

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKET TV-071649
TRANSPORTATION	)	
COMMISSION,	)	ORDER 01
	)	
	)	ORDER INCREASING
	)	MAXIMUM RATES AND
	)	CHARGES, AND CANCELING
Amending WUTC Tariff 15-B,	)	FUEL SURCHARGE
Relating to Intrastate Transportation of	)	SUPPLEMENTS NO. 2006-1 AND
Household Goods	)	NO. 2007-8
.....	)	

**BACKGROUND**

- 1 RCW 81.80.150 requires the Washington Utilities and Transportation Commission (Commission) to establish tariffs applying to the transportation of property (household goods) in intrastate commerce. Among these duties are:
- (a) Compiling tariffs containing rates, charges, classifications, rules, and regulations to be used by all common carriers;
  - (b) Selling and distributing copies of the compiled tariffs;
  - (c) Amending and altering compiled tariffs after notice and hearing, by issuing and distributing revised pages or supplements to the tariffs; and
  - (d) Reissuing tariffs when appropriate.
- 2 The Commission relaxed economic regulation of the household goods industry in 2000 by opening entry with a new permit system and relaxing rate regulation by establishing Maximum and Minimum Rate Bands. For all practical purposes, there are no economic or legal barriers to enter the household goods industry. Many companies have entered the business since 2000, companies compete in most areas, and new companies have the opportunity to enter any market. Therefore, the Commission should set rates that give household goods carriers maximum flexibility in pricing their services.

- 3 On August 8, 2007, the Washington Movers Conference (WMC) of the Washington Trucking Associations petitioned the Commission to:
- Increase the Maximum Rates and Charges contained in the current WUTC Tariff 15-B by 25 percent.
  - Fix the Minimum Rates and Charges at no less than 40 percent below the Maximum Rates and Charges, which WMC understands is required by WAC 480-15-490.
  - Cancel all current WUTC Tariff 15-B Fuel Surcharge Supplements.
- 4 WMC cited increased business and operating costs since the last general rate increase became effective June 1, 2005. Since June 1, 2005, when the annual increase methodology expired, the increase in the Implicit Price Deflator of the Gross Domestic Product combined with two current fuel surcharge supplements result in compounded increases of approximately 12.7 percent. It appears that the proposed 25 percent increase and cancellation of the current fuel surcharge supplements will bring rates and charges to current cost levels, provide carriers with additional pricing flexibility in marketing premium services, and give carriers additional margin to absorb short term changes in operating costs, such as fuel.
- 5 Increasing the Minimum Rates and Charges would have the opposite effect. That would restrict industry pricing flexibility, may discourage companies from offering innovative services, and may price some household goods transportation services provided today out of the market.

### **FINDINGS AND CONCLUSIONS**

- 6 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate public service companies, including household goods carriers. *RCW 80.01.040; RCW 81.01; RCW 81.04; RCW 81.28 and RCW 81.80.*
- 7 (2) The petitioner's members transport household goods for hire between points in the state of Washington under permits issued by the Commission and they are

public service companies subject to the jurisdiction of the Commission under the provisions of RCW 81.80.

- 8 (3) This matter was brought before the Commission at its regularly scheduled meeting on August 15, 2007.
- 9 (4) The proposed 25 percent increase in Maximum Rates and Charges is reasonable. Rates have not increased since June 1, 2005. The increase will bring rates and charges to approximate, current cost levels and provide carriers with additional pricing flexibility in marketing premium services.
- 10 (5) Cancellation of the Fuel Surcharge Supplements No. 2006-1 and No. 2007-8 published in WUTC Tariff No. 15-B is reasonable because the 25 percent increase is sufficient to cover known fuel cost increases and provide additional margin to absorb short term changes in operating costs, such as increased fuel costs.
- 11 (6) Increasing the Minimum Rates and Charges is not reasonable because that would restrict pricing flexibility, discourage innovative service options and may price some transportation services provided today out of the market.

### **O R D E R**

#### **THE COMMISSION ORDERS:**

- 12 (1) WUTC Tariff 15-B shall be revised to reflect a 25 percent increase to the maximum rates and charges and to cancel Fuel Surcharge Supplements No. 2006-1 and No. 2007-8, to become effective August 17, 2007.
- 13 (2) The Commission retains jurisdiction over the subject matter to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective August 15, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner