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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS DIVISION OF PUBLIC UTILITIES AND CARRIERS 89 JEFFERSON BOULEVARD

WARWICK, RHODE ISLAND 02888

IN RE: Petition for Declaratory Judgment

from Daniel P. Moriarty

Docket No. 02-MC 193

RULING ON PETITION FOR DECLARATORY JUDGMENT

On December 11, 2002 the Rhode Island Division of Public Utilities and Carriers ("Division") received a petition filing from Mr. Daniel P. Moriarty ("the Petitioner"), 312 Connell Highway, Newport, Rhode Island 02840, seeking a "Declaratory Judgment regarding the interpretation of Rhode Island General Laws... §39-12.1-3(d), Rhode Island Division of Public Utilities and Carriers..., Motor Carrier Rules and Regulations, Rule #3 and #4, and P.U.C. [sic] Approved Tow Rates [Tariff". [1]]

In his petition, Mr. Moriarty identifies himself as a Rhode Island "certificated tower". He states that he is seeking an "interpretation of the aforementioned statute and P.U.C. [sic] Rules and Regulations, for the purpose of appropriately applying the mandates of said statute and rules and regulations, on police initiated tows". [2] Mr. Moriarty subsequently focused his request for an interpretation into a request for declaratory rulings on the following five specific questions:

1. Pursuant to R.I.G.L. §39-12.1-3(d) that in pertinent part states:

"No person in possession of a vehicle in which, in the opinion of the police officer in charge of the scene, needs to be removed to another location, shall be denied the

right to have any certificated tower of his choice attend to the removal;..."

On a police initiated tow does the requested certificated tower have the right and/or authority to sub-contract the request, and/or substitute the requested certificated tower pursuant to a contract with other tow entities?

- 2. In any instance can a non-certificated tower ["limited tower"] respond to a police initiated tow as a request pursuant to R.I.G.L. §39-12.1-3(d) or in place of a requested certificated [tower] if the non-certificated tower is acting as an independent contractor or substitute tower?
- 3. Is it permissible for a certificated tower or other entity to act as a broker (by subcontracting or otherwise substituting their services) for the purpose of providing tow services on police initiated tows when the requested tower or entity received the request pursuant to R.I.G.L. §39-12.1-3(d)?
- 4. When a certificated tower or other entity receives a police initiated tow resulting from a request pursuant to R.I.G.L. §39-12.1-3(d) then subcontracts or substitutes its services, is it permissible for the independent contractor or substituted tower to provide service at a non-approved P.U.C. rate and/or include a labor charge, environmental charge (speedy dry, etc....), and/or mileage charge or at a contracted rate?
- 5. Does a certificated tower or entity who maintains a contract with independent contractors and/or substitute towers have the right and/or authority to allow or request that the police contact the independent contractor or substitute tower directly without contacting the certificated tower that was requested pursuant to R.I.G.L. § 39-12.1-3(d)?

In response to Mr. Moriarty's petition, the Division scheduled and conducted a duly noticed public hearing on February 11, 2003. The hearing was conducted in the Division's hearing room, located at 89 Jefferson Boulevard in Warwick. The following counsel entered appearances at the hearing [3]:

For the Petitioner: Cort B. Chappell, Esquire

For AAA of Southern New England: Stephen T. Voccola, Esquire

For the Rhode Island Public Towing

Association, Inc.: Albert A. DiFiore, Esquire

For The Division's Advocacy Section:

Paul J. Roberti, Esquire Assistant Attorney General

As a preliminary matter, at the outset of the hearing AAA of Southern New England ("AAA") objected to, and moved to dismiss, the instant petition. As grounds for its objection and motion to dismiss, AAA argued that (1) the Petitioner operates as a limited liability company ("LLC") and is precluded as a member of that company from bringing an action that affects the LLC directly; (2) that because the Petitioner has filed suit against the town of Middletown regarding the same issues raised in the instant petition he is barred from pursuing similar relief before the Division; (3) that R.I.G.L. §39-12.1-3(d) applies to motorists and police departments and not towing companies; (4) that a previous letter issued by a Division Associate Administrator addressed this issue thereby negating the need for additional regulatory treatment; and (5) that federal law has preempted the Division's ability to consider the issues raised by the Petitioner. Due to the lack of notice regarding AAA's motion to dismiss, the Division permitted the other parties of record to respond to the motion through post-hearing legal briefs, infra. [5]

