Gentlemen:

Both myself and Mike Lauver send individual emails to you requesting additional information as to how you plan to implement your proposed "change" and to date we have not received even a courtesy reply that you are working on it.  This is totally un-acceptable.  All you sent us was this "canned" reply that states the obvious.  We specifically want to know if the UTC is simply terminating Order 2 and going back to the way we used to file fuel surcharges, namely thru the open meeting process.  If this is NOT the case then advise us in specific detail how we are supposed to file surcharges under the term "petition" process.

Finally, surcharges are NOT "rates" and this has been previously determined, therefore you cannot treat a request for a fuel surcharge like a rate request.  I urge you both to coordinate a reply that responds to our questions.

The meeting is next Thursday and we need sufficient time to make our response, otherwise this process is just not fair or reasonable either.  Thank you.

John Solin

On Fri, Sep 17, 2010 at 4:07 PM, Kouchi, Roger (UTC) <RKouchi@utc.wa.gov> wrote:

John Solin - Thank you for contacting the Washington Utilities and Transportation Commission (UTC) regarding the proposed fuel surcharge process changes requested by commission staff. Your name has been added to the UTC’s interested persons list and your comments are part of the record. This letter explains the commission’s process and notifies you of the next opportunity to provide public comment.

In the past (i.e., prior to 2005) fuel costs are typically considered a “cost of doing business” and as such fuel surcharges were made through the petition process or a general rate case. However, because fuel prices were extremely volatile and increased significantly from 2003 through 2005, the commission approved an expedited process authorizing the Secretary to approve fuel surcharge tariffs on less than statutory notice.

The situation has changed. For more than twelve months, fuel prices, while still varying, are not fluctuating as widely as they were in 2003 through 2005. Therefore, commission staff is considering a change to the current expedited fuel surcharge process. Any fuel surcharges requested prior to November 30 would be allowed under the current expedited process.

The expedited fuel surcharge process was only intended to be a temporary measure to address the situation of rapidly rising fuel costs. The situation has changed and fuel prices appear to have leveled off. As such, companies need to budget for the cost of fuel as a normal cost of doing business.

Here is a link to the [background documentation](http://www.wutc.wa.gov/rms2.nsf/frm2005VwDSWeb%21OpenForm%26vw2005L1DktSh%3D042090-Documents%26NAV999999) of the fuel surcharge expedited process. Of particular note would be the 04/27/2005 Open Meeting Memo and the 05/03/2005 Final Order.

State law requires rates to be fair and reasonable for customers, yet, high enough to allow the company a chance to recover reasonable operating expenses and earn a reasonable return on investment. The commission can set service standards and can take action against a company that fails to meet those standards. However, it cannot deny rates that are needed to cover company costs. Rates are based on each company’s specific needs. Rates for one company may be higher or lower than rates for another company.

What are the steps of a rate proposal?

         Company files a rate proposal and necessary financial information with the UTC.

         Company notifies customers of the pending proposal and how it may affect them.

         Commission staff reviews the company’s financial information, making adjustments for expenses that are too high, for one-time expenditures and for expenses that may not be charged to customers (such as political donations). Staff will recommend that the commission allow the increase requested; change it, or suspend the increase and set the matter for a formal hearing (not to exceed ten months).

         Commission makes a decision regarding the request for a rate increase.

This matter will be heard by the commissioners at the next open meeting scheduled for September 30 at 9:30 a.m. If you would like to comment on this filing again or have questions about the commission’s process, please use the contact information below. You may also comment through the “Public Comment” feature at the commission’s Web site at [www.utc.wa.gov](http://www.utc.wa.gov).

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive S.W.

P.O. Box 47250

Olympia, WA 98504-7250

E-mail: comments@utc.wa.gov

Telephone: 1-888-333-WUTC (9882)

I hope this information is helpful to you.  Please feel free to contact me if you have any questions. I can be reached at 1-888-333-9882. Thank you for contacting the commission with your comments about this proceeding.

Sincerely,

Roger Kouchi

Public Involvement Coordinator

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*Stay connected,  UTC Connections!*

**From:** Ward, Christian (UTC)
**Sent:** Tuesday, September 14, 2010 3:33 PM
**To:** Kouchi, Roger (UTC)
**Cc:** 'john@jsolin.com'
**Subject:** FW: Courtesy notice re: fuel surcharge process

**From:** john@jsolin.com [mailto:john@jsolin.com] **On Behalf Of** John Solin
**Sent:** Tuesday, September 14, 2010 3:12 PM
**To:** Ward, Christian (UTC)
**Cc:** Dick Asche; John Rowley; Jim Fricke
**Subject:** Re: Courtesy notice re: fuel surcharge process

Please send me ALL the documents that pertain to the "Petition" process that the  UTC will use to determine if a fuel surcharge is just, fair, reasonable, and sufficient .

Are you implying that we will be denied a fuel surcharge just because prices are stable?  They are still over 50% HIGHER than when we had our last rate increase in 2005.  Please send the info ASAP so I can review the process prior to our next filing. Thank you.

John Solin

On Tue, Sep 14, 2010 at 2:42 PM, Ward, Christian (UTC) <CWard@utc.wa.gov> wrote:

This email is to give to advance notice of a matter under consideration by the Utilities and Transportation Commission (Commission) which may have an effect on your business planning.

In April of 2005, under Docket No. A-042090, the Commission adopted a process for expediting petitions for fuel surcharges.  One of the reasons for establishing the process was in response to the wide fluctuations in the price of fuel in the prior months.

For more than the last twelve months, fuel prices, while still varying, are not fluctuating as widely as they were in 2003 through 2005.  The fuel surcharge process, established more than five years ago, served its purpose at the time it was needed.  At the September 30, 2010, Open Meeting, the Commission will consider rescinding the order allowing the expedited process.  The effective date of the proposed rescission will be November 30.  Any fuel surcharges requested prior to that date would be allowed under the current expedited process.

After November 30, 2010, requests for a fuel surcharge would be made through the petition process or a general rate case.  In either event, the company would be required to show that the proposed rates are just, fair, reasonable, and sufficient.

If you wish to submit comments for consideration, please contact Roger Kouchi at 360-664-1101 or RKouchi@utc.wa.gov

This email states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

Christian Ward

Regulatory Analyst

WA Utilities and Transportation Commission

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cward@utc.wa.gov