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Alt.-RDG & LMG

**ORIGINAL**

Decision No. 92017

JUL 2 1980

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  
 Petition for Modification  
 No. 114  
 (Filed March 18, 1980)

O P I N I O N

Minimum Rate Tariff 4-B names rates for and contains related rules governing the transportation of used household goods and office and store fixtures. By this petition California Moving and Storage Association, Inc. seeks increases in the hourly and distance rates in said tariff.

Petitioner states that household goods carriers are subject to many labor contracts with the Teamsters Union covering various local areas. These contracts in some cases expire on differing dates, affecting the overall operating costs of the household goods transportation industry. Petitioner further states that the cost increases resulting from the renewed contracts are easily measurable and straightforward.

The Freight Economics Branch staff of the Commission's Transportation Division has completed an analysis of the cost and rate exhibits prepared and furnished by petitioner. The sought rate increases are based upon the direct wage offset method of dealing with increased costs stemming from contracts within Territory C, effective April 1, 1980, and within Territories A and B, effective

July 1, 1980. The increases amount to an average of 5.3 percent for distance rates. For hourly rates, increases amount to an average of 8 percent for Territory A, 8.7 percent for Territory B, and 8.8 percent for Territory C. The proposed increases comply with current presidential wage-price guidelines and will create approximately \$10.5 million additional annual tariff revenue.

In conjunction with the analysis of the proposed rates made by the Commission's Transportation Division staff, California Manufacturers Association and IBM Corporation were contacted. The petition was listed on the Commission's Daily Calendar of March 19, 1980.

Our Consumer Affairs Branch informed us that it has received informal complaints from householders stating that the high minimum level of household goods rates has caused them to find alternative methods of moving their household furnishings. One such method is for the householder to rent a truck (U-Haul) and move his own furniture. In a past proceeding small carriers operating locally in Los Angeles County sought to prevent increases in the Territory C hourly rates because they believed the existing level of rates was profitable and because they sought higher rates would tend to discourage potential customers (Decisions Nos. 86084, 86698, and 87250 in Case No. 5330, Petition 95).<sup>1/</sup>

As the Commission is concerned that many carriers may not be aware of this petition and thus have not had an opportunity to express their views, on June 12, 1980 a communication was sent to all household goods carriers informing them of the proposed increases and requesting their comments. White & Best Moving and Storage, Hayward; Master Movers, San Diego; Beal's Moving, Santa Rosa; ✓

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<sup>1/</sup> It should be noted that many small household goods carriers are restricted to local operations (50 miles radius) because they have not demonstrated the knowledge and ability to perform long-distance moving (Section 5135 of the Household Goods Carriers Act).

and Triana Moving, San Leandro, expressed their opposition to the proposed increases. Each of the four carriers have stated that with each raise in the level of the minimum rates more and more of their business has flowed to the "U-Haul" trucks.

The Commission has adopted reregulation plans in connection with the transportation of general commodities (Decision No. 90663 dated August 14, 1979 in Case No. 5432, Petition No. 884, et al.) and bulk commodities transported in tank vehicles (Decision No. 91861 dated June 3, 1980 in Case No. 5436, Order Setting Hearing 244, et al.). The reregulation plans abolished minimum rate regulation and substituted a more competitive regulatory system of carrier-made rates. Commission-set minimum rate tariffs for the commodities involved were cancelled. Under the new regulatory programs the primary responsibility for rate-setting has been shifted from the Commission to the trucking industry. Under the new programs the Commission will no longer mandate uniform industry-wide rates or rate changes. Individual carriers may increase or decrease their rates on their own initiative, subject to Commission oversight, under new revised regulatory procedures.

