STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Rapid Recovery, Inc. Petitioner.	:	
	:	RTV-A-57
Petition for a Relocation Towing & Storage Rate Increases	:	

ORDER

By the Commission:

PROCEDURAL HISTORY

On June 29, 2015, Rapid Recovery, Inc. (Petitioner) filed a Petition with the Illinois Commerce Commission (Commission) for a relocation towing rate increase and a storage rate increase pursuant to the provisions of Section 200(6) of the Illinois Commercial Relocation of Trespassing Vehicles Law (ICRTVL). 625 ILCS 5/18a-200(6).

Pursuant to notice the matter came on for hearing before a duly authorized Administrative Law Judge ("ALJ") of the Commission at the Commission's offices in Springfield and Chicago (via video), Illinois on March 24, 2016. Petitioner appeared by counsel. Staff of the Office of Transportation Counsel appeared for the Commission. At the conclusion of the hearing on March 24, 2016, the record was marked "Heard and Taken."

APPLICABLE LAW

Section 18a-200 of the ICRTVL (625 ILCS 5/18a-200) provides:

The Commission shall:

. . .

(6) Set reasonable rates for the commercial towing or removal of trespassing vehicles from private property. The rates shall not exceed the mean average of the 5 highest rates for police tows within the territory to which this Chapter applies that are performed under Sections 4-201 and 4-214 of this Code [625 ILCS 5/4-201 and 625 ILCS 5/4-214] and that are of record at hearing; provided that the Commission shall not re-calculate the maximum specified herein if the order containing the previous calculation was entered within one calendar year of the date on which the new order is entered. Set reasonable rates for the storage, for periods in excess of 24 hours, of the vehicles in connection with the towing or removal; however no relocator shall impose charges for storage for the first 24 hours after towing or removal.

CURRENT MAXIMUM RATES

The current maximum rate for light duty relocation towing is $238.20 as set by Commission Order entered June 11, 2014 in docket RTV-A-54. The current maximum rate for storage of light duty vehicles after the first 24 hours is $45 per day as set by Commission Order entered July 11, 2007 in consolidated docket RTV-A-42 / RTV-A-43.

Petitioner's requested increased rates for both towing and storage rates are within the current maximum authorized rates. Petitioner seeks an increase from $170.00 to $216.00 for each light duty relocation tow, and an increase from $40.00 to $45.00 per day for storage of light duty vehicles.

PETITIONER'S EVIDENCE

Ashraf Said, President and sole shareholder of the Petitioner corporation, testified that he keeps the records of the data on which the exhibits and testimony were based. He prepared Petitioner's Exhibits 1A, 1B & 1C which are Petitioner's Annual Reports for Relocation Towers filed with the Commission for the years 2012, 2013 and 2014, respectively. The 2015 Annual Report was not yet due at the time of hearing. Mr. Said testified in support of the representations in Petitioner's Exhibits 2, 3, 4, 5 and 6.

Petitioner first presented its 2014 revenue and expenses, then presented calculations to show the revenue that would have been earned if charges had been at the increased rates for the 2014 tows and storage, and then presented its projected increase in expenses.

Petitioner's 2014 net relocation operating revenues were $223,172.50. Its relocation operating expenses were $222,297.00. The net operating revenue includes towing revenues, less refunds, plus revenue from the sale of unclaimed vehicles as scrap and includes storage operating revenues of $7,040.00.

Petitioner also presented its revenues and expenses in terms of an operating ratio calculated by dividing operating expenses by operating revenues. If the company is making a profit its ratio will be less than 100. If it is operating at a loss, the ratio will be over 100. Petitioner's operating ratio for 2014 was 99.6 for relocation towing and 100 for relocation storage.

Petitioner then presented its calculations that if the paid tows and storage in 2014 were paid at the requested increased rates, and if the revenue received for unclaimed vehicles as scrap were decreased by $3,700 to adjust for the lower 2015 scrap rates, its operating revenues would increase from $223,172.50 to $261,166.00.

Meanwhile, Petitioner's expenses have increased since 2014 and Mr. Said anticipates increasing his pay to the tow truck operators, as well as a one-time expense to post signage of any new rates authorized. Rent for Petitioner's storage lot increased

from $1,350 a month in 2014 to $2,000 per month in 2015, which is an increase of $7,800 per year. Petitioner purchased a truck in 2015 to patrol contracted lots to ensure signage remains properly in place. The loan to purchase the truck is being repaid at $5,485.80 per year. Mr. Said also intends to increase the rates he pays the drivers who operate the tow trucks which Petitioner provides. He pays them $50 per tow but believes that $70 per tow would be more competitive with other relocators which have already been granted the proposed rate increases. Using the 2014 number of 1,196 tows, and increasing the expense for each tow by $20, produces an annual increase of $23,920 in expenses. Thus, Petitioner claims an actual and projected increase in annual expenses totaling $37,205.80. Additionally, Petitioner anticipates a one time additional expense of $2,375 to purchase and install stickers to post any newly authorized rates. Petitioner agrees that for purposes of determining the need for a rate increase, this expense should be amortized over two years, or $1,187.50 per year. Thus, Petitioner asserts its expenses should be considered to have increased by $37,205.80 plus $1,187.50, or $38,393.30 over its 2014 expenses of $222,297.00, for a projected expense total of $260,690.30.

Stated in terms of an operating ratio, Petitioner's projected relocation towing and storage operating ratio would be 99.8.

Mr. Said testified that Petitioner has implemented various measures to reduce its cost of operation and will continue to seek cost reductions. He arranged for a significant reduction in the telephone bill, reduced his energy costs, reduced fence maintenance costs by replacing portions of the fence. He is looking at installing LED lighting to further reduce his bill. Even with the proposed rate increases, Petitioner will have to seek further cost reductions in order to remain in business. The proposed rate increases will enable Petitioner to expand its operations so as to spread fixed costs over a larger volume of relocated vehicles and storage days.

STAFF'S POSITION

Staff stated that it did not object to the proposed rate increases.

COMMISSION ANALYSIS AND CONCLUSIONS

Petitioner's profit margins, actual increased expenses, and projected increases necessary to remain competitive show that even with the requested rate increases Petitioner will be operating at a minimal margin. The requested increases are reasonable, fall within currently authorized maximum rates, and should be approved.

FINDINGS AND ORDERING PARAGRAPHS

The Commission, after reviewing the entire record and being advised of the premises, is of the opinion and finds that:

1. The Commission has jurisdiction of the subject matter and the Parties;

2. The recitals of fact set forth in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as Findings of Fact;

3. The record evidence in this proceeding establishes that the existing rates of $170.00 per tow and $40.00 per day for storage for light duty vehicles are not sufficient to allow Petitioner to operate at a reasonable profit or to avoid a loss; it is fair and reasonable to increase the Relocation Towing Rate paid by light duty vehicles which trespass on private property to $216.00 per relocation tow and $45.00 per day for storage; and

4. The Petitioner's request comports with Chapter 625 ILCS 5/18a-200(6) in that the increased rates of $216.00 per light duty tow and $45.00 per day for storage of light duty vehicles do not exceed the mean average of the 5 highest rates for police tows within the territory, which was established as $238.20 per tow in RTV-A-54 and $45.00 per day of storage in consolidated docket RTV-A-42 / RTV-A-43.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that, pursuant to Section 200(6) of the ICRTVL, 625 ILCS 5/18a-200(6), upon entry of this Order, the reasonable rate for the removal of trespassing vehicles from private property by the Petitioner herein be increased from $170.00 per light duty relocation tow to $216.00 per light duty relocation tow.

IT IS FURTHER OREDERED that, upon entry of this Order, the reasonable rate for the storage of light duty vehicles relocated by Petitioner be increased from $40.00/day to $45.00/day.

IT IS FURTHER ORDERED in accordance with Section 103 of the ICRTVL, 625 ILCS 5/18a-103, that this is a final Order subject to the Administrative Review Law.

By Order of the Commission this 7th day of June 2016.

[redacted]

BRIEN SHEAHAN
CHAIRMAN

JUDGE

SECTION CHIEF

ORDERS SUPERVISOR