

Decision 07-04-035 April 12, 2007

**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 Related Packing and Unpacking Labor Charges.

Application 06-11-017  
(Filed November 27, 2006)

**OPINION GRANTING RATE INCREASE**

**Summary**

This decision grants the unopposed application of the California Moving and Storage Association (CMSA or Applicant) to increase rates in Maximum Rate Tariff 4 (MAX 4) for containers in which household goods are packed (packing containers) and for packing and unpacking labor. The maximum rates for packing containers are increased by an average of 54% to the levels set forth in the HGB 400 series tariff approved by the federal government for the interstate transportation of household goods.<sup>1</sup> Labor charges for packing and unpacking containers, excluding mattress cartons, are revised to 60% of the federal HGB 400 series rate for an average increase of 47%. Labor charges for packing and unpacking mattress cartons are revised to 40% of the federal HGB 400 series rate for an average increase of 71%.

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<sup>1</sup> The federal HGB 400 series tariff lists charges for interstate household goods carriers for the same products and services contained in the Commission's MAX 4, which establishes maximum rates for California's intrastate household goods carriers.

## **Background**

Historically, the Commission sets the maximum rates for California household goods carriers for packing containers contained in Item 340 of MAX 4 at the same level as those of comparable federal carriers whose rates are contained in the HGB 400 series tariff. The last increases in MAX 4 rates (other than the annual adjustment required by Pub. Util. Code § 5191) occurred in 2000 when they were increased by Decision (D.) 00-01-046.<sup>2</sup> Since that time, nine of the thirteen MAX 4 container rates have fallen below the federal HGB 400 series tariff rates in a range from 13% to 45%. Packing and unpacking labor rates have similarly fallen below comparable federal HGB 400 series tariff rates in a range from 23% to 58% for containers, excluding mattress cartons, and in a range from 21% to 28% for mattress cartons.

Applicant requests the Commission to:

1. Make the state maximum rates in Item 340 of MAX 4 for containers used for packing household goods equal to HGB 400-N rates; and,
2. Make state maximum labor charges for packing and unpacking containers bear a more reasonable relationship to the federal labor charges.

## **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:

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<sup>2</sup> Packing labor charges and most other MAX 4 rates are indexed annually in accordance with Pub. Util. Code § 5191 and D.98-04-064. Packing container rates are not included in the annual adjustment.

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 and mattress carton rates and packing and unpacking labor charges that have not been increased since the issuance of D.00-01-046 on January 20, 2000.<sup>3</sup> That decision authorized rate increases up to the level of interstate packing container rates. CMSA also requests the Commission to increase maximum labor charges for packing and unpacking containers to a level approximately 60% of the federal HGB 400 series rates, and to a level approximately 40% of the federal HGB 400 series rates for packing and unpacking mattress cartons and covers.

### **Packing Container Rates**

Applicant contends that since 2000 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 MAX 4 rates shows that since 2000 the state maximum packing container rates have fallen 13-45% below the federal rates. Applicant argues that state maximum rates should be adjusted to the level of federal rates based upon the rationale set forth in prior decisions (D.00-01-046, D.95-02-025 and D.95-07-024) that state and federal rates should be comparable.

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<sup>3</sup> Other than the annual adjustment of packing labor charges.

Apart from Applicant's argument that packing container rates should be consistent with corresponding federal rates, CMSA's 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 MAX 4 for packing and unpacking containers and mattress covers/cartons have similarly fallen behind corresponding federal rates. Applicant proposes to remedy this situation by increasing MAX 4 charges for packing and unpacking labor for containers, excluding mattress cartons, from an existing level of 44% of their federal tariff equivalent to a level that would amount to 60% of the federal tariff's charge. Applicant also proposes an increase in MAX 4 charges for packing and unpacking labor for mattress cartons from an existing level of 23% of their federal equivalent to a level that would amount to 40% of the federal tariff's charge. Applicant points out that it did not request an increase in the MAX 4 charges for packing and unpacking labor for containers, excluding mattress cartons, in its 1999 application that was granted by D.00-01-046. It has, therefore, been more than ten years since MAX 4 charges for packing and unpacking labor containers excluding mattress cartons were increased. Applicant further notes that in 1999 it only sought an increase sufficient to bring MAX 4 charges for packing and unpacking labor on mattress cartons to 33% of their federal equivalent. Lastly, applicant emphasizes that the rates it is seeking to increase are maximum rates, and the Commission has observed in previous decisions that competition among household goods carriers in California will take place below the maximum rate and influence the actual charges that shippers may pay.

