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**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Adoption of Rules )  
Related to Rates for Towing and Storage of ) Case No. 17-713-TR-ORD  
Motor Vehicles. )

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**INITIAL COMMENTS BY  
ASSOCIATION OF PROFESSIONAL TOWERS – OHIO**

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**I. INTRODUCTION**

In its proposed rules, the Commission seeks to increase the maximum fees a towing company may charge for vehicles towed and stored pursuant to R.C. 4513.60 and 4513.601. The Association of Professional Towsers – Ohio (“APTO”) supports a much-needed increase to the current towing and storage fee maximums. However, the Commission’s proposed increase to the towing fee maximum, which accounts only for inflation, is too low. Towing companies incur significantly higher costs per tow today than they did in June 2000, which was the last time the towing fee maximum was increased. For nearly eighteen years, towing companies have been limited to charging \$90.00 for a private property tow, but have gradually had their profit margins reduced as a result of increased labor and other costs which are necessary to comply with new legal requirements. An inflation-only increase fails to compensate towing companies for these costs.

Accordingly, APTO recommends a towing fee maximum of \$143.00 for vehicles with a manufacturer’s gross vehicle weight rating (“GVWR”) of less than 10,001 pounds, and \$228.00 for vehicles with a GVWR of 10,001 pounds or more. Further support for these recommended fee maximums is below.

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## II. COMMENTS

### A. An Inflation-Only Increase Would Fail to Compensate Towing Companies for Significant Compliance Costs that Did Not Exist Eighteen Years Ago.

The Commission proposes increased towing fee maximums of \$127.00 for vehicles with a GVWR of less than 10,001 pounds, and \$212.00 for vehicles with a GVWR of 10,001 pounds or more. The Commission bases these rates on “the increase in the CPI from the fees established by law on June 1, 2000.” *Exhibit B to January 3, 2018 Entry* at 4. In other words, the proposed rules seek to increase towing fee maximums solely to account for eighteen years of inflation.<sup>1</sup>

Inflation is defined as “a persistent, substantial rise in the general level of prices related to an increase in the volume of money and resulting in the loss of value of currency.”<sup>2</sup> Accordingly, adjusting the towing fee maximum to account for inflation merely addresses the diminished value of the dollar; it does not compensate for new compliance costs that did not exist eighteen years ago. There are several examples of such costs.

In June 2000, towing companies were not required to take photographs of a vehicle before removing it from a private tow-away zone. In March 2015, the Ohio General Assembly enacted R.C. 4513.601, which requires towing companies to take “as many photographs as necessary to evidence that the vehicle is clearly parked on private property in violation of a private tow-away zone.” *Id.* at (D)(1). Newly enacted R.C. 4513.601 also requires towing companies to prepare records of the time and date of each photograph, and to save the records and photographs for up to two years. *Id.* at (D)(1). Tow truck operators are responsible for taking these photographs, many of whom are paid \$20.00 per hour or more. On average, a tow

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<sup>1</sup> The Bureau of Labor Statistics provides an online CPI Inflation Calculator, which shows that \$90.00 in June 2000 had the same purchasing power as \$128.70 in December 2017. The same calculator shows that \$150.00 in June 2000 had the same purchasing power as \$214.49 in December 2017. Oddly, these numbers do not match the Commission’s proposed maximums of \$127.00 and \$212.00. See <https://data.bls.gov/cgi-bin/cpicalc.pl>.

