. That will not happen here. The market can and will support many firms. There is no structural basis to support a finding that the market shows any particular vulnerability to destructive rate practices, and certainly no more than might occur in any other market. It is

not possible to reach a conclusion that many firms cannot and will not survive and thrive in an atmosphere of vigorous competition. Rather, price will be determined by market forces and find a level equitable to both shipper and carrier: consumers will vote with their dollars for the quality and quantity of moving products and services they want (the demand curve) while carriers will offer products and services which recover their costs, including a reasonable return (the supply curve).

The remaining potentially destructive element of this industry is the operation of illegal carriers. Illegal carriers do not incur costs borne by licensed carriers (e.g., Workers Compensation, taxes, pensions, safety, consumer protections, documentation). With less cost, they can undercut the prices charged by legal carriers. If this is allowed to continue for some time, legal carriers may lose sufficient business to drive them to insolvency.

Every market has the potential for illegal operators. The household goods industry is no exception. The existence of illegals, however, is not a sign that destructive rate practices are a structural determinant of this industry. Rather, it is a sign that police action is needed. Further, CMSA argues that the problem of illegal carriers is significant and nearly destroying the industry now. We note that this is under a minimum rate scheme. It is not minimum rates that prevents competition from illegals (in fact it may entice more illegal operations the higher the minimum rate), it is police efforts. We will focus efforts on enforcement, as we discuss below in making competition fair with enforcement.

We will eliminate illegal carriers (both those that operate without a license, and those with a license that violate the law, our rules and regulations). The remaining carriers will all incur the same cost categories (e.g., Workers Compensation) insurance at minimum levels, sober and trained employers, clean and

safe equipment), even if their cost levels are different (perhaps reflecting better managements, more productive employees, or other factors). There is no reason to believe carriers as a group will give their products and services away by pricing below cost and driving themselves to insolvency (and in so doing violate the Unfair Practices Act), even if a few poor businesspeople make such fatal errors of judgment. Therefore, there is no structural basis to support a finding that this market shows any particular vulnerability to destructive rate practices.

5. Price Discrimination

Price discrimination occurs when a carrier charges different prices to two customers even though the carrier's underlying costs for the product or service are the same, or the carrier charges the same price to two customers even though the carrier's underlying costs are different. (Exhibit 1, p. 6-9.) CMSA and moving industry witnesses argue that in the household goods market rate structures other than minimum rates will promote price discrimination. CMSA's Hays testifies, for example, that the large commercial shipper can force carriers to charge the lowest rates while the typical shipper will be left to accept higher rates. Hays says that the commercial shipper has economic leverage and a continuing relationship with the carrier that will be in jeopardy if the carrier does not grant the lowest prices. The carrier will be forced to seek greater profits on some shipments to recoup for the reduced profits on other shipments, resulting in discriminatory rates, according to Hays. (Exhibit 8, p. 21.)

DRA testifies that a carrier must have the ability to raise prices above competitive levels for some segment of the market for price discrimination to occur. DRA claims that this market is too competitive for that result. Individual carriers do not have enough market power to discriminate on price because shippers can select another carrier, move themselves or use an unlicensed carrier, according to DRA. Further, DRA claims that the

market is too competitive for the industry to act collectively to keep rates high for one group of customers. (Exhibit 1, p. 6-9.) DRA also testifies that to the extent price discrimination can occur in this market, minimum rates do not prevent two shippers from being charged different rates (one at minimum rates, for example, and another above minimum rates) when the carrier's underlying costs are the same. Similarly, DRA points out that minimum rates cause discriminatory prices since two shippers are often charged the same rate (the minimum rate) when the carrier's underlying costs are different (e.g., one with costs at the minimum and another below the minimum).

CMA testifies carriers will not be forced by large shippers to offer below cost rates and stay in business by charging excess rates to small or rural customers. CMA asserts this cannot happen when there is free entry and free pricing. Cross subsidies, according to CMA, are possible only when there is monopoly or where pricing is controlled. If a carrier gets mesmerized by large shippers (and underprices to the large shipper while overcharging the small shipper), that carrier will lose business to another carrier who seeks the small shipper with lower rates, CMA asserts. The lower rates can be charged by not being burdened with losses from large shippers, says CMA. CMA puts it another way by testifying if a carrier makes substantial profits on some share of his business, there is scant reason for him to make a charitable donation of those profits to some other group of customers.

We find that price discrimination is unlikely in this market. The competition is too vigorous, the market power of any firm too limited, the ability of the industry to act in concert too small, the power of any shipper too little and entry too easy. If a carrier tries to price above cost, shippers can and will seek another carrier or move themselves. This prevents carriers from price discriminating by overcharging customers. If a shipper demands a shipment be made at prices that do not recover costs, or

are in any way unreasonable to a carrier, carriers in this industry are not common carriers and need not perform the move. If volume or repeat moves by large shippers cost-justify a discount, that is not price discrimination. The record shows that there is no support of the proposition that reduced or cancelled rate regulation causes price discrimination.

In fact, we note that price discrimination may occur under minimum rates by two shippers being charged the same rate (the minimum rate) for similar moves when the carrier's underlying costs are different. This would not necessarily be undue discrimination if the minimum rates are necessary to prevent destructive rate practices or otherwise promote the public interest overall. To the extent the market allows price discrimination now, however, it may occur when two customers are charged different rates (e.g., one the minimum rate and another above the minimum rate) when the carrier's underlying costs are the same. Minimum rates do not prevent discrimination.

We do see the possibility of some carriers overcharging some customers, but not because the market in general promotes or allows price discrimination. Rather, as explained below, it is when the shipper is in a poor bargaining position that some carriers may take advantage of some shippers. We adopt maximum rates to prevent this abuse.

D. Conclusions

We conclude that the reasons we retained minimum rates in D.83-05-033 no longer exist, and whether we retain minimum rates now must be based on other factors. We find that under the law we can set maximum, minimum, or maximum and minimum rates, and that there is sufficient reason to believe that we can also set no rates that we will consider that option as well. We find that the household goods market is structurally competitive, but is not price competitive downward since charging rates below the minimum is illegal under our present regulation. We find this market does

not have the structural features to produce monopoly, predatory pricing, destructive rate practices or price discrimination.

VII. Ratemaking Options and Maximum Rates

In this chapter we will examine our ratemaking options:

(1) minimum rates
  (a) at the cost of the efficient carrier
  (b) at a direct cost floor
  (c) with a deviation mechanism
(2) minimum and maximum rates
(3) no rates
(4) maximum rates

We will examine these options in the context of our goal to protect the public interest and our program objectives of:

(1) consumer protection;
(2) economic efficiency;
(3) adequate service;
(4) highway safety;
(5) administrative feasibility;

And we will specifically discuss:

(6) elimination of unnecessary regulation;
(7) compliance with the law;
(8) enforcement;
(9) experience in other states and by the federal government; and
(10) the DRA shipper survey.

We will develop and explain our program as we examine the options. We will conclude with a discussion of our adopted ratemaking option and the risk of an undesirable result.

A. Minimum Rates

Minimum rates as now established set rates based on the cost of the efficient carrier. We will examine minimum rates based on the cost of the efficient carrier, then examine the use of minimum rates based on a direct cost floor, and with a deviation procedure.

1. Minimum Rates at Cost of Efficient Carrier

a. Consumer Protection

The parties disagree whether minimum rates protect the consumer. CMSA argues that minimum rates offer the opportunity for an economically healthy industry that other ratemaking options do not. Consumer protections (including professional, quality service) are available only when the industry is healthy, according to CMSA. Consumer protections cost money. Most unlicensed carriers do not incur the costs of consumer protections, according to CMSA, and minimum rates are necessary for the licensed carrier to recover the costs incurred for these consumer protections. CMSA argues that the lower prices advocated by DRA will not assure more but fewer consumer protections, as carriers first cut consumer protection compliance to cut costs. Low levels of underestimates and consumer complaints demonstrate that the current consumer protections are working well, CMSA asserts. (Exhibit 9, Appendices D and E.)

Students applauds the Commission's focus on consumer protection. Students argues that minimum rates are necessary to prevent destructive pricing--pricing which will lead to a sacrifice of consumer protections and their costs first. Students cites deregulation in Arizona and Florida as a cause for consumer suffering in those states. In answer to questions from the ALJ, Students testified that Arizona and Florida do not have any regulations to protect consumers. (Tr. 23:2716.)

Bekins offers that minimum rates provide consumer protections through the rates being compensatory for reasonably efficient carriers and thereby minimize dishonest pricing, "fly-by-night" operators, and shortcuts in claims settlements. Minimum rates provide consumer protections by allowing for professional service using appropriate equipment and trained

personnel, to the extent the Commission adjusts the minimum rates to reflect changes in costs, according to Bekins.

CMA argues that minimum rates protect the industry from competition. Maximum rates would protect the consumer, CMA testifies, while minimum rates do not, since any rate above the minimum may be charged under a minimum rate scheme. No regulation is necessary to protect the public from the truly responsible carrier, according to CMA. CMA asserts that if regulation is established it is as an attempt to control those who would otherwise be irresponsible. (CMA Concurrent Brief, pp. 2 and 8.)

DRA argues that to the extent the current minimum rate system diverts resources away from enforcement of consumer protections, the current system does not protect consumers as much as it should. DRA and CMA point out that the current system offers no direct protection to the customer, especially when a carrier charges a rate substantially over the minimum and says the rate is fully approved by the Commission. They assert that this is troubling because for the majority of purchases regulated by the Commission the consumer can rely on the Commission price not being excessive.

Further, according to DRA the current system denies consumer protections to customers priced out of the market: willing to pay the market price for household goods moving but unwilling to pay the above-market minimum rate. DRA testifies that consumers are best protected by consumer protection rules directly. Finally, DRA points out that all current direct consumer protection measures were adopted during the use of minimum rates. Minimum rates do not themselves protect consumers since even with minimum rates consumer abuses were occurring and were addressed by direct additional rules and regulations, according to DRA.

We find that minimum rates do not protect consumers. Consumer abuses were abundant even with minimum rates. We note the increasing amount of legislation and Commission initiatives in the

1960s through the 1980s to address consumer protection all the while under a minimum rate scheme. (Exhibit 8, pp. 67-80.)

We do not accept the destructive rate argument. Therefore, minimum rates are not needed as a prevention from the industry self-destructing in order to protect consumers. There are many competitive industries that provide professional services without minimum rates and without destructive price practices.

One consumer protection is the right to be protected from paying an excessive price. Minimum rates do not offer that protection. Further, to the extent minimum rates are above the market clearing rate, consumers are being financially abused by our regulation. Witnesses unanimously testified that prices will fall if minimum rates are cancelled. While the amount is not known, CMSA witness Boyarko testifies that rates under DRA's deregulation recommendation may drop no more than 5 percent if the market acts rationally and is well-informed. (Tr. 21:2495.) Even if rates drop no more than 5 percent, the consumer is not being protected from paying too much under our current minimum rate system.

CMSA argues that:

> "Reasonable rate regulation [e.g., minimum rates] is the trade-off for statutory and Commission mandated consumer protection laws and regulations, the likes of which no other class of carrier except the household goods carrier is subject. If the Commission removes the rate floor which makes compliance with these consumer laws and regulations possible, future compliance and service standards will sink as quickly as a lead weight in a pool of water."
> (CMSA Concurrent Brief, pp. 47-8.)

We do not view our regulation as a trade-off. Setting a minimum rate is not an exchange for household goods carriers behaving responsibly to our citizens and their customers. Our regulatory compact with this industry is not that we will set minimum rates at some level the industry finds acceptable in

exchange for the industry behaving itself. Our compact is that we adopt whatever program is in the overall public interest, and we will enforce against illegal and irresponsible behavior within the full extent of our regulations and the law. We will not accept carriers cutting costs by cutting consumer protections, and will put protections into our new maximum rates to prevent abuses, as discussed below. (See Chapter 8.)

Just as we have found in D.90-02-021 that direct safety enforcement is more effective than hoping for safety through minimum rates (Finding of Fact 162), we find that direct enforcement of consumer protections is more likely to be effective than hoping for responsible behavior indirectly through setting minimum rates. History has proven that minimum rates themselves do not obviate the need for direct consumer protections. Whatever consumer protections we find necessary we will accomplish directly.

b. Economic Efficiency

The parties also disagree on whether the economic efficiency objective is met through minimum rates. CMSA defines economic efficiency as:

> "Transportation of used household goods, and related material, at the lowest cost consistent with adequate protection of the customers goods and a reasonable net profit to the carrier; within the framework of California law, both legislative and administrative." (Exhibit 8, p. 74.)

CMSA argues that prices are at the lowest reasonable level consistent with both mandated and adequate protection of the consumer's goods. Further, CMSA says there is no "fat" in this industry and lower prices will quickly stimulate destructive competition to the serious detriment of both carriers and consumers. Prices are based on the efficient carrier and are as low as they can be for the efficient carrier to survive, according to CMSA.

CMSA's witness Boyarko testifies that two factors impact economic efficiency for this market: elasticity of demand and economies of scale. According to Boyarko, demand is inelastic, and there are no substantial economies of scale. Economic efficiency according to Boyarko must balance the use of labor and equipment with demand. Demand has the following characteristics that frustrate the provision of efficient moving services, according to Boyarko: (1) the less than truckload nature of most shipments; (2) the relatively low, imbalanced, and fluctuating demand for moving services; (3) the irregular-route nature of moving; and (4) the seasonality of demand. Boyarko concludes that the nature of demand makes the achievement of economically efficient operation extremely difficult. Given the nature of the market, Boyarko believes that the present regulatory program promotes economic efficiency to the extent practical by providing carriers the freedom to serve demand without undue regulatory burdens using a rate system that allows carriers the opportunity to earn minimally adequate returns.

Boyarko argues that the current system promotes innovation and therefore efficiency by requiring carriers to meet threshold levels of quality and then leaving wide latitude for them to initiate service improvements and innovations in attempts to differentiate their offerings in the marketplace. Boyarko asserts any efficiency gains through regulatory action should be promoted by (1) greater enforcement of the program's minimum requirements (which will discourage illegal operations) and (2) the creation of adequate minimum rates. Overall, Boyarko concludes that the present system promotes economic efficiency. (Exhibit 15, pp. 2-21; Exhibit 24, pp. 17-21.)

CMA argues that the minimum rate system hurts economic efficiency because minimum rates are too high and price competition is foreclosed. CMA cites two examples. First, moves similar to household goods moves are made profitably by firms other

than household goods carriers at rates below minimum rates, according to evidence presented by DRA. (CMA Concurrent Brief, p. 5, citing Exhibit 28.) Second, CMA uses data from Exhibit 14 to show 21 out of 86 carriers (24%) with usable data have returns on equity in excess of 20%. (CMA Concurrent Brief, p. 4.) CMA argues that MRT 4-C rates are not really based on the efficient carrier, and therefore minimum rates hurt economic efficiency. CMA claims that since there has not been effective competition in this industry for more than 50 years, one cannot know what the effects of competition will be, but

> "...real world experiment in a thousand forums shows price fixing and other inhibitions of competition are guarantees of long term inefficiency." (CMA Concurrent Brief, p. 8.)

DRA argues that minimum rates hinder efficiency. In a fully price competitive market, carriers can use greater efficiency as a means to get a competitive advantage (using efficiencies to lower costs and support lower prices). Minimum rates prevent that here, according to DRA, since minimum rates set prices high enough that some inefficient firms can survive who would otherwise be driven from a fully competitive market.

Economic efficiency, according to DRA, is the allocation of resources to areas where they generate the most benefit. (Exhibit 1, p. 5-5.) If resources are overallocated to one area, another area will be denied resources (because at any time there are only a finite amount of resources). If any area is denied resources due to this misallocation, productive efficiencies are also lost since the resources are not available for production in the area with underallocated resources. DRA claims that the current program hinders allocative and productive efficiencies not only in the household goods industry but throughout the entire economy.

DRA testifies the primary efficiency distortion from minimum rates is from the rates being higher than they would be in a competitive market. Rates above optimum result in excess supply (resources) and insufficient demand. This is demonstrated by the average overall low rates of return for this industry, according to DRA. The household goods market is signaling to investors that there are excess resources and that new investments will not earn a return competitive with that in other markets. This is further demonstrated according to DRA by the glut of household goods equipment (Exhibit 24, p. 15), reduced rates of purchasing of new equipment (Exhibit 15, p. 11), and productivity factors used in setting minimum rates that indicate underutilization of assets (Tr. 3:291).

DRA cites many examples of minimum rates being above the competitive market clearing level in other markets to support its contention that minimum rate tariffs inflate rates.[12] DRA also cites frailties in the methodology (e.g., uses of averages) and inputs used to determine minimum rates to show minimum rates are too high (i.e., above the actual costs of the truly efficient carrier). Excessive rates result in higher than optimal demand for substitute services (e.g., self moves or using unlicensed carriers) and lower than optimal demand for licensed carriers, according to DRA.

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12 DRA claims food products trucking rates have fallen between 19 and 36 percent since 1958 when made exempt from federal trucking regulations; California bulk agriculture transportation rates have decreased in real terms since rate deregulation in 1983; Florida general freight rates decreased between 2 and 15 percent when rates were deregulated in 1980; real rates for general freight have fallen in Arizona since its rate deregulation in 1982; real rates fell during the period of 1980 to 1985 when this Commision experimented with less regulation of general freight; broker commissions fell after the Securities and Exchange Commission deregulated rates.

Further, DRA argues that minimum rates provide only half the incentive to operate efficiently. Carriers have the incentive under minimum rates to minimize costs in order to maximize profits, but they do not have the further incentive to lower costs to gain or maintain market share, DRA claims. In price-competitive markets, by contrast, firms cut costs to reduce price and gain market share, or to meet lower prices from their competition to maintain market share. Under minimum rates, the drive to cut costs to increase profits is strong, but it is weaker than the incentive created by a fully price competitive market which requires that the firm be truly efficient to realize any profit, according to DRA. DRA asserts that minimum rates promote economic inefficiency by setting rates high enough that even some inefficient firms can remain. Therefore, minimum rates are not in the public interest, says DRA.

We find that minimum rates do not promote economic efficiency. Prices are not allowed to fall below the minimum rate in our program. All witnesses testified that prices would fall without minimum rates. CMSA says this will be due to competition from illegals and the self-destructive tendencies of legal carriers. We will enforce against illegals, as we discuss later, and we expect that household goods carriers will be rational and will not use destructive rate practices.

We find that between 24 and 36 percent of the carriers cited by CMA and CMSA respectively had returns on equity in excess of 20% in 1988 (the latest data available). We disagree with CMSA that prices are at the lowest reasonable level consistent with adequate consumer protections, since all witnesses argue that rates can fall without the minimum rate program and we will retain our consumer protection measures no matter what program we adopt. We disagree with CMSA that lower prices will lead to destructive rate practices. (See chapter 6.) We disagree with CMSA that prices are at the lowest level they can be for the efficient

carrier to survive since more than 24 percent of the sample carriers have handsome returns on equity at current minimum rates. We agree with CMSA that characteristics of the industry prevent operating with perfect economic efficiency. But we disagree that reduced rates will not make the industry more efficient, and will only reduce revenues jeopardizing dependable and adequate service. (CMSA Concurrent Brief, p. 56.) Reduced rates will force carriers to find every efficiency advantage they can, to retain if not increase market share. The wide range of returns on equity reveal that some carriers have found more efficient methods to perform their jobs than have others. Minimum rates create a market with excess supply and insufficient demand. Minimum rates do not promote economic efficiency.

c. Adequate Service

The parties also disagree whether minimum rates promote adequate service. CMSA argues that the industry provides adequate service under minimum rates, and that minimum rates prevent the destructive rate practices, consumer abuses and therefore the inadequate service that would come with cancelling minimum rates. CMSA claims that the vast majority of persons moving themselves do not want a professional mover and will not opt for such service absent a change in their personal circumstances or requirements. CMSA argues that demand is inelastic so lowering prices to capture any meaningful portion of the self-move market will result in very little incremental business and will simply decrease the revenue available to spread over the costs involved.

CMSA witness Boyarko argues that to the extent adequacy of service also includes availability, minimum rates promotes adequate service by providing carriers the freedom to meet demand without undue regulatory burdens using a system that allows carriers the opportunity to obtain minimally adequate returns. (Exhibit 15, pp. 22, 9-10.) Minimum rates prevent lower prices which would result in a diminution of adequate service quality.

(Exhibit 15, p. 25.) Without minimum rates, less professional and dedicated persons would compete exclusively on the basis of price. Without the minimum rate floor, established firms will be priced out and substandard service will increase. (Exhibit 15, p. 25.) Minimum rates sufficiently spur carriers to enhance quality of service due to the high level of competition. Boyarko argues that minimum rates are probably necessary to ensure adequate service. (Exhibit 15, p. 28.)

CMSA witness Hays argues that minimum rates promote adequate service. In support, Hays testifies:

> "If such rate levels are not maintained, history has provided the opportunity to view the 'dire consequences'. The industry must not be returned to an environment where cheating, deceit and misunderstanding rule the household goods market. There is absolutely no demonstrated need, except perhaps lack of motivation, for major disruptive changes in household goods regulation. All Californians have access to high quality moving services at fair rates." (Exhibit 8, p. 131.)

Minimum rates, according to Hays, prevent our returning to a condition of 'dire consequences'. Hays further testifies that the diversity of rates, rules and regulations (as well as the changes in rates, rules and regulation over time as circumstances changed) demonstrates that the regulatory program responds to changing needs, so adequate service is maintained.

CMSA witness Harrison testifies that the federal rate experience (without minimum rates) has resulted in an unhealthy and financially weak industry "... which could eventually threaten service to the public." (Exhibit 12, p. 5.) CMSA witness Petty testifies that federal regulation:

> "...has resulted in serious service capacity shortages in the peak summer season...a similar rate flexibility system...within California is not feasible unless the goal

is to reduce service and its quality." (Exhibit 13, p. 6.)

Dennis testifies that without minimum rates set at a reasonable level a shortage of trained personnel and adequate equipment will result. (Exhibit 20, p. 14.) Students testifies that it discontinued operations in Florida because rate levels there have moved below the cost of adequate service. (Exhibit 26, p. 2.) Similarly, Bekins testifies that minimum rates are necessary to maintain adequate service. Bekins offers that the household goods market in California is easy to enter but it is expensive to train personnel to provide safe, professional, adequate service. (Exhibit 19, p. 3.)

CMA defines adequate service as:

> "...the routine availability of service to the extent that the customer is willing to pay the actual cost of providing such service." (Exhibit 6, p. 8.)

CMA testifies that economic history is devoid of any record where market-based action has failed to provide adequate service, except in times of force (e.g., war). Minimum rates fail to ensure adequate service since they prohibit service at a price below the minimum even when the shipper and carrier may agree to such price. A rate deregulated market will ensure adequate service quality. CMA points out an argument is made that minimum rates ensure unscrupulous operators do not enter the market and provide inadequate service at low rates. CMA counters by arguing that nothing stops unscrupulous operations under minimum rates except Commission police action and self-protection by the public. CMA asserts that "...service delivered to the customer at a price closely related to its cost is adequate" (CMA Concurrent Brief, p. 9), but minimum rates do not assure adequate service.

CMA says it takes little sophistication to understand the fundamental service requirement: "actual delivery of the goods, undamaged and at the time promised." (Concurrent Brief, p. 7.)

Minimum rates do not meet this service requirement according to CMA.

DRA argues, similarly to CMA, that minimum rates do not promote adequate service. Minimum rates deny regulated service to a segment of the moving public since minimum rates are too high according to DRA. DRA claims minimum rates deny customers the chance to select price/service options which best meet their needs at the price they are willing to pay. Minimum rates prohibit carriers from offering less service at lower prices. DRA agrees with CMA's definition of adequate service and says "...any shipper who is willing to pay the economic costs of the transportation should be able to obtain the service." (Exhibit 1, p. 5-13.) Minimum rates do not allow this outcome and therefore do not provide adequate service, according to DRA. DRA asserts that excess capacity in the industry shows the equipment is available but not desired. This does not promote adequate service, DRA asserts. DRA also offers that since minimum rates allow any rate above the minimum, adequate service is promoted for the costly moves that need to be charged at rates above the minimum.

We find that minimum rates do not promote adequate service. We do not accept CMSA's argument that minimum rates prevent destructive rate practices which, if allowed to occur, would destroy adequate service, since we reject the notion that destructive rate practices are likely to occur. We reject CMSA's position that consumer abuses will increase without minimum rates because we believe most carriers are responsible and will remain so even without minimum rate. Further, however, we intend to prevent any increases in customer abuses which may happen, as we discuss below under enforcement.

We reject CMSA's argument that the vast majority of persons moving themselves do not want a professional mover and will not opt for such service absent a meaningful change in their personal circumstances or requirements. Most people would use a

professional mover if they could afford it. By the meaningful change in personal circumstances CMSA means that the person can afford a professional mover. More people will be able to afford a professional mover, and have the benefit of consumer protections from a regulated carrier, if we cancel minimum rates and rates fall.

The fact that we do not know how many will actually elect a professional mover given greater affordability is no reason to prevent giving consumers that extra choice. If rates fall 5 percent, the average move by a professional, licensed mover will reduce from about $600 to $570. Compared to the cost of self move or moving with an unlicensed carrier, the $30 savings may be enough to convince some shippers to use a professional mover, save their own labor and gain valuable consumer protections.[13] While demand may or may not be very elastic, no witness testified that it is perfectly inelastic. Therefore, whether carriers make more or less money due to the degree of elasticity, some shippers will make the choice to use a professional carrier if the price falls.

Federal experience shows a serious service capacity shortage in the peak summer months according to CMSA. A shortage must be understood in the context of willingness to pay, as CMA and DRA observe. If people are willing to pay the marginal cost for service in the peak season--which will be higher than in other times of the year--they will by definition be able to get service. If there are capacity shortages in the summer season it can only mean that people do not value the service sufficiently to pay the cost. We do not intend to adopt a system where consumers do not pay the cost of service. Therefore, as long as people are willing

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13 Even if the use of ones own labor does not require the outlay of cash, consumers make the decision to hire help or use their own labor based on the relative costs of the hired help and the value they put on their own time and abilities.

to pay the cost of service in California, there will not be shortages of capacity and inadequacy of service.

We are concerned with the vast majority of the California public that does not use a professional mover. Minimum rates prevent some portion of that market segment from using professional services. Minimum rates thus contribute to inadequate service rather than promote adequate service.

We reject the argument that minimum rates promote the most professional and dedicated persons and without minimum rates less professional and dedicated persons will enter the market and compete only on the basis of price. We were struck by the professionalism and dedication expressed by the many movers at the public participation hearings. We do not believe that persons who earn less, however, are inherently less professional or dedicated in the performance of their jobs.

We reject the argument that without minimum rates established firms will be priced out and substandard service will prevail. Without minimum rates shippers are still free to pay a premium price for premium quality if they choose (just as some do now with minimum rates, assuming at least some of the moves charged above minimum rates reflect premium service). We expect market niche firms to develop, or established firms to offer a range of service quality. Some firms may offer a low cost, low quality product/service, others high cost/high quality. Without minimum rates shippers would vote with their dollars in ways they cannot legally do now for price/service combinations below the existing minimum rate if any carrier is able and willing to offer such a package. Shippers would be free to consider more product/service combinations then they have now, and would be free to choose. As long as the customer is reasonably informed and pays the actual cost of the move, the service is adequate.

We are persuaded by CMA that minimum rates do not in and of themselves stop unscrupulous operators. If minimum rates do

this at all, it is indirectly at best. Direct actions are preferable to promote adequate service, such as entry restrictions, enforcement against improper carrier behavior plus membership in trade and professional associations which maintain high standards for their members and assure the public they are being served by a reputable firm as certified by the association (such as membership in CMSA, the National Moving and Storage Association, the National Institute of Certified Moving Consultants, and the National Moving and Storage Technical Foundation).

We agree with CMA that little sophistication is really needed to understand the fundamental service requirement: actual delivery of the goods, undamaged and on time. To that we add: and at the price promised.

d. Highway Safety

The parties also disagree about the role minimum rates play in highway safety. CMA and industry witnesses argue that minimum rates are necessary to provide the revenues for carriers to pay for safety. CMA argues that safety should not be left to the market and indirectly by minimum rates, but must be done by direct action. DRA agrees with CMA and further offers that:

> "Virtually all credible work attempting to establish a linkage between economic regulation and motor carrier safety has failed. Indeed, during the years since the Motor Carrier Act of 1980, fatalities from heavy truck accidents have remained essentially constant and fatalities per mile have declined." (Exhibit 1, p. 14-13.)

DRA testifies that either there is no link between safety and minimum rates or it is subtle in the extreme. Further, DRA asserts that even if there is a weak link, the best way to enhance safety is to apply direct safety requirements and enforcement. Rather than expend resources implementing and

enforcing a minimum rate system, according to DRA, spend the resources directly enforcing safety if that is the goal.

We agree that there is at best a subtle link between minimum rates and highway safety. Commissioner Calvo recognized this in his concurrence to D.86-04-045:

> "Regardless of what rates carriers charge, profits can always be increased by reducing costs through lower levels of maintenance and less rigid adherence to safe operating practices. Thus rate regulation is at best an imperfect tool to achieve safety goals."

It is indisputable that we will not compromise safety on the highways. We will protect the public safety through direct actions as discussed below in the chapter on safety.

e. Administrative Feasibility

The parties disagree about the administrative feasibility of minimum rates. CMSA argues that minimum rates have been developed for decades, and as recently as 1987. Minimum rates have been and can continue to be administratively feasible. CMSA believes that as few as three TD staff can administer minimum rates. CMSA argues that there is sufficient money in the TRF to support administration and if more money is required the Commission has the authority to raise the level by more than double the current level. Any administrative feasibility problems result from a lack of interest in complying with the law, according to CMSA, not lack of talent, staff or resources.

DRA argues that minimum rates require considerable resources to set and administer. DRA testifies that determining the efficient carrier is hard if not impossible and results in the use of averages. These resources are better spent directly administering safety, consumer protections and enforcement rather than minimum rates, according to DRA.

We find that determining minimum rates is very difficult and can result in the use of averages. Minimum rates are

administratively feasible, but they are costly to administer and unnecessary unless they are meeting a need. We find minimum rates are not protecting consumers, are not economically efficient, do not promote adequate service, and do not promote safety. The cost of minimum rate regulation, even if it is less than three staff members per year, is greater than the benefit, and these resources could be spent in a more productive way.

f. Elimination of Unnecessary Regulations

CMSA argues that minimum rates are necessary for the health of the industry. If that were true, minimum rates would not be unnecessary regulation. We find that minimum rates do not meet the first five objectives, and are therefore unnecessary regulation and should be eliminated.

g. Compliance with the Law

There is no question that minimum rates is one of the alternatives allowed by the law.

h. Enforcement

CMSA and industry witnesses argue that the Commission has not been and is not vigorously enforcing minimum rates when the Commission allows criminals to operate without licenses and charge below minimum rates. DRA argues that enforcement (which now includes collection of undercharge penalties) should focus on higher priority matters, such as safety and consumer protections. We find that minimum rates are enforceable if there are other reasons for their retention.

i. Other States and the ICC

CMSA witness Boyarko identifies five states without rate regulation: Florida, Arizona, Maine, Wisconsin and Alaska. (Exhibit 24, p. 22.) No consumer protection regulations exist in any state without rate regulation, except perhaps for Florida. (Tr. 8:926-7 and CMSA Concurrent Brief, p. 69.) CMSA argues that testimony by DRA witness Beilock (regarding neutral, if not good,

experience without rate regulation) should be given no weight since it is based on data at least seven years old and is not specific to household goods. CMSA claims Beilock's studies are on sod carriers, not carriers of precious household goods.

CMSA argues that Students' testimony is probative. Students shows experience in two states with no rates (Florida and Arizona) and one where the carrier can file any rate (New York). Students testifies that rates have been driven so low that inferior service has resulted in all three states (including intentional underestimates of price, failure to respond to customer complaints, failure to maintain equipment, use of unsafe equipment, uninsured or underinsured carriers, and carriers ceasing to operate). Students has ceased operations in New York and Florida and intends to leave Arizona soon. Bekins testimony supports Students regarding poor service in Arizona.

CMSA argues that the federal experience is an "unmitigated mess." (CMSA Concurrent Brief, p. 71.) According to CMSA, price has become the product, many local companies have failed, there is a shortage of capacity and drivers, customers are confused over the price options, customers pay a large hidden cost in inferior service, there is severe financial vulnerability for more carrier bankruptcies, and service has deteriorated greatly.

DRA witness Beilock presents studies for both Arizona and Florida showing after deregulation rates are the same or less, service is the same or better, carrier efficiencies are the same or better, and remote locations do not have a deterioration in service or increase in price, compared to before deregulation (based on data from 1979 through 1984). Beilock's studies find no evidence of predatory pricing or ruinous competition (destructive rate practices) after deregulation. Beilock's studies show rates may be more variable after deregulation, but the instability has caused no serious problems. Safety is not linked to rate regulation in any significant way according to Beilock. Beilock testifies to a study

of produce and ornamentals haulers over the years 1982-89 from which he draws the conclusions that there are no or small economies of scale, and there will not be destructive competition or high concentration of household goods carriers in California if the Commission deregulates rates. Beilock concludes:

> "For nearly a decade, I have researched the impacts of reductions or eliminations in economic regulation of motor carriage. In this work numerous segments of the trucking industry have been examined under a wide variety of conditions. In no case have I found indications of negative results to shipper/receivers. In fact, reduced regulatory controls almost inevitably result in improved or consistent service, greater choice, and moderated rate levels for all groups of users. Exposed to the full discipline of the market, less efficient and less flexible carriers may suffer. However, I have never found indication of predatory pricing or widespread bankruptcies suggesting destructive competition, nor have I found that reduced regulatory controls results in increased industry concentration. Finally, there are no convincing empirical indications that reduced economic regulation actually compromises safety... Would these same salutory results hold for California household goods trucking? I strongly believe that the answer is yes." (Exhibit 1, pp. 14-20 to 14-21.)

Beilock's studies are not directly on household goods carriers, but the unique features of household goods carriage are basically two, according to Beilock: carrier packing and infrequent users. This first factor is relatively unimportant since many segments of trucking must meet specialized handling and/or equipment requirements, according to Beilock. The second factor argues for California continuing to set service standards to reduce the consumers' cost of gathering information. Because

quality of service standards may be set, it does not follow that rates need to be set, according to Beilock.

DRA also argues that most states classify their household goods carriers as common carriers, who then incur an obligation to serve all comers and file tariffs. That is not the case in California. DRA offers that the ills cited in Arizona and Florida are due to the lack of consumer protection rules and licensing requirements. No proposal is before the Commission to abandon consumer protections or licensing requirements, according to DRA, and therefore the experiences in Arizona and Florida cannot be probative.

DRA cites CMSA witness Hays' testimony that federal flexible rate regulation allow carriers to discount from filed rates as much as 55 or 60 percent. Most carriers discount only about 33 percent according to Hays. (Exhibit 8, p. 39.) Bekins testifies that it discounts only about 22 percent on interstate shipments that go out of California. (Tr. 21:2454.) CMSA's witness Harrison testified that major shippers no longer exact large discounts, but now willingly pay more for a higher quality of service. (Tr. 17: 2086.) DRA summarizes this evidence to argue that even in the face of rate flexibility and significant competition it is clear that rates do not necessarily fall as far as the program would allow, and the market adjusts to perceived service problems, even with low pricing floors.

We conclude that the experience in other states and at the federal level may be mixed, but that there is no evidence to conclude negative effects will prevail from cancelling minimum rates. Students and Bekins present their experience and impressions from other states, but present no data.

Students testifies that the failure rate in Arizona is high and suggests the Commission could check this by conducting a survey of disconnected telephone numbers of moving companies in Arizona. (Exhibit 22, p. 6.) Under cross-examination, Students

indicates it made some calls, but could not recall the details. (Tr. 23:2699.) In its concurrent brief Students tries to rehabilitate this testimony by presenting results of a study conducted after cross-examination. (Concurrent Brief, p. 6.)

Students' later study is inadmissible. Students and all parties to this proceeding had three months from the first prehearing conference to the filing of the direct testimony to collect data to support their cases. They had another four weeks to collect data for rebuttal testimony. Students had adequate time to prepare before hearing.

CMSA presented evidence that the number of household goods complaints in Florida has doubled since deregulation, supporting CMSA's claim that consumer problems dramatically increase with rate deregulation. (Exhibit 24, p. 24.) DRA demonstrated, however, that the source of the CMSA data was all consumer complaints lodged with the Florida Department of Agriculture and Consumer Services (not just household goods complaints), and that all consumer complaints have doubled in Florida in the period under study, for reasons that are unknown. (Exhibit 46.) We further note that the percent of household goods complaints to all complaints in Florida has remained stable from regulated to deregulated years. In addition, we note that as a percent of population, household goods complaints are 1.6 complaints per hundred thousand population under deregulation in Florida and 2.5 complaints per hundred thousand population under a minimum rate scheme in California. If deregulation of rates causes problems, the record of complaints in Florida does not support that conclusion.

CMSA claims the federal experience is a "mess". We find, however, that the evidence shows customers are willing to pay a higher price to get higher quality of service if they so choose. (Tr. 17:2086.) This does not demonstrate a mess, but a market that can adjust to customer needs and carrier abilities.

CMSA and industry claim that rate deregulation will cause a freefall of rates and result in chaos and disaster, with substantial carrier failure rates, citing federal experience. The evidence is that the number of carrier failures have increased (Exhibit 24, Table 6), but so have the number of entrants (Tr. 21:2507), and the failure rate of motor carriers after federal rate relaxation is similar to the failure rate for all U.S. business as a whole (Exhibit 1, p. 14-17). We find that federal experience does not support a claim that carrier failure rates have increased or will increase to an unacceptable level.

CMSA claims rate relaxation will cause rate decreases and chaos. The federal experience, however, based on data submitted by CMSA discussed above, shows interstate household goods rates have increased above the rate of inflation. We believe that if there are problems at the federal level they cannot be blamed on rates being too low. Federal experience shows that rate relaxation does not necessarily mean rates enter a freefall downward until the industry is in collapse.

Furthermore, CMSA's data shows a deterioration of interstate carrier financial health, with low rates of return in 1989. We note, however, that the study of California household goods carriers also shows low results as an average of the industry but that over 24 percent of the sample have very healthy returns on equity. We do not know if this is true for the federal data.

The evidence presented by DRA covers nearly a decade of research. The differences between the trucking in the DRA cited studies and household goods trucking are satisfactorily explained: we agree that the first factor is relatively unimportant since many segments of trucking must meet specialized handling requirements; we agree that the second factor argues for our retaining service standards. We find, based on the DRA evidence, that overall after rate deregulation conditions are either the same or better for all

factors measured (e.g., price, market stability, service, carrier efficiencies).

j. DRA Shipper Survey

DRA conducted a survey of large shippers as part of its efforts in this investigation. The survey sought information on the adequacy of services, prices, consumer protection rules and other issues addressed in the OII. DRA contacted many potential shippers, but only 10 participated in the survey. DRA testifies that most of the respondents believe that minimum rates (MRT 4-C) are too high compared to interstate rates, although many said they are willing to pay above MRT 4-C levels to get good and reliable service. Two respondents indicated a range of between 5 and 20 percent less is charged for non-regulated versus regulated (MRT 4-C) moves, according to DRA. Several shippers are willing to pay higher prices to get a good move for any employee that is being moved since a bad move can reduce the employee's productivity, DRA claims. DRA asserts most respondents indicate a need for regulation of the moving industry to prevent abuses by carriers. DRA testifies most respondents said more consumer protection rules are needed. DRA says most of the respondents find availability and service quality are the same or better in the rate relaxed interstate market compared to minimum rate regulated California. DRA concludes that price is not the major factor in selecting a carrier among large shippers, and thus a reliable and efficient carrier will compete successfully under a variety of pricing structures. (Exhibit 1, pp. 11-1 to 11-7.)

CMSA argues that no evidence was so persuasive as the shipper survey. CMSA claims that it demonstrates the need for, and benefits of, continued rate regulation. CMSA concludes the survey results show: (1) California rate regulation stabilizes the industry (Tr. 1014.); (2) there is a need for Commission rate and other regulation (Tr. 1018.); and (3) 60 percent believe the quality of service will deteriorate upon rate deregulation or

relaxation in California (Tr. 1024.). CMSA cites all 10 respondents (except numbers 4 and 6) to show they all support continued rate regulation. (CMSA Concurrent Brief, pp. 66-8.)

CMA points out that the survey was sent to 147 persons and it took extensive follow-up contact to get even the 10 replies. CMA says this is not a representative sample. CMA points out its own witness Muraoka has stated dissatisfaction with minimum rate regulation for over 15 years with general agreement of those present. (CMA Concurrent Brief, p. 8.)

We do not rely on the shipper survey. It is not a representative sample. The parties disagree on what conclusions can be drawn from the survey. We need not decide since we find more than enough other evidence for coming to our decision.

k. Conclusions

Minimum rates at the cost of the efficient carrier are not necessary to protect the industry from destructive rate practices and collapse. Minimum rates do not promote consumer protection, economic efficiency, adequate service, or highway safety. Minimum rates are not administratively feasible to the extent they cost more to administer than the benefits that they produce. Minimum rates are unnecessary regulation since they meet so few of the Commission's goals and objectives for this program. Federal and state experience shows overall after rate relaxation or deregulation conditions are the same or better and there are no significant negative effects. The shipper survey is not representative and does not present information from which any conclusions are drawn.

2. Minimum Rates at Direct Cost Floor

DRA suggests the Commission consider the alternative of setting minimum rates at a level based on the carriers' direct cost of operations. Direct costs would include the costs of labor and vehicles (including fixed, running, maintenance and insurance) but

exclude indirect costs (such as non-revenue time, overheads and the seven percent profit factor). To the extent the parties' arguments on minimum rates at direct costs are similar to those discussed above, we will not repeat but only summarize these positions.

a. Consumer Protections

DRA argues that direct cost minimums will protect consumers by allowing the market to have far greater influence on the price determination. More consumers will be able to afford professional, licensed movers and therefore also obtain the consumer protection benefits of our regulations, according to DRA. DRA claims consumers will be protected from excess prices caused by average efficient carrier based minimum rates since the market will determine the price (which may be lower than the rate determined by the average cost of the average efficient carrier).

DRA observes that if the direct cost minimum rate is set too high the same infirmities DRA claims for minimums at average efficient carrier costs will be true as well for minimums at direct cost. DRA also points out that minimums at direct cost provide no protection against price gouging (except to the extent provided by our limit of a ten percent increase over a written estimate).

CMSA and industry argue that the lower prices from minimum rates at direct costs will quickly lead to destructive rate practices and industry chaos. Minimums at direct cost will force licensed carriers to compete with self moves and illegal operators. In fact, CMSA's witness Hays argues that there will be no reason for legal carriers to remain. They will cancel their permits or form a new entity without a permit. Operating without a permit will allow cost reductions by avoiding consumer protection, service, safety and other regulatory costs, according to Hays. (Exhibit 23, p. 18.)

Students argues that adoption of DRA's minimum at direct cost will result in three future moving services being

offered in California: (1) unlicensed movers who will continue to operate with little or no regard to consumer protections; (2) licensed movers who will be required to price compete with the illegals and who will be forced to cut costs, with consumer protection costs being the first cut; and (3) licensed carriers who attempt to continue to provide the present level of professional service who will soon be forced to cut rates and costs to a level similar to the carriers in type 2 or go out of business. (Exhibit 26, p. 2.) Students argues that destructive rate practices will be the eventual outcome to the detriment of everyone.

When it comes to price, consumers are protected best by the market given competition among suppliers. We reject the destructive rate practices and rate freefall to industry collapse arguments.

b. Economic Efficiency

DRA argues that minimums at direct cost promote economic efficiency since they provide greater price flexibility, provide greater price/service combinations reached by the market rather than government, stimulate carrier efficiency (as carriers lower costs to maintain or gain market share rather than just to increase profit), protect the industry from predatory pricing and destructive rate practices (to the extent predatory pricing and destructive rate practices might occur, since prices cannot go below the direct cost, which is the point where these undesirable effects begin to occur), provide some price stability that some carriers like, and reduce the effects of averaging of costs and productivity factors required when minimums are based on the average efficient carrier. Direct costs will not produce the going rate, according to DRA, so they will not impede market forces. DRA points out if the direct costs are set too high, however, they will protect inefficient carriers and retain the infirmities of minimums based on the efficient carrier.

CMSA argues that price reductions that will come from direct cost minimums will not increase demand significantly. Rather, the lower priced moves will substitute for moves that would have been made at higher prices. This will only reduce carrier revenues and increase business failures, citing federal experience as evidence. (Exhibit 24, pp. 18-19.)

CMSA cites the use of direct cost pricing by North American Van Lines to demonstrate its frailties. In 1982 North American designed a less costly service named "We Drive Moving Service". The savings were passed to the customer. North American found only 65% of the customers represented new service (the rest switched from otherwise buying existing service). North American found the chance to expand its market was illusory and direct cost pricing has limited uses. Direct cost pricing has gained use for spot-pricing in net inbound traffic areas, but general use would have bankrupt North American, according to CMSA. (Exhibit 24, pp. 12-14, 19-20.)

We find that minimums at direct cost promote economic efficiency. Despite CMSA's testimony about the lack of success with direct cost pricing at North American, that service was introduced in 1983 and continues today. Further, each move makes a contribution to margin, even if each move does not earn a profit. (Tr. 22:2573-5.) We believe that if North American did not find this service to be acceptable, the We Drive program would have been terminated, rather than continued for 8 years. Further, just as North American found, direct cost pricing does not mean that each move is charged at direct cost. Rather, as DRA argues, the direct cost floor is not the going market rate. Therefore, we believe that minimums set at direct cost increase economic efficiency.

c. Adequate Service and Highway Safety

DRA argues that minimums at direct cost increase the price/service combinations and therefore the adequacy of service.

DRA argues there is no connection between rates and safety. CMSA argues that reduced prices will lead to poorer quality of service and reduced carrier safety.

We believe that reduced prices will not lead to poorer quality of service. Rather, this is an opportunity for consumers to vote with their dollars for the quantity and quality of service they desire. Customers desiring a "coach" class move (as described by CMSA's witness Boyarko for the We Drive service) are given that price/service choice, now precluded by our minimums at the cost of the efficient carrier. Customers willing to pay premium prices can get a first class move with the attendant quality. We further find that safety will be promoted best by direct action, not indirectly by our rates. (See Chapter X.)

d. Administrative Feasibility

DRA argues that minimums at direct cost are very administratively feasible: they eliminate the need for measurement of productivity factors (since they can be imputed, according to DRA); there will be less need for undercharge enforcement; fewer cost elements will need to be measured; and direct costs are already identified and measured compared to incremental costs (even though incremental cost is theoretically superior in setting floor rates). DRA does point out that the efficient carrier still needs to be determined, however.

We believe direct cost minimums are administratively feasible and somewhat easier to develop than minimums based on the cost of the average efficient carrier.

e. Compliance with the Law

(1) PU Code § 5191

CMSA asserts that DRA's proposed direct cost minimums would reduce current MRT 4-C distance rates 40 to 44 percent and local rates about 50 percent. (CMSA Concurrent Brief, p. 13.) CMSA argues that this is incompatible with PU Code § 5191.

According to CMSA, § 5191 says if the Commission sets minimums the Commission shall:

> (1) establish or approve just, reasonable and nondiscriminatory minimum rates for both the transportation of the used household goods and accessorial services;
>
> (2) account for (a) the cost of transportation service performed or to be performed; (b) the cost of any accessorial service performed or to be performed in connection therewith; (c) the value of the commodity transported; and (d) the value of the equipment, facilities and personnel reasonably necessary to perform the service; and
>
> (3) make a finding that the minimum rate is at a sufficient level to allow safe operation upon the highways of the State and accounts for the cost of the trained drivers and other reasonable expense of operation of household goods carriers.

CMSA argues that this section requires minimum rates be based on all reasonable transport and accessorial costs, not just some, including all reasonable fixed and overhead costs. CMSA argues that the Commission opposed recital by the Legislature of all the cost factors when SB 210 was being considered, on the basis it would reduce the Commission's flexibility. The Legislature rejected the Commission's opposition and passed the bill with each cost item specified. This is clear legislative intent to require the Commission to include all costs, according to CMSA.

DRA argues that incremental or direct costs include all the costs that are incurred for a particular move.

(Tr. 21130.) The direct cost floor rates would be based on the costs of providing the costs of the basic move. DRA contends that this is consistent with the legislative statement on SB 210 (Appendix 2 to CMSA's Prehearing Legal Brief), which states that if minimum rates are set they should be "more tied" to the factors that directly affect the transportation involved. Further, DRA argues that Section 5191 only requires the rates to include reasonable costs and value. Costs in excess of what the customer chooses to buy or receive are not reasonable, according to DRA.

We believe that Section 5191 requires minimum rates to include all costs necessary to provide for safe operation, trained drivers and other reasonable expenses of operation. DRA's direct cost minimum fails to include indirect costs. Indirect costs include amounts expended by carriers for safety. (Tr. 10:1185.) Therefore, DRA's specific recommendation is not adoptable.

We could perhaps fashion a direct cost floor rate to include the cost of safety, trained drivers and other reasonable costs that may be somewhat below current minimum rates and thus provide some downward pricing flexibility. Including all the costs required of Section 5191, however, would bring the rate very close to levels now in MRT 4-C, as CMSA argues. We would gain nothing in consumer protection, economic efficiency and adequate service which we see promoted by the opportunity for lower rates. The reason to set minimum rates, however, is if the market exhibits self-destructive tendencies (e.g., predatory pricing, destructive rate practices). We do not believe that the market is so disposed, and therefore do not need to consider minimums based on direct cost further.

(2) Unfair Practices

CMSA argues that:

> "...both of the DRA (as well as the CMA) proposals [i.e., DRA: no rates, direct cost minimums; CMA: maximum

> rates] will require, and they strongly encourage, price competition for future moving services at either incremental cost or at a cost level between incremental cost and fully allocated cost and, as such, [require and strongly encourage] an unlawful, unfair business practice." (CMSA Concurrent Brief, pp. 18-9.)

DRA argues that its recommendations neither require nor encourage any unlawful business practices. We agree with DRA, but will defer our discussion until we address the maximum rate alternative below. (See Chapter 7.D.7 below.)

f. Conclusions

Minimum rates at direct cost levels are unnecessary to the extent they prevent carriers competing at prices below direct costs (wherein they begin engaging in predatory pricing and/or destructive rate practices). They are unnecessary since we reject the contention that the industry will engage in predatory pricing and destructive rate practices. Direct cost minimums allow price protection for consumers by the force and action of the market, and they promote economic efficiency, adequate service and do not hinder highway safety. They may be more administratively feasible than minimums at the cost of the average efficient carrier, but Section 5191 would require direct cost minimums either at or so close to the current level of minimum rates there may be no difference. Direct cost minimums do not protect against price gouging or any other price abuses carriers may exercise against consumers. As we will explain below, the benefits of direct cost minimums are also true for maximum rates but maximum rates will protect against price gouging. We find that price gouging is a problem that must be addressed, and therefore reject minimun rates at a direct cost floor.

3. Minimum Rates with Deviations

CMSA argues that minimum rates should be retained to prevent the business failures, abuses and chaos that will otherwise occur to the detriment of not only the carriers but the consumers. To the extent the Commission desires the program to allow greater downward rate flexibility, however, downward rate flexibility can be accomplished by improving the deviation procedure, according to CMSA. DRA includes a downward deviation procedure with its direct cost minimum rate proposal. We will consider here whether a minimum rate program with a deviation approach is a desirable alternative.

CMSA argues that differing requirements between Resolution TS-682 and D.86698 make the current deviation procedure confusing. Even more importantly, however, CMSA believes the industry has little incentive to use the deviation procedure since few if any carriers can survive at the present MRT 4-C rates which are too low. CMSA states that it believes the Commission and its staff should promote wider use of the procedure if the Commission believes there are carriers with lower costs. (CMSA Concurrent Brief, pp. 53-55.) CMSA argues that Exhibit 50 (identified for reference only) may be used to resolve any confusion and provide new, workable procedures. CMSA states that a reasonable deviation procedure from minimum rates at the cost of the efficient carrier will be far more advantageous to both carriers and consumers than any other rate proposals in this investigation.

DRA's primary recommendation is that the minimum rate structure in any form is unnecessary and should be eliminated. In this context the deviation procedure is moot, according to DRA. However, DRA indicates if the Commission adopts DRA's secondary recommendation of minimum rates at direct costs, a workable deviation process is desirable. DRA argues that the current deviation process is burdensome if not impossible.

The criteria for justifying a deviation are spelled out in D.86698. DRA points out that certain criteria in D.86698 would appear to allow any carrier with operating costs below minimum rates to obtain approval to charge lower rates, but that in fact the Commission disallows deviations based on actual costs being less. DRA cites D.85-11-031 as support, wherein the Commission denied such a request. (DRA Concurrent Brief, pp. 67-68.)

DRA argues that another deviation criterion in D.86698 is not only more restrictive on its face (since it applies only to designated shippers and specified origins and destinations), but it requires the carrier to file an application for each shipment proposed to be charged less than the minimum, and is therefore not a particularly responsive mechanism. DRA points out CMSA witness Rubin's testimony that the deviation process has become more difficult in recent years. (Tr. 19:2338.)

In response to Question 27 of Appendix A to the OII, no party recommended the Commission adopt a deviation mechanism for household goods similar to that adopted for the dump truck industry.

We conclude that minimum rates with a deviation process are unnecessary. Minimum rates are needed to protect the industry from destruction if carriers engage in predatory pricing and destructive rate practices. We reject the arguments that the industry structure predisposes this behavior and that carriers will act this irrationally. To the extent we reject the need for minimum rates set at the cost of the average efficient carrier, direct costs, or at any level, we similarly reject the need for a deviation process. Thus, the infirmities of the deviation process need not be addressed.

4. Conclusions

Minimum rates do not promote consumer protection, economic efficiency, adequate service or highway safety. Minimum rates are not administratively feasible to the extent they cost

more to administer than the benefits they produce. Minimum rates are unnecessary regulation since they meet so few of the Commission's goals and objectives for this program. Federal and state experience shows overall after rate relaxation or cancellation of rates that conditions are the same or better and there are no significant negative effects. Minimum rates at a direct cost floor or a deviation procedure do not cure the infirmities of minimum rates. Minimum rates are not in the public interest.

B. Minimum and Maximum Rates

We reject the use of minimum rates for this industry. As such, there is no need to consider further the combined use of minimum with maximum rates.

C. No Rates

The positions of the parties against (for) no rates is consistent with their arguments for (against) minimum rates, so we need not repeat those positions in detail. Rather, those arguments will be summarized, and only the new arguments addressed more fully below.

1. Consumer Protection

In summary, CMSA argues that no rates will lead to consumer abuses as the carriers cut consumer protection costs to meet the competition. According to CMSA, demand is relatively inelastic, so decreases in price will not result in offsetting increases in sales. Total revenues will drop as prices drop. Lower prices will mean less, not more, consumer protections. Present consumer protections and rates work well, according to CMSA, and the proponents of change have not met their burden of proof to support any changes.

DRA argues that abandonment of rate regulation will result in market determined prices, which will be lower than present minimum rates. Regulation is intended to protect consumers against market failures that distort prices. No such market

failures exist here. Consumers will therefore be protected by the market from excessive prices (rather than being forced by the Commission to pay a high minimum rate). Further, consumers will obtain the benefit of a Commission regulated move with all the Commission established consumer protections (e.g., "Important Information for Shippers" booklet; rules on estimates, storage-in-transit, valuation, delays in pickup and delivery, minimum insurance requirements, entry restrictions, fitness to service requirements, ethical business requirements). To the extent Commission resources are directed away from enforcement of consumer protections to maintain minimum rates, the current program does not protect consumers as much as it should, according to DRA.

We agree with DRA that the market does not contain any pricing failures that need be corrected by rate regulation, except for the potential for price gouging and the charging of excessive prices by some carriers. Charging excessive prices can be solved by prohibiting charges above maximum rates. We will address the non-pricing issues (e.g., safety and consumer protection), by direct enforcement not indirectly through minimum rates.

