

WMC REMARKS – UTC WORKSHOP ON HHG TARIFF 15-C RATE BAND REVIEW

OCTOBER 17, 2019

INTRODUCTION

GOOD MORNING. MY NAME IS JIM TUTTON, EXECUTIVE DIRECTOR OF THE WASHINGTON MOVERS CONFERENCE, LOCATED IN LAKEWOOD, WA.

I AM PLEASED TO PROVIDE THE MOVING INDUSTRY'S OPENING COMMENTS TO TODAY'S WORKSHOP ON THE HHG TARIFF NO. 15-C RATE BAND REVIEW.

ORIGINAL PETITION

THE ORIGINAL PETITION FROM THE WASHINGTON MOVERS CONFERENCE, DATED JULY 19, 2019, PETITIONED THE COMMISSION FOR THE REMOVAL OF THE "MAXIMUM RATE BAND" FROM THE UTC HHG TARIFF NO. 15-C WHILE MAINTAINING A REASONABLE "MINIMUM RATE BAND" WHEREBY INTRASTATE MOVING COMPANIES COULD CHARGE NO LESS THAN MINIMUM RATES SHOWN. **THIS CHANGE REQUEST DOES NOT NECESSITATE A RATE STUDY.** IT SIMPLY INVOLVES A MINIMAL STRUCTURAL CHANGE TO THE UTC HHG TARIFF NO. 15-C.

APPLICABLE STATE LAW – RCW 81.80.130

RCW 81.80.130 STATES – *"TO THE EXTENT ALLOWED UNDER 49 U.S.C. SEC. 14501, THE COMMISSION SHALL: SUPERVISE AND REGULATE EVERY COMMON CARRIER IN THIS STATE; **MAKE, FIX, ALTER, AND AMEND, JUST, FAIR, REASONABLE, MINIMUM, MAXIMUM, OR MINIMUM AND MAXIMUM, RATES, CHARGES, CLASSIFICATIONS, RULES, AND REGULATIONS FOR ALL COMMON CARRIERS; REGULATE THE ACCOUNTS, SERVICE, AND SAFETY OF OPERATIONS THEREOF; REQUIRE THE FILING OF REPORTS AND OTHER DATA THEREBY; AND SUPERVISE AND REGULATE ALL COMMON CARRIERS IN ALL OTHER MATTERS AFFECTING THEIR RELATIONSHIP WITH COMPETING CARRIERS OF EVERY KIND AND THE SHIPPING AND GENERAL PUBLIC. THE COMMISSION MAY BY ORDER APPROVE RATES FILED BY COMMON CARRIERS IN RESPECT TO CERTAIN DESIGNATED COMMODITIES AND SERVICES WHEN, IN THE OPINION OF THE COMMISSION, IT IS IMPRACTICAL FOR THE COMMISSION TO MAKE, FIX, OR PRESCRIBE RATES COVERING THE COMMODITIES AND SERVICES.**"*

IF THE PETITION IS APPROVED, IT WOULD ALLOW REGULATED INTRASTATE HHG CARRIERS **TO ASSESS RATES AND FEES ACCEPTABLE AND AGREED TO BY CONSUMERS THAT WOULD BE COMPENSATORY TO INDIVIDUAL HHG CARRIERS BASED ON THEIR PARTICULAR BUSINESS NEEDS.** THE INTRASTATE HHG MOVING INDUSTRY WOULD REMAIN COMPETITIVE AS IT IS TODAY GIVING CONSUMERS EXCELLENT CHOICES THAT THEY, THE CONSUMER, WOULD CONTROL.

ON AUGUST 14, 2019, THE UTC TOOK CONTROL OF THE PETITION, AT THE WMC'S CONCURRENCE WITH THE UNDERSTANDING THAT THIS CHANGE WOULD SPEED UP THE PETITION PROCESS.

THE INTRASTATE MOVING INDUSTRY

OPERATING AS AN INTRASTATE HHG CARRIER IN WASHINGTON IS COMPLEX. IT INVOLVES PROVIDING "LOCAL HHG MOVES", SHIPMENTS TRANSPORTED 55 MILES OR LESS AT HOURLY RATES; LONG DISTANCE MOVES, SHIPMENTS TRANSPORTED MORE THAN 55 MILES AT RATES BASED ON WEIGHT AND DISTANCE; AND STORAGE-IN-TRANSIT OF HHG, WHICH IS TEMPORARY STORAGE OF HHG UP TO 90—DAYS WHILE IN TRANSIT BASED ON THE CONSUMERS NEED UNTIL THE FINAL DESTINATION OF THE HHG SHIPMENT IS DETERMINED; AND A MYRIAD OF ASSESSORIAL SERVICES RELATED TO THE HHG SHIPMENT DEPENDING ON THE CUSTOMER'S NEED.

