

Decision 00-01-046 January 20, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA MOVING AND STORAGE ASSOCIATION for Increases in MAX4 rates for Item 340 Packing Containers and for Packing and Unpacking Labor Charges for Mattress Cartons and Covers.

Application 99-07-022
(Filed July 14, 1999)

OPINION GRANTING RATE INCREASE

Summary

In summary, applicant, California Moving and Storage Association's (CMSA's), unopposed rate increase in Maximum Rate Tariff 4 (MAX4) for containers in which household goods are packed (packing containers) and packing and unpacking labor charges for mattress cartons and covers is granted. This increase raises maximum rates for packing containers by 27-29% to the levels set forth in the HGB 400 series tariff approved by the federal government for interstate transportation of household goods.¹ Labor charges for packing and unpacking mattress cartons and covers are, on the average, doubled from approximately 17% of the levels set by the federal HGB 400 series tariff to roughly 33% of those levels.

¹ The federal HGB 400 series tariffs list charges for interstate household goods carriers for the same products and services contained in the Commission's MAX4 which establishes rates for California's intrastate household goods carriers.

Background

Historically, the Commission sets the maximum rates for California household goods carriers for packing containers in Item 340 of MAX4 at the same level as those of comparable federal carriers whose rates are contained in the HGB 400 series tariff. The last increases in MAX4 rates occurred in 1995 when the Commission increased household goods rates in two decisions, D.95-02-025 and D.95-07-024. However, since that time, comparable federal rates for the containers used for packing household goods (packing container rates) authorized in the federal tariff, HGB 400-M, have increased 27-29% as of January 1, 1999.

CMSA also points out that the labor charges for packing and unpacking of mattress cartons and covers which form the basis of Item 340 of MAX4 are inaccurate, both when compared with labor charges in Item 340 for packing and unpacking other containers and with labor charges in HGB 400-M (the federal tariff) for packing and unpacking containers. Applicants request authority to:

1. Make the state maximum rates in Item 340 of MAX4 for containers used for packing household goods equal to HGB 400-M rates; and,
2. Make state maximum labor charges for packing and unpacking mattress containers and covers bear a more reasonable relationship to the federal labor charges.

The Commission Office of Ratepayer Advocates (ORA) was granted an additional 30 days to review additional information requested and file a protest. Subsequently, applicants filed supplemental information requested by ORA to justify the proposed rate increases. Thereafter, ORA filed a response withdrawing any informal objection to granting the application. No protests to the application were filed.

Reasonableness of the Proposed Rates

Pub. Util. Code § 5191 requires that household goods carriers' rates be just, reasonable and nondiscriminatory. In establishing or approving rates, this statute requires that the Commission consider the following cost factors:

1. Transportation service performed, including accessorial services;
2. Facilities and personnel reasonably necessary to perform the service; and,
3. The value of equipment and the value of the commodity transported.

CMSA proposes to increase maximum packing container rates that were not increased on January 20, 1999. These rates have not been adjusted since the issuance of D.95-07-024. That decision and D.95-02-025 authorized rate increases up to the level of interstate packing container rates. CMSA also requests authority to increase maximum labor charges for packing and unpacking mattress cartons and covers.

Packing Container Rates

Applicant contends that since 1995 packing container costs have continued to increase for movers nationwide causing the need to increase the maximum rates in the state tariff. In support of the proposed increase, applicant provides the present interstate tariff rates, which are based on the nationwide cost per type of packing carton and container. A comparison of the federal tariff rates with the MAX4 rates shows that since 1995 the state maximum packing container rates have fallen 27-29% below the federal rates. Applicant argues that state maximum rates should be adjusted to the level of federal rates based upon the rationale in prior decisions, D.95-02-025 and D.95-07-024, that state and federal rates should be comparable.

In addition, the supplemental cost information requested by ORA shows that an increase in the maximum packing container rates is warranted because packing container costs have increased 22-32% since 1995. Apart from applicant's argument that packing container rates should be consistent with corresponding federal rates, the supplemental cost information shows that the proposed increase in the maximum packing container rate is reasonable, just and warranted.

Labor Charges For Packing and Unpacking Specific Items

The labor charges underlying MAX4 for packing and unpacking mattress covers/cartons are inaccurate when compared with the costs underlying MAX4 labor charges for packing and unpacking other containers.

Applicant initially proposed to remedy this situation by increasing these MAX4 charges from an existing level of 17% of their federal tariff equivalent to a level that would amount to 51% of the federal tariff's charge. After submitting supplemental cost information using certain historical time studies and new labor costs, however, applicant reduced its requested increase to 33% of the federal tariff's charge.

Granting applicant's reduced request will, on average, double existing MAX4 mattress cover/container packing and unpacking charges. However, its cost justification supports such increases.

ORA Comments on Maximum Rates

While ORA does not object to these rate increases, it points out that the Commission's Business Plan for 1999-2000 (BP) questions the efficacy of the existing pricing regulation for used household goods carriers. ORA, in this proceeding, voices its support for eliminating unnecessary transportation

regulation and encourages a review by staff to determine whether the Commission's objectives of consumer protection are being promoted or inhibited by our current household goods program. In fact, our BP indicates we have directed the staff of our Division of Strategic Planning, with technical support from our Rail Safety and Carriers' Division, and our Consumer Services Division, to study the propriety of our continuing the non-safety related transportation regulatory programs of the Commission.

This issue is not one before us in this proceeding. ORA may have input into the regulatory issues by serving its comments on the appropriate Commission staff who are pursuing these regulatory issues.

Comments on Draft Decision

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311(g) and Rule 77.1 of the Rules and Practice and Procedure. ORA filed timely comments requesting minor clarifications which are made in this final order.

