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Sharon Geanuracos, Legal Director
Department of Motor Vehicles
Legal Services Division
60 State St.
Wethersfield, CT 06161

Re: Rates and charges for non-consensual towing and storage

Dear Ms. Geanuracos:

This supplemental testimony is submitted in response to the invitation of the hearing officer to provide additional comment.

The presentations made at the December 6 hearing have reinforced our belief that the extraordinarily large increase in storage and towing rates sought by the applicant are unjustified and would produce a rate structure that is not "just and reasonable." The burden of proof in this rate proceeding is on the petitioner. We believe that it has not met that burden.

The petitioner argues not merely for a rate increase but for an increase that goes well beyond the 18.97% rise in the Consumer Price Index (CPI) since 2006/2007. Under the petitioner's proposal, storage fees would go up by more than three times the CPI increase, the towing mileage rate by about double, and the Base Rate more than five times the CPI rate of increase. These claims appear to be based primarily on three cost areas: (1) a new abandoned vehicle surcharge, (2) the cost of new tow trucks, and (3) the proper weighting of costs. The petitioner's evidence and arguments do not justify these increases. In this submission, we want to add some additional comment about specific parts of the petitioner's proposal.

(1) Abandoned vehicle surcharge: This entirely new fee would on its own add about \$47 to the base rate, i.e., a more-than-50% increase just for this new cost. The Hearing Officer should reject this fee in entirety for two primary reasons. *First*, as a separate cost, it is not authorized by statute or regulation, since it is neither a charge for towing nor a charge for storage. The legislature has adopted a different procedure (C.G.S. 14-150) for disposing of unclaimed towed vehicles and recouping disposition costs.

Second, equally important, as the Department has long recognized, all elements of this proposed "surcharge" -- i.e., the costs associated with

disposing of unclaimed vehicles – are already part of the base rate and were so treated when base rates were last raised in 2006. The Department has long known that non-consensual towing will result in significant uncollectibles, and the base rate, as of 2007, was already adjusted as a result. The issue is thus not the dollar amount of theoretical revenue lost to uncollectibility but rather the degree to which that situation has changed since 2007. The petitioner fails to make that distinction but instead proposes to add a surcharge to a base rate (for which it is asking for an increase) that already includes the factors sought to be covered by the surcharge.

We also note that the Department has generally not favored creating separate charges by breaking up the base charge into smaller parts. In 2006, an industry proposal to break the storage fee into multiple charges was rejected by the Hearing Officer because it allowed charging for items that were presumably already covered by the base rate.

(2) High costs of new vehicles: The petitioner claims that the price of light-duty trucks has risen by 73.17%, and that a higher base rate is therefore justified. The price of new trucks, however, does not tell us how often a new truck is in fact purchased by licensed towing companies. The petitioner in effect assumes a set of rising costs related to the constant replacement of each wrecker vehicle. We have doubts that a business would buy an \$80,000 to \$100,000 product and then keep it only four years. To see how long trucks were actually retained, we looked at tax data from the City of Hartford Tax Assessor's for one major wrecker company in Hartford. We discovered that three of that company's five wreckers on the tax assessor's roll for that company in 2015 had been on the roll every year since 2006 (i.e., 10 consecutive years). See Appendix A. The model years of those three vehicles were 2000, 2002, and 2006, which suggests that two of them may well have been in use for more than ten years at that time. Of the other two wreckers, one had been listed since 2010 (six years) and one since 2011 (five years). Although we do not claim that this one-shop approach constitutes an adequate sample, it should nevertheless raise doubts about the significance of the claimed cost increase assigned to the capital cost of purchasing new towing trucks. The capital cost of purchasing new consumer motor vehicles, it should be noted, is already built into the CPI.