<sup>2</sup> <http://www.dictionary.com/browse/inflation>.

truck operator may devote ten minutes of every tow to taking sufficient photographs, creating a record of the time and date of each photograph, and saving or printing the photographs and records. This results in a \$3.33 labor cost per tow that did not exist eighteen years ago.<sup>3</sup>

Similarly, in June 2000, towing companies were not required to send up to three notices by certified mail to the owner and lienholders of any vehicle towed pursuant to R.C. 4513.60 or 4513.601. Today, R.C. 4513.601(F)(1) requires towing companies to send as many as three notices to the vehicle owner and lienholders “by certified or express mail with return receipt requested or by a commercial carrier service utilizing any form of delivery requiring a signed receipt.” The United States Postal Service charges \$3.35, in addition to postage, to send a letter by certified mail. *See Excerpt from United States Postal Service Price List*, attached as Exhibit A. It costs an additional \$2.75 for a return receipt. *Id.* Accordingly, without considering postage, it costs a towing company \$6.10 for every notice sent, which could be as many as three to the vehicle owner (\$18.30) and another three to a lienholder (another \$18.30), for a total of \$36.60. Although R.C. 4513.601(G)(1)(b)(ii) allows towing companies to charge a single “processing fee” of \$25.00 “[i]f notice has been sent to the owner and lienholder as described in division (F),” that figure hardly covers the total potential cost that a towing company may incur just to comply with laws that did not exist eighteen years ago.<sup>4</sup>

Admittedly, these are not costs that all towing companies will face all of the time; however, some compensation beyond an inflation adjustment is necessary to negate these costs when they inevitably arise. APTO therefore recommends a two-step process to calculate a new

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<sup>3</sup> There are other costs associated with R.C. 4513.601(D) above and beyond mere labor, including cameras or smart devices for tow truck operators and cloud-based or other servers to store photographs and other records.

<sup>4</sup> There is also the additional cost of labor to prepare the notices and mailings. Assuming a minimum wage employee devotes ten minutes to preparing and mailing each notice, and six notices are sent (three to the vehicle owner and three to a lienholder), that is an additional cost of \$8.15 per tow.

towing fee maximum: First, the Commission should increase the current fee maximums by ten dollars each, to \$100.00 for vehicles with a GVWR of less than 10,001 pounds, and \$160.00 for vehicles with a GVWR of 10,001 pounds or more, to account for additional compliance costs. Second, the Commission should adjust these increased figures to account for eighteen years of inflation, resulting in new fee maximums of \$143.00 for vehicles with a GVWR of less than 10,001 pounds, and \$228.00 for vehicles with a GVWR of 10,001 pounds or more.

**B. An Inflation-Only Increase Would Also Neglect the Above-CPI Increases in Equipment and Insurance Costs.**

APTO's recommended fee maximums are further justified because other significant expenses, such as equipment and insurance costs, have increased far above the rate of inflation since June 2000. In 2000, a small wrecker cost approximately \$35,000.00. Today, a comparable truck costs anywhere from \$75,000.00 to \$80,000.00. *See January 15, 2018 Letter from Joseph Pifer of Matheny Motors*, attached as Exhibit B.<sup>5</sup> A medium-duty wrecker used to cost \$75,000.00 to \$80,000.00 in 2000; today a single medium-duty truck can cost over \$150,000.00. *Id.* Similarly, a heavy-duty wrecker cost around \$200,000.00 in 2000, but today costs more than \$400,000.00. *Id.* These figures far exceed the rate of inflation from 2000 to 2018.

Similarly, liability and physical damage premiums for a light-duty tow truck in 2010 cost \$950.00. *See January 9, 2018 Correspondence from Dale Dixon of Wichert Insurance*, attached as Exhibit C.<sup>6</sup> Today, that cost is \$1,400.00. *Id.* The same premiums for medium- and heavy-duty trucks were \$1,313.00 and \$2750.00, respectively. *Id.* Today, liability and physical damage premiums for the same trucks are \$2,450.00 and \$3,800.00, respectively. *Id.* Once again, these costs greatly exceed the rate of inflation from 2010 to 2018. While these costs are

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<sup>5</sup> Matheny Motors is a well-known and well-respected Ohio tow truck distributor.