Findings of Fact

1. Applicant requests authority to increase maximum rates in Item 340 of Maximum Tariff 4 (MAX4) for packing containers by 27-29%. In addition, applicant initially requested authority to increase the maximum packing and unpacking labor rates for mattress cartons and covers from approximately 17% of the levels set forth in the federal HGB 400 series tariff to about 51% of those levels.

2. Notice of this application was published in the Commission's Daily Calendar on July 16, 1999. No protests to the application were filed.

3. Prior to expiration of the protest period, the Office of Ratepayer Advocates (ORA) requested applicant to submit supplemental information to support the

requested increase. An extension to the protest period was granted by the assigned Administrative Law Judge.

4. Subsequently, applicant filed the requested supplemental cost justification. As a result, applicant revised the proposed rate increase in maximum rates to request a lesser increase in labor charges for packing and unpacking mattress cartons and covers. The supplemental information provides justification for a 22-32% increase in the maximum costs of packing containers and an increase in maximum labor charges for packing and unpacking mattress cartons and covers to approximately 33% of the levels set forth in the federal HGB 400 series tariff.

5. Applicant subsequently amended its application to reduce the proposed increase in maximum rates for labor charges for packing and unpacking mattress cartons and covers from 51% to 33% of federal rates.

6. After review of the supplemental information, ORA was convinced that adequate information was presented to justify the proposed rate increase as amended and that it was not solely based on federal prices. ORA withdrew any objections to approving the application.

7. The proposed maximum rates in Item 340 of MAX4 are based upon those of similar interstate household goods carrier rates filed with the federal government.

8. Applicant has presented independent cost justification to support its proposed rate increase as amended.

Conclusions of Law

1. The proposed maximum rates as amended are just and reasonable and should be approved.

2. The order in this proceeding should be effective immediately in order to expeditiously implement adequate maximum rates.

O R D E R

IT IS ORDERED that:

1. The application to increase maximum rates as amended is granted.
2. Maximum Rate Tariff 4 (Attachment B to Decision 92-05-028, as amended), is further amended by incorporating the revised tariff page attached as Appendix A.
3. The Executive Director shall serve a copy of this order on each subscriber to Maximum Rate Tariff 4 and all appearances in this application.
4. This proceeding is closed.

This order is effective today.

Dated January 20, 2000, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
CARL W. WOOD
LORETTA M. LYNCH
Commissioners

MAXIMUM RATE TARIFF 4

ITEM 340								
MAXIMUM FIXED RATES FOR PACKING/UNPACKING AND CONTAINERS								
(See Notes 1 through 10)	Per	Container Rates (See Note 9)	Packing Charges			Unpacking Charges		
			Territory			Territory		
			A	B	C	A	B	C
1. RATES PER CONTAINER (In Dollars Per Unit)		◇						
DRUM, DISH-PACK (Drum, dish-pack, barrel or other specially designed containers of not less than 5 cubic feet capacity for use in packing galssware, chinaware, bric-a-brac, table lamps or similar fragile articles)	Each	25.20	27.45	24.15	20.95	10.95	9.65	8.40
CARTONS:								
Less than 3 cu. ft. (Not less than 200 lb. test).....	Each	5.35	6.35	5.70	4.90	2.55	2.30	1.95
3 cu. ft. (Not less than 200 lb. test).....	Each	7.70	8.50	7.55	6.55	3.40	3.00	2.65
4-1/2 cu. ft. (Not less than 200 lb. test).....	Each	9.25	9.90	8.70	7.50	3.95	3.45	3.00
6 cu. ft (Not less than 200 lb. test).....	Each	10.65	11.05	9.65	8.45	4.40	3.90	3.40
6-1/2 cu. ft. (Not less than 200 lb. test).....	Each	11.45	11.80	10.40	9.05	4.70	4.15	3.60
WARDROBE CARTON not less than 10 cu. ft. (See Note 8).....	Each	19.75	9.90	8.70	7.55	2.50	2.20	1.90
MATTRESS CARTON:								
Crib.....	Each	7.30	3.30 ◇	2.75 ◇	2.40 ◇	1.35 ◇	1.15 ◇	0.95 ◇
Not Over 39" x 75".....	Each	13.05	4.15 ◇	3.55 ◇	3.15 ◇	1.65 ◇	1.45 ◇	1.30 ◇
39" x 80".....	Each	18.30	4.80 ◇	4.20 ◇	3.60 ◇	1.95 ◇	1.70 ◇	1.45 ◇
Not Over 54" x 75".....	Each	16.15	5.05 ◇	4.50 ◇	3.80 ◇	2.05 ◇	1.80 ◇	1.55 ◇
Over 54" x 75".....	Each	26.65	7.35 ◇	6.45 ◇	5.65 ◇	2.95 ◇	2.55 ◇	2.25 ◇
MATTRESS COVER (Paper or Plastic).....	Each	9.45	3.15 ◇	2.85 ◇	2.40 ◇	1.30 ◇	1.15 ◇	0.95 ◇
CORRUGATED CONTAINERS (Specially designed or constructed for mirrors, paintings, glass or marble tops and similar fragile articles)	Each	20.30	10.15	8.85	7.65	4.05	3.55	3.05
CRATES (Other than corrugated, specially designed or constructed for mirrors, paintings, glass or marble tops and similar fragile articles) gross measurement of crate	Cu. Ft. or Fraction Thereof	(See Note 7)	11.05	9.80	8.45	2.30	1.95	1.65

◇ Increase, Decision 00-01-046

EFFECTIVE JANUARY 20, 2000