

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. T-100, SUB 93

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Public Staff – North Carolina Utilities)
Commission’s Petition for Uniform)
Procedure to Adjust Intrastate Fuel) ORDER ADOPTING RULE R2-16.2
Surcharge Applicable to Common)
Carriers of Household Goods)

BY THE COMMISSION: On December 11, 2013, the Public Staff – North Carolina Utilities Commission (Public Staff) filed a petition (including a proposed Rule R2-16.2) requesting that the Commission modify the procedure currently being used to adjust the household goods (HHG) carrier fuel surcharge applicable to intrastate weight/distance moves (moves greater than 35 miles, measured from the point of origin of shipment to destination).

The Public Staff, in support of its petition, stated as follows:

1. In its Order issued January 18, 1991, in Docket No. M-100, Sub 121, the Commission established procedural guidelines for applications by regulated common carriers for a fuel surcharge based on an historical index price. The procedure set forth in Appendix A of the Order permits any common carrier to apply for approval of a fuel surcharge, with the application specifying the initial value of the index price. An application filed by Thursday is to be considered at the Commission’s staff conference the following Monday. If approved, the surcharge is effective the following Wednesday. Changes in the surcharge may be filed by carriers, the Public Staff, or the Attorney General.

2. On March 28, 2000, in Docket No. T-825, Sub 334, the North Carolina Movers Association, Inc. (NCMA), and the North Carolina Trucking Association, Inc., filed requests for a fuel surcharge and provided supporting documentation including a Fuel Surcharge Index Chart, as required by the guidelines established in Docket No. M-100, Sub 121. The filings included documentation for calculating the ratio of gasoline to diesel in developing the composite index cost of fuel: 19.46% for gasoline and 80.54% for diesel fuel.

3. On February 22, 2002, in Docket No. T-100, Sub 49, the Commission issued an Order exempting from regulation the transportation of household goods within North Carolina and providing that the Commission would issue certificates of exemption with certain requirements instead of certificates of public convenience and necessity to movers of household goods. On December 20, 2002, in the same docket, the Commission issued an Order establishing the Maximum Rate Tariff No. 1 (MRT) and stating that the current fuel surcharge procedure would continue to apply under the MRT.

4. Both prior to and after the implementation of the MRT, the fuel surcharge applied only when transportation charges were based on the weight of the shipment and the distance from origin to destination. The Commission denied a request for a fuel surcharge for hourly-rated moves by Order issued April 1, 2010, in Docket No. T-825, Sub 343.

5. Currently, the fuel surcharge for carriers of household goods is a simple calculation based on the base composite index cost of fuel (\$0.933) and the current composite index price of fuel based on the United States Department of Energy - Energy Information Administration (EIA), On-Highway Diesel Fuel Price Index and Retail Gasoline Price Index for the Lower Atlantic Region. The EIA information is posted for public review each Monday afternoon or Tuesday morning, except on holidays, when it is generally available the next working day. The EIA information is evaluated by the Public Staff each week, and an appropriate fuel surcharge is determined using the Household Goods Fuel Surcharge Index Chart filed on October 6, 2005, in Docket No. T-825, Sub 339.

6. The standard practice has been for a certificated household goods carrier to file a request for a surcharge increase or for the Public Staff to file a request for a surcharge decrease based on the weekly review of the EIA information. In either case, the Public Staff submits an agenda item for consideration on the Commission's Staff Conference agenda published the Wednesday preceding the Staff Conference where the request will be heard. If the request is approved at Staff Conference, the Order is issued the day after the Staff Conference. These requests for adjustment do not occur on a defined, regular basis, but when a certificated household goods carrier or the Public Staff believes an adjustment is needed.

7. The Public Staff is unaware of any occasion where the request for adjustment of the fuel surcharge has been opposed by any party.

8. The Public Staff believes that the public and household goods carriers would benefit if the adjustment of the fuel surcharge occurred on a more predictable, regular basis without the necessity of submitting an agenda item to the Commission for review at its Staff Conference.

9. The Public Staff proposes that the procedure set forth in the attached rule be adopted by the Commission to replace the current fuel surcharge procedure. The procedure proposed in the rule would provide for monthly adjustment of the fuel surcharge. On the last Tuesday of each month, the Public Staff would file its proposed surcharge with supporting calculations in the annual fuel surcharge docket, where it would be available for review by the public and other interested parties. The Commission would issue an order adjusting the fuel surcharge no later than the first business day of the following week.

10. The NCMA has authorized the Public Staff to indicate that it supports this petition. As the NCMA represents the majority of certificated carriers of household goods in North Carolina, the Public Staff believes that an expedited comment cycle is appropriate, with initial comments due in 21 days and reply comments due in seven days. The NCMA also supports these proposed deadlines.

On March 17, 2014, the Commission issued an Order Requesting Comments. This Order established dates for Commission-certificated HHG carriers, the Public Staff, the NCMA, the Office of the Attorney General, and other interested parties to file comments and reply comments on the proposed rule.

