

Agenda Date: June 14, 2018
Item Number: B1

Docket: TV-180245
Company: Washington Movers Conference

Staff: Greg Hammond, Regulatory Analyst, Water and Transportation
Andrew Roberts, Consumer Protection

Recommendation

Issue an order approving the proposed tariff revisions to WUTC Tariff 15-C, Items 10, 57, and 85, to become effective June 15, 2018, and to expire December 31, 2019.

Discussion

On March 22, 2018, the Washington Movers Conference (WMC) petitioned the commission for a revision to WUTC Tariff 15-C, Items 10, 57, and 85, that would allow companies to directly charge customers for fees associated with processing credit card payments. The amount of the fee would not exceed the actual fee charged by the credit card company for processing the transaction.

The proposed tariff revisions would add a definition for “Credit Card Processing Fees” under Item 10, would add Item 57, outlining the stipulations for charging credit card processing fees, and would modify Item 85, requiring companies to quote on the estimate, the anticipated processing fee to be charged on the customer’s final bill.

Based on the sparse records available regarding the history of the household goods tariff rates, it appears that the most recent rate revision using a cost-based approach took effect in the late 1960s. At that point in time, credit cards were not widely used, and the fees that these companies now pay were not included in these rate calculations. Since then, the various rates have been increased periodically using only inflationary measures, and the costs associated with the use of credit cards has never been factored into the rate-setting. Allowing recovery of credit card processing fees ensures that the additional expense to the company is passed through to the cost causer.

The WMC has voiced concerns in the past few years that household goods moving companies have been charging at or near the maximum tariff rates, while operating on very slim margins. Financial documentation to support these claims has not been filed with the commission, but both the Washington Movers Conference and staff agree that the tariff rates are in need of re-examination using a cost-based approach. There have been ongoing discussions between the parties on how this will be accomplished, with nothing substantive accomplished as of today. In lieu of a general rate proceeding, WMC has proposed in this filing, and staff agrees with, a tariff adjustment to allow companies to recover the cost of processing credit cards in addition to charges utilizing the existing banded rates.

A notice was sent to the industry and interested parties on May 10, 2018, with a copy of the proposed revisions to Tariff 15-C. The commission received two comments from household goods moving companies, both in support of this tariff revision.

This docket was addressed at the May 31, 2018, open meeting. The matter was discussed and some tariff language modifications were recommended from the stand. These revisions include removal of the specific credit card company names, and clarification that the processing fees do not apply to debit card transactions. These changes are reflected in the current proposed tariff revisions. Ultimately, the commission decided to move the item back to the June 14, 2018, open meeting for further discussion.

In addition to the tariff revisions, staff has modified its recommendation to make this tariff revision temporary, to expire after 18 months, on December 31, 2019. Staff sees this petition as a short-term solution to a larger problem, and that the current rates are in need of further analysis to determine if they are fair, just, reasonable, and sufficient. Staff intends to initiate a review of the current banded rates during this 18 month period, after which these costs would be embedded in the rate bands.

The commission sets rates and charges for the transportation of household goods statewide. RCW 81.80.150 requires the commission to publish the tariff for the transportation of household goods. Because credit card processing fees are legitimate costs of doing business and were not commonplace when the last cost-based rate adjustment took place, staff finds these tariff revisions to be appropriate.

Conclusion

Issue an order approving the proposed tariff revisions to WUTC Tariff 15-C, Items 10, 57, and 85, to become effective June 15, 2018, and to expire December 31, 2019.