During the hearing, the Petitioner related that the focus of the instant petition was to find out whether it is appropriate for a certificated tower who is contacted by a local police department to perform a tow, at the specific behest of the motorist, to decline the tow and alternatively "broker" the tow work to another towing company? As a related issue, the Petitioner queries that in cases where towing work is brokered, which tower's tariff would then apply, the first tower contacted by the police department (the broker) or the tower who actually performs the tow? [6]

The Petitioner later identified AAA as the "broker" tower who he believes is violating the law. [7] The Petitioner maintains that AAA is receiving calls at the request of motorists, through the Middletown Police Department, and because of

insufficient tow trucks in the area, AAA has contracted with another towing company, Rhode Island Towing, to provide the towing services for AAA and its members. The Petitioner further stated that sometimes, when AAA trucks are busy for an extended period of time, AAA directs the Middletown Police Department to contact Rhode Island Towing directly when the motorist requests a AAA tow.

The Petitioner next discussed the differences between "consensual" and "non-consensual" towing in the context of how federal preemption law applies to the Division's authority to regulate towing services in Rhode Island. [10] The Petitioner contends that the distinction is crucial in this matter because if the tow is deemed "non-consensual", R.I.G.L. §39-12.1-3(d) mandates that AAA and/or Rhode Island Towing charge their respective Division authorized tariff rates for the towing services they provide to motorists when summoned to the scene by the Middletown Police Department.

The Petitioner argues that the towing work that AAA and Rhode Island Towing receive through the Middletown Police Department is predominantly of a "non-consensual" nature. The Petitioner bases this conclusion on his belief that a "non-consensual" tow takes place when the "cop says get it off the street". The Petitioner argues that it does not matter whether the police officer is offering the motorist a choice of tower or not. Instead, the Petitioner contends that the determining factor is whether the police officer will, or will not, for safety reasons, allow the motor vehicle to remain on the street.

The Petitioner explained that the matter is important to him because currently when the Middletown Police Department contacts AAA at the request of a motorist, or Rhode Island Towing as directed by AAA, his towing company is bypassed on the Middletown Police Department's official "tow list". The Petitioner states that if the Division agrees with his definition of a "non-consensual" tow, the Middletown Police Department would be compelled under R.I.G.L. §39-12.1-3(d) to

on that list. [13] Moreover, the Petitioner maintains that the "consensual" tow preemption contained in the federal law does not completely vitiate the Division's regulatory authority over certificated towers when performing "consensual" tows. The Petitioner asserts that the Division must still regulate the "competitive field".

Stipulated Facts

In order to facilitate the legal analysis required to rule on the matters in issue, the parties agreed to place several stipulated facts on the record. The stipulated facts that were placed on the record are as follows:

- ... AAA hires independently certificated Rhode Island towers, who are paid at a contract rate, to assist AAA in providing towing services to AAA's members.
- ... That a "membership agreement" exists between AAA and its members, which identifies, among other things, that members seeking towing services may receive towing services from independent towing companies.
- ... That a copy of the "generic" contract that exists between AAA and the independently certificated Rhode Island towers that provide towing services for AAA shall become part of the record. [15]
- ... That a copy of AAA's "member services manual", which provides details regarding the towing services that AAA members receive from AAA shall become part of the record. [16]
- ... That AAA is a Rhode Island certificated tower and owns and operates a fleet of tow trucks.
- ... That if a AAA member pays an independently certificated tower the fee authorized under the tower's authorized tariff, AAA reimburses the AAA member.

