

VIA FAX

Date Received: April 9, 1998

Docket No.: TV-971477

Company: Amends WAC 480-12, Relating to Household Goods Movers

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STATE OF WASH.
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April 9, 1998

Ms Pat Dutton
Regulatory Services, Program Development
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

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Dear Pat:

Due to the fact that I will be traveling next week, I will be unable to attend the April 14th meeting. However, I would like to share my comments regarding the second draft for household goods rules with the commission.

Pat, over the past few months, and in a number of meetings with you and your staff, I have attempted to be open minded to change for our industry. While at the same time I have tried to convey to you my opinions on the proposals that I feel will not achieve the stated goals of the commission. The most recent draft leads me to the conclusion that commission has no intention in considering the opinions of the industry and is determined to impose its agenda regardless of what comments we may offer. In any event, rather than abandon the process I would like to again share with the group why I believe bound estimates and maximum rates will hurt our industry and dramatically increase consumer complaints and disputes.

Bound Estimates

Currently, families that are moving interstate can choose between an actual weight and materials estimate or a bound estimate for their move. Lets consider for a second, what happens if the shipper chooses a bound estimate on their interstate move. First of all, the driver who would transport this kind of move is typically an owner operator, and is being paid a percentage of the line haul revenue to move this shipment. Upon arriving at the residence, the driver will survey the move to determine if the bound estimate seems accurate. Of course, he is just making a calculated guess, while at the same time weighing in his mind the costs to him if the loading is delayed because of a dispute on the weight of the shipment. If he loads the shipment and finds out afterwards that the shipment weighed more than the bound estimate, the shipper is still charged the bound price. The driver simply earns less than he would on a shipment that size. If he believes that the weight is higher than the estimate, he will stop the loading process and call the selling or booking agent to inform them that the bound weight is too low. The booking agent will then need to send a representative to the home to access why the estimated weight is not correct. They will then offer the customer the option of paying the difference, they could allow the move to continue and absorb any possible additional charges due the driver, or simply tell the customer to find another mover. Sometimes this process can take hours and create unbelievable amounts of stress for everyone.

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When we create a bound estimate we list the items to be moved, the number of cartons that will be needed, etc. We offer the customer a bound quote based on moving only the items listed on the quote. In most cases, there are enough differences between the listed items and what is actually being moved for the mover to demand additional charges before performing the move. Usually, the shipper has little choice but to agree to the extra charges if they hope to complete their move on that day. I have seen cases where the move was canceled and the driver was sent back to the office. To avoid this added opportunity for stress on move day and for added flexibility on what is to be moved right up until move day, most shippers choose an actual weight and charges quote over a bound quote.

Now lets apply this to a local move. In this case, I send hourly employees to the residence and they may conclude that the bound quotation is not enough to perform the move. We could obtain agreement from the shipper to pay the additional charges, agree to do the move at the bound estimate, or simply absorb the cost of bringing the crew back with no offsetting revenue. From our experience with local moves, most people do not complete all the preparation that they intended to do before the move. There are almost always differences between the items listed on the estimate and what we actually find when we arrive at the home. Since we are paying our employees by the hour, I cannot perform eight hour local moves bound at five hours and stay in business. In that case, if the shipper was unwilling to agree to an amended estimate, I would be forced to bring the crew back. In any event, it is my opinion that the number of complaints and disputes will skyrocket if bound estimates are used on local moves.

Now this may come as a surprise to everyone, but my experience has been that when it comes to money, many people have no trouble with being dishonest. That's not to say that our estimators don't some times make mistakes and blow an estimate or over commit to a customer what we can do. However, those instances are minuscule in comparison to how often people will invent some story to reduce their charges or get money for a false damage claim. No matter how detailed we are in our paperwork, or how clear we are in our presentation, people will create a dispute if they believe there is a possibility that they can get some money. Since there is no inventory created on a local move, there is no way after the move is completed for the mover to identify and prove what additional services may have been performed. Getting to the truth and resolving disputes after the fact on bound local moves will in my opinion be next too impossible.

Maximum Rates

Maximum rates will in effect be no different from bound estimates. In order to get the move, some sales people will simply offer the customer a maximum price and tell them the rate will be the number of man hours divided into that maximum price. The rates will vary depending on the time of year and the day of the month. If the rates drop significantly, I will be forced to either abandon local moving or develop a lower wage crew to handle these moves. Again, the opportunities for unhappy customers will increase.

Again, thank you for the opportunity to offer my comments on the rule making process.

Sincerely,


Richard K. Smith
President

RKS;mmw

cc: Jim Tutton

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