

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Application of

DOLLY, INC.

To Operate as a Common Carrier  
pursuant to RCW 81.28, RCW 81.80,  
WAC 480-12, and WAC 480-14

DOCKET TV- \_\_\_\_\_

DECLARATION OF MICHAEL  
HOWELL IN SUPPORT OF  
PETITION FOR EXEMPTION  
FROM COMMISSION RULES AND  
IN SUPPORT OF APPLICATION OF  
DOLLY, INC., FOR PERMIT TO  
OPERATE AS A COMMON  
CARRIER

Michael Howell states:

1. I am a co-founder and the Chief Executive Officer of Dolly, Inc. (Dolly). Dolly is incorporated in the State of Delaware. I am over the age of 18 and have personal knowledge of the facts contained in this declaration.

2. Dolly is applying to the Commission for a permit to operate as a Common Carrier in Washington State. We are conscientious of the importance of providing safeguards for Washington consumers as it relates to common carrier services; and we are respectful and appreciative of the Commission's role and authority in regulating these services.

3. We are deeply familiar with and share the Commission's stated mission of providing safe, available, reliable, and fairly priced services for Washington consumers and businesses. The intent of this declaration is to share more context about Dolly and how we provide for a service that is fully aligned with the Commission's mission and the spirit of the existing Common Carrier regulatory requirements.

4. By way of introduction, Dolly was founded in 2014. We are backed by a group of individual and venture capital investors, having raised over \$20,000,000 to date. Our corporate headquarters is in Seattle, Washington, with offices at 901 5<sup>th</sup> Avenue, Suite 600, Seattle, WA 98164. Our Seattle headquarters houses 35 full-time employees and is the central network operations center for nationwide operations that span over 50 urban and suburban markets across the states of Oregon, California, Arizona, Texas, Colorado, Illinois, Minnesota, Wisconsin, Michigan, Ohio, Tennessee, Georgia, Florida, North Carolina, Maryland, New York, Connecticut, Pennsylvania, Massachusetts and the District of Columbia. Through these markets, Dolly reaches approximately 70% of the US metro population.

5. At the highest level, our mission at Dolly is to create freedom of time, freedom of choice, and freedom from worry. We do that by providing a modernized, on-demand local goods transportation service that is optimized for:

- a. *Immediacy* – available in as little as 60 minutes
- b. *Convenience* – 30 to 60-minute schedulable delivery windows, 7 days a week, 365 days a year
- c. *Transparency* – real-time tracking and direct lines of communication and support from start to finish
- d. *5-Star Service & Safety* – easy, readily available customer service along with industry-leading quality control and insurance coverage
- e. *Affordability* – all of these benefits at an exceptional value

Together, these attributes form the foundation of a service that enables consumers to (a) be able to get moving and delivery help on-demand or scheduled out as far in advance into a narrow window that is most convenient for them – *freedom of time*; (b) buy whatever they want,

wherever they want with the confidence that comes from knowing they have an easy, reliable, and affordable option to get it delivered – *freedom of choice*; and (c) rest assured that the service they receive is backed by a deep commitment to safety, quality, and customer satisfaction – *freedom from worry*. This is the basis for the mission we had at the founding of Dolly and the mission that continues to drive us and our business today.

6. The local goods transportation services that Dolly enables (“Dolly Services”) generally fall into three main categories: (i) small moves of household goods – e.g., moving small loads of household goods from one place to another within a local market; (ii) delivery of items purchased at retail stores, on retailer websites, or via second-hand marketplaces like Craigslist, Facebook Marketplace, and Offer Up; and (iii) “Labor-only” service in which Dolly Helpers will move items within a home or building.

7. Where it does business, Dolly hosts a software platform that uses modern marketplace dynamics to bring together demand and supply for these services. As such, Dolly’s service model is similar to that of a “transportation network company (TNC)”. As TNCs are to the taxi/ride-sharing industry and the movement of people, Dolly is to the local moving/delivery industry and the movement of goods.

8. Dolly allows consumers and businesses to request Dolly Services via app, website, phone, or via direct integrations with various retail and ecommerce partners. These requests are not fulfilled by Dolly employees who operate Dolly-owned vehicles; rather, like Uber, Lyft, Postmates, DoorDash, GrubHub, Instacart, Amazon Flex, and Shipt, among others, Dolly contracts with local independent contractors (“Helpers”) who provide the goods transportation service using their own vehicles and equipment.