- ... That AAA has in the past directed the Middletown Police Department to forward AAA member requests for services directly to Rhode Island Towing, notwithstanding the nature of the services needed or requested (i.e., towing versus roadside assistance) or whether the services would be covered under the AAA/member agreement.
- ... That AAA has neither sought inclusion on, nor provided so-called "rotational" towing services in connection with, any police department "tow list". [17]

Legal Briefs

The parties were all invited to submit briefs on the various issues identified and discussed in this docket. The Petitioner, AAA and the Advocacy Section of the Division each submitted a legal brief in support of their respective positions. [18]

a. Petitioner's Position

The Petitioner did not respond to AAA's motion to dismiss in its brief. The Petitioner focused exclusively on arguments designed to persuade the Division that the AAA and Rhode Island Towing are providing non-consensual tows in Middletown in violation of State law. The arguments contained in the Petitioner's brief were consistent with the arguments made during the hearing.

b. AAA's Position

AAA maintains that federal law generally preempts the State's ability to regulate the price, route or service of towers. AAA contends that regulation by the Division is only permitted in limited cases involving "non-consensual" tows and/or "safety" concerns. Regarding the instant concerns raised by the Petitioner, AAA asserts that the tows being performed by AAA and its contract towing providers are "consensual" tows, which do not raise "safety" concerns, and are therefore not subject to the Division's jurisdiction. AAA, relying on the relevant federal law, argues that before a tow can be deemed "non-consensual" it must be "performed without the prior consent or authorization of the owner or operator of the

motor vehicle". [19] In contrast, AAA argues that its members are consenting to and authorizing the tows that the Petitioner is describing as non-consensual.

c. Advocacy Section's Position

The Advocacy Section rejects the arguments made by AAA, and maintains that any time a vehicle is immobilized on a public roadway its removal becomes a public safety matter as a matter of law. As such, the Advocacy Section argues that all related towing services thereafter fall entirely within the scope of the exception to the preemption contained in the federal law.

The Advocacy Section further maintains that when a police officer affords a vehicle operator the right to have an immobilized vehicle towed by a tower of choice, the permission in no way transforms the tow into a "consensual" tow. The Advocacy Section asserts that a tow can only be deemed "consensual" when the owner or operator of the vehicle initiates it. Because police officers are initiating the tows in issue, the Advocacy Section declares them non-consensual and subject to the Division's rate authority.

In its conclusion, the Advocacy Section agrees with the Petitioner, and argues that only certificated towers can perform police initiated tows, and after performing such tows, the tower must charge a rate that has been previously approved by the Division. The Advocacy Section further concludes that in cases where the towing work has been brokered to another certificated tower, the approved rates of the initially requested tower must apply.

Declaratory Judgment Rulings

Preliminarily, the Division has considered AAA's motion to dismiss the instant petition and finds that despite its cursory argument at the outset of the hearing conducted on February 11, 2003, AAA has offered insufficient legal argument to support this motion. Therefore, the Division must deny AAA's motion.

In reviewing the relevant facts and the merits of the parties' respective positions, the Division has reached findings on each of the Petitioner's "declaratory judgment" questions. The Petitioner's questions, and the Division's findings thereon are reflected below:

1. On a police initiated tow does the requested certificated tower have the right and/or authority to sub-contract the request, and/or substitute the requested certificated tower pursuant to a contract with other tow entities?

As the Petitioner's concerns are exclusively to do with AAA and Rhode Island Towing, the Division will address the question in that context. First, however, it is crucial to distinguish a demarcation point between the definitions of "consensual" and "non-consensual" tows. Regarding the respective definitions, the Division finds that the federal law is unambiguous and controlling. Before a tow may be deemed "non-consensual" it must be "performed without the prior consent or authorization of the owner or operator of the motor vehicle". Based upon this clear language, the Division finds that not all "police initiated tows" must be non-consensual by definition. A police initiated tow becomes a non-consensual tow when a police officer determines that "safety" considerations dictate the immediate extrication of a motor vehicle. In such cases, the police officer has the authority to effectuate the tow without the "consent or authorization" of the operator. [21] Similarly, a police initiated tow becomes a non-consensual tow when the operator of the vehicle is incapacitated (e.g. from a collision) or arrested by the police officer. Again, in such cases, the police officer may effectuate the tow without the "consent or authorization" of the operator. [22]

However, there are also situations in which the vehicle operator is not incapacitated or being arrested and where the police officer may conclude that the disabled motor vehicle does not pose a serious "safety" concern. For example, the

disabled vehicle is off the road pavement, on the shoulder, on a roadway with very little traffic. In this situation the police officer may stop to simply render assistance. In rendering assistance, the police officer might do nothing more than confirm that the vehicle operator has his or her own cellular telephone to contact their tower of choice. Or in the event the vehicle operator does not have a cellular telephone, the police officer may agree to contact the police department dispatcher and ask the dispatcher to place the call on the operator's behalf. In this latter scenario, the Division would consider the tow to be "consensual" in nature despite the presence and involvement of a police officer.

