

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Safety and Enforcement Division

Date of Issuance 02/01/2016

RESOLUTION TL-19121

January 28, 2016

Item #8

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 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 (Pub. Util. Code) § 5191(d) states:

In establishing or approving any maximum rates for household goods carriers, the commission shall, on or immediately after January 1, 1996, adjust the current level of maximum rates by application and use of the index number methodology relied upon by the commission in 1992 to assist in the establishment of the current level of maximum rates and make that adjustment for the time period from the date that index was last relied upon to the latest date that index data is available.

Thereafter, maximum rates shall be adjusted at least once annually by use of the same index methodology, or another index methodology found by the commission to be appropriate for the adjustment of household goods carrier maximum rates, less a reasonable percentage of any index increase to encourage higher productivity and promote efficiency and economy of operation by household goods carriers. The commission may also adjust maximum rates when deemed reasonable to allow for extraordinary changes in household goods carrier costs.

By Decision (D.) 98-04-064, issued April 23, 1998, we decided to use for the future the 1992 index methodology set forth in Pub. Util. Code § 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 parties in our last household goods program investigation (D.92-05-028 in Order Instituting 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, 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 Pub. Util. Code § 5191 first directed us to index MAX 4 rates, any rate change we order here for 2016 must be based on the index change accruing between the last month for which we have index data and the most recent month that is administratively feasible to use to enable us to publish new MAX 4 rates in January 2016. The last month for which we have index data is October 2015.

DISCUSSION

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 2014 to October 2015 is set forth in Appendix A. The calculations show that the methodology produces an increase, adjusted for productivity in accordance with D.10-01-027, of 1.7% for this period. The revised

MAX 4 tariff pages listed in Appendix B increase maximum rates by this percentage. They are made effective today.

COMMENTS ON DRAFT RESOLUTION

To comply with Pub. Util. Code § 311(g), the Safety and Enforcement Division commenced publication of a Daily Calendar notice on December 23, 2015 that apprised the public of the availability of its draft of this resolution and solicited submission of comments by January 19, 2016. No comments were received.

FINDINGS

1. Pub. Util. Code § 5191 requires the Commission to adjust MAX 4 rates annually 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 Pub. Util. Code § 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 2016 MAX 4 rate adjustment required by Pub. Util. Code § 5191 should cover the period October of 2014 to October of 2015.
5. The index change reflected in Appendix A should be applied in 2016. It supports a MAX 4 rate increase of 1.7% 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 of the tariff by 1.7% in 2016 will satisfy the MAX 4 rate adjustment provisions contained in Pub. Util. Code § 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.

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 28, 2016. The following Commissioners voted favorably thereon:

/s/ TIMOTHY J. SULLIVAN
TIMOTHY J. SULLIVAN
Executive Director

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

Attachments:

Appendix A
Appendix B

APPENDIX A

INDEX CALCULATIONS FOR DETERMINING THE
 JANUARY, 2016 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 Pub. Util. Code § 5191 for January 2016:

<u>BLS All Urban Consumers Index Category</u>			
	October 2014		October 2015²
LA-R-O area	718.938		726.237
SF-O-SJ area	782.414		802.446
2014 total	1501.352	2015 total	1528.683
2014 avg.	750.676	2015 avg.	764.342
$(15 \text{ avg.} - 14 \text{ avg.} / 14 \text{ avg.}) \times 100 = \text{change} \times 0.95^3 = \text{adjustment}$ $((764.342 - 750.676) / 750.676) \times 100 \times 0.95 = 1.7\%$			

Thus, the MAX 4 rates, except packing materials rates, should be increased by 1.7% on January 28, 2016.

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 2015 index value is the most current one allowing Commission review at the January 28, 2016 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:

TWENTIETH REVISED PAGE 11
NINETEENTH REVISED PAGE 13
NINETEENTH REVISED PAGE 22
FOURTEENTH REVISED PAGE 36
TWENTIETH REVISED PAGE 38
TWENTIETH REVISED PAGE 40
TWENTIETH REVISED PAGE 41
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TWENTY-FIFTH REVISED PAGE 64
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TWENTY-THIRD REVISED PAGE 69