

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Amending Washington
Utilities and Transportation Commission
Tariff 15-C, Relating to Intrastate
Transportation of Household Goods

DOCKET TV-180245

ORDER 01

ORDER GRANTING PETITION TO
REVISE TARIFF 15-C, ITEMS 10,
57, AND 85 ON A TEMPORARY
BASIS

BACKGROUND

- 1 RCW 81.80.150 assigns certain duties and responsibilities to the Washington Utilities and Transportation Commission (Commission) for tariffs that apply to intrastate transportation of household goods. These duties include amending, altering, and reissuing tariffs when changes are approved by the Commission.
- 2 The Commission published Tariff 15-C, which applies to the intrastate transportation of household goods, effective February 1, 2008. In the current docket, TV-180245, the Washington Movers Conference (WMC) filed a petition (Petition) proposing to amend Tariff 15-C, Item 10 (Definitions) and Item 85 (Estimates), and proposing the addition of Item 57 (Credit Card Processing Fees). These tariff revisions would allow household goods moving companies to directly charge customers for the fees associated with processing credit card payments. The Petition specifies that the amount of the fee must not exceed the actual fee charged to the moving company by the credit card company for processing the transaction, and requires the anticipated fee be disclosed on the estimate provided to customers.
- 3 On May 10, 2018, the Commission issued a Notice of Opportunity to Submit Written Comments by May 24, 2018. The Commission received two comments from household goods moving companies, both in support of the proposed revisions.
- 4 Commission staff (Staff) reviewed the WMC's request and worked with stakeholders to draft proposed language. At the Commission's regularly scheduled open meeting on May 31, 2018, both Staff and the WMC addressed the proposed revisions. Following further discussions, the parties agreed to remove any reference to specific credit card

brands from the tariff language and clarify that the processing fee does not apply to debit card transactions. On June 18, 2018, the WMC filed with the Commission a letter proposing a maximum credit card processing fee of 2.5 percent of the total transaction amount.

- 5 Staff recommends the Commission approve these revised changes to Tariff 15-C, as set forth in Attachment 1 to this Order. Staff further recommends the Commission approve these tariff revisions on a temporary basis, for a period of 18 months, which will allow Staff and industry stakeholders time to review current banded rates and determine whether the rate band should be modified and whether credit card processing costs should be recovered as a separate charge or embedded in new banded rates.

DISCUSSION

- 6 We agree with Staff's recommendation and approve the proposed amendments to Tariff 15-C on a temporary basis. Companies regulated by the Commission may charge only those fees that are expressly authorized by the tariff. Under the existing version of Tariff 15-C, household goods carriers are not permitted to recover credit card processing fees as a line item cost. Instead, those fees are captured as a cost of doing business embedded in the rate band. Absent the ability to recoup those costs from customers, carriers charging at or near the top of the rate band are required to absorb those costs, thereby reducing earnings.
- 7 Although we agree with WMC that this is a legitimate concern that warrants resolution, allowing carriers to charge customers for credit card processing fees over and above the rate band is not a viable long-term solution. Rather, the rate band should be adjusted upward to capture and socialize these costs. The proposed tariff revisions will, however, provide a temporary resolution that will mitigate the impact of these costs to carriers while allowing customers to weigh the benefits of various payment methods.
- 8 During the 18 month period for which we approve the proposed tariff revisions, we expect Staff to solicit information from industry representatives and perform a thorough cost-based rate analysis. According to Staff, the Commission has not used a cost-based analysis to set rates for the household goods industry in nearly 30 years, relying instead on periodic inflation adjustments. Coupled with the fact that most carriers are operating at or near maximum tariff rates, it appears that a cost-based ratemaking proceeding is overdue. We expect Staff will work with stakeholders to begin this process immediately,

with the goal that new rates will go into effect concurrent with the expiration of the temporary tariff revisions we approve here.

- 9 We also expect that Staff will implement appropriate compliance monitoring during the interim period to ensure that companies are charging customers no more than the actual cost of the credit card processing fees. In the event Staff discovers a discrepancy, we expect Staff will take appropriate enforcement action, up to and including penalties for any violations discovered.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington required by statute to compile, publish and distribute tariffs containing rates, charges, classifications, rules and regulations to be used by all common carriers.
- 11 (2) This matter was brought before the Commission at its regularly scheduled meeting on July 12, 2018.
- 12 (3) After review and giving due consideration, the Commission finds that the tariff applying to the transportation of household goods in the state of Washington should be amended as Commission Staff recommends on a temporary basis beginning July 13, 2018, and ending on December 31, 2019.

ORDER

THE COMMISSION ORDERS THAT:

- 13 (1) Effective July 13, 2018, the changes proposed to Tariff 15-C, attached to this Order and by this reference made a part of the Order, are adopted on a temporary basis for use by all carriers transporting household goods in the state of Washington that are subject to Commission regulation.
- 14 (2) The changes adopted by this Order will expire on December 31, 2019.
- 15 (3) Commission Staff is directed to perform a thorough cost-based analysis and propose revisions to the Tariff 15-C rate bands no later than January 1, 2020.

DATED at Olympia, Washington, and effective July 12, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner