

Agenda Date: October 27, 2016
Item Number: B1

Docket: TV-160432
Company: Washington Movers Conference

Staff: Greg Hammond, Regulatory Analyst
Danny Kermode, Assistant Director for Water and Transportation

Recommendation

Issue an order providing an increase to the maximum mileage and hourly rates published in Tariff No. 15-C Items 200 and 230, by 14.5 percent to become effective October 28, 2016.

Discussion

On April 20, 2016, the Washington Movers Conference (WMC) petitioned the Washington Utilities and Transportation Commission (commission) for an increase to the maximum rates to be charged for mileage and hourly-rated household goods moves as shown in Tariff No. 15-C, Items 200 and 230. The company identifies several factors that have led to rising costs to the industry since the current rates were set on February 1, 2008. These include:

- WAC 480-15-555, requiring criminal background checks for every person the company plans to hire (effective 12/16/13).
- Recent increase to the state, county and city minimum wages.
- Recent changes at the local city levels requiring mandatory sick leave.
- Recent state legislative mandates increasing state taxes and fees.
- Increased costs of complying with new Transportation Security Administration requirements.
- New federal requirements, including electronic logging devices.
- Increased congestion on federal interstates, state highways, and city streets.

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 the mileage and hourly rates contained in Items 200 and 230 have been in place since February 1, 2008, staff agrees an increase to these rates is justified.

The WMC petition, however, does not propose the amount of increase to the Items 200 and 230 rates. It is difficult to synthesize the complex financial factors involved into a single rate that applies to all household goods moving companies across the state. Instead, the commission has previously increased the rates based on inflationary growth over a set period. Staff has taken the same approach in this filing to compute the proposed rates. The commission recently approved a

tariff revision for Tariff No. 15-C which included an increase to Storage-in-Transit rates.¹ Staff determined the appropriate percentage increase to those rates to be 14.5 percent.

The 14.5 percent inflation rate was computed by calculating the growth in Washington State's inflation since Q2 2008, up to the most recent period available, Q1 2016. Staff was unable to find a simple inflation rate for Washington State over the same period, requiring staff to compute the proposed rate using other means. Specifically, staff took the difference between the growth in current dollar, or nominal Gross Domestic Product (GDP), and the growth in Real GDP provided by the Bureau of Economic Analysis for Washington State. For clarification, nominal GDP measures are not adjusted for any inflationary changes, whereas real GDP measures have inflationary changes removed. Therefore, taking the difference between the two GDP measures derives the rate of inflation rate over the period or 14.5 percent. Staff recommends the maximum mileage and hourly rates in Items 200 and 230 be adjusted upward by using a 14.5 percent rate of inflation.

Conclusion

Issue an order providing an increase to the maximum mileage and hourly rates published in Tariff No. 15-C Items 200 and 230, by 14.5 percent to become effective October 28, 2016.

¹ Docket TV-151474