9. There are over 10,000 Helpers on the Dolly platform today, with hundreds more joining every month. The vast majority of Helper vehicles are standard pickup trucks, SUVs, and cargo vans – *i.e.*, they are consumer-grade vehicles. Not a single vehicle exceeds the 10,000 GVWR that is commonly used to define commercial vehicles, which traditional moving and delivery companies tend to use.

10. As was the case with the taxi industry (Uber/Lyft), the grocery industry (Instacart/Shipt), and the hotel industry (AirBnB, Vacasa), Dolly has embraced the on-demand business model because it offers superior availability, transparency, flexibility, and price/value. This has enabled Dolly to become the largest on-demand provider for local goods transportation services in the country. We have handled over 1,500,000 items for hundreds of thousands of customers and we have done so while earning unsurpassed customer satisfaction.

11. We understand that consumer protection and safety are at the very heart of what the Commission stands for and Dolly shares that value. We care deeply about taking care of our customers because we know that the only way we can achieve our mission is to be maniacal about making sure every customer has a fantastic Dolly experience such that they tell their family and friends about Dolly and come back to use the service time and again.

12. Providing industry-leading consumer satisfaction requires a deep commitment to the highest standards of safety and, to that end, Dolly has instituted safety and insurance measures that far exceed the state imposed common carrier requirements, as shown in the table below. Every Helper must satisfy these requirements before they are allowed access to the platform AND must continue to satisfy them on an ongoing basis to maintain their access to the platform.

<b>SAFETY REQUIREMENTS</b>			
<i>Common Carrier Permit Requirements<sup>1</sup></i>		<i>Dolly's Requirements</i>	
<ul style="list-style-type: none"> <li>• Applicant is fit, willing, and able to provide services</li> </ul>		<ul style="list-style-type: none"> <li>• <u>5-year</u> historical motor vehicle record check w/ more stringent standards than CDL requirements</li> <li>• <u>7-year</u> historical state and national criminal background check w/ more stringent standards than CDL requirements</li> <li>• Strict vehicle good condition qualification standards and verification</li> <li>• Auto insurance verification</li> <li>• Artificial intelligence assisted identity verification</li> <li>• Successful completion of Helper onboarding program</li> <li>• Real-time GPS tracking of every Dolly from start to finish</li> <li>• Ongoing maintenance of a customer satisfaction rating &gt; 4.7 stars</li> </ul>	
<b>INSURANCE REQUIREMENTS</b>			
<i>Common Carrier Permit Requirements<sup>2</sup></i>		<i>Dolly's Coverage</i>	
Liability and Property Damage	\$300,000	Commercial General Liability	\$1,000,000/occurrence \$2,000,000 aggregate
		Auto Liability	\$1,000,000 combined single limit
		Umbrella	\$3,000,000/occurrence \$3,000,000 aggregate

13. As a result, Dolly has not only exceeded industry standards but has surpassed the high bar of consumers in every market in which Dolly operates. Dolly's service has been reviewed over 20,000 times across Facebook and iTunes and our average rating is 4.9 and 4.8 out of 5, respectively. By way of comparison to other transportation-related services or any other

<sup>1</sup> As applied to Dolly's business model (GVWR under 10k pounds; transportation of non-hazardous substances).

<sup>2</sup> As applied to Dolly's business model (GVWR under 10k pounds; transportation of non-hazardous substances).

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sector of services for that matter, those are incredibly high customer ratings of which we are incredibly proud, as they are the strongest indication that we are delivering on our mission.

14. Given the many advantages and high customer satisfaction of Dolly's delivery service, many large retailers are turning to Dolly to provide delivery service to their customers, whether that be replacing their own delivery service or switching from traditional providers. Examples include Big Lots, The Container Store, Crate & Barrel, Costco, Lowe's, IKEA, Restaurant Depot, and Lumber Liquidators, among many others. Each one of these retailers actively promotes Dolly alongside their brand in their stores and/or on their websites. Attached as Exhibits MH-1 through MH-9 are examples of how Dolly is being promoted at various retailers around the country.