2. Economic Efficiency

CMSA argues that DRA's positions are based on economic theory, but are neither clear nor analytical. DRA's case rests or falls on the economic theory testimony presented by DRA's economic theory witness, according to CMSA. This witness has limited experience in the household goods industry and conducted no field studies, CMSA states. DRA was unable to obtain data to test the theories of demand and supply, according to CMSA. DRA was unable to locate sufficient information to analyze the future effect if the Commission adopts either of DRA's proposals, according to CMSA. CMSA claims DRA's position that economic inefficiency is caused by minimum rates (bringing too many resource into the industry) is largely based on evidence of the industry's poor financial condition. CMSA argues this is in conflict with CMA's

demonstration that many household goods firms are very efficient, as measured by very high returns on equity. (CMSA Concurrent Brief, pp. 21-33.)

CMSA claims DRA, as the proponent of economic theory, has failed to support its proposals and sustain its burden of proof. CMSA claims four frailties in the use of economics. First, economics is a general field of study that is inherently imprecise. It may tend to explain overall market behavior, but its explanations are forced to fit observed results and may not correctly identify causes.

Second, the concepts of supply and demand completely ignore the reality and full dynamic of market behavior. Economic analysis requires holding everything else constant (ceteris paribus), but whether a person chooses to move with a professional mover or not is a function of many variables, not just price.

Third, economics makes wholesale assumptions about market dynamics in addition to ignoring the effects of non-price variables on supply and demand. DRA's recommendation to expand consumer regulation and protection demonstrates shippers are not well informed, as required for economic theory to work. Similarly, many movers do not understand their own cost, according to CMSA. Therefore the keystone economic assumption--that buyers and sellers are well informed--is not valid for the California moving industry.

Fourth, the perfect market does not exist in reality, so the fact that the California moving market is not perfect does not warrant the elimination of rate regulation. CMSA argues that there is no tangible proof that cancelling minimum rates will move the industry any closer to perfect competition or perfect efficiency, and the downside risk of chaos is unacceptable. (CMSA Concurrent Brief, pp. 33-36.)

CMSA criticizes DRA for not supporting its theory of economic inefficiency by whatever facts it could obtain (such as the number and size of trucks in the current fleet, or a carrier

survey to demonstrate overcapacity). CMSA argues that if economic inefficiency is demonstrated by too many resources being in the industry and generating too low a return on equity, DRA could have at least measured the trucks in the industry. (CMSA Concurrent Brief, p. 62.)

DRA argues that minimum rates hinder price competition, while a competitive market (with market-set rates) will promote economic efficiency. Minimum rates are above market-set rates and rates will fall if minimum rates are cancelled, according to DRA. DRA says the above-market minimum rates create insufficient demand and excess resources and therefore are economically inefficient. Cancelling rate regulation will let market forces drive carriers to be efficient (by carriers not only maximizing their profits, but also by reducing cost--and therefore price--to gain or maintain market share). DRA argues that CMSA had the opportunity to present facts to refute DRA's testimony, but did not do so. CMSA could have presented facts to show there is no overcapacity, for example, according to DRA, and that demand and supply are in proper balance. The only evidence CMSA did sponsor on this, according to DRA, is that:

> "If, on the other hand, there are too many trucks chasing too few shipments, carriers will leave the business and thus adjust the capacity available to provide moving service. In fact, this latter situation seems to be occurring within the State of California at present, if the decline in household goods permits reported in Part I of the Transportation Division's report to the Commission (p. 42) represents exit from the industry of movers actively providing moving services." (Exhibit 15, p. 20.)

We find that no rates promotes the most economic efficiency. No rates allows the market to determine the price. Economic efficiency is promoted most when markets are free to determine the price unhindered by government. Only when there is a

market failure that would otherwise produce a market result that is not in the public interest need government interfere. To the extent minimum rates were established to address predatory pricing and destructive rate practices, we find these effects are not structurally determined by the market at this time.

Whether we have minimum, maximum, minimum and maximum or no rates, we nonetheless establish minimum standards for carrier and shipper behavior. These minimum business standards are consistent with the will of the people expressed through the Legislature, as is not uncommon in most markets (e.g., constraints or rules on buyer and seller behavior that are deemed to be in the public's best interest, such as rules against fraud).

CMSA argues that DRA's case is based on economic theory, but we find CMSA's case is equally dependent on economic theory. The theory of destructive competition and the arguments for minimum rates are fundamentally premised on a particular view of the economic foundation of this market, and an understanding of how the economics of this market work or do not work. To the extent DRA's use of economic theory is invalid, the same is true for CMSA. Given the economic theory testimony by rate deregulation or maximum rate advocates (DRA and CMA) on the one hand and minimum rate advocates (CMSA, Bekins, Students and Dennis) on the other hand, the preponderance of the evidence on economic theory is in favor of the rate deregulation or maximum rate proponents.

To the extent economic theory relies on informed buyers and sellers, CMSA testifies that the market will fail due to poor information on the part of both carrier and shipper. DRA recommends that a carrier performance report be adopted to increase consumer knowledge. We are concerned about that and will address consumer information below by making our "Important Information for Shippers" booklet more readable, making more certain shippers receive this booklet and directing TD to prepare a report on the feasibility of a carrier performance report. To the extent

carriers have poor information about their costs, more price competition in this industry will give them the incentive to learn their costs. To the extent carriers have poor information about their competitors and the status of the industry, a carrier performance report can assist carriers also.

To the extent DRA may be faulted for not presenting an econometric study of demand and supply in this industry, so may CMSA. CMSA had just as much opportunity to support its contention that there is not excess capacity in this industry by a study as did DRA to prove the opposite. But rather than present a study of demand and supply, and/or any data on the number of trucks and their utilization, CMSA testified that there is a glut of used equipment in this industry, (Exhibit 24, p. 15), supporting rather than contradicting DRA's position.

DRA's conclusion is sound that minimum rates draw too many resources into the industry and that this is at least in part demonstrated by the poor financial results for the industry on average. CMA's data that some carriers are earning substantial returns on equity does not contradict this. What the data shows is that on average too many resources are drawn into this industry, but that despite this some carriers have found ways to be very efficient. The efficient carriers will be able to lower their rates if minimum rates are cancelled, in order to gain market share and increase profits. This reduction in rates will be to the benefit of their customers and themselves, and they will still be able to make a reasonable return on equity.

We do not believe that because the perfect market may not exist and the current household goods market is not perfect argues for retaining the current minimum rates. We believe that no rates offers a better opportunity to move closer to perfect competition and efficiency than does retaining the current system (either as it is or with either a direct cost floor or deviation procedure). No rates would let market forces drive carriers to be efficient not

just to maximize profit, but also to lower costs, and therefore prices, to gain or maintain market share. There is little to no reasonable risk of an unacceptable outcome, as we discuss below (at the end of this chapter).

3. Adequate Service and Highway Safety

CMSA argues that no rates will result in price decreases, reductions in revenues, carriers skimping on the costs of safety and carrier failures resulting in inadequate service. DRA argues that no rates will let more price/service combinations occur promoting an increase in the adequacy of service. CMA argues that adequate service is defined only when the shipper is able and willing to buy what the carrier is able and willing to sell. Minimum rates prevent shippers and carriers agreeing to levels of service at prices below the minimum rates, and therefore impair adequate service, according to CMA. DRA and CMA argue that safety is not correlated to rate regulation.

We reiterate our belief that no rates provides the best opportunity for shippers and carriers agreeing to the quantity and quality of products and services that best meets their needs and abilities. We believe there is no link between our rate basis for this industry and safety.

4. Administrative Feasibility

There is no dispute that no rates would be the most administratively feasible alternative. CMSA argues, however, that if no rates is selected, the Commission should also cease all other regulation of this industry (e.g., entry, safety, consumer protections). We reject this suggestion. Many provisions of our program are required by the law (e.g., entry examination, safety, consumer protections), and others are supported by evidence of need to provide a fair competitive playing field (e.g., penalties for carriers who do not comply with the law and our regulations).

5. Elimination of Unnecessary Regulation

There is no disagreement that no rates would eliminate unnecessary regulations. As explained below, however, this would not prevent price gouging and other consumer abuses.

6. Compliance with the Law

CMSA argues that no rates is incompatible with the law, while DRA argues that it is one available option within the law. We decide for policy reasons to reject the no rate alternative. Therefore, we need not consider the legal issue further.

7. Enforcement

There is no disagreement that no rates would be the easiest rate approach for enforcement.

8. Conclusions

No rates provides for consumer protection, in that it protects the customer from an excessive price equal to the minimum rate when the market rate would be below the minimum rate. No rates would be economically efficient, and there are no market failures (except for possible price gouging) that need rate regulation. No rates provides the best opportunity for shippers and carriers to agree to the quantity and quality of moving products and services that best meet their needs and abilities. There is no fundamental link between safety and the basis for our rates. No rates would be administratively feasible, but they would not eliminate unnecessary regulation (since we determine that continued rate regulation is necessary). No rates does not protect customers against price gouging or other price abuses. Whether no rates are an option within the law need not be decided since we determine for policy reasons to reject the no rate alternative.

D. Maximum Rates

As with the discussion of no rates, the positions of the parties against (for) maximum rates is consistent with their position for (against) minimum rates, so we will not repeat those

positions. Rather, the arguments will be summarized as necessary, and only the new arguments, or the issues deferred to this part of the decision, will be addressed here.

Maximum rates can either be established or approved. The following discussion is in the context of either approach. We will consider which to choose in our discussion of the adopted program.

1. Consumer Protections

Maximum rates are rejected by CMSA and the moving industry. CMSA and movers argue that consumer protections are costly and will necessarily be abandoned as carriers are forced to move shipments at the lower prices maximum rates will allow and the market will produce. CMSA testifies that maximum rates will promote price discrimination and therefore do not protect shippers. (Exhibit 8, p. 21.)

DRA and CMA argue that maximum rates are the only rates that can truly be said to protect the consumer. CMA says that:

> "No regulatory system is more certain to protect the public from excessive charges than maximum rates." (CMA Concurrent Brief, p. 2.)

DRA points out that if maximum rates are set high enough they allow the market to set the rate, thus operating more in the consumer interest (increasing price/service options and cost-based pricing). If not set too high, maximum rates can provide protection against price gouging, according to DRA. If not flexible upward, DRA argues that there may be a tendency to set maximum rates too high. This, according to DRA, may result in large (repeat) customers getting discounts while individual (small, nonrepeat) customers do not get discounts, making room for price discrimination. DRA also argues that maximum rates may have a "magnet effect", drawing all carriers to charge the higher prices and making the maximum rates the going rates. DRA argues that maximum rates focuses attention on "government approved rates" at

the high side, while minimum rates focuses attention on low rates, which may be preferable.

DRA argues that the market is competitive, however, and maximum rates are unnecessary: the predation followed by monopoly pricing which maximum rates would be designed to prevent is so unlikely that maximum rates are useless. CMA argues that they propose maximum rates only because they are unsure of the Commission's authority to set no rates:

> "DRA proposes (rate) deregulation...While probably more desirable, this course may have legal problems...CMA normally supports full economic deregulation of trucking. In this case we have restrained out enthusiasm for full deregulation, supporting the concept to the extent that it can be legally done." (CMA Concurrent Brief, pp. 1 and 7.)

We find that this market is fundamentally competitive and competition will protect customers from most price abuses. We agree with DRA that it is extremely unlikely that predatory pricing will occur. We expect each carrier will act rationally and not set prices that will cause its business to fail. We will police against illegal carriers and eliminate the detrimental and harmful impact on this industry of unfair competition (from both the unlicensed carrier and the licensed carrier who fails to comply with our rules and regulations). To the extent prices are driven downward, we do not see any business failures that may occur leading to such a degree of concentration that the remaining firms could charge monopoly prices. Entry is too easy, with new firms replacing those lost. The economies of scale are not such that the minimum efficient size firm will allow the industry to support only a few such firms.

We find vigorous competition will not focus attention on high "government approved" rates. Rather, carriers' advertising and sales efforts will focus attention on how price competitive their rates are compared to other carriers. Further, as discussed

below, we will increase consumer awareness of our program to promote vigorous competition.

We find maximum rates will not be discriminatory, consistent with our general discussion of price discrimination in Chapter VI. All parties agree the market is competitive (only that it lacks price competition downward). The consumer is always protected against discrimination in a competitive market by having the ability and right to seek another supplier. If one carrier gives a price discount to a "preferred" customer that is not cost-justified, the carrier will only lose money. Since the market is competitive, a carrier that gives a non-cost-justified price discount will not be able to make up the loss by charging another shipper extra. This is so since the shipper can price compare with other carriers and reject the overpriced carrier. Nonrepeat and small shipment customers are protected against discrimination which may seem to occur by discounts given for volume or repeat moves. If the discounts for volume or repeat moves are not cost-justified, the carrier will only lose profit since he will not recoup the loss by overcharging a nonrepeat or small shipment customer. Thus, the price discrimination envisioned by DRA with maximum rates will not occur. We find that maximum rates are nondiscriminatory.

We do not find that maximum rates will have a "magnet effect". The vigorous competition that all parties testify characterizes this industry will protect against the magnet effect. If carriers all try to charge the maximum rates, it will only take one who is willing to charge less to secure all the business and force the others to lower prices.

Nonetheless, we find that maximum rates are a necessary consumer protection. We received considerable testimony from CMSA and the moving industry that if the minimum rate price floor is eliminated, carriers will be forced to abuse customers and charge excessive prices wherever they can as they get desperate. The minimum rate advocates argue that removing the price floor will

cause prices to drop. Demand is relatively inelastic, they assert, so revenues will drop as prices drop. The average financial condition of the average carrier is already poor, so as rates drop, carriers will begin to get desperate, they claim. Desperate carriers have done and will do desperate things, if CMSA and industry witnesses are to be believed.

Because this is such a fundamental part of our reason to adopt maximum rates, we will review some of the testimony on this point. Athearn Transportation Consultants, Inc. (Athearn), testifies that:

> "While the HHG industry has some very capable professionals who are honest and ethical, it seems to have more than its share of wolves waiting to pounce on unsuspecting prey... 'Their corporate goal seems [to be] to move everyone in the world--ONCE.'" (Exhibit 21, p. 2. Emphasis in original.)

Starving Students is one of the largest moving firms in California. (CMSA Concurrent Brief, p. 41.) The Chief Executive Officer of Students testifies in support of minimum rates that:

> "...a household goods mover is in a unique situation of being able to cause great harm to his customers since they are taking possession of all of the consumers personal belongings. This is a special circumstance that cannot be redressed by normal administrative and civil remedies." (Exhibit 22, p. 8.)

Due to this unique circumstance, among others, minimum rates are necessary, according to Students, to maintain a healthy mover community so they are not tempted to take advantage of the shipper. But if the Commission finds that minimum rates should be cancelled, Students testifies that:

> "The PUC and other regulatory agencies can put all the consumer protection rules they want in general orders but if the competition forces below cost rates (and it will), these rules will be just words on paper with no meaning to many of the movers with whom we will be attempting to compete. The unsophisticated

> residential consumer will be violated time after time by movers attempting to make a living but forced by lack of a reasonable rate floor to be unscrupulous in many of their dealings with this type of customer. I have sufficient personal knowledge from operations in deregulated states to know that this not only may occur, it will occur!" (Exhibit 26, p. 3. Emphasis in original.)

Students testifies that the other states have no consumer protection rules. We do not know what the impact would be in other states of not having minimum rates but establishing consumer protection rules like ours which would then be strictly enforced. But we do read this testimony to mean that with or without consumer protection rules, carriers will be tempted to overcharge some customers sometimes if they think they can get away with price gouging or other abuses. Particularly when delivery is being made and the carrier declares he will not unload the shipment unless he is paid something extra (as CMSA witness Hays testifies, see below), the shipper is in a very poor bargaining position.

CMSA witness Hays testifies that if the economic environment deteriorates, unscrupulous operators will take advantage of customers by procedures that are either illegal, immoral, or unethical. (Exhibit 8, p. 66.) That is, if conditions get desperate for some carriers, they will do desperate things. Hays testifies further that if economic conditions for carriers return to those of the 1960s, there will be a proliferation of the customer abuses that occurred then. (Exhibit 23, p. 38.) In addition, from the carrier's perspective according to Hays, if the Commission breaks its bond with the industry to set a price floor, some carriers will consider breaking their bond with the public. These carriers will cancel their permits, or form a new entity without a permit, to avoid regulation. (Exhibit 23, p. 18.) Hays testifies that:

> "If [minimum rates] are not maintained, history has provided the opportunity to view the 'dire

consequences'. The industry must not be returned to an environment where cheating, deceit and misunderstanding rule the household goods market. (Exhibit 8, p. 131.)

Hays testified to at least twelve abuses carriers may employ if they find themselves at the point where they are forced to take advantage of consumers to survive (Tr. 23:2751-3):

1. weightbumping;
2. quotation of a low price and then charging for extra services holding the goods hostage on the truck while subject to a carrier or warehouseman's lien;
3. refusal to give estimates of price or knowingly giving incorrect (low) estimates;
4. falsifying the charges;
5. gouging of the old and unwary;
6. charging of local rates portal to portal;
7. making computation errors in the carrier's favor;
8. refusing to pay claims;
9. balloon packing;
10. deliberate miscount of the number of cartons;
11. timepadding; and
12. price collusion with other carriers.

CMSA argues in its Brief that:

"...with no reasonable floor on rates, price competition strategy will reward those movers who are best able to avoid compliance with the proposed general order constraints. In order to secure work, as many compliance rules as possible will, of necessity, need to be avoided (1) because conformity to the rules and copious forms is expensive, and (2) price competition will require that once jobs are secured through

> whatever cajolery as may be necessary, costs must be cut to the absolute minimum regardless of whether the level of service is even remotely satisfactory.
>
> "And the real problem is that the consuming public will not know they have been duped until the day of the move when it will be too late to remedy the mistake. Rate deregulation will be a disaster for California consumers who can, and will be, led like lambs to the slaughter by some movers." (CMSA Concurrent Brief, pp. 76-77.)

We believe that if rates drop as as result of cancelling minimum rates, the first response by the carriers will be to quickly learn their costs (for those who do not now know them). This is a good result. Second, carriers will increase efficiency, seek out and implement innovations where possible, and reduce their costs wherever they can. This is also a healthy response. As we discuss more later, we will not allow cost cutting by elimination of compliance with our regulations and minimum standards for this industry (e.g., safety, service, consumer protections). We will enforce the law with regard to both carriers without licenses, and also those with licenses avoiding our regulations.

Most carriers will not respond to the new price competition by becoming criminals and poor corporate citizens. The majority of carriers are dedicated to providing a good product and service to their customers, as was abundantly clear from the many public participation statements. Most carriers will remain legal, moral and ethical. Some firms may fail. But the risk of some firms possibly failing is not sufficient reason to maintain a minimum rate system that overall does not protect customers, promote economic efficiency, adequate service, or highway safety, is administratively infeasible (to the extent its costs outweigh its benefits), is unnecessary (to the extent it is not meeting the other fundamental objectives of the program), and is not supported by evidence of experience in other states and at the federal level.

While cancelling minimum rates is in the public interest, it would be irresponsible for us to ignore the many warnings from the moving industry, however unlikely we think they are to occur. The protections we will adopt to prevent these abuses are many, as discussed further in this decision in chapters on consumer protection, service, and safety. But the most fundamental protection is the adoption of maximum rates. Maximum rates will directly protect customers from being overcharged.

DRA points out that estimates now protect shippers against overcharges, since the current program prevents charges in excess of 10 percent more than the estimate. There are problems with relying on our current estimate procedures, however, since not all shippers get estimates. Only 37.2 percent of local and 67.7 percent of distance moves have estimates. (Exhibit 30, p. 7.)

We could require estimates be made for all moves. As discussed in the next chapter, we will not require estimates since there is a less costly way to provide the consumer protections we find necessary. That way is to require a ceiling price to be provided on a contract to be signed by the carrier and shipper before the move begins. This will save the industry (and therefore shippers) between $25 and $44 million but nevertheless produce the necessary protection.

We will neither continue minimum rates with a required estimate, nor adopt no rates and require estimates, for all the reasons listed previously to reject minimum, minimum and maximum rates, and no rates (along with the fact that requiring estimates would be costly for marginal benefit). Maximum rates (along with the requirement for the carrier performing the move to provide the shipper a total ceiling price before the move) are superior to any other alternative.

As several witnesses testified, shippers are particularly vulnerable. A move is one of the most stressful events in a person's life, surpassed only by divorce, death in the family or

extensive illness. (Exhibit 18, p. 2.) We will adopt a rate system that provides the consumer protection benefits of competition, while also protecting the consumer against the few carriers that may adopt desperate means or otherwise try to take advantage of the shipper.

2. Economic Efficiency

CMSA argues maximum rates will result in destructive competition and thus are not economically efficient. CMSA also points out that maximum rates at the current minimum rate levels would result in no service availability to a significant portion of the moving public and therefore are economically inefficient. In 1988, for example, an estimated 16.4 percent of hourly moves and 5.0 percent of distance moves were charged rates above the MRT 4-C minimums. (Exhibit 30, p. 6.) CMSA testifies that maximum rates may not be updated (increased) often enough, resulting in shipments not being carried (since household goods carriers are not common carriers). This would especially be true, according to CMSA, for shippers located away from metropolitan areas. (Exhibit 8, p. 22.)

DRA argues that if maximum rates are set high enough they will allow the market to determine the rates and thus operate in the best interest of the consumer (e.g., increasing price/service options and cost-based pricing). DRA points out the important effect of carriers under maximum rates having the incentive to reduce costs not only to maximize profits, but also to permit reductions in price to gain or maintain market share. DRA adds that if there is no price floor, seasonal or peak/off peak pricing can occur (i.e., allow for downward flexibility in off-peak times not allowed under average cost minimum rates, while allowing for some increases within the maximum rate for peak seasons). DRA also points out that maximum rates allow carriers to price at their costs, when costs are less than the current minimum and below the maximum. Carriers are not required to carry shipments if their costs exceed the price they can charge. Market forces under

maximum rates will cause prices to drop, according to DRA, and allow carriers to gain additional business, thereby contributing to productive use of resources and increasing economic efficiency.

We find that economic efficiency will be improved under maximum rates compared to minimum rates. Carriers will have the very important additional incentive to reduce costs to not only increase profit but to gain or maintain market share. Demand sensitive cost-based pricing will increase economic efficiency and will be fostered under our maximum rate program where it cannot be under minimum rates. Under minimum rates shipments must be charged the minimum rate even if the carrier's costs are less (such as in off-peak times). Creating time-of-use minimum rates would be desirable if we accepted the destructive rate arguments. Since minimum rates are not desirable, variations on minimum rates (such as time-of-use minimum rates) are undesirable.

Rigid maximum rates set too low can and will prevent some shipments, however, when the carrier's cost is more than the rigid maximum rates. Therefore, the program of maximum rates that we adopt must allow for some flexibility in maximum rates as long as they continue to provide the consumer protection effect we find necessary for maximum rates.

CMA recommends that we allow carriers and shippers to provide for any rates and terms they mutually agree upon for up to one year when they establish a contract providing for mutual benefits and obligations. Where this contract results in rates above the maximum, CMA says the Commission should declare that a contract of mutual benefit automatically establishes a reasonable rate and allow it to deviate from the maximum. (CMA Concurrent Brief, p. 6.)

CMSA argues that CMA's "special contract" proposal is plagiarized from the general freight decision. There are no contract carriers of household goods, according to CMSA, and household goods cannot be carried pursuant to a contract carrier

permit or under any contract carrier scheme. "Special contracts" are simply a device to authorize discriminatory rate practices which are illegal under PU Code §§ 5102 and 5191. (CMSA Concurrent Brief, pp. 78-9.)

We find this market does not promote price discrimination in general (Chapter VI) and that maximum rates in particular will not produce discrimination (see above). Whether shipments move by contract or not does not change that conclusion. As described in the next chapter, we change our "Confirmation of Shipping Instructions and Rate Quotation" form to "Contract for Move", to be consistent with our consumer protection program. Under our new maximum rate program all moves will be made under the terms of a contract. Therefore within the contract mechanism we need to provide flexibility to promote economic efficiency: to not prohibit moves that will cost the carrier above the maximum fixed rates in our tariff when the shipper is willing to pay above the maximum fixed rates and the consumer has adequate information to be protected from price gouging or other abuses.

To do this, we will authorize carriers to charge a maximum rate in excess of the fixed rates in our maximum rate tariff (MAX 4) if one condition is met. The condition is that the carrier must provide the shipper a written estimate for the move no less than ten days before the move. The written estimate must contain all the information required under the minimum rate program for giving estimates (e.g., information found on model forms 400, 410, and 420), plus the following (which we include in our new model form 420). The estimate must include the dollar amount by which the written estimate exceeds that allowed under the maximum fixed rates in our maximum rate tariff (MAX 4), and a reminder that the shipper can obtain other estimates. The carrier cannot then charge more than the written estimate (subject to valid change orders for service). By this we also eliminate the opportunity for

the carrier to charge up to 10 percent more than the estimate, as explained below in Chapter VIII.

We find that this approach will allow the necessary flexibility in maximum rates. This flexibility is needed so shipments can be carried when the carrier's costs exceed the maximum fixed rates in the maximum rate tariff due to special circumstances. But it results in a new maximum that provides the maximum price protection we find necessary for the customer.

The new maximum must be agreed to by the shipper. The information must be provided to the shipper an adequate number of days before the move so that the shipper can get other bids. The competition in the market will then protect the shipper from excessive prices, since another carrier will carry the shipment if it can truly be carried for less. It provides the information to the shipper that the quoted price is above the price that would result from applying the maximum fixed rates in our maximum rate tariff (to help the shipper place the situation in some perspective) and reminds the shipper to get other bids if the price seems excessive.

This procedure gives the customer sufficient time (at least 9 days) to obtain other estimate. If the individual maximum total price could exceed the maximum fixed rates in our maximum rate tariff as late as the day of the move, desperate carriers might be tempted to indicate a low price before, but on the day of the move at the last minute state that special circumstances now require a higher price. Shippers typically begin shopping for carriers four to six weeks before the planned date of the move, according to CMSA. (Tr. 22:2646.) As the day of the move gets closer, shippers in general lose some flexibility in being able to change their move, and therefore lose bargaining leverage with the carrier. Establishing a date as long as four weeks before the move for allowing the price above the maximum fixed rates gives the shipper more leverage, but reduces the carriers' ability to meet

shippers' needs. Four weeks ahead would require carriers to determine exact costs for the move and not allow carriers needed flexibilities.

A period of ten days gives the shipper time to contact other carriers if necessary, but is not such a long period before the move that the carrier cannot meet special needs. We find that this is adequate time for the shipper to test the market and determine if the move really costs all carriers that much or if another carrier will move the shipment for less.

3. Adequacy of Service

CMSA testifies that maximum rates will prevent some shipments from being carried, when the carrier's costs exceed the maximum rates (particularly when maximum rates are not updated frequently), and therefore maximum rates do not promote adequate service. (Exhibit 8, p. 21.)

DRA testifies that maximum rates can prevent a large number of moves and therefore the adequacy of service:

> "Maximum rate regulation is the only option that poses a serious threat to the adequacy of service for customers currently using regulated carriers. If rates are set too low, profits may be depressed, resulting in a failure of the HHG market to attract capital. This could result in poor service. Maximum rates could, if set too low, result in the very same outcome as attributed to destructive competition. Even if maximum rates are not set too low generally, they may be too low for a given move or service. If this is the result there are three possible outcomes: 1) that the move or the service is cross-subsidized by another more profitable service, 2) the carrier refuses to perform the service or make the move, or 3) the carrier performs the service or does the move at a loss. The first outcome is unlikely given the lack of market power of the HHG carriers. This leaves the two remaining outcomes. Either the customer is not served, or the carrier loses money, both of which are undesirable outcomes. An obvious remedy to this problem is a "safety valve" which allow carriers to

deviate upward, just as carriers now may deviate downward." (Exhibit 1, p. 6-19.)

The maximum rate program we adopt will solve this problem. Carriers cannot charge rates above the maximum, but the maximum can be either: (1) as provided by a written estimate no less than ten days before the move, or (2) the lower of the ceiling price on the "Contract for Move" form or the total derived from using the maximum fixed rates in our maximum rate tariff.

4. Highway Safety

The positions on safety are the same as previously explained. We find that there is no direct link between safety and our rate structure. We will enforce safety directly, and we will include the costs of safety in our maximum rates. Additional costs for safety required for particular moves can be recovered through a maximum rate being provided to the customer in an estimate no less than ten days before the move.

5. Administrative Feasibility

DRA points out that maximum rates reduce the importance of determining what they find to be the "elusive efficient carrier". DRA testifies that determining the efficient carrier is difficult, and the current method results in using average costs. Further, maximum rates will eliminate the need to collect undercharges now required in the minimum rate program, according to DRA. On the other hand, DRA points out that more elements may need to be included and rated in the tariff, plus more precise cost studies and possibly more territorial breakdowns will be required.

CMSA argues that there is no administrative difficulty determining the efficient carrier. The Commission has done this many times, the most recent being in 1987, according to CMSA.

We find that despite the fact we have done it repeatedly, it is difficult to determine the efficient carrier. While more rate elements may be needed for maximum rates, DRA did not suggest any. The current minimum rate program contains numerous elements

and rates besides pure transit in order to protect the minimum rate program. That is, accessorial services are tariffed under MRT 4-C to prevent a carrier from undermining the minimum rate program. The carrier could undermine the minimum rate program by offering accessorial services for free or at a below cost rate, resulting in the effective price for the move being below our minimum rates. We believe that the current rate schedule is therefore quite complete. We will ask parties to address what, if any, elements need be added to our new maximum rate tariff in Phase II.

6. Elimination of Unnecessary Regulation

DRA points out maximum rates require virtually the same amount of regulation as minimum rates. We find that maximum rates are a necessary regulation, however, to prevent the possibility of abuses by the carriers.

7. Compliance with the Law

a. Generally

CMSA argues that even if maximum rates may comply with the law, the legislative mandate in SB 210 is to apply minimum rates. Further, CMSA argues that certain standards must be met before the Commission can cancel minimum rates, and that the Commission cannot depart from these standards without a rational and lawful basis. Now that we have assessed the consumer protection, economic efficiency, service, safety and other aspects of both minimum and maximum rates, we can address whether these standards can be met and whether there is a rational and lawful basis for any departure.

CMSA cites the standards in its Concurrent Brief (p. 8) from D.82377 as:

1. is there a compelling economic or competitive need for the establishment (or retention) of minimum rates;

2. is the public interest (aside from the interest of the carriers) served by the

establishment (or retention) of minimum rates;

3. if the answer to either of these two questions is affirmative, is there sufficient data to determine a level of just, reasonable and nondiscriminatory minimum rates.

CMSA asserts that we must consider several matters before we can cancel minimum rates:

1. will there be destructive rate practices;
2. are there peculiarities attending to this transport which justify the absence of minimum rates;
3. is there no obvious or persuasive need in the public interest to establish or retain minimum rates;
4. would establishing minimum rates not have a meaningful effect on the transportation involved;
5. does the public interest not require the establishment of minimum rates; and
6. what will be the economic effects of our actions and are these effects material to our decision.

There is no dispute that maximum rates comply with the law. PU Code § 5191 clearly indicates that we may set maximum rates. We find no legislative mandate in SB 210 to retain minimum rates. If there was, the Legislature would have amended Section 5191 to thus limit our choices. Section 5191 does not do so.

We must make certain findings to cancel minimum rates. Based on our assessment of the record discussed above, we find that there is no compelling economic or competitive need, and no useful purpose met, by retaining minimum rates. To the contrary, we find that the industry is competitive, and will not

engage in predatory pricing or destructive rate practices. Minimum rates are not necessary to protect the industry from destruction. Our police action against illegal operators and the unfair competition they engender, along with licensed carriers acting rationally and legally (e.g., not pricing below their costs) will prevent the destruction of the industry. Minimum rates neither promote economic efficiency, adequate service, nor highway safety. There is no compelling economic or competitive need to retain minimum rates.

We find the public interest (aside perhaps from that of the carriers) is not served by the retention of minimum rates. Minimum rates do not promote consumer protections. The public interest is served by removing regulation of rates to the fullest extent possible so consumers can enjoy the benefits of a competitive market. Minimum rates at a direct cost floor are unnecessary since they protect against predatory pricing and destructive rate practices, both of which we find unlikely. Minimum rates (at efficient carrier average total cost, at direct costs or either with a deviation procedure) will not prevent overcharges (assuming carriers get desperate if prices fall and they become tempted to take advantage of customers). The public interest is not served by minimum rates. Rather, maximum rates are in the public interest.

Maximum rates will prevent overcharging of customers who are in weak bargaining positions. That this protection is needed is based on the warning from the industry itself that price competition will make some carriers desperate and those carriers will be tempted to take advantage of some customers.

In making the decision to adopt maximum rates we consider the several matters pointed out by CMSA. For all the reasons stated above, we find there will not be destructive rate practices. We find that minimum rates are not desirable for this industry even in a program that allows for exception of some items

due to peculiarities attending to their transport. We find there is no obvious or persuasive need in the public interest to retain minimum rates. We find that retaining minimum rates will not have a positive meaningful effect on this industry. We find that the public interest does not require the establishment of minimum rates.

The economic effects of our actions will be several. We expect carriers to learn their costs (at least those who do not now know their costs). We expect carriers to reduce costs within the law, where they can. We do not know if average shipment prices will fall (as all witnesses testified they will) or rise (as CMSA data of representative effective interstate rates have under federal relaxed rate regulation). But we are satisfied that market competition will produce results that are fair to both shipper and carrier. In the cases where the carrier might be tempted to take advantage of the shipper, maximum rates will prevent such abuses. We find the additional competition that will be unleashed will stimulate economic efficiency, stimulate carriers to find new price/service combinations to the benefit of customers and promote adequate service. We will eliminate unnecessary regulations (such as collection of undercharges, which we will no longer require since we cancel minimum rates) and retain only the necessary regulation. Thus, we have considered the economic effects of our actions, and find these effects are material to, and support, our decision.

b. Unfair Practices and Turnbull

CMSA and Teamsters argue that Commission-sanctioned prices below fully allocated cost would violate the Unfair Practices Act (Act) contained in the California Business and Professions Code (B&P Section 17000 et seq.) and a recent California Court of Appeals ruling (Turnbull & Turnbull v. ARA Transportation, Inc. (1990) 219 Cal. App. 3d 811). CMSA argues that:

> "...both of the DRA (as well as the CMA) proposals (i.e., DRA: no rates, direct cost minimums; CMA: maximum rates) will require, and they strongly encourage, price competition for future moving services at either incremental cost or at a cost level between incremental cost and fully allocated cost and, as such, [require and strongly encourage] an unlawful, unfair business practice." (CMSA Concurrent Brief, pp. 18-9.)

The Act's purpose, among others, is:

> "...to foster and encourage competition, by prohibiting unfair, dishonest, deceptive, destructive, fraudulent and discriminatory practices by which fair and honest competition is destroyed and prevented." (Business and Professions Code § 17001.)

CMSA says the Act is to be construed liberally and it applies to household goods transportation. CMSA says the exemption for services regulated by the Commission does not apply because that exemption is for public utility rates and household goods carriers are not public utilities. The Act defines cost to be fully allocated cost (B&P Code §§ 17026, 17029), according to CMSA. It makes unlawful the sale of a service at less than fully allocated cost for the purpose of injuring competitors or destroying competition (B&P Code § 17043), CMSA argues. It creates a statutory presumption that selling below fully allocated cost, or at a discriminatory price, is presumptive evidence of the purpose or intent to injure competitors or destroy competition (B&P Code § 17071), according to CMSA. Finally, CMSA points out that paying labor less than the prevailing wage of the industry in that locality can be intent or purpose to commit an unfair practice, with the prevailing wage being admissible to prove the intent or purpose (B&P Code § 17075).

CMSA argues that Turnbull holds that it is unlawful, unfair practice in California to provide transportation services at

prices that do not recover fully allocated costs, including all variable, fixed, and overhead costs. CMSA contends that Commission maximum rates will require and strongly encourage price competition at incremental cost or between incremental and fully allocated costs, and is therefore unlawful and unfair practice. CMSA asserts that a maximum rate tariff will violate the Unfair Practices Act and put carriers at risk of temporary restraining orders and preliminary injunctions (B&P § 17078-17081) plus injunctive relief, treble damages and attorney's fees (B&P Code § 17082). Proof of "predatory" intent is unnecessary (B&P Code § 17071), according to CMSA.

While discussing DRA's direct cost floor rate, CMSA asks and answers the following question:

> "Does this Commission believe it holds the power to approve and sanction a rate level which violates statutory law (Unfair Practices Act) and, thus, void such law which has been applicable to household goods carriers since 1941? The Commission holds no such power and cannot lawfully approve a rate level which would require any household goods carrier who charges such a rate to violate California law." (CMSA Concurrent Brief, p. 44.)

CMSA argues that the CMA recommended maximum rate would fail for the same reasons. (CMSA Concurrent Brief, p. 19.)

DRA argues four points. First, DRA says the Business and Professions Code restricts the behavior of firms, not the Commission. DRA claims that entities whose rates are regulated by the Commission are exempt from the provisions of the Unfair Trade Practices section of the Code (§ 17024).

Second, selling below cost is not per se illegal but requires that there be intent to "injure competitors or destroy competition" (B&P § 17043), according to DRA. Below-cost pricing is exempt if it occurs as a result of a good-faith effort to meet the legal practices of a competitor, DRA asserts.

Third, Turnbull points out "there are many ways of fully allocating costs," according to DRA. Minimum rate regulation does not prohibit a carrier from pricing below cost, if that carrier's costs are higher than the minimum rate but the carrier elects to price at the minimum rate, DRA points out. Thus, DRA concludes that if Commission established rates were subject to the Business and Professions Code, minimum rates could be as much in violation of the law as no rates.

Fourth, DRA says the elimination of minimum rates will not mean carriers will have to set prices in violation of any laws. DRA claims carriers would be free to set their prices, like most businesses in California are free to set their own prices, but those prices must still be in compliance with the law. Most business is not subject to minimum rates and because they do not have minimum rates they are not required or encouraged to violate the law, according to DRA. DRA concludes that the Business and Professions Code does not require the Commission to retain minimum rates, and that removal of minimum rates would be consistent with the Act's intent to foster and encourage competition.

We find that the Unfair Practices Act of the Business and Professions Code and Turnbull neither require the retention of minimum rates nor prohibit the adoption of maximum rates. Our setting maximum rates neither requires nor strongly encourages any illegal behavior by carriers. Household goods carriers are not public utilities and are therefore subject to the Act. To the extent the Act prohibits pricing below fully allocated cost, our setting maximum rates does not make pricing below fully allocated cost by any carrier legal. We do not believe we hold the power to approve and sanction a rate level that violates the law. Setting maximum rates does not violate the law, and neither requires nor encourages carriers to set their prices in any way that will violate the law. Even if minimum rates act as an absolute prevention of any carrier violating the Act (which they do not

since the cost of any one carrier may be higher than minimum rates yet that carrier may charge minimum rates), it is not our responsibility to eliminate the possibility that any household goods carrier might violate the Act or any other similar law by retaining a minimum rate system that is not otherwise in the public interest.

8. Enforcement

No party contends that maximum rates are not enforceable. DRA observes that ending minimum rates will save enforcement against undercharges. There are few undercharge cases, however (e.g., 9 cases in 1988-9, Exhibit 9, Appendix D).

We find that maximum rates are enforceable. We will save some enforcement against undercharges. There may be enforcement against overcharges, however. We find the market is competitive when minimum rates are cancelled, and we expect the competition to prevent overcharges. We adopt maximum rates, however, for the protection of the shipper. Thus, even with maximum rates there may be some enforcement actions against carriers trying to charge above the maximum rate. We do not expect many such enforcement cases, however, because we expect carriers will find no need to violate the maximum rate tariff.

E. Adopted Program

We adopt a program of maximum rates. We will now consider (1) whether these rates will be Commission established or approved and (2) if the maximum rates above the fixed tariff levels should be prefiled. We conclude with a summary of our adopted program.

1. Established or Approved

We may either establish rates ourselves or approve carrier-filed rates. CMSA and DRA point out that carrier-filed rates will be burdensome on carriers and the Commission.

We will not approve carrier-filed tariffs. CMSA points out that carriers cannot file jointly in California. (Exhibit 8,

p. 27.) As such, under carrier-filed tariffs, each carrier would need to file its own tariff. The maximum rate tariff will be about the same level of complexity as the minimum rate tariff. MRT 4-C contains over 1,000 prices (nearly 2,000 calculations including breakpoints), and is 90 pages long. It would be burdensome for each carrier to prepare and file the required tariff, along with adequate supporting cost (or other relevant) studies for nearly 2,000 calculations.

If required to file, CMSA estimates it may cost each carrier $100 per month for a tariff agency to file and update the tariffs. (Exhibit 8, p. 25.) For 1,293 carriers, that would be a cost to the industry of $1,551,600 per year, or almost double the $838,000 paid by the industry into the Transportation Rate Fund. (Exhibit 8, p. 25.) Carrier-filed tariffs would be burdensome and costly to the carriers.

DRA points out that carrier-filed tariffs would be costly and burdensome to the Commission as well. The Commission would need a filing mechanism with the possibility of complaints and protests; would need to create and update a standard acceptance of carrier-filed rates, or cost-justification showing; would need to maintain hundreds of tariffs (e.g., 1,293 tariffs of 90 pages each); and all this would be of limited usefulness. (Exhibit 1, p. 2-16.) In contrast to the potential of multiple hearings for carrier-filed tariffs, we expect only one hearing will be necessary if the Commission establishes maximum rates. Further, we expect that the cost to create one tariff will be less than for the industry to create--and the Commission approve and maintain files for--1,293 tariffs.

The time it takes to update a tariff can often be a concern, particularly in times of high inflation. Our maximum rate program will provide that carriers can charge a maximum rate above the fixed rates in the tariff when the consumer is protected (e.g., a binding written estimate no less than ten days before the move).

The consumer is protected from excessive charges by the industry in general because the shipper can get several bids. The consumer is protected from excessive prices by the selected carrier because the bid is a maximum price ceiling bid, and the carrier cannot hold the goods hostage for additional payment above the bid. At the same time, the carrier is protected since the carrier can charge its costs when the costs exceed the prices in the tariff.

We will establish maximum rates and not approve carrier-filed tariffs. Our program of established maximum rates will be less costly and burdensome on carriers (and therefore also on shippers since shippers must pay carriers' costs), but will be flexible enough to prevent problems when (and be protective of the shipper while) updates are being considered. Thus, we believe this program is flexible enough to meet reasonable needs while providing consumer protections. Individual carriers, however, may file an application to increase specific maximum fixed rates for good cause, including a showing why the no less than ten-day provision for rates above the maximum fixed rates does not work for their firm. Any such application shall specifically address how the item(s) requested impacts our regulatory goal (to protect the public interest) and our regulatory objectives (consumer protection, economic efficiency, adequate service, highway safety, and administrative feasibility, including elimination of unnecessary regulation, compliance with the law and enforcement).

2. Prefiling of Maximum Above Fixed Tariff Level

Our program provides for maximum rates by either fixed tariff rates or at a rate provided by written estimate to the shipper no less than ten days before the move. We now consider whether the written estimate must be prefiled and approved.

If the current minimum rate becomes the maximum fixed rate, approximately 55,000 shipments will be made at prices above

those levels annually (i.e., 10 percent of 550,000 moves).[14] This number will be reduced the higher we set the maximum fixed rates in the maximum rate tariff. If we set maximum fixed rates so that only 10 percent of these moves are made at prices above the eventual level of our maximum fixed rate tariff, this will still be 5,500 shipments per year, or over 100 per week. There is substantial risk of delaying the shipments if we require the rate to first be filed with and approved by the Commission. Even if there are no delays, this is a substantial Commission effort for little purpose.

The purpose of obtaining Commission approval for a rate over the maximum fixed rate is to protect the shipper from overcharges.[15] We will protect the shipper by requiring the carrier to provide a written estimate no less than ten days before the move (e.g., "the total price for this move will not exceed $800"), along with a statement of how much over the maximum fixed rate this is (e.g., "this price is $160 more than the total price using the maximum fixed rates"), and a reminder that the shipper can get other estimates.

This procedure protects the shipper in several ways better than requiring a filing with, and approval by, the Commission. First, this procedure relies on the market to determine the price based on the carrier's costs. The shipper is advised that this bid exceeds the maximum rate otherwise set by the

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14 Based on 5 to 16 percent of shipments made above MRT 4-C rates in 1988. (Exhibit 30, p. 6.)

15 Another reason to obtain approval of a rate over the fixed maximum rate might be to protect the carrier from undercharging. This is extremely unlikely in the case where the rate is already over the maximum fixed rates. Plus, we expect carriers will not undercharge for the reasons we explain in our discussion of destructive rate practices.

Commission, thus giving valuable information to the shipper and giving some perspective to the quoted price. The shipper is reminded to obtain other estimates if the shipper has any reservations about the price. Second, it prevents the selected carrier from charging above the bid once selected (e.g., refusing to unload the shipment unless paid additional sums).

Third, it does not substitute the Commission's judgment about what costs are and rates should be for what the actual market dictates. Fourth, it allows for shipments to be made which may otherwise be prevented at the maximum fixed rate (where preventing a shipment would be to the detriment of the shipper if the shipper is willing to pay above the maximum fixed rate). Fifth, it provides for an orderly and timely procedure to protect the shipper and carrier without further delays by or costs of government.

This procedure also protects carriers. Household goods carriers are not common carriers in California, so they need not carry the shipment of any customer on request. This procedure protects the carrier from having to forego business that could be carried when the carrier is given the ability to recover its costs.

3. Summary

We adopt a program of maximum rates. The maximum rates will be either those fixed in the maximum rate tariff or as provided to the shipper no less than ten days before the move as a binding written estimate.

F. Risk of Undesirable Outcome

CMSA and industry witnesses assert there have been horrible consequences from deregulation in the airline, savings and loan (S&L) and other industries. Dennis testifies:

> "One only needs to look at the airlines, freight common carriers, telephone companies, savings and loan institutions, etc. to see what problems are caused by failure to regulate. As a consumer of these services, I can state with certainty, that the service quality of these previously regulated industries has not improved nor have the costs been lowered. The

> household goods industry would, in my opinion, be the worst industry in the nation to provide adequate service and proper quality if left unregulated." (Exhibit 20, p. 33.)

Industry witnesses argue any program that eliminates the minimum rate floor will lead to similar disasters. Students contends there have been disastrous consequences from deregulation of household goods carriers in neighboring states. Students and others fear wage reductions and/or loss of jobs.

Whether airline deregulation is a disaster is just not known based on the record in this investigation.[16] No witnesses presented any data to demonstrate the current state of airline regulation is problematic. Witnesses claim that airline travel is less safe because airline carriers do not have the funds for maintenance under rate deregulation. No data was presented on airline carrier accidents or maintenance expenditures before and after rate deregulation to support their claim. No data was presented of on-time and late departures and arrivals before and after rate deregulation. No data was presented of any sort to support the claim that airline rate deregulation is or is not a problem.

Further, even if it is a problem, there is no data to link airline experience with household goods experience. For example, there is no data whether airline rates before rate deregulation were set by minimums, and whether the reason for minimum airline rates (if they were minimums) was the same as in household goods (i.e., destructive rate practices). If the reasons for minimum rates in both industries were different, the result of cancelling minimum rates might be different.

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16 We note that airline deregulation seems to mean deregulation of rates, but not of safety. It is not clear if minimum rate proponents make this same distinction.

Whether the S&L experience is in any way similar to household goods is similarly just not known based on the record in this investigation. Again, many witnesses claim that whatever the problems in the S&L industry, they are all the result of deregulation. Whatever those problems are, they are not clearly identified in this investigation, nor is the link made to household goods. For example, were S&L rates set at minimum rate levels before deregulation? Were the S&Ls already in difficulty before their interest rates were deregulated so they could compete for funds with money market accounts? Did Federal Savings and Loan Insurance Corporation insurance play any role in the problems, and if so, is there any link to our household goods program?

No witness explained what deregulation means in the S&L industry and if there are different types or degrees of deregulation. For example, is deregulation of interest rates on deposits and ending investment restrictions but not limiting taxpayer liability full or partial deregulation? Is that related to our household goods program? While we are all concerned with what may or may not be happening in the S&L industry, no witness made any credible showing of facts demonstrating the similarities and differences between the S&L experience and that which could happen in household goods under different types or degrees of deregulation.

The same is true for telephone utility rate changes. No witnesses explained whether telephone rates were minimum rates before, what the rate methodology is now (i.e., is it cancellation of minimum rates or total rate deregulation?), and what if any links there are to household goods. No witnesses identified in any scientific way what the problems are in the telephone industry, if any (e.g., quantification of delays in call connections; business failures; rates higher now by some quantified estimate compared to what they would be without whatever rate changes have taken place

in the communication industry). The same is true regarding evidence on freight common carriers.

Students points to disastrous results after deregulation in other states. We find that the results in other states do not support a disaster conclusion. Students admitted, and CMSA repeats in its Concurrent Brief, that other states eliminated all regulation, including consumer protections. That is not seriously recommended by any party in this investigation and not even contemplated here.

Whatever the case with partial or total deregulation in other industries, there is no probative evidence in this investigation to define those problems and make the link to household goods transportation in California. To the contrary, the evidence here is that the household goods market is competitive, neither monopoly pricing, destructive rate practices nor predatory pricing are structural factors and the market will not support price discrimination. We find the risk of chaos in this market from the changes we consider slight to nonexistent.

Furthermore, we have no plans to deregulate the household goods industry in California. The regulatory program we adopt protects both shippers and carriers. We will vigorously enforce our safety, service, consumer protection and other standards to the benefit of both shipper and carrier, and prosecute illegal operators.

Students and others express a concern that wages will drop. The minimum rate now contains a component for wages. There is no requirement, however, that the carrier pay this to its employees. Rather, wages are determined by the supply of and demand for labor (including union influences or the lack of unions). With maximun rates the rates will also contain a component for labor costs, at even higher wages than in MRT 4-C. Again, however, what carriers pay their employees will be determined by the supply of and demand for labor. It will be

determined by employers and employees fairly and freely negotiating within the labor laws of the United States and California.

In addition, under our new program shippers will be voting with their dollars in a way they now cannot. Under our maximum rate program shippers for the first time will have a direct vote in what wages are paid, by electing to buy the quality and quantity of moving services they choose (at rates below, equal to or above current minimum rate levels).

To the extent minimum rates influence the level of wages paid (although they cannot determine what wages are paid), our judgment is substituted for that of the employee, carrier and the market about the value of (i.e., marginal contribution made by) labor. If wages increase or decrease under our new program it will be the result of the market, not regulators. The market--with the shipper having a direct input for the first time--rather than government, is the better determiner of the level of wages.

Students and others argue that jobs will be lost as carriers fail. Students relies on the destructive rate hypothesis to reach its conclusion. As discussed previously, we reject that hypothesis.

Furthermore, about the same total number of moves (those now carried by licensed carriers, unlicensed carriers, self moves or self with rental equipment), will occur whether we have minimum, minimum and maximum, maximum rates or no rates. The same total amount of labor will be needed for these total moves. The difference our regulation may make is the market share of total moves that are carried by licensed carriers, and therefore the jobs provided by licensed carriers.

To the extent rates fall for licensed household goods carriers under our maximum rate program, the number of jobs will increase as self-movers elect to hire professional movers. Therefore, jobs with licensed carriers will increase not decrease. If licensed carrier job holders elect not to take the wages offered

to be paid by the shippers (as reflected in the total cost the shipper is willing to pay for the move), that is their choice. It is not the regulatory system, however, that will make that decision.

If rates under our new program stay at the same level as they would under minimum rates, the number of jobs should remain the same.

If rates increase on average under our maximum rate program and the number of licensed carrier moves and jobs falls, that could happen just as well under the minimum rate system. That is, under minimum rates the average price of a move can increase if the market will support an increase. If the average price of a move increases, the wages of job holders may increase. As the number of moves falls, however, if layoffs begin to occur it becomes the choice of the worker to accept reduced wages, if that is what it takes to keep his or her job, or look elsewhere.

We are concerned over the level of wages paid to any worker in California, particularly those in the industries we regulate. We do not seek to reduce the wages of any worker or eliminate any jobs. We share the anguish persons will suffer if and when they must make the difficult decision to accept lower wages or seek another job, if it comes to that. But these decisions are best made by the persons involved and the market (not this Commission) when the market is competitive and there are no market failures that need to be addressed by government. They are best made by employers fairly and freely negotiating with employees within the labor laws of the United States and California, not by this Commission. And even when we set a wage component within minimum or maximum rates, there is no requirement that the carrier pay this wage level to its employees.

Furthermore, our concern for the level of wages is matched by our concern that the price paid by the shipper is not excessive, including the cost of labor. Under our new program,

shippers for the first time are going to have a full vote in what wage level is paid. That vote will be reflected by shippers deciding how much they are willing to pay for a move. Shippers should have this opportunity. The system we adopt will be more equitable to both shipper and carrier as the market will more efficiently than now determine how much the labor is paid and how much labor receives from the customer.

We have the same concern for the carriers who must adjust, or those who may fail, under our new program. We share that anguish as carriers adjust and decide if they can make the necessary changes to stay in this industry. But our concern for the health of the carrier is balanced by our concern for the shipper not paying too much and getting a good move.

Thus, our concern for labor and carriers is balanced by our concern that shippers not pay excessively for any component of the move (e.g., the costs of equipment, labor, overheads, profit). The market will determine this balance more equitably than can the Commission. Our new program will let the market produce these efficiencies.

VIII. Consumer Protections

We adopt a maximum rate program because it is in the public interest, meets our regulatory objectives for the household goods industry better than any alternative, and protects shippers. We now consider changes in our consumer protection measures to provide consistency with our new maximum rate program, new measures based on the testimony that protections are needed to prevent abuse of shippers by some carriers, and other measures recommended by the parties.

A. Ceiling Price and Estimates

1. Current Program

Carriers are not required to give a written estimate under our current minimum rate program. When written estimates are given, the estimate can be made only after a visual inspection of the goods. The current "Estimated Cost of Services" form provides for a "total probable cost" estimate (e.g., $600). The final total cost for the move cannot exceed the total probable cost estimate by more than 10 percent (plus the cost of any change orders for service).

Current rules require that the carrier must complete a "Confirmation of Shipping Instructions and Rate Quotation" form before the move begins. This form requires the hourly or distance rate to be included but does not require the number of hours or weight. A total price is not required. About one-third of distance and two-thirds of local moves are made without a written estimate (Exhibit 30, p. 7), and therefore have no total price protection.

2. Guaranteed Price Option

DRA recommends that we add a guaranteed fixed total price option. (Exhibit 1, p. 7-10.) Under this plan the carrier would waive the 10 percent tolerance factor. This would benefit customers who desire more price certainty. Carriers would not need to offer this option, but could if it assists in their marketing.

CMSA witness Boyarko says the guaranteed price option was in MRT 4-B but eliminated with MRT 4-C. The benefit of knowing the total cost is there today, according to Boyarko, with the 10 percent tolerance factor. Boyarko testifies that most additional costs result from customer changes in service or requirements at destination of which the carrier was not informed. No carrier other than Bekins offers a guaranteed price, and even Bekins charges a fee for the price certainty, claims Boyarko. Further, Boyarko says the guaranteed price and other forms of "creative"

pricing have done more to confuse customers than to assuage concern about the total price. (Exhibit 24, p. 31.)

We eliminated the guaranteed price option in D.87-01-066 because it was based on cubic footage rates which turned out (contrary to our expectations) to not conform to labor contracts (which were in part based on cubic footage productivity). Further, this option required publication of rates that were seemingly impossible to translate from hourly and distance rates into cubic footage rates which would produce equal charges. As published, the guaranteed rates often resulted in charges greater than hourly/distance rates. Further, they were infrequently used and administratively burdensome for staff to calculate, publish and enforce.

While CMSA is correct we rejected the guaranteed option in 1987, what we consider now is a different form of guaranteed price. Here we do not propose to calculate, publish and enforce a guaranteed rate based on cubic footage measures. We reject any proposal that requires publishing guaranteed prices. What we seek is how to make estimates binding or guaranteed without burdening the industry with costly, useless estimates.