INTRASTATE HHG CARRIERS ALSO PERFORM BUSINESS OFFICE RELOCATIONS AND CAN PROVIDE CUSTOMER REQUESTED PERMANENT STORAGE OF HHG, STORAGE LONGER THAN 90-DAYS (180 DAYS WITH AN APPROVED EXTENSION). BOTH OF THESE ACTIVITIES ARE NOT ECONOMICALLY REGULATED.

THE HHG SHIPMENT

CUSTOMER'S HHGS COME IN ALL SHAPES AND SIZES AND AT SEVERAL DIFFERENT LEVELS OF VALUE. LOW VALUE ITEMS MIGHT BE EVERYDAY LINENS, BEDDING, TOYS AND/OR COOKWARE; HIGH VALUE ITEMS WOULD BE HEIRLOOM CRYSTAL OR ITEMS OF EXPENSIVE ARTWORK AS EXAMPLES.

THE INTRASTATE HHG CARRIER'S CHALLENGE

CUSTOMER'S HOMES AND/OR APARTMENTS/CONDOS ARE LOCATED IN NEIGHBORHOODS; ON HILLS SUCH AS CAN BE FOUND IN THE SEATTLE MARKET FOR EXAMPLE; IN DOWNTOWN METROPOLITAN CITIES IN HIGH RISE BUILDINGS NECESSITATING THE USE OF THE BUILDINGS ELEVATORS; ON WASHINGTON'S ISLANDS REQUIRING THE USE OF WASHINGTON STATE FERRYS; OR SMALL NEIGHBORHOODS NOT EASILY ACCESSIBLE BY A TRACTOR/TRAILER COMBINATION, NECESSITATING A "SHUTTLE"; OR ARE HISTORIC OLDER HOMES WITH STEEP, NARROW STAIRWAYS. EACH SCENARIO PROVIDES A REVELANT CHALLENGE TO THE HHG CARRIER'S CREW AND IN MANY INSTANCES – AN ADDITIONAL COSTS TO COMPLETE THE MOVE.

HOUSEHOLD GOODS MOVING AT ANY LEVEL REQUIRES COMPETENT, DRUG FREE, BACKGROUND CHECKED, ABLE BODIED EMPLOYEES AS BOTH DRIVERS AND LABORERS TO SUCCESSFULLY COMPLETE EACH AND EVERY MOVE IN A TIMELY MANNER, LOSS AND DAMAGE FREE, AND TO THE CUSTOMER'S COMPLETE SATISFACTION. FINDING THESE GOOD WORKERS AT THE CURRENT PAY AND BENEFITS PACKAGES INTRASATE HHG CARRIERS ARE ABLE TO OFFER IS AN EXTREME CHALLENGE.

PROFESSIONAL DRIVERS IN THE INTRASTATE MOVING INDUSTRY ARE A DIFFERENT BREED THAN COMMERCIAL FREIGHT TRUCK DRIVERS.

INTRASTATE MOVING AND STORAGE DRIVERS NOT ONLY DRIVE THE TRUCK, BUT THEY ARE THE CREW LEADER FOR THE WORKCREW PERFORMMNG THE CUSTOMER'S RELOCATION, HANDLING THE PAPERWORK, AND OVERSEEING THE PHYSICAL LOADING OF THE TRUCK PIECE BY PIECE IN A MANNER THAT WILL ALLOW SAFE TRANSIT FROM ORIGIN TO DESTINATION. IT'S LIKE PUTTING A PUZZLE TOGETHER! THERE IS NO MATERIAL HANDLING EQUIPMENT TO ASSIST IN LOADING THE TRUCK EXCEPT FOR EXCEPTIONALLY HEAVY PIECES LIKE A SECURITY SAFE. SO, ONE CAN EASILY UNDERSTAND HOW RETAINING PROFESSIONAL MOVING AND STORAGE DRIVERS IS SO DIFFICULT WITHOUT A COMPETITIVE PAY PACKAGE.

