

Comments by on behalf of:
Torre Refuse & Recycling, LLC (G-260)
Ada-Lin Waste Systems, Inc. (G-104)
Sunshine Disposal, Inc. (G-199)

Regarding Docket A-042090.

The availability of an expedited fuel surcharge is an important tool that should remain available to solid waste haulers in the State of Washington.

There has been a period of relative stability in fuel prices that has led to fewer surcharges. However, no one can predict the future. Should fuel prices rapidly spike again haulers will seek relief from the Commission and the model that has been in place for the past 5 years has helped many companies cope on a temporary basis with unpredictable and volatile economic circumstances.

It is important to note that all transportation companies must demonstrate a need above 1% annual revenues in order to submit for a fuel surcharge. This threshold provides an avenue for fuel relief but also gives haulers an incentive to submit for a general filing in order to fully cover their costs in rates. Once haulers complete a general rate filing the baseline for fuel cost in rates is adjusted which mitigates the future need for a surcharge. In other words, the system has functioned very well as designed. However, even with baselines temporarily adjusted for many companies, it is future and unknowable volatility that is a threat to the haulers.

If surcharges are not available, the only recourse for rapid escalation in costs is to submit a general rate filing, which would embed potentially short-term costs in permanent rates.

If staff is concerned that some companies have used surcharges for an extended period of time without submitting a general rate case, nothing in the current process prevents staff from requesting further information from those companies. Most companies have used the process in a responsible manner to gain temporary relief only when it is most crucial, meanwhile absorbing the increases that aren't over the 1% revenue threshold.

Rural haulers such as us are much more vulnerable to a rapid increase in fuel prices. Ada-Lin Waste Systems recently submitted a pro forma which reflects fuel at 10.5% of revenue, much higher than the 7 – 9% outlined in staff's memo. A 'blanket' approach to the state transportation companies is detrimental to those companies which are the most committed to bringing environmentally sound and affordable solid waste service to more remote communities who otherwise wouldn't have this option.

Staff's memorandum stated that affected companies were notified about this potential change on September 14. Our companies were not notified, perhaps because we have not submitted a recent fuel surcharge update. However, we believe all transportation companies are affected because the availability of temporary fuel relief is an important safety net in our financial stability.

We respectfully request that the Commissioners take no action on staff's recommendation and allow the fuel surcharge system that has served the public interest very well to continue.

Submitted by

John Lloyd
Chief Financial Officer
Sunshine Disposal & Recycling