3. Reject Requirement for Written Estimate on All Moves but Require Contract with Ceiling Price

a. Need to Avoid Confusion

We expect our program to stimulate innovative new services and efficiencies, but we are also very concerned that shippers not be confused by the options and prices offered, as described by Dennis. Dennis testifies that interstate pricing is complex and confusing. Dennis hired a consultant to help with its marketing. The consultant obtained estimates from 7 companies on a particular hypothetical interstate move. The consultant reported that she was so confused by the differences in estimates between

competing carriers she would have had to select a mover based on the personality of the estimator, according to Dennis. Further, the consultant was unable to determine which company actually promised the lowest price, since most of the estimates were discounts off filed tariffs, or only covered certain items, Dennis testifies. Dennis says when pressed to tell which carrier did have the lowest price, she actually selected the carrier second from the highest cost. Dennis attributes her confusion to at least partially being caused by the variation in estimating forms, as well as the variation in services and valuations offered. Dennis testified that federal "re-regulation" has fostered confusion generated by a multitude of choices and programs. (Exh. 20, p. 26.) CMSA witness Petty similarly testifies that interstate shippers are generally confused over the many price options offered. (Exh. 13, p. 7.)

We do not want added confusion to occur from the potential increased pricing flexibility and new price/service combinations under our maximum rate program. The most direct solution to this problem is to require before the move the carrier provide information in writing on what is and is not included in the move, and a total ceiling price which may not be exceeded.

We adopt maximum rates to protect shippers. The protection of maximum rates can be undone if the shipper and carrier do not both have an understanding of what is included in the move and a ceiling price that may be charged (but not exceeded) before the move begins. Without this understanding, for example, the carrier can "hold the goods hostage" unless the shipper agrees to pay additional amounts. This may happen if we continue to require use of our current "Confirmation" form when the maximum rate is quoted (e.g., $80 per hour) but the total hours are not estimated. Upon delivery, the desperate carrier can pad the number of hours. The shipper is in no bargaining position other than to

pay the extra charges. Therefore, we need to change our current form and system to achieve total final cost protection.

b. Reject Requirement for Written Estimate but Require Contract

To remedy this we could require a written estimate whenever requested by any shipper. This would provide total cost protection within the 10 percent tolerance factor. We will not do this. CMSA testifies that it costs carriers between $45 and $80 to provide an estimate, and not all estimates result in sales. (Exhibit 8, p. 72; Exhibit 23, p. 16.) If we assume half the current moves are made without a written estimate (about 275,000 moves), and under a requirement for estimates each shipper would get two estimates,[17] requiring written estimates would cost the industry an additional $25 million to $44 million (an 8 to 18 percent increase in costs to the industry on $250 to $330 million in revenues). This cost would be passed to the shipper and raise the cost of each move. We will not require that all carriers give written estimates to shippers on request. A less costly method to provide the protection of the maximum rates is available.

The less costly method is to require that the "Confirmation of Shipping Instructions and Rate Quotation" form be changed to reflect that it is a contract for the move. It will be called "Contract for Move." Our new contract form will be changed to require more description of what is and is not included in the move than contained with the current document. We will also require a ceiling price that cannot be exceeded (except for costs

17 Two estimates is a conservative assumption. CMSA testifies most shippers get three or more estimates. (Exh. 8, p. 79; Exh. 23, p. 16.) Bekins testifies it is not unusual for a shipper to call three to five carriers or more before making a selection. (Exh. 19, p. 7.)

reflected on properly completed change order for service documents).

We will require this new contract form to be fully completed (except for the ceiling price) and a copy given to the shipper no less than three days before the move begins. Requiring this information in writing no less than three days before the move begins will provide the desired protection to the shipper. Most if not all shippers get an oral description of what the carrier will move and when, and a price estimate as they shop for carriers. Under our current program oral estimates are illegal, not binding and we warn shippers they should not be accepted. All we require here is that the selected carrier give the shipper basic information in writing no less than three days before the move begins. We expect this will be consistent with what has been told to the shipper. To the extent it is not, it provides some opportunity for the shipper to consider alternatives before the point of having the goods "held hostage" on the truck.

We require the contract to be completed and in the hands of the shipper no less than three days before the move begins, but we will not require that the ceiling price be entered until the day of the move. What we essentially require is that the carrier question the shipper as much as needed upon contact by the shipper (e.g., by telephone) to determine what is to be moved, when, and where. That information must be entered on the contract. The carrier must enter the rate(s) that will be charged for the move, valuation, and any minimums (e.g., minimum hours, weights, packing charges; minimums will be discussed further below). The carrier must complete the contract (except for the ceiling price), sign it, and send it to the shipper so the shipper has it no less than three days before the move begins. The carrier can use the most convenient method to get the contract to the shipper. For example, the carrier can complete the contract and mail it to the shipper as long as it arrives no less than three days before the beginning of the move.

We will not require the carrier to enter the ceiling price until the day of the move. Thus, the carrier can avoid a pre-move on-site inspection. On the moving day the carrier can see the goods and take account of any special circumstances which may impact the move before preparing the ceiling price. This will allow carriers and shippers to avoid the cost of a pre-move on-site inspection when they so agree. The requirement of a ceiling price before the move begins will provide the protection we find necessary for shippers. Not requiring it until the day of the move allows the carrier to avoid pre-move estimating costs. When the ceiling price is entered, the carrier must sign and date the contract and obtain the shipper's signature.

We fix a period of no less than three days before the move begins as the time by which the contract information must be filled in and a copy given to the shipper. Moving can be one of the most stressful events in a person's life, as discussed above. It is unreasonable to require a "Contract for Move" to be executed but leave the execution to the moving day (without the shipper having a reasonable opportunity to first review the contract). Three days before the move is few enough to not be excessively burdensome on either the carrier or the shipper to determine the final details (which are still subject to change via valid change orders). Yet three days is enough time that the shipper can be in a less stressful position than on the day of the move. Furthermore, it gives the shipper some time to review the contract and make sure all the provisions, limitations, and requirements are understood before the day of the move.

Nothing, of course, prevents a shipper and carrier from executing a contract more than three days before the move (subject to valid change orders). In fact, carriers who provide written estimates no less than ten days before the move will probably decide to complete the contract and leave it with the shipper on that trip to avoid a subsequent trip or the mailing of

the contract. We require a minimum number of days to protect both the shipper and carrier who otherwise do not request a written understanding of the contract details more than three days before the move begins. If both parties agree to waive this protection, however, the contract need not be provided in advance.

The essence of the contract protection is then as follows. When a shipper contacts a carrier, the carrier must provide the basic information to the shipper in writing no less than three days before the move begins (unless the shipper waives this protection). Once the shipper selects the carrier who will perform the move, the carrier must fully complete the contract, including ceiling price and signatures, no later than before the move begins on the day of the move. The contract shall be the complete understanding of the parties of the terms and conditions of the move. Key dates and terms, and especially the ceiling or highest total price that can be charged by the carrier and paid by the shipper, must be stated. When signed by both (either before or on the day of the move), unless modified in writing by both the shipper and carrier by the use of a change order form, the signed contract for move shall control the rights and obligations of the shipper and carrier, including the ceiling price to be charged. Execution of the contract, of course, does not exempt the carrier and shipper from compliance with any provision of law and Public Utilities Commission rules and regulations, even though not expressly set forth in the contract.

The final total cost must then be the lower of either the ceiling price listed on the "Contract for Move" or as calculated by using the maximum fixed rates. We must retain the maximum calculated based on the maximum fixed rates because otherwise the carrier could list a ceiling price on the contract substantially above the price that would occur under our maximum fixed rates. When the shipper has less than ten days to shop for another carrier, we limit the price to no more than what would result from our maximum fixed rates. As part of this program,

however) we require the ceiling price in total dollars on the "Contract for Move" as an essential element of our plan to have both parties understand before the move what is and is not included and the total maximum cost.

While we therefore do not require estimates, carriers are free to give estimates if they wish and shippers are free not to do business with any carrier that will not give an estimate. The one exception to not requiring the carrier to provide an estimate on each shipper's request is when the carrier needs to charge above the total price that results from the fixed rates in the maximum rate tariff. In that case, we require the carrier to provide a written estimate no less than ten days before the move, along with a statement of how much above the total cost this is when calculated from the maximum fixed rates in the maximum rate tariff, and a reminder that the shipper can get other bids. We rely on the competition in the market to let the shipper find a lower cost carrier if the move can truly be made for a lower cost.

We note that while this places an added responsibility on some carriers for some moves (where they might otherwise not have made a written estimate more than ten days before the move), there is an offsetting effect. The offsetting effect is that the carrier saves costs by not necessarily needing to weigh the load or keep track of the hours if the estimate so provides and the shipper so accepts.

c. Exception to Three-Day Contract Requirement and Request for Comment on Other Provision for Maximum Rates

We will allow an exception to the requirement the contract be filled in and given to the shipper no less than three days before the move when the date the carrier is first contacted by the shipper (as shown on the Contract for Move) is less than three days before the move is to begin. We fix the no less than

three-day requirement as a matter of overall program structure for the benefit of most carriers and shippers. The three days gives the shipper some few days before the extreme stress of the actual day of the move to make clear decisions. We do not, however, want to create a program that denies service to shippers who, for whatever reasons, delay making contact with carriers. Therefore, if the number of days between the date the carrier is first contacted by the shipper (as shown on the Contract for Move) is less than three days before the move is to begin, we must allow this exception. This procedure defines the truly late shipper and provides for the needs of both the truly late shipper and the carrier, while it maintains the overall program for the protection of the carrier and shipper in the more typical cases.

We will ask parties to address in Phase II whether we need a provision to allow a carrier to set a maximum rate above the fixed maximum rate if the shipper contacts the carrier for the first time less than ten days before the move. That is, there may be moves that would cost above the maximum fixed rates but, under our ten-day requirement, the carrier would have to decline to perform the move. It is no fault of the carrier if the shipper first contacts the carrier less than ten days before the move. Rather, the time the shipper contacts the carrier is solely in the control of the shipper. We do not want to create a system that denies service to the shippers who contact carriers less than ten days before the move where the move in fact will cost more than our maximum fixed rates. But equally so, we do not want to create a system that would allow for carriers to pressure shippers to waive the protection of maximum rates.

To allow an exception of maximum fixed rates when the shipper first contacts the carrier less than ten days before the move will require a definition of what constitutes the first contact. This could potentially burden carriers to make more complete records of all contacts. We will ask parties to address

this in Phase II, including the following possible method of implementation.

One method to identify the truly late shipper is to require the Contract for Move form to include a statement of the date the carrier was first contacted by the shipper, along with the method of contact (e.g., telephone, letter, in person, other). If the number of days from the first contact to the first day of the move is less than ten days, we could allow the carrier to assess a rate over the maximum fixed rate. We would allow this if the carrier informs the shipper by indicating on the contract (as we could provide in our model form) that the rate exceeds the maximum fixed rate and identifies the amount the total cost exceeds that which would be derived using the maximum fixed rate (just as we require on the estimate form). This would allow service for the cases where the carrier legitimately needs to assess more than the maximum fixed rates, but provides protection to shippers by allowing this only when the first contact is less than ten days before the move. Further, it would provide the information to the "late" shipper so the shipper could consider other alternatives (e.g., the shipper may want to get other estimates even though there is little time, or consider delaying the move).

Under this possible method an assessment greater than the maximum fixed rate could then be made in two cases: (1) when a written estimate is given to the shipper no less than ten days before the move or (2) when the shipper first contacts the carrier less than ten days before the move. In both cases the carrier would be required to indicate to the shipper that the rates exceed the maximum fixed rates and the amount that the ceiling price exceeds that calculated using the maximum fixed rates. Before the move may begin, the shipper would be required to sign the contract, which would indicate that he or she expressly, intelligently, and knowingly waives the protections of maximum fixed rates.

We ask parties to comment in Phase II on this possible method of implementation. Further, we ask parties to comment on whether abuses might occur and if so, how they can be controlled. Finally, we ask for comments on whether the risk of abuse is greater or less than the benefit of service to some shippers who may otherwise be denied service.

d. Eliminate 10 Percent Tolerance

We will eliminate the 10 percent tolerance above the estimate, whether the estimate is given more or less than ten days before the move. We understand this may tend to make some carriers estimate high. We believe this tendency will be counteracted by three things. First, current estimates tend to be very accurate. (Exh. 8, p. 76.) There is no reason to believe estimators will loose any skill with our new program. Second, competition will counteract any tendency to estimate high. Competition will not allow carriers to excessively pad their total cost estimate or shippers will seek another carrier. Third, for agreements between carrier and shipper made less than ten days before the move, the final total cost cannot exceed the maximum fixed rate (if the estimated total cost is above the maximum fixed rates). Thus, the 10 percent margin could conflict with the maximum rates and is unnecessary.

Further, the 10 percent tolerance was part of our program to address low-balling under the minimum rate system. To protect the minimum rate we needed to require carriers to charge the minimum rate even if they quoted a lower price in order to get the business. Otherwise the minimum rate could have been easily ignored and rates below the minimum commonly charged. Shippers were understandably displeased with this, however. Since it was wrong to charge the difference to the shipper when the carrier purposely underestimated to get the job, we balanced the competing interests. The balance was to put a 10 percent tolerance on the

price the carrier could charge the shipper and require the carrier to pay the rest (up to the minimum rate amount) as a penalty to the Commission. This gave an incentive to carriers to provide accurate estimates, but recognized the imperfect art of estimating. Under our maximum rate program we do not have the need for a 10 percent tolerance to protect the minimum rate and balance competing interests.

While estimating is an imprecise matter, we expect market competition to determine the proper tolerance above estimates that carriers should include in their bids, rather than have government make that specification. We later direct a monitoring of our program. We will watch this matter of the tolerance built into bids and we will be open to addressing it in the future if the market does not.

Under our current minimum rate system, carriers may "hold hostage" the shipper's goods until disputes are settled. Under our maximum rate program, we will require that carriers unload the goods at destination upon payment of the price asked as long as it is not above the lower of either (1) the ceiling price (including any shipper signed valid change orders for service) or (2) the maximum fixed rates times the hours or weight (including any shipper signed valid change orders for service). Provided that where there is a written estimate ten or more days before the move, the price asked may not exceed the estimate.

4. Failure to Complete Contract

The requirements to summarize in writing the key elements of the move and the ceiling price on the "Contract" form are significant new aspects of our program to protect customers. But failure by the carrier to properly complete the contract form can be a device to prevent the shipper from gaining the benefit of competition between carriers. Further, it might allow an unscrupulous carrier to pad the hours or weight to drive up the total price even when applying the maximum fixed rates in the maximum rate tariff.

Under our current minimum rate program, if a carrier fails to complete the "Confirmation" form properly, the most the carrier can assess is the minimum rate (times the hours or weight). Given that we adjust the minimum rates about 30 percent in making them the maximum fixed rates, allowing a carrier to fail to complete the new "Contract" and then charge the maximum rate could be a device for the unscrupulous carrier to raise the price of the move about 30 percent over current minimum rates by simply failing to complete the forms properly. Therefore, for failure to properly complete the "contract" form we will allow the carrier to assess the maximum fixed rates in the maximum rate tariff but require a 30 percent reduction in the total, or use of the quoted rate, whichever is less.

The 30 percent reduction is an administratively efficient way to approximate the same result that we have now, with any error being in favor of the shipper. If we retain minimum rates for this purpose (to calculate the rate when the "contract" form is not completed), we would expect the use of the minimum rates to be very limited. That is so because we do not expect many failures to complete the "contract" form properly. But keeping the minimum rates (even in an appendix) could be confusing. Confusion is likely over which rates to apply if we retain both minimum and maximum rates in our new maximum rate tariff. Further, if minimum rates are retained for this purpose in the interim and continue in the final tariff, it may mean recalculating the minimum rate as well as the maximum rate every time we update our new maximum rate tariff. This prospect appears considerably more costly and burdensome than the alternative of a percentage reduction to approximate the same goal, at least in the interim.

Moreover, we want assessment of the rate to be simple. If the carrier has calculated and assessed a rate but then is required to recalculate the rate based on the minimum rates because

of failure to complete the "contract", the carrier must perform many additional calculations. These additional calculations can generate errors and disputes. The application of a fixed percentage that approximates the same result will be considerably easier to calculate, introduce fewer errors, and be easier for the Commission to confirm compliance and perform enforcement. For our interim tariff we will use a 30 percent reduction when the "contract" is not filled out properly (e.g., to include a summary description of the move and the ceiling price), or, when a rate is quoted, use of the quoted rate, whichever is lower. We will ask parties to comment in Phase II on whether the 30 percent figure should be increased or decreased.

5. Contract Separate from Freight Bill

We also note that carriers sometimes use the same form for both the current "Confirmation" and "Freight Bill". (Exhibit 7, Appendix D, form 1.) Under our new maximum rate program, we will require that carriers keep their copy of the new "Contract" separate from their copy of the "Freight Bill". This will assist us (or arbitrators) in resolving disputes after a move when a contract notation differs from the freight bill notation. The carrier's copy that combines both forms does not allow for a clear understanding of what was agreed when. Shippers may not have their copies of the forms, but under our rules carriers are required to keep a copy of all documents for 3 years. Separating the carrier's copies of the "Contract" and "Freight Bill" will assist us in implementing the program. Under this requirement, the "Contract" and "Freight Bill" may still be part of a multipage form, but the shipper and carrier copies of the "Contract" must be completed and separated from the "Freight Bill" portions before the move begins (with a copy of the completed contract--even if without the ceiling price--to the shipper no less than three days before the move begins).

6. Efficiency

We further note that this new approach will stimulate efficiency. The current program sometimes becomes a "cost plus" system. For example, without an estimate the hourly rate is quoted on the "Confirmation" form for local moves, but the hours are unknown. The carrier has no particular incentive to perform the move quickly because the shipper is paying the cost no matter how many the hours. In fact, there may be some incentive to move slowly because this move is being paid, but there may not be another move to pay the carrier and employees right away.

In our new system, the carrier must commit to a ceiling price. Once that maximum is established, the carrier cannot earn any more (without authorized change orders). The more quickly and efficiently the carrier can perform the move, with the least loss and damage claims, the more money that can be made and the sooner the carrier can go to the next move for more earnings. Under this approach, saved hours can make money (earnings) for the carrier, while under minimum rates saved hours on hourly rated moves can mean less revenue (and less earnings).

7. Conclusion

This approach to estimates does not burden the industry and shippers with costs of mandatory estimates, but strikes a new balance between carrier and shipper needs while it provides the protection to the shipper that we believe is necessary.

B. Valuation

The current valuation system is described in Chapter II under consumer protections. Athearn testifies that the default released value (e.g., $2,500 for local moves) is now so low that carriers have reduced incentive to take appropriate precautions while packing and transporting goods. Athearn recommends that the incentive for a good move would be built into the system if the default valuation is at full replacement value. Carriers would be relieved of that burden only for exceptionally valuable items,

according to Athearn. Athearn suggests a staff study to determine what should be the full replacement cost valuation.

We were struck by the testimony of so many drivers, packers and carriers at the public participation hearings. It is clear they take pride in doing a professional job, taking great care to minimize loss and damage. Equally, however, shippers can expect a regulatory system that contains the proper incentive mechanisms. Recently revised statutes (PU Code § 5161) increase the minimum cargo insurance to $20,000 (unless a carrier has obtained or obtains authorization from us for a lesser amount under PU Code § 5161(c)). Since carriers are already required to have this amount of coverage, we believe the system will contain better incentives if the base released valuation is at least updated to $20,000. Therefore, we will increase the default valuation amount to $20,000. We modify GO 136-B to reflect this change. (See Attachment C.)

Shippers may waive this coverage for a discount in price if they choose to do so, the carrier offers, and both parties agree in writing. Additionally, we retain the option for shippers to elect full replacement value coverage for an additional charge. However, unless the shipping documents specifically provide otherwise, the coverage will be for the depreciated value of the household goods up to $20,000. To make clear the valuation coverage and charges, we require the contract to specify the coverage amount (which will be $20,000 unless some other amount is specified) and the charges.

DRA recommends that we require carriers to provide the name, address and policy number of the carrier's insurance company in order to help expedite the settlement of claims. However, the

carrier is responsible for all loss and damage claims.[18] Cargo insurance purchased by carriers is generally umbrella coverage against large claims, and often has a large deductible. (Exhibit 24, p. 29; Tr. 23:2690.) GO 136-B provides:

> "That the insurance company shall have the right to adjust and settle any claim for loss or damage to a shipment which shall, or will likely, result in a liability in excess of the agreed deductible." (Emphasis added.)

Thus, under our GO 136-B, the insurance company is not responsible for adjusting and settling all claims. Accordingly, we will not adopt DRA's recommendation. We will continue to give the insurance company name to any shipper who may call us, consistent with the release of public information.

We believe a more productive approach for shippers to settle loss and damage disputes is the arbitration pilot program we adopt below. Arbitration will advance settlement of claims disputes more than providing the name of the carrier's insurance company to the shipper.

C. Arbitration

CMSA and Dennis recommend the Commission establish an arbitration program to help resolve disputes between shippers and carriers. (Exhibit 17, pp. 6-7; Exhibit 20, pp. 6-8.) The witnesses did not specify details for the program, but made general suggestions:

1. CMSA and the Commission work together to formulate an arbitration program;

2. CMSA and the Commission work jointly to create a pool of trained volunteer arbitrators throughout California;

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18 GO 136-B does provide that the insurance company's obligation is to pay the shipper for loss or damage for which the carrier "may become legally liable."

3. The arbitration panel be composed of a CMSA member, a Commission staff member, and possibly a third party from the locale of the dispute;
4. Arbitratees choose from a list of available arbitrators;
5. Arbitration be used only when all informal efforts have failed;
6. Hearings be private with confidential results;
7. Hearings be held at the convenience of all parties;
8. Procedures be informal so each party can present his or her own case;
9. Arbitration decisions be consistent with state law and CPUC rules; and
10. Arbitration costs be paid by the Commission and the industry.

Typical shipping documents contain a provision that disputes can be resolved under the rules of the American Arbitration Association (AAA). (Exhibit 7, Appendix D, item 7 of Terms and Conditions.) Industry witnesses testify that voluntary arbitration is rarely used because the arbitration laws and rules are "complicated", "misunderstood", and "onerous," and it can be costly. (Exhibit 17, p. 7; Exhibit 20, p. 7; Tr. 17:2034.)

CMA and Teamsters support an arbitration program (CMA Concurrent Brief, p. 7; Teamsters Concurrent Brief, p. 3.) CMSA, Bekins and Dennis in their joint Concurrent Brief, however, indicate regarding arbitration and other proposals:

> "The parties to this brief do not presently support one iota of additional service regulation unless a reasonable system of rate regulation [minimum rates] is in effect for the future. Whatever proposals were made by these parties were made upon the condition that the minimum rate regulation system be retained. If

> it is not retained and either of the farcical proposals of DRA are adopted, all bets are off! We suggest that the Commission first decide the principal policy question whether to keep the minimum rate regulatory system and then, at a later time, and upon receipt of more complete proposals, determine the merit and feasibility of other proposals for additional service regulation." (Concurrent Brief, pp. 77-8.)

DRA does not oppose the concept of arbitration, but argues the record in this investigation fails to demonstrate any need for a Commission administered arbitration program. DRA says the AAA and Better Business Bureau (BBB) offer adequate arbitration alternatives in addition to the Commission's Compliance and Enforcement field staff assistance and small claims court. DRA objects to the proposal of CMSA members being on the panels, since this violates "generally accepted guidelines for impartiality and conflict-of-interest." (DRA Concurrent Brief, p. 66.) DRA believes that a program would be expensive to set up and maintain. DRA does not believe an arbitration program should be developed now given other options, the vagueness of the proposals and lack of evidence of need.

We will establish a pilot arbitration program and study the issue further. CMA points out that arbitration is increasingly popular given the costs and delays of court actions. This is true not only for small but also large shippers. (CMA Concurrent Brief, p. 7.) Each year we receive between 600 and 900 complaints (Exhibit 9, Appendix E.) While some involve violations of our rules and regulations which we may solve, others involve loss and damage or other matters we cannot address. A reasonable arbitration alternative would be an improvement to our household good program.

The Commission can make arbitration an easier process for both carriers and shippers without duplicating the expertise already developed by independent arbitrators and arbitration

associations. Establishing an arbitration system within the Commission will require training and solving many administrative details. We do not need to solve all the issues of creating a Commission staffed arbitration option now, and perhaps end up creating a parallel system to established alternatives. Therefore, we will direct TD staff to undertake a study of arbitration programs and make a proposal for further Commission action. In the interim, we will direct the use of a portion of the Transportation Rate Fund (TRF) to pay for the cost of arbitration through independent arbitrators or arbitration associations.

We note that Business and Professions Code §§ 465, et seq., establish a Dispute Resolution Advisory Council (DRAC). The code encourages counties to develop and use alternative dispute resolution techniques pursuant to regulations developed by DRAC. (These regulations are found in Title 16, California Code of Regulations §§ 3600, et seq.) Although these alternative dispute resolution programs are presently available in only 18 counties, they may provide a useful forum for resolving household goods disputes in areas which have implemented such programs.

As soon as these programs are fully available, we recommend their use as another method for dispute resolution. Considering the diversity of our household goods program, the present unavailability of dispute resolution programs under DRAC regulations in all 58 California counties, and our need for a program for all of California, we will go forward with a pilot program as described below pending TD's proposal for further Commission action.

Our pilot program will begin with TD issuing requests for proposals from persons and/or groups qualified to conduct arbitration. We will select an arbitrator(s) or arbitration group(s) after considering TD's recommendation. We will conduct a pilot arbitration program for no more than one year. We will use a portion of the Transportation Rate Fund (TRF) to pay the cost of arbitration through independent arbitrators or arbitration associations.

The TRF is collected from carriers, who in turn include the cost of the TRF in their prices. We believe using the TRF to help shippers and carriers resolve disputes is a reasonable use of the TRF. We will contract with a qualified arbitrator or arbitration association to conduct the arbitrations. This will be a limited pilot program subject to budget and other constraints, but will run not longer than 12 months.

This pilot program will be an alternative to any other remedies available to the shipper and carrier. It will be available only if both parties voluntarily agree to arbitrate the dispute. Arbitration will not be mandatory. Once the parties agree to arbitration, however, they must also agree that the arbitration decision will be binding, and we will of course honor the arbitrator's decision. We will assist the parties with their understanding of the procedure and provide funding for this pilot program (funds that we would otherwise spend on staff and other expenses if we do this ourselves).

At the conclusion of the pilot program we ask TD to prepare a report on arbitration programs we may consider (including the programs counties may have using DRAC regulations). The report should include alternatives we may consider; expected demand for this service; estimated costs and funding alternatives; expected benefits to shippers, carriers and the state; and specific recommendations on implementing one or more alternatives. We ask TD to include the experience under our pilot program as part of their study and recommendations on further arbitration programs we may consider. TD is asked to prepare this report within 4 months of the completion of the pilot arbitration study. The report should be served on the service list to this investigation and filed with the Docket Office (original and 12).

D. Carrier Performance Reports

DRA testifies that shippers seek a carrier who will provide good and reliable service at the lowest possible price (e.g., a carrier who will arrive on time, handle the goods carefully and conscientiously, using clean equipment and skilled employees), but that shippers have no objective basis for comparison between carriers. DRA points out that the Interstate Commerce Commission (ICC) requires interstate carriers to file an annual performance report.[19] DRA recommends that this Commission require a similar report of intrastate carriers and publish the results to provide shippers with objective comparative data useful for selecting carriers. DRA suggests that the TD be directed to develop this report in conjunction with DRA, the moving industry and others. (Exhibit 1, p. 7-4.)

CMSA concurs that information would be beneficial for both shippers and carriers:

> "A second area of improvement in the program is to provide the public with better information about the moving process, the regulatory system, and the performance level of the industry. Both the public and the industry need to know how performance is progressing. If glaring deficiencies exist, the industry is entitled to know, so corrective action may be taken...Positive statistical reporting can improve both the industry and Commission public

19 This report includes descriptions of the number and type of shipments, accuracy of estimates, timeliness of pickup and delivery, amount and resolution of claims, and the average number of days needed to settle such claims.

image...We have no qualms about exposure to the public eye." (Exhibit 8, pp. 129-30.)

CMSA points out that competitive markets work well only when there are informed buyers and sellers. (CMSA Concurrent Brief, p. 35.) CMSA is also concerned that the average shipper may not be discerning enough in selecting a carrier to choose the better supplier. Even if in the long run the market begins to reflect information on good and bad carriers based on shippers' experience, in the short run the poor quality carrier may prevail. (Exhibit 15, p. 26.) As it is now, CMSA cannot identify any other market where the consumer has so little information upon which to make a decision. (Tr. 22:2648-9.)

Athearn recommends the Commission gather data, test carrier employees, and assign a quality of service grade to each carrier as an assistance to the public. (Exhibit 21, p. 5.) Athearn agrees that a carrier performance report would meet many of these objectives. (Tr. 13:1526.) Students testifies that a carrier performance report is a good idea. (Tr. 23:2733.)

CMSA also contends, however, that the cost of preparation, printing and distribution of such a report would be prohibitive, and there would always be questions about the accuracy and integrity of the performance claims. CMSA estimates it may cost $1,040,000 per year for 1,300 carriers to comply with a performance report, and there would be additional cost at the Commission. CMSA argues a better approach would be for the Commission to establish industry performance standards and let carriers decide if they wish to publish the information. (Exhibit 24, pp. 25-7.)

The evidence is that this market is already very competitive (except in downward pricing) and our adopted program envisions even healthier, more vigorous competition. We can promote that end by reducing the cost of gathering information. Interstate carriers already incur this cost as they comply with ICC

rules, and firms such as Allied already collect this information for their internal uses.[20] Thus, many carriers already collect this information.

CMSA's estimate of $1,040,000 overstates the additional cost for carriers to collect and publish this information. CMSA's estimate includes printing costs of $0.50 per page, or $500 per carrier for 1000 pages ($650,000 for 1,300 carriers). Printing can be obtained at less cost.[21] At $0.20 per page, the cost for 1400 carriers would only be $260,000, or nearly $400,000 less than CMSA estimates.

But even if the printing cannot be found as inexpensively as $0.20 per page, this expense must be put in the context of the advertising budgets already expended in this industry. While there is a wide variation in expenditure per firm as a percentage of their total revenue, the average expense in the industry is about 3 percent (Tr. 22:2637), or $9 million per year. The carrier performance data would be a significant marketing tool for the firms that are top rated. Even if the cost is as much as $1 million we view that as a small cost compared to the current advertising budgets and total industry revenues, especially considering the powerful impact such information can have on making the industry efficient (i.e., rewarding the efficient firms; providing information to other firms so they may take corrective action). Few things are more powerful than information to make a market competitive and efficient. Further, to the extent the up to

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20 Dennis testified that Allied collects this and more information in its own rating system of its agents. (Exhibit 20, p. 23.)

21 Our own printing cost (as we assess it for copies of Commission documents sent to the public) is only $0.20 per page. DRA claims commercial copy shops will produce copies for less than $0.05 per page. (DRA Concurrent Brief, p. 58.)

$1 million may be used for advertising, some of the $9 million will be saved.

Looked at another way, if the carrier performance report costs $1 million on total revenue to the industry of $250 million, the performance report would increase cost by 0.4 percent. This is a very small cost increase for a very high potential benefit from increased efficiency and great consumer protection.

Consumers pay the costs incurred by the carrier for a move. If the consumers pay $1,040,000 on 525,000 moves for carrier performance information, that is a cost of $1.98 per move. This is a very reasonable and small cost for shippers to incur for information, when it would cost far more for each shipper to gather information on their own. Even if the Commission cost to process the information adds another $400,000 (about half the entire TRF funds now collected from household goods carriers), that would increase the cost to the shipper to only $2.74 per move. Compared to a shipper taking his or her own time to review public records, contact the Commission and other agencies (such as the Better Business Bureau and the Department of Consumer Affairs), visit libraries and such, a cost of less than $3.00 per move for good information would appear to be very cost-effective.

CMSA witness Boyarko testifies that the Commission in the alternative should let carriers decide if they want to publish the information or not. Boyarko claims the best carriers will want to use the information and this will put competitive pressure on other carriers. We think this is a useful idea, but we are concerned this may be too passive an approach to such a potentially major, cost-effective consumer protection.

We have too little information, however, to order a performance report at this time. Also, we share the concerns expressed by CMSA about how the accuracy and integrity of the data we may collect can be assured. Therefore, we ask TD to prepare a preliminary assessment of carrier performance reports to be used as

the basis for a workshop. We ask that TD issue their preliminary analysis within 4 months and hold a workshop within 1 month of issuing their preliminary assessment. The preliminary report and invitation to the workshop should be served on all parties on the service list in this investigation, be widely noticed, and filed with Docket Office (original and 12). TD should then prepare a final report based on the results of the workshop, serve a copy of the final report on the service list within 3 months of the final workshop, and file a copy with Docket Office (original and 12 copies). That report will cover, among other things, what data carriers are now collecting for the ICC, for themselves or others; what data should this Commission collect; how can the accuracy of the data be verified; how should the data be used and distributed to shippers and carriers; what is the cost and benefit of this data collection and distribution; what reasonable alternatives are there to this program or any parts of this program to accomplish the same goal (of getting useful information cost-effectively to the shipper and carrier); and recommendations. The final report should be served on the service list and filed with Docket Office (original and 12).

In the interim, we will direct TD to make available to anyone on inquiry any relevant public information about carriers that we now keep, such as numbers of complaints we have received against any carrier.

E. Consumer Outreach Program

DRA recommends an active, continuous educational outreach program to inform shippers of their rights and obligations when using a carrier. The current outreach effort consists of the "Important Information" booklet and referral of complaints to us from other agencies (e.g., Better Business Bureau; Consumer Fraud Division of the Attorney General's Office). DRA recommends an expanded program to include Commission advertisements in the Yellow Pages, periodic newspaper articles, press releases from the Public

Advisor's Office, and training of staff in our Consumer Affairs Branch. DRA recommends this program be developed through TD in consultation with DRA, the industry and others." (Exhibit 1, p. 7-5.)

CMSA says DRA's suggestion

> "...is probably the single-most constructive and potentially positive proposal contained in the [DRA] Report, and is certainly worth exploring..." (Exhibit 24, p. 27.)

CMSA warns, however, that the record is bereft of any evidence of need, and the Commission must consider the cost-effectiveness. CMSA offers that this effort could be designed and implemented in part to expose the risk of using illegal operators and thus work in tandem with a Commission enforcement effort.

We are convinced that cost-effective information can promote both competition and our enforcement efforts. We direct TD to include an assessment of a consumer outreach program with its assessment of carrier performance reports, discuss consumer outreach in the performance report workshop and include recommendations in the final report. The areas addressed should include what outreach efforts to undertake, an estimate of the costs and benefits, an examination of any reasonable alternatives, and a recommendation for action. In the interim, we will undertake the efforts that are already within our budget (such as our Public Affairs Office in consultation with TD preparing periodic press releases to inform the public, training of staff as needed, and placing public service information in the Yellow Pages).

F. Packing Materials Prices

DRA recommends that packing material rates be cancelled. Packing materials can be obtained from many sources and the Commission need not restrict competition in this area, according to DRA. DRA argues that the sale of packing materials is not an "accessorial service". The assessment of sales tax to the sale of packing materials indicates the materials are not a "service"

because the Board Of Equalization does not subject moving services to a sales tax, says DRA. CMSA testifies that DRA's recommendation contains two incorrect assumptions: that "surplus boxes scavenged from various sources' provide adequate protection and that carrier provided materials are the same as those provided by others. (Exhibit 24, p. 31.)

We will not cancel the packing material rates in our maximum rate tariff. All packing materials are not the same. Carriers may entice shippers to use carrier supplied packing materials (along with packing labor) with the expectation that disputes over damage will then not become a dispute over whether the damage was due to poor packing materials or to the transit. Because shippers may be so enticed, if packing material rates are cancelled, carriers could overcharge for packing materials and undo the consumer protection benefit of our maximum rate program.

While there may be other ways to enforce against packing material overcharges, having maximum rates is easy to enforce. Reasonable enforcement is one of our program objectives. Maximum packing material rates assists in meeting that goal.

G. Simplify Tariff

DRA recommends several changes to simplify the tariff which we will adopt:

1. Clarification of what documents do not constitute a claim (Item 92, Exhibit 2, p. C-3);

2. Require the carrier to inform the shipper of the basis for denial or reduction of a claim for loss and damage if the carrier denies the claim or offers to pay a lesser amount (Item 92, Exhibit 2, p. C-3); and

3. Require the carrier to give a copy of all documents when the carrier collects the charges (Item 132, Exhibit 2, p. C-5).

We do not need to adopt DRA's recommendation to modify the tariff regarding the acceptance of messages sent by fax

equipment for notification to the shipper of various information (e.g., actual weight and charges; a delay in pickup or delivery). Our notification requirements allow the use of the telephone. Fax equipment uses telephone lines and is therefore an acceptable notification tool.

H. Industry Trade and Professional Organizations

CMSA states the following in its concurrent brief regarding DRA's primary recommendation (to cancel minimum rates but retain all other service, safety and consumer protection requirements on carriers). We suspect CMSA would say the same about any scheme different than minimum rates.

> "Such a cock-eyed system of regulation will, of course, make adversaries of the moving industry, on the one hand, and, on the other, the Commission and its staff. Over the years, the industry and the Commission have acted in concert for the betterment of the consumer and the integrity of the industry and the service it provides. We see no way that spirit of cooperation could continue without a reasonable system of rate regulation. The glue that holds the industry together and is its conduit for a close working relationship with the Commission is CMSA. This Association would have extreme difficulty in even holding its membership intact let alone have the strength to formulate industry-wide consensus positions in what is bound to become a destructively competitive industry."

CMSA testified about the roles of industry associations and educational foundations (e.g., the National Moving and Storage Association-NMSA, the National Institute of Certified Moving Consultants-NICMC, and the National Moving and Storage Technical Foundation). Not unlike other industries, the moving and storage industry contains professional associations and educational foundations to promote the interests of the industry and, in making a better industry, the consumer. (Exhibit 13.) NMSA is in its

seventy-first year and represents over 1300 companies worldwide, including over 100 in California. NMSA members:

> "...subscribe to the associations's Code of ethics, a philosophy which embodies the high ethical and professional standards which are the hallmark of our members." (Exhibit 13, p. 2.)

Rather than our decision making an adversary of the moving industry, this is an opportunity for organizations like NMSA, CMSA and NICMC to promote the best within the industry. By promoting and enforcing the "high ethical and professional standards that are the hallmark of [its] members", these organizations can make membership mean to the consumer that the consumer is assured of getting good service. Membership in these organizations can become an advertising vehicle to the betterment of not only their members but consumers and the industry. We hope CMSA will utilize this unique opportunity. If there is a role for the Commission, we will entertain suggestions from CMSA how we can assist in that effort.

I. Important Information Booklet

We will update the "Important Information for Shippers" booklet to reflect our new program, rename it "Important Information for Persons Moving Household Goods" and make it more readable. Among other changes, we will include our toll free telephone number so shippers can easily contact the Commission.[22] Shippers can contact the Commission to determine whether a competing carrier they may be considering is a permitted carrier, obtain public data on Commission actions regarding any carrier,

22 If the toll free number is unavailable by the effective date of this decision, we direct TD to provide the number to carriers as soon as it is available.

discuss shipper rights and responsibilities, learn about claims and arbitration procedures, or any other aspect of our program.

We currently require that shippers (except for office moves) be given a copy of the "Important Information for Shippers" booklet on the first in-person contact between the shipper and carrier. The shipper must sign a receipt for the booklet and the carrier must keep the receipt in his or her files for three years. If the move is arranged by mail or telephone with no in-person contact prior to the day of the move, we require the booklet be mailed to the shipper before the moving day by registered mail (return receipt requested). The returned receipt suffices for the mandatory receipt and must be kept in the carrier's files for three years. Failure to furnish the booklet at the proper time is a violation of the documentation requirements of the minimum rate tariff.

The booklet is so important to the minimum rate program we have these specific and detailed rules. Under the new maximum rate program the booklet will be even more important, since consumers must know they can compare carriers to obtain the lowest price for the quality and quantity of services they wish.[23] This is a major shift from the current program, where there may not be as many price/service combinations as there will be under maximum rates and where price shopping for different price/service combinations may not be as important. Competition works best when buyers and sellers are informed. The competition we expect in this market must be fair (as we discuss under enforcement) and must be based on the parties being informed.

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23 Getting the lowest price in the minimum rate program is also important, but the majority of moves (between 84 and 95 percent) are carried at the minimum rate. Thus, price shopping may not be as important under minimum rates as it will be under maximum rates.

It is vital that shippers get this booklet from carriers so they can be informed, and the competition that already exists can be made even better. It is so important that we will require the booklet to be given not only for household goods moves but also for office and store fixtures and equipment moves. Further, we will apply a reduction in maximum rates for noncompliance. We will pattern this reduction after our rule requiring the carrier to pay the shipper $100 per day for delays in pickup and delivery. (MRT 4-C, Section 1 (Rules), Item 100.) The $100 assessment for delays in pickup and delivery was approved by D.93622 (October 6, 1981) based on a CMSA petition request for this change.

Failure to provide the booklet is an opportunity for the carrier to overcharge the shipper without the shipper's knowledge. In addition to any other penalties that may apply (e.g., refund of any charges above the maximum rates; a 30 percent reduction in charges from the maximum fixed rates if the "contract" form is not properly completed; fines paid to the Commission for violation of the documentation requirements of the tariff; suspension of license), we will require the carrier who performs the move to pay the shipper $100 for failure to provide the booklet when and as required.

As discussed below under enforcement, an automatic assessment of $100 will help staff enforce the program to everyone's benefit. This will even help shippers who do not know of this benefit. If a shipper is not given the booklet but complains to the Commission about any aspect of the move, failure to get the booklet can be easily determined and action can be undertaken. Similarly, periodic audits of carrier records may reveal cases where shippers were not given the booklet and adjustments in their bill can be made.

Further, we expect the $100 level will be meaningful. CMSA's Foy testified that fines could vary for different offenses from suspension of the license for up to 90 days, to rebating the

cost of the move, or rebating 50 percent of the cost of the move. Foy also testified that profit margins are already so low on most moves that any penalty could make a particular move unprofitable. (Tr. 19:2328.) The average cost of a move is now $550 to $600. Even if the average cost decreases 5 percent under our maximum rate program, an assessment of $100, while less than 50 percent of the cost of the average move, would appear to be significant without being excessive, and is consistent with the level already in the tariff.

We will not require the carrier to give a booklet to each shipper when the shipper already has the booklet. This will save printing and distributing wasted duplicates. Each carrier must obtain the shipper's signature, however, that the shipper already has the booklet when the carrier would otherwise be providing the booklet to the shipper. Without a signature that the booklet has been received, the carrier risks a possible $100 penalty for failure to give the booklet when required.

J. Minimum Hours and Weights

Some carriers now have minimum hours (greater than one hour) for local moves, minimum weights for distance moves, and minimum materials and/or hours for packing. About 63 percent of carriers apply a minimum number of hours for local moves, 43 percent apply a minimum weight on distance moves, and 23 percent apply minimums on packing. It is not known how many moves actually have their final price determined by the minimums as opposed to the actual hours, weight and materials. (Exhibit 30, p. 6.)

A typical example may be a carrier requiring a four-hour minimum for a local move, charged at the minimum rate. This has the same effect as charging the actual hours but assessing a rate above the minimum. A four-hour minimum at $77.50 per hour would cost the shipper $310.00. That is equivalent to charging 3 actual hours of work at $103.33 per hour.

We will allow continued use of minimums under the maximum rate program, but only if the minimums are noted in writing on the contract in the hands of the shipper no less than three days before the move begins. We do not want the use of minimums to undo the consumer protection benefit of maximum rates. We seek to prevent a situation where the carrier arrives on the day of the move for a short local move and announces that there is a four-hour minimum for what would otherwise be a two-hour move. By requiring the disclosure of minimums no less than three days before the move begins, the shipper can shop for another carrier if the resulting price is unacceptable to the shipper. We ask parties to address allowing continued use of minimums in Phase II.

K. Summary

We retain the consumer protections from our current minimum rate program, modified only to make them consistent with the new maximum rate program, to add new measures based on testimony about potential shipper abuse, or as proposed by one or more parties. New consumer protections include:

1. Maximum rates;

2. Written description of the move and rates to be charged on the "Contract for Move" form with a copy to the shipper no less than three days before the move begins (with an exception for the truly late shipper);

3. A completed contract with a ceiling price and signatures no later than the day of the move before the move begins;

4. A reduction of 30 percent from the total bill based on our maximum fixed rates if the "contract" form is not completed with the crucial information (e.g., description, ceiling price, signatures), or use of the quoted rate, whichever is lower;

5. Rates above the maximum fixed rates in the tariff (to allow moves to occur that would not be economic under the maximum fixed rates) if the carrier provides a binding

written estimate to the shipper no less than ten days before the move, including the amount over the total that would result from applying the maximum fixed rates and a reminder that the shipper can get other estimates;

6. A requirement that final charges may not exceed the amount of the estimate or ceiling price (except for valid change orders for service);

7. A requirement that carriers must unload the shipment at destination upon payment of no more than the ceiling price (including shipper signed valid change orders) or the maximum fixed rate times the hours or weight (including shipper signed valid change orders), whichever is less (unless there is an estimate given ten or more days before the move establishing higher maximum rates);

8. Basic valuation raised to $20,000, with the valuation amount and charges specifically identified on the contract;

9. A pilot arbitration program to assist shippers and carriers resolve disputes;

10. A study of arbitration programs and our pilot program for consideration of future action;

11. A study of carrier performance reports;

12. A study of a consumer outreach program, with interim implementation of the parts that we can now do;

13. Retention of rate regulation for packing materials;

14. Tariff simplifications;

15. Assistance to CMSA and other trade and professional organizations (if there is a role for the Commission) so that the shipper can rely on membership in the organization meaning professional, quality services;

16. An updated and more readable "Important Information for Persons Moving Household Goods" booklet, required to be given not only for household but also for office moves;

17. A $100 assessment for carrier failure to provide the "Important Information for Persons Moving Household Goods" booklet (unless the shipper indicates by signature that he or she already has one);

18. A new safety fitness test (as discussed below); and

19. An updated entry examination to focus on consumer protection (as discussed below).

IX. Service Standards

We retain all existing service standards. We modify the standards only as we explained in the prior chapter on consumer protections, and one modification we discuss here. That modification is the time a carrier has to respond to a claim for loss and damage.

Under our current minimum rate program we do not attempt any formal resolution of loss and damage disputes. If informal efforts between shipper and carrier fail, we refer parties to small claims court.[24] Our rules in MRT 4-C seek to assist informal resolution by specifying minimum filing requirements for a valid loss and damage claim, documents that do and do not qualify for the purpose of presenting a legitimate claim, and several other items including the maximum days the carrier has to respond.

In MRT 4-C we require the carrier to acknowledge receipt of the claim in writing to the claimant within 30 days. The carrier must then pay, decline to pay or make a firm compromise settlement offer in writing to the claimant within 120 days after

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24 We add an arbitration pilot program to help us determine whether arbitration will be a useful alternative vehicle to settle loss and damage disputes.

receipt of the claim. If the carrier cannot process or dispose of the claim within 120 days, we require the carrier to advise the claimant in writing of the status of the claim and the reasons for the delay every 30 days while the claim is pending, with a copy to the Commission. As we explain above in our discussion of consumer protections (regarding simplifying the tariff), by this decision we clarify what documents do not constitute a claim and require the carrier to inform the shipper of the basis for denial or reduction of a claim if the carrier denies or offers to pay less. We will in addition reduce the time the carrier has to pay, decline to pay or make a firm compromise settlement offer.

We reduce the time the carrier has to pay, decline to pay or make a firm compromise offer from 120 days to 60 days. We do this based on the testimony that unscrupulous carriers may try to take advantage of customers by refusing to pay claims. (Tr. 23:2752.) We believe that some carriers may wait the full 120 days hoping the shipper will simply forget and/or be more willing to accept a low compromise amount just to be done with the matter. We reduce the time to 60 days so the carriers cannot delay unreasonably. Sixty days is still a reasonable number of days for the carrier to investigate a claim and make a determination to pay, decline to pay or make a firm compromise offer. We retain the requirement that if, for reasons outside the carrier's control, the carrier is unable to make payment, decline to pay or make a firm compromise offer within 60 days, the carrier must notify the claimant in writing of the status of the claim, the reasons for delay, and send a copy to the Commission. GO 139 is amended (Rule 7.1) to recognize our adoption of a maximum rate tariff and the applicability of the reduced time in which household goods carriers may respond. (See Attachment D.)

X. Safety

Our position on highway safety for household goods carriers is the same as our position on safety for general freight carriers, as we expressed in D.90-02-021 (revised p. 48):

> "It is undisputed that public safety on the state's highways cannot be compromised by any regulatory program. That has always been the Commission's goal, and we reiterate it now."

A. Safety and Minimum Rates

DRA refers to our finding of fact no. 162 in D.90-02-021:

> "Direct enforcement action is more effective that rigid rate regulation in enforcing safety laws and good safety practices."

DRA testifies that this finding is similarly applicable for the household goods industry. DRA witness Beilock testifies that:

> "Virtually all credible work attempting to establish a linkage between economic regulation and motor carrier safety has failed...I have come to the conclusion that either there is no safety-economic regulation linkage or the effect is subtle in the extreme." (Exhibit 1, p. 14-13)

Based on nearly a decade of research, Beilock testifies that:

> "Finally, there are no convincing empirical indications that reduced economic regulation actually compromises safety." (Exhibit 1, p. 14-21.)

CMSA and industry witnesses argue that economic deregulation will compromise safety. They argue that rates and revenues will fall and carriers will be forced to reduce expenses, including funds for safety. Students testifies that:

"...economic deregulation...will be very bad for the public, because of the safety on the highways." (Tr. 23:2741.)

As we have discussed above (Chapter 7), we find that there is no link between safety and economic regulation. Carriers can cut safety expenses to increase profits whether there are high minimum rates, low minimum rates, no rates, or maximum rates. We are committed to promoting safety on the highways and will not take any actions to compromise safety. We will promote safety by direct enforcement and in our coordinating roles with the Department of Motor Vehicles (DMV) and the California Highway Patrol (CHP), not indirectly through minimum rates with the expectation that carriers will then spend their revenues on safety.

B. DRA Recommendations

DRA testifies that there is insufficient data specific to household goods carriers to separately describe their safety experience, but that household goods carrier safety problems and violations are comparable to that of highway carriers in general. The most recent data on intrastate motor carriers reveals that at least 90 percent of fatal and injury accidents for truck drivers are related to driver skill and training. Excessive speed and driving under the influence of drugs or alcohol are two of the most important factors leading to accidents.

The CHP has primary responsibility for regulation of motor carrier safety on public highways and the DMV has drivers licensing authority. The Commission acts in a supportive and complementary manner to these and other agencies, as directed by the Legislature.

Several new pieces of safety legislation have been adopted in the last two years. These laws are to be implemented by the CHP, DMV and to a lesser degree the Commission. In augmentation of other agencies' direct responsibilities, the Commission's safety role is implemented through our issuance of

operating authority. We also coordinate our efforts with CHP and DMV on conditions of carrier equipment and maintenance (e.g., Biennial Inspection of Terminals Program - BIT), licensing of drivers (e.g., Pull-Notice Program), insurance requirements (e.g., for private as well as for-hire carriers), and data collection. DRA says:

> "When full implementation of the current legislation...is in effect it is likely to have a significant impact on motor carrier safety on California highways. Disregarding safety will be very costly for carriers with the ultimate risk being the loss of their right to operate.
>
> "The full impact of the programs will likely take a year or so. For carriers that were already aware that safety pays and operated in accordance with that premise, the program will merely affirm their operating principles. Carriers that have had lax standards or have been skirting the law in regard to safety regulations will now be more quickly identified and their inappropriate operating practices penalized.
>
> "Notwithstanding the major progress that has been made in the last few years in regard to the safety problems of highway motor carriers there are always some refinements that can bring further improvement." (Exhibit 1, pp. 8-20 to 21.)

DRA makes several recommendations for additional safety measures:

1. Monitor the safety experience of household goods carriers (measured by accidents and citation rates) to determine ways to improve safety;

2. Reactivate the revenue distribution survey program (so that carriers involved in household goods transportation can be identified and their level of market activity measured to place accident and other safety measures in perspective);

3. Explore collecting mileage data on private carriers (who are now required to register with the Commission for insurance purposes) so that for-hire carrier data can be compared;

4. Work with the CHP and other agencies to determine how a Department of Transportation (DOT) carrier identification numbering system could be integrated with the CHP and Commission numbering systems;

5. Explore with the CHP a mandatory follow-up accident report for intrastate motor carrier accidents similar to DOT reports for interstate accidents; and

6. Administratively extend (or, if necessary, seek legislation to extend) to household goods carriers the same safety requirements all non-household goods carriers must meet to receive a permit.

The OII asks whether safety would be advanced by fining carriers for driver violations (Appendix A, Question 32(e)). Such fines could encourage carriers to hire and train only the best drivers.

CMSA, Bekins and Dennis support DRA's proposals (Concurrent Brief, p. 65) but reject the idea that carriers be fined for driver traffic violations. They argue that fining the employer for employee errors would be unreasonable.

We adopt the DRA recommendations because there are no objections, they will advance safety and they are therefore in the public interest. We reject the proposal to fine carriers for the traffic violations of their drivers since this would penalize carriers for actions that are not entirely within their control. We will apply the same safety requirements on entry for new household goods carriers as we apply for new highway carriers (PU Code § 3553), with our reasoning explained below.

C. Safety Requirements on Entry

All parties except DRA agree that the Commission can administratively extend the safety requirements we apply for entry of new highway carriers (PU Code § 3553) to entry for new household goods carriers. DRA believes we must seek legislation.

CMA argues that PU Code § 5135 begins:

> "Before a permit is hereafter issued the commission shall require the applicant to establish ability and reasonable financial responsibility to initiate the proposed operations."

CMA argues that the ability to operate safely is part of the ability the Commission should find in the applicant before allowing operation. CMA says the § 5191 reference to the costs of safety being included in minimum rates further implies Commission authority. Finally, CMA argues that the Commission's new authority to suspend a carrier that is cited by the CHP for unsafe operations would seem to provide a prudent duty to prevent the need for such a suspension if possible.

DRA, however, refers to the next sentence of Section 5135:

> "The commission shall require the applicant to establish his knowledge and ability to engage in business as a household goods carrier by examination. The examination may be written or oral, or in the form of a demonstration of skill or any combination of these, and any investigation of character, experience and any tests of technical knowledge and manual skill which the commission deems are appropriate may be employed."

DRA argues that unless the desired entry requirements can be fashioned in the form of an examination, further legislation will be required.

We are convinced by CMA's argument. As the Code directs, before we issue a permit we shall require the applicant to establish ability. Ability shall be established by examination.

The examination may be in one of several forms (written, oral, demonstration of skill), but the word "may" is permissive. We may perform the examination in other ways as well. We elect to examine the carrier's safety by requiring the household goods carrier to make the same showing as required of highway carriers in PU Code § 3553.

In the last sentence cited above and further in PU Code § 5135 it says:

> "The examination may be...and any investigation of character, experience...which the commission deems are appropriate may be employed.
>
> "The commission shall issue a permit only to those applicants who it finds have demonstrated that they possess sufficient knowledge, ability, integrity and financial resources and responsibility to perform the service within the scope of their application."

We deem the same showing as required in PU Code § 3553 for highway carriers is needed as part of our investigation of a household goods carrier before we may issue a permit. We will require the showing in order that we may determine and find whether a household goods applicant possesses sufficient knowledge, ability, integrity and financial resources and responsibility to perform household goods transportation.

XI. Subhaulers

We asked parties to address several aspects of subhauling. (OII, Appendix A, questions 37-39.) Based on the testimony, we find no evidence to support any changes in subhauler regulation at this time.

The TD survey reveals that about 73 percent of carriers receive no revenues from subhauling, 16 percent receive some revenues from subhauling and 11 percent receive all their revenues from subhauling. Subhaulers perform few piece moves, with most of

their revenue coming from hourly and distance moves. (Exhibit 30, p. 19.)

DRA argues that subhaulers improve the overall efficiency of the industry. Carriers can engage the services of subhaulers as needed. This flexibility allows prime carriers to adjust to seasonal variations in demand without having to make investments in equipment and labor, which might sit idle part of the year. DRA points out that subhaulers are paid a percentage of the total revenues for the move. DRA argues that this payment method provides a strong incentive for subhaulers to work efficiently in order to maximize the number of jobs and earnings. (DRA Concurrent Brief, p. 60.)

Further, DRA argues that no empirical data is available comparing the quality of service provided by subhaulers with that of prime carriers. DRA claims that several carriers feel the quality of service provided by subhaulers is as good as or better than that provided by their own employees. (DRA Concurrent Brief, p. 60.)