It is our intention to explore a similar reregulation plan for other commodities, including household goods. In connection with minimum rate tariffs which may be subject to the reregulation programs in the near future, the Commission has granted permissive authority to common carriers to increase their rates without raising the minimum rates (cf. Decision No. 91403, dated March 4, 1980 in Case No. 5440, Petition No. 113).<sup>2/</sup> Our Transportation Division staff

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<sup>2/</sup> Common carriers cannot adjust their rates to compensate for increased costs without Commission authority. Also, common carriers have historically lacked the ability to rapidly adjust rates either upward or downward as required by a competitive environment. For these reasons, common carriers were granted permissive authority to increase and decrease their rates within a range predicated on the rates in MRT 10 in accordance with the provisions of Section 454(b), 455, and 491 of the Public Utilities Code.

will be completing proposals with respect to a reregulation plan for MRT 4-B, and the staff will be ready for hearing on such proposals after November 1, 1980. It is our intention that we follow a similar procedure with respect to MRT 4-B, that is to grant permissive authority, where required, without raising the minimum rates in MRT 4-B.

Assembly Bill 483 (AB 483), which became effective September 12, 1979, amended Sections 5109 and 5112 of the Public Utilities Code. The term "exclusively" and the phrase "being so used exclusively" were removed from Section 5109 and Section 5112, respectively. Decision No. 91865 dated June 3, 1980 in Case No. 5330 stated that with the enactment of AB 483, household goods carriers solely possess the highway carrier rights for the transportation of used household goods and personal effects, and office, store, and institution furniture and fixtures. Other for-hire highway carriers are prohibited from hauling such used property. A highway common carrier who previously held itself out and published rates for transportation of such used property may no longer do so as a highway common carrier. A contract carrier may no longer handle the traffic under its contract authority.

Decision No. 91865 directed that common carriers who have not excluded used household goods; personal effects; and office, store, and institution furniture, fixtures, and equipment from their scope of operations should amend their tariffs to effect such an exclusion. In view of AB 483 and the order in Decision No. 91865, highway common carriers are no longer subject to MRT 4-B.

The rates in MRT 4-B are minimum in their application only. Household goods carriers, in performing transportation subject to MRT 4-B, may not charge less than the minimum rates stated therein. Such carriers may, however, charge more than these rates. Since household goods carriers may increase their charges above the minimum levels at will, we are of the opinion that further increases to MRT 4-B to offset increased labor and vehicle costs are not necessary. By so doing, household goods carriers will be encouraged to operate in the most efficient manner and, to a degree, this will foster competition between such carriers. This is a desirable goal and will benefit the shipping public. The minimum rates, as they now exist, are based on the cost experience of many carriers. By taking this approach, the likelihood of any carrier's being deprived of its opportunity to compete for household goods traffic with unregulated entities renting U-haul trucks is diminished. Conversely, household goods carriers will not be rewarded by high minimum rates for inefficient operations.

Inasmuch as we conclude that household goods carriers require no specific authority to raise their rates for used household goods and personal effects, and as highway common carriers no longer have statutory authority to transport such commodities, the petition should be dismissed.

#### Findings of Fact

1. Since the rates were last generally adjusted in MRT 4-B, carrier operating costs have risen with respect to transportation services performed under the provisions of that tariff.

KW ✓

CMSA

2. ~~CMA~~ requests offset increases based on the wage cost offset procedure to reflect the increased costs referred to in Finding 1 in addition to increased indirect costs. The staff recommends offset increases based on the direct wage offset method to reflect the increased costs referred to in Finding 1.

3. Household goods carriers may, on their own initiative, charge more than the minimum rates set forth in MRT 4-B to compensate for the increases in wages and other costs referred to in Finding 1.

4. Decision No. 91865 directed highway common carriers to delete used household goods, office and store equipment, and personal effects from their scope of operations.

Conclusion of Law

The petition should be dismissed as household goods carriers require no specific authority to raise their rates above the current level of MRT 4-B minimum rates and as highway common carriers are no longer subject to MRT 4-B.

O R D E R

IT IS ORDERED that Petition for Modification No. 114 in Case No. 5330 is dismissed.

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

Dated JUL 2 1980

at San Francisco, California

*I dissent*  
Vernon L. Sturgeon  
*We concur:*  
*It must be made crystal clear to the household goods moving industry that this dismissal is in no way a pre-judgment of the forthcoming re-regulation inquiry into MRT-4B. The Commission is completely open with respect to the outcome of that matter.*  
Richard D. Howell  
*Ed*  
*LEB*

John E. Bryan President  
Richard D. Howell  
David J. Sedwell  
Donald M. Smith Commissioners