

# PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Consumer Protection and Safety  
Division

RESOLUTION TL-19081  
January 11, 2007

## RESOLUTION

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

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### SUMMARY

Effective today, Maximum Rate Tariff 4 (MAX 4) maximum rates are increased by 1.6%.

### 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). (44CPUC 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, and D.00-01-046).

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 2007 must be based on the index change accruing between the last month for which we have relied on index data (October 2006) and the most recent month that is administratively feasible to use to enable us to publish new MAX 4 rates in January 2007.

## **DISCUSSION**

The latest month we can use to calculate index change since October 2005 for implementation in January 2007 is October 2006.

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 2005 to October 2006 is set forth in Appendix A to this Resolution. The calculations show that the methodology produces an increase, adjusted for productivity, of 1.6% 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.

**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 12, 2006 that apprised the public of the availability of its draft of this resolution and solicited submission of comments by January 2, 2007. 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. The 2006 MAX 4 rate adjustment required by Sec. 5191 should cover the period October of 2005 to October of 2006.
4. The index change reflected in Appendix A should be applied in 2007. It supports a MAX 4 rate increase of 1.6% for all tariff rates except packing materials rates in Item 340.
5. Increasing all MAX 4 rates except the packing materials rates in Item 340 by 1.6% in 2007 will satisfy the MAX 4 rate adjustment provisions contained in Sec. 5191 and in D.98-04-064.
6. The MAX 4 packing materials rates should remain at their current levels, pending adjustment upon the granting of an application requesting their modification.

**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 each subscriber to Maximum Rate Tariff 4 and all appearances in Investigation 89-11-003.

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 11, 2007. The following Commissioners voted favorably thereon:

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STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
Commissioners

Attachments: Appendix A  
Appendix B  
Tariff pages

APPENDIX A

INDEX CALCULATIONS FOR DETERMINING THE  
 JANUARY, 2007 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](http://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) area<sup>1</sup>.

The following calculations show the degree of MAX 4 rate change required by Sec. 5191 for January 2007:

BLS All Urban Consumers Index Category

	<u>October 2005</u>		<u>October 2006<sup>2</sup></u>
LA-R-O area	611.2		624.6
SF-O-SJ area	633.1		648.7
2005 total	1244.3	2006 total	1273.3
2005 avg.	622.15	2006 avg.	636.65

$(06 \text{ avg.} - 05 \text{ avg.} / 05 \text{ avg.}) \times 100 = \text{change} \times 0.669^3 = \text{adjustment}$

$((636.65 - 622.15) / 622.15) \times 100 = x 0.669 = 1.6\%$

Thus, the MAX 4 rates, except packing materials rates, should be increased by 1.6% on January 11, 2007.

<sup>1</sup> 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.

<sup>2</sup> The October 2006 index value is the most current one allowing Commission review at the January 11, 2007 meeting.

<sup>3</sup> This productivity factor was established in I.89-11-003 and is set forth in Decision 98-04-064.

**APPENDIX B**

LIST OF REVISED PAGES TO  
MAXIMUM RATE TARIFF 4:

ELEVENTH REVISED PAGE 11  
TENTH REVISED PAGE 13  
ELEVENTH REVISED PAGE 22  
NINTH REVISED PAGE 36  
ELEVENTH REVISED PAGE 38  
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FOURTEENTH REVISED PAGE 67  
FOURTEENTH REVISED PAGE 69