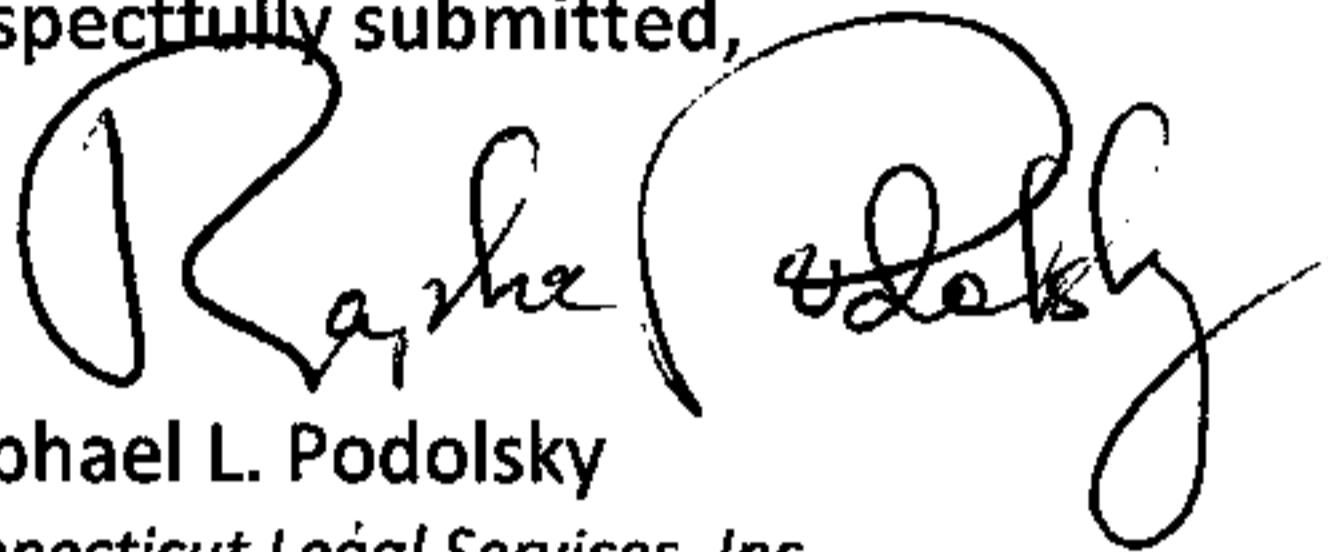
The Hearing Officer should also note that the retention and use of older trucks, as we believe is the case, also has the effect of lowering the local motor vehicle tax paid on these vehicles, since they decline in value every year. In addition, the legislature has capped property taxes on motor vehicles in a way that will lower those rates in towns with high mill rates (in Hartford, by about 50%).

(3) Weighting of cost factors: The cost analysis of the proposed base rate is distorted by overweighting the claimed high cost increase for new vehicles while not considering factors that have increased less than the overall CPI. It appears from Figure 5 that this weighting adds about \$20 to the proposed base rate increase. No substantial justification is given for this weighting. While vehicle cost is important, so are other costs, some of which have gone up less than CPI or not at all, such as diesel fuel, which in 2017 is at approximately at the same level as it was in 2006 and 2007. See the "On-Highway Diesel Fuel" column in Appendix B, which shows

a 3.2% decrease from the 2007 average and a 3.3% increase from the 2006 average, both of which are well below the 18.97% increase in the CPI. While separating out and weighting factors which show a cost increase over time, the petitioner does not give the same higher treatment for factors that lower the cost impact. Other factors, such as employee wages, are not cited at all.

Because of its inclusive nature, we believe that the CPI should provide the base point for review of rate increase applications. When the evidence as a whole is considered, we believe that the petitioner has failed to prove justification for a rate increase up to the CPI level and certainly not for any rate increase above that level.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Raphael Podolsky". The signature is written in a cursive style with a large, looping initial "R".

Raphael L. Podolsky
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Cc: Jesse A. Langer
Dallas Dodge