CURRENT INTRASTATE HHG TARIFF NO LONGER APPROPRIATE

THE CURRENTLY MANDATED NOT TO EXCEED “MINIMUM/MAXIMUM RATE” HHG TARIFF NO. 15-C, IS SIMPLY NO LONGER APPROPRIATE FOR REGULATED MOVING & STORAGE CARRIERS, WHO’S REVENUE IS BASED ON HHG MOVING AND STORAGE WORK PERFORMED. FOR THE PAST COUPLE OF YEARS, INTRASTATE MOVING & STORAGE COMPANIES HAVE HAD TO ABSORB ADDITIONAL BUSINESS COSTS WITH LITTLE TO NO FINANCIAL RELIEF FOR SUCH. EXAMPLES INCLUDE –

1. WASHINGTON CITIES INSTITUTING NEW EMPLOYEE MINIMUM HOURLY WAGE LEVELS;
2. HIGHER TAXES RANDOMLY IMPLEMENTED AT ANY GIVEN LEVEL OF STATE GOVERNMENT;
3. ADDITIONAL STATE AGENCY EMPLOYMENT/EMPLOYEE PROGRAMS SUCH AS THE NEW “MANDATORY PAID FAMILY AND MEDICAL LEAVE PROGRAM” AND THE SOON TO BE NEW “EMPLOYEE MANDATORY OVERTIME RULE”;
4. INCREASING TRUCK OPERATING COSTS WHICH INCLUDE FUEL COSTS, HIGHWAY, BRIDGE, TUNNEL, AND FERRY TOLLS, AND TRUCK PARKING FEES. AN “ANALYSIS OF THE OPERATIONAL COSTS OF TRUCKING: 2018 UPDATE”, PREPARED BY THE AMERICAN TRANSPORTATION RESEARCH INSTITUTE, HAS BEEN PROVIDED TO UTC STAFF [HERE](#). IMPORTANT PAGES ARE 18-35.
5. HEATH BENEFIT PLANS WITH DOUBLE DIGIT ANNUAL INCREASES PREVAIL; PLUS
6. THE OBVIOUS – TERRIBLE ROADWAY CONGESTION IN ALL METROPOLITAN AREAS ACROSS THE STATE. AND IT JUST KEEPS GETTING WORSE! THE PUGET SOUND AREA IS LISTED AS ONE OF THE WORST AREAS ACCORDING TO [THE 2019 URBAN MOBILITY REPORT](#) RECENTLY COMPLETED BY TEXAS A&M UNIVERSITY’S TRANSPORTATION INSTITUTE. TIME IS MONEY AND WHILE SITTING IN SEEMINGLY NEVER ENDING CONGESTION, THE COSTS JUST KEEP ACCELERATING; NAMELY FUEL AND EMPLOYEE COSTS!

INTRASTATE HHG MOVING VERSUS REALESTATE TRANSX/CATIONS

NOW BEFORE I CLOSE, I WOULD LIKE TO POINT OUT THERE ARE TWO MAJOR CONSUMER COST EVENTS THAT OCCUR JUST A FEW TIMES IN THEIR LIFE. ONE IS BUYING AND SELLING THEIR HOME AND THE OTHER IS COMPLETING A HOUSEHOLD GOODS RELOCATION.

THE COST OF SELLING THEIR HOME WITH A PROFESSIONAL REALESTATE AGENT IS HUGE. THE BASIS FOR ASSESSED REALESTATE COMMISSION FEES GENERALLY IS BETWEEN FIVE AND SIX PERCENT AGAINST THE SELLING PRICE. THE REALESTATE BROKER AND AGENTS ARE LICENSED, COMPLETE UP TO 90-HOURS OF TRAINING, AND MUST PASS A WRITTEN TEST TO RECEIVE THEIR LICENSE.

THE COST OF MOVING THE CONSUMER'S HOUSEHOLD GOODS WITH A PROFESSIONAL MOVING COMPANY IS NOT NEARLY AS COSTLY. CHARGES FOR HHG MOVING SERVICES ARE BASED ON TIME OR WEIGHT AND DISTANCE ALONG WITH RELATED ACCESSORIAL SERVICES PROVIDED BASED ON ESTABLISHED UTC TARIFF RATES.

WHAT IS INTERESTING HOWEVER, IS THE WASHINGTON STATE REALESTATE BROKERAGE IS NOT ECONOMICALLY REGULATED REGARDING REALESTATE COMMISSION ASSESSMENTS. THEY, LIKE HHG MOVING CARRIERS ARE A COMPETITIVE INDUSTRY. THE CONSUMER HAS THE OPPORTUNITY TO SHOP AROUND FOR THEIR BEST DEAL.