- a. Costco (MH-1, MH-2)
- b. The Container Store (MH-3)
- c. Big Lots (MH-4, MH-5)
- d. Crate & Barrel (MH-6)
- e. Lowe's (MH-7, MH-8, MH-9)

15. In addition to retailers, various other online and offline services are turning to Dolly for delivery. Examples include charities, storage facilities, real estate portals, apartment buildings, and used goods marketplaces. Of note, Facebook has recently partnered with Dolly to be the exclusive delivery service provider for Facebook Marketplace (Exhibit MH-10 shows how Facebook promotes Dolly to its users in the markets Dolly is able to serve.)

16. These relationships highlight two important facts. First, Dolly has become a trusted service provider for many multi-billion-dollar retail and ecommerce brands. Dolly could not win or maintain these relationships if it were shirking any dimension of consumer protection,

safety, or overall satisfaction. In fact, our industry-leading customer satisfaction is one of the very reasons *why* big brands trust their customers with Dolly. Said differently, we can't build a trusted household brand name and win big partnerships while taking half measures with end-customers. Second, these brands are also turning to Dolly because the features and benefits of Dolly's delivery service are not available from traditional common carrier providers and, with the outbreak of the COVID-19 pandemic, demand for Dolly's delivery service has never been higher. As such Dolly is increasing the availability of services to the consumers and businesses of Washington and thereby enhancing the Commission's mission to ensure ever greater service availability.

17. Dolly's history with Commission staff is long. As Dolly's CEO, I am conscious of and bear a sense of regret that there have been misunderstandings and challenges that have occurred along the road that Dolly has traveled with the UTC to reach this present permit application. I am rueful and apologetic for the mistakes we have made. We have had to learn hard lessons about how to advocate with pride in the service we offer without seeming arrogant or diffident. We started Dolly with an ambitious "Customers First" operating principle, which we continue to live by today. It has served us incredibly well in many ways, yet in our intense focus on our customer, we underappreciated the challenge of fitting new entrants with new business models into existing regulated categories.

18. With that being said, our interaction with Commission Staff has also followed a very circuitous path, having been directed by Staff to present Dolly as, at various times, a broker of household goods moves, a household goods mover, a solid waste carrier, a common carrier broker, and a common carrier. To date, Washington state, our home market, is the *only* market which Dolly is banned from providing household goods and common carrier services.

19. In an effort to reverse the litigious relationship that had developed between Dolly and the Commission, Dolly paid an administrative penalty in the amount of \$69,000, ceased providing all household good carrier services in this state (at great cost given that Washington represented a substantial portion of our businesses at the time), and withdrew a number of public records requests. We also withdrew our pending household good carrier permit application to clear the way to more openly approach Staff in finding a constructive, collaborative path forward.

20. In the Commission's Order permitting the withdrawal of that permit application, it too indicated that it wanted Dolly to work with Staff in an attempt to develop a stipulation on a permit.

21. Accordingly, along with our legal counsel (Jeff Goltz), I met with Amanda Maxwell, Jason Lewis, and Jon Noski of Commission Staff on December 10, 2019. We expressed the desire to "reset the table" with the Commission. Instead of pursuing a household goods carrier permit, Dolly would apply for a common carrier permit and focus on serving businesses that wanted to deliver goods to their customers. So, with that more limited goal, we sought to understand the conditions that Staff deemed necessary for it to stipulate a permit.

22. At the meeting, we were directed to the September 9, 2019, letter from Mathew Perkinson, Assistant Director, Transportation Safety, filed in UTC Docket No. TV-190594. That letter (copy attached as Exhibit MH-11) contained a detailed position on insurance requirements for Dolly's proposed operation. Per the table in paragraph 12, Dolly's insurance policies, which function as contingent insurance in addition to each Helper's individually required auto insurance policy, cover the same liability and property damage risks stipulated by the regulations and do so with over 10 times the required coverage.



23. However, the letter also contained, without elaboration or citation to authority, the following proposed condition (on page 2): “The Company allows only persons or entities whose common carrier permit(s) Dolly has verified, to transport property pursuant to a bid generated by Dolly.” In other words, we read this as stating that Staff would not agree to the use by Dolly of independent contractors in its permitted operations. As you can imagine, requiring a common carrier permit for each of Dolly’s thousands of Helpers would implicitly interdict Dolly’s ability to operate a modern marketplace business and place incredible additional burden on Staff’s administrative bandwidth.

24. So, concurrently with the filing of our common carrier application, and this Declaration, our legal counsel is also filing a legal memorandum rebutting what we believe to be Staff’s legal position that each independent contractor must be individually licensed as a common carrier.

25. We also note that if applied even-handedly to the industry, imposing this requirement would shut down Amazon Flex, Pick Up Now, Lugg, GoShare, Bellhops, Roadie and, presumably, dozens of other business currently operating in the Washington state. Like Dolly, these businesses all use independent contractors to provide common carrier or household goods carrier services even though the independent contractors DO NOT operate under individual permits.

26. Dolly seeks to operate its business in a manner that is as protective of consumers as other permitted carriers operating under Commission rules, and it will commit to doing so. As stated above, consumer satisfaction and safety are of the utmost importance to Dolly. We adhere to a rigorous set of safety-oriented vetting requirements, have continuous quality control monitoring standards in place, and have well beyond the required level of commercial insurance

coverage to backstop every transaction. If a customer has a damage-related claim, they can simply reach out to Dolly via our app, email, or phone and our claims support team will document and process the claim directly with the customer. In short, Dolly is absolutely committed to providing a safe, reliable, and fairly priced service that provides a new way for Washington consumers and businesses to get help with local goods transportation.

27. And finally, following from the legal memorandum filed by our legal counsel in conjunction with this declaration, we are informed by the Commission’s experience and precedent in the auto transportation category where similar problems were faced. In the spirit of collaboration, we are recommending that Dolly be held fully accountability as a Common Carrier – and be accountable for the conduct and compliance of its independent contractors – without requiring those third-parties to be permitted as common carriers themselves, much the same as the Commission modified the regulations for auto transportation companies.

28. More specifically, we propose that Dolly be subject to stringent accountability by replicating the language and framework in WAC 480-30-022 and adapting it to the common carrier category. As such, we suggest the following conditions:<sup>3</sup>

- a. If Dolly’s Helpers engage in conduct that violates any federal, state, or local law or regulation, or any commission order, while performing tasks

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<sup>3</sup> For ease of reference, here is the language from WAC 480-30-022:

A passenger transportation company may contract with a person or company to perform tasks that are subject to the rules under this chapter. If the passenger transportation company’s contractor or any of its subcontractors engages in conduct that violates any federal, state, or local law or regulation, or any commission order, while performing tasks under the contract, the passenger transportation company is subject to commission enforcement actions as if the passenger transportation company itself engaged in that conduct. The passenger transportation company is responsible for maintaining measures designed to prevent and detect a violation of statutes or rules within the commission’s authority to enforce by a contractor or any of its subcontractors. The passenger transportation company must make available records regarding its use of the contractor on request by the commission that fully enable the commission to audit, investigate, and determine the company's compliance with applicable law while using the contractor.

under their arrangement with Dolly, Dolly is subject to commission enforcement actions as if its own employees engaged in that conduct.

- b. Dolly is responsible for maintaining measures designed to prevent and detect a violation by the Helpers of statutes or rules within the commission's authority to enforce.
- c. Dolly will make available records regarding its use of its Helpers on request by the commission that fully enable the commission to audit, investigate, and determine the company's compliance with applicable law while using the contractor.

29. In summary, Dolly is asking the Commission to approve Dolly's application for a Common Carrier permit. (We recognize that this will continue to preclude Dolly from providing household goods carrier services until we're able to secure a household goods carrier permit.) We believe that our existing insurance coverage, together with the conditions proposed in paragraph 28, satisfy the full spirit and purpose of the existing common carrier regulations. Further, doing so is consistent with the Commission's ruling on a similar predicament that the auto transportation industry faced AND provides a path to enable modern marketplace business models like Dolly, Amazon Flex, and others to bring the many advantages they provide to Washington consumers while ensuring accountability, strong consumer protection, and full oversight by the Commission.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated and signed at Leavenworth, Washington, August 13, 2020.

  
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Michael Howell