CMSA witnesses reveal that some carriers use subhaulers exclusively and have no drivers of their own (Tr. 19:2288), while other carriers do not use any subhaulers because they fear a loss of control and a reduction in quality of service (Tr. 16:1974). CMSA indicates that payment to subhaulers is generally a percentage of the total revenues for the move. The percentage may vary from 45 to 100 percent, with an average of about 60 percent. (Tr. 19:2315-16.) Our General Order 102-H covers engagement of and payments to subhaulers, as well as bonding requirments.

We find that there is no data or information in this record to indicate that subhaulers provide shippers any different quality of service or cause shippers any more or less problems than employees of prime carriers. If a shipper has difficulty with a move, the shipper's recourse is to the carrier with whom the contract was made for the moving service (i.e., the prime carrier).

Whether the prime carrier in turn subcontracted the move or not, the shipper's contract is with the prime carrier. The prime carrier is subject to all our consumer protections rules. Therefore, there is no reason to believe, and there is no evidence in the record, that shippers have any less ability to resolve disputes when their shipments are carried by subhaulers than prime carriers.

Moreover, the record does not demonstrate any need for additional regulation of subhaulers. Subhaulers increase the efficiency in the industry by being available as needed. Paying the subhauler a percent of the revenues from the move tends to stimulate efficiency. The subhauler seeks to work as quickly and efficiently as possible to maximize the number of moves and increase earnings. Therefore, we find that no new regulations are needed for subhaulers.

XII. Administration and Implementation

We now consider several aspects of the administration of our maximum rate program. We will address the issues of whether to: change our entry requirements (other than safety as described above); change our entry examination; simplify our forms; alter enforcement of our program; and monitor the results of our program. Then we will address implementation of an interim maximum rate tariff and issues to be addressed in Phase II.

A. Entry Restrictions

Dennis testifies that entry should be restricted:

> "Simply stated, there are too many movers trying to compete for too few moves." (Exhibit 20, p. 10.)

> "If the number of movers were controlled, we could realize better utilization of assets and personnel that could result in appreciable price reductions." (Exhibit 20, p. 11.)

> "Entry into the field would be limited to those carriers which could demonstrate a need and could meet the strict standards." (Exhibit 20, pp. 15-6.)
>
> "If industry capacity in a given area were to drop below demand, the CPUC would authorize additional carriers for that area. Therefore, capacity would not be a problem." (Exhibit 20, p. 31.)

DRA argues that the market can more efficiently determine the necessary capacity than the Commission. DRA says without minimum rates--which tend to draw too much equipment into the market by the incorrect price signal--the market will be freed to send the appropriate price signal. Knowledgeable households goods managements will make the correct capacity decisions when they have the correct price signals, according to DRA.

We will not place any limits on the number of permits we will issue to applicants who can pass our entry requirements. The household goods market is now competitive and we seek to keep and enhance, not stifle, that competition. Even if we limit the number of permits, unless we limit the type and number of trucks per permit we will have done nothing to materially impact capacity. Similarly, unless we restrict the number of subhaulers that can be hired to carry household goods, by limiting the number of household goods permits we would again have done nothing to materially impact capacity.

We make capacity decisions in regulated markets when significant market failures or other situations exist that make leaving capacity decisions to the regulated firm(s) not in the public interest. In this market the competition is vigorous and will be made more so by our maximum rate program. We need not make a determination of the number of permits that may (under certain assumptions) be optimal. We can rely on the market to make that determination.

B. Entry Examination

CMSA witness Foy argues that the entry examination should be made more difficult. CMSA testifies that few if any applicants fail the exam. CMSA says that if the Legislature saw fit to require an entry examination (which is not required for any other carrier permit) then it clearly intended a high qualification level. An open book examination seems farcical, according to CMSA. CMSA recommends that the exam be made more difficult and should probably include a test of skill to perform the services required (e.g., packing, loading). Further, CMSA testifies that perhaps the license should be interim with a follow-up review by Commission staff to determine that carriers are truly qualified in actual operations. (Exhibit 17, pp. 5-6.)

CMSA testifies through witness Hays that the exam should emphasize legal responsibilities and penalties for service failures. Hays argues the level of difficulty should not be increased and the exam should not be used to close entry. (Exhibit 8, p. 144.) Bekins recommends the examination be made more difficult and an additional certification of skill would be beneficial. (Exhibit 19, p. 13.)

The emphasis in the current examination is on the applicant's ability to find the items in the tariff and to demonstrate the knowledge necessary to work out basic problems commonly faced by movers in California. We go beyond the direct mandate of establishing the applicant's knowledge and ability (PU Code § 5135) by using the exam as a training tool. (Exhibit 29, pp. 32-3.)

The examination will need total revision, however, given the shift of our program from minimum to maximum rates. In that revision we will refocus the examination to knowledge of the consumer protection aspects of our program. We will continue to use the exam as a training tool, but will make it even more of a test of knowledge. We will place a time limit on the exam. The

time limit is a reflection of it being a test of knowledge (not just being able to find items in the tariff) and the real situation in the marketplace. If a carrier cannot find and determine the rate or rule within a specific time he or she will lose the business to a carrier that can. A time limit will make the examination more reasonable. We will ask parties to address in Phase II whether all carriers should have their permits suspended after some set time deadline unless they take and pass the new examination, given the total revision of our program.

C. Form Simplification

Dennis testifies that the forms now used by carriers are too complicated. Dennis says the contract terms and conditions on the reverse of the bill of lading should be simplified and the type enlarged. The bill of lading is too complicated, at least partially caused by both local and distance items being included, according to Dennis. Dennis recommends an ad hoc committee be formed to analyze the current documentation requirements and report on improvements and simplifications.

The forms and documentation we require balance the desire for simplicity with the need to require detailed information for the protection of both the carrier and the shipper. The contract terms and conditions on the reverse of the bill of lading are not required by us, however. If carriers elect to eliminate those items or print them in larger print, that is their choice. Similarly, we do not require the data for local and distance moves to be printed on the same form. If carriers elect to use two forms, that is their choice. To the extent the forms and documentation we require can be simplified, however, we are interested in doing so. Therefore, we will ask parties to make specific recommendations on desirable changes, if any, to our documentation requirements in Phase II. We will not order a workshop or ad hoc committee, but we encourage parties to meet and

confer before Phase II testimony is presented and to sponsor a joint exhibit if possible.

D. Competition Must be Fair: Enforcement

We seek to enhance the competition that now characterizes this market. That competition, however, must not only be vigorous but fair. To ensure fair competition we will do two things. First, we will use all the tools we have available to rid the market of nonpermitted (unlicensed) carriers. Second, we will vigorously enforce our regulations with permitted carriers to ensure compliance, and make limited modifications in the program to streamline enforcement. We will ask parties in Phase II what additional changes, if any, should be made to accomplish these goals.

1. Illegal Carriers

If there is one consistent theme from CMSA and moving industry witnesses--other than retaining and updating minimum rates--it is that we need to do a better job of policing against unlicensed, illegal, criminal carriers. For example, CMSA testifies as the Commission's first step to improve the industry:

> "First and foremost, it is absolutely essential that the Commission, as the responsible regulatory agency, aggressively pursue unlicensed movers and rid this State of what amounts to criminal and fraudulent activity." (Exhibit 17, p. 2.)

Dennis testifies that a major portion of this investigation should be:

> "...into the problems of enforcement and the relationship that lack of enforcement has on all of the objectives of concern to the Commission..." (Exhibit 20, p. 3.)

Dennis testifies that economic efficiency, adequacy of service, consumer protections, and innovation all suffer in our current program due to lack of enforcement against unlicensed, criminal carriers. Dennis points out PU Code §§ 5259 and 5260 allow the Commission to bring action in superior court to stop and

prevent any illegal activity by a household goods carrier. Dennis says Section 5317 allows the Commission to initiate action in superior court and recover fines and seek imprisonment. Dennis argues that Section 5313.5 allows the Commission to initiate its own action against an illegal carrier and, after hearing, fine that illegal carrier up to $5,000 plus reasonable costs incurred by the Commission. Dennis continues:

> "Every rule and regulation under which household goods carriers are required to operate were written for a reason. Generally, the rules are designed to protect the public. The CPUC must recognize their responsibility to fairly and equitably enforce those rules. To do less is to leave the moving public without adequate protection from those carriers who would take advantage of a shipper's general lack of knowledge of this industry. Lack of enforcement also makes it impossible for the carrier who complies with those rules to compete with the carrier who ignores Commission rules and also probably ignores laws pertaining to Worker's Compensation coverages, tax withholding requirements, etc." (Exhibit 20, p. 6.)

> "Frankly, nothing more than a commitment from the CPUC to enforce the present rules would be needed to solve any problems now existing within this industry!" (Exhibit 20, p. 32.)

CMSA and the industry agree that if the Commission's assessment of carriers' revenues needs to be raised to collect funds for the TRF to accomplish enforcement, they are willing to pay this cost. (Exhibit 17, p. 5.)

DRA agrees that enforcement is important and recommends that we "maintain and increase enforcement focus on service and safety issues." (Exhibit 1, p. 7-3.)

Our program is based on the market being competitive. Carriers acting in a competitive market will quickly learn their costs (if they do not already know them) and not price below their costs. If they price below their costs they will be driven from

operation as a normal purging of firms run by managements making poor business decisions in a competitive market.[25] Those that survive will understand their costs and assess them in a fair and efficient way.

One avenue for destructive rate practices and unfair competition comes from carriers operating without a permit. Carriers without a permit incur less cost than permitted carriers and are therefore in a position to charge less. We do not issue a permit until an applicant has demonstrated sufficient knowledge, ability, integrity and financial resources to operate in the public interest. Permitted carriers must comply with labor, tax, safety, consumer protection and insurance laws and rules, among others. The carrier operating without a permit often avoids compliance with these laws and rules and avoids the consequent costs. The Legislature has determined that it is in the public interest that carriers obtain a permit before operations, and therefore any carrier operating without a permit is in violation of the public interest.

We agree that we must use all the tools we have to enforce against unlicensed carriers. We have no sympathy for these persons' right to make a living when they do so in conflict with the public interest. Our concern is to promote the public interest and protect consumers from irresponsible, criminal, unlicensed carriers. We expect to see TD staff bring cases to us under PU Code § 5313.5, wherein we may fine unlicensed carriers up to $5,000 for each violation (with each day of operation without a

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25 The market will eliminate these firms in a normal way (by their eventually going bankrupt). In addition, as discussed in chapter 7, the Business and Professions Code prohibits firms pricing below cost with the intent of destroying or preventing competition. Firms cannot price unfairly, dishonestly, deceptively, destructively, fraudulently or discriminatorily or they are subject to prosecution under the Unfair Practices Act.

license as a separate violation under § 5315). Furthermore, CMSA and industry can bring actions under PU Code § 5313.5 when they know of unlicensed household goods carriers operating without a permit. We also expect to see TD staff work with the District Attorneys and propose cases for initiation as appropriate with superior courts against unlicensed carriers (PU Code § 5317).

We will seek superior court orders to terminate the telephones of unlicensed carriers (using Rule 31 of telephone company tariffs to disconnect the telephone when it is being used for illegal purposes). Furthermore, we will have new tools beginning January 1, 1991. Under SB 2155 we may fine an unlicensed household goods carrier for advertising. The fine may be up to $5,000 for each violation. Under SB 2155, a case can be made by ascertaining the party that placed the advertisement and by determining whether that party is licensed. Prior to this we needed proof through a complaining party or documentary evidence that illegal transportation was performed for compensation. Advertising and the telephone are the lifelines connecting moving companies to prospective customers. By cutting these lifelines we can severely limit the market the illegal carrier can hope to tap and therefore minimize if not eliminate the unlicensed carrier as a significant player in this market.

Furthermore, we ask TD to prepare a report on the status of enforcement actions, as described below. We will ask parties in Phase II to address our enforcement efforts and make recommendations for any changes that are necessary.

Our pledge to make the market competition fair can only be accomplished by using our police powers to rid the market of the unlicensed, criminal carrier. We intend to do just that.

2. Legal Carriers

Dennis testifies that:

"Since there is little, if any enforcement, they [consumer protections regulations] work only to the extent that honest carriers want them to

> work. If it were not for the fact that most carriers try to comply with the rules and regulations the complaints filed with the Commission would tax their ability to receive, much less process them. It is probably a true statement that a carrier can do whatever he can get away with under today's 'refusal to enforce' policy of the Commission." (Exhibit 20, p. 27.)
>
> CMSA testifies that:
>
> "Concurrently with the program to terminate unlicensed moving services, more attention should also be given to strict but fair enforcement against licensed carriers who do not comply with the tariff rules and regulations." (Exhibit 17, p. 4.)

Our pledge to enforce fair competition applies just as much to licensed as to unlicensed carriers. We intend to apply all the tools at our disposal to enforce licensed carrier compliance with the law and our regulations. We will use all our existing tools to ensure that licensed carriers are satisfying the law and competing on equal terms (e.g., PU Code § 5162 to confirm accident liability and cargo insurance). In addition we have new tools to confirm that licensed carriers are complying with the law and are therefore competing on a level playing field (e.g., beginning July 1, 1990, PU Code § 5135.5 allows us to confirm carriers have Workers Compensation insurance). We will use these tools to promote equitable, fair competition.

We make limited changes to the current program at this time to streamline enforcement. That is, we include in the tariff as discussed above that the carrier must pay the shipper $100 if the carrier that performs the move fails to provide the "Important Information for Persons Moving Household Goods" booklet at the proper time. Similarly, we require the carrier to reduce the final bill 30 percent from the bill based on our maximum fixed rates if the "Contract" form is completed without a summary description of

what is and is not included in the move, the total ceiling price for the move, and other crucial information.

The booklet and proper completion of crucial information on the "contract" form are so vital to the success of the new program that failure of the carrier to comply will undermine the program. Failure to comply gives the carrier an opportunity to charge the shipper too much and not advise the shipper of the shipper's rights and responsibilities. An automatic assessment for carrier failure to comply with providing the booklet will build into the program the same type and level of penalty the carrier already faces for failure to pick up or deliver within our rules, and will simplify enforcement. The 30 percent reduction in the bill will keep shippers no worse off than under our current program and is easy to implement. Both these measures provide relief to the shipper, who is the one party directly harmed by the violations. Only if the program is reasonable to implement can we hope to succeed with enforcement. These additions to the tariff make the program more reasonable to implement and will assist our enforcement efforts.

Further, we expect TD staff to bring cases to fine or suspend the licenses of licensed carriers for violation of maximum rates, consumer protection rules, service, safety or any other element of our program. We intend to make the competition faced by the responsible carrier who fully complies with our rules fair. We will not tolerate unfair competition from either the unlicensed carrier, or from the licensed carrier who cuts cost by failing to comply with our rules and regulations.

We invite parties to comment in Phase II on the level of these assessments ($100 and 30 percent) and make recommendations on other methods to enhance enforcement efforts against illegal operations (both the unlicensed carrier and the licensed carrier who is not complying with provisions of the program). We do this because we want information on what enforcement measures will be

adequate, to the extent existing efforts (including new provisions in this decision) are not.

3. Transportation Division Report on Enforcement

Enforcement of the laws and rules will be a key element in making the competition in this market fair. Our pledge to make the market competition fair can only be accomplished by using our police powers when and as necessary against both unlicensed carriers and licensed carriers not in compliance with our rules.

We invite comments and recommendations in Phase II on our enforcement efforts. To provide necessary background and information, we direct TD to prepare a report that covers our jurisdiction in this area, enforcement activity in some historical context and the status of our efforts as of November 1, 1990. This report should be prepared within 90 days of the date of this order, filed with the Docket Office (original and 12 copies) and served on all parties on the service list to this investigation. It should also indicate the level of staff and funds now devoted to this effort, and identify if TD sees any need for more staff, funds, or legislation to accomplish the objectives we establish with this decision. Finally, we will ask TD to prepare a follow-up report one year after the first that reports on the progress made in the first year of our rededicated efforts, with the same distribution.

E. Monitoring

We need to know the impact on the industry of our new program. We ask TD to prepare a report to assess the impact on the intrastate household goods moving industry of the change in our regulation from minimum to maximum rates, as well as the impact of other factors (e.g., recession or above average economic growth; reductions or increases in population; closure of military bases in California reducing demand). This report should allow us to gauge the state of the maximum rate program in reaching our goal and regulatory objectives for the household goods industry.

Specifically, the goal of protecting the public interest and the objectives of consumer protection, economic efficiency, adequate service, highway safety and administrative feasibility, including elimination of unnecessary regulation and compliance with the law. This report should be comprehensive and cover as much of the following (and any other relevant items) as possible:

1. What impacts have there been, if any, on competition (e.g., numbers of carriers, concentration ratios, Herfindal-Hirschman index);
2. Has the total number of intrastate moves changed; has the number of intrastate moves performed by regulated movers changed;
3. Has the average price for an intrastate move performed by a regulated carrier increased, decreased or remained the same;
4. Has the market determined the proper tolerance factor for estimates, or should the Commission specify that carrier can charge up to 10 percent over the total ceiling price;
5. Have the numbers of complaints (by complaint type) increased, decreased, or remained the same;
6. What impact has there been on consumer protection;
7. What impact has there been on economic efficiency;
8. Has service quality and availability increased, decreased, or stayed the same;
9. Has the capacity increased, decreased or remained the same;
10. Have the number of accidents increased, decreased, or remained the same;
11. What impact has there been of the new safety measures (e.g., BIT program; Pull-Notice Program);

12. What impact has there been from our new safety requirements for household goods carrier applicants;

13. What has been the effect on wages, benefits, numbers of jobs, and any other measures of labor impact for employees of regulated carriers due to the maximum rate program;

14. What has been the impact on the number of carriers, sources of revenue, affiliations with national organizations, revenues, expenses, assets, liabilities, operating ratios, returns on equity, and any other measures of the health of the industry and carriers due to the maximum rate program;

15. Have the financial statistics for the industry changed;

16. Has there been been any trend toward mergers and acquisitions; if so, what role has the maximum rate program played in that trend;

17. Has the number of subhaulers and moves carried by subhaulers increased, decreased, or remained the same;

18. What is the health of the subhauler portion of the market;

19. What is the impact of maximum rates on subhaulers and the customers served by subhaulers;

20. What if any impact is there from unlicensed carriers;

21. What is the overall financial health of the industry;

22. What is the overall state of the intrastate moving industry;

23. What changes to the state of the intrastate moving industry can be attributed to the change from a minimum to maximum rate program and what are due to other factors;

24. What other factors have influenced the state of the household goods industry (e.g., have the closing of military bases in California reduced the number of moves and therefore impacted the number of carriers; have housing prices reached a point where less (more) sales means less (more) moves are occurring; recession; economic growth; shortage of drivers) and what changes to the state of the intrastate moving industry can be attributed to these other factors; and

25. What has been the administrative feasibility of the maximum rate program.

This report should be prepared using adequate data to assess the impact on the industry. Two years' experience and data should be adequate. The report should be filed with Docket Office (original and 12 copies) and served on any party that requests a copy from TD. Recipients of this decision (which include all MRT 4-C subscribers and the Phase I service list) who desire a copy of this report should contact TD to be placed on the service list for this report.

To more readily monitor the impact, we ask TD to submit a report quarterly that assesses the state of the industry using any measures available, but includes as many of the following as possible:

1. The number and change in number of permits we have issued;

2. The number and change in number of active (nonsuspended) carriers;

3. The average price and change in average price of an intrastate move with a regulated carrier;

4. The number and change in number of complaints (by complaint type);

5. Any measures of impact on labor;

6. Any measures of impact on carrier profitability; and

7. Any measures of the health of the industry.

TD should file a copy of the quarterly report with the Docket Office (original and 12 copies, so a copy will get to each Commissioner and the ALJ assigned to Phase II as well as to the file), CMSA, DRA, and any other party that asks to be put on a distribution list maintained by TD. Recipients of this decision should contact TD if they wish to be on the service list for these quarterly reports.

F. Implementation

Parties make a range of implementation recommendations. DRA's primary recommendation is we cancel minimum rates but retain (and in some cases strengthen) service, safety, entry and consumer protection rules. DRA's secondary recommendation is we adopt minimum rates set at direct costs, and retain or strengthen all other rules. DRA recommends a two-phase approach to accomplish whatever we adopt. The first phase would determine policy, regulatory direction and the general program. The second phase would be implementation.

In Phase II, DRA recommends we direct TD to coordinate the necessary tariff and rule changes with DRA, industry representatives and interested parties. DRA recommends TD issue "white papers" to propose new procedures and rules for Phase II. After comments by the parties, TD would make revisions and submit the final recommended procedures and rules to the Commission. We would consider the proposal and issue a final order in this investigation fully implementing the adopted program, according to DRA. (Exhibit 1, p. 12-1.) Further, DRA recommends that adjustments be made to lower certain rates if we decide to continue to set rates (i.e., reduce (1) the vehicle fixed cost portion of the hourly rate for local service and (2) unit packing labor rates). (Exhibit 1, pp. 12-3 to 12-11.)

CMSA, Bekins, Dennis and the industry vigorously oppose DRA's rate recommendations but in general do not oppose the two phase approach to policy development and implementation. CMSA recommends retaining and updating minimum rates. CMSA recommends that we first decide the principal policy question: whether to retain or change the minimum rate regulatory system. Then, at a later time, we should consider other changes.

CMSA is opposed to the "white paper" approach recommended by DRA for two reasons. First, CMSA is concerned they will be deprived of their due process rights. CMSA states that the final TD recommendations would be sent directly to the Commission and no party would have the opportunity to question the validity of the final product in an open forum. Parties' rights could be seriously jeopardized, according to CMSA. Second, CMSA states that TD work has been less than stellar in the last ten years. Misinterpretation by TD of the comments could have far reaching effects. Therefore, CMSA recommends that a brief public hearing be held to question and comment upon the final TD proposal.

CMSA opposes DRA's recommendation to lower selected rates. (Exhibit 23, p. 27.) CMSA argues that minimum rates should be retained, and increased to reasonable levels, and Phase II should deal with other necessary issues.

CMA recommends that MRT 4-C minimum rates be converted to maximum rates, with an automatic index and easy deviation process available for updates. CMA argues that any freely entered contract between carrier and shipper should allow for any terms and conditions up to one year. CMA supports retaining all consumer protection rules and arbitration. CMA proposes that carriers be required to meet the level of service intended in the tariff or be required to inform shippers to the contrary. Carriers would be allowed to provide lower levels of service only on the shipper's written consent.

We will adopt a two phase approach to this investigation. In this, the first phase, we determine the policy and adopt an interim maximum rate tariff. In Phase II we will receive testimony on several issues, the most important being the rate components to include in calculating final maximum rates, the final rate levels and an update procedure. We will adopt the "white paper" approach to the extent we have ordered TD to prepare reports and/or conduct workshops to assist parties and the Commission with framing issues. We will rely on testimony and hearings in Phase II for making the final decision, however, thus satisfying CMSA's concerns. We will also direct TD to conduct public information meetings throughout the state on the interim maximum rate program. The meetings should be directed to carriers, companies that hire professional movers and the public. The meetings should be completed within 90 days of the effective date of this decision.

1. Interim Maximum Rate Tariff

We adopt the maximum rate tariff contained in Attachment B as our interim maximum rates until the conclusion of Phase II. Interim Maximum Rate Tariff 4 modifies MRT 4-C to contain the items discussed in the Chapters above (e.g., conversion to maximum rates; consumer protections; service standards). We will increase the level of the rates from MRT 4-C by approximately 23 percent for distance and 26 percent for hourly in making this a maximum rate schedule. The increase is composed of three parts: inflation from MRT 4-C; Proposition 111 impacts; and 10 percent. We also include basic valuation protection of $20,000 in the rates. Shifting valuation charges will have no net effect on rates. We will not lower the hourly rate for vehicle fixed costs or packing rates as recommended by DRA. The total effect of these changes is to adjust MRT 4-C distance rates about 27 percent and local rates about 30 percent in developing interim maximum fixed rates. These items are discussed below.

a. Inflation

We increase MRT 4-C levels by inflation. We adopted MRT 4-C hourly rates in January 1987 (effective March 1987) and distance rates in September 1987 (effective October 1987). These rates were the costs of the reasonably efficient carrier as of the effective dates. Under minimum rates, as costs increase with inflation, carriers are free to raise rates as necessary. When we now convert rates to maximum rates there may be a need to raise rates for general cost increases. We will determine whether that is in fact necessary in Phase II. For our interim rates, however, we will increase MRT 4-C rates by general inflation from the effective date of the different MRT 4-C rates (e.g., March 1987 for local; October 1987 for distance), using the consumer price index (Exhibit 51). This increases local rates about 14 percent and distance rates about 11 percent.

b. Proposition 111

Proposition 111 was passed by the voters on June 5, 1990. This measure raises truck weight fees and fuel taxes. We will adjust MRT 4-C rate levels to reflect the impacts of Proposition 111. This increases rates about 0.75 percent.

c. 10 Percent

We increase the minimum rates adjusted for inflation and Proposition 111 by 10 percent. The evidence shows that 84 percent of hourly and 95 percent of distance moves were charged the minimum rate in 1988. (Exhibit 30, p. 6.) Industry witnesses testify to the high level of competition in the industry, making most current shipments also move at the minimum rate. But between 5 and 16 percent of shipments are charged rates above the minimum rate. While we adopt a mechanism for carriers to charge a maximum rate above our new maximum fixed rates when necessary (e.g., a written estimate no less than ten days before the move), it would be unreasonable to adopt maximum fixed rates that we know are too low for between 5 and 16 percent of shipments.

CMSA opposes the adoption of maximum rates, but testifies that if the Commission sets both maximum and minimum rates, that the maximum rates be at least 10 percent above cost-justified minimum rates. (Exhibit 8, p. 29.) According to CMSA, this window above the cost-justified minimum rate would accommodate carrier pricing flexibility needed for shipments with abnormally difficult origins and destinations, as well as route and time of day restrictions on trucks (creating increasingly circuitous routes and delays). (Exhibit 8, p. 29.)

Further, CMSA testifies that peak rates charged above the minimum are about 10 percent over minimum rates. (Tr. 24:2859.) That is, when carriers assess demand sensitive rates, those rates are about 10 percent above current minimum rate levels. Based on this evidence, we increase by 10 percent the minimum rates adjusted for inflation and Proposition 111.

d. Valuation

We increase basic valuation coverage to $20,000. Valuation is currently provided at $0.60 per pound per article for no additional cost. If the shipper makes no declaration, the valuation is $2,500 for local moves and $1.25 per pound for distance. The average weight for distance shipments is 6,300 pounds (Exhibit 15, Table 1), making the average distance valuation about $7,900. An assessment of $0.50 per $100 of valuation is made for all valuations released to amounts greater than $0.60 per pound per article for transportation charges, and $0.10 per $100 valuation for storage-in-transit. To avoid the additional charges under the minimum rate program, the shipper must enter in writing on the shipping order that the valuation is $0.60 per pound per article. In addition, full value protection may be purchased for shipments valued at or over $3.50 per pound, at a cost to the shipper of $0.75 per $100 of valuation (reduced to $0.30 per pound for a $250 deductible and $0.15 per pound for a $500 deductible).

We increase the valuation to $20,000 if the shipper makes no declaration (which we see as the Legislature's intent in amending PU Code § 5161 by raising the minimum cargo insurance requirements for carriers). We account for the cost of valuation coverage in two ways.

First, we put the valuation cost in transportation and other rates. Shippers are more likely to get bids for the move and not focus on the valuation cost until the day of the move. If left to the day of the move, the carrier could take advantage of a lack of competition plus poor shipper information and bargaining position on the moving day to assess excessive valuation charges.

We consider the following in putting the $20,000 of valuation costs in the other maximum rates. We expect shippers' preference for valuation coverage to remain the same whether we retain minimum or convert to maximum rates. That is, shippers with cargo worth less than $20,000 will declare valuation less than $20,000, and those with cargo worth more will declare more. If the shipper makes a lower declaration the carrier can lower the rate to be competitive with other carriers. If the shipper desires more coverage, the shipper can purchase coverage above $20,000.

Under the current minimum rate program carriers collect about 2.6 percent of their total revenue from valuation charges. (Exhibit 30, p. 4.) Carrier revenue sources we continue to regulate (and increase in establishing maximum rates) are packing, storage-in-transit and transportation. (Ibid.) These three items total 91.4 percent of average revenue sources. The valuation portion of that is 2.8 percent (2.6/91.4). Therefore, we adjust rates 2.8 percent.

Second, we account for the cost of valuation coverage by allowing up to an additional $126 to be charged for $20,000 of valuation coverage. While we think the 2.8% in other rates is sufficient, we received comments that valuation coverage will cost

carriers $170 per shipment. This could be particular onerous for small shipments and may not be recovered by the 2.8%.

Under current minimum rates carriers may charge $100 for $20,000 of valuation coverage ($0.50 per $100 of valuation). We believe this must be sufficient since the vast majority of shipments move at the minimum rate. But based on the current record, we cannot conclude that 2.8% in current rates will be sufficient, particularly for the less expensive shipment.

Therefore, we will continue the current valuation charges from MRT 4-C (adjusted by inflation plus 10% and converted to maximums), to be assessed in addition to the 2.8% included in maximum rates. We will not separately assess inflation adjustments for local and distance, nor eliminate the 2.8% from rates, since we are setting maximum rates. We will adjust the current MRT 4-C charges ($0.50 per $100 of released valuation) by 26%. Carriers may charge up to $0.63 per $100 of released valuation ($126 for $20,000 of valuation), to be separately shown on the "Contract for Move," in addition to the 2.8% included in maximum rates. This will ensure that reasonable carrier costs for our new default valuation of $20,000 can be recovered in interim rates. We will examine treatment of valuation coverage and rates in Phase II.

e. No Additional Adjustment to Hourly or Packing Rates

We will not adopt DRA's recommendations to lower certain rates. The items presented by DRA were assessed when we established MRT 4-C. DRA's arguments should be advanced again in Phase II. This will allow CMSA and other parties to fully assess the merits of DRA's proposals and present a complete record on these items for our consideration.

f. Interim Maximum Rates Account for Costs and Values

Therefore, we will increase current minimum rates for general cost increases (inflation from 1987 to 1990), Proposition 111 cost increases and 10 percent, and realign collection of valuation costs for the first $20,000 of protection. Household goods carriers are not common carriers. Household goods carriers are not required to carry a shipment they believe will not recover their costs, including a normal profit. The interim maximum fixed rates are sufficient to allow most shipments to be carried but still low enough to place a reasonable limit on price gouging or other abuses. The maximum rates we allow when provided by a written estimate no less than ten days before the move will allow carriers to recover unusual costs even beyond those reflected in our new maximum fixed rates. Thus, interim maximum rates are not confiscatory.

Further, interim maximum rates account for the cost of all transportation and accessorial services involved since they are based on MRT 4-C (which is a comprehensive compilation of all services at the average total cost of the efficient carrier) and are then adjusted for inflation, proposition 111, valuation, and 10 percent. Interim maximum rates also account for the cost of transportation and accessorial services involved when the costs exceed the maximum fixed rates by allowing rates above the maximum fixed rates as long as the consumer is protected (e.g., ceiling price no less than ten days before the move, disclosure of the amount above the total based on the maximum fixed rates and a reminder the shipper can get other bids).

Interim maximum rates account for the value of the commodity transported by including valuation protection up to $20,000 in the rates, and allowing for more coverage upon further charges not to exceed maximum amounts. Extraordinary values are accounted for in maximum rates by the provision of rates above the

maximum fixed rates if necessary when the consumer is protected (by information and competition).

Interim maximum rates account for the value of the equipment, facilities, and personnel reasonably necessary to perform the service by the maximum rates being based on MRT 4-C rates adjusted for general cost increases. Similarly, value is reflected in maximum rates since these factors of production are free to move to other industries if their values are better appreciated elsewhere, yet we allow rates greater than the maximum fixed rates to retain these factors in this industry if higher prices are necessary as long as the consumer is informed and competition is permitted.

g. Maximum Rates are not Expected to be the Going Rates

Our new maximum fixed rates are not intended to reflect the cost of any one carrier or the proper cost of any particular move. Further, the maximum fixed rates are not an endorsement that these rate levels are the proper levels to be charged. Rather, they are maximum rates which we adopt to prevent abuses of shippers. We expect the actual rates to be based on the costs incurred by the carrier for each move. The existing vigorous competition that we enhance by this decision will drive rates to the cost of the provider. The efficiency improvements and innovations that are made by creative carriers will allow them to lower their costs and lower their rates to capture more market share. As they lower rates, other carriers will be driven to adopt the same efficiencies and innovations to remain competitive. Therefore, we expect cost savings by carriers to be passed on to their customers, all within the scope of the carriers making reasonable returns on their investments.

2. Phase II Issues

We will conduct a second phase in this investigation. Phase II will not revisit our choice of a maximum rate program. That is, we will not receive testimony regarding whether to reject maximum rates and move to no rates, or return to minimum rates. We ask, however, that parties address several issues in Phase II:

1. What methodology should be used, and components included, in establishing and updating final maximum rates;

2. What changes to the level of interim maximum rates should be made;

3. What changes need to be made, if any, in providing for maximum rates above the maximum fixed rates set in Maximum Rate Tariff 4 (e.g., does the provision work for maximum rates to be above the fixed rate level if the estimate is made in writing no less than ten days before the move; does a provision need to be added to let carriers set maximum rates above the maximum fixed rates if the shipper first contacts the carrier less than ten days before the move; if abuses of a less than ten-day provision occur, can they be effectively controlled; is the risk of abuses by a less than ten-day provision greater or less than the benefit of service to some shippers who may otherwise be denied service);

4. What changes if any are needed to the "Contract for Move" form and procedure for its completion (e.g., should the carrier be required to include a ceiling price and sign the form no less than three days before the move begins);

5. Should carrier-filed maximum rates be allowed, and if so, under what terms and conditions;

6. What changes, if any, should be made to increase the effectiveness of the Commission's enforcement efforts against both unlicensed, illegal carriers and

permitted carriers not complying with our program;

7. What changes should be made to simplify or improve the documentation requirements;

8. How can CMSA, NMSA, NICMC, and the Commission work together to promote the best qualities within the industry;

9. Should all carriers be retested to retain operating authority after a fixed deadline given our new program;

10. Should the $100 assessment (for failure to give the "Important Information for Persons Moving Household Goods" booklet, or obtain a signature that the shipper already has one) and the 30 percent adjustment from maximum rates (for a carrier not completing the "Contract for Move") be increased or decreased;

11. Should valuation charges be bundled or unbundled in maximum rates, and what should the valuation charges be, including those for valuations in excess of $20,000 and for full value protection;

12. Should minimum charges (e.g., hours, weights, packing materials) continue to be allowed;

13. Should carriers be given a certain number of days to settle a loss and damage claim;

14. Should informed shippers be allowed to waive all consumer protections in the maximum rate program, and if so, how would that be accomplished;

15. Should the "Contract for Move" be useable to cover several moves.

16. Should the carrier be subject to a penalty for failure to conduct the move on the date agreed for shipments weighing less than 5,000 pounds and/or transported less than 75 constructive miles. Should the Commission specify the level of liquidated damages a carrier may assess a shipper if

the shipper cancels an agreed-upon move without adequate notice;

17. Should the distance table (constructive miles) be abandoned, with maximum rates based on actual miles? Should carriers be allowed to charge based on hours for shipments over 50 miles; and

18. Should the cost of estimates be bundled in maximum rates (and estimates made for free when the carrier agrees to make an estimate), or should the cost be unbundled and charged separately. If unbundled, should the carrier be authorized to waive the estimating cost if the shipper selects the carrier for the move. Should the cost carriers may assess for estimates be subject to a maximum rate.

Parties should begin working immediately on the issues identified above. A prehearing conference on Phase II will be held at 10:00 a.m. on January 31, 1991. Parties intending to actively participate in Phase II should attend. A new service list will be

established and a new appearance must be made to be entered as an appearance in Phase II.

Parties may come to the prehearing conference with a specific list of issues to settle and a settlement schedule if parties wish to undertake serious settlement efforts. Ground rules and scheduling (including a settlement schedule and/or the dates to serve prepared direct and rebuttal testimony and dates for hearings) will be established at the prehearing conference. Parties should come prepared to discuss the reasonableness of continuing Phase I ground rules into Phase II, discovery needs, positions on issues, an estimate of time necessary to conduct settlements and/or prepare testimony, scope of testimony, and estimated number of witnesses. In addition, parties may suggest other issues for inclusion in Phase II. The ALJ will determine if any issues other than those identified above will be included.

Findings of Fact

1. The used household goods transportation industry is a unique sector of the state's trucking industry in that it is the only sector that tends to deal directly with the individual California consumer.

2. Consumer protection provisions have historically played a major role in our regulatory program for used household goods transportation.

3. We issued Order Setting Hearing 100 in Case 5330 on April 12, 1977 to investigate regulatory alternatives to minimum rates for household goods.

4. D.83-05-033 found that minimum rates for household goods transportation should be retained and updated.

5. Our current regulation of household goods transportation is applied through Minimum Rate Tariff 4-C; entry requirements; entry examination; service, safety, and consumer protection measures; and enforcement.

6. We held en banc hearings in March 1988 on conditions in the for-hire trucking industry.

7. We issued this Order Instituting Investigation on November 3, 1989 because further review of our household goods program was warranted.

8. There are 525,000 to 550,000 intrastate moves carried annually by Commission permitted household goods carriers.

9. Total industry revenues of licensed household goods movers in 1989 were between $250 million and $330 million, with an average cost per move between $550 and $600.

10. Licensed household goods movers carry only an estimated 15 percent (or less) of local moves and 18 percent (or less) of intrastate distance moves, for an average of 16 percent (or less) of all intrastate moves, based on national data.

11. Eighty-four percent of all intrastate moves are self moves or self with rental equipment moves, or are carried in part or whole by unauthorized carriers, based on national data.

12. Unauthorized carriers may also be included in the 16 percent moves carried by permitted carriers.

13. While the precise national figures may not be exactly those for California, in California as across the nation the vast majority of all intrastate moves are self, or self with rental equipment, moves.

14. Eighty-four percent of hourly and 95 percent of distance moves performed by licensed carriers in 1988 were charged at minimum rates contained in MRT 4-C, with the remaining moves charged at rates above the minimum in MRT 4-C.

15. Three prehearing conferences were held (December 4, 1989, December 19, 1989, and February 2, 1990) to determine the schedule, establish procedural ground rules and address discovery issues.

16. Prepared direct testimonies were served along with statements of position on March 2, 1990, prehearing briefs on the legal issues were served on March 23, 1990, rebuttal testimonies

were served on March 30, 1990, and evidentiary hearings began on April 5, 1990.

17. Five public participation hearings were held after the service of prepared testimonies so the public could see and comment upon the positions of the active appearances.

18. CMSA renewed a motion (made the first day of hearing) in its concurrent brief (joined by Bekins and Dennis) to exclude DRA from this investigation, and asks that we take official notice (and argues we are required to take official notice) that DRA's participation is funded at least in part by TRF monies.

19. DRA, at Commission direction, represents consumer interests in Commission proceedings.

20. DRA renewed a motion (made at hearing) in its concurrent brief to exclude the testimony of CMSA witness Rubin, but does not oppose Rubin's testimony being incorporated as part of CMSA's concurrent brief.

21. No party seeks to exclude Rubin's contribution to this case, the only issue is the vehicle for its receipt.

22. CMSA filed a motion to dismiss the investigation because the proposed decision of the ALJ was not filed and served by the ninetieth day required in PU Code § 311.

23. Our goal in the regulation of used household goods transportation is to protect the public interest.

24. Our regulatory objectives are consumer protection, economic efficiency, adequate service, highway safety and administrative feasibility, including elimination of unnecessary regulation, compliance with the law and enforcement.

25. The threshold issue for this industry since at least 1974 (with the "Little Hoover Commission" report) and in 1990 with this investigation is the basis upon which to establish rates: maximum, minimum, maximum and minimum or no rates.

26. In D.83-05-033 we retained minimum rates as the basis upon which to establish rates, finding that there was little public

or moving industry support for change, while the ready availability of the deviation process and the guaranteed price option could achieve the basic goal of more pricing flexibility advocated by reregulation proponents.

27. There is now considerable public support for regulatory change, evidenced by DRA and CMA participation and positions, as well as the vast majority of consumers voting with their dollars to not hire licensed carriers for intrastate moves.

28. The guaranteed price option created in D.82-07-083 was eliminated in D.87-01-066 and is no longer available.

29. Very few deviations from minimum rates have been requested and only one has been granted.

30. TD prepared a report using data from all household goods carriers' annual reports for carriers who filed an annual report in 1988.

31. The TD report (with usable annual report data) includes 111 carriers.

32. The average return on equity of 53 carriers in the TD report with at least 65 percent revenue from MRT 4-C is 0.55 percent, and the average operating ratio is 99.10 percent; but 19 of the 53 (36 percent) have returns on equity over 20 percent (and the 19 generate 25 percent of the intrastate household goods revenue received by the 53 firms), and 9 of the 53 (17 percent) have operating ratios under 90 percent.

33. The deviation process is not producing the downward pricing effect we envisioned, even though several carriers have handsome financial results.

34. The three reasons we retained minimum rates in D.83-05-033 no longer support retaining minimum rates.

35. Rates are regulated when markets would otherwise produce results that are not in the public interest.

36. Competitive markets generally do not need rate regulation.

37. The household goods moving market has many buyers and permitted sellers, there are many permitted sellers of relatively equal size competing against each other in virtually every part of the state, the market is unconcentrated, entry and exit barriers are not significant, the household goods industry is virtually bereft of economies of scale and alternatives exist to the buyer.

38. The used household goods transportation market is structurally very competitive except in downward pricing below the minimum rate, since it is currently illegal to charge below the minimum rate.

39. Rate regulation in the household goods market is designed to address four potential market failures: (1) monopoly pricing; (2) predatory pricing; (3) destructive rate practices; and (4) price discrimination.

40. Monopoly pricing results from a market structure that allows one firm to keep its prices above what prices would otherwise be in a competitive market.

41. The household goods market shows no signs of, or structural vulnerability to, monopoly pricing since there are too many firms, entry is too easy, there are substitutes if the price gets too high, and there are no economies of scale.

42. Predatory pricing is pricing below marginal or incremental cost with the strategy of first driving competitors out of business in an attempt to gain market power and then reaping monopoly profits by raising prices above cost.

43. The household goods market shows no signs of, or structural vulnerability to, predatory pricing since entry barriers are too low (so the predatory firm cannot make up losses created through predatory prices by overcharging later customers), and it is too risky a business practice which most carriers will see and avoid.

44. Destructive pricing practices are practices in a market of "cut throat" competition resulting in chronic losses for many

participants which leads to deterioration of service as carriers cut corners in an attempt to reduce costs.

45. The general economic conditions that existed in the 1930s, and which spawned the present minimum rate program, do not exist today.

46. Trucking experience in other states and interstate with rate relaxation or rate deregulation over nearly a decade shows no indications of destructive rate practices.

47. Representative effective interstate rates for household goods carriers have increased 31 percent over the general increase in prices from 1979 to 1989.

48. Interstate rates under relaxed rates have not entered a freefall leading to industry collapse.

49. Destructive pricing is not driving the interstate household goods industry.

50. Interstate shippers do not demand the same level of price discounts as in the past, in order to secure quality service.

51. We need not retain a minimum rate system that is less than optimal (compared to alternatives) to prevent practices (destructive rate practices) that will not occur and which are illegal under the Unfair Practices Act and federal law.

52. Some household goods carriers may not now know the costs they incur when providing their products and services.

53. If cancelling minimum rates forces carriers out of business who do not know their costs that will be a healthy result.

54. Long before most carriers are forced from business because they do not know their costs at least some will learn their costs.

55. There are no structural reasons for this market to be vulnerable to destructive rate practices, since the market is virtually bereft of economies of scale and the market can support many firms.

56. Carriers operating without a permit incur fewer costs than permitted carriers and can undercut prices of permitted carriers.

57. If unpermitted carriers are left to undercut the prices of permitted carriers for long, the permitted carriers may lose sufficient business to be driven to insolvency.

58. The existence of illegal operators is not a structural determinant that this industry is subject to destructive rate practices, rather it is an indication that enforcement action is necessary.

59. Price discrimination occurs when a carrier charges different prices to two customers even though the carrier's costs are the same, or the carrier charges the same prices to two customers even though the carrier's costs are different.

60. Price discrimination may occur under minimum rates if a carrier charges the same minimum rate to two customers even though the carrier's costs are different.

61. Price discrimination that can occur now will occur whether rates are maximum, minimum, maximum and minimum or no rates.

62. There is only a remote likelihood of price discrimination because the competition is too vigorous, the market power of any firm or customer too limited, the ability of the industry to act in concert too small and entry too easy.

63. The household goods market is structurally competitive (except for downward pricing) and does not have any structural features to produce monopoly, predatory pricing, destructive rate practices or price discrimination.

64. Minimum rates do not protect customers, as evident from all the consumer abuses that occurred under minimum rates (e.g., weightbumping; low-balling) which took special consumer protection measures to address.

65. Minimum rates are not necessary to prevent destructive rate practices and therefore protect customers from a destructing market.

66. Minimum rates do not protect customers from paying an excessive price and do not prevent price gouging.

67. To the extent minimum rates are above the market clearing price, shippers are not being protected but are being financially abused by minimum rates.

68. We will not allow permitted carriers to cut costs by cutting consumer protections.

69. Economic efficiency results from the allocation of resources to areas where they generate the most benefit at the lowest cost consistent with consumer protections and a reasonable return to the supplier.

70. Minimum rates create a market with excess supply and insufficient demand.

71. Twenty-one out of eighty-six carriers (24 percent) from Exhibit 14 with data CMA found useable have returns on equity in excess of 20 percent.

72. Prices will probably fall without minimum rates since 24 percent of carriers with data CMA found useable from Exhibit 14 have returns on equity over 20 percent and 36 percent of carriers with over 65 percent of their revenue from California interstate business have returns on equity of over 20 percent.

73. Lower prices will provide an incentive for carriers to find every efficiency advantage possible, to retain if not increase market share.

74. The wide range of returns on equity reveal some carriers have found more efficient methods to perform their jobs than have others.

75. Minimum rates do not promote economic efficiency.

76. Adequate service is the availability of service to the extent the customer is willing to pay the carrier's actual cost of providing the service.

77. Most people will use a professional mover if they can afford one, and more people will be able to afford a professional mover, and therefore obtain a more adequate level of service than now exists, if we cancel minimum rates and rates fall.

78. The vast majority of the California moving public does not use a professional mover, in part because minimum rates prevent the market from testing the demand and supply at lower prices, and therefore minimum rates contribute to inadequate service.

79. Without minimum rates shippers can elect a high quality/high cost move, or a low cost/low quality move, and consider many more price/service combinations than carriers may be able to now offer.

80. With reasonable information and payment of the carrier's actual costs adequacy of service will increase without minimum rates.

81. Minimum rates do not prevent unscrupulous carriers who may provide inadequate service.

82. Little sophistication is needed to understand the fundamental service adequacy: actual delivery of the goods, undamaged, on time and at or below the price promised.

83. Minimum rates do not promote adequate service.

84. Minimum rates do not promote highway safety, since regardless of the rates charged profits can always be increased in the short run by reducing costs through lower levels of maintenance and less rigid adherence to safe operating practices.

85. Determining minimum rates is very difficult and can require the use of averages.

86. Minimum rates are not protecting customers, are not economically efficient, do not promote adequate service, and do not promote highway safety and are, therefore, not administratively

feasible to the extent they cost more to administer than their benefits.

87. Minimum rates are unnecessary regulation.

88. Enforcement of minimum rates requires enforcement of undercharge penalties.

89. Undercharge enforcement is a lower priority than enforcement of direct consumer protection measures (e.g., not being overcharged by weightbumping, timepadding, lowballing).

90. Minimum rates are enforceable if there are other reasons for their retention, but they take enforcement resources away from higher priority matters (e.g., consumer protections) and direct them to lower priority items (e.g., collection of undercharges).

91. Experience in other states and interstate with rate relaxation or cancellation shows no evidence that negative effects will prevail, and overall after rate relaxation or cancellation conditions are either the same or better for all factors measured.

92. Minimum rates at direct cost levels are designed to prevent competing at prices below direct costs and thus protect against predatory pricing and destructive rate practices, neither of which are structural factors or driving concerns for this market.

93. Minimum rates at direct cost levels are unnecessary regulation.

94. Minimum rates set at direct cost do not prevent price gouging.

95. Minimum rates with a deviation procedure do not prevent overcharges.

96. Minimum rates with a deviation procedure are not necessary to protect against destructive rate practices and predatory pricing.

97. The market is fundamentally competitive and competition will protect shippers from most price abuses.

98. Vigorous competition will prevent the market focusing on high maximum rates.

99. Most carriers will not respond to price competition by becoming criminals and poor corporate citizens, but some carriers may do unscrupulous things.

100. Some carriers may overcharge some shippers under any system of regulation.

101. Maximum rates are a necessary consumer protection.

102. The possibility of some carriers getting desperate and/or failing is not sufficient reason to maintain a minimum rate system that overall does not meet the public interest or our program objectives.

103. Estimates under our current program provide some measure of protection (e.g., a 10 percent ceiling) but only one-third of local and two-thirds of distance moves have estimates.

104. Requiring estimates would cost the industry, and therefore cost shippers, between $25 and $44 million per year.

105. Requiring a contract with a ceiling price by the carrier performing the move is a less costly, equally protective mechanism compared to mandatory estimates.

106. Economic efficiency will be improved under maximum rates compared to minimum rates.

107. Under maximum rates carriers will have the very important incentive to not only reduce costs to increase profits, but to gain or maintain market share.

108. Maximum rates set too low can prevent some shipments from being carried when the carrier's cost is more than the maximum rate.

109. Flexibility must be allowed within maximum rates to promote economic efficiency, and not prohibit some shipments from being carried when the carrier's cost is above the maximum rate and the shipper is willing to pay the carrier's cost.

110. Consumer protection must be provided within any flexible maximum rate procedure.

111. The necessary flexibility is provided if the carrier is allowed to charge the shipper over the maximum fixed rates in the maximum rate tariff.

112. The necessary consumer protections are provided if the carrier is required to provide the shipper a binding written estimate no less than ten days before the move, give the shipper the amount this move will cost over the maximum fixed rates in the maximum rate tariff, and remind the shipper to get other estimates.

113. The estimate ten days before the move protects the shipper by becoming a maximum price (and prevents the carrier from charging even more before unloading at destination--except for valid change orders), by informing the shipper of the amount above the total using the maximum fixed rates, by letting market competition determine if any other carrier can actually move the shipment for less (if the shipper cares to utilize the competitive market protection by getting other estimates), and by providing sufficient time before the move for the shipper to test the market.

114. Shippers typically begin to shop for a carrier four to six weeks before the planned date of the move.

115. Carriers' ability to meet shippers' needs would be reduced if the binding written estimate is required no less than four weeks before the move when the costs will exceed the maximum fixed rates.

116. Maximum rates provided either by the maximum fixed rates in the tariff or by a binding written estimate no less than ten days before the move will provide adequate service.

117. There is no direct link between safety and our rate structure, including maximum rates.

118. The costs of meeting safety requirements and providing safe service are included in maximum fixed rates, with any additional safety costs unique to a particular move recoverable on

those shipments when the maximum price is provided by a binding written estimate no less than ten days before the move.

119. It is difficult to determine the efficient carrier.

120. No additional rate elements are proposed by any party for inclusion with maximum rates.

121. The current minimum rates are very comprehensive in the rate elements included and are sufficient for maximum rate elements.

122. There is no compelling economic or competitive need (and no useful purpose) met by retaining minimum rates.

123. Maximum rates prevent overcharging of customers who are in a weak bargaining position.

124. Protection from carriers abusing customers is needed based on the warning from carriers themselves that price competition engendered by the removal of the price floor created by minimum rates will make carriers on the edge of financial collapse desperate and tempt desperate carriers to take advantage of customers.

125. Minimum rates are no longer desirable for the industry as a whole even in a program that allows for exceptions for some items or some transport due to peculiarities of that item or transport.

126. The economic effects of replacing minimum rates with maximum rates will be several, including carriers learning their costs (who do not now know them); cost reductions and innovations where possible; a competitive market result that is fair to both shipper and carrier; prevention of overcharges by desperate carriers; stimulation of economic efficiency; new price/service combinations to promote more adequate service; the elimination of undercharge enforcement; and the retention of only necessary regulation.

127. The establishment of maximum rates neither requires nor strongly encourages any illegal behavior by carriers.

128. Maximum rates are enforceable.

129. Carrier filed rates for all 1,293 permitted carriers would be burdensome on both the carriers and the Commission, at a cost to the carriers of almost double the funds already paid by the carriers to the TRF, and a requirement on the Commission to process and file 1,293 tariffs of about 90 pages each for limited usefulness.

130. Only one hearing will be necessary for Commission established maximum rates in contrast to the potential of many hearings for carrier filed tariffs.

131. Maximum rates which include a maximum rate provided to the shipper no less than ten days before the move are flexible enough to prevent problems when costs increase while updates are being considered to the maximum fixed rates in the maximum rate tariff.

132. The number of applications for a rate over the maximum fixed rate will depend on how high the maximum fixed rates are set.

133. If maximum fixed rates are set at a level so even as few as 1 percent of shipments would need to file an application for Commission approval before the move could be made, that would be about 100 applications per week.

134. There is substantial risk of delaying shipments if we require the rate above the maximum fixed rates in the maximum rate tariff to be filed and approved by the Commission before the move can take place.

135. The purpose of obtaining Commission approval for a rate over the maximum fixed rates is to protect the shipper from overcharges.

136. There would be substantial Commission effort to process 100 applications per week for rates above the maximum fixed rates.

137. There is little purpose in requiring approval by the Commission to protect the shipper when the shipper can be protected without delay by relying on the market competition.

138. Market competition will protect the shipper if the shipper is informed of the charges above the maximum fixed rates with sufficient time to get other estimates, is informed how high the total estimate is over the total derived from the maximum fixed rates (to put the estimate in perspective) and is reminded he or she can get other estimates.

139. Ten days is adequate time to inform the shipper that the total price for the move will be above the total using the maximum fixed rates without being burdensome on the carrier.

140. There is no evidence in this record to define the type or amount of deregulation in other markets, identify and quantify the type and degree of problems in "deregulated" industries, and make any link of those alleged problems to the characteristics in the household good industry.

141. The risk of a bad outcome from the changes we adopt is slight to none, since the market is basically competitive, does not have structural determinants of monopoly pricing, predatory pricing, destructive rate practices or price discrimination, and we do not deregulate service, safety, consumer protections or rates.

142. Our concern for the level of wages paid employees of household goods carriers is matched by our concern for the prices shippers must pay for moves with permitted carriers.

143. Our concern for carriers who must adjust to new price competition and who may not continue in business is matched by our concern that the market be regulated to promote consumer protection, economic efficiency, adequate service, and eliminate unnecessary regulation, and our overall concern for the shipper.

144. Shippers may become confused over services and prices with the additional price/service combinations and price flexibility that may occur under maximum rates.

145. The direct solution to the problem of the shipper and/or carrier being confused (by more price/service flexibility, the price/service option selected and the concurrent maximum total

price) is to require the Contract for Move to contain a summary description of the move and a ceiling price.

146. Simply requiring the Contract for Move to include a summary description of the move and rates to be charged no less than three days before the move is to begin will put in writing information that is generally already provided to the shipper as the shipper compares carriers.

147. Moving can be one of the most stressful events in a person's life.

148. Some shippers may first contact carriers less than three days before the move is to begin.

149. Ten days before the move begins as the least amount of time to allow maximum fixed rates to be exceeded when the shipper has contacted the carrier ten or more days before the move gives the carrier time to finalize cost estimates, and gives the shipper additional time to get other estimates.

150. Three days before the move begins is close enough to the day of the move that the carrier and shipper can be quite certain of the details of the move. It gives the shipper time to review the contract and make a rational decision before the particular stress of moving day.

151. Elimination of allowing the carrier to charge up to 10 percent more than the estimate may tend to make carriers estimate high, but this tendency will be offset by three effects: (1) the fact that current estimates tend to be accurate; (2) market competition will limit the buffer the carrier can put in the maximum price; and (3) for estimates less than ten days before the move, the total is limited by the maximum fixed rates.

152. The 10 percent tolerance was part of the balancing of interests in protecting the minimum rate program and does not serve that same need in the maximum rate program.

153. Under the current minimum rate program there are cases where the carrier can "hold the goods hostage" for higher payment before unloading the shipment.