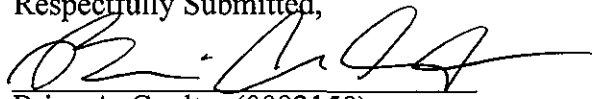
<sup>6</sup> Wichert Insurance is a leading provider of personal and business insurance with offices across the state.

difficult to quantify in terms of a per-tow expense, they further justify an increase to the towing fee maximum above and beyond mere inflation.

### **III. CONCLUSION**

In light of the above, APTO recommends a towing fee maximum of \$143.00 for vehicles with a GVWR of less than 10,001 pounds, and \$228.00 for vehicles with a GVWR of 10,001 pounds or more.

Respectfully Submitted,



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*Counsel for Association of Professional Towing –  
Ohio*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing was filed this 19<sup>th</sup> day of January, 2018 via the Commission's Docketing Information System (DIS), which will effect service upon all interested parties.

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

Brian A. Coulter

*Counsel for Association of Professional Towers –  
Ohio*

## Domestic—Extra Services and Fees

<b>Adult Signature</b>		Fee
<b>Individual Pieces</b>		
Adult Signature Required		\$5.90
Adult Signature Restricted Delivery		6.15
<b>Certificate of Mailing</b>		Fee
<b>Individual Pieces</b>		
Individual article (PS Form 3817)		\$1.35
Firm mailing sheets (PS Form 3665), per piece listed (minimum 3 pieces)		0.39
Additional copy of PS Form 3817 or PS Form 3665 (per page)		1.35
Additional copy of PS Form 3877, Firm Mailing Book for Accountable Mail (per page)		1.35
<b>Bulk Quantities (Mailings)</b>		Fee
For first 1,000 pieces (or fraction thereof)		\$7.95
Each additional 1,000 pieces (or fraction thereof)		0.99
Additional copy of PS Form 3806-D		1.35
<b>Certified Mail</b>		Fee
<b>Per item, in addition to postage and other fees</b>		
Certified Mail		\$3.35
Certified Mail Restricted Delivery		8.30
Certified Mail Adult Signature Required		8.30
Certified Mail Adult Signature Restricted Delivery		8.30
<b>Collect on Delivery (COD)</b>		Fee
<b>Amount to be collected or insurance coverage desired, whichever is higher</b>		
\$0.01 to \$50		\$7.15
50.01 to 100		8.95
100.01 to 200		10.70
200.01 to 300		12.45
300.01 to 400		14.20
400.01 to 500		15.95
500.01 to 600		17.70
600.01 to 700		19.45
700.01 to 800		21.20
800.01 to 900		22.95
900.01 to 1000		24.70
<b>Additional COD Services</b>		Fee
COD Restricted Delivery		\$4.95
<b>Insurance</b>		Fee'
<b>Amount for Merchandise Insurance Coverage Desired</b>		
\$0.01 to \$50		\$2.10
50.01 to 100		2.65
100.01 to 200		3.35
200.01 to 300		4.40
300.01 to 400		5.55
400.01 to 500		6.70
500.01 to 600		9.15
600.01 to 5,000 (maximum liability is \$5,000)	\$9.15 plus \$1.25 per \$100 or fraction thereof over \$600 in declared value	
<b>Additional Insurance Services</b>		Fee
Insurance Restricted Delivery <sup>2</sup>		\$4.95
1. Bulk Insurance discount \$0.80 per piece. 2. For articles insured for more than \$500.		
<b>Priority Mail Express</b>		
<b>Optional Delivery</b>		Fee
10:30 AM delivery (where available)		\$5.00
Sunday/Holiday delivery		\$12.50
<b>Return Receipt</b>		Fee
<b>(In conjunction with another extra service)</b>		
Requested at time of mailing	(Hard copy PS Form 3811)	\$2.75
	Electronic	1.45
<b>Return Receipt for Merchandise</b>		Fee
Requested at time of mailing		\$4.20
<b>Signature Confirmation</b>		Fee
First-Class Package Service—Retail	Electronic	\$2.45
	Retail	2.90
First-Class Package Service—Commercial	Electronic	2.45
Package Services (Library Mail, Media Mail, Bound Printed Matter)	Electronic	2.45
	Retail	2.90
Parcel Select	Electronic	2.45
Priority Mail	Electronic	2.45
	Retail	2.90
USPS Retail Ground	Electronic	2.45
	Retail	2.90
<b>Additional Signature Confirmation Services</b>		Fee
Signature Confirmation Restricted Delivery	Electronic	\$7.40
	Retail	7.85

