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December 2, 1997

Mr. Steve McLellan  
Secretary  
Washington Utilities and  
Transportation Commission  
P. O. Box 47250  
Olympia, Washington 98504-7250

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STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

**Re: Household Goods Rulemaking  
Docket No. TV-971477**

Dear Mr. McLellan:

My main interest with respect to the referenced rulemaking is the complete elimination of the laws, rules and regulations of the moving of household goods within Washington. My reasons for this position are practical as well as philosophical. They are based upon my experiences as a consumer who has moved intrastate several times during past twenty-five years and as an applicant to the Commission for authority to operate a moving business in our state.

I look forward to the opportunity on January 29, 1998 to relate some of these experiences and explain more fully my opposition to the Commission's continued regulation of household goods moving. My testimony should take about one hour. Therefore, I would appreciate being allotted an adequate amount of time and a specific start time.

In the meantime, a few written remarks follow. The points made here should not be used to limit my testimony. Also, their order should not be construed as assigning their relative importance or merit.

Before beginning, however, the whole basis for the hearing needs to be brought into question. It is my understanding that the federal government essentially preempted state regulation of the intrastate household goods moving industry almost three years ago. Further, the legislation required for continuation of the Commission's role in this field was not enacted.

In addition, it is unlikely that there will be any significant consumer input in the rulemaking process. There are several reasons for this. First and foremost, most citizens are

unaware. They do not know that the state even regulates the intrastate household goods business. They ask why. They are amazed when they hear of the some of the arcane rules and the sad history of the Commission's treatment of hard working individuals.

Second, it is unlikely that few consumers other than those contacted by license holders are aware of the rulemaking process or have the time to testify in person or write to the Commission. In other words, the process is form over matter.

With this said, I do not need the state of Washington "protecting" me in such a simple business transaction as moving my furniture. My fellow Washingtonians and I engage in many other transactions of greater financial importance than hiring someone to move furniture without the state telling the vendors or us what the terms, conditions and costs are to be.

I resent being charged more than is necessary; as defined by the market, to move certain types of furniture (my office is in my home – is the computer desk considered household goods or the sofa on which clients sit office furniture?). Government regulation, especially of the heavy-handed type employed by WUTC and some of its employees always engender higher costs.

In addition to the costs associated with maintaining the bureaucracy, unnecessary compliance costs add to the cost of a move. Fines for giving senior citizens discounts as many other service providers, including notably government entities, do is wrong.

Requiring people who can only move on weekends to pay more is terrible government policy. It certainly flies in the announced policy of Governor Locke to encourage employers to locate facilities in economically distressed areas of our state. Many would-be employees might not be able to afford the difference between what the regulated carriers charge and what the market allows and thus might take a job involving even a relatively short move.

The "economic regulation" concept was built during a different time. The country embraced government regulation in a number of areas where circumstances have changed. The moving industry as a part of the trucking industry is no longer unionized.

Wages are down, although it appears that those who work for themselves, a.k.a. the "gypos," take home more than their employed counterparts who work in the regulated market. Also, the start up capital and initial operating costs are not significant especially in comparison to other ventures.

The closed entrance nature of the household goods business is bad government policy. Ask yourself if 1948 should be the last time the Commission issued new, geographically unrestricted permits (there were four) to move "used" furniture in "regulated zones" in Washington State. Most people do not believe when you tell them that.

I know first hand. After having worked in two regulated fields (insurance and securities) for over twenty-two years, I decided that I saw an opportunity to meet the needs of consumers by entering the household goods business. I was turned down because I did not complete



The application (I was told that there was no stated net worth required getting a permit but that I had to provide a simple financial statement. I chose to answer by stating that I had a \$20,000 surety bond in the name of the people of the state of Washington as required by statute to be an insurance broker. I added that I had attached a copy of the Public Disclosure Commission financial disclosure filings during my 1992 campaign for Insurance Commissioner. Read the file.

I certainly plan to testify to several other incredible experiences during the pendency of my application, including a final appeal to the Commissioners of the WUTC. Keep in mind the PDC filings are more extensive than what is on the application, that I was told permit holders are not required to submit updates and, again, that no stated amount of net worth is required.

Think about it. What other business can you go into where the investment is relatively low – the price of a truck and some equipment, the customer does not care whether you have a high school degree or come from the right background? She wants to know if you can move that piano tomorrow for fifty dollars.

The closed entrance nature of the current regulations and the bases for establishing tariffs lead to ever-higher costs to consumers as well. It is the nature of the beast. It was true with airlines, telecommunications and, of course, interstate trucking - including household goods.

Another unfortunate but inevitable result of government mandated and supported cartels is the creation of an artificial bar (and a special part of the part of the "bar") to entry. There are significant costs to "acquire" authority from a current permit holder (the WUTC homepage reports 207 licensed movers not the 250 listed in your November 4, 1997 letter to interested parties. The last transferee paid \$35,000 to the holder, contingent on transfer.

Of course, many of those listed appear to be inactive and underreporting their intrastate revenue (the last figures listed on the homepage were for 1994. Their permits are virtually worthless as transfers of inactive tickets are always turned down. Remember the smaller the club the higher the costs and the lower the service. Less competition may be easier to regulate, but the consumer / citizen loses.

Deregulation will cause the right off of the so-called value of a moving permit. That is as it should be. Our state constitution bars the creation of "perpetuities." Yet, the WUTC in effect has maintained a system of them for generations. Keep in mind, permit holders including purchasers for the last three years have known that deregulation is only a matter of time. Some have quietly removed the permit generated good will from their balance sheets. Their association even admits to "three to five years" to one member.

The proof is the marketplace. Two of the largest (probably fourth and fifth) in the Puget Sound region got there by not charging the "rate." And, they grew to this size in less than five years. The Commission needs to recognize what consumers are doing.

Certainly, they are participating in the largest case of mass civil and perhaps criminal disobedience since the Vietnam War. Think of it. Every Saturday morning perhaps two hundred owners of moving companies and their associates go to work for even more hundreds of individuals who are moving somewhere in western Washington.

Everyone knows that they can save money if they negotiate and especially if the mover is not licensed by the WUTC. So they all ignore you.

The one area where most people believe regulation of movers makes sense is safety. I agree. In fact, I have some ideas how we can improve on what is being done. This said, it appears that the change to State Patrol control has worked and should be supported.

I look forward to testifying in January. In the meantime, as requested enclosed are nine additional copies of this letter plus a disk created in Word but saved for WordPerfect 5.x for Windows and WordPerfect 5.0. Therefore, there could be minor image problems. Please let me know if you have any questions.

Sincerely,



Brian C. McCulloch