154. Under the maximum rate program, carriers must unload the goods and make delivery upon payment of no more than the ceiling price on the "Contract for Move," eliminating the ability of carriers to "hold the goods hostage."

155. Failure of the carrier to complete the "Contract for Move" may be a device of the carrier to take advantage of the customer (e.g., prevent competition between carriers; pad the hours for the move).

156. Under the existing minimum rate program the failure of the carrier to specify the rate for the move requires the carrier to use a rate no higher than the minimum rate.

157. Interim maximum fixed rates in the maximum rate tariff are raised about 30 percent over current minimum rate levels.

158. If the carrier is allowed to use the maximum rate upon failure to properly complete the contract, some carriers may use this as a device to raise the price for the move about 30 percent over current minimum rate levels.

159. A 30 percent reduction from the bill calculated using the maximum fixed rates in the maximum rate tariff is an administratively efficient method to approximate the same result as in our current minimum rate program.

160. Some carriers now use the same form for the information we require in our model forms "Confirmation of Shipping Instructions and Rate Quotation" and "Shipping Order and Freight Bill for Used Household Goods and Related Articles."

161. Separating the contract portion of the form (agreed to before the move) from the freight bill (completed during and after the move) will assist in the resolution of disputes after the move over what was agreed and when.

162. The current minimum rate program can breed inefficiency, where a carrier has reduced incentive in some cases to perform the move quickly.

163. The requirement to have a ceiling price will breed efficiency, since the carrier will have an incentive to perform the move quickly with minimal loss and damage claims in order to earn the most money and go to the next move.

164. The current valuation if the shipper does not declare otherwise is $2,500 for local and $1.25 per pound for distance moves.

165. The current valuation amounts if the shipper takes no action are so low that the carrier has reduced incentive to take appropriate precautions packing and transporting the goods.

166. Shippers can expect a regulatory system to contain the proper incentives.

167. A minimum valuation of $20,000 will create the proper incentive mechanism and is equal to the amount in PU Code § 5161.

168. A productive solution to loss and damage disputes is arbitration.

169. Arbitration is an increasingly popular method of dispute resolution.

170. The Commission receives between 600 and 900 household goods transportation complaints per year, some of which we may solve, some we cannot solve, and others we suggest be pursued in civil court.

171. A reasonable arbitration alternative would be an improvement to our household goods program.

172. We need not duplicate in the near term existing arbitration expertise available outside the Commission while we study further what approach to take to arbitration for the long term.

173. The fees paid by household goods carriers into the TRF are a cost of doing business that is recovered by carriers from shippers.

174. The competition in this market can be promoted by reducing the costs of gathering information.

175. It is unknown at this time what performance data should be collected and how the accuracy and integrity of the performance data can be assured.

176. Cost-effective carrier performance information can promote both competition and our enforcement efforts.

177. Shippers may buy packing materials from carriers with the expectation that this will reduce the chances of later damage disputes (e.g., over whether the damage was caused by poor packing materials or the transit).

178. If packing material prices are no longer regulated, carriers could overcharge shippers on packing materials and undo the consumer protection benefit of maximum rates.

179. Industry trade and professional organizations often promote high ethical and professional standards.

180. Advertising that a carrier is a member of a trade or professional organization can be a method to inform the shipper that the carrier will perform a good move.

181. Under our existing program the "Important Information for Shippers" booklet is so important there are specific and detailed rules on when it is provided to the shipper and how that fact can be confirmed on later audit.

182. Under the maximum rate program the "Important Information for Persons Moving Household Goods" booklet is even more important since customers must know they can compare carriers to obtain the lowest price for the quality and quantity of products and services they choose.

183. The "Important Information for Persons Moving Household Goods" booklet is so important to the maximum rate program that it must also be given for office moves.

184. A reduction in rates of $100 payable by the carrier who performs the move to the shipper for failure to provide the "Important Information" booklet according to our rules will assist enforcement to everyone's benefit.

185. An assessment of $100 will be meaningful without being excessive, and is consistent with similar assessments already in MRT 4-C.

186. Unscrupulous carriers may try to take advantage of shippers by delaying resolution of loss and damage claims.

187. Some carriers may wait the 120 days we now allow before paying, refusing to pay, or making a firm compromise offer on a loss and damage claim, hoping that the shipper will simply forget or be more willing to accept a reduced amount just to be done with the matter.

188. Sixty days is sufficient time for the carrier to investigate and determine whether to pay, refuse to pay or make a firm compromise offer on a loss and damage claim, when we still retain the ability for the carrier to take longer due to circumstances beyond his or her control as long as the carrier notifies the complainant in writing of the status of the claim and the reasons for delay, with a copy to the Commission.

189. There is no link between safety and regulation of rates.

190. Safety is promoted best by direct enforcement of safety rules and regulations, not indirectly through rates.

191. Before we issue a permit we require the household goods applicant to establish ability by an examination, with the examination being written, oral, demonstration of skill or other means.

192. Requiring the household goods applicant to make the same showing as required under PU Code § 3553 is a method of examining the carrier to establish ability to operate safely.

193. The showing required by § 3553 for other carriers is needed for household goods carriers as part of an investigation to determine and find whether the household goods carrier applicant possesses sufficient knowledge, ability, integrity and financial resources and responsibility to perform household goods transportation.

194. The current entry examination emphasizes the applicant's ability to find items in the tariff and to demonstrate knowledge necessary to work out basic problems, as well as being a training tool.

195. The examination will need total revision when we shift the program from minimum to maximum rates.

196. A time limit on the examination will reflect the marketplace, where a carrier does not have unlimited time to determine a rate or find a rule before a customer will find another carrier.

197. Carriers operating without a permit incur fewer costs than permitted carriers and are therefore in a position to charge less.

198. One avenue for destructive rate practices comes from carriers operating without a permit.

199. Advertising and the telephone are the lifelines connecting moving companies to their prospective customers.

200. Severing the lifelines between unlicensed carriers and their prospective customers will severely limit the market the unlicensed carrier can hope to tap, and minimize if not eliminate the unlicensed carrier as a significant player in this market.

201. Enforcement is streamlined by the $100 reduction in rates payable by the carrier performing the move to the shipper for not providing the "Important Information for Shippers" booklet and the

30 percent reduction from the bill based on maximum rates for failure to complete the crucial parts of the contract.

202. Failure by the shipper to give the "Important Information" booklet or complete the crucial information on the contract will undermine the maximum rate program, by giving the carrier an opportunity to thwart effective competition and charge the shipper too much.

203. The $100 assessment for failure to provide the "Important Information" booklet and the 30 percent reduction from the bill based at maximum rates are payable to the shipper, who is the party directly harmed by the violations.

204. Unfair competition is made fair by effective enforcement action.

205. Fair competition is a key element of the maximum rate program.

206. A TD report on enforcement within 90 days of this order will provide necessary background for comments and recommendations in Phase II.

207. A TD report on enforcement one year later will determine progress made in the first year.

208. Monitoring reports will gauge the impact of the maximum rate program on the industry.

209. Phase I of this investigation determines the basis upon which we will establish rates and adopts interim maximum rates plus consumer protections, service, safety, and administrative measures.

210. Interim maximum fixed rates are MRT 4-C minimum rate levels increased for inflation, the costs of Proposition 111, and 10 percent, and adjusted for realignment of valuation charge collection.

211. Under minimum rates, carriers are free to raise rates with inflation.

212. Maximum fixed rates unadjusted for inflation would prevent carriers from assessing cost increases due to inflation since the adoption of MRT 4-C.

213. Inflation has raised costs in general about 14 percent since the adoption of MRT 4-C local rates and about 11 percent since the adoption of MRT 4-C distance rates.

214. Carriers' costs increased as a result of Proposition 111.

215. Proposition 111 raised carrier costs about 0.75 percent over MRT 4-C levels.

216. Valuation charges may be assessed either in separate valuation rates or as part of the other maximum rates.

217. Valuation charges included in the other rates (rather than separate valuation charges) for the $20,000 basic valuation protection will focus the competition on the other maximum rates and not leave the shipper to make a decision on valuation protection the day of the move, which may increase the cost of the move.

218. Carriers now receive 2.6 percent of their total revenue from valuation charges.

219. Under MRT 4-C carriers can collect $100 for valuation coverage of $20,000.

220. Carriers may not recover sufficient valuation charges with a 2.8% adjustment to rates for inexpensive shipments.

221. Between 5 and 16 percent of shipments are charged rates above the minimum rates in MRT 4-C.

222. CMSA recommends maximum rates be set at least 10 percent above cost-justified minimum rates.

223. Rates charged during times of peak demand are about 10 percent over minimum rates.

224. The costs DRA recommends be reduced were considered when MRT 4-C rate levels were established.

225. Household goods carriers are not required to carry any shipment which will not recover their costs, including a normal profit.

226. Interim maximum fixed rates are high enough to allow most shipments to be carried but low enough to prevent price gouging or other abuses, while interim maximum rates provided by a binding written estimate no less than ten days before the move at a rate above the maximum fixed rates are high enough to allow every shipment to be carried while protecting shippers via competition and the establishment of a new maximum rate.

227. Interim maximun rates are adjusted from MRT 4-C rates, which reflect a comprehensive compilation of services at the average total cost of the efficient carrier.

228. Interim maximum rates account for the cost of transportation and accessorial services by being based on MRT 4-C rates adjusted for inflation, proposition 111, valuation charge realignment, additional valuation charges, and 10 percent. Interim maximum rates account for even higher costs, when the consumer is protected by a written estimate no less than 10 days before the move begins.

229. Interim maximum rates account for the value of the commodity being transported by including valuation charges either in the maximum transportation rate or separately. Extraordinary values are accounted for by allowing maximum rates above the maximum fixed rates when the consumer is protected.

230. Interim maximum rates account for the value of the equipment, facilities, and personnel necessary to perform the service by allowing these factors of production to move to other industries where they are valued more yet providing for maximum rates above the maximum fixed rates if higher prices are necessary to retain these factors of production in this industry, as long as the consumer is informed and competition functions.

231. Maximum rates in the maximum rate tariff are not intended to reflect the cost of any one carrier, or the cost of any particular move, and are not an endorsement that these rate levels are the proper rate levels to be charged.

232. The actual cost of the move will be charged when there is vigorous competition.

233. The competition in the market is enhanced by the measures taken in this decision.

234. Efficiency improvements and innovations made by creative carriers will allow them to lower their costs and lower rates to retain existing, or capture more, market share.

235. Carrier cost savings will be passed to shippers, within the scope of carriers making reasonable returns on their investments.

236. Phase II will not revisit the issue of our choice of a maximum rate program.

237. Parties should begin work immediately on the issues identified in this decision to be addressed in Phase II.

Conclusions of Law

1. The public interest is protected when the objectives of consumer protection, economic efficiency, adequate service, highway safety and administrative feasibility are met, including elimination of unnecessary regulation, compliance with the law and enforcement.

2. Maximum rates are just, reasonable, and nondiscriminatory.

3. Interim maximum rates are just, reasonable, nondiscriminatory, and account for the cost of all transportation service performed or to be performed, for any accessorial service performed or to be performed in connection therewith, the value of the commodity transported, and the value of the equipment, facilities, and personnel reasonably necessary to perform the service.

4. DRA, as Commission staff, has standing in all proceedings before the Commission.

5. We affirm the rulings of the ALJ and deny CMSA's renewed motion to exclude DRA from this investigation; we take notice that DRA's participation was funded at least in part by Transportation Rate Fund fee monies; we deny DRA's renewed motion to exclude as evidence the entire testimony of CMSA witness Rubin, but we consider any facts Rubin presented as evidence and his legal argument as if it was presented in CMSA's brief.

6. PU Code § 311 is directory but does not provide that the Commission loses jurisdiction to issue a decision if the ALJ does not issue a proposed decision within 90 days of submission of the proceeding.

7. Pricing below cost for the purpose of injuring competitors or destroying competition is illegal under the Unfair Practices Act and federal law.

8. The study on carrier failures in Arizona presented by Students in its Concurrent Brief is inadmissible.

9. Minimum rates at direct cost must be at a sufficient level to allow safe operation upon the highways of the state and account for the cost of trained drivers and other reasonable expense of operation of household goods carriers.

10. Minimum rates set at a direct cost level would need to be set at levels very near if not equal to the average total cost of the efficient carrier (i.e., the same as current levels) to be consistent with PU Code § 5191.

11. Minimum rates no longer promote consumer protection, economic efficiency, adequate service, or highway safety; they are not administratively feasible to the extent they cost more to administer than the benefits they produce; they are unnecessary regulation since they meet so few of the regulatory objectives; they take enforcement resources away from higher priority items; they are not supported by experience in other states or interstate;

and these infirmities are not cured by a direct cost floor or deviation mechanism.

12. Minimum rates are not in the public interest.

13. Minimum and maximum rates combined are not necessary to the extent minimum rates are not in the public interest.

14. Maximum rates established at a level above the maximum fixed rates in the maximum rate tariff are reasonable when competition is maintained and the shipper is protected from excessive prices.

15. Maximum rates are nondiscriminatory, since the market is too competitive to allow price discrimination.

16. Maximum rates will not have a "magnet effect" drawing the market rate to the maximum rate level, since the market is too competitive and competition will drive the market rate to the carriers' costs.

17. Requiring the contract to be completed (even if without a ceiling price) and given to the shipper no less than three days before the move begins is superior to any other option and is reasonable when the shipper has first contact with the carrier three or more days before the move is to begin.

18. It is a reasonable balance of shipper and carrier needs to fix a period of no less than three days before the move is to begin for the contract to be completed by the carrier (even if without a ceiling price) and a copy given to shipper for the shipper's consideration.

19. Requiring no less than ten days as the period when a carrier may in writing inform the shipper of a price above the maximum fixed rates in the maximum rate tariff is a reasonable balance of the needs of the carrier and shipper while it promotes competition and consumer protection.

20. Execution of the Contract for Move does not exempt the carrier and shipper from compliance with any provision of law and

Public Utilities Commission rules and regulations, even though not expressly set forth in the contract.

21. The public interest is served by removing regulation of rates to the fullest extent possible (so consumers can enjoy the benefits of a competitive market) but retaining regulation to the extent needed (to prevent abuses of some customers by some desperate carriers).

22. Maximum rates are in the public interest.

23. The Business and Professions Code and Turnbull & Turnbull v. ARA Transportation, Inc. (1990) 219 Cal. App. 3d 811, neither require the retention of minimum rates nor prohibit the adoption of maximum rates.

24. Household goods carriers are not public utilities and are subject to the Business and Professions Code.

25. Maximum rates do not make carrier pricing of their household goods moving products or services below fully allocated cost legal, to the extent that selling below fully allocated cost is prohibited by the Business and Professions Code or any other law.

26. Maximum rates do not violate the law.

27. Maximum rates do not prohibit or prevent carriers from setting their rates in violation of the law.

28. Maximum rates neither require nor encourage carriers to set their prices in any way that would violate the law.

29. The Commission shall either establish or approve rates.

30. Carriers cannot file tariffs jointly.

31. A 30 percent reduction in maximum fixed rates from the total bill calculated using maximum fixed rates, or use of the quoted rate (whichever is lower), is reasonable when the carrier fails to complete the crucial information on the contract.

32. It is reasonable to require carriers to either use separate forms for the contract and the freight bill or, on a

multipage form, to separate the contract from the freight bill before the move begins.

33. The legislature intended that basic valuation protection be raised to $20,000.

34. There is no legislative mandate with SB 210 to retain minimum rates since SB 210 does not so limit our choices.

35. Use of a portion of the Transportation Rate Fund for a pilot arbitration program is reasonable.

36. It is reasonable to study the feasibility of instituting a carrier performance report and consumer outreach measures.

37. Establishing maximum packing material rates is a reasonable way to enforce against overcharges under the maximum rate program.

38. The reduction in rates by a payment from the carrier who performs the move to the shipper of $100 for failure to give the "Important Information for Persons Moving Household Goods" booklet when it is required is reasonable.

39. It is reasonable to allow carriers to use minimum charges (e.g., hours, weights, packing materials) within a maximum rate program as long as the shipper is informed of the minimum charges no less than three days before the move begins.

40. It is reasonable to reduce from 120 days to 60 days the time that a carrier has to investigate and make a determination to pay, refuse to pay or make a firm compromise offer on a loss and damage claim, with the further allowance that the carrier can take longer if there are reasons beyond his or her control (as long as the shipper is notified every 30 days of the status of the claim, the reasons for the delay, and a copy is sent to the Commission).

41. It is reasonable to require the carrier to explain to the shipper why the carrier refuses to pay or is making a firm compromise offer less than the amount requested by the shipper when

the carrier responds to a loss and damage claim by either refusing to pay or offering less.

42. DRA's recommended safety measures advance safety and are in the public interest.

43. We may require, and it is reasonable to require, that household goods carrier applicants submit the information required by PU Code § 3553 as part of the carrier's examination to demonstrate ability to operate safely, as deemed by the Commission as part of that examination, and as part of the Commission's investigation to determine if the applicant possesses sufficient knowledge, ability, integrity and financial resources and responsibility to perform the service within the scope of their application.

44. It is reasonable to place a time limit on the entry examination.

45. A carrier operating without a permit is in violation of the public interest.

46. TD staff and CMSA should bring enforcement actions to us for prosecution, and TD staff should work with district attorneys, to use every reasonable tool against illegal operations (both by carriers without a permit and permitted carriers in violation of the law, rules, and regulations).

47. Converting minimum rates to interim maximum fixed rates upon increasing the minimum rates by inflation, Proposition 111 costs, and 10 percent, and realigning collection of valuation charges, is reasonable.

48. It is unreasonable to establish maximum fixed rates so low that it would require excessive use of the provision for a carrier written bid no less than ten days before the move.

49. Interim maximum rates are not confiscatory.

INTERIM ORDER

IT IS ORDERED that:

1. Minimum Rate Tariff 4-C is cancelled effective 120 days from the date of this order. Maximum Rate Tariff 4 (Attachment B) is adopted effective 120 days from the date of this order.

2. General Orders (GO) 136-C and 139-A are adopted as amended (Attachments C and D, respectively) effective 120 days from the date of this order. GO 136-B and 139 are superseded effective 120 days from the date of this order.

3. Transportation Division (TD) will conform the certification signed and filed by used household goods permit applicants to require the showing specified in Public Utilities Code § 3553, effective for all applications filed 120 days from the date of this order and thereafter.

4. A pilot arbitration program as an alternative vehicle to resolve disputes between household goods carriers and shippers will be undertaken. TD will select an arbitrator or arbitration association by competitive bid. TD will issue a request for proposals (RFP) within 90 days of the effective date of this order, indicating in the RFP that proposals are due within 30 days of the release of the RFP. TD will select an arbitrator or arbitration association within 30 days of receipt of the proposals, and prepare a resolution for our consideration of their recommendation. TD will prepare a brochure for carriers and shippers that summarizes our arbitration program within 30 days of Commission selection of the arbitrator or association, with the entire program to be in place within 60 days of Commission selection of the arbitrator. The pilot program will run no longer than 12 months after it has begun.

5. TD will prepare the reports and conduct the meetings and workshops indicated in the decision and summarized in Attachment F. TD will update the entry examination and continue its

administration, placing a uniform time limit on the time the applicant has to complete the examination.

6. TD will monitor the safety experience of household goods carriers including where reasonable:

(1) Review of accident and citation rates to determine ways to improve safety;

(2) Reactivate the revenue distribution survey program;

(3) Collect mileage data on private carriers who now register with the Commission for insurance purposes;

(4) Work with the California Highway Patrol (CHP) and other agencies to determine how a Department of Transportation (DOT) carrier identification numbering system could be integrated with the CHP and Commission numbering systems; and

(5) Explore with the CHP a mandatory follow-up accident report for intrastate motor carrier accidents similar to DOT reports for interstate accidents.

7. TD is directed to use all tools at its disposal to enforce against illegal operations (both carriers operating without a permit and permitted carriers not in compliance with the law, and our rules and regulations), and bring cases to us and the district attorney for prosecution as appropriate.

8. TD is directed to oversee a consumer outreach effort within our current budget, to include preparation of periodic press releases (in coordination with Public Affairs office), training of staff as necessary and placing public service information in appropriate telephone advertising directories.

9. A second phase of this investigation is ordered, to consider the issues identified in this decision and summarized in Attachment E. A prehearing conference will be held on Thursday, January 31, 1991 at 10:00 a.m. in the Commission's Courtroom at

505 Van Ness Avenue, San Francisco. Parties intending to actively participate in Phase II should attend the prehearing conference. A new service list will be established and a new appearance must be made to be entered as a party in Phase II. At the prehearing conference, the administrative law judge will establish procedural ground rules and the schedule, including a settlement schedule and/or how and when prepared testimony is to be served. Parties are directed to come to the prehearing conference prepared to discuss the reasonableness of continuing Phase I ground rules into Phase II; their need for discovery; positions on the issues; estimate of time necessary for settlement discussions and/or to prepare testimony; scope of their testimony; and estimated number of witnesses.

10. By separate order in those proceedings, Case (C.) 5330, Order Setting Hearing (OSH) 100 and related C.5432, OSH 958 are closed.

11. The Executive Director shall serve a copy of this Order on each subscriber to Minimum Rate Tariff 4-C, and all appearances in this investigation. The Executive Director shall serve a copy of GO 136-C and 139-A on all carriers subject to these General Orders.

This order is effective today.

Dated December 19, 1990, at San Francisco, California.

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

I will file a written concurring opinion.

/s/ STANLEY W. HULETT
Commissioner

I will file a written concurring opinion later.

/s/ JOHN B. OHANIAN
Commissioner

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

NEAL J. SHOAMAN, Executive Director

ATTACHMENT A

List of Appearances

Interested Parties: Carl Anderson, for Anderson Brothers Movers; Emil Antoine, for Craftsman Moving, Inc.; Folger Athearn, Jr., for Athearn Transportation Consultants, Inc.; David Askew, for Wermuth Storage Company; Daniel W. Baker, Attorney at Law, for Hansen, Bridgett, Marcus, Vlahas & Rudy; Robert J. Barry, for Citrans; K. L. Bramall, for Pacific Bell; Barry Broad, Attorney at Law, for California Teamsters Public Affairs Council; Ronald C. Broberg, for Trucking Support Services Team, Inc.; Robert E. Burt, for California Manufacturers Association; Steve Callahan, for Move Masters Moving Systems; James R. Campbell, for Hussey's Moving, Inc.; John J. Canova, for Canova Moving & Storage Company; James T. Carlson, for Carlson Van Lines; Thomas E. Chase, for Glenn Hunter Moving & Storage, Inc.; Roy C. Cody, for Dickey Transfer & Storage; Robert C. Coelho, for Campbell Moving Company; Alan T. Coleman, for Nevil Storage Company; Bill Colwell, for Tri Valley Transportation & Storage Company, Inc.; Charles M. Cunningham, for Cunningham Moving & Storage; Harold A. Delihant, for World Movers, Inc.; John Eastman, for himself; John Farnsworth, for Farnsworth Mayflower; Martin J. Fay, for Ed & Marty Will Move You; Robert W. Foy, for Pacific Storage Company; Dennis P. Garvey, for Kozy Moving & Storage; Ken Geissel, for Galbraith Van & Storage Company, Inc.; Dieter M. Gonzales, for Milgon Enterprises, Inc.; Douglas Halley and Olivia Halley, for themselves; Thomas J. Hays, for himself; Edward J. Hegarty, Attorney at Law, for California Moving and Storage Association; David Higdon, for himself; Douglas Hill, for California Moving & Storage Association; Margaret Holmes, for Thompson Moving & Storage, Inc.; John A. Hope, for Courtesy Moving Service; John M. Jacobsen, for Bekins Moving & Storage; Victor Kaminski, for Valley Relocation and Storage of Northern California, Inc.; Mary Kroening, for Andy's Transfer & Storage; Catherine Kruley, for Three Way Corporation; Ronald Larson, for Mother Lode Van & Storage; Walter Levine, for JBL Moving & Storage; John Lovell, for himself; Joseph MacDonald, for himself; Jack E. Macy, for Macy Movers, Inc.; Barbara Marcantonio, for Scott's Van & Storage; Dion Mathewson, for David Marchant of Graham & James; Daniel J. McCarthy and Charles D. Gilbert, Attorneys at Law; for California Trucking Association; Terry McGrath, for McGrath Moving & Storage; Larry Meredith, for Dennis Transfer, Inc.; Rory A. Michell, for Valley North American; Ted Mohlman, for Golden State Container; Joyce Mueller, for Holiday Van Lines; Tad Muraoka, for himself; Randy Nogle, for Vandenberg Van & Storage; Dean Osborn, for Osborn Moving; Fred D. Peeters and Jean E. Peeters, for Peeters Transportation Company, Bevan-Pearson Moving & Storage, Peeters Moving & Storage, and Petaluma Van & Storage; Gary F. Petty,

Attorney at Law, for National Moving & Storage Association; Edward G. Poole, Attorney at Law, for Skaff & Anderson; Edward Pouderl, for CMSA; Michael L. Rohrman, for Rudd's Transfer and Storage, Inc.; George Schultz, for Schultz Brothers Van & Storage; R. T. Schmitz, for Cor-O-Van Moving & Storage Company; Verle Serface, for James Transfer & Storage Company; James D. Shurr, for himself and Golden Gate Moving & Storage; Jim Slaten, for Scarr Moving & Storage, Inc.; Armour C. Smith, for May Transfer & Storage; Robert R. Smith, for Coast Transfer & Storage; Robert Stack, for Pioneer Packing; Tyrone Stuart, for Starving Actors' Moving Company, Inc.; Edwin Tanner, for LDM Moving Service; Kenneth E. Thoming, for Sandercock Transfer Company; Clifton True, for Marina Moving & Storage, Inc.; Chester F. Turney, Jr., for Pacific Storage Company; Anthony Vukovic, for VIP Transport; Dave Wallace, for State of California General Services Administration; Kenneth Waters, for Waters Moving & Storage, Inc.; Terry Welcome, for UC Moving Services; Roger Wise, for Campbell Moving Company, Inc.; R. Ric Caumiant, for All Roads Moving and Storage; Thomas J. Clemins, for Andy's Storage and Van Lines, dba Andy's Transfer and Storage Cal T 120525; Jack E. Higdon, for California Moving System; Rusty Thompson, for Tippet Richardson, Inc.; George C. Schmidt, for Allen's Moving and Storage Company, Inc., dba Greater Bay Area North American; Wesley D. Swain, for NACAL, Inc.; Luke R. Sherwood, for California Trucking Association; and George G. Sinner, for Don Hemsted's Van & Storage, Inc.

Division of Ratepayer Advocates: Alberto Guerrero, Attorney at Law, and Lynn Maack.

Transportation Division: William R. Schulte and Robert L. Strauss.

Public Advisor's Office: Robert T. Feraru.

(END OF ATTACHMENT A)

ATTACHMENT B

MAXIMUM RATE TARIFF 4

(Cancels Minimum Rate Tariff 4-C)

NAMING

MAXIMUM 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

The original tariff contains rates and rules established in Decision 90-12-091 in OII.89-11-003. Changes contained in subsequent orders will be made by reissuing the pages on which the changes occur or by issuing supplements showing corrected items.

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

EFFECTIVE APRIL 18, 1991

CORRECTION NUMBER CHECKING SHEET

This tariff is issued in loose-leaf form. All added and revised pages will be numbered consecutively in the lower left hand corner. These correction numbers should be checked below on this checking sheet before pages are filed in the tariff.

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SECTION 1

RULES

DEFINITION OF TECHNICAL TERMS

CARRIER means household goods carrier as defined in the Household Goods Carriers Act.

CEILING PRICE means the maximum charge that may be assessed on a shipment, as enumerated on the Contract For Move, subject to change orders for service.

COMMISSION means the Public Utilities Commission of the State of California.

COMPONENT PART means any part of a shipment separately received by the carrier whether or not such part is separately delivered by the carrier; and, any part of a shipment separately delivered by the carrier whether or not such part is separately received by the carrier.

CREDIT CARD means a card defined in Section 484(d) of the Penal Code of the State of California, other than a card issued by the carrier, including bank credit cards and cards issued by major credit card companies.

4

DEBTOR means the person(s) and/or corporation(s) obligated to pay a freight charge of a carrier.

DISTANCE TABLE means Distance Table 8 issued by the Commission, or successive issues thereof.

ESTIMATED COST OF SERVICES means a written document prepared by the carrier and furnished to the shipper, which shows the total cost estimated by the carrier for the services as described thereon.

MAXIMUM FIXED RATE means any specific rate named in this tariff. Carriers may not charge a rate higher than a maximum fixed rate, except under the rules in Item 108.

MOTOR VEHICLE means any motor truck, tractor or other self-propelled highway vehicle used for transportation of property over the public highways, and any trailer, semi-trailer, dolly or other vehicle drawn thereby.

PACKING means any accessorial service performed in preparing a shipment (or any portion thereof) for transportation prior to loading, except services for which rates and charges are otherwise provided in this tariff.

POINT OF DESTINATION means the precise location at which

DEFINITION OF TECHNICAL TERMS (Continued)

property is tendered for physical delivery into the custody of the consignee or his agent. All locations shall be considered as one point of destination which are within a radius of:

(a) 50 feet from a single point, or

(b) 300 feet from a single point on a single piece of property of a single consignee.

POINT OF ORIGIN means the precise location at which property is physically delivered by the consignor or his agent into the custody of the carrier for transportation. All locations shall be considered as one point of origin which are within a radius of:

(a) 50 feet from a single point, or

(b) 300 feet from a single point on a single piece of property of a single consignor.

RATE means any unit charge for service including the rating, governing rules, and the accessorial charges applying in connection with that service. 4 (Continued)

REGION means one of the regions described in Section 2.

SHIPMENT means a quantity of property tendered for transportation to one carrier, at one time, on one shipping document by:

(a) One shipper at one point of origin for one consignee at one point of destination; or

(b) One shipper at more than one point of origin (or more than one shipper at one or more points of origin), for one consignee at one point of destination (SPLIT PICKUP); or,

(c) One shipper at one point of origin for one consignee at more than one point of destination (or for more than one consignee at one or more points of destination) (SPLIT DELIVERY); or,

(d) One shipper at more than one point of origin (or more than one shipper at one or more points of origin), for one consignee at more than one point of destination (or for more than one consignee at one or more points of destination) (SPLIT PICKUP AND DELIVERY IN COMBINATION); or,

DEFINITION OF TECHNICAL TERMS (Concluded)

(e) One or more shippers in a manner described in subparagraphs (a), (b) or (c) above to and from one point of storage-in-transit, except as provided in Note 1 of Item 160.

STATE ROUTE means the numbered highway route designated by California State Highway sign number.

STORAGE-IN-TRANSIT means storage of a shipment at request of consignor or consignee at one point between point(s) of origin and point(s) of destination for a period not in excess of 90 days.

TERRITORY means one of the territories described in Section 2. 4 (Concluded)

UNIT OF EQUIPMENT means one or more motor vehicles physically connected so as to form a complete unit.

UNPACKING means any accessorial service performed in connection with delivery of a shipment or portion thereof, subsequent to unloading, except services for which rates and charges are otherwise provided in this tariff.

APPLICATION OF TARIFF--CARRIERS

1. Rates provided in this tariff are maximum rates, established pursuant to the Household Goods Carriers Act. They apply for the transportation of commodities described in Item 12 by household goods carriers.

2. The rates and rules named in this tariff shall not apply to transportation by independent-contractor subhaulers when such transportation is performed for other carriers. This exception shall not be construed to exempt from the tariff provisions carriers for whom the independent contractors are performing transportation services (see NOTE). 8

NOTE: INDEPENDENT--CONTRACTOR SUBHAULER means any carrier who renders service for a principal carrier, for a specific recompense, for a specific result, under the control of the principal carrier as to the result of the work only and not as to the means by which such result is accomplished.

APPLICATION OF TARIFF--COMMODITIES

1. Except as otherwise provided by paragraph 2, rates in this tariff apply to the transportation of the following used property:

(a) Household goods, namely: household or personal effects such as furniture, furnishings, clothing, radios, musical instruments, stoves and refrigerators.

(b) Office and store fixtures and equipment, namely: furniture, furnishings and equipment such as are used in an office, store, hospital, library, museum, place of learning or other institution.

2. Rates in this tariff shall not apply to the following:

(a) Property transported from, to or between the place or places of business of a dealer in or auctioneer of the property described in paragraph 1 hereof, in connection with such a business. 12

(b) Property of the United States, state, county or municipal governments or property transported under an agreement whereby the governments contracted for the carrier's service.

(c) Baggage, except when transported in mixed shipments under the provisions of Item 56.

(d) Property shipped to or from producers of motion pictures or television shows when transported subject to the rates, rules and regulations provided by Decision 33226, in Cases 4246 and 4434, as amended.

(e) Property transported for a displaced person when the cost thereof is borne by a public entity as provided in Section 7262 of the Government Code.

(f) Disaster supplies, i.e., those commodities which are allocated to provide relief during a state of extreme emergency or state of disaster; and those commodities which are transported for a civil defense or disaster organization established and functioning in accordance with the California Disaster Act to ultimate point of storage or use prior to or during a state of disaster or state of extreme emergency.

APPLICATION OF TARIFF—COMMODITIES (Concluded)

(g) Contents of trailer coaches and campers, or furniture and other personal effects for use outside of trailer coaches, when transported in conjunction with such vehicles. 12 (Concluded)

APPLICATION OF RATES

1. The rates provided in Items 300 and 310 (Distance Rates), Item 320 (Hourly Rates) and Item 330 (Distance Piece Rates) are for the transportation of shipments from point of origin to point of destination; except that Items 300, 310 and 330 do not apply for transportation to or from storage or storage-in-transit. The rates in Items 380 and 390 (Transportation to or from Storage) and Item 320 (Hourly Rates) are for the transportation of shipments from point of origin to point of storage or storage-in-transit; or from point of storage or storage-in-transit to point of destination. These rates include pickup and delivery, subject to Item 140 (Flight Carry and Long Carry Charges).

(a) For transportation of shipments for distances of 50 constructive miles or less, the distance rates (Items 300, 310, 380 or 390), the distance piece rates (Item 330) or the hourly rates (Item 320) apply subject to Items 28 and 128. 16

(b) For the transportation of shipments for distances in excess of 50 constructive miles, the distance rates (Items 300, 310, 380 or 390) shall apply, subject to Item 20.

2. The rates provided in Item 340 (accessorial rates) shall apply for the accessorial services of packing, unpacking and sale of containers.

3. The rates provided in Item 350 shall apply for the transportation of empty shipping containers and as a basis for the furnishing of shipping containers and packing materials by the carrier

4. The rates provided in Item 136 shall apply for the valuation of all shipments.

ALTERNATIVE APPLICATION OF RATES

In the event that two or more rates are named for the same transportation, the lower rate shall apply as the maximum rate, subject to Item 16 (Application of Rates). 20

LEVELS OF RATES QUOTED AND ASSESSED

1. Rates published in this tariff are maximum rates. Carriers may quote and assess levels of rates lower than these published maximum rates. (See Note)

NOTE: The provisions of Paragraph 1 of this item shall not apply to the rate provisions contained in the following parts of this tariff:

- Item 32 (Disposition of Fractions).
- Paragraph 5 of Item 36 (Computation of Time under the Hourly Rates Named in Item 320). 24
- Item 92 (Claims for Loss or Damage).
- Note 3 of Item 140 (Flight Carry and Long Carry Charges).
- Paragraph 1 and Note 2 of Item 160 (Storage-in-Transit).
- Paragraph 9 (d) of Item 88 (Relationship With The Public).
- Paragraph 4 of Item 100 (Delays in Pickup or Delivery).

OBSERVANCE OF QUOTED RATES AND CHARGES

1. When an estimated cost of proposed services is given, the maximum charges shall be determined under provisions of Items 108, 112, 116, and 120.

2. When an estimated cost of proposed services is not given, the maximum shipment charge shall be the lower of:

(a) The Ceiling Price listed on the Contract for Move, plus any charges for services noted on a Change Order for Service completed in accordance with Item 120 and after the Contract for Move is signed.

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(b) The charges as calculated on the basis of the rates and charges specified in the Contract for Move, plus any charges for services noted on a Change Order for Service completed in accordance with Item 120 and after the Contract for Move is signed.

3. If, prior to the rendition of any service, the carrier fails to issue a Contract for Move, or if such document is issued but does not contain the information specified in subparagraph (a) and (b), rates and charges no higher than 30 percent below the maximum fixed rates and charges published in this tariff shall be utilized in determining the charges for services not described or for rates not quoted. If the Contract for Move does not contain the information specified in subparagraph (c), (d), or (e), rates and charges no higher than 30 percent below the maximum fixed rates and charges published in this tariff shall be utilized in determining the charges for all transportation and accessorial services performed.

(a) A description of the transportation and accessorial services ordered to be undertaken.

(b) Rates quoted for the services so described.

(c) Ceiling Price for all services described.

(d) Signature of shipper.

(e) Signature of carrier.

DISPOSITION OF FRACTIONS

In computing a rate based on a percentage of another rate, the following rule shall be observed in the disposition of fractions.

(a) Fractions of less than 1/2 or .50 of a cent, omit. 32

(b) Fractions of 1/2 or .50 of a cent or greater, increase to the next whole figure.

COMPUTATION OF TIME UNDER THE HOURLY RATES NAMED IN ITEMS 320 AND 340

1. In computing charges accruing under the hourly rates contained in Item 320, the time used shall be the total of the loading, unloading and double the driving time from the point of origin to the point of destination, subject to EXCEPTIONS 1 through 3.

EXCEPTION 1 -- When the carrier is required to perform more than one trip between origin and destination, the time used shall be the total of the loading and unloading time, to which will be added double driving time for the first trip from origin to destination and actual driving time for all additional trips between the origin and destination for each motor vehicle furnished by the carrier.

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EXCEPTION 2 -- When two or more shipments are transported on a unit of equipment at the same time, the time used shall be the total of the loading and unloading time plus 25 minutes total driving time for each shipment.

EXCEPTION 3 -- When split pickup, split delivery or split pickup and split delivery in combination is performed, the time used shall be computed in accordance with the provisions of Items 148, 152 or 156, respectively.

2. When shipper requests the service of an additional helper or helpers to assist in loading or unloading but not both, the charge therefor shall be determined by applying the rate per man per hour provided in Item 320 for additional helpers to both the time such helper or helpers are engaged in performing these services and double the travel time required for the helper or helpers to travel from carrier's place of business to point of loading or unloading.

COMPUTATION OF TIME UNDER THE HOURLY RATES NAMED IN ITEMS 320 AND 340 (Concluded)

3. When two or more units of equipment are furnished for transportation of a single shipment and the driver and/or helper or helpers of any one unit assist in loading and unloading another unit, the time such persons are so engaged shall be charged for at the rate provided in Item 320 for additional helpers. During any such interval, time shall not accrue for the unit or units of equipment not being loaded or unloaded.

4. When packing and/or unpacking service is provided on hourly moves, the time actually spent packing or unpacking or both shall be recorded on the shipping document in accordance with Paragraph 5 of this item. Charges for packing and unpacking shall be no higher than the rates provided in Item 340. When packing or unpacking is performed at hourly rates, time shall be the total time actually spent packing or unpacking or both. 36 (Concluded)

5. Carrier's shipping documents shall contain a legible record of all starting and ending times, accurate to the minute, for each phase of service rendered under the provisions of Paragraphs 1, 2, 3 and 4 hereof. Such times shall be totalled and the sum converted into hours and/or fractions thereof. Fractions of an hour shall be determined in accordance with the following table:

Minutes Over	But Not Over	Fractional Hour
0	7	0nit
7	22	1/4
22	37	1/2
37	52	3/4
52	60	1

COMPUTATION OF DISTANCES

Distances to be used in connection with distance rates provided herein shall be the shortest mileage via any public highway route, computed in accordance with the method provided in the Distance Table. 40

UNITS OF MEASUREMENT TO BE OBSERVED

Rates and charges shall not be quoted (including for the purpose of determining the estimated cost of services) or assessed by carriers based upon a unit of measurement different from that in which the rates and charges of this tariff are stated. 44

SHIPMENTS TO BE RATED SEPARATELY

Each shipment shall be rated separately. Shipments shall not be consolidated or combined by the carrier. 52

NOTE: Component parts of a shipment may be combined under the provisions of Items 148 (Split Pickup), 152 (Split Delivery) or 156 (Split Pickup and Split Delivery in Combination).

MIXED SHIPMENTS

When one or more commodities for which rates are not provided in this tariff are included in the same shipment with commodities for which rates are herein provided, the rate or rates applicable to the entire shipment may be determined as though all of the commodities were rateable under the provisions of this tariff at the combined weight of the mixed shipment; or, the commodities for which rates are provided in this tariff may be transported at the applicable rates provided herein, and the commodities for which rates are not provided herein, at the rates provided in other tariffs or which might be otherwise applicable, provided that separate weights or other authorized units of measurement are furnished or obtained. In the event that the latter basis is used, the maximum charges provided in this tariff shall apply to the entire shipment. 56

DIVERTED SHIPMENTS

1. When the shipper or shipper's representative specifically requests a change in destination or routing of a shipment after transportation commences, the shipment will be considered to be a diverted shipment.

2. Charges upon a shipment transported under the distance rates in Item 300 or 310 which has been diverted shall be computed at the applicable rate in effect on the date of shipment from point of origin via each point where diversion occurs to final destination, plus a maximum additional charge of $29.25 for each diversion. 60

SHIPMENTS TRANSPORTED BY TWO OR MORE CARRIERS

When a shipment in continuous through movement is transported by two or more carriers, the rate level authorized in paragraph 1 of Item 24 from point of origin to point of destination shall be the maximum rate level for the combined transportation. A shipment moving at a Commission authorized deviated rate level shall be transported from point of origin to point of destination only by the individual carrier so authorized to quote and assess such a rate level. 64

EXCEPTION -- For purposes of this item Independent Contractor Subhaulers shall not be considered as separate carriers.

CHARGES COLLECTED BY ONE CARRIER FOR ANOTHER

When charges due a carrier are undertaken to be collected for it by another carrier, a detailed statement of the charges involved shall be furnished the collecting carrier by the carrier for which the collection is to be made. Such statement shall be presented to the shipper with the freight bill submitted for payment. 68

PAYMENT OF COMMISSIONS

Except where prohibited by law, commissions not to exceed five (5) percent of the transportation charges may be paid by carriers to persons or corporations that do not operate as for-hire carriers of used household goods and other articles, as described in and for which rates are provided in this tariff. 72
(See EXCEPTION.)

EXCEPTION -- Carriers shall not pay commissions to a shipper, consignee, or the employer thereof, nor to the payer of the transportation charges.

REFERENCES TO ITEMS, OTHER TARIFFS AND OTHER DOCUMENTS

Unless otherwise provided, references herein to General Orders or item numbers in this or other tariffs include amendments and successive issues of such items or documents. 76

WEIGHTS AND WEIGHING

1. The weight to be used in assessing charges stated on a weight basis shall be the weight of the property tendered for transportation. Such weight shall not include the weight of pads, empty containers, dollies, hand trucks or other carrier equipment.

2. Prior to delivery and unloading of a shipment transported under distance rates contained in Items 300, 310, 380 or 390, the carrier shall arrange to determine the weight of such shipment by obtaining a weighmaster's certificate or weight ticket. On shipments estimated as weighing less than 1,000 pounds, the carrier may have the shipment weighed over platform or hand scales in lieu of obtaining a weighmaster's certificate, provided a written statement of the weight signed by the weigher is obtained.

3. No charge shall be made for such weighing service. 80

4. In instances where more than one weighmaster certificate of weight ticket has been obtained covering the same shipment, the lowest of the net scale weights shall be used in computing the applicable charges.

5. The carrier, upon request of shipper, owner, or consignee, made prior to delivery of a shipment and when practicable to do so, will reweigh the shipment. No charge will be made therefor if the difference between the two net scale weights exceeds 100 pounds on shipments weighing 5,000 pounds or less or two percent of the lower net scale weights on shipments weighing more than 5,000 pounds. The lower of the two net scale weights shall be used for determining applicable charges. If the difference between the two net scale weights is less than stated above, an additional charge of up to $25.10 may be assessed for each such reweighing service requested.

6. When requested by shipper to do so, carrier will notify shipper by telegraph or telephone (as requested) of weight and/or charges upon ascertainment of same.

NOTIFICATION TO SHIPPER OF CHARGES

Whenever the shipper specifically requests notification of the actual weight and charges on a shipment rated under distance rates in Items 300, 310, 380 or 390 and supplies the carrier with an address or telephone number at which the communication will be received, the carrier shall comply with such request immediately upon determining the actual weight and charges. 84

RELATIONSHIPS WITH THE PUBLIC

1. Any carrier doing business under one or more fictitious names shall, with respect to each fictitious name, comply with Chapter 5 of Part 3 of Division 7 of the Business and Professions Code of California entitled, "Fictitious Business Names" (and subsequent amendments thereto), and to show compliance therewith such carrier shall file with this Commission certified copies of fictitious business name statements and affidavits of publication required to be filed with the clerk of the county in which the principal place of the carrier is, or in the case of cessation of doing business was, situated.

2. Upon abandonment of use of fictitious business name, any carrier doing business under one or more fictitious name shall file with this Commission a statement of abandonment of use of fictitious business name.

3. Carriers shall show the following information on their stationery, shipping documents and related forms:

(a) All names, both real and fictitious, used by the carrier in conducting its operations.

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(b) The address of its principal place of business, designated as such, and of such local offices as may be desired where business with the public is conducted.

(c) Identification of the name under which the particular transportation is performed where more than one name is listed.

(d) The carrier's Commission issued number (CAL P.U.C. T-).

4. The books of account of each carrier shall be maintained in such form as to show separately the revenues derived from the operations conducted under each name used by such carrier.

5. Carriers listing more than one name in the classified section of a telephone directory shall cross-reference each such name to all other such names so listed.

6. Carriers shall not advertise rates in any telephone directory.

RELATIONSHIP WITH THE PUBLIC (Continued)

7. Printed advertising matter, including hand bills, newspaper advertising, and classified telephone directory listings and advertisements which advertise or solicit the intrastate movement of used household goods within the State of California shall show the household goods carrier's "T" file number as issued by the Commission. The number shall be printed in this manner: "CAL. P.U.C. T- _____."

8. Carriers shall not, in any manner, misrepresent their rates nor the scope of their services which are offered and made available to the public. Specifically, carriers shall:

(a) Not advertise or otherwise represent themselves under any name different from that under which their effective permits are issued by the Commission.

EXCEPTIONS — Carriers who are duly authorized agents for other carriers as defined herein or for motor carriers operating under the jurisdiction of the Interstate Commerce Commission, may advertise and represent themselves as such an agent. 88 (Continued)

(b) Make it clear to the customer whether carrier is acting on its own authority or as an agent for another carrier.

(c) Not advertise or otherwise represent that carrier operations are conducted at addresses or locations where the carrier or his duly authorized agent does not maintain a place of business. The location of a telephone answering service is not "a place of business" as such term is used in this item.

(d) Not include misleading descriptions or displays of nonexistent facilities or equipment in any advertising.

(e) Not willfully quote or estimate a lower rate or charge knowing the actual rate or charges will be more than the quote or estimate.

9. Carriers shall furnish to each prospective shipper a copy of the information specified in Item 470 of this tariff. The format may be that which the individual carrier finds most convenient. If the shipper receives, from any source, all of the information contained in Item 470, in a readable form, the requirements of this item will have been met.

RELATIONSHIP WITH THE PUBLIC (Concluded)

(a) This informational material shall be furnished to the prospective shipper at the time of first in-person contact between the carrier's personnel and the shipper or the shipper's representative.

(b) If a move is arranged and confirmed by mail or telephone, and no in-person contact with the prospective shipper is to be made prior to the day of move, carrier shall mail to the prospective shipper a copy of the informational material within 1 business day if sufficient time remains to do so. Such mailing shall be by Registered Mail, Return Receipt Requested, and the returned receipt will suffice in lieu of the mandatory receipt form for the material. 88 (Concluded)

(c) The mandatory receipt for the information shall be retained in the carrier's records for a period of three years and shall include name of shipper, carrier bill of lading number, date and signature of shipper. (See NOTE.)

NOTE: For the purpose of this item, the prospective shipper shall be deemed to be the owner of the used household goods to be shipped, regardless of who may be paying the freight charges.

(d) Any carrier performing transportation of goods described in Item 12 who has not complied with Paragraph 9 of Item 88, in its entirety, shall pay the shipper $100 upon completion of the move.

CLAIMS FOR LOSS OR DAMAGE

1. Claims in writing required.
A claim for loss or damage need not be voluntarily paid by a carrier unless filed in writing as provided in paragraph 2 below with the receiving or delivering carrier, or carrier issuing the shipping document, or carrier on whose line the alleged loss or damage occurred, within the specified time limits applicable thereto and as otherwise may be required by law, the term of the shipping document or other contract of carriage, and all tariff provisions applicable thereto.

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2. Minimum filing requirements.
A communication in writing from a claimant filed with carrier within the time limits specified in paragraph (14) of this item will be considered in compliance with the

CLAIMS FOR LOSS OR DAMAGE (Continued)

provisions for filling claims if it contains the following information:

(a) facts sufficient to identify the shipment (or shipments) of property involved,
(b) asserts liability for alleged loss or damage, and
(c) makes claim for the payment of a specified or determinable amount of money.

3. Documents not constituting claims.
Bad-order reports, appraisal reports of damage, notations of shortage or damage, or both, on freight bills, delivery receipts, or inspection reports issued by carriers or their inspection agencies, whether the extent of loss or damage is indicated in dollars and cents or not, may be used to support a written claim filed in accordance with paragraph 2, but may not be filed in lieu of a written claim.

4. Claims filed for uncertain amounts. 92 (Continued)
Whenever a claim is presented against a carrier for an uncertain amount, such as $100 more or less, carrier will determine the condition of the shipment involved at the time of delivery by it, if it was delivered, and will ascertain as nearly as possible the extent, if any, of the loss or damage for which it may be responsible. Carrier need not, however, voluntarily pay a claim under such circumstances unless and until a claim in writing for a specified or determinable amount of money will have been filed in accordance with the provisions of paragraph 2 above.

5. Other claims.
If investigation of a claim develops that one or more other carriers has been presented with a similar claim on the same shipment, the carrier investigating such claim will communicate with each such other carrier and, prior to any agreement entered into between or among them as to the proper disposition of such claim or claims, will notify all claimants of the receipt of conflicting or overlapping claims and will require further substantiation on the part of each claimant of his title to the property involved or his right with respect to such claim.

6. Concealed damage or shortage.
Carrier must be promptly notified after discovery of concealed damage or shortage and be given reasonable opportunity to inspect shipment and packing. Carrier will

CLAIMS FOR LOSS OR DAMAGE (Continued)

promptly and thoroughly investigate the claim and will establish a claim file in connection therewith.

7. Supporting documents.
When a necessary part of an investigation, each claim must be supported by the original shipping document (if not previously surrendered to the carrier), either the original paid bill for transportation services or a copy thereof, and for each article, the nature and extent of such damage, the basis for the amount claimed, i.e., date article purchased, original cost, amount of depreciation, actual cash value at time of loss or damage, and, in the case of damage, a repair estimate.

8. Verification of loss.
When an asserted claim for loss of an entire package or an entire shipment cannot be otherwise authenticated upon investigation, the carrier will obtain from the consignee of the shipment involved a certified statement in writing that the property for which the claim is filed has not been received from any other source. 92 (Continued)

9. Satisfaction of claims.
Carrier may satisfy a claim by repairing or replacing the property lost or damaged with materials of like kind, quality and condition at time of acceptance by carrier.

10. No liability following deliveries.
The carrier shall not be liable for loss or damage occurring after the property has been delivered to or receipted for by the consignee or shipper, or the authorized agent. When the carrier is directed to unload or to deliver property (or render any services) at a place or places at which the consignee or its agent is not present, the property shall be at the risk of the owner after unloading or delivery. Notwithstanding these provisions, no claim against a household goods carrier shall be denied solely because the lost or damaged goods were not noted at the time of delivery.

11. No liability at origin prior to loading.
Where the carrier is directed to load property from (or render any service at) a place or places at which the consignor or its agent is not present, the property shall be at the risk of the owner before packing and loading.

CLAIMS FOR LOSS OR DAMAGE (Continued)

12. "Pairs and sets" liability.
The carrier's liability with regard to sets or matched pieces shall be limited to repair or replacement of the lost or damaged piece or pieces only and shall not extend to repair, the replacement or recovery of the entire set; but in no event exceed the limits of liability as set forth in Item 136 hereof.

13. Constructive weight of packed interior shipping containers.
When the liability of the carrier is to be measured by the weight of the article lost or damaged, and such article is packed in an interior shipping container, in the absence of specific evidence to the contrary, such interior shipping container will be deemed to have the following weight:

92 (Continued)

Container	Weight Per Container (In Pounds)
DRUM, DISH-PACK	60
CARTONS:	
Less than 1 1/2 cu. ft.	20
1 1/2 - Less than 3 cu. ft.	25
3 - Less than 4 1/2 cu. ft.	30
4 1/2 - Less than 6 cu. ft.	35
6 - Less than 6 1/2 cu. ft.	45
6 1/2 cu. ft. and over	50
Wardrobe carton	50
Mattress or box-spring carton (Not exceeding 54" x 75"	60
Mattress or box-spring carton (Exceeding 54" x 75")	80
Crib mattress carton	22

NOTE 1: Cartons containing books or phonograph records will be deemed to weigh 50 pounds.

NOTE 2: Cartons containing lamp shades will deemed to weigh 10 pounds.

NOTE 3: Items not identified on the inventory as to contents will be settled for using the heaviest weight on the schedule for the container.

CLAIMS FOR LOSS OR DAMAGE (Continued)

14. Time limit for filing claims.
As a condition precedent to recovery, a claim for any loss or damage must be filed in writing with the carrier within nine (9) months after delivery to consignee as shown on shipping document, or in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and, suit must be instituted against carrier within two (2) years and one (1) day from the date when notice in writing is given by carrier to the claimant that carrier has disallowed the claim or any part or parts specified in the notice. Where a claim is not filed or suit is not instituted in accordance with the foregoing provisions, carrier shall not be liable and such claim need not be paid.

15. Acknowledgment and settlement by carrier.
Every carrier which receives a written claim for loss of or damage to property transported by it shall acknowledge receipt of such claim in writing to the claimant within 30 days after its receipt by the carrier or the carrier's agent. The carrier shall, at the time such claim is received, cause the date of receipt of the claim to be recorded on the claim. 92 (Continued)

Every such carrier which receives a written claim for loss of or damage to property transported by it shall pay, decline to pay, or make a firm compromise settlement offer in writing to the claimant within 60 days after receipt of claim by the carrier or its agent. If the carrier declines to pay or offers a lesser amount than the claim seeks, the carrier shall also state the basis for such denial or reduction. If for reasons beyond the control of the carrier the claim cannot be processed and disposed of within 60 days after receipt thereof, the carrier at that time and at the expiration of each succeeding 30-day period while the claim remains pending, shall advise the claimant in writing of the status of the claim and the reasons for the delay in making final disposition thereof, and shall send a copy of such letter to the California Public Utilities Commission, Compliance and Enforcement Branch, Governor Edmund G. "Pat" Brown Building, 505 Van Ness Avenue, San Francisco, California 94102.

CLAIMS FOR LOSS OR DAMAGE (Concluded)

16. Claim register.
Every carrier of used property as provided in this tariff, shall maintain a claim register, showing for each cargo loss and damage claim received, the claim number, date and amount; the waybill or expense bill number and date; name of claimant; kind of commodity; date claim was paid; total amount paid (or date claim was disallowed and reasons); amount of salvage recovered, if any; amounts reimbursed by insurance companies, concerning carriers, or others, and the amount absorbed by the carriers. Each claim received shall be entered in the register and should be supported by the complete file of claim papers. However, if the original claim papers are retained by insurance companies, connecting carriers or others, the carrier's records shall contain copies of all documents and an acknowledgment from the party retaining the claim file that the original papers are in its possession.

92 (Concluded)

17. Salvage.
Whenever property transported by a carrier is damaged or alleged to be damaged and, as a consequence, is not delivered or is rejected or is refused upon tender to the owner, shipper, or consignee, carrier may follow the salvage rules. The carrier must give due notice to the owner and other parties that may have an interest in the property, whenever practicable to do so. After giving notice, the carrier, if not advised to the contrary by the interested parties, will undertake to sell or dispose of such property directly or by the employment of a competent salvage agent. Carrier will dispose of the property only in a manner that will fairly and equally protect the best interests of all persons having an interest therein. Carrier will make an itemized record sufficient to identify the property involved so as to be able to correlate it to the shipment or transportation involved, and claim, if any, filed thereon. Carrier also will assign to each lot of such property a successive lot number and note that lot number on its record of shipment and claim, if any claim is filed.