On April 11, 2014, the NCMA filed comments stating that it supports the Public Staff's proposal. No other comments or reply comments were filed with the Commission.

In support of the Public Staff's proposal, the NCMA, which represents over 150 Commission-certificated HHG carriers, commented as follows:

Fuel surcharge changes have always been approved by the NCUC without any opposition since the March 28, 2000 order for Docket T-825, Sub 334. The process would be streamlined by not having the Public Staff or a certificated carrier file requests that require approval at the Staff Conference.

It will also be advantageous for the adjustments to the fuel surcharge to be made on a regular, predictable basis. The carriers would always know when the changes are going to occur and would be provide [sic] the shippers with the appropriate fuel surcharge.

DISCUSSION AND CONCLUSIONS

The Commission-approved fuel surcharge mechanism allows movers to efficiently and fairly adjust the level of fuel costs recoverable through rates in response to fuel price fluctuations. No issues have been raised in this proceeding regarding the actual formula that has been established for calculating the fuel surcharge rate. Instead, the focus of the Public Staff's petition is on the procedural process for approving changes in the fuel surcharge.

Presently, under the current fuel surcharge procedure, at varying time intervals, the Public Staff, after having determined that a fuel surcharge adjustment is in order (or after having reached a conclusion regarding the appropriateness of a proposed adjustment submitted by another party), presents its recommendation at a North Carolina Utilities Commission Staff Conference where the Commission decides whether to approve the Public Staff's recommendation. Upon approval of the proposed adjustment, the Commission issues an order reflecting that decision.

Under the Public Staff's proposed change to the present procedure, the Public Staff would determine the appropriate fuel surcharge once per month and would file its recommendation in the annual fuel surcharge docket on the last Tuesday of each month (or the next business day thereafter if delayed by a legal State or Federal holiday). Thereafter, on the first business day of the week following the Public Staff's filing, the Commission would issue an order adjusting the fuel surcharge, presumably, if appropriate.

The Commission has carefully reviewed and considered the proposed rule and the supporting arguments presented by the Public Staff and the NCMA. The Commission finds good cause to adopt Rule R2-16.2, as requested by the Public Staff, for the reasons set forth by the Public Staff and the NCMA. However, the Commission finds and concludes that the proposed Rule should be slightly modified to reflect that the Commission will issue an order adjusting the fuel surcharge when an adjustment is appropriate. Accordingly, the Commission is of the opinion that subsection (a)(2) of the Public Staff's proposed rule should be modified to be worded as follows:

On the first business day of the week following the Public Staff's filing, the Commission will issue an order adjusting the fuel surcharge when an adjustment is appropriate.

IT IS, THEREFORE, ORDERED as follows:

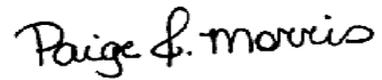
1. That Rule R2-16.2, as set forth in Appendix A attached hereto, is hereby adopted and shall be effective as of the date of this Order.

2. That a copy of this Order shall be served by the Chief Clerk's Office to all Commission-certificated household goods carriers.

ISSUED BY ORDER OF THE COMMISSION.

This the 5th day of June, 2014.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Paige J. Morris". The signature is written in a cursive, flowing style.

Paige J. Morris, Deputy Clerk

RULE R2-16.2 HOUSEHOLD GOODS CARRIER FUEL SURCHARGE

(a) A fuel surcharge for household goods carriers shall be established by the Commission on a monthly basis using the following procedure:

(1) On the last Tuesday of each month (or the next business day thereafter if delayed by a legal State or Federal holiday), the Public Staff shall file its recommended fuel surcharge in the current calendar year fuel surcharge docket (T-825). The recommended fuel charge shall be calculated by the Public Staff as follows:

a. Using the On-Highway Diesel Fuel Price Index and Retail Gasoline Price Index for the Lower Atlantic Region released that week by the United States Department of Energy - Energy Information Administration (EIA), or another source approved by the Commission, the Public Staff shall determine a current composite cost of fuel using the diesel/gasoline ratio shown in Schedule 2-A filed in Docket No. T-825, Sub 334, on March 28, 2000.

b. With this composite cost of fuel, the Public Staff shall determine the appropriate fuel surcharge using the Fuel Surcharge Index Chart filed on October 6, 2005, in Docket No. T-825, Sub 339, to be applied per bill of lading mile for all North Carolina intrastate household goods moves governed by the Commission's most recently issued Maximum Rate Tariff in accordance with the procedures outlined in Docket No. M-100, Sub 121, and the provisions of Appendix A, Paragraph C, of the Order dated January 18, 1991.

(2) On the first business day of the week following the Public Staff's filing, the Commission will issue an order adjusting the fuel surcharge when an adjustment is appropriate.

(b) All fuel surcharge revenue assessed and collected shall be passed on or otherwise credited to the purchaser of the fuel. The fuel surcharge shall be assessed once per shipment regardless of the number of vehicles used.