APPENDIX A

GRAND LIST YR	TAXPAYER	VIN	VEH YR	MAKE	MODEL	CLASS	BODY	COLOR	ASMT
2006	WHITEYS INC	1FDWF36L23EA22225	2003	FORD	DRW SUPE	70	WRECKR	RED	16047
2006	WHITEYS INC	1FDWF36S0YEE21522	2000	FORD	F350	70	WRECKR	WHT	8960
2007	WHITEYS INC	1FDWF36S0YEE21522	2000	FORD	F350	70	WRECKR	WHT	7052
2008	WHITEYS INC	1FDWF36S0YEE21522	2000	FORD	F350	70	WRECKR	WHT	6559
2009	WHITEYS INC	1FDWF36S0YEE21522	2000	FORD	F350	70	WRECKR	WHT	2957
2010	WHITEYS INC	1FDWF36S0YEE21522	2000	FORD	F350	70	WRECKR	WHT	4025
2011	WHITEYS INC	1FDWF36S0YEE21522	2000	FORD	F350	70	WRECKR	WHT	4025
2011	WHITEYS INC	1FDWF37566ED77189	2006	FORD	F350	70	WRECKR	RED	10097
2012	WHITEYS INC	1FDWF37566ED77189	2006	FORD	F350	70	WRECKR	RED	8208
2013	WHITEYS INC	1FDWF37566ED77189	2006	FORD	F350	70	WRECKR	RED	7770
2014	WHITEYS INC	1FDWF37566ED77189	2006	FORD	F350	70	WRECKR	RED	6460
2015	WHITEY S INC.	1FDWF37566ED77189	2006	FORD	F350 SUP	70	WRECKE	RED	6070
2006	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	14224
2007	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	13229
2008	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	12582
2009	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	7490
2010	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	10727
2011	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	10097
2012	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	8208
2013	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	7770
2014	WHITEYS INC	1FDWF37Y66EA57509	2006	FORD	F350	70	WRECKR	RED	6460
2015	WHITEY S INC.	1FDWF37Y66EA57509	2006	FORD	F350 SUP	70	WRECKE	RED	6460
2010	WHITEYS INC	1FDXF46P14ED00899	2004	FORD	F450	70	WRECKE	BLK	7665
2011	WHITEYS INC	1FDXF46P14ED00899	2004	FORD	F450	70	WRECKE	BLK	7665
2012	WHITEYS INC	1FDXF46P14ED00899	2004	FORD	F450	70	PICKUP	BLK	7665
2013	WHITEYS INC	1FDXF46P14ED00899	2004	FORD	F450	70	PICKUP	BLK	6388
2014	WHITEYS INC	1FDXF46P14ED00899	2004	FORD	F450	70	PICKUP	BLK	5570
2015	WHITEY S INC.	1FDXF46P14ED00899	2004	FORD	F450 SUP	70	WRECKE	BLA	5570
2006	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	DRW SUPE	70	CB	BLK	16450
2007	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	13247
2008	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	12320
2009	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	6842
2010	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	7665
2011	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	7665
2012	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	7665
2013	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	6388
2014	WHITEYS INC	1FDXF46P34EC32797	2004	FORD	F450	70	WRECKR	BLK	5570
2015	WHITEY S INC.	1FDXF46P34EC32797	2004	FORD	F450 SUP	70	WRECKE	BLA	5570
2006	WHITEYS INC	1FDXF46S41EB44874	2001	FORD	F467	70	CB	WHT	10465
2007	WHITEYS INC	1FDXF46S41EB44874	2001	FORD	F467	70	WRECKR	WHT	8015
2008	WHITEYS INC	1FDXF46S41EB44874	2001	FORD	F467	70	WRECKR	WHT	7454
2009	WHITEYS INC	1FDXF46S41EB44874	2001	FORD	F467	70	WRECKR	WHT	4497
2006	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	9030
2007	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	7087
2008	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	6591
2009	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	4147
2010	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	4637
2011	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	4637
2012	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	4638
2013	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	4463
2014	WHITEYS INC	1FDXF46S8YED93477	2000	FORD	F450	70	WRECKR	WHT	3940
2015	WHITEY S INC.	1FDXF46S8YED93477	2000	FORD	F450 SUP	70	WRECKE	WHI	3700