In reaching this conclusion, the Division also relied upon the provisions of the specific Rhode Island law in issue, which is not inconsistent with the federal law. Rhode Island General Laws, Section 39-12.1-3 contains provisions that afford the vehicle owner "the right to have any certificated tower of his or her choice attend to the removal" so long as "allowing the choice of...tower does not cause a continuation of traffic congestion or a hazardous condition on the highway..." In short, the State law also recognizes that when "safety" concerns are not a factor, the police officer at the scene should allow the vehicle operator, if a desire is expressed, to select their own towing company, including a motor club like AAA.

In addressing the Petitioner's first question, the Division finds that the issue of whether a certificated tower may "sub-contract" or "broker" the tow once it is contacted by the police department is irrelevant in cases of "consensual" tows requested by AAA members. The record supports a conclusion that the Middletown Police Department is only allowing AAA members to request a AAA-tow when the police officer at the scene has concluded that "safety" is not a concern. Under these circumstances, the Middletown Police Department is clearly adhering to the spirit and letter of R.I.G.L. §39-12.1-3(d) by affording the vehicle operator the opportunity to select his or her tower of choice. As "consent" and "authorization" by the vehicle operator is manifest, the Division finds that the AAA tows in issue

must be characterized as "consensual" tows, which under federal preemption prohibitions is beyond the regulatory rate authority of the Division. [24]

The "subcontracting" or "brokering" issue never becomes germane because the Division has no authority over the private membership agreement that exists between AAA and its members. Moreover, the record contains no evidence that there exists any "subcontracting" or "brokering" issues outside the scope of the AAA-related facts discussed herein.

The Division must emphasize that all towing services provided by the AAA to its members, with tow trucks owned and operated by the AAA, are completely exempted from Division oversight under Rhode Island law. Indeed, albeit the AAA possesses a Division issued certificate of public convenience and necessity ("CPCN"), AAA does not require this CPCN to tow for its members. Therefore, to be technically accurate, the towing services that AAA provides with its own tow trucks are neither "non-consensual" nor "consensual" in terms of the relevant federal law, nor are they performed under the authority conferred through the AAA's CPCN. These towing services are

"unregulated" and performed pursuant to a private contract. In contrast, if and when the AAA contracts for independent towing services for its members, the independent contractors who provide those towing services are subject to Division regulatory oversight and must possess their own CPCN. Accordingly, when the Petitioner seeks a ruling on whether a "certificated tower" has "the right and/or authority to sub-contract" the towing service to another tower, the Division must find that the question does not apply to the instant AAA fact pattern. When a police officer renders assistance and contacts the AAA at the behest of a AAA member, the police officer is not contacting a "certificated tower" within the framework of the question.

In conclusion, when a AAA member is permitted by the police officer at the scene to utilize their AAA membership for towing services, that tow is not "nonconsensual", rather it is "private", and therefore not subject to Division rate regulation. It is not important whether the vehicle operator or the police officer (or police department) actually contacts AAA. If AAA then responds to the scene in their own truck, that service is wholly unregulated by the Division. AAA does not need a CPCN to perform these towing services. If, alternatively, AAA sends a subcontractor to perform the tow work, that subcontractor does need a CPCN, but is performing a "consensual" towing service for a AAA member through AAA, which tow is therefore not subject to Division rate regulation. Most significant, however, is that the AAA towing services in question are initiated through an unregulated private contractual relationship, and therefore the "subcontracting" or "brokering" aspect is irrelevant from a Division regulatory perspective.

2. In any instance can a non-certificated tower ["limited tower"] respond to a police initiated tow as a request pursuant to R.I.G.L. §39-12.1-3(d) or in place of a requested certificated [tower] if the non-certificated tower is acting as an independent contractor or substitute tower?

As discussed above, AAA does not need its CPCN to perform towing services for its members when it utilizes its own trucks. This regulatory exemption has its basis in Rhode Island General Laws, Section 39-12-3, which in pertinent part provides as follows:

There shall be exempted from the provisions of this chapter: ...Motor vehicles owned and operated by a co-operative group and used exclusively for the transportation of the property of the co-operative group or its members.