Upon receipt of a claim on a shipment on which salvage has been processed in the manner described, carrier will record in its claim file the lot number assigned, the amount of money recovered, if any, for the disposition of such property, and the date of transmittal of such money to the person or persons lawfully entitled to receive the same.

CLAIM SETTLEMENT SERVICE CHARGE

Upon request of a party, person, firm or establishment assuming liability for loss and/or damage in excess of the carrier's liability with respect to a shipment on which credit has been extended by a carrier to such party, person, firm or establishment for the charges applicable to such shipment, the carrier will:

1. Investigate any loss and/or damage claim; and

2. Arrange for the repair of all damaged articles when appropriate, and make such settlement with the shipper as is deemed equitable for all lost articles and for all damaged articles, repair of which is not deemed appropriate, carrier assuming only that portion of the amount required to settle the claim for which it is liable and any additional amount to be borne by the person or firm assuming the excess liability; and

3. Render to the person or firm assuming the excess liability an invoice payable in seven (7) days for the amount required to settle the claim which exceeds the carrier's liability, plus the charge provided for in this item. 94

The charge for all services described shall not exceed $48.30 per shipment.

NOTE: Any charges or portions thereof for services of others engaged at the request of the person or firm assuming the excess liability, which are over and above the amount for which carrier is liable under its bill of lading, will be at the expense of such person or firm and will be in addition to all other rates and charges.

INABILITY TO MAKE DELIVERY

1. In all instances where carrier is unable to locate the consignee, notification of inability to make delivery will be mailed or telegraphed to the consignee, consignor or owner, or written notice delivered to the premises where actual delivery was to be effected or to other notifying address. The shipment will then be placed in the nearest warehouse of the carrier or, at the option of the carrier, in a public warehouse. Upon such placement, the carrier's liability shall cease and liability shall thereafter be that of the warehouseman in possession. 96

INABILITY TO MAKE DELIVERY (Concluded)

2. In all instances where the consignee is unable to take delivery or declines to accept delivery of the shipment, or where the shipment remains in carrier's possession pursuant to instructions of the shipper or the consignee and is not accorded storage-in-transit under the provisions of Item 160, the shipment will be placed in the nearest warehouse of the carrier, or at the option of the carrier, in a public warehouse. Upon such placement, the carrier's liability shall cease and liability shall thereafter be that of the warehouseman in possession. 96 (Concluded)

3. In cases where a subsequent delivery is made, charges shall be assessed for such subsequent delivery on the basis of charges lawfully applicable from carrier's warehouse or from public warehouse (as the case may be) to the point of destination.

DELAYS IN PICKUP OR DELIVERY

1. If a carrier agrees with a shipper to pick up a shipment of used household goods on a specified date and/or time and it is unable to fulfill that commitment, the carrier shall notify the shipper (or the person designated by the shipper), by telegram or telephone, at the carrier's expense, as it becomes apparent that a promised date and/or time will not be met.

2. Whenever a carrier is unable to make delivery of a shipment of household goods on the date or during the period specified in the receipt of shipping order, the carrier shall notify the shipper (or person designated by the shipper), by telegram or telephone, at the carrier's expense, of the date on which delivery of the shipment will be made. Such notification shall be given not less than 24 hours prior to the date or during the period shown on the receipt of shipping order, except when the circumstances causing the delay occur at a later time, in which case the notice shall be given as soon as possible but in no event more than 24 hours after the occurrence. The requirement of this paragraph shall not apply where the carrier is unable to obtain from the shipper an address or telephone number for such notification. 100

3. Claims for reimbursement for damages to a shipper because of carrier negligence in failing to pick up a shipment on the date promised or failing to deliver a shipment by the preferred date or period of time specified in the shipping order, Contract for Move, or other contract of carriage presented by the shipper to the carrier shall be responded to by the carrier in accordance with Rule 2.7 of General Order 139.

DELAYS IN PICK-UP OR DELIVERY (concluded)

4. When requested in writing by the shipper the carrier will pick up a shipment on an agreed date and deliver the shipment within a span of two consecutive agreed dates. If pickup or delivery is not made on the agreed dates, carrier shall pay the shipper $100 per day for each and every day pickup or delivery is delayed. A written claim for such allowance shall be made within 30 days of delivery. 100 (Concluded)

EXCEPTION: Shall not apply to shipments weighing less than 5,000 pounds and/or transported less than 75 constructive miles.

COLLECTION OF CHARGES

1. Transportation and accessorial charges may be collected by carriers prior to relinquishing physical possession of shipments entrusted to them for transportation. Payment of transportation charges may be made by the use of a credit card, which shall be considered to be payment in cash for the purpose of this item. 104

2. Upon taking precautions deemed by them to be sufficient to assure payment of charges, carriers may relinquish possession of freight in advance of the payment of the charges thereon and may extend credit in the amount of such charges to those who undertake to pay them, such persons herein being called debtors.

3. Where a carrier has relinquished possession of freight and collected the amount of charges represented in a freight bill presented by it as the total amount of such charges, and another freight bill for additional charges is thereafter presented to the debtor, the carrier may extend credit in the amount of such additional charges.

4. Freight bills for all transportation and accessorial charges shall be presented to the debtors within 7 calendar days from the first 12 o'clock midnight following delivery of the freight.

5. Debtors may elect to have their freight bills presented by means of the United States mail, and when the mail service is so used the time of mailing by the carrier, as evidenced by the postmark, shall be deemed to be the time of presentation of the freight bills.

COLLECTION OF CHARGES (Concluded)

6. The mailing by the debtor of valid checks, drafts, or money orders, which are satisfactory to the carrier, in payment of freight charges within the credit period allowed such debtor may be deemed to be the collection of the charges within the credit period for the purpose of this item. In case of dispute as to the time of mailing, the postmark shall be accepted as showing such time. 104 (Concluded)

ESTIMATED COST OF SERVICES

1. Estimated cost of services by the carrier.

(a) Every carrier of household goods may give a shipper an estimated cost for proposed services. The estimated cost shall be given only after visual inspection of the goods to be moved and shall be in writing.

(b) The estimated cost of services form shall contain all the information in Item 420. Across the top of each form there shall be imprinted in red letters not less than 1/2 inch high the words "ESTIMATED COST OF SERVICES". The note entitled "IMPORTANT NOTICE", indicated in Item 420, shall be imprinted in letters not less than 10 point bold, universe or Gothic.

(c) The estimator shall:

(1) Base the estimated cost of services on the information contained on the Basis for Carrier's Estimated Cost of Services Document as indicated in Item 112 and on articles listed and services requested on the Basis for Carrier's Estimated Cost of Services Document set forth in Item 400. The Table of Measurements Document set forth in Item 410 shall also be used in connection with the estimating of charges for rates stated on a weight basis. 108

(2) Consider all factors that affect the move such as:

a. flights
b. long carries
c. elevators
d. hoisting and lowering

ESTIMATED COST OF SERVICES (Continued)

(3) Execute required documents completely and properly.

(4) In the case of services for which charges will be assessed on a weight basis, use cubic measurements no less than those shown for each article on the Table of Measurements Document contained in Item 410 and arrive at the approximate weight of the shipment by multiplying the total cubic feet of the shipment by (7) pounds per cubic foot.

(d) The Estimated Cost of Services Document shall be signed by the carrier's estimator and a duplicate thereof shall be given to the shipper.

(e) If the total charges calculated in the estimated cost of services exceeds total charges calculated using the maximum fixed rate, the estimator shall note the difference in total charges on the Estimated Cost of Services Document.

(f) The original of each document shall be retained by the issuing carrier, subject to the Commission's inspection for a period of not less than three years from the date of the freight bill or shipping order; from the date of the Estimated Cost of Services Document if the carrier does not perform the transportation. 108 (Continued)

2. Maximum charges to be assessed by the carrier on estimated services.

(a) When an estimate or change order is given 10 or more days before the shipping date, the maximum charge shall be the amount of the estimated cost of services (plus the charges for all services and articles listed on a Change Order for Service, if applicable), which may exceed the charges calculated using the maximum fixed rate.

(b) When an estimate is given 9 or less days before the shipping date the maximum charges shall be the lesser of the following:

(1) The amount of the estimated cost of services (plus the charges for all services and articles listed on a Change Order for Service, if applicable), which shall not exceed the charges calculated using the maximum fixed rate.

ESTIMATED COST OF SERVICES (Concluded)

(2) The charges calculated using the rates quoted in the Contract for Move. 108 (Concluded)

BASIS FOR CARRIER'S ESTIMATED COST OF SERVICE

1. The carrier shall complete the Basis for Carrier's Estimated Cost of Services Document only after visual inspection of the goods by the estimator prior to his determining the estimated cost of services requested. Such document shall be signed by the shipper or shipper's representative and a duplicate thereof given to the shipper.

2. The Basis for Carrier's Estimated Cost of Services Document shall contain all the information set forth in Item 400. Across the top of each form there shall be imprinted in red letters not less than 1/4 inch high the words "BASIS FOR CARRIER'S ESTIMATED COST OF SERVICES". The contents of the form shall also contain two shipper statements as indicated in Item 400, which shall be imprinted in letters not less than 10 point bold, universe or Gothic. 112

3. The original of each document shall be retained by the issuing carrier, subject to the Commission's inspection, for a period of not less than three years from the date of the freight bill or shipping order; or, from the date of the Basis for Carrier's Estimated Cost of Services Document if the carrier does not perform the transportation.

TABLE OF MEASUREMENTS

(See Exception.)

1. The carrier shall complete the Table of Measurements Document in connection with the estimating of charges on any shipment which includes service for which rates in this tariff are stated on a weight or cubic foot basis. 116

2. The Table of Measurements Document shall be in the form set forth in Item 410 (see Note) and shall contain the following information:

TABLE OF MEASUREMENTS (Concluded)

(a) Articles to be shipped.
(b) Articles not to be shipped.
(c) Cubic footage of each article to be shipped.
(d) Total number of pieces to be shipped.
(e) Total cubic footage of all articles to be shipped.

3. The Table of Measurements Document contained in Item 410 shall be printed on the reverse side of Basis for Carrier's Estimated Cost of Services Document contained in Item 400. 116 (Concluded)

4. The total cubic footage determined under the provisions of this item shall be multiplied by seven (7) to determine the total approximate weight in pounds.

EXCEPTION — The provisions of this item are not required for the transportation of used office equipment and store fixtures and equipment as described in paragraph 1(b) of Item 12.

NOTE: Forms prepared or completed electronically on the job will be acceptable provided all requirements of this item are met.

CHANGE ORDER FOR SERVICES

1. If the shipper asks for additional services or adds additional articles to the shipment that were not covered in the Basis for Carrier's Estimated Cost of Services Document or the Ceiling Price on the Contract For Move, the carrier shall prepare in duplicate, a Change Order for Services Document in the form contained in Item 440. Such document shall be signed by the carrier and shipper prior to the commencement of performance of any service specified therein and the signed original delivered to the shipper prior to or at time such service is begun. The document shall contain the following information: 120

(a) Date.
(b) Shipping Order/Bill of Lading number of the shipment.
(c) Name and address of carrier or carriers.
(d) Description of the additions to the shipments (itemize additional articles only).
(e) Description of additional transportation and accessorial services to be performed (including number of helpers and number of packers to be provided).

CHANGE ORDER FOR SERVICES (Concluded)

(f) Rates and charges to be applied to additional articles or additional services.

(g) Valuation of shipment, if different from that provided on the estimate (subject to conditions set forth in Item 136)

(h) The following statements, placed in an appropriate area of the document in letters not less than 10 point bold, universe or Gothic:

(1) THIS WILL CERTIFY AND ATTEST THAT SHIPPER OR SHIPPER'S REPRESENTATIVE AS SHOWN ON ORDER FOR SERVICE NO. _____ DATED _____ WITH (CARRIER'S NAME) _____REQUESTS THE ADDITIONAL SERVICES AND CHARGES AS INDICATED.

(2) THE ARTICLES LISTED WILL BE INCLUDED IN THE VALUATION DECLARED IN THE CONTRACT FOR MOVE, UNLESS A CHANGE IS REQUESTED. 120 (Concluded)

(3) I UNDERSTAND THAT I MAY BE REQUIRED TO PAY FOR THE SERVICES REQUESTED ABOVE AT TIME OF DELIVERY. THESE CHARGES ARE IN ADDITION TO THOSE CHARGES SET FORTH ON THE ESTIMATED COST OF SERVICES DOCUMENT. CARRIER IS NOT REQUIRED TO EXTEND CREDIT IN THE AMOUNT OF THE CHARGES ACCRUED FOR THE ABOVE ADDITIONAL SERVICES. I HAVE READ THIS CONTRACT AND AGREE WITH THE PROVISIONS THEREOF, AND HAVE RECEIVED A COPY.

(i) Signature of carrier and shipper or shipper's representative.

2. The duplicate of each document issued in compliance with the provisions of this item shall be retained and preserved by the issuing carrier, subject to the Commission's inspection, for a period of not less than three years from the date of delivery.

CONTRACT FOR MOVE

1. A Contract For Move shall be prepared by the carrier for each shipment tendered for transportation. An original or copy of such document shall be delivered by mail, or other convenient means, to the shipper no less than 3 days in advance of the date of the move. Such document shall be complete in all details, except for a ceiling price, and must be signed by the carrier. 128

CONTRACT FOR MOVE (Continued)

EXCEPTION 1: If shippers first contact with the carrier is less than 3 days prior to the date of the move, the Contract For Move may be completed on the day of the move.

EXCEPTION 2: Shippers may waive the 3 day requirement, in writing.

2. The Contract for Move shall be signed by the carrier and shipper prior to the commencement of performance of any service specified therein, and the signed original or duplicate thereof delivered to the shipper prior to or at the time service is begun. Such document shall contain the following information:

(a) Date carrier first contacted by the shipper.

(b) Date of contract.

(c) Date and time of pickup requested or other arrangement.

(d) Name and address of carrier or carriers.

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(e) Names of shippers and consignees.

(f) Name, address or telephone number of party to be notified. (See Note 1.)

(g) Description of notification and delivery arrangements.

(h) Points of origin and destination.

(i) Description of shipment, in sufficient detail to determine the articles and services included in the ceiling price.

(j) Description of transportation and accessorial services to be performed (including number of helpers and number of packers to be provided).

(k) Rates and charges quoted for the services described in the documents, including any minimum rates or charges and any valuation rates or charges. (See Note 2.)

(l) Valuation of shipment. (See Note 3.)

(m) Signatures of carrier and shipper.

CONTRACT FOR MOVE (Continued)

(n) Name, address and telephone number of a person to whom notification provided for in Item 100 shall be given, except when this cannot be obtained from the shipper.

(o) Preferred delivery date or the period of time within which delivery of the shipment may be expected to be made at destination.

(p) Whether payment is to be made in cash, check or by credit card.

(q) A ceiling price that shows the maximum amount that may be charged for the services listed. This will be the total amount shown on the Estimated Cost of Services Document, if issued, plus the total amount shown on any Change Order for Services issued before the Contract For Move is signed. 128 (Continued)

3. The form of Contract For Move in Item 450 will be suitable and proper. The format may be that which the carrier finds most convenient. Such form may be combined with the shipping document form into a single document, provided such single document (and the issuance thereof) is (1) in compliance with the provisions of this item and Item 132, (2) is properly identified as to what it purports to be, and (3) carrier maintains a copy of the signed Contract For Move separate from the shipping document.

4. The original or duplicate of each document issued in compliance with the provisions of this item shall be retained and preserved by the issuing carrier, subject to the Commission's inspection, for a period of not less than three years from the date of issue.

5. The carrier must relinquish possession of the shipment upon payment of the applicable ceiling price plus the charges for all services listed on a Change Order for Services issued after the Contract for Move is signed. Charges collected by the carrier in excess of the maximum charges shall be refunded to the debtor within 10 days of collection.

NOTE 1: Carrier shall request of the shipper, a notification party and notification address or telephone number. When shipper cannot furnish such information, or declines to do so, that fact must be shown on the document.

CONTRACT FOR MOVE (Concluded)

NOTE 2: The following statement, or one of similar import, shall be placed upon the document:

IMPORTANT NOTICE

(a) The quoted rates are no higher than the rates promulgated in the California Public Utilities Commission's Maximum Rate Tariff 4. The quoted rates are to be applied to: the number of hours, actual weight or actual number of other units of measurement, NOT TO EXCEED the Ceiling Price. The Ceiling Price shall not exceed the estimated Cost of Service plus any Change Order for Service issued prior to the signing of this document, if applicable. 128 (Concluded)

NOTE: If an Estimated Cost of Services has been issued 10 or more days in advance of the shipping date, the quoted rates may exceed the Maximum Fixed Rates in Maximum Rate Tariff 4, and, the estimated cost of services shall apply.

(b) Copies of the California Public Utilities Commission's Maximum Rate Tariff 4 are open for public inspection at the Commission's offices in San Francisco and Los Angeles and at the carrier's office: _____
(designate location)

NOTE 3: The following statement shall be placed on the Contract for Move in Bold print:

NOTICE: Coverage For Loss And Damage Is Limited To A Total Of $20,000, Unless The Shipper Signing This Contract Inserts In The Space Below, In His (Or Her) Own Handwriting, Another Value. You Will Be Charged For All Coverage Provided (See Valuation Charged at ___ per $100 of value).

Shipper hereby releases the entire shipment to a value not exceeding $_____.
(To be completed by shipper signing below.)

NOTE 4: The following statement shall be placed on the Contract for Move: Execution of the contract does not exempt carrier from compliance with any provision of law or Public Utilities Commission rules or regulations, even though not expressly set forth in the contract.

SHIPPING ORDER AND FREIGHT BILL

1. A shipping document shall be issued by the carrier to the shipper for each shipment received for transportation. The shipping document shall show the following information:

(a) Name and address of carrier.
(b) All names, both real and fictitious, used by carrier in conducting its operations.
(c) Identification of the carrier name under which the particular transportation is performed where more than one name is listed.
(d) The address of carrier's principal place of business, designated as such and of such local offices as may be desired where business with the public is conducted.
(e) Date issued.
(f) Name of each shipper and consignee.
(g) Points of origin and destination.
(h) Description of the shipment.
(i) Unit of measurement upon which charges are based, namely: 132

(1) Actual time and minimum number of hours; or,
(2) Actual number of pieces; or,
(3) Actual and minimum weight.

(j) Deductions in time, if any, and reasons therefor.
(k) Number of helpers and packers.
(l) Rates and charges assessed.
(m) Description of accessorial services performed, if any, and each separate charge therefor.
(n) Signature of carrier or his agent.
(o) Such other information as may be necessary to make an accurate determination of the applicable rate and charge.
(p) Name, address and telephone number of a person to whom notification provided for in Item 100 shall be given, except when this cannot be obtained from the shipper.
(q) Preferred delivery date or the period of time within which delivery of the shipment may be expected to be made at destination.
(r) Ceiling Price.
(s) Total charges on Estimated Cost of Services and Change Order for Services.
(t) Whether payment is to be made by use of credit card.
(u) The following notice whenever a carrier requires a signed statement acknowledging delivery and receipt of goods:

NOTICE: PLEASE INSPECT YOUR GOODS PROMPTLY. CLAIMS FOR ANY LOST OR DAMAGED GOODS MUST BE FILED WITH THE CARRIER IN WRITING.

SHIPPING ORDER AND FREIGHT BILL (Concluded)

2. The form of shipping document in Item 460 will be suitable and proper. Such form may be combined with the Contract For Move into a single document provided such single document (and the issuance thereof) is in compliance with the provisions of Item 128 and is properly identified as to what it purports to be.

132 (Concluded)

3. A copy of each shipping document, freight bill, accessorial service document, weighmaster's certificate, written instructions, written agreement, written request or any other written document which supports the rates and charges assessed and which the carrier is required to issue, receive or obtain by this tariff for any transportation or accessorial service shall be retained and preserved by the carrier, at a location within the State of California, subject to the Commission's inspection, for a period of not less than three years from the date of issue. A copy of each such document pertaining to the shipment shall be given to the shipper at the time charges are collected.

DECLARATION OF VALUE -- VALUATION CHARGES

1. The transportation rates provided in this tariff are based upon a declared value of $.60 per pound per article, for the actual weight of any article or articles in a shipment. The declared or released value shall be deemed to relate to all services undertaken by the carrier or its agents.

2. Unless the shipper expressly releases the shipment to a value other than $20,000, the carrier's maximum liability for loss and damage shall be $20,000.

3. The released value must be entered on the Contract for Move, and signed by the shipper, as described in Item 128, Note 3.

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NOTE 1: Where the shipper is the employer of the actual owner of the household goods being transported and is responsible for all charges in connection with such a move, the shipper may instruct the carrier to release the shipment to a lump sum valuation other than $20,000 by (a) specification made on a purchase order, or (b) by issuing in advance of the shipping date, an appropriate letter of instructions to the carrier. In such instances, the carrier must incorporate the instructions by reference to the document in (a) or (b) above in the Contract for Move in lieu of the personal signature and handwritten statement relating to released rates.

DECLARATION OF VALUE -- VALUATION CHARGES (Continued)

4. The following maximum valuation charges will apply to all shipments released to a value in excess of $.60 per pound per article:

TRANSPORTATION VALUATION CHARGE

$0.63 per each $100 (or fraction therof) of released valuation. (See Note 2)

STORAGE-IN-TRANSIT VALUATION CHARGE

$0.13 per each $100 (or fraction thereof) of released valuation. (See Note 3)

NOTE 2: On shipments which are accorded storage-in-transit under the provisions of Item 160, separate transportation valuation charges shall be assessed for the transportation from initial point of origin to point of storage and for the transportation from point of storage to point of destination.

NOTE 3: No charge shall be made where storage-in-transit of a shipment is undertaken for carrier's convenience. 136 (Continued)

NOTE 4: If the shipper wishes to avoid these charges, he (or she) must enter a released value of $.60 per pound per article on the Contract for Move.

5. Each shipping piece or package and contents thereof shall constitute one article, except that total component parts of any article taken apart or knocked down for handling and loading in vehicle shall constitute one article for the purpose of determining carrier's liability. When an entire shipment is transported in containers, lift vans or shipping boxes, each shipping package, piece or loose item not enclosed within a package in such containers, lift vans or shipping boxes will constitute the article.

6. When Full Value Protection is ordered in writing by the customer, carrier shall guarantee either replacement of articles lost or damaged while in carrier's custody, reimbursement for full replacement cost or satisfactory repairs. (See Note 5)

The maximum rate for Full Value Protection provided by the carrier will be $0.95 for each $100, or fraction thereof, while in possession of the carrier. (The additional valuation charge for storage-in-transit may apply.)

DECLARATION OF VALUE -- VALUATION CHARGES (Concluded)

a. In consideration of a reduction in the rate to a maximum of $.38 for each $100, or fraction thereof of declared value, the shipper assumes responsibility for the first $250 of any claim (see Note 6)

b. In consideration of a reduction in the rate to a maximum of $.19 for each $100, or fraction thereof of declared value, the shipper assumes responsibility for the first $500 of any claim (see Note 6)

NOTE 5: The carrier's guarantee of Full Value Protection must be covered by insurance as provided in General Order 136, Sections 1, 2 and 3, unless the Commission has approved an application for furnishing alternative protection pursuant to Section 9 of General Order 136. 136 (Concluded)

NOTE 6: When the shipper presents a properly documented claim for loss or nondelivery of an item or items and the investigation establishes the carrier's liability for the loss or nondelivery, the deductable shall not apply.

FLIGHT CARRY AND LONG CARRY CHARGES

(See Notes.)

When pickup or delivery of a shipment requires flight or long carry service, the following charges per pickup or delivery per flight or long carry are the maximum to be assessed: 140

Shipment Rate Basis	Flight or Long Carry Charge
Hourly under Item 320	No additional charge
Piece under Item 330	$2.65 per piece
Distance under Items 300, 310, 380 or 390	$0.90 per 100 pounds (See Note 3.)

NOTE 1: FLIGHT CARRY means a carry involving: (a) a series of over 7 but not over 20 stairway steps, except when inside a single dwelling; (b) each series of not more than 20 stairway steps in excess of the first 20, except when inside a single dwelling; (c) elevator service other than vehicular (motor vehicle) elevator service.

FLIGHT CARRY AND LONG CARRY CHARGES (Concluded)

For the purpose of calculating the number of stairway steps in a series, a landing or level area occurring at a point on the stairway shall not be deemed to break the continuity of the series.

NOTE 2: LONG CARRY means each 50 feet or portion thereof carried in excess of the first 75 feet when, through no fault of the carrier, its unit of equipment cannot be placed 75 feet or closer to a stairway or other entrance of the dwelling at which the shipment, or component thereof, is to be picked up or delivered.

NOTE 3: Charges shall be based upon the actual weight of the article(s) for which flight or long carry service is provided. When only a portion of the shipment is accorded flight or long carry service, the actual weight of the articles(s) provided such service may be estimated by multiplying the cubic measurements indicated for the article(s) on the Table of Measurements Document shown in Item 410 by seven (7) pounds. 140 (Concluded)

SPLIT PICKUP

Split pickup service may be accorded subject to the following conditions:

1. The charge for the composite shipment shall be paid by a single debtor.

2. Maximum charges shall be computed as follows:

(a) Under hourly rates (Item 320), apply: 148

(1) The applicable rate for the total time consumed in loading at the point of origin of each component part and in unloading at point of destination,

PLUS

(2) The applicable rate for double the driving time expended between each such point. (See Note.)

(b) Under distance rates (Items 300, 310, 380 and 390), apply:

(1) The applicable rate for the total weight of the composite shipment to point of destination from the point of origin which produces the shortest distance via the other point or points of origin,

SPLIT PICKUP (Concluded)

PLUS

(2) An additional charge of not more than $54.55 for each stop to load between first point of origin and point of destination. 148 (Concluded)

NOTE: Total time shall be converted into hours and/or fractions thereof in accordance with the provisions of Item 36.

SPLIT DELIVERY

Split delivery service may be accorded subject to the following conditions:

1. The charge for the composite shipment shall be paid by a single debtor.

2. Maximum charges shall be computed as follows:

(a) Under hourly rates (Item 320), apply:

(1) The applicable rate for the total time consumed in loading at point of origin and in unloading at point of destination of each component part,

PLUS

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(2) The applicable rate for double the driving time expended between each such point. (See Note.)

(b) Under distance rates (Items 300, 310, 380 and 390), apply:

(1) The applicable rate for the total weight of the composite shipment from point of origin to that point of destination which produces the shortest distance via the other point or points of destination,

PLUS

(2) An additional charge of not more than $54.55 for each stop to unload between point of origin and final point of destination.

NOTE: Total time shall be converted into hours and/or fractions thereof in accordance with the provisions of Item 36.

SPLIT PICKUP AND SPLIT DELIVERY IN COMBINATION

(See Note 1.)

Split pickup and split delivery service may be accorded in combination subject to the following conditions:

1. The entire shipment must be picked up within a 24-hour period and shall be comprised of a minimum of four (4) component parts.

2. The charge for the composite shipment shall be paid by a single debtor.

3. Maximum Charges shall be computed as follows:

(a) Under hourly rates (Item 320), apply:

(1) The applicable rate for the total time consumed in loading at each point of origin and in unloading at each point of destination,

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PLUS

(2) The applicable rate for double the driving time expended between point of origin of any component part and point of destination of any component part via the remaining points of origin and destination. (See Note 2.)

(b) Under distance rates (Items 300 and 310), apply:

(1) The applicable rate for the total weight of the composite shipment from the point of origin to the point of destination which produces the shortest distance via the remaining points of origin and destination,

PLUS

(2) An additional charge of $54.55 for each stop to load or unload between first point of origin and final point of destination.

NOTE 1: The provisions of this item shall not apply on shipments afforded storage-in-transit under the provisions of Item 160.

NOTE 2: Total time shall be converted into hours and/or fractions thereof in accordance with the provisions of Item 36.

STORAGE-IN-TRANSIT

(See Notes.)

1. At the request of the consignor or consignee, a shipment may be accorded one-time storage-in-transit at a point between point of origin and point of destination for a period not to exceed 90 days from the date of unloading at the storage point. (See Note 1.)

2. Maximum charges shall be computed on the following basis:

(a) The applicable transportation rate (including the transportation valuation charge, if any, as provided in Item 136) from initial point of origin to point of storage,

PLUS

(b) The applicable transportation rate (including the transportation valuation charge, if any, as provided in Item 136) from point of storage to point of destination,

160

PLUS

(c) A one-time warehouse handling charge of up to either $3.60 per 100 pounds on the stored weight or $18.05, whichever is greater,

PLUS

(d) A storage charge of up to either $1.20 per 100 pounds on the stored weight or $6.10, whichever is greater, for the first day, and up to $0.09 per 100 pounds per day for each additional day the shipment remains in storage,

PLUS

(e) The storage-in-transit valuation charge, if any, as provided in Item 136.

STORAGE-IN-TRANSIT (Concluded)

NOTE 1: In the event that a shipment remains in storage in excess of 90 days, the point of storage shall be considered the point of destination and thereafter, the shipment shall be subject to the rules, regulations and charges of the individual warehouseman. The subsequent transportation from point of storage to point of delivery shall be considered a separate shipment. 160 (Concluded)

In the event that the ultimate destination of a shipment afforded storage-in-transit is not known at the time of pickup at point of origin, the transportation from point of storage to point of delivery shall be considered a separate shipment, regardless of the duration of the storage provided.

NOTE 2: On shipments subject to hourly rates both into and out of point of storage-in-transit the weight of the shipment for purposes of determining the warehouse handling and storage charges may be estimated by multiplying the total cubic feet of storage space occupied by the shipment on the warehouse platform or in the warehouse by 7 pounds per cubic foot.

LIGHT AND BULKY ARTICLES

When a shipment under distance rates includes bulky articles as named below, the following maximum loading and unloading charges or weight additive shall apply.

LOADING AND UNLOADING CHARGES include BOTH loading and unloading service and the handling and blocking of such article, and applies each time loading and unloading service is required, including shipments requiring storage-in-transit (except for carrier convenience).

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	PER	Maximum Rates (in dollars)
AUTOMOBILES, TRUCKS OR VANS including dune buggies and all terrain and specialty motor vehicles, which for the purpose of this item shall be classified as an automobile	Each	$ 79.00
MOTORCYCLES OF 250cc and over	Each	$ 50.15

LIGHT AND BULKY ARTICLES (Continued)

	PER	Maximum Rates (in dollars)	
BOATS, CANOES, SKIFFS, LIGHT ROWBOATS, KAYAKS, SAILBOATS AND BOAT TRAILERS (See weight additives below.)			
TRACTORS AND RIDING MOWERS of 25 horsepower ...	Each	$ 60.20	
TRACTORS AND RIDING MOWERS of less than 25 horsepower	Each	$ 40.15	
SNOWMOBILES OR RIDING GOLF CARTS	Each	$ 40.15	
TRAILERS, including utility and pop-up trailers (except boat trailers, travel camper trailers and mini-mobile homes, for which see weight additives below)	Each	$ 114.15	
CAMPERS, UNMOUNTED ON TRUCKS, designed for carriage on pickup trucks (except travel camper trailers and mini-mobile homes, for which see weight additives below)	Each	$ 114.15	164 (Continued
CAMPERS, MOUNTED ON PICKUP TRUCKS (except travel camper trailers and mini-mobile homes, for which see weight additives below)	Each	$ 114.15	
PLAYHOUSES, TOOL SHEDS, UTILITY SHEDS AND including animal and bird shelters (transported set up, not dismantled) in excess of 100 cubic feet	Each	$ 75.25	
HOT TUBS, SPAS, WHIRLPOOL BATHS AND JACUZZIS (transported set up, not dismantled) in excess of 100 cubic feet	Each	$ 75.25	

SATELLITE TELEVISION OR RADIO RECEIVING DISCS OR DISHES, INCLUDING MOUNTS, STANDS AND ACCESSORIAL EQUIPMENT

Disc/Dish Outside Diameter

4 feet or less	Each	$ 40.15
Over 4 feet but not over 8 feet	Each	$ 60.20
Over 8 feet but not over 12 feet	Each	$ 89.05
Over 12 feet	Each	$139.25

LIGHT AND BULKY ARTICLES (Continued)

WEIGHT ADDITIVES: When shipment includes travel camper trailers, minimobile homes (other than utility and pop-up trailers), airplanes, boats, light rowboats, kayaks, canoes, gliders (except hang gliders), skiffs, sailboats and/or boat trailers, the transportation charges will be based on the net scale weight of the shipment, plus a weight additive calculated in accordance with the table shown below:

AIRPLANES OR GLIDERS (except hang gliders): 120 pounds per linear foot of total length of the fuselage.

BOATS 14 ft. and over in length: 115 pounds per linear foot of total length.

BOAT TRAILERS any length: 75 pounds per linear foot of total length.

CANOES, SKIFFS, LIGHT ROWBOATS AND KAYAKS 14 ft. and over in length: 40 pounds per linear foot of total length.

SAILBOATS 14 ft. and in length: 125 pounds per linear foot of total length. 164 (Continued)

TRAVEL CAMPER TRAILERS AND MINI-MOBILE HOMES (other than utility and pop-up trailers): 300 pounds per linear foot of total length.

NOTE 1: This weight additive WILL NOT APPLY to boats, canoes skiffs, light rowboats, kayaks or sailboats of less than 14 ft. in length, nor on dinghies or sculls any size.

NOTE 2: When shipment contains two or more articles subject to the weight additive, the total weight additives for that shipment will be the sum of the individual additives for each bulky article calculated separately.

NOTE 3: In determining lengths for the purpose of this item, all fractions of a foot will be disregarded.

NOTE 4: The length of boats, canoes, skiffs, light rowboats, kayaks or sailboats shall be determined by the straight center line distance between the top center point of the transom and a point perpendicular with the foremost part of the bow. Manufacturer's "length overall" or "center line length" shall apply as the correct length for the purposes of this item in lieu of physical measurement by carrier.

LIGHT AND BULKY ARTICLES (Concluded)

NOTE 5: The length of boat trailers shall be the straight center line distance from a point equal to the rearmost part of the trailer to foremost part of the trailer tongue. Manufacturer's "length overall" shall apply as the correct length for the purposes of this item in lieu of physical measurement by carrier. 164 (Con-

NOTE 6: The Bulky Article Charge or the Weight Additive MAY APPLY for the following items, tendered either whole or in a disassembled or partially disassembled condition: automobiles, trucks, vans, dune buggies, all terrain and specialty motor vehicles, motorcycles, boats, canoes, skiffs, sailboats, boat trailers, tractors, riding mowers, snowmobiles, riding golf carts, trailers, campers, airplanes and gliders. cluded)

RIGGING, HOISTING OR LOWERING

When it is necessary to use rigging, hoisting or lowering services to accomplish pickup or delivery of a shipment, carrier shall perform such services at rates no higher than those provided in Item 320, paragraph (b), subject to carrier's ability to furnish proper equipment and experienced personnel. 168

If requested by shipper, carrier shall act as shipper's agent to secure such services from a third party, if available. All charges of third persons must be paid by the shipper and are in addition to all other charges named herein.

DISASSEMBLING AND REASSEMBLING

Distance Rates in Items 300, 310, 330, 380 and 390 DO NOT include removing any outdoor articles embedded in the ground or secured to a building, nor the assembling or disassembling of any outdoor articles such as steel utility cabinets, swing sets, slides, sky rides, jungle gyms or other outdoor articles of similar nature, nor the assembling or disassembling of unusual articles found inside of buildings such as German schranks, water beds, steel shelving, pool tables, elongated work tables, counters, etc. Upon request of shipper, the carrier will disassemble or reassemble such articles, subject to charges provided in paragraph (c), Item 320. The shipper, in such case, will be required to furnish, at the time of reassembling, any new hardware, nuts, bolts, etc., necessary to perform the service. 172

APPLIANCE SERVICING

1. Distance rates in Items 300, 310, 330, 380 and 390 DO NOT include the servicing or reservicing of articles or appliances including, but not limited to washing machines, refrigerators, deep freeze cabinets, air conditioners, grandfather clocks, radios, record players and television sets, which, if not properly serviced, may be damaged in or incident to transit. Carrier assumes no liability for such damage unless such articles are serviced as provided in Notes 1 and 2 of this item, or unless such damage is caused by negligence on the part of the carrier.

2. Upon request of the shipper, on shipments subject to the distance rates specified in paragraph 1 of this item, carrier will service or reservice appliances or other articles subject to the charges specified in paragraph 3 below. (See Notes)

3. The following maximum charges shall apply for services under this item:

TERRITORY

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	A	B	C
Servicing or Reservicing of Appliances:			
First Item	$ 9.70	$ 8.60	$ 7.45
Each Additional Item	6.40	5.65	4.95

NOTE 1: If carrier does not possess the qualified personnel to properly service and reservice such articles or appliances, carrier will upon request of, and as agent for the shipper engage third persons to perform the servicing and reservicing. All charges of the third persons must be paid by the shipper, and are in addition to all other charges in this tariff. Such charges will be advanced by the carrier, and billed as an Advanced Charge as provided in Item 180.

NOTE 2: The carrier reserves the right to inspect articles or appliances to determine whether they are in good working order before accepting them for shipment. Carrier assumes no liability whatsoever for the charges of third persons for the resynchronization of grandfather clocks including the pendulum or weights therefor which were disassembled at origin by carrier, or the retuning, refocusing or other adjustments of television sets unless such services were made necessary due to carrier's negligence.

NOTE 3: The applicable rate shall be the rate for the territory in which the service is provided.

ADVANCED CHARGES

Charges advanced by carrier for services of others engaged at the request of the shipper will be supported by carrier with a copy of invoice setting forth services rendered, charges and basis thereof, together with reference to applicable schedule or tariff if charges are assessed in accordance therewith. The charges so advanced are in addition to and shall be collected with all other rates and charges. 180

SHUTTLE SERVICE

1. It is the responsibility of the shipper to make shipment accessible to carrier or accept delivery from carrier at a point which the road haul vehicle may be safely operated.

2. When it is physically impossible for carrier to perform pickup of shipment at origin address or to complete delivery of shipment at destination with normally assigned road haul equipment, due to the structure of the building, its inaccessibility by highway, inadequate or unsafe public or private road, overhead obstructions, narrow gates, sharp turns, trees, shrubbery, the deterioration of roadway due to rain, flood, snow, or nature of an article or articles included in the shipment, the carrier shall hold itself available at point of pickup or tender delivery at destination at the nearest point of approach to the desired location where the road haul equipment can be made safely accessible. 184

3. Upon request of the shipper, the carrier will use or engage smaller equipment than its normal road haul equipment or provide extra labor to transfer the shipment between the origin or destination address and the nearest point of approach by the carrier's road haul equipment. Such service shall be provided at rates no higher than those in Item 320, and shall be in addition to all other transportation or accessorial charges.

4. If the shipper does not accept the shipment at nearest point of safe approach by carrier's road haul equipment to the destination address, Item 96 (Inability to Make Delivery) shall apply.

SECTION 2

REGIONS

AND

TERRITORIES

APPLICATION OF REGIONAL AND TERRITORIAL DESCRIPTIONS

Descriptions of Regions and Territories in this section apply in connection with rates and regulations making reference thereto. Where the written description of a Region or Territory conflicts with the map descriptions of that same Region or Territory, the written description will govern. 200

DESCRIPTION OF TERRITORIES (See Map in Item 230)

TERRITORY A

The City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Monterey, San Mateo, Santa Clara, Santa Cruz and Sonoma.

TERRITORY B

The Counties of Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. 210

TERRITORY C

All counties in the state not included in Territories A and B.

DESCRIPTION OF REGIONS (See Map in Item 240)

REGION 1 consists of that area embraced by the following description and shall include all points within incorporated cities through which the boundaries pass and all points in unincorporated territory within one actual highway mile of the avenues, boulevards, highways, roads (not railroads) or streets named as boundary lines.

Beginning at a point where the northerly boundary of San Francisco County intersects U.S. Highway 101; northerly along U.S. Highway 101 to State Route 1; westerly along State Route 1 to Panoramic Highway; northerly along Panoramic Highway to Marin View Avenue; northerly along Marin View Avenue and its northerly prolongation to the city limits of Mill Valley; northerly and easterly along the city limits of Mill Valley to the city limits of Larkspur; northerly and easterly along the city limits of Larkspur 220

DESCRIPTION OF REGIONS (Continued)

to Woodland Road (Kentfield); westerly and northerly along Woodland Road and its northerly prolongation to Goodhill Road; westerly and northerly along Goodhill Road and its northerly prolongation to the city limits of Ross City; westerly and northerly along the city limits of Ross City to the city limits of San Anselmo; northerly along the city limits of San Anselmo to the city limits of Fairfax; westerly, northerly and easterly along the city limits of Fairfax to Oak Manor Drive; northerly along Oak Manor Drive and its northerly prolongation to the city limits of Navato; northerly, easterly and westerly along the city limits of Navato to Atherton Avenue; easterly and southeasterly along Atherton Avenue to State Route 37; northeasterly along State Route 37 to Interstate Highway 80; northeasterly along Interstate Highway 80 to its intersection with the east levee of the Yolo Bypass; northerly along the east levee of the Yolo Bypass to Tule Lake Road (south levee of the Sacramento Bypass); easterly along Tule Lake Road (south levee of the Sacramento Bypass) and its easterly prolongation to the Sacramento River; northerly along the Sacramento River to the northwesterly boundary of Sacramento County; easterly and southerly along said boundary line to the northeasterly boundary of San Joaquin County; southerly along said boundary to the northeastern boundary of Stanislaus County; southeasterly along said boundary line to the northern boundary of Madera County; westerly along said boundary line to the main line of The Atchison, Topeka and Santa Fe Railway Co.; southerly along the main line of the The Atchison, Topeka and Santa Fe Railway Co. to the northern boundary of Fresno County; northeasterly along said boundary line to the Friant Kern Canal; southerly, westerly and easterly along the Friant Kern Canal to State Canal to State Route 65 south of Strathmore; southerly along State Route 65 to Seventh Standard Road; easterly along Seventh Standard Road to the intersection of North Chester Avenue, then continuing due east along an imaginary line to point of intersection with the developed line of the northerly extension of Morning Drive; southerly along such developed extension and Morning Drive to State Route 58; southeasterly along State Route 58 to Neumarkel Road; southerly on Neumarkel Road to Panama Road; westerly along Panama Road to Rock Pile Road; southerly along Rock Pile Road to the intersection of Sunset Boulevard, then continuing due south along an imaginary line to Laval Road; westerly along Laval Road to State Route 99; southerly along State Route 99 to the city limits of Los Angeles; northeasterly along the city limits of Los Angeles to the boundary of the Angeles National Forest; easterly, southerly and northerly along the boundary of the

220 (Continued)

DESCRIPTION OF REGIONS (Concluded)

Angeles National Forest to the boundary of the San Bernardino National Forest; easterly, northerly and southerly along the boundary of the San Bernardino National Forest and a prolongation thereof to Riverside Avenue; southeasterly along Riverside Avenue to State Route 30; easterly along State Route 30 to Interstate Highway 215; southwesterly and southeasterly along Interstate Highway 215 to State Route 215; southerly along State Route 215 to its intersection with Interstate Highway 15, southerly along Interstate Highway 15 to its intersection with State Route 76, thence southerly along an imaginary line to the intersection of Poway Road and State Route 67; southerly along State Route 67; to its intersection with Woodside Avenue; easterly along Woodside Avenue to its intersection with Maine Avenue; southerly along Maine Avenue to its intersection with Los Coches Road; southeasterly along Los Coches Road to Olde Highway 80; southwesterly along Olde Highway 80 to the city limits of El Cajon; southerly, easterly and westerly along the city limits to El Cajon to Avocado Boulevard; southerly along Avocado Boulevard to State Route 94; southeasterly along State Route 94 to Jamacha Boulevard; southwesterly Jamacha Boulevard to Grand Avenue; southerly along Grand Avenue to Lakeview Avenue; southwesterly along Lakeview Avenue and a prolongation thereof to the Sweetwater River; southwesterly along the Sweetwater River to the city limits of Chula Vista; southerly, easterly and westerly along the city limits of Chula Vista to the city limits of San Diego; easterly and southerly along the city limits of San Diego to the International Boundary; westerly along the International Boundary to the shore line of the Pacific Ocean; thence along the shore line of the Pacific Ocean to point of beginning. 220 (Concluded)

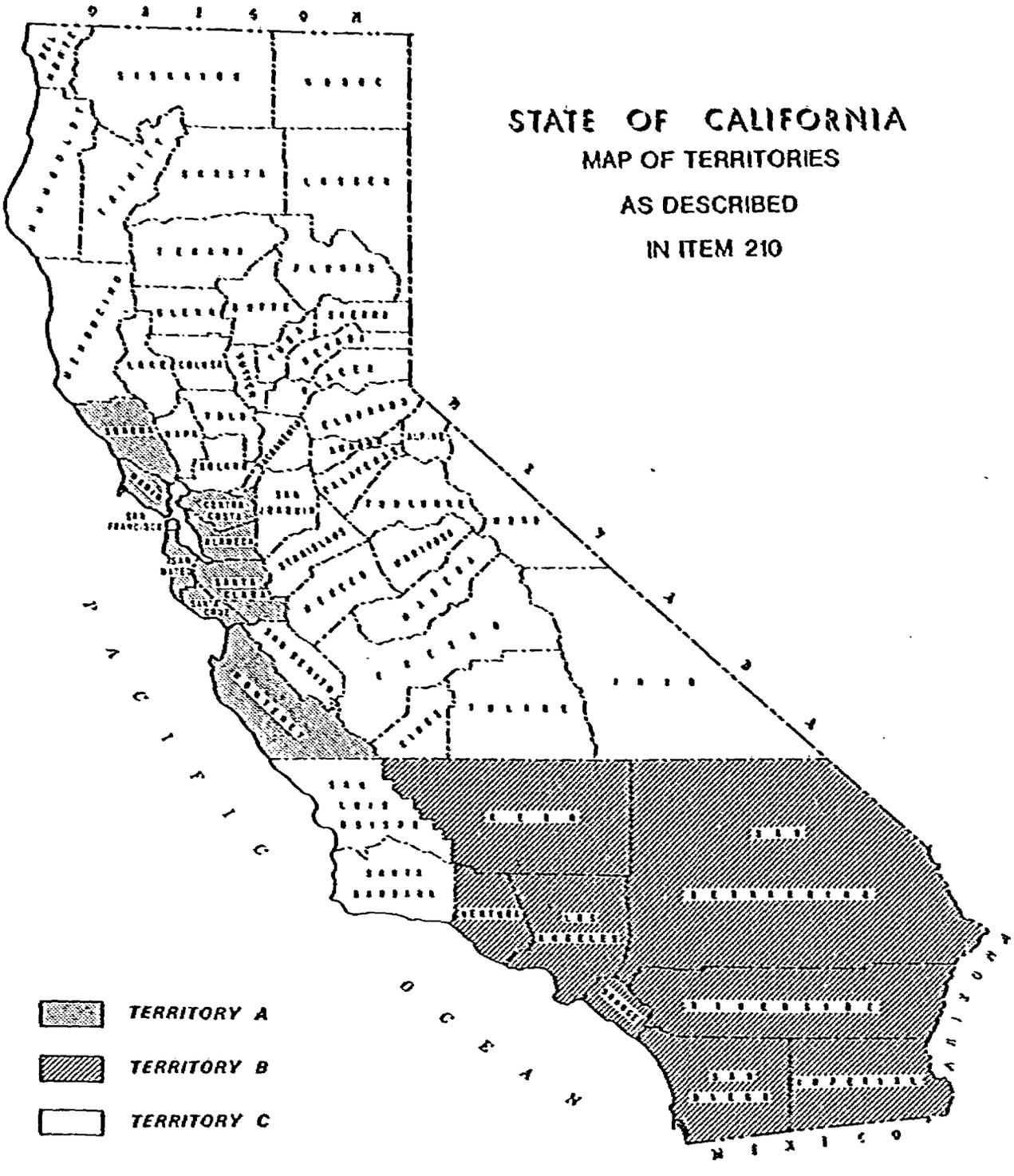
REGION 2 consists of all of the State of California not included in Region 1.

STATE OF CALIFORNIA

MAP OF TERRITORIES

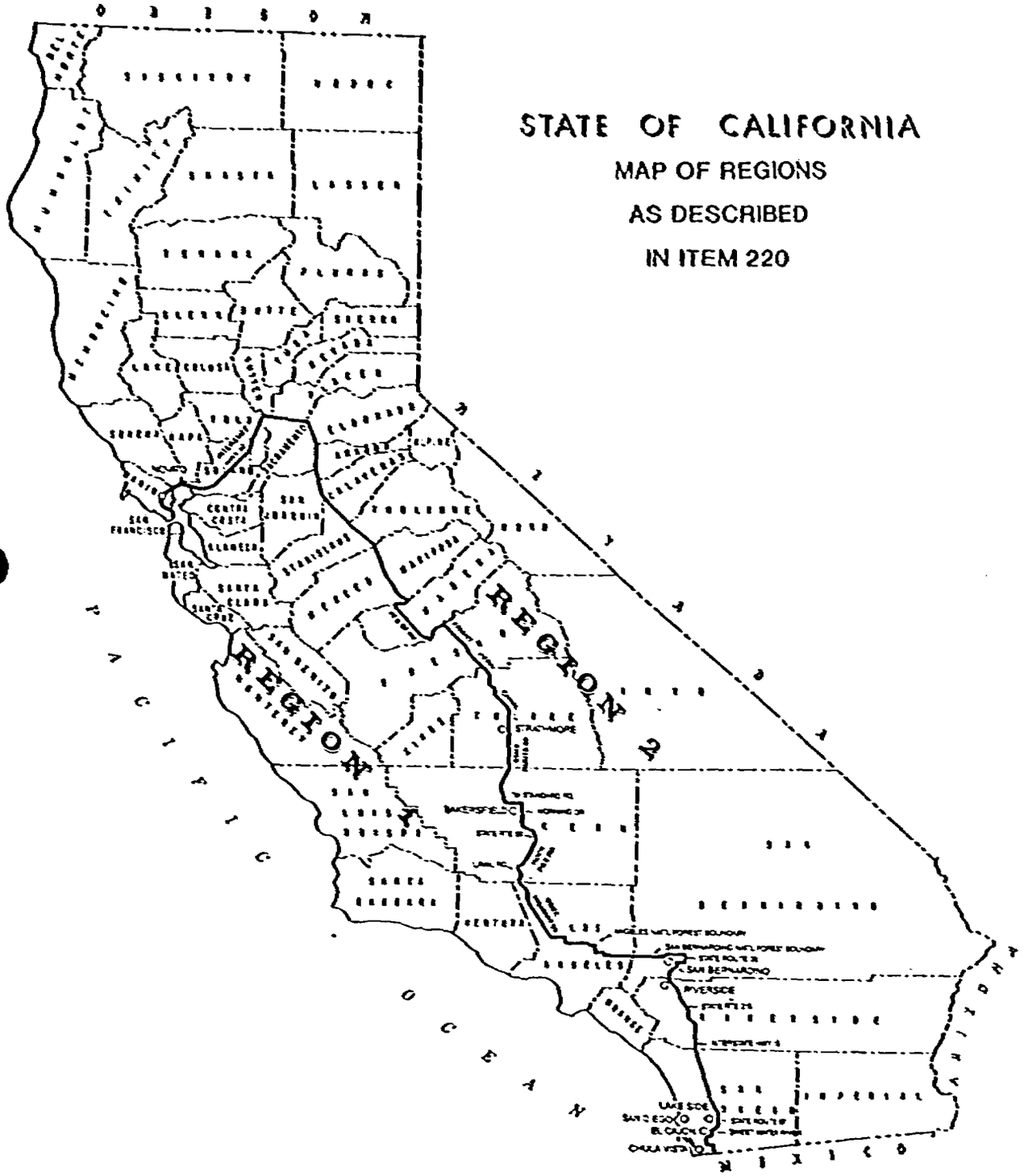
AS DESCRIBED

IN ITEM 210



230

EFFECTIVE AS SHOWN ON ORIGINAL TITLE



STATE OF CALIFORNIA

MAP OF REGIONS

AS DESCRIBED

IN ITEM 220

240

EFFECTIVE AS SHOWN ON ORIGINAL TITLE

SECTION 3

RATES

MAXIMUM FIXED DISTANCE RATES FOR REGION 1
IN DOLLARS PER 100 POUNDS

Rates named in this item apply subject to Item 16 (Application of Rates), and only to shipments transported between points located within Region 1. (See NOTES 1 through 6).

MILES OVER	MILES NOT OVER	BREAK POINT ANY QTY	BREAK POINT LBS	MINIMUM WEIGHT IN POUNDS 1000	B.P.	2000	B.P.	5000	B.P.	8000	B.P.	12000	B.P.	16000	ITEM
0	10	45.60	605	27.60	1,486	20.50	4,915	20.15	7,722	19.45	11,661	18.90	15,746	18.60	
10	20	46.40	603	28.00	1,486	20.80	4,904	20.40	7,765	19.80	11,636	19.20	15,750	18.90	
20	30	47.20	601	28.35	1,496	21.20	4,870	20.65	7,768	20.05	11,701	19.55	15,714	19.20	
30	40	48.05	599	28.80	1,497	21.55	4,872	21.00	7,752	20.35	11,735	19.90	15,719	19.55	
40	50	48.85	600	29.30	1,491	21.85	4,863	21.25	7,755	20.60	11,825	20.30	15,685	19.90	
50	60	49.60	602	29.85	1,487	22.20	4,854	21.55	7,814	21.05	11,715	20.55	15,805	20.30	
60	70	50.40	600	30.25	1,491	22.55	4,867	21.95	7,781	21.35	11,691	20.80	15,808	20.55	
70	80	51.25	598	30.65	1,507	23.10	4,816	22.25	7,766	21.60	11,694	21.05	15,924	20.95	
80	90	51.90	599	31.10	1,505	23.40	4,808	22.50	7,787	21.90	11,726	21.40	15,888	21.25	
90	100	52.65	598	31.50	1,505	23.70	4,821	22.85	7,772	22.20	11,703	21.65	15,889	21.50	
100	120	54.70	587	32.10	1,514	24.30	4,805	23.35	7,777	22.70	11,630	22.00	15,891	21.85	
120	140	56.75	584	33.15	1,496	24.80	4,839	24.00	7,717	23.15	11,637	22.45	15,822	22.20	
140	160	58.75	574	33.70	1,501	25.30	4,812	24.35	7,754	23.60	11,619	22.85	15,825	22.60	
160	180	60.80	566	34.40	1,503	25.85	4,797	24.80	7,774	24.10	11,577	23.25	15,759	22.90	
180	200	62.85	561	35.25	1,487	26.20	4,800	25.15	7,793	24.50	11,510	23.50	15,864	23.30	
200	225	65.35	552	36.10	1,493	26.95	4,740	25.55	7,812	24.95	11,447	23.80	15,899	23.65	
225	250	67.45	546	36.85	1,490	27.45	4,736	26.00	7,862	25.55	11,389	24.25	15,802	23.95	
250	275	68.40	549	37.55	1,489	27.95	4,723	26.40	7,894	26.05	11,332	24.60	15,837	24.35	300
275	300	69.35	551	38.20	1,487	28.40	4,745	26.95	7,837	26.40	11,409	25.10	15,809	24.80	
300	325	70.40	557	39.20	1,467	28.75	4,748	27.30	7,853	26.80	11,440	25.55	15,687	25.05	
325	350	71.20	558	39.70	1,481	29.40	4,753	27.95	7,814	27.30	11,473	26.10	15,632	25.50	
350	375	72.30	558	40.35	1,492	30.10	4,701	28.30	7,887	27.90	11,527	26.80	15,522	26.00	
375	400	73.15	563	41.20	1,493	30.75	4,715	29.00	7,779	28.20	11,617	27.30	15,560	26.55	
400	425	74.00	568	42.00	1,502	31.55	4,691	29.60	7,811	28.90	11,606	27.95	15,571	27.20	
425	450	74.95	568	42.60	1,523	32.45	4,684	30.40	7,855	29.85	11,598	28.85	15,473	27.90	
450	475	75.65	571	43.20	1,542	33.30	4,692	31.25	7,859	30.70	11,648	29.80	15,383	28.65	
475	500	76.55	575	44.00	1,559	34.30	4,738	32.50	7,742	31.45	11,733	30.75	15,298	29.40	
500	550	77.45	586	45.40	1,573	35.70	4,783	34.15	7,660	32.70	11,798	32.15	15,378	30.90	
550	600	78.40	595	46.65	1,573	36.70	4,830	35.45	7,628	33.80	11,751	33.10	15,517	32.10	
600	650	79.35	601	47.65	1,578	37.60	4,847	36.45	7,616	34.70	11,689	33.80	15,527	32.80	
650	700	80.15	606	48.55	1,582	38.40	4,857	37.30	7,625	35.55	11,646	34.50	15,536	33.50	
700	750	80.90	610	49.35	1,591	39.25	4,854	38.10	7,633	36.35	11,637	35.25	15,546	34.25	
750	800	81.80	614	50.25	1,598	40.15	4,857	39.00	7,610	37.10	11,628	35.95	15,555	34.95	
800	850	82.70	617	51.05	1,604	40.95	4,860	39.80	7,608	37.85	11,620	36.65	15,563	35.65	
850	---														
ADD FOR EACH 50 MILES OR FRACTION THEREOF OVER 850 MILES		0.90		0.80		0.80		0.80		0.75		0.70		0.70	

EFFECTIVE AS SHOWN ON ORIGINAL TITLE

DISTANCE RATES (Concluded)

NOTE 1: When charges accruing on a shipment based upon actual weight exceed the charges computed upon a rate based upon a greater minimum weight, the latter shall apply. Break Point indicates the weight at which a lower charge develops by use of the minimum weight and applicable rate at next higher minimum weight bracket.