GRAND LIST YR	TAXPAYER	VIN	VEH YR	MAKE	MODEL	CLASS	BODY	COLOR	ASMT
2006	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	14630
2007	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	11935
2008	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	11100
2009	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	6300
2010	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	7122
2011	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	7122
2012	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	7123
2013	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	6160
2014	WHITEYS INC	1FDXF47F03EA01635	2003	FORD	DRW SUPE	70	CB	WHT	5360
2015	WHITEY S INC.	1FDXF47F03EA01635	2003	FORD	F450 SUP	70	WRECKE	WHI	5040
2006	WHITEYS INC	1FDXF47F2XEE72854	1999	FORD	F450	70	WRECKR	WHT	7438
2007	WHITEYS INC	1FDXF47F2XEE72854	1999	FORD	F450	70	WRECKR	WHT	5652
2008	WHITEYS INC	1FDXF47F2XEE72854	1999	FORD	F450	70	WRECKR	WHT	5257
2009	WHITEYS INC	1FDXF47F2XEE72854	1999	FORD	F450	70	WRECKR	WHT	4731
2006	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	20720
2007	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	15172
2008	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	14111
2009	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	8715
2010	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	8155
2011	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	8785
2012	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	8785
2013	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	7840
2014	WHITEYS INC	1HTMMAAM82H531127	2002	INTL	4000 SER	70	WRECKR	BLK	7040
2015	WHITEY S INC.	1HTMMAAM82H531127	2002	INTER	4000 SER	70	WRECKE	BLA	6620
2006	WHITEYS INC	1HTSCABM8WH584828	1998	INTL	4700	70	WRECKE	WHT	8225
2007	WHITEYS INC	1HTSCABM8WH584828	1998	INTL	4700	70	FLTBED	WHT	7157
2008	WHITEYS INC	1HTSCABM8WH584828	1998	INTL	4700	70	FLTBED	WHT	6656
2009	WHITEYS INC	1HTSCABM8WH584828	1998	INTL	4700	70	FLTBED	WHT	5990

APPENDIX B

Table 9.4 Retail Motor Gasoline and On-Highway Diesel Fuel Prices
(Dollars^a per Gallon, Including Taxes)

	Platt's / Bureau of Labor Statistics Data				U.S. Energy Information Administration Data			
	Motor Gasoline by Grade				Regular Motor Gasoline by Area Type			On-Highway Diesel Fuel
	Leaded Regular	Unleaded Regular	Unleaded Premium ^b	All Grades ^c	Conventional Gasoline Areas ^d	Reformulated Gasoline Areas ^e	All Areas	
1950 Average	0.288	NA	NA	NA	--	--	--	--
1955 Average	.291	NA	NA	NA	--	--	--	--
1960 Average	.311	NA	NA	NA	--	--	--	--
1965 Average	.312	NA	NA	NA	--	--	--	--
1970 Average	.357	NA	NA	NA	--	--	--	--
1975 Average	.567	NA	NA	NA	--	--	--	--
1980 Average	1.191	1.245	NA	1.221	--	--	--	--
1985 Average	1.115	1.202	1.340	1.196	--	--	--	--
1990 Average	1.149	1.164	1.349	1.217	NA	NA	NA	NA
1995 Average	--	1.147	1.336	1.205	1.103	1.163	1.111	1.109
2000 Average	--	1.510	1.693	1.563	1.462	1.543	1.484	1.491
2001 Average	--	1.461	1.657	1.531	1.384	1.498	1.420	1.401
2002 Average	--	1.358	1.556	1.441	1.313	1.408	1.345	1.319
2003 Average	--	1.591	1.777	1.638	1.516	1.655	1.561	1.509
2004 Average	--	1.880	2.068	1.923	1.812	1.937	1.852	1.810
2005 Average	--	2.295	2.491	2.338	2.240	2.335	2.270	2.402
2006 Average	--	2.589	2.805	2.635	2.533	2.654	2.572	2.705
2007 Average	--	2.801	3.033	2.849	2.767	2.857	2.796	2.885
2008 Average	--	3.266	3.519	3.317	3.213	3.314	3.246	3.803
2009 Average	--	2.350	2.607	2.401	2.315	2.433	2.353	2.467
2010 Average	--	2.788	3.047	2.836	2.742	2.864	2.782	2.992
2011 Average	--	3.527	3.792	3.577	3.476	3.616	3.521	3.840
2012 Average	--	3.644	3.922	3.695	3.552	3.757	3.618	3.968
2013 Average	--	3.526	3.843	3.584	3.443	3.635	3.505	3.922
2014 Average	--	3.367	3.713	3.425	3.299	3.481	3.358	3.825
2015 January	--	2.110	2.497	2.170	2.046	2.262	2.116	2.997
February	--	2.249	2.621	2.308	2.152	2.351	2.216	2.858
March	--	2.483	2.867	2.544	2.352	2.697	2.464	2.897
April	--	2.485	2.868	2.545	2.369	2.679	2.469	2.782
May	--	2.775	3.166	2.832	2.578	3.014	2.718	2.888
June	--	2.832	3.218	2.889	2.700	3.014	2.802	2.873
July	--	2.832	3.252	2.893	2.666	3.061	2.794	2.788
August	--	2.679	3.120	2.745	2.522	2.876	2.636	2.595
September	--	2.394	2.860	2.463	2.275	2.555	2.365	2.505
October	--	2.289	2.749	2.357	2.230	2.414	2.290	2.519
November	--	2.185	2.640	2.249	2.088	2.304	2.158	2.467
December	--	2.060	2.532	2.125	1.946	2.230	2.038	2.310
Average	--	2.448	2.866	2.510	2.334	2.629	2.429	2.707
2016 January	--	1.967	2.455	2.034	1.843	2.170	1.949	2.143
February	--	1.767	2.248	1.833	1.681	1.936	1.764	1.998
March	--	1.958	2.411	2.021	1.895	2.124	1.969	2.090
April	--	2.134	2.585	2.196	2.027	2.293	2.113	2.152
May	--	2.264	2.710	2.324	2.199	2.413	2.268	2.315
June	--	2.363	2.807	2.422	2.303	2.497	2.366	2.423
July	--	2.225	2.702	2.287	2.157	2.411	2.239	2.405
August	--	2.155	2.629	2.218	2.119	2.300	2.178	2.351
September	--	2.208	2.682	2.269	2.161	2.339	2.219	2.394
October	--	2.243	2.719	2.304	2.186	2.382	2.249	2.454
November	--	2.187	2.675	2.246	2.105	2.343	2.182	2.439
December	--	2.230	2.698	2.289	2.192	2.385	2.254	2.510
Average	--	2.142	2.610	2.204	2.070	2.296	2.143	2.304
2017 January	--	2.351	2.815	2.409	2.285	2.482	2.349	2.580
February	--	2.299	2.793	2.360	2.227	2.467	2.304	2.568
March	--	2.323	2.827	2.386	2.243	2.498	2.325	2.554
April	--	2.418	2.909	2.479	2.340	2.579	2.417	2.583
May	--	2.386	2.894	2.448	2.303	2.577	2.391	2.560
June	--	2.337	2.859	2.400	2.257	2.536	2.347	2.511
July	--	2.281	2.800	2.344	2.211	2.486	2.300	2.496
August	--	2.374	2.883	2.436	2.297	2.557	2.380	2.595
September	--	2.630	3.120	2.688	2.570	2.802	2.645	2.785
October	--	2.484	2.996	2.545	2.430	2.663	2.505	2.794

^a Prices are not adjusted for inflation. See "Nominal Dollars" in Glossary.
^b The 1981 average (available in Web file) is based on September through December data only.
^c Also includes grades of motor gasoline not shown separately.
^d Any area that does not require the sale of reformulated gasoline.
^e "Reformulated Gasoline Areas" are ozone nonattainment areas designated by the U.S. Environmental Protection Agency that require the use of reformulated gasoline (RFG). Areas are reclassified each time a shift in or out of an RFG program occurs due to federal or state regulations.
 NA=Not available. -- =Not applicable.
 Notes: • See Note 5, "Motor Gasoline Prices," at end of section. • See "Motor Gasoline Grades," "Motor Gasoline, Conventional," "Motor Gasoline, Oxygenated," and "Motor Gasoline, Reformulated" in Glossary. • Geographic coverage: for columns 1-4, current coverage is 85 urban areas; for columns 5-7, coverage is the 50 states and the District of Columbia; for column 8, coverage is the 48 contiguous

states and the District of Columbia.
 Web Page: See <http://www.eia.gov/totalenergy/data/monthly/#prices> (Excel and CSV files) for all available annual data beginning in 1949 and monthly data beginning in 1973.
 Sources: • Motor Gasoline by Grade, Monthly Data: October 1973 forward—U.S. Department of Labor, Bureau of Labor Statistics (BLS), *U.S. City Average Gasoline Prices*. • Motor Gasoline by Grade, Annual Data: 1949-1973—Platt's Oil Price Handbook and Oilmanac, 1974, 51st Edition. 1974 forward—calculated by the U.S. Energy Information Administration (EIA) as simple averages of the BLS monthly data. • Regular Motor Gasoline by Area Type: EIA, calculated as simple averages of weighted weekly estimates from "Weekly U.S. Retail Gasoline Prices, Regular Grade." • On-Highway Diesel Fuel: EIA, calculated as simple averages of weighted weekly estimates from "Weekly Retail On-Highway Diesel Prices."