Therefore, when motor clubs like AAA use their own trucks to perform towing services for their members, they may legally perform "non-certificated" tows. Consequently, in cases where a police officer has determined that "safety" is not a

concern, and has allowed a AAA member to contact AAA for a tow (and AAA sends one of its trucks), yes, it would be appropriate for a "non-certificated tower...to respond to a police initiated tow as a request pursuant to R.I.G.L. §39-12.1-3(d)".

However, in all other cases, only certificated towers may perform towing services pursuant to R.I.G.L. §39-12.1-3(d). This is true irrespective of whether the tower received the initial call or received the work under a private subcontracting or agency arrangement. In short, unless a cooperative group is using its own tow trucks under the R.I.G.L. §39-12-3 exemption, <u>supra</u>, towers must possess a Division issued CPCN to respond to a police initiated tow.

3. Is it permissible for a certificated tower or other entity to act as a broker (by subcontracting or otherwise substituting their services) for the purpose of providing tow services on police initiated tows when the requested tower or entity received the request pursuant to R.I.G.L. §39-12.1-3(d)?

The Division finds this question indistinguishable from "Question 1", above. Please see the Division's findings and ruling on Question 1.

4. When a certificated tower or other entity receives a police initiated tow resulting from a request pursuant to R.I.G.L. §39-12.1-3(d) then subcontracts or substitutes its services, is it permissible for the independent contractor or substituted tower to provide service at a non-approved P.U.C. rate and/or include a labor charge, environmental charge (speedy dry, etc....), and/or mileage charge or at a contracted rate?

As observed above, the Division finds no evidence on the record that would warrant the Division considering the Petitioner's questions beyond a review of the AAA's relationship with Rhode Island Towing. Further, as indicated above, the Division has found that when the Middletown Police Department contacts AAA on behalf of a AAA member, AAA is not responding to the request for a tow as a "certificated tower". Therefore, there is no factual basis to support the Petitioner's request for a ruling on this issue. The Division is not required to provide declaratory rulings on purely hypothetical questions. [27]

Notwithstanding the lack of a factual basis for this requested ruling, the Division will reiterate that the relationship that exists between AAA and its independent "certificated" contract towers is a "consensual" relationship, which is beyond the rate regulation purview of the Division. Consequently, the remuneration that these certificated towers receive from AAA, under their individual contractual agreements, need not correspond to the Division-approved tariff rates of these certificated towers for "non-consensual" towing services.

5. Does a certificated tower or entity who maintains a contract with independent contractors and/or substitute towers have the right and/or authority to allow or request that the police contact the independent contractor or substitute tower directly without contacting the certificated tower that was requested pursuant to R.I.G.L. §39-12.1-3(d)?

Again, as noted above, the Division finds no evidence on the record that would warrant the Division considering the Petitioner's questions beyond a review of AAA's relationship with Rhode Island Towing. Also, as indicated above, the Division has found that when the Middletown Police Department contacts AAA on behalf of a AAA member, AAA is not responding to the request for a tow as a "certificated tower". Therefore, as with question "4" above, there is no factual basis to support the Petitioner's request for a ruling on this issue.

Notwithstanding the lack of a factual basis for this requested ruling, the Division finds that calls to AAA, or Rhode Island Towing directly, from the Middletown Police Department, are made only after a determination is made by the police officer at the scene that "safety" considerations do not justify compelling the motorist to submit to a "non-consensual" tow. These actions are not only laudable but also required under R.I.G.L. §39-12.1-3(d). The fact that the Middletown Police Department is contacting AAA or Rhode Island Towing (at the AAA's direction) for the vehicle operator simply suggests good public relations. The Division believes that the Middletown Police Department, in the absence of any "safety" concerns at

the scene, should not be discouraged from placing such a courtesy call on the motorist's behalf.

Conclusion

The Division has responded to the Petitioner's request for declaratory rulings on five specific issues. Collectively, the Division cannot agree with the Petitioner's and the Advocacy Section's contention that the mere presence of a police officer at the scene of a disabled motor vehicle categorically renders all towing services "nonconsensual" as a matter of law. Indeed, this contention is grossly inconsistent with both the relevant federal law (U.S.C. §14501(c)(2)(A) and (C)); and the relevant State law (R.I.G.L. §39-12.1-3(d)).

