

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rail Safety and Carriers Division

Resolution TL-18831
January 21, 1998

R E S O L U T I O N

RESOLUTION TL-18831 ADJUSTING THE RATES IN MAXIMUM RATE
TARIFF 4, PURSUANT TO PUBLIC UTILITIES CODE SECTION 5191

SUMMARY

Effective today, Maximum Rate Tariff 4 (MAX 4) maximum rates are increased by 1.7%.

BACKGROUND

MAX 4 contains rates and rules for the transportation of used household goods and personal effects over the public highways within California by household goods carriers.

Public Utilities Code Section (Sec.) 5191¹ requires MAX 4 rate levels be adjusted at least once annually. The adjustment should be made using the same index methodology relied upon in 1992 to assist in the establishment of current MAX 4 rate levels, or another index methodology we find to be appropriate. It must cover the period of time from the date the index was last relied upon to the latest date index data is available. Any index increase should be offset by a reasonable percentage to encourage higher productivity and promote efficiency and economy of operation by household goods carriers. Sec. 5191 also allows us to adjust MAX 4 rates when we deem such an action reasonable to allow for extraordinary changes in household goods carrier costs.

Amended Sec. 5191 established a specific index and a clear procedure for using it to make the initial adjustment to MAX 4 rates in January of 1996. It required the then current level of maximum rates be increased by application of the index number methodology relied upon by the Commission in 1992. The 1992 methodology was the result of the adoption of a settlement between the active parties in our ongoing household goods program investigation (Investigation (I.)89-11-003). (44CPUC 2d 211, 229, 325; Decision (D.)92-05-028.) That methodology adjusted MAX 4 rates by a formula based on inflation, with the exception of the packing materials rates contained in Item 340. Packing materials rates were set at the values in Household Goods Carriers' Bureau Tariff HGB 400-G, Item 106, and have been subsequently increased by the granting of petitions for modification. (D.95-02-025 and D.95-07-024)

1 As amended by Stats. 1995, CH. 361 (Assembly Bill 877)

DISCUSSION

On November 9, 1996, by Joint Motion, the parties issued a Settlement and Stipulation (Settlement) for adoption by the Commission. The Settlement proposes using the existing index methodology for all future rate adjustments pursuant to Sec. 5191. It further suggests a productivity factor of 66.9% be applied to the index. The 66.9% productivity factor reflects household goods carriers' limited opportunities to increase productivity.

Since it was unlikely the Commission would issue a decision on the Settlement prior to the time for making the annual adjustment required by Sec. 5191, an Administrative Law Judge's Ruling was sent to all parties to the proceeding. The December 12, 1996 ruling asked for comments on using the index methodology and productivity factor suggested in the Settlement for the 1997 adjustment. On December 23, 1996, the settling parties issued joint comments to the ruling, agreeing that the suggested methodology and productivity factor be used for the 1997 adjustment to MAX 4 rate levels. No other parties filed comments.

We agreed that the 1992 index methodology should be used for the 1997 adjustment. Because the final decision in Phase III of I.89-11-003 is still pending, we agree that the 1992 index methodology again be used to adjust rates by an inflation factor, except for packing materials rates. Packing materials rates should remain at their current levels, pending adjustment either upon the granting of a new petition for modification, or as may be determined at the conclusion of Phase III of I.89-11-003.

The 1998 rate adjustment required by Sec. 5191 is to cover the time period from the month for which the specified index was last relied upon through the most current month for which index data is available. The last month for which this index was relied upon was November of 1996. (See Resolution TL-18741) The most current month for which index data is available for a timely adjustment is November of 1997.

A description of the index, the index number calculations and application of the productivity factor that must be made to arrive at the adjustment in MAX 4 rates for the December, 1996 through November, 1997 period is set forth in Appendix A to this Resolution. The calculations show that the index number has increased by 1.7% during this period. The supplement to MAX 4 increasing MAX 4 rates by this percentage, and also cancelling Supplement 4 to MAX 4 and incorporating that supplement's preexisting 1.9% increase, is listed in attached Appendix B. The supplement is made effective today.

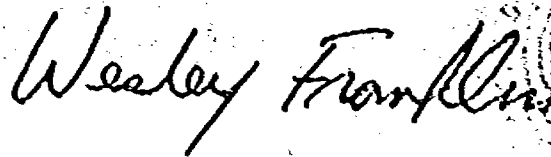
FINDINGS

1. Chapter 361, Statutes of 1995 amended Sec. 5191 to require the Commission to adjust MAX 4 rates on or immediately after January 1, 1996 using the index methodology relied upon in 1992 to assist in the establishment of the tariff's current rate levels. Amended Section 5191 requires subsequent years' rate adjustments to be made using this same methodology, or another one the Commission finds appropriate, plus an adjustment factor for productivity.
2. The 1998 MAX 4 rate adjustment required by Sec. 5191 should cover the period of time from December of 1996 through November of 1997.
3. The index, and the index number adjustment process set forth in Appendix A to this Resolution (except the productivity factor adjustment) were used in 1992 to assist in the establishment of MAX 4 rates.
4. The adjustment process referred to in Finding 3 was used in 1996 to adjust all MAX 4 rates except packing materials rates in Item 340.
5. By Settlement, the parties proposed using the existing methodology and a productivity factor of 66.9% for future annual adjustments pursuant to Sec. 5191.
6. An Administrative Law Judge's Ruling dated December 12, 1996 sought comment from all parties of record on using the Settlement's proposed final indexing methodology and productivity factor for the 1997 adjustment. The settling parties' filed comments supporting the intent to use their suggested methodology and productivity factor for the 1997 adjustment. No objections were filed.
7. The proposed indexing methodology and productivity factor will be used for the 1998 adjustment pending a final decision in Phase II of I.89-11-003.
8. The index change reflected in Appendix A should be applied in 1998. It supports a 1998 MAX 4 rate increase of 1.7% for all tariff rates except packing materials rates in Item 340.
9. Increasing all MAX 4 rates except the packing materials rates in Item 340 by 1.7% will satisfy the 1998 MAX 4 rate adjustment provisions contained in Sec. 5191.
10. The MAX 4 packing materials rates should remain at their current levels, pending adjustment either upon the granting of a petition for modification or as may be determined at the conclusion of Phase III of I.89-11-003.

IT IS ORDERED that:

1. Maximum Rate Tariff 4 (Attachment B to Decision 92-05-028, as amended) is further amended by incorporating the supplemental tariff page attached and listed in Appendix B to this Resolution, effective today.
2. The Executive Director shall cause a copy of this Resolution to be served on each subscriber to Maximum Rate Tariff 4 and all appearances in Investigation 89-11-003.

I hereby certify that the foregoing resolution was duly introduced, passed and adopted at a regular meeting of the Public Utilities Commission of the State of California, held on the 21st day of January, 1998. The following Commissioners voted favorably thereon:



Wesley M. Franklin
Executive Director

P.GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

Attachments: Appendix A
Appendix B
Tariff Page

APPENDIX A

INDEX CALCULATIONS FOR DETERMINING THE
 JANUARY 21, 1998 MAX 4 RATE ADJUSTMENT
 REQUIRED BY PUBLIC UTILITIES CODE SECTION 5191

The index process relied upon by the Commission in 1992 to assist in the establishment of the current MAX 4 rate level and in 1996 to adjust the MAX 4 rates pursuant to Amended Sec. 5191 involved deriving an average index number from two others contained in the publication Consumer Price Indexes - Pacific Cities and U.S. City Average. This publication is issued by the Federal Department of Labor, Bureau of Labor Statistics (BLS) and updated monthly.

The BLS values averaged together were those from the All Urban Consumers category for 1) the Los Angeles-Anaheim-Riverside (LA-A-R) area and 2) the San Francisco-Oakland-San Jose (SF-O-SJ) area.*

The following procedure replicates the index adjustment process used in 1992, 1996 and again in 1997 to increase all MAX 4 rates except the packing materials rates in Item 340. It also applies the productivity factor required by Sec. 5191 for all annual rate adjustments after January 1996. The calculation determines the degree of MAX 4 rate change required by Sec. 5191 for January 1998:

BLS All Urban Consumers Index Category

	November 1996	November 1997**
LA-A-R area.....	468.10.....	474.70
SF-O-SJ area.....	482.30.....	500.00
1996 total.....	<u>950.40</u>	1997 total..... <u>974.70</u>
	2	2
1996 avg.....	<u>475.20</u>	1997 avg..... <u>487.35</u>

('97 avg. - '96 avg. / '96 avg.) 100 = change x 66.9%*** = adj.
 (487.35 - 475.20 / 475.20) 100 = 2.56 x 66.9% = 1.7%

Thus, the MAX 4 rates, except packing materials rates, should be increased by 1.7% on January 21, 1998.

* This is the "averaged" index derivation set forth in Exhibit 105 in the I.89-11-003 proceeding and relied upon in establishing MAX 4 rates by decision 92-05-028, dated May 28, 1992.

** The November 1997 index value is the most current one allowing Commission review at the January 21, 1998 meeting.

*** This is the productivity factor suggested for final adoption by the settling parties in I.89-11-003, intended for use in the 1997 adjustment by Administrative Law Judge's Ruling and unopposed by any party.

APPENDIX B

SUPPLEMENT 5
TO
MAXIMUM RATE TARIFF 4:

INCREASE SUPPLEMENT

Supplement 5

*(Cancels Supplement 4)
(Supplement 5 Contains All Changes)*

to

MAXIMUM RATE TARIFF 4

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

◇ APPLICATION OF INCREASE

Except as otherwise provided, the rates and rules of this tariff are increased by 3.6%.

For purposes of disposing of fractions under provisions hereof, fractions of less than one-half (1/2) cent shall be dropped and fractions of one-half (1/2) cent or greater shall be increased to the next higher whole cent.

Exception: This increase shall not apply to the packing materials (container) rates in Item 340.

◇ Increase, Resolution TL-18831

Effective January 21, 1998

Issued by the Public Utilities Commission of the State of California
San Francisco, California