NOTE 2: For computation of distances, see Item 40.

NOTE 3: Additional charges for bridge or ferry tolls shall not be assessed on shipments transported at the rates contained in this item.

300 (Concluded)

NOTE 4: When carrier's vehicle is held for the convenience of the shipper or consignee through no fault of the carrier in connection with shipments moving or to be moved under this item, one hour free time shall be allowed. A charge at the hourly rates contained in Item 320 will be assessed for each hour, or fraction thereof, in excess of the one hour free time period.

NOTE 5: For descriptions of Regions, see Item 220.

NOTE 6: Rates named in this item apply in connection with split pickup shipments, split delivery shipments and shipments afforded both split pickup and split delivery only when points of origin and points of destination of all component parts of such shipments are located within Region 1. Rates named in Item 310 apply to split pickup shipments, split delivery shipments and shipments afforded both split pickup and split delivery when excluded from the provisions of this item.

MAXIMUM FIXED DISTANCE RATES FOR REGION 2
IN DOLLARS PER 100 POUNDS

Rates named in this item apply subject to Item 16 (Application of Rates), and only to shipments transported between points located within Region 2, or between points located in Region 1, on the one hand, and points located in Region 2, on the other hand. (See Notes 1 through 6).

MILES			BREAK	MINIMUM WEIGHT IN POUNDS												ITEM
OVER	NOT OVER	ANY QTY	POINT LBS	1000	B.P.	2000	B.P.	5000	B.P.	8000	B.P.	12000	B.P.	16000		
0	10	45.60	605	27.60	1,486	20.50	4,915	20.15	7,722	19.45	11,661	18.90	15,746	18.60		
10	20	46.40	603	28.00	1,486	20.80	4,904	20.40	7,765	19.80	11,636	19.20	15,750	18.90		
20	30	47.20	601	28.35	1,496	21.20	4,870	20.65	7,768	20.05	11,701	19.55	15,714	19.20		
30	40	48.05	599	28.80	1,497	21.55	4,872	21.00	7,752	20.35	11,735	19.90	15,719	19.55		
40	50	48.85	600	29.30	1,491	21.85	4,863	21.25	7,755	20.60	11,825	20.30	15,685	19.90		
50	60	49.75	603	30.00	1,487	22.30	4,877	21.75	7,743	21.05	11,857	20.80	15,615	20.30		
60	70	50.65	604	30.60	1,503	23.00	4,837	22.25	7,712	21.45	11,888	21.25	15,624	20.75		
70	80	51.45	606	31.20	1,503	23.45	4,840	22.70	7,718	21.90	11,863	21.65	15,594	21.10		
80	90	52.30	605	31.65	1,513	23.95	4,833	23.15	7,758	22.45	11,759	22.00	15,673	21.55		
90	100	53.15	606	32.20	1,516	24.40	4,826	23.55	7,779	22.90	11,738	22.40	15,679	21.95		
100	120	55.75	593	33.05	1,519	25.10	4,791	24.05	7,850	23.60	11,644	22.90	15,755	22.55		
120	140	58.05	585	33.95	1,520	25.80	4,787	24.70	7,806	24.10	11,651	23.40	15,761	23.05		
140	160	60.10	579	34.80	1,520	26.45	4,783	25.30	7,826	24.75	11,564	23.85	15,765	23.50		
160	180	62.40	571	35.65	1,520	27.10	4,769	25.85	7,783	25.15	11,642	24.40	15,738	24.00		
180	200	64.40	565	36.40	1,525	27.75	4,748	26.35	7,803	25.70	11,626	24.90	15,743	24.50		
200	225	66.65	564	37.60	1,513	28.45	4,745	27.00	7,807	26.35	11,590	25.45	15,686	24.95		
225	250	68.80	559	38.45	1,511	29.05	4,759	27.65	7,826	27.05	11,579	26.10	15,663	25.55		
250	275	70.20	561	39.35	1,512	29.75	4,748	28.25	7,858	27.75	11,546	26.70	15,640	26.10		310
275	300	71.30	563	40.15	1,516	30.40	4,770	29.00	7,834	28.40	11,535	27.30	15,648	26.70		
300	325	72.40	565	40.90	1,518	31.05	4,783	29.70	7,825	29.05	11,525	27.90	15,799	27.55		
325	350	73.55	576	42.35	1,518	32.15	4,759	30.60	7,804	29.85	11,638	28.95	15,668	28.35		
350	375	75.45	575	43.40	1,516	32.90	4,787	31.50	7,784	30.65	11,648	29.75	15,624	29.05		
375	400	76.45	576	44.00	1,527	33.60	4,762	32.00	7,825	31.30	11,636	30.35	15,605	29.60		
400	425	77.05	578	44.50	1,535	34.15	4,780	32.65	7,792	31.80	11,642	30.85	15,637	30.15		
425	450	77.60	581	45.05	1,543	34.75	4,791	33.30	7,784	32.40	11,630	31.40	15,643	30.70		
450	475	78.10	583	45.50	1,547	35.20	4,787	33.70	7,822	32.95	11,618	31.90	15,649	31.20		
475	500	78.65	583	45.85	1,551	35.55	4,824	34.30	7,802	33.45	11,605	32.35	15,654	31.65		
500	550	79.15	587	46.45	1,569	36.45	4,842	35.30	7,739	34.15	11,649	33.15	15,662	32.45		
550	600	79.80	591	47.20	1,581	37.30	4,853	36.20	7,713	34.90	11,639	33.85	15,669	33.15		
600	650	80.30	597	47.90	1,582	37.90	4,848	36.75	7,761	35.65	11,596	34.45	15,721	33.85		
650	700	80.65	603	48.60	1,586	38.55	4,851	37.40	7,722	36.10	11,618	34.95	15,680	34.25		
700	750	81.20	611	49.60	1,575	39.05	4,878	38.10	7,685	36.60	11,623	35.45	15,639	34.65		
750	800	81.80	614	50.25	1,598	40.15	4,857	39.00	7,610	37.10	11,628	35.95	15,555	34.95		
800	850	82.70	617	51.05	1,604	40.95	4,860	39.80	7,608	37.85	11,620	36.65	15,563	35.65		
850	---															
ADD		0.90		0.80		0.80		0.80		0.75		0.70		0.70		

FOR EACH 50 MILES OR FRACTION THEREOF OVER 850 MILES

EFFECTIVE AS SHOWN ON ORIGINAL TITLE

DISTANCE RATES (Concluded)

NOTE 1: When charges accruing on a shipment based upon actual weight exceed the charges computed upon a rate based upon a greater minimum weight, the latter shall apply. Break Point indicates the weight at which a lower charge develops by use of the minimum weight and applicable rate at next higher minimum weight bracket.

NOTE 2: For computation of distances, see Item 40.

NOTE 3: Additional charges for bridge or ferry tolls shall not be assessed on shipments transported at the rates contained in this item.

310 (Concluded)

NOTE 4: When carrier's vehicle is held for the convenience of the shipper or consignee through no fault of the carrier in connection with shipments moving or to be moved under this item, one hour free time shall be allowed. A charge at the hourly rates contained in Item 320 will be assessed for each hour, or fraction thereof, in excess of the one hour free time period.

NOTE 5: For descriptions of Regions, see Item 220.

NOTE 6: Rates named in this item apply in connection with split pickup shipments, split delivery shipments and shipments afforded both split pickup and split delivery only when points of origin and points of destination of all component parts of such shipments are located within Region 1. Rates named in Item 310 apply to split pickup shipments, split delivery shipments and shipments afforded both split pickup and split delivery when excluded from the provisions of this item.

MAXIMUM FIXED RATES IN DOLLARS PER HOUR

(See Notes 1 through 4).

Rates named in this item apply for shipments transported for distances of 50 constructive miles or less, subject to Item 16 (Application of Rates).

	TERRITORY (See Note 4).		
	A	B	C
Unit of equipment, plus:			
(a) one man (driver)	$64.20	$61.45	$52.85
(b) two men (driver and helper)	$100.20	$92.45	$80.35
(c) additional men, in excess of two, per man	$31.00	$26.75	$23.80

NOTE 1 -- The highest rated territory in or through which the shipment or any component thereof is transported, shall determine the applicable maximum hourly rate for such shipment. 320

NOTE 2 -- Actual bridge and ferry tolls may be added to charges based on the rates contained in this item when such toll charges are incurred by the carrier. When two or more shipments are transported under the provisions of this item at the same time on one unit of equipment, the incurred toll charges shall be equally divided between each shipment.

NOTE 3 -- For computation of time, see Item 36.

NOTE 4 -- For description of territories, see Item 210.

EFFECTIVE AS SHOWN ON ORIGINAL TITLE

MAXIMUM FIXED RATES IN DOLLARS PER PIECE

(See Notes 1 through 4)

Rates named in this item apply for shipments of not more than 5 pieces transported for distances of 50 constructive miles or less, subject to Item 16 (Application of Rates).

Miles	First Piece	Each Additional Piece
Not over 10	$43.45	$14.80
Over 10, but not over 20	$80.80	$14.80
Over 20	$112.85	$14.80

NOTE 1 -- PIECE means each household, office or institutional article tendered in assembled form; or, in the alternative, tendered in disassembled form but secured in a manner that allows the article to be handled as a unit. 330

NOTE 2 -- For computation of distances, see Item 40.

NOTE 3 -- Additional charges for bridge or ferry tolls shall not be assessed on shipments transported at the rates contained in this item.

NOTE 4 -- Rates in this item will not apply to shipments afforded split pickup service and/or split delivery service nor to shipments afforded storage-in-transit.

MAXIMUM FIXED RATES
PACKING/UNPACKING AND CONTAINER CHARGES

(See Notes 1 through 8.)

1. RATES PER CONTAINER (IN DOLLARS PER UNIT)	PER	PACKING CONTAINR CHARGES (See Note 8)	PACKING CHARGES TERRITORY A	PACKING CHARGES TERRITORY B	PACKING CHARGES TERRITORY C	UNPACKING CHARGES TERRITORY A	UNPACKING CHARGES TERRITORY B	UNPACKING CHARGES TERRITORY C
DRUM, DISH-PACK (Drum, dish-pack, barrel or other specially designed containers of not less than 5 cubic ft. capacity for use in packing glassware, chinaware, bric-a-brac, table lamps or similar fragile articles)	Each	6.70	21.00	18.50	16.00	4.65	4.10	3.60
CARTONS:								
Less than 3 cu.ft. (Not less than 200 lb. test)	Each	1.50	4.90	4.35	3.75	1.05	0.95	0.80
3 cu.ft. (Not less than 200 lb. test)	Each	2.00	6.50	5.75	5.00	1.90	1.65	1.45
4-1/2 cu.ft. (Not less than 200 lb. test)	Each	2.45	7.55	6.65	5.70	1.75	1.55	1.30
6 cu.ft. (Not less than 200 lb. test)	Each	3.20	8.45	7.40	6.45	1.80	1.65	1.40
6-1/2 cu.ft. (Not less than 275 lb. test)	Each	3.20	9.05	7.95	6.90	1.80	1.65	1.40
WARDROBE CARTON not less than 10 cu.ft. (See Note 8)	Each	9.80	7.55	6.65	5.75	1.20	1.05	0.90
MATTRESS CARTON:								
Crib	Each	5.25	1.00	0.90	0.75	0.25	0.20	0.20
Not Over 39" x 75"	Each	9.30	1.30	1.15	1.00	0.45	0.40	0.30
39" x 80"	Each	9.70	1.80	1.55	1.40	0.55	0.50	0.45
Not Over 54" x 75"	Each	12.15	2.15	1.90	1.65	0.70	0.55	0.50
Over 54" x 75"	Each	14.70	4.35	3.85	3.35	1.25	1.15	0.95
MATTRESS COVER (Paper or Plastic	Each	2.70	1.15	1.00	0.90	0.40	0.30	0.25
CORRUGATED CONTAINERS (Specially designed or constructed for mirrors, paintings, glass or marble tops and similar fragile articles)	Each	6.65	7.70	6.80	5.85	1.65	1.45	1.25
CRATES (Other than corrugated, specially constructed for mirrors, paintings, glass or marble tops and similar fragile articles) gross measurement of crate	Cu.Ft.or Fraction Thereof	(See Note 6)	8.45	7.45	6.45	1.15	1.00	0.90

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EFFECTIVE AS SHOWN ON ORIGINAL TITLE

MAXIMUM FIXED RATES
PACKING/UNPACKING AND CONTAINER CHARGES

2. RATES PER HOUR

(See Notes 1, 2, 3, and 4.)

	TERRITORY		
	A	B	C
Packing and Unpacking	39.00	34.30	29.75

NOTE 1 -- Rates do not include separate pickup and/or delivery of shipping containers and packing materials provided. For rates and charges applicable to such service, see Item 350.

NOTE 2 -- For description of territories, see Item 210.

NOTE 3 -- The applicable rate shall be the rate for the territory in which the service is provided.

NOTE 4 -- Rates in Paragraph 2 of this item apply for packing or unpacking or both, and may be used in lieu of the rates in Paragraph 1 (Rates per Container) if carrier and shipper agree to such application before the service commences, subject to Item 28 and 128. The Contract for Move document shall determine the applicable maximum rate for the service. 340 (Concluded)

NOTE 5 -- Container charges in Paragraph 1 include all materials used in the packing and sealing of the container indicated. No additional charge shall be made for such materials which include dividers, paper, tape and labels.

NOTE 6 -- The packing service charge for crates in Paragraph 1 includes packing and construction of such containers.

NOTE 7 -- No charge will be assessed for wardrobes on shipments transported at the rates provided in Item 320.

NOTE 8 -- Packing container charges do not include sales tax, where applicable. Carrier shall assess an additional charge for such tax at the local applicable rate.

MAXIMUM FIXED RATES AND CHARGES FOR PICKING UP OR DELIVERING SHIPPING CONTAINERS AND PACKING MATERIALS

(See Notes 1 and 2.)

1. In the event new or used shipping containers, including wardrobes, are delivered by the carrier (or its agent or its employees) prior to the time shipment is tendered for transportation or such containers are picked up by the carrier (or its agents or its employees) subsequent to the time delivery is accomplished, the following maximum transportation charges shall apply: (See Note 1.)

	In Dollars
Each container, set up	$3.05
Each bundle of containers, folded flat	$3.05
Maximum charge, per pickup or delivery	$15.25

350

2. (a) Shipping containers, including wardrobes and packing materials which are furnished by the carrier at the request of the shipper, will be charged for at not more than the rates provided in Item 340 (Container Charge). (See Note 2.)

(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.

NOTE 1 -- If the hourly rates named in Item 320 provide a lower 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 hourly rates provided in Item 320.

MAXIMUM FIXED DISTANCE RATES TO OR FROM STORAGE FOR REGION 1
IN DOLLARS PER 100 POUNDS

Rates named in this item apply subject to Item 16 (Application of Rates), and only to shipments transported between points located within Region 1. (See notes 1 through 7).

MILES		BREAK		MINIMUM WEIGHT IN POUNDS										ITEM
	NOT	ANY	POINT											
OVER	OVER	QTY	LBS	1000	B.P.	2000	B.P.	5000	B.P.	8000	B.P.	12000	B.P.	16000	
0	10	45.60	576	26.25	1,486	19.50	4,910	19.15	7,708	18.45	11,805	18.15	15,736	17.85	
10	20	46.40	577	26.75	1,477	19.75	4,911	19.40	7,753	18.80	11,777	18.45	15,740	18.15	
20	30	47.20	569	26.85	1,497	20.10	4,888	19.65	7,756	19.05	11,843	18.80	15,660	18.40	
30	40	48.05	569	27.35	1,499	20.50	4,854	19.90	7,779	19.35	11,845	19.10	15,749	18.80	
40	50	48.85	570	27.85	1,494	20.80	4,844	20.15	7,782	19.60	11,908	19.45	15,712	19.10	
50	60	49.60	571	28.30	1,488	21.05	4,869	20.50	7,805	20.00	11,850	19.75	15,757	19.45	
60	70	50.40	570	28.75	1,492	21.45	4,860	20.85	7,789	20.30	11,823	20.00	15,800	19.75	
70	80	51.25	569	29.15	1,503	21.90	4,817	21.10	7,791	20.55	11,796	20.20	15,921	20.10	
80	90	51.90	568	29.50	1,508	22.25	4,809	21.40	7,776	20.80	11,827	20.50	15,883	20.35	
90	100	52.65	568	29.90	1,505	22.50	4,822	21.70	7,760	21.05	11,829	20.75	15,884	20.60	
100	120	54.70	559	30.55	1,509	23.05	4,805	22.15	7,801	21.60	11,750	21.15	15,849	20.95	
120	140	56.75	555	31.50	1,495	23.55	4,841	22.80	7,737	22.05	11,755	21.60	15,815	21.35	
140	160	58.75	545	32.00	1,503	24.05	4,813	23.15	7,741	22.40	11,759	21.95	15,818	21.70	
160	180	60.80	537	32.65	1,504	24.55	4,796	23.55	7,779	22.90	11,686	22.30	15,785	22.00	
180	200	62.85	533	33.50	1,487	24.90	4,799	23.90	7,799	23.30	11,614	22.55	15,858	22.35	
200	225	65.35	527	34.45	1,495	25.75	4,738	24.40	7,803	23.80	11,521	22.85	15,895	22.70	
225	250	67.45	522	35.20	1,489	26.20	4,742	24.85	7,855	24.40	11,459	23.30	15,794	23.00	
250	275	68.40	524	35.85	1,490	26.70	4,719	25.20	7,889	24.85	11,517	23.85	15,698	23.40	380
275	300	69.35	526	36.45	1,490	27.15	4,742	25.75	7,829	25.20	11,595	24.35	15,606	23.75	
300	325	70.40	531	37.40	1,468	27.45	4,754	26.10	7,847	25.60	11,625	24.80	15,581	24.15	
325	350	71.20	533	37.95	1,478	28.05	4,759	26.70	7,865	26.25	11,589	25.35	15,748	24.95	
350	375	72.30	533	38.50	1,491	28.70	4,739	27.20	7,868	26.75	11,664	26.00	15,692	25.50	
375	400	73.15	541	39.55	1,484	29.35	4,753	27.90	7,756	27.05	11,756	26.50	15,698	26.00	
400	425	74.00	544	40.25	1,506	30.30	4,686	28.40	7,817	27.75	11,849	27.40	15,533	26.60	
425	450	74.95	546	40.90	1,521	31.10	4,695	29.20	7,849	28.65	11,832	28.25	15,462	27.30	
450	475	75.65	549	41.50	1,540	31.95	4,695	30.00	7,867	29.50	11,898	29.25	15,371	28.10	
475	500	76.55	552	42.25	1,557	32.90	4,742	31.20	7,744	30.20	11,960	30.10	15,336	28.85	
500	550	77.45	563	43.60	1,571	34.25	4,788	32.80	7,659	31.40	11,713	30.65	15,791	30.25	
550	600	78.40	571	44.80	1,574	35.25	4,830	34.05	7,624	32.45	11,704	31.65	15,899	31.45	
600	650	79.35	577	45.75	1,578	36.10	4,848	35.00	7,611	33.30	11,766	32.65	15,755	32.15	
650	700	80.15	581	46.55	1,585	36.90	4,844	35.75	7,653	34.20	11,860	33.80	15,527	32.80	
700	750	80.90	586	47.40	1,589	37.65	4,861	36.60	7,628	34.90	11,880	34.55	15,537	33.55	
750	800	81.80	589	48.20	1,600	38.55	4,851	37.40	7,626	35.65	11,849	35.20	15,568	34.25	
800	850	82.70	593	49.05	1,602	39.30	4,866	38.25	7,603	36.35	11,851	35.90	15,577	34.95	
850	---														
	ADD	0.80		0.80		0.75		0.75		0.70		0.65		0.65	
	FOR EACH 50 MILES OR FRACTION THEREOF OVER 850 MILES														

EFFECTIVE AS SHOWN ON ORIGINAL TITLE

DISTANCE RATES TO OR FROM STORAGE (Concluded)

NOTE 1: When charges accruing on a shipment based upon actual weight exceed the charges computed upon a rate based upon a greater minimum weight, the latter shall apply. Break Point indicates the weight at which a lower charge develops by use of the minimum weight and applicable rate at next higher minimum weight bracket.

NOTE 2: For computation of distances, see Item 40.

NOTE 3: Additional charges for bridge or ferry tolls shall not be assessed on shipments transported at the rates contained in this item.

380 (Concluded)

NOTE 4: When carrier's vehicle is held for the convenience of the shipper or consignee through no fault of the carrier in connection with shipments moving or to be moved under this item, one hour free time shall be allowed. A charge at the hourly rates contained in Item 320 will be assessed for each hour, or fraction thereof, in excess of the one hour free time period.

NOTE 5: For descriptions of Regions, see Item 220.

NOTE 6: Rates named in this item apply in connection with split pickup shipments and split delivery shipments only when points of origin and points of destination of all component parts of such shipments are located within Region 1. Rates named in Item 390 apply to split pickup shipments and split delivery shipments when excluded from the provisions of this item.

NOTE 7: Rates in this item do not apply to shipments afforded split pickup and split delivery in combination.

MAXIMUM FIXED DISTANCE RATES TO AND FROM STORAGE FOR REGION 2
IN DOLLARS PER 100 POUNDS

Rates named in this item apply subject to Item 16 (Application of Rates), and only to shipments transported between points located within Region 2, or between points located in Region 1, on the one hand, and points located in Region 2, on the other hand. (See Notes 1 through 7).

MILES		BREAK		MINIMUM WEIGHT IN POUNDS										ITEM
NOT		ANY	POINT											
OVER	OVER	QTY	LBS	1000	B.P.	2000	B.P.	5000	B.P.	8000	B.P.	12000	B.P.	16000	
0	10	45.60	576	26.25	1,486	19.50	4,910	19.15	7,708	18.45	11,805	18.15	15,736	17.85	
10	20	46.40	573	26.60	1,485	19.75	4,911	19.40	7,753	18.80	11,777	18.45	15,740	18.15	
20	30	47.20	569	26.85	1,497	20.10	4,888	19.65	7,756	19.05	11,843	18.80	15,660	18.40	
30	40	48.05	569	27.35	1,499	20.50	4,854	19.90	7,779	19.35	11,845	19.10	15,749	18.80	
40	50	48.85	570	27.85	1,494	20.80	4,844	20.15	7,782	19.60	11,908	19.45	15,712	19.10	
50	60	49.75	572	28.45	1,490	21.20	4,906	20.80	7,846	20.40	11,765	20.00	15,840	19.80	
60	70	50.65	573	29.00	1,503	21.80	4,885	21.30	7,812	20.80	11,827	20.50	15,805	20.25	
70	80	51.45	576	29.65	1,501	22.25	4,888	21.75	7,798	21.20	11,858	20.95	15,733	20.60	
80	90	52.30	576	30.10	1,512	22.75	4,879	22.20	7,820	21.70	11,779	21.30	15,812	21.05	
90	100	53.15	575	30.55	1,519	23.20	4,871	22.60	7,858	22.20	11,730	21.70	15,853	21.50	
100	120	55.75	564	31.45	1,517	23.85	4,843	23.10	7,931	22.90	11,633	22.20	15,856	22.00	
120	140	58.05	556	32.25	1,519	24.50	4,827	23.65	7,915	23.40	11,641	22.70	15,894	22.55	
140	160	60.10	550	33.05	1,522	25.15	4,831	24.30	7,901	24.00	11,575	23.15	15,827	22.90	
160	180	62.40	542	33.85	1,524	25.80	4,806	24.80	7,871	24.40	11,656	23.70	15,831	23.45	
180	200	64.40	536	34.55	1,525	26.35	4,791	25.25	7,905	24.95	11,615	24.15	15,834	23.90	
200	225	66.65	536	35.70	1,529	27.30	4,789	26.15	7,816	25.55	11,601	24.70	15,644	24.15	
225	250	68.80	531	36.55	1,527	27.90	4,803	26.80	7,836	26.25	11,589	25.35	15,748	24.95	
250	275	70.20	532	37.35	1,526	28.50	4,807	27.40	7,898	27.05	11,468	25.85	15,845	25.60	390
275	300	71.30	535	38.15	1,531	29.20	4,820	28.15	7,901	27.80	11,439	26.50	15,819	26.20	
300	325	72.40	537	38.90	1,532	29.80	4,841	28.85	7,889	28.45	11,452	27.15	15,794	26.80	
325	350	73.55	549	40.35	1,529	30.85	4,806	29.65	7,879	29.20	11,507	28.00	15,857	27.75	
350	375	75.45	548	41.35	1,526	31.55	4,842	30.55	7,869	30.05	11,521	28.85	15,750	28.60	
375	400	76.45	549	42.00	1,536	32.25	4,814	31.05	7,897	30.65	11,530	29.45	15,728	28.95	
400	425	77.05	552	42.55	1,539	32.75	4,832	31.65	7,886	31.20	11,500	29.90	15,813	29.55	
425	450	77.60	553	42.95	1,553	33.35	4,835	32.25	7,876	31.75	11,509	30.45	15,790	30.05	
450	475	78.10	556	43.45	1,556	33.80	4,837	32.70	7,890	32.25	11,516	30.95	15,793	30.55	
475	500	78.65	558	43.85	1,555	34.10	4,883	33.30	7,880	32.80	11,488	31.40	15,796	31.00	
500	550	79.15	560	44.35	1,578	35.00	4,893	34.25	7,825	33.50	11,534	32.20	15,826	31.85	
550	600	79.80	565	45.10	1,585	35.75	4,916	35.15	7,784	34.20	11,526	32.85	15,854	32.55	
600	650	80.30	570	45.80	1,590	36.40	4,897	35.65	7,787	34.70	11,550	33.40	15,928	33.25	
650	700	80.65	577	46.55	1,588	36.95	4,905	36.25	7,735	35.05	11,589	33.85	15,858	33.55	
700	750	81.20	584	47.40	1,593	37.75	4,881	36.85	7,685	35.40	11,644	34.35	15,814	33.95	
750	800	81.80	589	48.20	1,600	38.55	4,851	37.40	7,636	35.70	11,832	35.20	15,568	34.25	
800	850	82.70	593	49.05	1,602	39.30	4,866	38.25	7,603	36.35	11,851	35.90	15,577	34.95	
850	---														
ADD		0.80		0.80		0.75		0.75		0.70		0.65		0.65	
FOR EACH 50 MILES OR FRACTION THEREOF OVER 850 MILES															

EFFECTIVE AS SHOWN ON ORIGINAL TITLE

DISTANCE RATES TO OR FROM STORAGE (Concluded)

NOTE 1: When charges accruing on a shipment based upon actual weight exceed the charges computed upon a rate based upon a greater minimum weight, the latter shall apply. Break Point indicates the weight at which a lower charge develops by use of the minimum weight and applicable rate at next higher minimum weight bracket.

NOTE 2: For computation of distances, see Item 40.

NOTE 3: Additional charges for bridge or ferry tolls shall not be assessed on shipments transported at the rates contained in this item.

NOTE 4: When carrier's vehicle is held for the convenience of the shipper or consignee through no fault of the carrier in connection with shipments moving or to be moved under this item, one hour free time shall be allowed. A charge at the hourly rates contained in Item 320 will be assessed for each hour, or fraction thereof, in excess of the one hour free time period. 390 (Concluded)

NOTE 5: For descriptions of Regions, see Item 220.

NOTE 6: Rates named in this item apply in connection with split pickup shipments and split delivery shipments only when points of origin and points of destination of all component parts of such shipments are located within Region 1. Rates named in Item 390 apply to split pickup shipments and split delivery shipments when excluded from the provisions of this item.

NOTE 7: Rates in this item do not apply to shipments afforded split pickup and split delivery in combination.

SECTION 4

FORMS OF DOCUMENTS

This is Not a Contract

BASIS FOR CARRIER'S ESTIMATED COST OF SERVICES

NAME OF CARRIER
ADDRESS OF CARRIER
TELEPHONE NUMBER OF CARRIER

NAME _____ PHONE NO. _____ DATE _____

MOVING FROM _____ MOVING TO _____

SERVICES REQUESTED: Distance Move __ Hourly Move __ Piece Move __

SERVICE	SR	SNR	CNK	SERVICE	SR	SNR	CNK
Additional helpers (No.)				Overtime packing labor			
Appliance servicing				SIT Monthly storage charge			
Elevator at origin				SIT moving into warehouse			
Elevator at destination				SIT moving out of warehouse			
Flights at origin (No.)				SIT warehouse handling			
Flights at destination (No.)				SIT warehouse wrapping or fumigating			
Hoisting or lowering at origin				Shuttle service at origin			
Hoisting or lowering at destination				Shuttle service at destination			
Long carry at origin (No.)				Disassembly of items			
Long carry at destination (No.)				Assembly of items			
Split delivery				Van & 1 man			
Split pickup				Van & 2 men			
Packing material delivery/pickup				Overtime or Premium Labor			
Packing material				Expedited Service			
Packing labor: Hourly By Unit				Bulky Article(s) (No.)			
Unpacking labor: Hourly By Unit				Shipment Valuation $			
				Valuation Charge @ per $100.00			
				Additional Equipment Required			

SR : Service Requested
SNR : Service Not Requested
CNK : Condition Not Known
SIT : Storage-in-Transit

400

CHARGES TO BE PAID BY: Cash __ Certified Check __ Money Order __ Credit Card __ Personal Check __

Number of Articles to be moved. ___ Number of Rooms to be moved. ___ Total Number of Packing Containers to be Supplied by Carrier. ___

I AM IN NO WAY OBLIGATED TO HAVE THE ABOVE-NAMED CARRIER PERFORM ANY SERVICES. I REQUEST ONLY THE SERVICES AND ITEMS LISTED ON THIS DOCUMENT BE CONSIDERED IN DETERMINING THE ESTIMATED COST. I UNDERSTAND THAT ADDITIONAL CHARGES WILL BE MADE FOR ANY ADDITIONAL SERVICES REQUESTED AT A LATER DATE.

I hereby acknowledge that I have received the informational material "IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS."

_____ _____
Signature of Shipper or Shipper's Representative Date

NOTE: If moving conditions change between now and moving date, call the carrier.

EFFECTIVE AS SHOWN ON ORIGINAL TITLE PAGE

TABLE OF MEASUREMENTS AND ESTIMATE FORM

COLUMN 1					COLUMN 2				
Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.	Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.
	LIVING AND FAMILY ROOMS					LIVING AND FAMILY ROOMS (Cont.)			
	Bar, Portable	15				Rug, Small Roll or Pad	3		
	Bench, Fireside or Piano	5				Sofa, 2 Cushions	35		
	Bookcase	20				Sofa, 3 Cushions	50		
	Bookshelves, Sectional	5				Sofa, 4 Cushions	60		
	Chair, Arm	10				Sofa, Sect., per Sect.	30		
	Chair, Occasional	15				Studio, Couch or Hideabed	50		
	Chair, Overstuffed	25				Tables, Coffee	5		
	Chair, Rocker	12				Tables, Dropleaf	12		
	Chair, Straight	5				Tables, Nesting	2		
	Clock, Grandfather	20				Television, Big Screen	40		
	Day Bed	30				Television Combination	25		
	Desk, Small or Winthrop	22				Television or Radio Console	15		
	Desk, Secretary	35				DINING ROOM Bench, Harvest	10		
	Fireplace Equipment	5				Buffet	30		
	Foot Stool	2				Cabinet, China	25		
	Lamp, Floor or Pole	3				Cabinet, Corner	20		
	Magazine Rack	2				Chair, Dining	5		
	Music Cabinet	10				Rug, Large Roll or Pad	10		
	Piano, Baby Grand or Upright	70				Rug, Small Roll or Pad	3		
	Piano, Parlor Grand	80				Server	15		
	Piano, Spinet	60				Table, Dining	30		
	Rug, Large Roll or Pad	10				Tea Cart	10		
	Subtotal Col. 1					Subtotal Col. 2			

610

TABLE OF MEASUREMENTS AND ESTIMATE FORM (Continued)

COLUMN 3					COLUMN 4				
Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.	Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.
	BEDROOM					BEDROOM (Continued)			
	Bed, including Spring & Mattress:					Waterbed	20		
	Double	60				NURSERY			
	King Size	70				Bathinette	5		
	Single or Hollywood	40				Bed, Youth	30		
	Rollaway	20				Chair, Child's	3		
	Bunk (Set of 2)	70				Chair, Rocker	12		
	Bookshelves, Sectional	5				Chest	12		
	Bureau, Dresser, Chest of Drawers, Chifforobe or Chiffonier	25				Chest, Toy	5		
						Crib, Baby	10		
	Cedar Chest	15				Pen, Play	10		
	Chair, Boudoir	10				Rug, Large Roll or Pad	10		
	Chair, Straight or Rocker	5				Rug, Small Roll or Pad	3		
	Chaise Lounge	25				Table, Childs	5		
	Desk, Small or Winthrop	22				KITCHEN			
	Dresser or Vanity Bench	3				Baker's Rack	20		
	Dresser, Double (Mr. & Mrs.)	50				Breakfast Suite Chairs	5		
	Exercise Bike	10				Breakfast Table	10		
	Night Table	5				Butcher Block	10		
	Rug, Large Roll or Pad	10				Chair, High	5		
	Rug, Small Roll or Pad	3				Ironing Board	2		
	Vanity Dresser	20				Kitchen Cabinet	30		
	Wardrobe, Small	20				Microwave	5		
	Wardrobe, Large	40				Serving Cart	15		
						Stool	3		
						Table	5		
	Subtotal Col. 3					Subtotal Col. 4			

410 (Continued)

EFFECTIVE AS SHOWN ON ORIGINAL PAGE

TABLE OF MEASUREMENTS AND ESTIMATE FORM (Continued)

COLUMN 5					COLUMN 6				
Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.	Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.
	KITCHEN (Continued)					PORCH, OUTDOOR FURNITURE AND EQUIPMENT (Continued)			
	Utility Cabinet	10				Clothes Dryer Rack	5		
	APPLIANCES (LARGE					Garden Hose and Tools	10		
	Air Conditioner, Window	30				Glider or Settee	20		
	Dishwasher	20				Ladder, Extension	10		
	Dyer, Electric or Gas	25				Lawn Mower (Hand)	5		
	Freezer: (Cu. Capacity in Ft.)					Lawn Mower (Power)	15		
	10 or less	10				Lawn Mower (Riding)	35		
	11 to 15	45				Leaf Sweeper	5		
	16 and over	60				Outdoor Child's Slide	10		
	Range, Electric or Gas	30				Outdoor Child's Gym	20		
	Refrigerator: (Cu. Capacity in Feet)					Outdoor Swings	30		
	6 or less	30				Picnic Bench	5		
	7 to 10	45				Picnic Table	2		
	11 and over	60				Roller, Lawn	15		
	Sewing Machine, Portable	5				Sand Box	10		
	Sewing Machine, Cabinet	10				Spreader	1		
	Trash Compactor	10				Table	10		
	Vacuum Cleaner	5				Umbrella	5		
	Washing Machine	25				Wheelbarrow	8		
	PORCH, OUTDOOR FURNITURE AND EQUIPMENT					GARAGE			
	Barbecue or Portable Grill	10				Ash or Trash Can	7		
	Chairs, Lawn	5				Basket (Clothes)	5		
	Chairs, Porch	10							
	Subtotal Col. 5					Subtotal Col. 6			

410 (Continued)

EFFECTIVE AS SHOWN ON ORIGINAL PAGE

TABLE OF MEASUREMENTS AND ESTIMATE FORM (Continued)

COLUMN 7					COLUMN 8				
Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. ft.	Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.
	GARAGE (Continued)					GARAGE (Cont.)			
	Bicycle	10				Table, Utility	5		
	Card Table	1				Tackle Box	1		
	Cabinet, Filing	20				Tires	5		
	Carriage, Baby	20				Tool Chest	10		
	Chairs, Folding	1				Tricycle	5		
	Chair's Car Seat	2				Truck	10		
	Clothes Hamper	5				Vacuum Cleaner	5		
	Cot, Folding	10				Wagon, Child's	5		
	Desk, Office	30				Waste Paper Basket	2		
	Fan	5				Work Bench	20		
	Fernery or Plant Stands	10				OTHER ITEMS (Specify)			
	Fishing Poles	1							
	Foot Lockers	5							
	Golf Bag	2							
	Heater, Gas or Electric	5							
	Metal Shelves	5							
	Ping Pong Table	20							
	Pool Table	40							
	Power Tools	20							
	Sled	2							
	Step Ladder	5							
	Suitcase	5							
	Subtotal Col. 7					Subtotal Col. 8			

410 (Continued)

EFFECTIVE AS SHOWN ON ORIGINAL PAGE

TABLE OF MEASUREMENTS AND ESTIMATE FORM (Concluded)

COLUMN 9					COLUMN 10				
Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.	Articles Not To Be Shipped	ARTICLE	Cu. Ft. Per Pc.	No. of Pc.	Cu. Ft.
	CONTAINERS (To Be Packed by Shipper)					CONTAINERS (Continued) (To Be Packed by Carrier)			
	Dish Pack	10				Mirror/Picture	5		
	Carton					Wardrobe	15		
	1 1/2 cu. ft.					Crates:			
	3 cu. ft.					x x =			
	4 1/2 cu. ft.					x x =			
	6 cu. ft.					x x =			
	6 1/2 cu. ft.					x x =			
	Lamps	5				Subtotal Col. 10			
	Mirror/Picture	5				Total Col. 1			
	Wardrobe	15				Total Col. 2			
	CONTAINERS (To Be Packed by Carrier)					Total Col. 3			
	Dish Pack	10				Total Col. 4			
	Carton					Total Col. 5			
	1 1/2 cu. ft.					Total Col. 6			
	3 cu. ft.					Total Col. 7			
	4 1/2 cu. ft.					Total Col. 8			
	6 cu. ft.					Total Col. 9			
	6 1/2 cu. ft					Total Col. 10			
	Lamp	5				GRAND TOTAL			
	Subtotal Col. 9								

410 (Concluded)

Explanation of Abbreviations in Items 400, 410 and 420

@=at Col.=Column Cu. Ft.=Cubic Feet Lbs.=Pounds Mi.=Miles No.=Number Pc.=Piece Wt.=Weight

EFFECTIVE AS SHOWN ON ORIGINAL PAGE

This Is Not a Contract

ESTIMATED COST OF SERVICES

NAME OF CARRIER
ADDRESS OF CARRIER
TELEPHONE NUMBER OF CARRIER

NAME_____ PHONE NO._____ DATE_____

MOVING FROM_____ REGION __ DATE OF MOVING_____

MOVING TO_____ REGION __ DATE OF DELIVERY_____

Charge To (Corporation or Individual_____

SERVICES REQUESTED: Distance Move __ Hourly Move __ Piece Move __ No. of Articles to be moved ___

No. of Rooms To Be Moved ___ Total No. of Packing Containers to Be Supplied by Carrier ___

CHARGES TO BE PAID BY: Cash __ Certified Check __ Money Order __ Credit Card __ Personal Check __

APPROXIMATE WEIGHT: Total Cubic Feet (from Table of Measurements)___cu. ft. at 7 lbs. per cu. ft.=___lbs.

LONG DISTANCE MOVING

Tariff_____ Total Cu. Ft._____ Miles_____

Est. Weight_____lbs. at_____per 100 lbs. $_____ 420

No. Flights_____at_____per 100 lbs. $_____

No. Long Carries_____at_____per 100 lbs. $_____

Extra Pickup-Delivery or Both_____ $_____

Haul to - from Storage-In-Transit_____hours_____ $_____

Storage-in-transit Charges:

First Day_____lbs. at_____ per 100 lbs. $_____

Each Additional Day at_____ per 100 lbs. per day $_____

Warehouse Handling_____ lbs. at ___ per 100 lbs. $_____

Piano, Type_____ Organ, Type _____ $_____

Appliances to Service_____ $_____

Shipment Valuation $_____ Full Value __

Valuation Charge at _____per $100 of value $_____

Assembly/Disassembly of Articles_____ $_____

Hoisting/Lowering_____ $_____

Bulky Articles_____ $_____

Other Services_____ $_____

Estimated Cost $_____

This is Not a Contract

ESTIMATED COST OF SERVICES (Continued)

LOCAL MOVING

Loading _____ Hrs.
Obl Driving _____ Hrs.
Unload _____ Hrs.
TOTAL _____ Hrs.

ESTIMATE OF HOURS

Moving, Estimated_____hrs. for _____ van
and _____men at_____per hour_____ $_____
Piano, Type_____ No. Flights_____ $_____
Bridge or Ferry Tolls (Estimated)_____ $_____
Hoisting/Lowering_____ $_____
Shipment Valuation $_____ Full Value __
Valuation Charge at_____per $100 of value $_____
Other Services_____ $_____
OVERTIME RATES:_____ $_____

Estimated Cost $_____

PACKING AND UNPACKING CHARGES MAY BE MADE EITHER ON AN HOURLY BASIS OR A UNIT BASIS.

PACKING AND UNPACKING

HOURLY LABOR

Pack at Residence, Estimated_____ $_____
Packers_____hrs., at_____per man hr. $_____
Unpack, Estimated_____Packers_____hrs. $_____
at_____per man hour. . . . . $_____

Hourly Packing Labor Costs $_____

MATERIAL AND UNIT PACKING

	Quantity	Charge per Unit Pack	Unpack	Material	
Dish Packs or Barrels					$
Cartons over 1 1/2 cu. ft.					$
Cartons over 3 cu. ft.					$
Cartons over 4 1/2 cu. ft.					$
Cartons over 6 cu. ft.					$
Cartons over 6 1/2 cu. ft.					$
Wardrobes					$
Mattress Ctn. Single					$
Mattress Ctn. Double					$
Mattress Ctn. King					$
Mattress Ctn. Crib					$
					$
Glass Packs					$
Crate, Size					$
Crate, Size					$

Materials and/or Unit Packing Costs $_____

Total (Hourly or Unit) Packing and Materials Cost $_____

DELIVERY OF PACKING MATERIAL_____ $_____

420 (Continued)

Released valuation at $20,000 lump sum value or as declared by the shipper.

This is Not A Contract

ESTIMATED COST OF SERVICES (Concluded)

REMARKS

LOCAL MOVING $

STORAGE $

LONG DISTANCE MOVING $

PACKING AND/OR UNPACKING $

MISCELLANEOUS $

TOTAL COST $

Amount Total Cost EXCEEDS Charges Under Maximum Fixed Rate $

Reminder To Shipper: You may obtain other estimates

420 (Concluded)

IMPORTANT NOTICE: This estimated cost document covers only the articles and services listed on the basis for Carrier's Estimated Cost of Services Document. ACTUAL CHARGES FOR THOSE SERVICES WILL NOT EXCEED THE AMOUNT OF THE ESTIMATED COST. No guarantee can be made as to specific dates of pickup or delivery of your shipment, unless you make special arrangements with the carrier.

NOTICE TO ESTIMATOR: It is mandatory to use cubic footage for each article at not less than that shown on the Table of Measurements and the total cubic footage be multiplied by seven to determine the total approximate weight for determining the charge under maximum fixed rate.

ESTIMATOR'S SIGNATURE DATE

CHANGE ORDER FOR SERVICES

NAME OF CARRIER
ADDRESS OF CARRIER
TELEPHONE NUMBER OF CARRIER

THIS WILL CERTIFY AND ATTEST THAT SHIPPER OR SHIPPER'S REPRESENTATIVE AS SHOWN ON ORDER FOR SERVICES NO._____ DATED_____ WITH_____ REQUESTS ADDITIONAL SERVICES AT
(CARRIER'S NAME)
CHARGES AS INDICATED ON REVERSE OF THIS FORM.

Estimated Cost of Services, Contract for Move, shipping document and/or freight bill.

Document Issued at:

Date Service Req'd A.M. P.M.

Pack Date A.M. P.M.

Delivery Date Req'd A.M. P.M.

Order taken by:

SHIPPER IS REQUESTED TO READ THIS DOCUMENT BEFORE SIGNING and ask for an explanation of anything not clear or inconsistent with any previous representation. THIS WILL CONFIRM INSTRUCTIONS AND AUTHORIZE CARRIER TO MOVE, SHIP, PACK, STORE AND/OR PERFORM THE SERVICES HEREON.

FROM: TO:

_____ Floor _____ _____ Floor _____
_____ Apt. No. _____ _____ Apt. No. _____
_____ Phone _____ _____ Phone _____

649

ORIGIN	DESTINATION	EXTRA HELPER
Van and ____ Men	Van and ____ Men	per van
$ _____ per hr.	$ _____ per hr.	@ $ _____ hr.

Calculated on Basis of Loading and Unloading Plus Double Driving time between Point of Pickup and Delivery.

RATES FOR OTHER ADDITIONAL SERVICES REQUESTED

PACKING INSTRUCTIONS pack___ unpack___ hourly___ unit___

PACKER'S NAME	HOURS	DATE

LONG DISTANCE RATES — Rate per 100 lbs. between Points Named

Miles	500 lbs.	1000 lbs.	2000 lbs.	5000 lbs.	9000 lbs.	12000 lbs.	16000 lbs.
____	$_____	$_____	$_____	$_____	$_____	$_____	$_____

Pickup or Delivery at other Than Ground Floor Per Piece or Cwt. per Flight $_____ Add'l Charge

Split Pickup and/or Delivery per Stop at $_____

STORAGE-IN-TRANSIT (Max. 90 days)
First Day @_____c/cwt.
Add'l Days _____ @ _____c/cwt./day
Warehouse Handling _____ lbs @ _____c/cwt.

DELIVERY OR PICKUP OF SHIPPING CONTAINERS

$_____ EA. OR HOURLY CHG. OF $_____

PIECE MOVING (NOT OVER 5 PIECES) 1st Article $_____ Add'l Articles $_____ EA. Miles _____

EFFECTIVE AS SHOWN ON ORIGINAL TITLE PAGE

CHARGE ORDER FOR SERVICES (Continued)

PACKING/UNPACKING
(Either hourly or by Container)

RATES FOR HOURLY PACKING LABOR (If Applicable)

PACKING/CRATING @ $ _____ Per Man Per Hour Plus All Materials Used on Job
UNPACKING/UNCRATING @ $ _____ Per Man Per Hour Plus All Materials Used on Job

CONTAINER/MATERIAL	Est. No. Used	RATES AND CHARGES PER UNIT (CONTAINER) FOR MATERIALS RATE	AMOUNT	FOR PACKING RATE	AMOUNT	FOR UNPACKING RATE	AMOUNT
Dishpacks (Not less than 5 cu. ft.)			$		$		$
Cartons: 1 1/2 cu. ft.			$		$		$
3 cu. ft.			$		$		$
4 1/2 cu. ft.			$		$		$
6 1/2 cu. ft.			$		$		$
Mattress: Single Size			$		$		$
Double Size			$		$		$
King Size			$		$		$
Queen Size			$		$		$
Crib Size			$		$		$
Mirror Cartons:			$		$		$
Wardrobes			$		$		$
Crates			$		$		$
			$		$		$
			$		$		$
TOTAL MATERIALS CHARGE $							
TOTAL UNIT PACKING CHARGE $							
TOTAL UNIT UNPACKING CHARGE $							

440 (Continued)

Driver	Loading	Delivery/Pickup of Containers	
Helper	Obl Driving Hrs.	TOTAL PACKING/UNPACKING HOURS @ $	PER HR.
Helper	Unload Hrs.		
Van. No.	TOTAL HOURS	CHARGE @$ Per Hr.	$
		Overtime Hours @$ Per Hr.	$
		Extra Man ( ) Hours @$ Per Hr.	$
		Gross Wt. lbs. Tare Wt. lbs.	$
		Net Weight lbs. @$ Per Cwt.	$
		Flight Charge/Long Carry @ cper Cwt.	$
		Extra Pickup or Delivery @$	$
		TOTAL PACKING MATERIAL CHARGES	$
		TAX	$
		TOTAL HOURLY PACKING HRS. @$ or	$
		TOTAL UNIT PACKING/UNPACKING	$
		APPLIANCES to be serviced. If none write "NONE"	$
			$

The Articles Listed Will Be Included In The Valuation Declared In The Contract For Move, Unless A Change Is Requested.

Shipper requests a change in the valuation listed in the Contract for Move and releases the entire shipment to a value of:

$_____

Charged at ____ per $100 of Declared Value

HOW PAID

Cash __ Certified Check __ TOTAL $
Money Order __ Credit Card __ PREPAID $
Personal Check __ BALANCE $

I UNDERSTAND THAT I MAY BE REQUIRED TO PAY FOR THE SERVICES REQUESTED ABOVE AT TIME OF DELIVERY. THESE CHARGES ARE IN ADDITION TO THOSE CHARGES SET FORTH ON THE PREVIOUS ESTIMATED COST OF SERVICES DOCUMENT. CARRIER IS NOT REQUIRED TO EXTEND CREDIT IN THE AMOUNT OF THE CHARGES ACCRUED FOR THE ABOVE ADDITIONAL SERVICES. I HAVE READ THIS CONTRACT AND AGREE TO THE PROVISIONS HEREOF, AND RECEIVED A COPY.

Carrier's Representative _____ Shipper or Shipper's Representative _____ Date _____

CHANGE ORDER FOR SERVICES (Concluded)

(TO BE PLACED ON REVERSE SIDE OF CHANGE ORDER FOR SERVICES)

ADDITIONAL SERVICES REQUESTED

SERVICE	AMOUNT	SERVICE	AMOUNT
Additional helpers (No.)		Overtime packing labor	
Appliance servicing		SIT storage charge	
Elevator at origin		SIT move to warehouse	
Elevator at destination		SIT move from warehouse	
Flights at origin (No.)		SIT warehouse handling	
Flights at destination (No.)		SIT warehouse wrapping or fumigation	
Hoisting or lowering at origin		Shipment Valuation $	
Hoisting or lowering at destination		Valuation Charge at per $100.00	
Shipment Valuation $		Shuttle service at origin	
Valuation Charge at per $100.00		Shuttle service at destination	
Long carry at origin (No.)		Assembly of items	
Split delivery		Van & 1 man	
Split pickup		Van & 2 men	
Packing material delivery		Overtime or Premium Labor	
Packing material		Expedited Service	
Packing labor--Hourly by Unit		Bulky Article(s) (No.)	
Unpacking labor--Hourly by Unit		OTHER (Describe)	
TOTAL		TOTAL	

440 (Concluded)

ADDITIONAL ARTICLES TO BE MOVED

ARTICLE	Cu. Ft. Per Pc.	No. of Pieces	Cu. Ft.	ARTICLE	Cu. Ft. Per Pc.	No. of Pieces	Cu. Ft.	ARTICLE	Cu. Ft. Per Pc.	No. of Pieces	Cu. Ft.
								TOTAL CUBIC FEET			
								APPROXIMATE ADDITIONAL WEIGHT IN POUNDS @ 7 LBS. per cu. ft.			

EFFECTIVE AS SHOWN ON ORIGINAL TITLE PAGE

CONTRACT FOR MOVE

Form For Use In Connection With Consignments Of Used Household Goods And Related Articles

(Name of carrier which shall be the name in which the operating authority is held.)

(Serial number of document

(The shipper is requested to read this document carefully before signing it and to ask for an explanation of anything which is not clear or is inconsistent with any previous representation made by the carrier.)

(Place document is issued)

(Date of initial contact)

(Date issued)_____

This will confirm instructions received from _____
(Name the person placing instructions)

to transport a consignment of _____
(Household goods or other sufficient description to determine the articles included in the ceiling price)

from _____
(Describe the location from which the goods are to be shipped)

to _____, to receive the
(Describe the location at which the goods are to be delivered)

consignment for transportation on _____
(Specify the date and time or other arrangement)

and to perform the accessorial services of _____ 450
(Specify services such as packing, crating, unpacking or uncrating, in sufficient detail to determine the services included or not included in the ceiling price)

_____ in connection with the receipt, transportation or delivery of the consignment, to notify _____
(Name the party to be notified)

at _____
(Location where notification is to be made)

by _____
(Describe when and how notification is to be made, the expected delivery date, and when and how delivery is to be accomplished, or note the shipper was requested to supply a notification address and/or delivery arrangements but declined to do so)

NOTICE: Coverage For Loss And Damage Is Limited To A Total Of $20,000, Unless The Shipper Signing This Contract Inserts In The Space Below, In His (Or Her) Own Handwriting, Another Value. You Will Be Charged For All Coverage Provided (See Valuation Charged at ___ per $100 of value).

Shipper hereby releases the entire shipment to a value not exceeding $_____
(to be completed by the shipper signing below)

Full Value Protection? _____ Valuation Charged at _____ per $100 of value.

CONTRACT FOR MOVE (Concluded)

Form For Use In Connection With Consignments Of Used Household Goods And Related Articles

The rate(s) for the above described services is (are)_____
(Name the rate or rates and the number of

_____

persons, viz. helpers, packers, to be provided, minimum weights or charges, and any other minimum

_____

provisions involved, for the transportation and accessorial services ordered, designating the

_____

particular services for which different rates are quoted and conditions and circumstances which may

_____

result in extra charges, such as the ordering of additional service or failure to accept delivery

_____

pursuant to the delivery arrangements described above.)

_____

The Carrier Agrees to Perform the Stated Services at the Stated Rates _____
(Signature of Carrier)

Important Notice

The quoted rates are no higher than the Maximum Fixed Rates promulgated in the California Public Utilities Commission's Maximum Rate Tariff 4. The quoted rates are to be applied to: the number of hours, actual weight, or actual number of other units of measurement, NOT TO EXCEED the Ceiling Price. The Ceiling Price shall not exceed the Estimated Cost of Service plus any Change Order for Service issued prior to the signing of this document, if applicable. 450 (Concluded)

NOTE: If an Estimated Cost of Services has been issued 10 or more days in advance of the shipping date, the quoted rates may exceed the Maximum Fixed Rates in Maximum Rate Tariff 4, and, the Estimated Cost Of Services shall apply.

Copies of the California Public Utilities Commission's Maximum Rate Tariff are open for public inspection at the Commission's offices in San Francisco and Los Angeles and at the carrier's office:

_____.
(designate location)

CEILING PRICE (for all services and articles named in this contract):
THE MAXIMUM CHARGE THAT MAY BE ASSESSED FOR THIS SHIPMENT IS $_____
(Subject to Change Orders for Service)

_____
(State whether shipper is to pay charges in cash, check or by authorized credit card.)

_____ (Shipper's Name)	_____ (Name of Carrier)
_____ (Signature of Shipper or Agent of Shipper	_____ (Name of Carrier's Representative)
_____ (Address of Shipper or Agent of Shipper)	_____ (Signature of Carrier's Representative)
_____ (Date)	_____ (Date)

EXECUTION OF THE CONTRACT DOES NOT EXEMPT CARRIER FROM COMPLIANCE WITH ANY PROVISION OF LAW OR PUBLIC UTILITIES COMMISSION RULES OR REGULATIONS, EVEN THOUGH NOT EXPRESSLY SET FORTH IN THE CONTRACT.