**EXHIBIT**

**A**



**MATHENY MOTOR TRUCK CO.**

Established 1922  
I-77 & RT. 14 South  
Mineral Wells, WV 26150  
(304) 485-4418 • (304) 485-2577 fax  
[www.mathenymotors.com](http://www.mathenymotors.com)

15 January 2018

Association of Professional Towers Ohio  
ATTN: Dave Clark  
PO Box 1293  
Columbus, OH 43216

Mr. Clark,

Per our conversation, I have reviewed comparable trucks to the units discussed looking at the trends for the year 2000 to current values in 2018. Noting there are always exceptions, but the following are my observations:

In the Small Wrecker category, prices have gone from \$35k in 2000; to \$75-80k today. Medium Duty Wreckers have also more than doubled going from \$75-80k to over \$150k. Heavy Duty Wreckers have also doubled going from around \$200k to over \$400k for a current model. The Carrier market remains strong, with trucks in 2000 going for around \$50k to a \$100+ in 2018.

These trends remain strong throughout the industry. I don't foresee any change in these trends for the next couple of years. As the economy continues to strengthen, so will the cost of the equipment.

In an effort to determine values and trends, I have pulled on our past sales, current stock, and reviewed the leading sources, truckpaper, trucktrader, tow411, etc.

For additional information, I may be contacted at (304) 485-4418 ext. 2546 or [jpifer@mathenymotors.com](mailto:jpifer@mathenymotors.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Pifer", written over the printed name.

JOSEPH W. PIFER

Towing & Recovery Equipment Sales





From: Dale Dixon <[dale@wichert.com](mailto:dale@wichert.com)>

Date: January 9, 2018 at 12:05:38 PM EST

To: [Rmyers@pinetreetowing.com](mailto:Rmyers@pinetreetowing.com)

Cc: Mindy Brabham <[mindy@wichert.com](mailto:mindy@wichert.com)>, Kenny Windle <[ken@wichert.com](mailto:ken@wichert.com)>

Subject: Commercial Tow Vehicle Premiums

Ron,

We did some research from our towing records regarding Liability/Physical Damage premiums from 2010 to 2017. The outline below is the increase in rates that has occurred over this timeframe. Please note these rates are a cross section of the risks we insure all over Ohio. So we are using an average as rates do change based territory/city, radius of travel, cost new etc....

	<u>2010</u>	<u>2017</u>
Light Duty/up to 10K	\$950	\$1400
Medium Duty/10k-20K	\$1313	\$2450
Heavy Duty/20K-45K	\$2750	\$3800
Extra Heavy Duty/45K & over	\$4100	\$5300

Hopefully, this will help with your efforts for a rate increase through the PUCO as there is no question premiums have increased for this class of commercial vehicle . Additionally, the cost of these vehicles have increased dramatically over the same timeframe and this clearly affects the physical damage premiums as it relates to cost to repair and/or replace these same vehicles. In order to offer some validity to our information Wichert Insurance is a leading provider specializing in providing towing coverage for the past 22 years in Ohio. We insure over 175 towing operations across the State of Ohio. Please let me know of any further questions and I certainly hope this helps your cause for a rate increase as it is needed.

Dale R. Dixon

Principal

**Wichert Insurance**

400 N. Memorial Dr.

P.O. Box 278

Lancaster, OH 43130

Phone (740) 654-0532

Fax (614) 837-0709

[dale@wichert.com](mailto:dale@wichert.com)

[www.wichert.com](http://www.wichert.com)



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