

ORIGINAL

Decision No. 88730 APR 18 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Investigation) for the purpose of considering and determining minimum rates for transportation of used household goods and related property state-wide as provided in Minimum Rate Tariff 4-B and the revisions or reissues thereof.

Case No. 5330

No. 104

(Filed January 30, 1978)

Section and the Commission

Thomas J. Hays and W. Craig Biddle, for California Moving and Storage Association, petitioner.

Robert Johnson, for Bekins Moving and Storage Company, respondent.

C. D. Gilbert, for California Trucking Association;

Tad Muraoka, for IBM Corporation; and Thomas M. Loughran, for Loughran and Hegarty; interested parties.

John Lemke and Robert Bouchet, for the Commission staff.

OPINION

California Moving and Storage Association, Inc. (CMSA);

a nonprofit corporation whose membership is composed of approximately

600 carriers engaged in the transportation of household goods and related articles, seeks increases in the long-distance and local

(hourly) moving rates set forth in Minimum Rate Tariff 4-B (MRT 4-B).

Copies of the petition were mailed to various chambers of commerce, shipper organizations, and carrier representatives on or about

January 30, 1978. The petition was listed on the Commission's

Daily Calendar of January 31, 1978. No objection to the granting

of the petition has been received.

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Public hearing was held before Administrative Law Judge Gagnon at San Francisco on March 13, 1978 and March 17, 1978, and the matter was submitted. Evidence in support of the relief sought was presented by petitioner. The staff also presented evidence indicating increased cost and rates, but in amounts less than those of petitioner.

Evidence on Economic Data

Petitioner and the Commission's Transportation

Division staff presented cost and rate exhibits designed to show the increases in costs generally experienced by household goods carriers since the minimum rates were last adjusted. (Decision No. 87250 dated April 26, 1977.) The elements of increased cost measured in the offset studies are labor costs, fringe benefits, payroll costs, workers' compensation insurance, fuel and oil cost, repair parts, and insurance. The increased costs developed by petitioner and the staff differ only because petitioner used the wage (cost) offset method for determining total costs while the staff recommended that the direct wage offset method be employed for such determination.^{1/} Further, the staff reviewed the workpapers and summaries developed by petitioner and concurred with its development of direct costs.

^{1/} The offset procedures heretofore used to adjust the rates in MRT 4-B are described and discussed in In Re Minimum Rate Tariff 2 (1969) 70 CPUC 277 (pages 280 and 281). That decision shows that the wage (cost) offset, the wage offset, and the direct wage offset methods have heretofore been used as a basis for adjusting tariff rates in the periods between full-scale cost and rate studies. CMSA based its studies on the wage (cost) offset method, which provides full effect to increases in indirect expenses and, thus, provides the greatest increase. The staff studies underlying the levels recommended for adoption herein are based on the direct wage offset method. The direct offset method recognizes only changes in direct cost.

The principal increases in operating costs experienced by household goods carriers are in wage costs. The current minimum rates generally reflect wages as of July 1, 1977. Since that time carriers have experienced or will experience substantial wage increases. Household goods carriers and the Teamsters Union have not negotiated a master freight agreement. Separate agreements have been negotiated with each union local. Those agreements contain different provisions, and changes in wages and fringe benefits become effective on different dates. The wage agreements generally applicable within Territories A and B provide for an increase in wages tied to changes in the Federal Consumer Price Index on April 1, 1978 and a general wage increase effective July 1, 1978. The wage contracts generally applicable within Territory C do not provide for cost of living increases tied to changes in the Consumer Price Index, but the general wage increase provisions become effective on April 1, 1978.

Petitioner has measured the effect of contractual wage and fringe benefit increases effective April 1 and July 1, 1978. The increase in diesel fuel and gasoline costs are based on average fuel costs set forth in Commission Data Bank Reports. Payroll taxes are based on statutory amounts. Workers' compensation insurance reflects the current manual rate adjusted for experience ratings. Maintenance and tire costs are increased based on the percentage of changes in the Federal Wholesale Price Index for truck parts and tires. Insurance cost levels are based upon tables developed by the Insurance Services Office for use by insurance agents, brokers, and underwriters as a guide in the quotation of truck insurance premiums. Such costs are based upon the historical costs and economic lives of the various equipment types employed in both hourly and distance service. Minimum liabilities set by the Commission are used for development of public liability and bodily injury insurance cost.

