

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. T-100, SUB 49

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Petition of the North Carolina Movers)	ORDER GRANTING PETITION
Association, Inc., For Amendment of the)	ALLOWING PROCESSING FEE
Maximum Rate Tariff Rule 11 To Allow For)	FOR CREDIT/DEBIT CARDS TO BE
Credit Card Transactions and For Flat)	PASSED ON TO SHIPPER AND
Screen Television Packing Rates)	ADOPTING FLAT SCREEN
)	TELEVISION PACKING RATES

BY THE COMMISSION: On December 14, 2017, the North Carolina Movers Association, Inc., (NCMA) filed a petition with the North Carolina Utilities Commission (Commission) requesting an amendment to the current Commission-approved Maximum Rate Tariff No. 1 (MRT) to include credit card transactions and flat screen television packing rates.

Presently, as written, Section I, Rule 11 of the MRT lists the payment options that a carrier may receive from the shipper for services rendered as: cash, money order, certified check, and traveler's check. Although Rule 11 of the MRT does not prohibit the use of credit and debit cards as a form of payment, it does not address the recovery of the processing fee for credit and debit cards. Additionally, the current MRT does not list any rates to account for the special packing that flat screen televisions require to prevent damages during a move.

In its petition, the NCMA requested that the Commission modify the MRT as follows: (1) Section I, Rule 11 to allow carriers to recoup the costs of processing credit and debit card transactions by having the ability to pass through the processing charge to the shipper; and (2) modify Section IV, Item 1, Item 2, and Item 3, to establish rates and overtime rates for packing and unpacking flat screen televisions and packing container charges for flat screen televisions.

In support of its petition, the NCMA submitted that most shippers now prefer to pay by credit or debit card and that processing charges vary for each carrier. The NCMA requested that carriers be permitted to pass through the processing charge to the shipper. The NCMA proposed that the following language be added to Section I of Rule 11 of the MRT:

(E) Carriers may accept credit or debit cards. The processing fee for these transactions may be passed on to the shipper. Carriers may only charge the amount their credit card processing company charges the

carrier for the individual transaction. The credit card processing fee will be listed on the bill of lading.

Additionally, in its petition, the NCMA stated that flat screen televisions (TVs) have become common place, and while not as heavy as traditional televisions, they need protection by special packing containers. The NCMA, based upon its averaging of the flat screen pricing for packing large and small televisions gathered from two of the largest container companies in North Carolina, and the addition of a labor charge, proposed the following flat screen television rates to be added to Section IV, Items 1, 2, and 3:

Item 1 –Packing and Unpacking	Flat Screen TVs (small) \$115.00
	Flat Screen TVs (large) \$125.00
Item 2 –Overtime Packing and Unpacking	Flat Screen TVs (small) \$130.00
	Flat Screen TVs (large) \$150.00
Item 3 –Packing Container Charges	Flat Screen TVs (small) \$ 50.00
	Flat Screen TVs (large) \$ 62.00

On January 11, 2018, the NCMA filed a Supplement to its petition that included the pricing information gathered from two container companies as referenced in its December 14, 2017 petition.

On January 11, 2018, the Commission issued an Order Requesting Comments on Petition.

On January 16, 2018, Bruce Gold of Mather Brothers Moving Company, John E. Thomas of J.E. Thomas and Sons Moving, Jamie B. Currie of A+ Moving and Storage, and Chris Barringer of Barringer Moving & Storage, LLC, filed comments in support of the NCMA's petition.

On January 22, 2018, John Diamond of Hilldrup Moving and Storage, d/b/a Hilldrup Companies, Inc., Kathy Cox of Horne Moving Systems, Inc., Steven Roper of College Hunks Hauling Junk and Moving, and F. Todd Lamar and Donna Williams of Armstrong Relocation, filed comments in support of the NCMA's petition.

On January 24, 2018, Todd Cummings of Todds Easy Moves, Ronald and Donald Taylor of ABC Moving & Storage, and Dean Barrett of Steele & Vaughn Moving and Storage filed comments in support of the NCMA's petition.

On February 5, 2018, Lucky Anneheim of Make A Move, and Jimmy D. Fortson of Salisbury Moving and Storage filed comments in support of the NCMA's petition.

On February 7, 2018, Dru Sells Burgin and Josephine C. Sells of Sells Service, Inc., filed comments in support of the NCMA's petition.

On February 9, 2018, the Public Staff filed comments.

On February 19, 2018, David Rushing of All American Relocation and Office Solutions filed comments supporting the recommendations of the Public Staff in its February 9, 2018 comments.

On February 23, 2018, the NCMA filed reply comments.

INITIAL COMMENTS

The Commission received 15 initial comments from 14¹ Commission-certified household goods carriers all in support of the NCMA's petition and also received comments from the Public Staff.

Katherine Cox of **Horne Moving Systems, Inc.** (Horne) commented that Horne supports the recovery of credit and debit card processing fees and the ability to charge for packing/containers of flat screen televisions. Ms. Cox noted that in 2017, Horne paid an average of 2.4% in credit and debit card processing costs resulting in the Company paying in excess of \$6,000 in credit and debit card transaction fees that year. Additionally, Ms. Cox argued that flat screen televisions are the norm now and to ensure safe delivery of them, it is imperative that movers put flat screen televisions in proper containers. Ms. Cox maintained that if flat screen televisions are damaged, they cannot be repaired, thus requiring movers to buy new ones. She stated that her company has been using special boxes for flat screen televisions for years to keep claims costs down, and being able to recoup this expense would also be nice.

F. Todd Lamar of **Armstrong Relocation** supported the proposal of allowing carriers to pass through credit and debit card processing fees to the consumer. Mr. Lamar opined that credit card processing fees have become an expensive plague on the moving industry. Mr. Lamar observed that credit card companies that offer 2% cash and give high rewards can have processing fees over 6%. Mr. Lamar contended that Armstrong Relocation, an agent for United Van Lines, the largest household goods carrier in the industry and with the buying power of a two billion-dollar Company behind it, incurs an average credit card processing fee of 3.4%. Further, Mr. Lamar argued that if you process \$3 million of revenue billed at 3.4% in credit card and debit card processing fees, you would incur \$102,000 in credit and debit card transaction fees that his Company would have to make up. He opined that this is not an unreasonable request; for example, Wake County, North Carolina charges a 3.5% processing fee when Wake County real estate taxes are paid via credit card.

Todd Cummings of **Todds Easy Moves** stated that moving companies should have the right to pass credit and debit card processing fees to customers to cover the costs that moving companies incur for the convenience of allowing customers to pay with credit and debit cards. Mr. Cummings commented that now about 90% of his customers pay by credit card. Mr. Cummings discussed that his Company tried to get customers to

¹ Donna Williams and Todd Lamar, both of Armstrong Relocation, filed separate, individual comments.

use a palm pad for a check card, but within a two-year period, only two people used it. Mr. Cummings further suggested that the bank warns customers not to use their pin numbers, therefore everyone runs their cards as credit resulting in transaction fees.

Dean Barrett of **Steele and Vaughn Moving and Storage** noted that proper packing prices for flat screen TVs have been a long time coming; flat screen TVs require special packaging due to their size and value to the customer. Mr. Barrett stated that flat screen TVs are getting larger and more expensive, therefore, compensating movers for properly packaging flat screen TVs allows movers to provide the quality service that customers deserve. Mr. Barrett maintained that packaging suppliers are working hard to accommodate these needs at an affordable cost, unfortunately there is a cost that comes with proper packing materials for flat screen TVs.

Justin Barringer of **Barringer Moving & Storage** stated that it is common sense for movers to charge packing fees for the labor and materials to protect flat screen TVs just like movers do for any other item that they pack. Mr. Barringer supported the NCMA's petition for flat screen television rates. Mr. Barringer surmised that his Company has to order flat screen TV boxes just like they have to order other packing boxes such as: 1.5's, 3.1's, 4.5's, dish packs, etc., that they are able to charge for, therefore it would be a loss to not charge for flat screen TV boxes and packing labor. He stated that the Company is spending money and time on materials for packing flat screen TVs that it cannot charge to the customer.

Nine other Commission-certified household goods carriers filed basic comments expressing their agreement with the NCMA's petition.

The **Public Staff** stated that in regard to the request for recovery of credit and debit card processing fees, that it agreed with the NCMA's position that the MRT should be updated to expressly provide for the payment by shippers with credit and debit cards, and to allow the carrier to pass through the actual amount of the credit or debit card processing fee to the shipper.

The Public Staff noted that the proposed language submitted by the NCMA for inclusion of credit and debit fees in Section I, Rule 11 (Payments) of the MRT should include the following alteration:

(E) Carriers may accept credit or debit cards. The processing fee for these transactions may be passed on to the shipper. Carriers may only charge up to the amount their credit card processing company charges the carrier for the individual transaction. The credit card processing fee will be listed on the bill of lading.

The Public Staff maintained that the addition of the words "up to" are in keeping with the MRT, which sets a maximum, but not a minimum, rate and allows the carrier discretion as to how much of the processing fee it will pass through to the shipper.

The Public Staff argued that flat screen televisions have become ubiquitous and require special containers and handling. The Public Staff stated that it does not oppose the addition of specific rates for packing and unpacking, and containers for flat screen televisions. However, the Public Staff argued that the rates proposed by the NCMA should be calculated differently.

The Public Staff maintained that the rates proposed by the NCMA differentiate between small and large flat screen televisions. However, there is no definition of “small” or “large.” The Public Staff recommended that the Commission define what constitutes a “small” and “large” flat screen television so that customers and carriers are clear as to what charges are applicable. Additionally, the Public Staff stated that one option the Commission might consider would be to define “small” flat screen televisions as those with screens less than 40 inches (measured diagonally), and “large” flat screen televisions as those with screens of 40 inches or more (measured diagonally).

The Public Staff stated that while the NCMA’s use of two workers in calculating its proposed rates appears reasonable, the use of a full hour of labor does not appear to be necessary, especially when carriers bill in 15-minute increments. The Public Staff noted that it surveyed several well-known carriers to determine the average labor time associated with the packing of a flat screen television, which includes disconnection and reconnection of cables and associated hardware. Based on this survey, the Public Staff maintained that it would be more reasonable to use a maximum of 30 minutes of labor time for packing and unpacking in calculating the appropriate rate. The Public Staff further argued that the use of 30 minutes is also consistent with its research regarding industry guidelines for packing flat screen televisions.

The Public Staff noted Section IV, Items 1, 2, and 3 of the MRT should be modified to establish rates for packing and unpacking flat screen televisions and charges for packing containers for flat screen televisions. The Public Staff proposed the use of a maximum of 30 minutes of labor for packing and unpacking for the following rates for flat screen televisions:

Item 1 –Packing and Unpacking	Flat Screen TVs (small) \$82.40
	Flat Screen TVs (large) \$94.40
Item 2 –Overtime Packing and Unpacking	Flat Screen TVs (small) \$89.70
	Flat Screen TVs (large) \$101.70
Item 3 –Packing Container Charges	Flat Screen TVs (small) \$ 50.00
	Flat Screen TVs (large) \$ 62.00

Further, the Public Staff noted that these rates would be subject to the automatic annual increase allowed for all MRT rates.

REPLY COMMENTS

David Rushing of All American Relocation and Office Solutions filed comments expressing its agreement with the recommendations of the Public Staff.

The NCMA stated that the Public Staff supported the language proposed by the NCMA for inclusion in Section I, Rule 11 of the MRT with the addition of the words “up to” included in the proposed language. The NCMA agreed with the Public Staff’s suggestion in this regard.

The NCMA also noted that it concurred with the Public Staff’s recommended definitions for “small” and “large” flat screen televisions wherein a small TV would be defined as less than 40 inches (measured diagonally) and a large TV would be 40 inches or more (measured diagonally).

Further, the NCMA maintained that it does not have any issues with the Public Staff’s recommendation to reduce the amount of labor to two men for 30 minutes for packing and unpacking flat screen TVs for both Item 1 and Item 2, and therefore, supports the Public Staff’s proposals in this regard.

WHEREUPON, the Commission now reaches the following

CONCLUSIONS

Based upon the record of evidence in this proceeding, including the NCMA’s petition, and the initial and reply comments filed thereafter, the Commission finds it appropriate to grant the NCMA’s petition to amend the MRT to allow movers the ability to pass on the costs of processing debit and credit card transactions to the shipper, and establish rates for packing and unpacking flat screen televisions and charges for flat screen television container charges, but adopting the Public Staff’s recommended changes.

