

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NO. R-27182- B
EX PARTE

Docket Number R-27182 In re: Request by the Towing & Recovery Professionals of Louisiana to increase the rates for storage as described in the General Order dated November 2, 1999 regarding Guidelines and Procedures for Wrecker and Towing Services.

(Decided at Business and Executive Session held May 12, 2004)

OVERVIEW

The Towing and Recovery Professionals of Louisiana (“TRPL”) has applied to the Louisiana Public Service Commission (“LPSC” or “Commission”) requesting a rate increase for non-consensual tows storage. TRPL represents over 540 towing companies across the State of Louisiana. The request for the rate increase was published February 28, 2003, in the Commission’s Official Bulletin, which received no intervention.

TRPL’s application for a rate increase is requesting authority to increase the non-consensual tows storage rate for towing companies operating within the State of Louisiana as follows:

- (a) Outside storage from \$9.00 per day to \$14.00 per day.
- (b) Covered storage from \$10.00 per day to \$14.00 per day.
- (c) Inside storage from \$12.00 per day to \$17.00 per day.

The present rates for outside storage of \$9.00, covered storage of \$10.00, and inside storage of \$12.00 were established in 1989 as Chapter 16 of Title 32 of the Louisiana Revised Statutes, Section 1711 and have not been revisited since.

According to TRPL, the reason for the requested rate increase is to aide in the required facility maintenance expenses and inflation adjustments.

At the May 21, 2003, Commission’s Business and Executive Session, the Commission voted to accept the Staff’s recommendation and approved the requested rate increase as interim changes in the storage fee from \$9.00 per day to \$12.00 per day for outside storage and from \$12.00 per day to \$15.00 per day for inside storage. The Commission voted to eliminate the rate for covered/garage storage. At the June 18, 2003, Commission’s Business and Executive

Session, the Commission voted to reinstate covered storage, which includes inside storage. These interim rate changes were to remain in effect until such time that Staff completed its review of the rate application and returned to the Commission with a final recommendation, per Commission's Order R-27182 (A).

In support of its request for a rate increase for non-consensual tows storage, TRPL provided Staff with the following information:

- Copies of storage billings outlining storage charges for rates charged by towing companies in the States of Texas and Mississippi. However, these rates are not state regulated.
- Documentation showing that the Wichita, Kansas City Council approved a daily rate increase from \$12.50 to \$15.00 for vehicle storage, for Wichita's towing companies,.
- Documentation showing that the Towing and Recovery Professionals of Connecticut received approval to increase its storage rates as follows:
 - (a) Cars and trucks from \$12.00 a day to \$20.00 a day for the first five days and \$24.00 per day for each day thereafter.
 - (b) Medium-duty vehicles up to 32 feet to \$23.00 per day for the first five days and \$28.00 per day for each day thereafter.
 - (c) Vehicles over 32 feet to \$30.00 per day for the first five days and \$38.00 per day for each day thereafter.
- Information showing that the Consumer Price Index – All Urban Consumers, changed from 118.9 in January 1989 to 177.4 in April 2003, for a difference of 58.5 or 49%.
- Information showing that the Consumer Price Index – Urban Wage Earners and Clerical Workers, changed from 118.3 in January 1989 to 174.7 for April of 2003, for a difference of 56.4 or 48%.
- A copy of a survey conducted by the Towing and Recovery Association of American that showed the storage rates and the percentage of vehicles actually retrieved, for states whose rates are regulated by some form of governing authority, and those states that are not regulated.

The Towing and Recovery Professionals of Louisiana utilized the information listed above to justify the need for the increase in the non-consensual tows storage rates. TRPL stated the following:

- If the current storage rates were merely adjusted by the changes in the CPI, storage rates would increase from the 1989 rate of \$9.00 to the 2003 amount of \$13.34, for outside storage rate, and from the 1989 rate of \$12.00 to the 2003 rate of \$17.79, for inside storage rate.
- Towers are not paid based on many of the vehicles are placed in storage. Due to the enforcement of the Louisiana No-Insurance Vehicle Impoundment Law, the rate of unclaimed, nonpaying stored vehicles has increased to 42% of all vehicles placed in storage by law enforcement.

- The recently enacted law requires storage facilities to have an annual Facility Inspection License at a cost \$100.00 per inspection. Also, the storage facilities are required to comply with Title 55, Section 1943 (a-e) before the license is issued. The requirements are as follows:
 - (a) Office personal present Monday – Friday, 8:00 a.m. – 5:00 p.m.
 - (b) Significant lighting – all hours of darkness
 - (c) Six feet fencing completely surrounding the property
 - (d) Paved or gravel road surfaces to prevent problem during entry or egress during inclement weather
 - (e) Signage
- Insurance rates have increased by 30% - 50% over the past two years.

For comparison purposes currently the interim storage rates are \$12.00 per day for outside storage and \$15.00 per day for inside storage. The requested rates are:

- (1) Outside storage from \$9.00 per day to \$14.00 per day.
- (2) Inside storage from \$12.00 per day to \$17.00 per day.

The following are the current regulated storage rates in the surrounding states:

- (1) Texas - \$15.00 per day
- (2) Gulf Coast Mississippi - \$20.00 per day
- (3) Florida Counties of St. Johns, Volusia, and Orange - \$20.00 per day

Other areas of the country:

- 1. Connecticut - \$20.00 per day for the 1st 5 days, \$24.00 per day thereafter
- 2. Wichita, KS - \$15.00 per day
- 3. Providence, RI - \$24.00 per day
- 4. Virginia - \$25.00 per day

CONCLUSION

The Commission considered the matter at the May 12, 2004, Business and Executive Session. On motion of Commissioner Campbell, seconded by Commissioner Sittig, and unanimously adopted, the Commission voted to accept the Staff recommendation and allow the rate for outside storage to be increased from the established rate of \$9.00 per day to \$14.00 per day, and the rate for covered storage be increased from the established rate of \$12.00 per day to \$17.00 per day. The Commission directed Staff to advise the towing companies of their responsibility to provide liability insurance on the vehicles they have in storage.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
June 2, 2004

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