Granting Applicant's request will, on average, increase by 56% the existing MAX 4 packing and unpacking labor charges. However, its cost justification supports such increases. We therefore will grant the request.

Notice of filing of the application appeared in the Commission's Daily Calendar on November 29, 2006. In Resolution ALJ 176-3183 dated November 30, 2006, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3183.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Assignment of Proceeding**

Richard Clark is the assigned Examiner in this proceeding.

### **Findings of Fact**

1. Applicant requests authority to increase maximum rates in Item 340 of MAX 4 for packing containers by an average of 54%. In addition, Applicant requests authority to increase the maximum packing and unpacking labor rates on containers, excluding mattress cartons, from approximately 44% of the levels set forth in the federal HGB 400 series tariff to 60% of those levels, and to increase the maximum packing and unpacking labor rates on mattress cartons from approximately 23% of the levels set forth in the HGB 400 series tariff to 40% of those levels.

2. The proposed maximum rates in Item 340 of MAX 4 are based upon those of similar interstate household goods carrier rates filed with the federal government.

3. Applicant has presented cost justification to support its proposed rate increase.

4. Notice of this application was published in the Commission's Daily Calendar on November 29, 2006. No protest to the application has been received.

### **Conclusions of Law**

1. The proposed maximum rates 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 is granted.

2. Maximum Rate Tariff 4 (MAX 4) is amended by replacing Fourteenth Revised Page 64 with attached Fifteenth Revised Page 64.

3. The Executive Director shall serve a copy of this order on each subscriber to MAX 4.

4. This proceeding is closed.

This order is effective today.

Dated April 12, 2007, at San Francisco, California.

MICHAEL R. PEEVEY

President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners

**MAXIMUM RATE TARIFF 4**

<b>ITEM 340 ◊</b>								
<b>MAXIMUM FIXED RATES FOR PACKING/UNPACKING AND CONTAINERS</b>								
(See Notes 1 through 10) 1. RATES PER CONTAINER (In Dollars Per Unit)	Per	Container Rates (See Note 9)	Packing Charges			Unpacking Charges		
			Territory			Territory		
			A	B	C	A	B	C
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	35.86	32.27	28.40	24.53	13.45	11.97	10.36
<b>CARTONS:</b>								
Less than 3 cu. ft. (Not less than 200 lb. test).....	Each	8.58	7.73	6.96	6.03	3.22	2.90	2.45
3 cu. ft. (Not less than 200 lb. test).....	Each	12.98	11.68	10.40	8.99	4.87	4.24	3.80
4-1/2 cu. ft. (Not less than 200 lb. test).....	Each	15.83	14.25	12.40	10.83	5.94	5.29	4.57
6 cu. ft (Not less than 200 lb. test).....	Each	18.11	16.30	14.34	12.39	6.79	5.90	5.23
6-1/2 cu. ft. (Not less than 200 lb. test).....	Each	20.68	18.62	16.39	14.15	7.76	6.75	5.98
WARDROBE CARTON not less than 10 cu. ft. (See Note 8).....	Each	19.75	15.83	13.77	12.19	6.60	5.87	5.08
<b>MATTRESS CARTON:</b>								
Crib.....	Each	9.08	5.45	4.52	3.98	2.27	1.97	1.54
Not Over 39" x 75".....	Each	15.08	9.05	7.87	7.15	3.77	3.28	2.90
39" x 80".....	Each	18.30	9.05	7.78	6.79	3.77	3.36	2.87
Not Over 54" x 75".....	Each	16.15	9.21	8.20	6.82	3.84	3.42	2.96
Over 54" x 75".....	Each	26.65	14.90	12.96	11.32	6.21	5.40	4.72
MATTRESS COVER (Paper or Plastic).....	Each	9.45	3.70	3.30	2.75	1.50	1.35	1.05
<b>CORRUGATED CONTAINERS</b> (Specially designed or constructed for mirrors, paintings, glass or marble tops and similar fragile articles) .....	Each	31.19	28.07	24.42	21.33	11.69	10.40	9.00
<b>CRATES</b> (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)	12.70	11.35	9.75	2.65	2.25	1.95
<b>◊ Increase, D.07-04-035</b>			<b>EFFECTIVE APRIL 12, 2007</b>					
<b>Issued by the Public Utilities Commission of the State of California</b>								
<b>San Francisco, California</b>								