SHIPPING ORDER AND FREIGHT BILL FOR USED HOUSEHOLD GOODS AND RELATED ARTICLES

Name of Carrier_____ Bill No._____

Address_____ Date Issued_____

Shipper_____ Consignee_____

Street Address_____ Street Address_____

City_____ City_____

Credit Card of Shipper: Name_____ Number_____

Destination telephone number and notification address if different than delivery address

Description of Property: AT RATES IN DOLLARS PER HOUR

Units of Equipment: with Driver only | with Driver and Helper

Service	Time Started	Time Completed	Deductions(1)	Time for Computing Charges	Rate	Charges
Loading						$
Driving				(2)		$
Unloading						$
			Total			$

Number of Additional Helpers

__ Loading						$
__ Driving				(2)		$
__ Unloading						$
			Total			$

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AT RATES IN DOLLARS PER PIECE (5 Pieces or Less)

Number of Pieces	Rate for First Piece	Rate for Each Additional Piece	Charges
			$
		Total	$

AT RATES IN DOLLARS PER 100 POUNDS

Weight	Miles	Tariff Rate Item	Rate	Charges
				$

OTHER SERVICES (Including number of Packers) AND CHARGES (3)

		$
	Total to Collect	$
	CEILING PRICE	$

(1) Show time not chargeable, such as time for meals. Any deductions must be fully explained.

(2) Show double the driving time, except when more than one shipment transported on a single unit of equipment, show not less than _____ minutes actual time.

(3) Show each charge separately and what it represents.

EFFECTIVE AS SHOWN ON ORIGINAL TITLE PAGE

SHIPPING ORDER AND FREIGHT BILL FOR USED HOUSEHOLD GOODS AND RELATED ARTICLES (Concluded)

Description of Shipment: _____

_____

	Received by carrier in good condition, except as noted:	Received by consignee:
Shipper's preferred arrival date:	Date: _____	Name: _____
Date: _____	Exceptions: _____	Date: _____
	_____	
	_____	
	_____	
	_____	

NOTICE:

PLEASE INSPECT YOUR GOODS PROMPTLY.
CLAIMS FOR ANY LOST OR DAMAGED GOODS MUST BE FILED WITH THE CARRIER IN WRITING.

460 (Concluded)

Computation of Amount Payable When Estimated Cost of Services Has Been Given

The amount of Estimated Cost of Services	(1)	$ _____
Total charge on Change Order for Services	(2)	$ _____
Maximum charge shipper shall pay: total of (1) and (2)		$ _____

I hereby authorize carrier to assign the freight charges to my credit card account (as named above).

_____ _____
Signature of shipper or shipper's representative Date

_____ _____
Signature of carrier or carrier's representative Date

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Within California)

The California Public Utilities Commission (PUC) requires this information be provided by household goods carriers without charge to persons planning to move between points in California. Any carrier who ultimately performs a move but fails to provide this information to the shipper either immediately after phone contact or upon initial personal contact shall pay the shipper $100. If the shipper already has a copy of the document, the shipper may waive this provision. In either case, a signature is required on the Receipt For Information form.

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INTRODUCTION

This material is written for your benefit and protection. It is designed to provide you with the information necessary to ensure a well-planned and smooth move. Throughout this document you will be referred to as the "shipper". The moving company will be called either the "carrier" or the "mover".

In addition to ensuring that you as a shipper will be able to make fully informed decisions about your move and know the cost of your move before it takes place, the PUC also has rules that place limits on how high a price the mover can charge for its services. The specific government rules, regulations and rate limitations for moves within California are provided in Public Utilities Commission Maximum Rate Tariff 4. A copy of Maximum Rate Tariff 4 and all

IMPORTANT INFORMATION FOR PERSONS MOVING
HOUSEHOLD GOODS (Continued)

forms and documents used by the mover can be examined at either the mover's place of business or the PUC offices located throughout the State (see attached list).

Most moves involve a lot of paperwork. Read all forms and be sure they are completely filled in before you sign. Always get a copy of everything you sign.

If you have a problem about a move within California that you and the carrier cannot resolve, please call the nearest PUC field office or 1-800- - .

HOW TO CHOOSE A MOVER

Many carriers are listed in classified telephone directories, newspapers and local advertising. You may want to ask friends who have recently moved if they can recommend a moving company. Additionally, some realtors will advise you based upon their customers' experience. Carrier associations, business groups, chambers of commerce and consumer organizations may also be a source of information. Once you have the names of several movers or moving companies you may call the PUC at ( ) - for information on carrier performance. You should also get estimates to compare the prices and services of the different companies. 470 (Continued)

Be sure to obtain the complete and correct name, address and telephone number of the carrier who is to transport your shipment, and keep the carrier informed as to how and where you may be reached at all times until the shipment is delivered.

ESTIMATES AND COSTS

You should always request a written estimate from several movers so you can compare prices. Written estimates are binding on the mover. Be sure to give the mover as much information as possible about the goods you are moving, any special services you require and conditions (such as stairs, narrow road) affecting pick-up and delivery. Be sure these things are included in the written estimate. All written estimates must be based on a visual inspection of goods and must show total estimated charges. A rate quotation (how much it will cost per 100 pounds, or per hour) is not an estimate. Remember, verbal estimates are not binding. To avoid problems in the long run, get it in writing!

(2)

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Continued)

A carrier's rates must be based on constructive miles, which are miles that take into account driving conditions. If your move is 50 constructive miles or less, it is considered a local move and is usually charged by the hour. On moves that can be completed in a few hours, some carriers may not want to give an estimate, but will quote you the hourly rate. You should strongly consider contacting other carriers to get a written estimate of the total cost.

If the move is over 50 constructive miles, it is considered a long-distance move and must be charged on a weight and mileage basis. As the weight increases, the cost per pound decreases.

If you have only a few things to move, you should be aware that some carriers may have minimum charges. That means on hourly moves the carrier may charge a minimum of four hours even if your move only takes three. On distance moves the carrier may have a minimum weight of 5,000 lbs. So, even if the total weight of your shipment is 3,000 lbs., you pay for 5,000 lbs.

470 (Continued)

The carrier will charge extra for packing and unpacking. On distance-rated shipments there may be an additional charge for elevators and flight of stairs past the first floor (except in a single family home). If it is impossible for the carrier to park so that the tailgate of his vehicle is within 75 feet of the front door, a long carry charge may apply.

If you add items or request services not included in the original estimate, the carrier will provide a Change Order for Services either at the time of pickup or before performing service, and, of course, you pay for these additional services. Make sure the form is filled out before you sign and don't forget to keep a copy. Do not sign a blank Change Order.

The PUC wants to ensure that you know the cost of your move in advance and that you do not pay an excessive price for the move. The mover cannot charge you more than the ceiling price and is required to inform you of the ceiling price prior to the start of your move. This information must be written on the Contract for Move along with any minimums that may apply and specific details of the move.

If you have an estimate, the amount of the estimate is the highest price you can be charged and should be the ceiling price written on the Contract for Move plus any charges relating to a Change Order for Services, as discussed above.

(3)

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Continued)

If you get an estimate less than 10 days in advance, the highest price you will pay is the lesser of (1) the ceiling price plus any Change Order charges or (2) the charges calculated using the rates quoted in the Contract For Move.

THE INVENTORY REPORT

When the carrier arrives to pick up your goods, request an inventory of all articles shipped. The carrier will note on the inventory the condition of your furniture and other goods in a code explained at the top of the form: e.g., "G" for gouged. Make sure you and the carrier agree about the condition. If you disagree, make your own notation on the inventory list; otherwise, you may have difficulty securing compensation should damage occur.

A complete and specific inventory sheet is a business-like procedure for you and the carrier. Avoid verbal assurances which don't always stick.

470 (Continued)

Similarly, your personal participation is recommended when your goods are delivered. If an item is missing or damaged, tell the carrier and mark it on both the carrier's and your copy of the inventory sheet. Check all cartons carrying china, glassware, and other fragile items for damage before the carrier leaves.

When delivery is complete, you should sign the inventory sheet and delivery receipt noting any lost or damaged items. This will simplify processing of any future claims. However, failure to do so in no way affects your right to make a claim and to have the claim considered on its merits.

PICKUP AND DELIVERY DATES

If the carrier agrees to pick up your goods on a particular day and/or at a specified time, every effort must be made to meet that commitment. If, for some reason, the time or date cannot be met, the carrier must notify you (or the party you designate) by telephone, telegraph or fax, at carrier's expense, as soon as it becomes apparent that the pickup will not be at the time promised.

If delivery of your goods is delayed, the carrier must notify you at least 24 hours in advance (at carrier's expense by telephone, telegraph or fax), at the address or telephone number you have provided.

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IMPORTANT INFORMATION FOR PERSONS MOVING
HOUSEHOLD GOODS (Continued)

Claims for reimbursement for damages because of carrier negligence in failing to pick up or deliver your shipment on the agreed upon date or period of time specified in the shipping order should be handled like any other claim for loss or damage. (see "How to File a Claim")

For moves weighing 5000 pounds or more and/or transported 75 miles or more, you may request the mover to pick up a shipment on an agreed date and deliver it within an agreed upon span of two consecutive days. If pick-up is not made on the agreed date and delivery within 2 days of the agreed date, the carrier must pay you $100 per day for each and every day of delay. You must request this service in writing and any claim for failure to deliver on the agreed date must be made in writing within 30 days of delivery. (see "How to File a Claim")

PACKING AND OTHER PREPARATIONS

You may wish to save money by packing your own household goods; however, you should be aware that in the event of breakage you will have to show that the damage occurred because of the mover's negligent handling and not your packing. In case there is damage, always save the box, the contents and the packing materials to facilitate claims handling. Never pack matches, flammables or other dangerous articles. It's a good idea to empty, defrost and dry refrigerators and freezers. You should set aside jewelry, money, vital documents and valuable small items to carry with you. 470 (Continued)

It's up to you to make such preparations as disconnecting major appliances and providing special services to protect them during the move and removing items attached to walls or floors such as draperies and tacked-down carpets. Some moving companies will provide these services for a fee, or they can suggest firms in the local area to assist you.

CONTRACT FOR MOVE

In addition to other items, the Contract for Move shows: the carrier's name, address, and telephone number where you can reach him or her; the address and the telephone number where the carrier can contact you about the move; the location where your goods are being moved; the date of loading or pickup and the preferred date

(5)

IMPORTANT INFORMATION FOR PERSONS MOVING
HOUSEHOLD GOODS (Continued)

of delivery; a summary description of the move (e.g., a general description of items to be included or excluded and services to be provided); the declared or released valuation of your goods; the rates upon which the charges are based and any minimums the carrier may have; and the ceiling price which is the maximum charge that may be assessed for the various services to be performed.

The carrier is required to complete the contract (except for the ceiling price) and give it to you no less than 3 days prior to the move so that you have time to review it and ask for an explanation of any items that are unclear. The Contract for Move must have the ceiling price filled in by the carrier and it must be signed by you before your move begins; it then becomes the contract for shipping your personal belongings.

WEIGHING YOUR GOODS

When your charges are based on weight, the moving van will be weighed by a certified weighmaster on a certified scale before and after loading. You may observe the actual weighing or you may ask the carrier to notify you of the charges by telephone, telegraph or fax as soon as the goods are weighed. You should request copies of the weight information before and after loading. If you have any reason to question the reported weight, you may ask for a reweigh before delivery. 470 (Continued)

No extra charge will be made for reweighing if the difference between the two net scale weights exceeds 100 pounds on shipments weighing 5,000 pounds or less and two percent of the lower net scale weight on shipments weighing more than 5,000 pounds. The lower of the two net weights must be used in determining the charges. If you request a reweigh and the difference between the weights is not as described above, you may be required to pay for the reweighing.

INSURING YOUR GOODS

You have the right to set the value and insure your belongings for an amount that makes you comfortable. Be sure to check any existing policies you have before paying for additional insurance coverage. If you are unsure, call your insurance agent.

(6)

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Continued)

The carrier will charge you for the level of protection and the value you place on your goods. Depreciated value is determined by such things as the value declared by you, age, cost of the item new, and condition when received by the mover. Full value protection usually costs more since it will cover the replacement cost of any lost or damaged items. Remember to declare items of high value. If you fail to do this the carrier may not be liable for those items regardless of the level of coverage you choose.

If you fail to place a value on your goods, they will be automatically insured for $20,000 of depreciated value and you will be charged the carrier's rate for that level of coverage.

LIABILITY FOR VALUABLES

Items of extraordinary value, such as antiques, art objects, gold or silver articles, etc., should be separately described on the inventory and a value declared for each. It's best not to ship money, jewelry, important papers or other valuable personal articles. If you must, be sure to list the items by description and value on the shipping document. 470 (Continued)

LIMITATIONS ON THE CARRIER'S LIABILITY

The liability of the carrier for loss is limited by the following exclusions:

a. Perishables,

b. Loss or damage caused by the shipper, including improper packing,

c. Defect or inherent vice of the article, such as susceptibility to atmospheric changes,

d. Insects, moths, vermin, ordinary wear and tear, or gradual deterioration,

e. Mechanical or electrical derangement of musical instruments, electronic components or appliances, if there is no sign of exterior damage,

IMPORTANT INFORMATION FOR PERSONS MOVING
HOUSEHOLD GOODS (Continued)

f. Loss or damage caused as a result of any strike, lockout, labor disturbance, riot, civil commotion, or any act of any person or persons taking part in any such occurrence or disorder,

g. Hostile or warlike action in time of peace or war,

h. Breakage caused by normal handling of china, glassware, bric-a-brac, or other similar items, unless packed by the carrier,

i. Liability of carrier for loss or damage shall be subject to your compliance with the rules for filing claims.

For more complete information regarding limitations on the carrier's liability, please see General Order 136-C, which you may obtain from the CPUC.

PAYING FOR YOUR MOVE 470 (Continued)

Most carriers insist that you pay in cash or by money order or certified check; however, you may arrange in advance for the carrier to extend you credit. If the carrier will accept payment by credit card or personal check, be sure this arrangement is noted on the Contract For Move. Carriers must relinquish your goods upon payment of total charges due; however, should these total charges exceed the ceiling price or the amount of your written estimate plus the Change Order for Services if any, a complaint should be made to the PUC.

HOW TO FILE A CLAIM

If your goods are lost or damaged, be sure you describe such loss and damage by making notations on the carrier's shipping order or freight bill document. If the driver refuses, you should report the circumstances and the condition of the articles in writing to the home office of the carrier. The notations made at the time of delivery do not constitute filing a claim, but are made to support a claim to be filed later.

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IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Continued)

To file a claim you must:

1. write the home office of the carrier and describe the loss or damage,

2. list separately the items lost or damaged,

3. note the exact amount you are claiming for each item lost or damaged,

4. give the date of your move, the origin and destination and the carrier's order number.

If the damage was to packed items, you should retain the box, its contents and the packing materials. This is especially important if you did the packing since you will have to show that bad packing was not the cause of the damage.

Providing copies of documents such as store receipts for the lost or damaged items and professional estimates for repair will speed the processing of your claim. 470 (Continued)

You should also retain copies of all correspondence with the moving company. In addition, all correspondence addressed to the moving company should be sent by registered mail, return receipt requested, to evidence receipt of your claim by the carrier.

Your claim must be filed, in writing, within nine (9) months after delivery of the goods or within nine (9) months after a reasonable time for delivery has elapsed. Specific rules are set forth in Maximum Rate Tariff 4. The carrier is required to acknowledge claims in writing within 30 days and must pay, decline to pay or make a firm compromise settlement within 60 days of receipt of your claim. If some reason beyond the carrier's control delays action for a longer time, the carrier is required to notify you in writing within 60 days of receipt of your claim as to its status and the reason for delay (with a copy to the Public Utilities Commission) and again every 30 days thereafter until final action is taken. (see Maximum Rate Tariff 4, Item 92 for more information on filing claims)

(9)

IMPORTANT INFORMATION FOR PERSONS MOVING
HOUSEHOLD GOODS (Continued)

The California Public Utilities Commission has no authority to compel carriers to settle claims for loss or damage and will not undertake to determine whether the basis for, or the amount of, such claims is proper, nor will it attempt to determine the carrier's liability for such loss or damage. If both parties consent, the claim may be submitted to an impartial arbitrator for resolution. If you are interested in arbitration you may contact the PUC at - - . You may also commence a suit in small claims court or other court of law.

If arbitration or civil action result in a decision in your favor and the carrier fails to comply, contact the PUC.

IF YOUR NEW HOME IS NOT READY

If you cannot move into your new home or apartment immediately, you may wish to have your goods moved from your present residence and held in storage for later delivery. For a storage period of 90 days or less, you can request "Storage-in-Transit" (abbreviated SIT). Separate charges will be assessed for the transportation from your old place of residence into storage, for the SIT, and for the transportation to your new residence. Storage and handling charges will be assessed for this service and it will be covered by the terms and conditions of your agreement with the moving company. 470 (Continued)

If you do not request "Storage-in-Transit," or if your storage period exceeds 90 days, your goods will be subject to rates, terms, and conditions set by the local warehouse and the service will be under a separate contract with the warehouseman and not regulated by the PUC.

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Continued)

PUBLIC UTILITIES COMMISSION DISTRICT OFFICES

City & Zip Code	Address	Local Telephone No.
BAKERSFIELD 93308	3801 Pierce Rd. Suite 108	(805) 395-2822
CAMPBELL 95008	1799 So. Winchester Suite 109	(408) 379-1551
CULVER CITY 90230	5601 W. Slauson Room 252	(213) 412-6349
DOWNEY 90240	8141 E. 2nd Street Suite 320	(213) 923-5576
EL CENTRO 92243	1681 Main Street Room 329	(619) 352-3123
EL MONTE 91731	9550 Flair Drive Suite 504	(818) 575-6727
EUREKA 95501	2921 "E" Street Suite A	(707) 445-6512
FRESNO 93721	2550 Mariposa Street Room 4047	(209) 445-5081
OAKLAND 94612	1800 Harrison Street Suite 910	(415) 464-1366
REDDING 96001	2135 Akard Avenue Room 6	(916) 225-2160
SACRAMENTO 95814	1107 Ninth Street Suite 740	(916) 445-5231
SAN BERNARDINO 92401	255 N. "D" Street Suite 310	(714) 383-4208
SAN BRUNO 94066	1150 Bayhill Drive Suite 106	(415) 588-9060

470 (Continued)

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Continued)

PUBLIC UTILITIES COMMISSION DISTRICT OFFICES

City & Zip Code	Address	Local Telephone No.	
SAN DIEGO 92101	State Building 1350 Front Street Room 4006	(619) 237-7388	
SAN FRANCISCO 94102	505 Van Ness Ave 2nd Floor	(415) 557-0981	
SANTA ANA 92701	2670 N. Main Street Room 370	(714) 558-4151	
SANTA BARBARA 93101	411 East Canon Perdido Room 6	(805) 564-7727	
SANTA ROSA 95404	State Building 50 "D" Street Room 455	(707) 576-2170	470 (Con-tin-ued)
STOCKTON 95202	31 E. Channel Street Room 417	(209) 948-7734	
VAN NUYS 91401	6150 Van Nuys Blvd. Room 315	(818) 901-5022	

IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Concluded)

RECEIPT FOR INFORMATION

In accordance with the rules of the California Public Utilities Commission, I, _____ (Shipper's Name), of _____ (Address of Shipper) have received a copy of the informational material entitled "IMPORTANT INFORMATION FOR PERSONS MOVING HOUSEHOLD GOODS (Within California)".

470 (Concluded)

_____ (Date) _____ (Signature of Shipper)

A word of caution: Oral estimates are illegal, not binding and should not be accepted.

GENERAL ORDER 136-C
(Supersedes General Order 136-B)
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

RULES AND REGULATIONS FOR HOUSEHOLD GOODS CARRIERS ON CARGO INSURANCE AND RULES CONCERNING LIABILITY FOR LOSS AND DAMAGE OF USED HOUSEHOLD GOODS AND RELATED PROPERTY DURING COURSE OF TRANSPORTATION OR STORAGE IN TRANSIT.

Adopted December 19, 1990. Effective April 18, 1991.

Decision 90-12-091 in I.89-11-003.

1. Every household goods carrier, shall provide and continue in effect, so long as it may be engaged in the transportation of used property under the provisions of Maximum Rate Tariff 4, adequate protection in the amount of not less than $20,000 per shipment, unless a lesser amount has been authorized by formal Commission action, to compensate a shipper or consignee for any loss or damage to property for which the carrier may be held legally liable in connection with the transportation service performed under Maximum Rate Tariff 4.

2. In the event a carrier elects to assume responsibility for a shipment in an amount which exceeds the cargo insurance which it has obtained, the carrier must, prior to the commencement of its service, have in its possession written acknowledgement from its insurance carrier that sufficient additional cargo insurance has been obtained to cover the responsibility to be assumed.

3. The protection required under Section 1 shall be evidenced by the deposit with the Public Utilities Commission, covering each vehicle used or to be used in conducting the service performed by each carrier, of a certificate of cargo insurance, issued by a company licensed to write such insurance in the State of California, or by nonadmitted insurers subject to Section 1763 of the Insurance Code, in lieu of the original policy if such a policy meets the rules promulgated therefor by the Commission, or of a bond of a surety company licensed to write surety bonds in the State of California.

4. The policy of cargo insurance under Section 1 shall include the following provisions:

a. That the policy of insurance, or surety bond, shall not be cancelable on less than thirty (30) days' written notice on Commission authorized forms to the Public Utilities Commission, such notice to commence to run from the date notice is actually received at the office of the Commission.

b. That the cargo insurance coverage for any shipment which is picked up prior to cancellation or termination of the policy shall continue to be applicable until the service provided under Maximum Rate Tariff 4 for any such shipment has been completed.

c. Automatic reinstatement of coverage following each loss so that there is no diminution of the coverage during the effective period of the policy.

d. That insurance company shall pay, within the limits of the policy hereinafter provided, any shipper or consignee for all loss of or damage to property belonging to such shipper or consignee, and coming into possession of the carrier in connection with its transportation service, for which loss or damage the carrier may become legally liable, regardless of whether the carrier's facilities used in connection with the transportation of property hereby insured are specifically described in the policy or not. The liability of the insurance company extends to such losses or damages, whether occurring on the route or in the territory authorized to be served by the carrier or elsewhere.

Within the limits of liability hereinafter provided, it is further understood that no condition, provision, stipulation or limitation contained in the policy, or any other endorsement thereon or violation thereof, shall affect in any way the right of any shipper or consignee, or relieve the insurance company from liability for any claim for which the carrier may be held legally liable to compensate shippers or consignees, irrespective of the financial responsibility or lack thereof or insolvency or bankruptcy of the carrier. The carrier agrees to reimburse the insurance company for any payment made by the insurance company on account of any loss or damage involving a breach of the terms of the policy and for any payment that the insurance company would not have been obligated to make under the provisions of the policy.

e. That the carrier shall notify the insurance company within a reasonable time, which shall not exceed thirty (30) days, of receipt of notice of each claim which may result in a liability in excess of any deductible provided in the policy, provided, however, that failure to timely file such notice shall not relieve the insurance company of its liability under subparagraph 4.d.

f. That the insurance company shall have the right to adjust and settle any claim for loss or damage to a shipment which shall, or will likely, result in a liability in excess of the agreed deductible.

g. That the cargo liability shall insure the carrier's liability for all physical losses or damage from external cause while being transported or held in storage-in-transit under Maximum Rate Tariff 4, except that policy may contain the exclusions set forth in paragraph 7.

h. That the policy of insurance or surety bond shall remain in full force and effect until canceled in the manner provided by Section 4.a.

5. The policy of cargo insurance required under Sections 1 and 2 shall not contain a rule of coresponsibility or coinsurance which would reduce the liability of the carrier for loss or damage to an amount represented by the relationship that the declared value bears to the actual value of the shipment.

6. No carrier or any employee, agent, or representative thereof shall sell or offer to sell or procure for any shipper any kind of insurance under any type of policy covering loss or damage to a shipment or shipments of household goods during the course of transportation or storage-in-transit by such carrier, but this section shall not preclude such a carrier from procuring in its own name insurance covering its liability for such loss or damage as required under Sections 1 and 2.

7. The liability of a carrier shall be limited by the following exclusions:

a. No liability shall be provided for the condition or flavor of perishable articles.

b. No liability shall be provided on the following items, unless the item is specifically listed on the shipping document by description and value: bills of exchange, bonds, bullion, precious metals, currency, deeds, documents, evidence of debt, credit cards, firearms (see Note 1), money, gems, jewelry, watches, precious stones, pearls, gold, silver, or platinum articles (see Note 2), stock certificates, securities, stamp collections, stamps (postage, revenue, or trading) or letters or packets of letters.

Note 1. Liability shall be provided for firearms legally acceptable under the Federal Gun Control Act of 1968, provided that shipper furnishes to the carrier the caliber, make, and serial number of such firearms and that such firearms are packed by carrier at shipper's expense at charges not less than those shown in Maximum Rate Tariff 4.

Note 2. Includes gold, silver, and platinum household articles such as silverware, coffee-service sets, trays, candlesticks, and dishes.

c. No liability shall be provided for loss or damage to articles of extraordinary value except under circumstances where each such article is specifically listed on the carrier's shipping document or inventory of the shipment and specifically designated as an article of extraordinary value and by listing the value thereof, and carrier is afforded the opportunity prior to pickup of the shipment to pack and otherwise provide adequate protection for such article (at carrier's published charges) if the packing by shipper is determined by carrier to be inadequate protection for such article. As used herein, the term "articles of extraordinary value" refers to those articles tendered to a carrier for transportation which because of uniqueness or rarity have a value substantially in excess of the cost of newly manufactured items of substantially the same type and quality apart from such uniqueness or rarity, such as, but not limited to, musical instruments of rare quality or historical significance; original manuscripts, first editions, or autographed copies of books; antique furniture; heirlooms; paintings; sculptures, and other works of art; and hobby collections and exhibits.

d. No liability shall be provided for loss or damage caused by or resulting from:

1. An act, omission, or order of shipper, including damage or breakage resulting from improper packing by shipper.
2. Insects, moths, vermin, ordinary wear and tear, or gradual deterioration.
3. Defect or inherent vice of the article, including susceptibility to damage because of atmospheric conditions such as temperature and humidity or change therein.
4. (I) Hostile or warlike action in time of peace or war including action in hindering, combating, or defending against an actual impending or expected attack: (A) by any government or sovereign power, or by any authority maintaining or using military, naval, or air forces, (B) by military, naval, or air forces, or (C) an agent of such government power, authority, or forces; (II) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (III) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure, or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

e. No liability shall be provided for the mechanical or electrical derangement of pianos, radios, phonographs, clocks, refrigerators, television sets, automatic washers, or other instruments or appliances unless evidenced by external damage to such equipment, or unless said articles or appliances are serviced as provided in subparagraph (1) below. The carrier reserves the right to inspect these articles or appliances to determine whether they are in good working order before accepting them for shipment. Carrier assumes no liability whatsoever for returning, refocusing, or other adjustments of television set unless such services were made necessary due to carrier's negligence.

1. Upon request of shipper, owner, or consignee of the goods carrier will, subject to subparagraph (2) below, service and unservice such articles as stoves, automatic washers and dryers at origin and destination. Such servicing and unservicing does not include removal or installation of articles secured to the premises or plumbing, electrical, or carpentry

services necessary to disconnect, remove, connect, and install such articles and appliances.

2. If carrier does not possess the qualified personnel to properly service and unservice such articles or appliances carrier, upon request of shipper or consignee or a agent for them, shall engage third persons to perform the servicing and unservicing. When third persons are engaged by the carrier to perform any service, the carrier will not assume responsibility for their activities or conduct; amount of their charges; nor for the quality or quantity of service furnished.

3. Except in instances where prior credit has been arranged all charges of the third persons must be paid directly by the shipper to said third persons.

f. No liability shall be provided by virtue of any loss or damage caused as a result of any strike, lockout, labor disturbance, riot, civil commotion, or any act of any person or persons taking part in any such occurrence or disorder.

g. No liability shall be provided for any loss or damage arising out of the breakage of china, glassware, bric-a-brac, or similar articles of a brittle or fragile nature unless packed by the carrier's employees or unless such breakage results from either the negligence of the carrier or from fire, lightning, theft, malicious damage, or by collision or overturning of the conveyance.

8. Liability of carrier and insurance company for loss or damage shall be subject to compliance by the shipper with applicable provisions of Item 92 of Maximum Rate Tariff 4 (Claims for Loss or Damage).

9. a. Any carrier desiring to furnish equivalent protection to the public as a self-insurer shall file an application for authority to do so in accordance with the Commission's Rules of Practice and Procedure.

b. Any carrier desiring authorization to provide and continue in effect cargo insurance in a lesser amount than $20,000 per shipment shall file an application for authority to do so in accordance with the Commission's Rules of Practice and Procedure in which it shall show that such lesser amount adequately protects the public.

10. Upon cancellation, expiration, or suspension of a cargo insurance policy, surety bond, or equivalent protection under Section 9 hereof, the operative authority of any carrier to transport used property under the provisions of Maximum Rate Tariff 4 shall stand suspended immediately upon the effective date of such cancellation, expiration, or suspension, until such time as a new surety bond, certificate of insurance, or equivalent protection is filed with the Commission.

11. No carrier shall transport any shipment of used household goods under the provisions of Maximum Rate Tariff 4 on any public highway in the State during the suspension of its operating authority under Section 10 of this General Order.

12. The liability of a carrier for any loss and damage to property coming into its possession and for which it is held legally liable shall be based upon the value of the property declared by the shipper and shall be subject to the following provisions:

    a. All shipments shall be released to a minimum lump sum value of $20,000, unless released to a greater or lesser value by the shipper.

    b. Shipments released to a declared value in excess of $0.60 per pound may be subject to a valuation charge. All valuation charges will be as provided in Item 136 of Maximum Rate Tariff 4 for each $100 or fraction thereof of the released value of the shipment valuation in excess of $0.60 per pound.

    c. Shipments may be released to full replacement value as provided by terms and rates in Item 136 of Maximum Rate Tariff 4.

13. Where the shipper is the employer of the actual owner of the household goods being transported and is responsible for all charges in connection with such a move, the shipper may instruct the motor carrier to release the shipment to either a value of greater than or less than $20,000 either (a) by specification made on a purchase order, or (b) by issuing, in advance of the shipping date, an appropriate letter of instructions to the carrier. In such instances, the motor carrier may incorporate the instructions by reference to the document in (a) or (b) above in shipping document in lieu of the personal signature and handwritten statement relating to released rates.

Approved and dated December 19, 1990, at San Francisco, California.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

By NEAL J. SHULMAN
Executive Director

(END OF ATTACHMENT C)

GENERAL ORDER 139-A

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

REGULATIONS GOVERNING THE HANDLING OF CLAIMS FOR LOSS OR DAMAGE OF PROPERTY FILED WITH EXPRESS CORPORATIONS, FREIGHT FORWARDERS, HIGHWAY CARRIERS, HOUSEHOLD GOODS CARRIERS, AND PASSENGER STAGE CORPORATIONS.

Revised Effective April 18, 1991.
(Decision 90-12-091, I.89-11-003)

Rule 1--PURPOSE OF THE REGULATIONS

1.1 To obtain uniformity on the part of all carriers and uniform treatment of all claimants in the disposition of claims of like nature.

1.2 To secure and preserve harmonious relationships in claim matters between carriers and their patrons.

1.3 To effect and maintain a prompt and efficient service to the public in connection with the investigation and disposition of freight claims.

Rule 2--FILING OF CLAIMS

2.1 Claims in writing required.

A claim for loss, damage, injury, or delay to property will not be voluntarily paid by a carrier unless filed in writing, as provided in Rule 2.2 and 2.3, below, with the receiving or delivering carrier, or carrier issuing the bill of lading, receipt, ticket, or carrier on whose line the alleged loss, damage, injury, or delay occurred, within the specified time limits provided in Rule 2.3.

2.2 Minimum filing requirements.

A communication in writing from a claimant, filed with a proper carrier within the time limits specified in Rule 2.3, and (1) containing facts sufficient to identify the shipment (or shipments) of property involved, (2) asserting liability for alleged loss, damage, injury, or delay, and

(3) making claim for the payment of a specified or determinable amount of money, will be considered as sufficient compliance with the provisions for filing claims embraced in the bill of lading or other contract of carriage.

2.3 Time limitations for filing claims or suits.

A claim for loss, damage, injury, or delay of property shall be filed within nine (9) months after delivery of the property, or in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Suits shall be instituted against any carrier within two (2) years and one (1) day from the day when notice in writing is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts thereof specified in the notice.

2.4 Documents which do not comply.

Bad order reports, appraisal report of damage, notations of exceptions on freight bills or other documents, inspection reports issued by carrier inspectors or inspection agencies, tracers or inspection requests do not comply with the claim filing requirements.

2.5 Documents required in support of claims.

a. A written demand for payment, asserting carrier liability for alleged loss, damage, injury, or delay, and containing facts sufficient to identify the shipment or shipments involved will constitute a claim, regardless of form, and will be required.

b. When claimant does not appear from the supporting documents to be an interested party, carrier will require any necessary written assignment or other proof to determine the claimant is the proper party to receive any claim payment.

c. The original freight bill and bill of lading or other contract of carriage will be required. When claimant cannot furnish both of these documents, carrier will require suitable indemnity from the claimant.

d. Claim must be supported by either the original invoice; a photographic copy of the original invoice; an exact

copy thereof, or an extract therefrom, certified by the claimant or his authorized representative to be true and correct with respect to the property involved in the claim and reflecting all trade or other discounts, allowances, or deductions of any nature. When the original invoice is not submitted, such document must be made available for inspection by carrier representative upon request.

e. When the property involved in the claim has not been invoiced to the consignee or where invoice does not show price or value, or where the property has not been sold but transferred at bookkeeping values only, or where property has been shipped on consignment or approval, claimant will be required to establish destination value in the quantity shipped and certify the correctness thereof.

f. In order to establish the full recoverable loss caused by the carriers, there will be required the original account of sale, showing the date of sale and the amounts realized on the damaged and undamaged portions, respectively, showing grade, brands, quality, variety, size, and condition, together with any deductions, allowances, and commissions, or a copy thereof certified correct over the signature of the claimant or an authorized representative thereof.

g. When shipment has received prior transportation and is reshipped from a distribution or warehousing point but has been opened and examined and contents verified as being in undamaged condition, certification thereof must be made by person having actual knowledge of such inspection and statement to that effect incorporated in such certification.

h. When an asserted claim for loss of an entire package or an entire shipment cannot be otherwise authenticated upon investigation, the carrier will obtain from the consignee of the shipment involved a certified statement in writing that the property for which the claim is filed has not been received from any other source.

2.6 Claims filed for uncertain amounts.

Whenever a claim is presented against a proper carrier for an uncertain amount, such as "$100 more or less", the carrier against whom such claim is filed will determine the condition of the shipment involved at the time of delivery by it, if it was delivered, and will ascertain as nearly as possible the extent, if any, of the loss or damage for which it may be responsible. It will not, however, voluntarily pay a claim under such circumstances unless and until a formal claim in writing for a specified or determinable amount of money has been filed in accordance with the provisions of Rules 2.1, 2.2, and 2.3.

2.7 Acknowledgment and disposition of claims.

a. Carrier will acknowledge claim in writing within thirty (30) days after receipt thereof, informing the claimant of identifying number assigned thereto, and will pay, refuse payment, or make a firm compromise offer within one hundred twenty (120) days after receipt of claim, except, that if claim cannot be disposed of within this period, carrier will at that time and at the end of each succeeding sixty (60) day period thereafter while claim remains pending, inform the claimant in writing of the reason for failure to conclude claim.

b. A separately numbered file will be established for each claim filed in accord with the provisions of this General Order. All documents, records, and correspondence pertaining to such claim will be identified with this file number.

2.8 Two or more claims filed.

When investigation of a claim develops that one or more other carriers has been presented with a similar claim on the same shipment, the carrier investigating such claim will communicate with each such other carrier and, prior to any agreement entered into between or among them as to the proper disposition of such claim or claims, will notify all claimants of the receipt of conflicting or overlapping claims and will require further substantiation, on the part of each claimant of his title to the property involved or his right with respect to such claim.

Rule 3--INSPECTION OF FREIGHT BEFORE OR AFTER DELIVERY TO CONSIGNEE AND ADJUSTMENT OF CLAIMS FOR LOSS OR DAMAGE

3.1 Application.

Loss of or damage to contents of package, not definitely known to exist at time of delivery by carrier to consignee may be due to negligence in packing, handling, or unpacking, or abstraction from containers, and is the subject of frequent claims and controversies. In order to avoid any discrimination, and so that practices will be certain and uniform in the treatment of claims of this character, the following rule apply.

3.2 Pilferage.

When a shipment is offered for delivery, if any portion of shipment bears any indication of having been pilfered, a joint inventory of contents must be made by carrier and consignee and the results of inventory so noted on carrier's delivery receipt.

3.3 Reporting concealed damage.

When damage to contents of a shipping container is discovered by the consignee which could not have been determined at time of delivery it must be reported by the consignee to the delivering carrier upon discovery and a request for inspection by the carrier's representative made. Notice of loss of damage and request for inspection may be given by telephone or in person, but in either event must be confirmed in writing by mail. If more than fifteen days pass between date of delivery of shipment by carrier and date of report of loss or damage, and request for inspection by consignee, it is incumbent upon the consignee to offer reasonable evidence to the carrier's representative when inspection is made that loss or damage was not incurred by the consignee after delivery of shipment by carrier. While awaiting inspection by carrier, the consignee must hold the shipping container and its contents in the same condition they were in when damage was discovered insofar as it is possible to do so.

3.4 Inspection by carrier.

Inspection by carrier will be made as promptly as possible and practicable after receipt of request by consignee.

Inspection will be made within five normal work days after receipt of request from consignee, excluding Saturdays, Sundays, and holidays. A day will be considered as the passing of twenty-four (24) hours from 9 a.m., local time, from the date of receipt of request for inspection. Inspection of carrier will include examination of the damaged merchandise, the shipping container, and any other action necessary to establish all facts. If a shortage is involved, inspector will check contents of package with invoice, weigh the shipping container and contents, or conduct any other type of investigation necessary to establish that a loss has occurred. In either case inspection will be limited to a factual report. Consignee must cooperate with carrier in every way possible to assist in the inspection. A written record of carrier's findings will be made at least in duplicate. The original of the report will be given the consignee for claim support. Any inspection report issued must be incorporated in claim file.

3.5 Failure to inspect.

In the event carrier does not make an inspection the consignee must make the inspection and record all information to the best of his ability pertinent to the cause. Consignee's inspection, in such case, will be considered as the carrier's inspection and will not jeopardize any recovery the consignee is due based on the facts contained in the report.

3.6 Prior transportation.

If a concealed damage inspection report covers merchandise which has had prior transportation movement, consignee is required to assist carrier in determining if shipment was opened and inspected by shipper prior to reshipment, and, if not, shall then assist carrier in every way possible to establish record of prior transportation.

Rule 4--SALVAGE RETENTION--DISPOSITION OF DAMAGED MERCHANDISE

4.1 When visible or open damage to a shipment has been established by notation having been given at time of delivery or concealed damaged established by inspection report, it is the duty of the consignee to retain damaged merchandise and shipping container until carrier desires to take possession of merchandise as salvage. If record

conclusively reflects carrier liability, carrier will take possession of the damaged merchandise as soon as possible and, in any event, within thirty (30) days from date shipment was noted damaged on carrier delivery receipt or from date of inspection report, if damage was concealed. If carrier does not take possession of the damaged merchandise within the time prescribed above, consignee must contact delivering carrier and request removal of goods from his premises within fifteen (15) days from the date of such communication.

4.2 Rule 4.1 above applies only when the carrier and consignee agree that the carrier will handle disposition of the salvage, and does not in any manner affect the legal duty that the consignee, when there is substantial value in the salvage, must accept and handle it in such manner as to mitigate the carrier's loss as much as possible. If there is doubt of carrier liability, the carrier will so advise consignee; in which event the consignee may hold the merchandise until liability of carrier is determined, or may dispose of it so as to mitigate the damage, and may file claim for such damage.

4.3 Carrier will remove the damaged goods within the fifteen (15) day period or advise consignee that carrier liability is in doubt and that damaged merchandise is to be retained by the consignee until carrier has completed investigation of claim.

Rule 5--TARIFF FILING REQUIRED BY COMMON CARRIERS

5.1 Each passenger stage corporation transporting express and each highway common carrier, express corporation, freight forwarder, petroleum irregular route carrier, and cement carrier shall publish and file, effective concurrently with the effective date of this order, in each of its tariffs, rules and regulations which shall conform to this General Order providing for the filing of loss and damage claims. Such rules and regulations shall also be filed concurrently with an initial tariff filing of any passenger stage corporation transporting express or any highway common carrier, express corporation, freight forwarder, petroleum irregular route carrier, or cement carrier.

5.2 Common carriers participating in the National Motor Freight Classification, revisions thereto or reissues thereof or Claims Rules Tariff; and governed by rules set forth

therein covering the Principles and Practices for the Investigation and Disposition of Freight Claims, as ordered by the Interstate Commerce Commission, shall be deemed in compliance with the provisions of this General Order, provided, however, that any provision therein which does not conform to this General Order shall be clearly delineated in the tariff provision(s) making reference to such Classification or Claims Rules Tariff.

5.3 Authority for tariff filing described in Rule 5.2 shall be sought pursuant to General Order No. 109 (Special Tariff Docket) or under the Commission's Rules of Practice and Procedure (Chapter 1, Title 20, California Administrative Code.)

Rule 6--PENALTY PROVISIONS

6.1 Violations

Carriers are hereby notified that violations of any portion of the requirements of this General Order shall constitute grounds for suspension or revocation of operating authority and may subject the carrier to fines and penalties as provided in the Public Utilities Code.

Rule 7--CONFLICTING PROVISIONS

7.1 If the provisions of this General Order conflict with the provisions of any maximum or minimum rate tariff issued by this Commission, the provision of the maximum or minimum rate tariff shall apply.

7.2 Except as provided by Rules 5.2 and 5.3, existing common carrier tariff provisions which conflict with this General Order and are not published pursuant to a minimum rate order shall be amended to conform to this General Order.

7.3 A common carrier must obtain Commission authorization as provided in Rule 5.3, before including in its tariff any provisions in conflict with this General Order.

Publication of such provisions shall include reference to the authorizing decision number or other Commission authorization.

The effective date of this order shall be April 18, 1991.

Approved and dated December 19, 1990, at San Francisco, California.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Neal J. Shulman
Executive Director

(END OF ATTACHMENT D)

ATTACHMENT E
Page 1

PHASE II ISSUES

Phase II will not revisit the choice of a maximum rate program. That is, we will not receive testimony regarding whether to reject maximum rates and move to no rates or return to minimum rates. We identify the following issues for Phase II:

1. What methodology should be used, and components included, in establishing and updating final maximum rates;

2. What changes to the level of interim maximum rates should be made;

3. What changes need to be made, if any, in providing for maximum rates above the maximum fixed rates set in Maximum Rate Tariff 4 (e.g., does the provision work for maximum rates to be above the fixed rate level if the estimate is made in writing no less than ten days before the move; does a provision need to be added to let carriers set maximum rates above the maximum fixed rates if the shipper first contacts the carrier less than ten days before the move; if abuses of a less than ten-day provision occur, can they be effectively controlled; is the risk of abuses by a less than ten-day provision greater or less than the benefit of service to some shippers who may otherwise be denied service);

4. What changes if any are needed to the "Contract for Move" form and procedure for its completion (e.g., should the carrier be required to include a ceiling price and sign the form no less than 3 days before the move begins);

5. Should carrier-filed maximum rates be allowed, and if so, under what terms and conditions;

6. What changes, if any, should be made to increase the effectiveness of the Commission's enforcement efforts against both unlicensed, illegal carriers and permitted carriers not complying with our program;

ATTACHMENT B
Page 2

7. What changes should be made to simplify or improve the documentation requirements;

8. How can CMSA, NMSA, NICMC, and the Commission work together to promote the best qualities within the industry;

9. Should all carriers be retested to retain operating authority after a fixed deadline given our new program;

10. Should the $100 assessment (for failure to give the "Important Information for Persons Moving Household Goods" booklet, or obtain a signature that the shipper already has one) and the 30 percent adjustment from maximum rates (for a carrier not completing the "Contract for Move") be increased or decreased;

11. Should valuation charges be bundled or unbundled in maximum rates, and what should the valuation charges be, including those for valuations in excess of $20,000 and for full value protection;

12. Should minimum charges (e.g., hours, weights, packing materials) continue to be allowed;

13. Should carriers be given a certain number of days to settle a loss and damage claim;

14. Should informed shippers be allowed to waive all consumer protections in the maximum rate program, and if so, how would that be accomplished;

15. Should the "Contract for Move" be useable to cover several moves.

16. Should the carrier be subject to a penalty for failure to conduct the move on the date agreed for shipments weighing less than 5,000 pounds and/or transported less than 75 constructive miles. Should the Commission specify the level of liquidated damages a carrier may assess a shipper if the shipper cancels an agreed-upon move without adequate notice;

17. Should the distance table (constructive miles) be abandoned, with maximum rates based on actual miles. Should carriers be allowed to charge based on hours for shipments over 50 miles; and

18. Should the cost of estimates be bundled in maximum rates (and estimates made for free when the carrier agrees to make an estimate) or should the cost be unbundled and charged separately. If unbundled, should the carrier be authorized to waive the estimating cost if the shipper selects the carrier for the move. Should the cost carriers may assess for estimates be subject to a maximum rate.

(END OF ATTACHMENT E)

ATTACHMENT F

TRANSPORTATION DIVISION TASKS

Transportation Division is asked to do the following:

I. MEETINGS AND WORKSHOPS

A. Conduct public information meetings and workshops throughout the state to inform the public on the new interim maximum rate program (MAX 4), answer questions, receive comments, and discuss program implementation.

B. Conduct meetings and workshops within 90 days from the effective date of this decision.

C. Prepare a report within 45 days from the last workshop which summarizes matters covered and proposals advanced at the workshops; served on service list to this investigation and Docket Office (original and 12 copies).

II. ARBITRATION PROGRAM

A. Select an arbitrator or arbitration association:

1. Issue request for proposals within 90 days of this order, indicating the proposals are due within 30 days.

2. Select an arbitrator or arbitration association within 30 days of receipt of proposals and prepare a resolution for Commission ratification of their recommendation.

3. Prepare brochure summarizing arbitration pilot program for carriers and shippers within 30 days of the Commission's selection of arbitrator or association, and mail to all Maximum Rate Tariff 4 subscribers.

4. Have the program in place within 60 days of Commission selection of the arbitrator.

B. Prepare a report analyzing arbitration

1. To address:

a. Alternatives.

b. Expected number of arbitrations.

c. Estimated costs and benefits.

d. Funding alternatives.

e. Recommendations on implementing one or more alternatives.

2. Due: 4 months after the completion of pilot arbitration program; served on service list to this investigation and Docket Office (original and 12).

III. CARRIER PERFORMANCE REPORTS AND CONSUMER PROTECTION MEASURES

A. Prepare a report to address:

1. Carrier Performance Reports

   a. Data carriers now collect for ICC, themselves or others.

   b. Data the Commission should collect.

   c. How the accuracy of the data can be verified.

   d. How the data should be used and distributed to shippers and carriers.

   e. Cost and benefit of the data collection and distribution.

   f. Reasonable alternatives.

   g. Recommendations.

2. Consumer Protection Measures

   a. What outreach efforts should be undertaken.

   b. Estimate of costs and benefits.

   c. Reasonable alternatives.

   d. Recommendations.

B. Due: Preliminary Report within 4 months; served on all parties to this investigation, widely noticed and filed with Docket Office (original and 12).

Workshop within 1 month of issuing preliminary report.

Final report within 3 months of final workshop; served on parties on service list to this investigation and filed with Docket Office (original and 12).

IV. ENFORCEMENT

A. Prepare a report to address:

1. Jurisdiction (what we can and cannot do).

2. Status (including relevant historical and current enforcement statistics).

3. What level of staff is now devoted to this effort.

4. What level of staff, new legislation, and funds are needed to accomplish the objectives established in this decision.

B. Due: 90 days from date of this decision; follow-up report one year later; served on service list to this investigation and filed with Docket Office (original and 12).

V. MONITORING

A. Prepare quarterly report:

1. To use measures available, including as many of the following as possible:

a. The number and change in the number of permits we have issued.

b. The number and change in the number of active (nonsuspended) carriers.

c. The average price and change in the average price of an intrastate move with a regulated carrier.

d. The number and change in the number of complaints (by complaint type).

e. Any measures of impact on labor.

f. Any measures of impact on carrier profitability.

g. Any measures of the health of the industry.

2. Due: Every 90 days after interim rates are effective (within 30 days of close of the quarter); served on the Docket Office, CMSA, DRA, and any party that asks to be served (on a distribution list maintained by TD).

B. Prepare comprehensive report:

1. To gauge the impact of the maximum rate program in reaching the Commission's goal and regulatory objectives, including as much of the following as possible:

a. What impact has there been, if any, on competition (e.g., numbers of carriers, concentration ratios, Herfindal-Hirschman index).

b. Has the total number of intrastate moves changed; has the number of intrastate moves performed by regulated movers changed.

c. Has the average price for an intrastate move performed by a regulated carrier increased, decreased or remained the same.

d. Has the market determined the proper tolerance factor for estimates, or should the Commission specify that the carrier can charge up to 10 percent over the total ceiling price.

e. Have the numbers of complaints (by complaint type) increased, decreased, or remained the same.

f. What impact has there been on consumer protection.

g. What impact has there been on economic efficiency.

h. Has service quality and availability increased, decreased, or stayed the same.

i. Has the capacity increased, decreased or remained the same.

j. Have the number of accidents increased, decreased, or remained the same.

k. What impact has there been of the new safety measures (e.g., BIT program; Pull-Notice Program).

l. What impact has there been from our new safety requirements for household goods carrier applicants.

m. What has been the effect on wages, benefits, numbers of jobs, and any other measures of labor impact for employees of regulated carriers due to the maximum rate program.

n. What has been the impact on the number of carriers, sources of revenue, affiliations with national organizations, revenues, expenses, assets, liabilities, operating ratios, returns on equity, and any other measures of the health of the industry and carriers due to the maximum rate program.

o. Have the financial statistics for the industry changed.

p. Has there been any trend toward mergers and acquisitions; if so, what role has the maximum rate program played in that trend.

q. Has the number of subhaulers and moves carried by subhaulers increased, decreased, or remained the same.

r. What is the health of the subhauler portion of the market.

s. What is the impact of maximum rates on subhaulers and the customers served by subhaulers.

t. What if any impact is there from unlicensed carriers.

u. What is the overall financial health of the industry.

v. What is the overall state of the intrastate moving industry.

w. What changes to the state of the intrastate moving industry can be attributed to the change from a minimum to maximum rate program and what are due to other factors.

x. What other factors have influenced the state of the household goods industry (e.g., have the closing of military bases in California reduced the number of moves and therefore impacted the number of carriers; have housing prices reached a point where less (more) sales means less (more) moves are occurring; recession; economic growth; shortage of drivers) and what changes to the state of the intrastate moving industry can be attributed to these other factors.

y. What has been the administrative feasibility of the maximum rate program.

2. Due: 6 months after the data is collected over a sufficient period of time (2 years of data); served on Docket Office (original and 12) and any party that asks to be served (on a service list maintained by TD).

(END OF ATTACHMENT F)

PUBLIC UTILITIES COMMISSION

D E C I S I O N S

90-12-092

- THRU -

90-12-130

DECEMBER 1990

V O L U M E 12.2

I.89-11-003
D.90-12-091

STANLEY W. HULETT, Commissioner, concurring:

I spent a great deal of time reviewing this decision and the comments and correspondence we received in this case. I also met with numerous parties, staff and the other Commissioners to discuss the proposed changes to our scheme for regulating household goods movers. Frankly, I am still a little disturbed by the number and complexity of the program changes, as well as their justification, in light of strong carrier opposition.

However, I am supporting the decision because I believe it is in the long-term best interests of the industry and its customers. I am convinced that the elimination of minimum rates is warranted for consumers' protection and that it will likely result in more competitive prices and flexible service. I heartily endorse the new safety, entry and enforcement provisions of this decision.

I think the changes which have been made at the suggestion of the parties and by other Commissioners improve the decision substantially. I am glad we postponed the implementation date 120 days in order to allow time for the carriers to prepare for these changes and to train their personnel accordingly.

Also, I believe that it is important to begin Phase II promptly. We have scheduled the prehearing conference for the end of January so that we can get a headstart before the program goes into effect in April. It is also critical that we conduct workshops where we not only explain the new program, but also answer questions and listen carefully to comments and suggestions. We need to give

consideration to the players in this market and remain flexible as we implement this new program.

I am still concerned about the potential combined effect of these regulatory changes when we are threatened with a recession nationally and a depressed housing market in California. We have debated among ourselves whether these changes will be too disruptive or whether the increased competition will be healthy. I am hopeful that the new pricing structure and consumer protections will encourage more people to use licensed professional movers for an overall net positive effect. I think we need to monitor this situation in order to avoid wholesale failures of moving companies. While we do not have a responsibility to protect individual carriers, we do have the responsibility to promote a viable, safe, responsible and reasonably-priced industry. Those have been the objectives I have had in mind in supporting this decision.

/s/ STANLEY W. HULETT
Stanley W. Hulett
Commissioner

December 19, 1990
San Francisco, California

I.89-11-003
D.90-12-091

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However, I am supporting the decision because I believe it is in the long-term best interests of the industry and its customers. I am convinced that the elimination of minimum rates is warranted for consumers' protection and that it will likely result in more competitive prices and flexible service. I heartily endorse the new safety, entry and enforcement provisions of this decision.

I think the changes which have been made at the suggestion of the parties and by other Commissioners improve the decision substantially. I am glad we postponed the implementation date 120 days in order to allow time for the carriers to prepare for these changes and to train their personnel accordingly.

Also, I believe that it is important to begin Phase II promptly. We have scheduled the prehearing conference for the end of January so that we can get a headstart before the program goes into effect in April. It is also critical that we conduct workshops where we not only explain the new program, but also answer questions and listen carefully to comments and suggestions. We need to give

consideration to the players in this market and remain flexible as we implement this new program.

I am still concerned about the potential combined effect of these regulatory changes when we are threatened with a recession nationally and a depressed housing market in California. We have debated among ourselves whether these changes will be too disruptive or whether the increased competition will be healthy. I am hopeful that the new pricing structure and consumer protections will encourage more people to use licensed professional movers for an overall net positive effect. I think we need to monitor this situation in order to avoid wholesale failures of moving companies. While we do not have a responsibility to protect individual carriers, we do have the responsibility to promote a viable, safe, responsible and reasonably-priced industry. Those have been the objectives I have had in mind in supporting this decision.

Stanley W. Hulett
Commissioner

December 19, 1990
San Francisco, California

I.89-11-003
D.90-12-09[illegible]

December 19, 1990

Commissioner John B. Ohanian, Concurring

I support today's decision because it advances the legitimate regulatory role of consumer protection. In the area of non-economic regulation this Commission has an obligation to assure the public that carriers operating under our authority are safe, reliable and honest. Today's decision moves forward on that front.

At the same time I have concerns about the scope and complexity of this decision. This is a major undertaking for both the Commission and the industry. The industry is united in expressing their concerns about the magnitude of these changes. During the public participation hearings I heard many complaints about service and reliability. There was no outcry about rates. None. There was not a single complaint, to my knowledge, about the cost of moving. Yet, this decision forges new ground into areas where a problem may not even exist.

My concern is heightened by the double impact of sweeping changes and a looming slowdown in activity for these carriers. Such a double coincidence could lead to substantial harm to both the carriers and shipping public which relies upon these carriers.

I am also concerned about how we are handling Commission mandated rates. Just as minimum rate regulation leads to distortions in

the market by keeping some shippers from obtaining service, so can maximum rates. It is a fact of life that moves are more costly than others. To regulate these moves out of existence is just as wasteful as today's system. At the same time I am not convinced that we need to eliminate all rate protection for carriers. That is an issue which may bear future review.

Today we also eliminate minimum hours from legitimate contractual arrangements. This is wrong. Since the move allows only time spent from the shipper's point of origin to unloading at the point of destination, we have eliminated many short haul moves which are of either small size, or involve rural communities. Minimum wieghts and hours accomodated these shippers. Now they will be driven to alternatives.

Today's decision received my support because it addressed the service concerns of the public. Those portions which relate to rate regulation may merit reconsideration in the future.

John B. Ohanian

December 19, 1990
San Francisco, CA

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