

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) APPLICATION NO. MR-1009
Public Service Commission, on) PI-70
Its own motion, initiating an)
Investigation on range) ORDER GRANTING INCREASE
Uniformity in the Official)
Intracity Household Goods)
Tariff 22, and to develop)
Procedures for efficiently) ENTERED: APRIL 22, 2008
Processing household goods)
mover tariff amendments.)

BY THE COMMISSISON:

O P I N I O N S A N D F I N D I N G S

The Nebraska Public Service Commission initiated this investigation on January 28, 2003. The Commission set a process for it to determine, on an annual basis, whether any adjustment is to be made in the household goods movers Tariffs 7 and 22.

On May 8, 2007, the Commission ordered that the affidavit developed by the committee be mailed, pursuant to Application No. MR-1009/PI-70, by January 21, 2008, with a return date of February 20, 2008, being set. Upon receiving the affidavits, the Commission ordered a public hearing to be held in March of April of 2008 if necessary.

After receipt of the affidavits, the Commission determined that a hearing in this matter should be held on April 3, 2007. Notice of the hearing was sent to all interested parties on March 27, 2007. A hearing was held on April 3, 2007, in the Commission hearing room in Lincoln.

Two representatives from the household goods movers industry, Earl vonRentzell and Tom Coffey, appeared at the hearing in Lincoln. Ed Schneider and Scott Vaughn mailed in letters regarding the tariff consideration. No other individuals or representatives either in favor of or against the subject matter of the hearing appeared.

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Earl vonRentzell testified before the Commission. Mr. vonRentzell stated that the federal government eliminated the national tariff and that all interstate movers are therefore responsible for their own tariff publication. He therefore will not be comparing the Nebraska intrastate tariff with the federal tariff.

Mr. vonRentzell detailed some of the issues that are presented to movers such as gasoline costs and expense exposure. He then reviewed several actual moves that his company had made over the last year to illustrate how proposed changes in the tariff will affect consumers. One item in particular is the cost of fuel and the recent drastic changes in those costs. He stated that a truck that could be filled for \$476 one year ago would not cost \$1,135 to fill up.

Mr. vonRentzell further requested that the Commission consider a fuel surcharge also be in effect for Tariff 22 moves. On questioning by Commissioner Schram, Mr. vonRentzell stated that the surcharge would allow for a more competitive rate situation and allow for higher expense companies, such as his with facilities and personnel costs that may be higher than a competitor's who does not have those overhead costs, to be more competitive on the hourly rate rather than being at a competitive disadvantage by having to cover those costs directly through the hourly rate. It also allows the company to more accurately charge for its cost increase due to fuel expenses.

In summary, Mr. vonRentzell requested that the Commission raise the overall tariff one and one-half percent. He testified that his company felt that a small increase in the tariff was necessary this year as they had not experienced large cost increase and therefore did not believe that a large increase was warranted. On questioning by Commissioner Landis, he stated that, on this issue, he spoke only for his company and not for any other movers. He also stated that his situation may not be a common one, and that other movers may have a difference of opinion as to the extent of the increase requested.

Mr. vonRentzell also requested that the Commission change that Hourly Labor charges in Section 3, Item 1000.

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Currently the Omaha Labor Rate is capped at \$39 per unit per hour, and the rest of Nebraska is capped at \$36 per unit per hour. Mr. vonRenzell requested that the rates be raised to at least \$40 per unit per hour in Omaha and to \$38 per unit per hour in the rest of the state. He also requested that the \$18 per unit per hour charge be raised. The basis for the request is that he does not believe that the lower amount is economically feasible and needs to be raised to accurately reflect the costs of doing business.

Tom Coffey also testified regarding the tariff. He detailed some additional difficulties that are experienced by movers such as damage claims and lost items. He testified in support of a surcharge for local moves as it allows the movers to keep the charging for core costs relatively constant while allowing for the covering of costs due to frequent and large changes in the price of fuel. He also believes that this allows the overall costs to be fair for everyone, as the person who is moving the farther distance is paying for that service rather than having everyone be charged for that expense.

Mr. Coffey stated that he thought at the tariff should be raised three to three and one-half percent. An increase of this amount should be fair to the general public while provided an adequate return for the mover.

Ed Schneider said in his letter that his company has experienced increase in its costs. This increase in costs, largely related to fuel expense, also is impacted not only by the vehicle doing the actual moving but also by support vehicles such as packing vehicles. He stated that he believes that the tariff should be raised six percent, and the top hourly charge be raised to \$40 per unit per hour. Scott Vaughn stated in this letter that a fuel surcharge should be approved for local moves.

