

[Service Date February 16, 2006]

February 16, 2006

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By March 16, 2006)**

**NOTICE OF WORKSHOP
(Set for 9:30 a.m., Tuesday, April 4, 2006)**

RE: Rulemaking to consider rules relating to Rates (fares) and Ratemaking for Passenger Transportation Companies, Chapter 480-30 WAC
Docket No. TC-060177

TO INTERESTED PERSONS:

On February 15, 2006, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to initiate a rulemaking to consider whether it should propose rules in Chapter 480-30 WAC relating to rates (fares) and ratemaking for passenger transportation companies regulated under Chapter 81.68 RCW. Several commenters in Docket TC-020497 recommended that the Commission adopt ratemaking rules, and the Commission has opened this inquiry to consider ratemaking proposals. The Commission encourages commenters who raised this issue in the earlier proceeding to make more detailed proposals here.

Industry Regulation

The Commission invites comments addressing the level of competition in the industry and the need for continued regulation of entry, rates, and service quality standards. In its review the Commission will consider whether the current regulation of entry and rates (fares) for passenger transportation companies reflects sound public policy. The review will also consider, given the current entry regulation set forth in chapter 81.68 RCW, whether the Commission should adopt rules and/or recommend statutory changes to the legislature.

Ratemaking

The Commission invites comments on whether it is necessary or appropriate to establish, by rule, a specific method of determining rates when a passenger transportation company requests a general rate increase. Commenters who propose that the Commission adopt a ratemaking method by rule are encouraged to provide a detailed description of the recommended method. The description should address whether the proposed method is consistent with current statute or requires a statutory change. The description should address the elements listed below, as well as any other relevant elements:

- Specific ratemaking methodology (e.g. operating ratio method, rate base / rate of return method, file and use, other.);
- Method of calculating revenue requirement;
- Accounting treatment of various expenses;
- Restating and pro forma adjustments to expenses;
- Return, including how to treat capital structure (debt and equity);
- Design rates (fares) at different service locations, including any necessary cost of service analysis; and
- Other issues.

The Commission encourages commenters who propose a specific ratemaking method to identify the documentation that would be required to implement the proposed method and to identify changes that would be required to the work papers rule that the Commission has proposed as WAC 480-30-426 in Docket TC-020497.

Fuel Surcharges

The Commission also invites comments on whether it should adopt, by rule, a specific method for determining the circumstances when it will permit a company to impose a surcharge for fuel costs and the method of calculating a fuel surcharge. Comments addressing fuel surcharges should include, but are not limited to, the following:

- Specific methodology;
- Whether the Commission should consider the company's current level of revenues or profits;
- Calculating fuel expense changes;
- Whether the Commission should consider offsetting decreases in other expenses ;
- Whether deferred accounting methods should be used; and
- Other issues.

WRITTEN COMMENTS. Written comments on the CR-101 may be submitted to the commission by filing with the Commission Secretary either by electronic transmission as described below, or by physical delivery to the address indicated below, no later than 5:00 pm, Thursday, **March 16, 2006.**

Written comments that relate to existing rules should be identified to those rules. Where you wish to suggest clear language, substantive changes to existing rules, or new rules, we will appreciate your suggestions for specific rule language.

The Commission requests, but does not require, that comments be provided in electronic format to facilitate quotations from the comments, to enhance public access, and to reduce the need for additional paper copies. The Commission prefers to receive comments either via e-mail attachment (addressed to records@wutc.wa.gov) or on a 3-1/2 inch IBM formatted high-density disk, in ASCII text, .pdf Adobe Acrobat format, .doc (Word 97 or later) or .wpd (Wordperfect 6.0 or later), labeled with the docket number of this proceeding (TC-060177) and the commenter's name and type of software used. The Commission will post on its web site all comments that are provided in electronic format. The web site is <<http://www.wutc.wa.gov>>.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document. Questions may be addressed to Penny Hansen at (360) 664-1242 or e-mail at phansen@wutc.wa.gov.

Opportunity for further comment is anticipated. Information about schedule and other aspects of the rulemaking, including comments, will be posted on the commission's web site as it becomes available. If you wish to receive further information on this rulemaking you may 1) call the Commission's Records Center at 360-664-1234, 2) e-mail the Commission at <records@wutc.wa.gov>, or 3) mail written comments to the address below. When contacting the Commission, please refer to Docket No. TC-060177 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P O Box 47250
Olympia, Washington 98504-7250

NOTICE OF WORKSHOP. The Commission has scheduled an initial workshop to discuss rates (fares) and ratemaking for passenger transportation companies regulated under chapter 81.68 RCW. The workshop will be held **April 4, 2006**, 9:30 a.m. to 4:30 p.m. in Room 230, 2nd Floor, Chandler Plaza, 1300 S. Evergreen Park Drive, S.W., Olympia, Washington.

NOTICE

If you do not want to comment now, but do want to receive future information about this rulemaking, please notify the Secretary in one of the ways described above and ask to be included on the mailing list for Docket No. TC-060177. If you do not do this, you might not receive further information about this rulemaking.

Sincerely,

CAROLE J. WASHBURN
Executive Secretary