The Commission recognizes that all of the parties that filed comments agreed that modifying the MRT for these purposes is appropriate and warranted. The Commission understands that more and more people are using credit and debit cards as their preferred form of payment. The Commission acknowledges that moving companies are incurring significant credit and debit card processing fees, which they have to absorb as a business expense. The Commission is of the opinion that Commission-certified household goods movers should be granted the ability to pass on credit and debit card processing fees to their clients to offset this additional business expense.

The Commission concurs with the Public Staff’s recommendation to allow movers to pass on the credit and debit card processing fees on to the shipper, with the caveat that the mover may bill the shipper “up to” the amount of the processing fee that its credit or debit card company bills per individual transaction. Accordingly, the Commission is of the opinion that the MRT should be amended to reflect the Commission’s authorization

for the allowance of passing credit and debit card processing fees on to the consumer. Therefore, the Commission finds it appropriate to adopt a new section (E) for Section I, Rule 11 of the MRT as proposed by the Public Staff including the requirement that the credit card processing fee will be listed on the bill of lading.

The NCMA, in its December 14, 2017 petition, recommended that the Commission modify the MRT to establish rates for packing and unpacking flat screen televisions and charges for packing containers. The NCMA proposed to calculate packing container charges for flat screen televisions based on the average cost of container boxes quoted by the two largest container companies in North Carolina and a labor charge of two workers for one hour.

The Public Staff argued that the NCMA's use of two workers in calculating its proposed rate appeared reasonable, however the use of a full hour of labor does not appear necessary, especially when carriers can bill in 15-minute increments. The Public Staff also noted that the NCMA did not define what size constituted a large or small television. The Public Staff stated that a flat screen television with a screen size of less than 40 inches (measured diagonally) should be defined as small and a flat screen television with a screen size 40 inches or greater (measured diagonally) should be defined as a large television.

In its reply comments, the NCMA agreed with the Public Staff's recommended rates for packing and unpacking flat screen televisions.

Based upon the foregoing, the Commission finds that it is appropriate to adopt the Public Staff's proposed modifications to Section IV, Items 1, 2, and 3 of the MRT to establish rates for packing and unpacking flat screen televisions and container charges. Further, the Commission notes that the MRT provides the maximum rates that movers may charge, however shippers may negotiate rates for their move that are below the MRT rates.

IT IS, THEREFORE, ORDERED as follows:

1. That the NCMA's petition for the modification of the MRT to allow movers to pass through credit card and debit card processing fees to the shipper, and establish flat screen television packing and unpacking rates and container charges is hereby granted with the clarifications as set forth in this Order.

2. That a new Section (E) shall be added to Section I, Rule 11 of the MRT as specified by the Public Staff to allow Commission-certified household goods movers to accept credit and debit cards and to charge the shipper up to the amount the credit card processing company charges the carrier for the individual transaction.

3. That Section IV, Items 1, 2, and 3 of the MRT shall be amended as specified by the Public Staff to include rates for packing and unpacking flat screen televisions, and container charges.

4. That the current Commission-approved paper bill of lading shall be modified to include a section for credit and debit card processing fees. Any Commission-certified household goods mover as of the date of this Order is allowed to use its current supply of the Commission-approved paper bill of lading through December 31, 2018. However, after December 31, 2018, all Commission-certified household goods movers shall no longer use the current Commission-approved bill of lading and instead shall use the newest revision (June 2018) of the Commission-approved bill of lading.

5. That any Commission-certified household goods mover as of the date of this Order that opts to use electronic bill of lading as an alternative to the revised (June 2018) Commission-approved paper bill of lading shall modify its electronic bill of lading to include a line item for credit and debit card processing fees, if the mover chooses to bill shippers for credit and debit card processing fees.

6. That copies of this Order shall be served by the Chief Clerk's Office to all Commission-certified household goods movers, the Public Staff, the Office of the North Carolina State Highway Patrol, the Office of the Attorney General, all applicants with pending applications seeking certificates of exemption, and the North Carolina Movers Association, Inc.

ISSUED BY ORDER OF THE COMMISSION.

This the 14th day of May, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Janice H. Fulmore", is written over a light gray horizontal line.

Janice H. Fulmore, Deputy Clerk