

 **NORTHWEST LODGING** INC.

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December 5, 1990

Sharon L. Nelson, Chairman
Washington State Utilities and Transportation Commission
1300 South Evergreen Park Dr. S.W.
Olympia, WA 98504

Re: Docket Number UT-900726

Dear Ms. Nelson:

I am writing on behalf of three motels and motor inns which are managed by Northwest Lodging, Inc.-- the Governor House Hotel, Olympia; the Regency Hotel, Seattle; the Bellingham Pony Soldier Motor Inn, Bellingham-- to protest the proposed regulation of motel telephone systems.

The properties we manage are relatively small and are geared to travelers on a budget. We do a very large amount of business with employees of state agencies (especially at our Olympia property) and are already suffering from the extraordinarily low state employee per diem.

Telephone revenues are an essential part of the revenue stream which allows us to serve state employees and also have sufficient funds left over to pay our employees, suppliers and lenders. These rates are established by our motels in response to local competitive conditions and are an integral part of the "product mix". (Indeed some of our competitors offer telephone service "free" in exchange, of course, for higher basic room rates.)

Also, opportunities for our guests to bypass any charges from our telephone system are readily available, usually in our lobby.

For these reasons, we believe the proposed rules are unnecessary, intrude into a competitive marketplace, and punish motels such as ours which are making an effort to serve state employees and other economy-minded customers.

If we can provide additional information to clarify our views, please do not hesitate to contact me.

Sincerely,



Daniel G. Sadler
Executive Vice President

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CHAIRMAN WUTC

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