

Agenda Date: April 14, 2011  
Item Numbers: C1 & C2

**Dockets: A-042090 and T-101661**

### **Recommendations**

Staff recommends the commission take the following actions:

1. In Docket A-042090: Delegation of Authority to Executive Secretary of the Commission. Issue an order denying SeaTac Shuttle's petition to reinstate Order 02, thereby allowing Order 04 to remain in effect rescinding Order 02 effective May 2, 2011.
2. In Docket T-101661: Rulemaking. Close the rulemaking.

### **Summary of Effects, by Industry**

The following is a summary of staff recommendations for each industry. No action is required at this open meeting to implement the recommendations, although the recommendations, if adopted, would require the commission to issue orders in the future.

#### **Commercial Ferries**

1. Eliminate the current fuel surcharge methodology for commercial ferry companies effective May 2, 2011, as scheduled.
2. Allow, but do not require, all commercial ferry companies, except Lake Chelan, to use a revised fuel surcharge methodology as discussed in the commission's March 25, 2011, Notice. Require each company choosing to file for a surcharge to demonstrate that there have not been significant changes in its operations or costs that might otherwise offset the need for additional revenue, and implement a surcharge methodology for each company by separate order that would require the company to provide credits in the event that fuel prices decrease below what is embedded in rates.
3. Allow, but do not require, commercial ferry companies to implement deferred accounting for fuel expense. For each company choosing to implement deferred accounting, establish the deferred accounting by separate order.
4. Any company can file a proposed rate change using any other methodology. Those filings must comply with the commission's rules and regulations, and must demonstrate the company requires additional revenue.

#### **Solid Waste Collection Companies**

1. Eliminate the current fuel surcharge methodology for solid waste companies effective May 2, 2011, as scheduled.
2. Allow, but do not require, solid waste companies to implement deferred accounting for fuel expense. Staff proposes a methodology in the commission's March 18, 2011, Notice, and further recommends the commission phase in deferred accounting. However, the temporary fuel surcharge methodology recommended in (4) below will expire with the effective date of each company's scheduled deferred accounting phase in effective date.

3. Establish deferred accounting for fuel expense by separate order for each company, similar to what the commission has done for recyclable materials commodity credits and revenue sharing.
4. Allow solid waste companies to continue using a revised fuel surcharge methodology, as explained in the commission's March 18, 2011, Notice on a temporary basis, to expire on the staff's recommended scheduled effective date for the company to implement deferred accounting. No commission order is required to implement this methodology.
5. Any company can file a proposed rate change using any other methodology. Those filings must comply with the commission's rules and regulations. Staff believes that WAC 480-07-505(1)(d) defines any such filings as a general rate case and those filings must comply with WAC 480-07-520, filing requirements, and demonstrate that the company requires additional revenue.

#### Auto Transportation Companies

1. Eliminate the current fuel surcharge methodology for auto transportation companies effective May 2, 2011, as scheduled.
2. Allow, but do not require, auto transportation companies to implement deferred accounting for fuel expense. Establish deferred accounting for fuel expense by separate order for each company.
3. Any company can file a proposed rate change using any other methodology. Those filings must comply with the commission's rules and regulations, and demonstrate that the company requires additional revenue.

#### Household Goods Companies

1. Eliminate the current fuel surcharge methodology for household goods companies effective May 2, 2011, as scheduled.

#### **Background**

- Attachment A – a brief descriptive of proceedings history.
- Notice to Solid Waste Industry – March 18, 2011.
- Notice to Auto Transportation Industry – March 18, 2011.
- Notice to Commercial Ferries – March 25, 2011.
- Correction Notice to Solid Waste and Auto Transportation Industries – March 29, 2011.
- Staff's summary of comments with staff's responses.
- Company and customer comments.

#### **Conclusion**

Staff's review of the comments received since the industry notices were sent, does not change staff's analysis, conclusions, or recommendations as summarized in the industry notices and this memorandum.

ATTACHMENT A

**History of Proceedings**

- April 27, 2005      The Commission converts fuel surcharge approvals from a case-by-case open meeting item to a delegated-to-the-Secretary item. Order 02, Docket A-042090.
- September 30, 2010      The Commission rescinds the delegation to the Secretary, effective January 31, 2011. The open meeting memo states that in the absence of the simplified process, companies must show that proposed rates are just, fair, reasonable and sufficient before the Commission will authorize increased fares. In the alternative, companies may petition for a waiver of the rules. The order stated the equivalent. Order 03, Docket A-042090.
- October 15, 2010      The Commission issues a CR-101 to open a rulemaking inquiry to determine whether to adopt, by rule, methods for permitting fuel surcharges. Docket T-101661.
- October 19, 2010      Notice of a workshop on December 7, 2010, is issued. Docket T-101661.
- December 7, 2010      A workshop is held to discuss issues. Docket T-101661.
- January 10, 2011      Notice of a second workshop on January 20, 2011, is issued. The notice includes a statement that at the end of the workshop, the Commission will reconvene the January 13, 2011, open meeting, recessed to this date, to consider requests to continue the current fuel surcharge methodologies. Docket T-101661.
- January 20, 2011      A workshop is held that summarized comments and includes a staff proposal for a deferred accounting mechanism. Docket T-101661.
- January 25, 2011      The Commission issues an order, served January 26, 2011, extending the effective date in Order 03 to May 2, 2011. Order 04, Docket A-042090.
- March 18, 2011      Staff provides to the solid waste and auto transportation industries a notice of staff recommendation for fuel surcharges, opportunity to file written comments by April 1, 2011, and an open meeting scheduled for April 14. The notice includes a summary of industry proposals and the staff proposals. Docket T-101661.
- March 25, 2011      Staff provides to the commercial ferries a notice of staff recommendation for fuel surcharges, opportunity to file written comments by April 1, 2011, and an open meeting scheduled for April 14. The notice includes a summary of industry proposals and the staff proposals. Docket T-101661.

March 29, 2011

Staff provides a correction notice to the solid waste and auto transportation industries. Noticed corrected Table 1 shown on page two of the March 18, 2011, Notice. Docket T-101661.