

EMBARGOED MATERIAL



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Agents for United Van Lines and
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April 12, 2015

Mr. John Mizner, Chairman
Independent Regulatory Review Board

Dear Mr. Mizner,

Regarding the effort by the PA PUC to "increase competition" in the moving industry, I believe that this is not only unnecessary but also wrongheaded.

Hughes Relocation has been a certificated carrier since 1978. We enjoy an excellent reputation due to our outstanding customer service, experience and dedication. I have always found the competition for moving jobs to be numerous and ferociously competitive. As a result despite rising costs in every aspect of our business we have been unable to increase our hourly rates for almost 8 years. During this time we have seen the entry of many alternative service companies that are able, somehow, to escape the regulations which we are subjected to. These include container companies such as PODS, UPack, Pack Rat and others. They also include a variety of "packing service only" entities, internet brokers, moving consultants, self storage enterprises and, of course, rogue movers. Every one of these entities hacks away at the profitability of full service moving operations even as they dramatically expand the range of alternative moving services available to the consumer. So the question that needs to be answered is a simple one – why do we need more competition when the playing field is already brutally competitive as amply demonstrated by the verifiable fact that moving rates have been suppressed for many years?

Another question to be answered is what possible pitfalls could come to be if this proposal is approved. Let's start with the new entrants. The proposal contemplates that sometime AFTER a new carrier is allowed to operate the PUC will perform an audit. The risk that a new entrant will have operated without criminal background checked employees, workers compensation in full force and effect, payroll taxes withheld, CDL approved drivers, sufficient liability insurance, etc. will not be zero. Yet the Commonwealth will wait many months or even years before it is ascertained that the new entrant is a safe and legal operator. Furthermore, if an audit does discover a problem it seems like all that will happen is a slap on the wrist, an admonishment to behave and another audit a year or two later. Without prior verification of compliance the health and welfare of the public (as well as the employees of the operator) will be at considerable and absolutely avoidable risk. Require a license application to include a comprehensive inspection and audit BEFORE the applicant is allowed to operate.

Next, let's discuss rogue movers. While Pollyanna might comply with the regulations, on what basis can we assume that an illegal operator will suddenly decide to go legitimate? Is it reasonable to


believe that the actors who hold shipments hostage, low ball estimates and have a proven record of violating every regulation governing moving company behavior will now be motivated to operate honestly? Should we not, at least, make the penalties for misbehavior onerous enough to deter such behavior? As it stands now, a rogue operator can get away with dozens to even hundreds of illegal moves yet receive a fine representing only a fraction of his income. What we have in place now has obviously not been a deterrent in anyway and the rogue mover is a problem that needs to be dealt with in a serious and effective manner.

Finally, why shouldn't the Commonwealth require that a carrier have a physical location in the state? The benefits would be substantial – increased employment, additional taxes, improved customer service and many other auxiliary economic benefits. There is nothing wrong with any of that, so again, why not? Furthermore, New Jersey requires state domicile – a fact that puts PA carriers at a distinct and costly disadvantage. Fair is fair.

In summary, I believe that there is no need to stimulate competition in an already incredibly competitive industry. To do so can only result in harm to the industry and the public which it serves. To do so without effectively monitoring the new entrants or eliminating the rogue operators makes the Rulemaking even worse. To ignore the chance to level the field with the out of state operators who only take from us is yet another reason to re-think this proposal.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Hughes', written over a horizontal line.

Robert Hughes
Hughes Relocation Services Inc.