2. Household goods carriers operating under the rates set forth in MRT 4-B have experienced increases in operating costs generally as of April 1, 1978 in almost all categories of expenses, and will experience further increased labor and fringe benefit costs on July 1, 1978. Those costs are not now reflected in minimum rates in MRT 4-B.

3. The cost offset rate procedure used by CMSA to arrive at its MRT 4-B rate proposal results in the largest rate increase under the several available procedures recognized by the Commission for measuring cost offset rate adjustments.

4. The Commission staff recommended that direct wage offset increase in MRT 4-B rates should be adopted.

5. The rates and charges established by the ensuing order are just, reasonable, and nondiscriminatory minimum rates for the transportation governed thereby.

6. It is estimated that the rates found reasonable will result in the following average increases:

Distance Rates: 6.2%

Hourly Rates:

Territory A: 6.8%

Territory B: 4.4%

Territory C: 4.3%

The above rate increases are estimated to produce an annual revenue increase of \$6,500,000.

7. To the extent that the provisions of MRT 4-B heretofore have been found to constitute reasonable minimum rates and rules for common carriers as defined in the Public Utilities Code, said provisions, as hereinafter adjusted, are, and will be, reasonable minimum rate provisions for said common carriers. To the extent that the existing rates and charges of said common carriers for

the transportation involved are less in volume or effect than the minimum rates and charges designated herein as reasonable for said carriers, to that same extent the rates and charges of said carriers are, and for the future will be, unreasonable, insufficient, and not justified by the actual competitive rates of competing carriers or by the cost of other means of transportation.

Conclusions

1. Petition 104 in Case No. 5330 should be granted to the extent provided by the order herein.
2. MRT 4-B should be amended as provided in the order which follows.
3. Since the labor cost increases involved, in the main, have or will become effective as of April 1, 1978, the order herein should be made effective on less than thirty days' notice.

ORDER

IT IS ORDERED that:

1. Minimum Rate Tariff 4-B (Appendix C to Decision No. 65521, as amended) is further amended by incorporating therein, to become effective April 29, 1978, the revised tariff pages attached hereto and listed in Appendix B, which pages and appendix by this reference are made a part hereof.

2. Common carriers subject to the Public Utilities Act, to the extent that they are subject also to Decision No. 65521, as amended, are directed to establish in their tariffs the increases necessary to conform with the further adjustments ordered by this decision.

3. Tariff publications required to be made by common carriers as a result of this order shall be filed not earlier than the effective date of this order and made effective April 22, 1978 on not less than two days' notice to the Commission and to the public.

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

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 18th day of APRIL, 1978.

Robert Bateman
President
William J. Gannon Jr.
James L. Stulgen
Clair T. DeBrie
Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

Item 330 - Hourly Rates in Cents per Hour:

	Territory A			Territory B			Territory C		
	Pres.	Proposed		Pres.	Proposed		Pres.	Proposed	
		(2)			(2)			(1)	
		Pet.	Staff		Pet.	Staff		Pet.	Staff
Unit of Equipment									
a. With Driver	2,230	2,420	2,380	1,835	1,945	1,920	1,925	2,030	2,010
b. With Driver and One Helper	4,140	4,500	4,420	3,190	3,355	3,320	3,375	3,555	3,520
Additional Helpers, Per Man	1,525	1,640	1,620	920	960	955	1,010	1,070	1,060

Item 340 - Distance Rates in Cents Per Piece:

First Piece Miles						Each Additional Piece		
Not Over 10		Over 10 But Not Over 20		Over 20		Pres.	Proposed	
Pres.	Proposed (1)	Pres.	Proposed (1)	Pres.	Proposed (1)		Pet.	Staff
	Pet.	Staff		Pet.	Staff		Pet.	Staff
1,500	1,620	1,600	2,790	3,010	2,980	3,905	4,210	4,170
						520	560	555

Item 350 - Accessorial Rates in Cents per Man per Hour:

	Territory A			Territory B			Territory C		
	Pres.	Proposed		Pres.	Proposed		Pres.	Proposed	
		(2)			(2)			(1)	
		Pet.	Staff		Pet.	Staff		Pet.	Staff
Packing/Unpacking	1,860	2,015	1,985	1,470	1,555	1,540	1,570	1,640	1,630

Item 360 - Picking Up or Delivery of Shipping Containers, Etc.

	Pres.	Proposed	
		Pet.	Staff
Each Container, Set Up	250	275	270
Each Bundle of Containers, Folded Flat	250	275	270
Minimum Charge Per Delivery	1,185	1,305	1,270

(1) Effective on or about April 1, 1978.
 (2) Effective July 1, 1978.

C. 5330, (Pet. 104)

APPENDIX B

LIST OF REVISED PAGES TO
MINIMUM RATE TARIFF 4-B

SECOND	REVISED	PAGE	8
SECOND	REVISED	PAGE	12
ELEVENTH	REVISED	PAGE	26
ELEVENTH	REVISED	PAGE	27
TWENTY-NINTH	REVISED	PAGE	28
TWENTY-EIGHTH	REVISED	PAGE	29

(END OF APPENDIX B)

SECTION 1--RULES (Continued)	ITEM
<p style="text-align: center;">ASSESSING OR QUOTING ADDITIONAL CHARGES</p> <p>Shipments shall not, in addition to the rates and charges provided in this tariff, be made subject to charges indicated as being for the following:</p> <p>(a) **</p> <p>(b) Weighing.</p> <p>(c) Bridge and ferry tolls, in connection with rates based upon constructive mileage provided in the Distance Table. (See Note 1)</p> <p>(d) Flat charges for the handling of individual articles or groups of articles which are component parts of shipments subject to hourly rates, or to rates in cents per 100 pounds.</p> <p>(e) Storage on shipments held by carriers awaiting further transportation when such shipments are not held at the request of shipper, consignee or owner, nor stored under the provisions of Items 160 and 180.</p> <p>NOTE 1.--On shipments subject to hourly rates, actual bridge and ferry tolls shall be added to the transportation charge when such toll charges are incurred by the carrier. When two or more such shipments are transported on a unit of equipment, total toll charges shall be equally assessed between each shipment.</p>	110
<p style="text-align: center;">GROSS WEIGHT</p> <p>The gross weight of the shipment shall be used in assessing charges stated on a weight basis. Such weight shall not include the weight of pads, empty containers, dollies, hand trucks or other carrier equipment.</p>	115
<p style="text-align: center;">WEIGHMASTER'S CERTIFICATE</p> <p>(a) Prior to delivery and unloading of a shipment transported under distance rates 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.</p> <p>(b) No charge shall be made for such weighing service.</p> <p>(c) In instances where more than one weighmaster certificate or weight ticket has been obtained covering the same shipment, the lowest of the net scale weights shall be used in computing the applicable charges.</p> <p>(d) 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 and two percent of the lower net scale weight on shipments weighing more than 5,000 pounds. The lower of two net scale weights shall be used for determining the applicable charges. If the difference between the two net scale weights is less than stated above, an additional charge of \$20.00 shall be assessed for each such reweighing service requested.</p> <p>(e) 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. Actual cost of such telegraphic or telephonic notification shall be collected from the shipper.</p>	120
<p style="text-align: center;">RATES BASED ON VARYING MINIMUM WEIGHTS</p> <p>When the 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.</p>	125
<p>Change) ** Eliminated) Decision No. 88730</p>	
<p>EFFECTIVE</p>	
<p>Correction ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.</p>	

