



3616 Colby Ave., PMB 335 - Everett, WA 98201
Office: 360-444-6611 - FAX: 360-444-6614
www.hatisland.org

Washington State Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
PO Box 47250
Olympia, WA 98054-7250

March 31, 2011

RE: Docket #T-101661, Fuel Surcharge Inquiry

Sirs;

We appreciate the opportunity to comment on the proposed rule making as it relates fuel surcharges.

First it must be understood that Hat Island Community is unique among the referenced providers. We are a not-for-profit organization and traditionally 50% of our vessel costs are covered by subsidies from member properties through annual Home Owner's Association dues, even though a majority of those owners may not ride the ferry. Second, while as a publicly regulated ferry service anyone may ride the ferry to Hat Island, it is very rare that non-members take the ferry. Once on the Island all property outside the landing area in the marina is private property. Finally as a Home Owner's Association our ferry service is only one of many services that we provide, we do not have office staff dedicated to our ferry operations.

With those three unique points in mind, increasing fuel costs are a major concern to us. However, we do not believe that fuel surcharges are the answer, at least not for us.

If the fuel price point increase is a short term event (three to six months) it has passed before we can respond. As a Home Owners Association it takes us two to three months for our Finance Committee and Board of Directors to consider a rate change, present it to the community for comments, and then act on it. Then we must present it to the UTC. Surcharges only work for us if they are simple to calculate and have pre-determined and pre-approved UTC procedures.

We see fuel costs in a larger picture. Once prices spike, they do not return to pre-spike levels. Each new post-spike low is always higher than the average price before the current event or seasonally driven increase. We will absorb and offset the spikes through Island subsidies in the short term and address the more insidious fuel price increases through general rate increases as necessary.

Also while our service is year round, our ridership, like the Lake Chelan service, is very seasonal. As shown below 68% of our ridership and income is generated in the 5 months between May and September each year. Our summer crossings are generally at or near capacity and our winter runs are often ghost ships.

The USCG's new Assumed Average Weight Per Person rules will reduce our carrying capacity by 15% from 99 passengers to 87. In the face of the growing ridership shown below we will soon be forced to add additional crossings during our May-September high season, further exacerbating the impact of rising fuel costs. Again we see the response to this as a case for general rate increases which our Board of Directors will consider this spring.

We would urge the UTC to adopt simple, pre-approved methodologies that allow service providers to respond to seasonal and event driven spikes in fuel costs without formal UTC submissions and allow for after the fact reporting of such actions.

Respectfully,



Charles E. Motson, III
 Manager
 Hat Island Community

		%/MON	%/QTR
JAN	1683	3.8%	
FEB	1764	4.0%	
MAR	1803	4.1%	11.9%
APR	2446	5.5%	
MAY	4942	11.2%	
JUN	5035	11.4%	28.1%
JUL	8305	18.8%	
AUG	7156	16.2%	
SEP	4577	10.3%	45.3%
OCT	2597	5.9%	
NOV	2267	5.1%	
DEC	1666	3.8%	14.8%
TOTAL	44241	100.0%	

