

Agenda Date: July 12, 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 July 13, 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. On June 18, 2018, the WMC sent a memo clarifying its position. In it, the WMC specifies that in addition to the originally proposed language, it is seeking to set a maximum credit card processing fee of 2.5 percent of the total 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 of up to 2.5 percent, 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.

Staff mentioned in its previous memo that it believed the most recent rate revision using a cost-based approach took effect in the late 1960s. The WMC has since pointed out that it funded a rate study which took effect in 1989. Staff has thus far been unable to find any documentation relating to this docket in the Washington State Archives. Regardless, at that point in time, payments by credit cards were not as commonplace as they are today, and the rate calculations likely did not capture the cost of credit card processing fees that companies are now incurring. Allowing recovery of credit card processing fees in this manner would ensure 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, and meetings are expected to occur in the coming months to begin this process.

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. In addition to these changes, staff has included the WMC's modification that the credit card processing fees be limited to 2.5 percent of the total transaction. These changes are reflected in the current proposed tariff revisions.

In addition to the tariff revisions, staff has modified its recommendation to implement this tariff revision on a temporary basis, to expire on December 31, 2019. Staff sees this petition as a short-term solution to a larger problem, and acknowledges 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 Tariff 15-C's banded rates during this period. The manner in which credit card processing costs will be recovered, either as a separate charge or embedded in banded rates, will be revisited when banded rates are updated in 2019.

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 July 13, 2018, and to expire December 31, 2019.