

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**Consumer Protection and Safety
Division****RESOLUTION TL-19104
January 12, 2012****RESOLUTION**

RESOLUTION ADJUSTING THE RATES IN MAXIMUM RATE
TARIFF 4, GOVERNING THE TRANSPORTATION OF USED
HOUSEHOLD GOODS AND PERSONAL EFFECTS BY HOUSEHOLD
GOODS CARRIERS.

SUMMARY

Effective today, Maximum Rate Tariff 4 (MAX 4) maximum rates are increased by 2.8%.

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.

Since 1996, Public Utilities Code Section (Sec.) 5191 has required that MAX 4 rate levels be adjusted at least once annually on, or immediately after, January 1. The adjustment is to be made by using the same index methodology relied upon in 1992 to assist in the initial establishment of MAX 4 rates, or by using another index methodology we find to be appropriate. Also, the adjustment must cover the period of time from the date the index was last relied upon to the latest date index data is available. Index increases must be offset by a reasonable percentage to encourage higher productivity and promote efficiency and economy of operation by household goods carriers.

By Decision (D.) 98-04-064, issued April 23, 1998, we decided to use for the future the 1992 index methodology set forth in Sec. 5191, and adopted the productivity "offset factor" of 0.669 to apply when that methodology produces an index increase. The 1992 methodology was the result of the adoption of a settlement

between the active parties in our last household goods program investigation (D.92-05-028 in Investigation (I.) 89-11-003). (44 CPUC 2d 211, 229, 325.) Under that methodology, MAX 4 rates are adjusted by a formula based on inflation, with the exception of the packing materials rates contained in Item 340 of the tariff. Our 1992 decision set packing materials rates in Item 340 at the values in the interstate Household Goods Carriers' Bureau Tariff HGB 400-G, Item 106. We subsequently increased the Item 340 rates in response to formally filed requests by the household goods carrier industry. (See D.95-02-025, D.95-07-024, D.00-01-046, and D.07-04-035). By D.10-01-027, issued January 21, 2010, we reset the productivity offset factor from .667 to .95 for five years, effective January 31, 2010.

We also determined in the 1998 decision that index changes in 1999 and future years should be calculated to the nearest one-tenth of one percentage point, with the tariff being amended only when the index change (adjusted by the offset factor in the case of an increase) amounts to 0.5 percentage points or more. That is, if the methodology dictates a January rate change of less than 0.5 percentage points in a given year, the change will be postponed until the subsequent January in which the cumulative change produced by the methodology amounts to at least 0.5 percentage points.

As has been the case since Sec. 5191 first directed us to index MAX 4 rates, any rate change we order here for Year 2012 must be based on the index change accruing between the last month for which we have relied on index data and the most recent month that is administratively feasible to use to enable us to publish new MAX 4 rates in January 2012. The last month for which we have relied on index data is October 2011.

DISCUSSION

The latest month we can use to calculate index change since October 2010 for implementation in January 2012 is October 2011.

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 period October 2010 to October 2011 is set forth in Appendix A to this Resolution. The calculations show that the methodology produces an increase, adjusted for productivity in accordance with D.10-01-027, of 2.8% for this period. The revised MAX 4 tariff pages listed in Appendix B and attached, increase maximum rates by this percentage. They are made effective today.

It has come to our attention that Item 330 of MAX 4 should be revised to delete the words, "office, or institutional" from NOTE 1 since under a federal preemption the states are required to follow the federal definition of "household goods," which includes only personal effects and property used or to be used in a dwelling.

COMMENTS ON DRAFT RESOLUTION

To comply with Public Utilities Code Sec. 311(g), the Consumer Protection and Safety Division commenced publication of a Daily Calendar notice on December 9, 2011, that apprised the public of the availability of its draft of this resolution and solicited submission of comments by December 29, 2011. No comments were received.

FINDINGS

1. Sec. 5191 requires the Commission to adjust MAX 4 rates on or immediately after January 1 of each year using an index methodology.
2. By D.98-04-064 we set forth the index methodology and related productivity adjustment factor to be used pursuant to Sec. 5191 to make yearly MAX 4 rate adjustments.
3. By D.10-01-027 we revised the productivity offset factor to be used in making the yearly rate adjustments from .667 to .95 for five years effective January 31, 2010.
4. The 2012 MAX 4 rate adjustment required by Sec. 5191 should cover the period October of 2010 to October of 2011.
5. The index change reflected in Appendix A should be applied in 2012. It supports a MAX 4 rate increase of 2.8% for all tariff rates except packing materials rates in Item 340.
6. Increasing all MAX 4 rates except the packing materials rates in Item 340 by 2.8% in 2012 will satisfy the MAX 4 rate adjustment provisions contained in Sec. 5191 and in D.98-04-064.

7. The MAX 4 packing materials rates should remain at their current levels, pending adjustment upon the granting of an application requesting their modification.
8. NOTE 1 of Item 330 of MAX 4 should be revised to conform to the federal definition of "household goods."

THEREFORE, IT IS ORDERED that:

1. Maximum Rate Tariff 4 (Attachment B to Decision 92-05-028, as amended) is further amended by incorporating the revised tariff pages 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 every household goods carrier with a permit from the Commission.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted by the Commission at its regularly scheduled meeting on January 12, 2012. The following Commissioners voted favorably thereon:

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners

Attachments: Appendix A
Appendix B
Tariff pages

APPENDIX A

INDEX CALCULATIONS FOR DETERMINING THE
 JANUARY, 2012 MAX 4 RATE ADJUSTMENT
 REQUIRED BY PUBLIC UTILITIES CODE SECTION 5191

This index process involves 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 is updated monthly and posted at www.bls.gov/ro9/pachist.htm.

The BLS values averaged together are those from the All Urban Consumers category for: 1) the Los Angeles-Riverside-Orange Co. (LA-R-O) area, and 2) the San Francisco-Oakland-San Jose (SF-O-SJ) area¹.

The following calculations show the degree of MAX 4 rate change required by Sec. 5191 for January 2012:

<u>BLS All Urban Consumers Index Category</u>			
	October 2010		October 2011²
LA-R-O area	670.050		688.530
SF-O-SJ area	701.263		723.474
2010 total	1371.313	2011 total	1412.004
2010 avg.	685.657	2011 avg.	706.002
$(11 \text{ avg.} - 10 \text{ avg.} / 10 \text{ avg.}) \times 100 = \text{change} \times 0.95^3 = \text{adjustment}$			
$((706.002 - 685.657) / 685.657) \times 100 \times 0.95 = 2.8\%$			

Thus, the MAX 4 rates, except packing materials rates, should be increased by 2.8% on January 12, 2012.

¹ 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.

² The October 2011 index value is the most current one allowing Commission review at the January 12, 2012 meeting.

³ The current productivity factor is set forth in Decision 10-01-027.

APPENDIX B

LIST OF REVISED PAGES TO
MAXIMUM RATE TARIFF 4:

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