Exhibit three is the affidavits that were received by the Commission. An examination of the affidavits shows that for most movers drivers and administrative wages increased around five percent, health insurance between six and twenty percent with one carrier reporting only a two percent increase, and insurance for property and general liability not showing a consistent pattern as some carriers

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experienced a decrease while most carriers experienced an increase of up to nineteen percent. Four carriers reported ten to nineteen percent increase, five carriers reported an increase of zero to ten percent increases, and three reported either the same or reduced property insurance premiums.

Workers compensation insurance expenses showed most with little change in their costs. Packing expenses increased for most companies between zero and twenty percent.

Fuel costs also increased. All six companies reported increases in fuel costs, with the lowest percentage increase being four percent and the highest percentage increase being thirty percent.

The Commission is of the opinion that an increase in the tariff is warranted. Energy costs have risen for everyone, and other charges continue to grow. There is also the pressure of increased labor and some areas of insurance. There is also an increase in costs due to fuel surcharges that the moving companies have to pay from other vendors.

The Commission finds that a three percent increase in the overall tariff is appropriate at this time. This increase represents an increase that is reasonable under the circumstances.

The Commission will also change the Labor Charges as set forth in Section 3, Item 1000. The Commission finds that these rates should be increased in accordance with other increases to be approved herein. Therefore the top rate in Omaha will be increased from \$39 to \$40 per unit per hour, and the top rate in the rest of the state should be raised from \$36 to \$37 per unit per hour.

The Commission further finds that there is persuasive evidence before it to warrant increasing the minimum charges allowed in the tariff. These amounts have not been changed over the past few years, and the costs of doing business have changed greatly during this time. The Commission finds that the lower rate is not compensatory and should be raised from \$18 to \$20 per unit per hour.

The Commission is also supportive of a fuel surcharge for Tariff 22. The reasoning behind a surcharge is valid, and it does present a good resolution to some issues that were raised in this docket. However, the Commission cannot approve any of the proposals that were made by the industry without a rational basis being in place. The proposals were admittedly made by the industry without a solid economic basis behind them. Therefore, the Commission finds that an ad hoc committee should be formed to examine the issue of the surcharge, and return recommendations for the Commission's consideration on the basis of this examination. This recommendation should be made to the Commission for its consideration by June 30, 2008.

From the evidence adduced, and being fully informed in the premises, the Commission is of the opinion and finds that the tariffs should be increased effective May 2, 2008.

O R D E R

IT IS, THEREFORE, ORDERED by the Nebraska Public Service Commission that, effective May 2, 2008, Official Household Goods Tariff 7-F be, it is hereby, amended as follows:

1. (Increase) Increase all rates and charges three percent (3.0%) rounded up to the next ten cents.
2. (Increase) Increase the Warehouse Handling Charge for Storage-in-Transit to \$3.40/cwt.
3. (Increase) Increase the Storage charge to \$2.94/cwt.

IT IS FURTHER ORDERED by the Nebraska Public Service Commission that effective May 18, 2007, Official Household Goods Tariff 22 be, and it is hereby, amended as follows:

4. (Increase) Increase Section 3, Item 1000, Labor Rates, as follows:

Omaha area: \$25 to \$40

Nebraska outside of Omaha: \$20 to \$37

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5. (Increase) Increase Section 3, Item 1100, Packing container charges three and one-half percent (3.5%) rounded up to the next ten cents.

6. (Increase) Increase Section 4 Transportation Rates Optional Packing Charges Labor Rate charge per container three percent (3.0%) rounded up to the next ten cents.

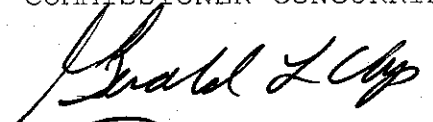
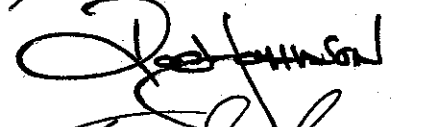

IT IS FURTHER ORDERED by the Nebraska Public Service Commission that an ad hoc committee be formed for the purpose of evaluating a fuel surcharge in Tariff 22. This Committee should present a proposal for the Commission's consideration by June 30, 2008.

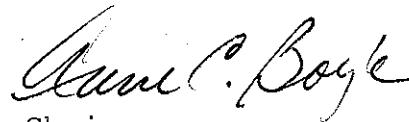
The adopted affidavits will be sent out to all certificated carriers by January 23, 2009. The affidavits are to be returned to the Commission by February 20, 2009. The Commission will then hold any hearings that are determined to be necessary in March or April of 2009.

MADE AND ENTERED at Lincoln, Nebraska, this 22nd day of April, 2008.

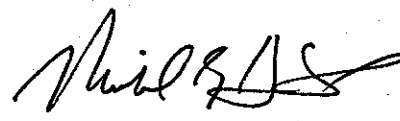
NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONER CONCURRING:


Chair

ATTEST:


Executive Director

//s// Anne C. Boyle
//s// Frank E. Landis