

Lake Chelan Recreation, Inc.
dba Lake Chelan Boat Company
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April 7, 2011

Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Re: Docket TC-101661

Commenting Party's name:

Lake Chelan Recreation, Inc. dba Lake Chelan Boat Company, Jack Raines, President

Title: Future Fuel Surcharge Methodology for Lake Chelan

Dear Executive Director and Secretary,

Cindy Engstrom and I have been working closely with WUTC staff member Chris Mickelson on a revised process for determining fuel surcharges on our passenger fares. To this point, we feel that what he is proposing as a true-up process would work to ensure that the passenger is only paying for the fuel expense above our rate case fuel expense, during the times we request a fuel surcharge.

We are requesting permission to continue to work with Mr. Mickelson on this process to assure it works as it appears, before the order for our company is finalized. We wish to test this process by inputting true numbers from a past year to solidify the opinion that this would work for the public and for the company.

We wish to go on record with an objection to his proposal and to the Docket T-101661 that suggests and recommends that “the company should not earn any profit on fuel expenses and the commission should remove fuel expense from the calculation of the company’s revenue requirement as follows: Net Operating Expense – Fuel Expense divided by .93”.

We object to having an estimated \$18,614 profit taken from us (based on rate case fuel expense) in order to enter into a process to recover the additional cost of fuel over our rate case. We do have the risk of our fuel expense being more than what is stated in our rate case, because we do not always submit for a fuel surcharge when fuel spikes. This year would be an example of that. We did not ask for a fuel surcharge during January, February or March. That will cause our year end fuel costs to be higher than our rate case. Using this as an example, our financial status would be worse because we had an

increase in fuel costs not covered by a fuel surcharge and we would lose the profit we are currently allowed on the entire fuel cost including the additional expense over our rate case. We respectfully request this recommendation be rescinded.

We believe that the fuel surcharge income should be subtracted from the total fuel expense for the year, and the remaining fuel expense should be part of the net operating expenses that the company's allowed profit margin is calculated on. The fuel surcharge that is collected from the passenger is always recorded in our books as a separate revenue line item and kept separate from the ticket sales income. We view it as a reimbursement of additional fuel costs during times of high fuel prices that we hope will end, as it has proven to do in the past. If it does not, we would submit a request for changes to our rates.

We believe in the intent of the process and that the procedure should be as exact as possible to protect both the passenger and the company. When we have wild swings in fuel prices it is challenging. Our last fuel surcharge was in October of 2008 (until this month). During that time the fuel prices increased substantially and then fell, thus proving that this process works well. It kept us from submitting a request for higher rates during those years. This will be the 5th year of operating with no increase in passenger rates, although we did do a formal rate case in 2009 with no change to rates. It is our goal to keep rates affordable so passenger counts do not drop more and with hopes of them increasing.

Please accept this as our comments and requests in regard to Docket TC-101661.

Thank you for your time and consideration.

Sincerely,

Jack Raines

President

Lake Chelan Recreation, Inc.