

[Service Date January 10, 2011]

January 10, 2011

NOTICE OF WORKSHOP
(Set for Thursday, January 20, 2011, at 9:30 a.m.)

RE: Fuel Surcharge Inquiry
Docket T-101661

TO INTERESTED PERSONS:

On October 15, 2010, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Pre-proposal Statement of Inquiry (CR-101) to initiate a rulemaking to consider whether to adopt, by rule, methods for determining the circumstances under which it will permit solid waste, auto transportation and ferry companies to impose a surcharge for fuel costs and the methods of calculating any such fuel surcharge in WAC 480-07, WAC 480-30, WAC 480-51 and WAC 480-70.

The Commission held a stakeholder workshop on December 7, 2010.

STAKEHOLDER WORKSHOP

The Commission will convene a second workshop on **Thursday, January 20, 2011**, beginning at 9:30 a.m., in Room 206, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. If you cannot attend the workshop, you can arrange to dial into the Commission's conference bridge at (360) 664-3846.

Staff provides the following information to focus the discussion at the January 20, 2011, stakeholder workshop. All three commissioners will be present at the workshop. You can view all documents filed in this rulemaking docket (T-101661) at:

<http://utc.wa.gov/rms2.nsf/frm2005VwDSWeb!OpenForm&vw2005L1DktSh=101661-Documents&NAV999999>

The rulemaking inquiry in Docket T-101661 was initiated to consider:

- Whether to adopt, by rule, methods for determining the circumstances under which it will permit solid waste, auto transportation and ferry companies to impose a surcharge for fuel costs, and
- The methods of calculating any such fuel surcharge.

In reference to the second bullet above, the commission has received just one proposed methodology since the first workshop held on December 7th. SeaTac Shuttle, LLC submitted a proposal on December 19, 2010, which can be viewed at the following link:

<http://utc.wa.gov/rms2.nsf/vw2005OpenDocket/04EF3A08F8D6066C88257800005CF7BB>

Some stakeholders stated at the first workshop that the current fuel surcharge method should remain in place with certain modifications. The commission has received no written proposals that identify those modifications and describe the resulting methodology. Any stakeholders who want the commission to consider this, or any other proposals, should provide written comments detailing those proposals as soon as possible.

In addition, Staff requests stakeholder comments on the following proposed method identified at the December 7, 2010, workshop.

Fuel as a separate component to rates, fares, and charges. - Each rate, fare and charge published in the company's tariff would have two components; a "fuel" component and an "all-other" component. Fuel costs would be tracked over a period of time (e.g. six or twelve months) and "trued-up" using a deferred accounting mechanism. The fuel component would increase and decrease with the cost of fuel. The fuel expense would not be included in calculating a company's revenue requirement under the operating ratio methodology, used in the auto transportation and commercial ferry industries, or the Lurito-Gallagher methodology, used in the solid waste industry. This methodology would guarantee the company will recover all of its fuel expense in exchange for the company's opportunity to earn a return / profit on the guaranteed fuel expense.

JANUARY 20, 2011, OPEN MEETING

At the conclusion of the stakeholder meeting, the commission will reconvene the January 13, 2011, open meeting, recessed to this date, to consider requests to continue the current fuel surcharge methodologies in effect for auto transportation, commercial ferries, household goods, and solid waste collection companies.

Questions may be addressed to David Gomez at (360) 664-1240 or e-mail at dgomez@utc.wa.gov.

Sincerely,

DAVID W. DANNER
Executive Director and Secretary