THE INTRASTATE HHG MOVING INDUSTRY IS ECONOMICALLY REGULATED WITH A TARIFF THAT THE MOVING INDUSTRY HAS LITTLE TO NO CONTROL OVER.

WRAP UP

THEREFORE, THE WMC'S PETITION TO ELIMINATE THE "MAXIMUM RATE BAND" FROM HHG TARIFF NO. 15-C WITH STRONG CONSUMER PROTECTIONS IN PLACE WOULD –

- 1. MAINTAIN THE FRAMEWORK OF THE CURRENT UTC HHG TARIFF NO. 15-C. JUST THE MAXIMUM RATES WOULD BE REMOVED.**

- 2. NOT CAUSE A SPIKE IN CHARGES TO CONSUMERS AS THE INTRASTATE MOVING INDUSTRY WOULD REMAIN A COMPETITIVE INDUSTRY BASED ON CONSUMER CHOICE.**
- 3. ALLOW REGULATED INTRASTATE HHG MOVING COMPANIES TO OFFER RATES AND FEES ACCEPTABLE TO CONSUMERS. DOES THE CONSUMER WANT A HIGH END MOVE OR A BARE BONES MOVE?**
- 4. ELIMINATE THE CONTINUAL NEED FOR COSTLY UTC AND INDUSTRY HHG TARIFF NO. 15-C RATE STUDIES.**
- 5. CONTINUE TO PROVIDE THE CONSUMER WITH SOLID CONSUMER PROTECTIONS WHEREBY THE CONSUMER MUST AGREE TO OFFERED MOVING AND STORAGE RATES AND FEES BY AGREEING TO AND SIGNING THE MOVING COMPANY'S COMPLETED INTRASTATE ESTIMATED COSTS FOR SERVICES FORM FOLLOWING A VISUAL REVIEW OF THE CUSTOMER'S GOODS TO BE MOVED PRIOR TO THE START OF THE MOVE.**
- 6. ENSURE CHANGES TO THE ESTIMATED COSTS FOR SERVICES REQUESTED BY THE CONSUMER, WHICH WOULD ADD OR DELETE ITEMS TO BE MOVED DURING THE MOVING PROCESS, BE MUTUALLY AGREED TO BY BOTH PARTIES BY WAY OF A SIGNED SUPPLEMENTAL ESTIMATED COSTS FOR SERVICES FORM.**
- 7. PROVIDE REGULATED HHG MOVING AND STORAGE COMPANIES THE FLEXIBILITY TO ADJUST TO OPERATIONAL COST INCREASES IMPOSED AT THE STATE, COUNTY, AND CITY LEVEL GOVERNMENT, OR BY MOVING EQUIPMENT/PACKING MATERIAL AND FUEL DISTRIBUTION SUPPLIERS.**
- 8. PROVIDE REGULATED MOVING COMPANIES THE ABILITY TO RECOUP FUEL INCREASES AND LIKELY STATE IMPOSED LOW CARBON FUEL TAXES AND/OR CONVERSIONS TO ALTERNATIVE FUEL VEHICLES, NOW BEING DISCUSSED AT THE STATE LEVEL, AS THEY BECOME REQUIRED.**
- 9. PROVIDE REGULATED MOVING COMPANIES THE ABILITY TO IMPLEMENT REGULAR VEHICLE AND EQUIPMENT REPLACEMENT TARGETS TO INSURE PROTECTION OF CONSUMER'S GOODS AND SAFE OPERATIONS ON WASHINGTON'S HIGHWAYS.**

CONCLUSION

THIS WORKSHOP, THEREFORE SHOULD BE FOCUSING ON THE INTRASTATE MOVING INDUSTRY'S ORIGINAL PETITION TO REMOVE THE "MAXIMUM RATE BAND" FROM THE CURRENT UTC HHG TARIFF NO. 15-C RATHER THAN TAKING ANOTHER YEAR TO COMPLETE A HHG TARIFF NO. 15-C RATE REVIEW AND AN ANALYSIS OF RATE MAKING AS DESCRIBED IN TODAY'S WORKSHOP AGENDA, ITEMS 5 AND 6.

LET'S MOVE FORWARD NOW INTELLIGENTLY.