Moreover, the Division cannot agree with the Petitioner's and the Advocacy Section's contention that only "certificated" towers can respond to police initiated tows under R.I.G.L. §39-12.1-3(d). If a police officer contacts AAA as a courtesy to a AAA-member motorist, and AAA responds in a tow truck that it owns, that tow is unregulated, uncertificated and completely legal pursuant to R.I.G.L. §39-12-3.

The Division finds that only the police officer at the scene is qualified and empowered to judge whether a motorist ought to be compelled to submit to a <u>defacto</u> "non-consensual" tow. In cases where "allowing the choice of...tower does not cause a continuation of traffic congestion or a hazardous condition on the highway..." Rhode Island law mandates that the police officer afford the motorist a choice of towers. Significantly, the police officer, not the motorist, not the tower, and not the Division, must make this decision.

Accordingly, it is

(**17450**): ORDERED:

That the Division hereby adopts the findings and rulings contained herein as its response to the Mr. Daniel P. Moriarty's December 11, 2002 Petition for Declaratory Judgment.

Dated and Effective at Warwick, Rhode Island on May 14, 2003.

John Spirito, Jr., Esq. Hearing Officer

Thomas F. Ahern Administrator

Petitioner's Exhibit. 1, p. 1.

In 1994 and 1995 Congress enacted the "Federal Aviation Administration Act" and the "ICC Termination Act", respectively, wherein it prohibited the states from enacting or enforcing "a law, regulation, or other provision having the force and effect of law related to the price, route, or service of any motor carrier...or...broker...with respect to the transportation of property" (See 49 U.S.C. §14501 (c)). Congress, however, also decided that the aforementioned prohibitions "...shall not restrict the safety regulatory authority of a State with respect to motor vehicles...responsibility relating to insurance requirements..." [and further] "...does not apply to the authority of a State...to enact or enforce a law, regulation, or other provision relating to the price of for-hire motor vehicle transportation by a tow truck, if such transportation is performed without the prior consent or authorization of the owner or operator of the motor vehicle" (See 49 U.S.C. §14501(c)(2)(A) and (C). The "consensual" versus "non-consensual" discussion in the instant docket has its roots in the exception noted above. Specifically, the Division must determine if the towing in issue "...is performed without the prior consent or authorization of the owner or operator of the motor vehicle".

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[11] Tr. 31.
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^[2] Id.

^[3] All the interventions in this docket were approved by the hearing officer pursuant to Rule 17(a) and (e) of the Division's Rules of Practice and Procedure.

^[4] Tr. 3-10; and AAA's "Memorandum of Law in Opposition to Petitioner's Request for Declaratory Relief".

^[5] Tr. 10-11.

^[6] Tr.12-15.

^[7] Tr. 24.

^[8] Tr. 24-25.

^[9] Tr. 26-29.

^[12] Tr. 42-44.

^[13] Tr. 31-34.

^[14] Tr. 42.

^[15] AAA Exhibit 1.

^[16] AAA Exhibit 2

^[17] Tr. 70-78 and 89-90.

The Petitioner submitted his legal memorandum on or about March 12, 2003. The Advocacy Section submitted its memorandum on April 2, 2003. AAA submitted an initial memorandum on or

about February 24, 2002, a reply memorandum to the Petitioner's memorandum on March 27, 2003, and a reply memorandum to the Advocacy Section's memorandum on April 10, 2003.

- [19] Relying on U.S.C. §14501(c)(2)(C) and related case law.
- [20] 49 U.S.C. §14501(c)(2)(C).
- [21] R.I.G.L. §§24-8-42 and 39-12.1-3.
- [22] <u>Id</u>.
- [23] R.I.G.L. §39-12.1-3 (d).
- [24] See footnote 10.
- [25] R.I.G.L. §39-12-3(3).
- [26] The AAA's CPCN authorizes it to perform towing services for non-AAA members, authority which the record suggests that the AAA has historically not utilized.
- [27] See Providence Teachers Union v. Napolitano, 690 A 2d. 855 (1997).

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