MINIMUM RATE TABLE L-2

SECTION 3--RATES							ITEM	
DISTANCE RATES IN CENTS PER 100 POUNDS (1) (2) (3) (4)								
Rates named in this item apply only to shipments transported between points located within Region 1. (See Note)								
Miles		Any Quantity	Minimum Weight				ITEM	
Over	But Not Over		1,000 Pounds	2,000 Pounds	5,000 Pounds	8,000 Pounds		
0	10	1855	1130	810	665	570		
10	20	1890	1165	835	680	585		
20	30	1920	1185	850	700	595		
30	40	1955	1210	865	715	610		
40	50	1980	1230	880	725	620		
50	60	2010	1245	890	740	630		
60	70	2045	1260	905	755	640		
70	80	2075	1280	920	770	655		
80	90	2100	1300	930	785	670		
90	100	2135	1320	940	795	685		
100	120	2180	1345	965	815	710		
120	140	2240	1375	990	835	735		
140	160	2295	1415	1020	865	760		
160	180	2350	1445	1045	895	785		
180	200	2415	1480	1070	930	815		
200	225	2475	1520	1100	960	845		
225	250	2535	1565	1130	995	880		
250	275	2595	1600	1165	1030	915		
275	300	2660	1635	1190	1060	950		
300	325	2715	1675	1225	1090	980	0300	
325	350	2765	1715	1255	1120	1010		
350	375	2820	1750	1285	1155	1045		
375	400	2880	1780	1315	1190	1080		
400	425	2910	1810	1345	1225	1105		
425	450	2935	1840	1370	1255	1135		
450	475	2960	1870	1395	1285	1170		
475	500	2995	1900	1430	1320	1200		
500	550	3040	1955	1470	1365	1240		
550	600	3090	2010	1515	1415	1295		
600	650	3140	2055	1565	1465	1350		
650	700	3195	2105	1615	1515	1390		
700	750	3245	2155	1665	1570	1430		
750	800	3300	2200	1710	1615	1475		
800	850	3345	2240	1755	1665	1520		
850	---	o Add to rate for 850 miles 40 cents per 100 pounds for each 50 miles or fraction thereof in excess of 850 miles.						
(1) Minimum Charge--the charge for 100 pounds at the applicable rate.								
(2) See Item 70 for application of rates.								
(3) See Item 50 for computation of distances.								
(4) See Item 220 for Region descriptions.								
NOTE.--Rates named in this item apply in connection with split pickup 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 320 shall apply to split pickup and split delivery shipments excluded from the provisions of this item.								
o Increase, except as noted) Decision No. 88730								
o No change)								
EFFECTIVE								
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.								
Correction								

SECTION 3--RATES (Continued)							ITEM
DISTANCE RATES IN CENTS PER 100 POUNDS (1) (2) (3) (4)							
Rates named in this item apply only to shipments transported between points located within Region 2; and between points located in Region 1, on the one hand, and points located in Region 2, on the other hand.							
Miles		Any Quantity	Minimum Weight				
Over	But Not Over		1,000 Pounds	2,000 Pounds	5,000 Pounds	8,000 Pounds	
0	10	1855	1130	810	665	570	
10	20	1890	1165	835	680	585	
20	30	1920	1185	850	700	595	
30	40	1955	1210	865	715	610	
40	50	1985	1230	880	730	620	
50	60	2015	1260	895	740	630	
60	70	2050	1280	915	755	640	
70	80	2090	1305	930	770	655	
80	90	2130	1330	945	790	675	
90	100	2175	1360	965	805	690	
100	120	2230	1395	990	825	710	
120	140	2290	1435	1020	860	740	
140	160	2355	1475	1050	895	770	
160	180	2425	1515	1085	930	800	
180	200	2495	1565	1115	965	835	
200	225	2565	1615	1145	1000	875	
225	250	2630	1665	1180	1040	915	
250	275	2695	1705	1215	1075	950	
275	300	2765	1750	1255	1110	990	0320
300	325	2815	1795	1290	1145	1030	
325	350	2880	1835	1310	1175	1065	
350	375	2925	1865	1340	1215	1100	
375	400	2965	1895	1370	1255	1125	
400	425	3005	1925	1395	1285	1150	
425	450	3045	1950	1425	1310	1180	
450	475	3075	1975	1450	1330	1205	
475	500	3100	2005	1485	1355	1235	
500	550	3125	2035	1520	1390	1270	
550	600	3150	2065	1560	1440	1305	
600	650	3175	2100	1600	1490	1345	
650	700	3215	2130	1635	1540	1385	
700	750	3255	2165	1670	1580	1430	
750	800	3300	2200	1710	1615	1475	
800	850	3345	2240	1755	1660	1520	
850	---						
o Add to rate for 850 miles 40 cents per 100 pounds for each 50 miles or fraction thereof in excess of 850 miles.							
(1) Minimum Charge--the charge for 100 pounds at the applicable rate. (2) See Item 70 for application of rates. (3) See Item 50 for computation of distances. (4) See Item 220 for Region Descriptions.							
o Increase, except as noted) o No change) Decision No. 88730							
EFFECTIVE							
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.							
Correction							

SECTION 3--RATES (Continued)						ITEM
RATES IN CENTS PER HOUR (1) (2) (Applies for Distances of 50 Constructive Miles or Less)						
				TERRITORY (3)		
Unit of Equipment:				A	B	C
				(4)	(5)	(4)
				(5)	(5)	(5)
(a) with driver----- (b) with driver and 1 helper----- Additional helpers, per man----- Minimum charge--the charge for one hour.				2230	2380	1835
				4140	4420	1920
				1525	1620	3320
						920
						955
						1060
(1) See Item 70 for application of rates. (2) See Item 95 for computation of time. (3) See Item 210 for territorial descriptions. *(4) Expires with June 30, 1978. *(5) Effective July 1, 1978.						80330
DISTANCE RATES IN CENTS PER PIECE (1) (2) (Applies to Shipments of Not More Than 5 Pieces for Distances of 50 Miles or Less)						
FIRST PIECE						Each Additional Piece
MILES (3)						
Not Over 10	Over 10 but Not Over 20	Over 20				
1600	2980	4170				
(1) See Item 70 for application of rates. (2) Rates in this item will not apply to split pickup or split delivery shipments, or storage in transit privileges. (3) See Item 50 for computation of distances.						0340
◊ Change) * Addition) Decision No. 88730 ◊ Increase)						
EFFECTIVE						
ISSUED BY THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, SAN FRANCISCO, CALIFORNIA.						
Correction						

SECTION 3--RATES (Concluded)					ITEM																												
ACCESSORIAL RATES																																	
Rates in Cents per Man per Hour (1) (2) (3)																																	
				TERRITORY (4)																													
				A	B	C																											
				(5)	(6)	(5)	(6)	(5)	(6)																								
Packing) _____				1860	1985	1470	1540	1630	\$0350																								
Unpacking) _____																																	
Minimum Charge--the charge for one hour.																																	
(1) See Item 70 for application of rates. (2) See Item 95 for computation of time. (3) Rates do not include cost of materials. (See Item 360) (4) See Item 210 for description of territories. *(5) Expires with June 30, 1978. *(6) Effective July 1, 1978.																																	
RATES AND CHARGES FOR PICKING UP OR DELIVERING SHIPPING CONTAINERS AND PACKING MATERIALS																																	
1. In the event new or used shipping containers, including wardrobes, are delivered by the carrier, its agent, or employees, prior to the time shipment is tendered for transportation, or such containers are picked up by the carrier, its agents or employees subsequent to the time delivery is accomplished, the following transportation charges shall be assessed: (See Note 1)																																	
<table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2"></td> <th colspan="2" style="text-align: center;">In Cents</th> <td colspan="2"></td> </tr> <tr> <td style="text-align: right;">Each container, set up-----</td> <td></td> <td style="text-align: center;">270</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Each bundle of containers, folded flat--</td> <td></td> <td style="text-align: center;">270</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Minimum charge, per delivery-----</td> <td></td> <td style="text-align: center;">1270</td> <td></td> <td></td> <td style="text-align: center;">\$0360</td> </tr> </table>												In Cents				Each container, set up-----		270				Each bundle of containers, folded flat--		270				Minimum charge, per delivery-----		1270			\$0360
		In Cents																															
Each container, set up-----		270																															
Each bundle of containers, folded flat--		270																															
Minimum charge, per delivery-----		1270			\$0360																												
2. (a) Shipping containers, including wardrobes (See Note 2) and packing materials which are furnished by the carrier at the request of the shipper, will be charged for at not less than the actual original cost to the carrier of such materials, F.O.B. carrier's place of business.																																	
(b) In the event such packing materials and shipping containers are returned to any carrier participating in the transportation thereof when loaded, an allowance may be made to the consignee or his agent of not to exceed 75 percent of the charges assessed under the provisions of paragraph 2(a).																																	
NOTE 1.--If the hourly rates named in Item 330 provide a lower charge than the charge in paragraph 1 of this item, such lower charge shall apply.																																	
NOTE 2.--No charge will be assessed for wardrobes on shipments transported at the rates provided in Item 330.																																	
<table style="width: 100%;"> <tr> <td style="width: 30%;"> \$ Change) * Addition) o Increase) ** Eliminated) </td> <td style="width: 30%; text-align: center;">Decision No. 88730</td> <td style="width: 40%;"></td> </tr> </table>										\$ Change) * Addition) o Increase) ** Eliminated)	Decision No. 88730																						
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