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April 16, 2019

Ms. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603

**RE: Application of Bald Head Island Transportation, Inc. for Fuel Surcharge
Pursuant to Rule Established in Docket No. A-100 Sub 0
DOCKET NO A-41, SUB 5**

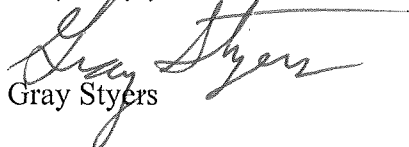
Dear Ms. Jarvis:

On behalf of the Bald Head Island Transportation, Inc. ("BHIT"), we hereby submit BHIT's
Application for Termination of Fuel Surcharge in the above-referenced docket.

If you have any questions or comments regarding this filing, please do not hesitate to call me.

Thank you in advance for your assistance.

Very truly yours,



Gray Styers

GS:sb

CC: All Parties of Record

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota
Nevada New Jersey New York North Carolina Pennsylvania South Carolina Texas Washington

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

Docket No. A-41, SUB 5

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION:

In the Matter of:

Application of Bald Head Island)	APPLICATION FOR
Transportation, Inc. for Fuel)	TERMINATION
Surcharge Pursuant to Rule)	OF FUEL SURCHARGE
Established in Docket No. A-100)	
Sub 0)	

This application is filed by Bald Head Island Transportation, Inc. ("BHIT"), through undersigned counsel, pursuant to Commission Rules R4-4 and R4-13, N.C.G.S. § 62-32(a), and the Orders of the North Carolina Utilities Commission ("Commission") dated November 7, 2008 and January 29, 2009 in Docket No. A- 100, Sub 0, and dated December 16, 2008 in Docket No. A-41, Sub 5. BHIT hereby applies to terminate its fuel surcharge in accordance with the provisions of those rules, statute and orders, and, in support thereof, respectfully shows the Commission as follows:

1. The correct name and post office address of the petitioner is Bald Head Island Transportation Inc., P. O. Box 3069, Bald Head Island, North Carolina 28461.

2. Copies of correspondence and all filed documents should be sent to:

M. Gray Styers, Jr., Esq.
Fox Rothschild LLP
434 Fayetteville Street, Suite 2800
Raleigh, North Carolina 27601-2943
E-mail: gstyers@foxrothschild.com
Telephone: (919) 755-8741

Mr. Charles A. Paul, III
Bald Head Island Transportation Inc.

Post Office Box 3069
Bald Head Island, NC 28461
E-mail: cpaul@bhisland.com
Telephone: (910) 457-7358

3. Counsel for BHIT agrees to accept electronic service of all correspondence and filings in this docket.

4. BHIT is a common carrier under the laws of the State of North Carolina and is authorized to transport passengers and their personal effects. BHIT operates via water between Bald Head Island and Deep Point in Southport, North Carolina, pursuant to schedules approved by the Commission in its orders, most recently amended and approved in Docket No. A-41, Sub 18. BHIT's ferry operations in the State of North Carolina are a public utility subject to the jurisdiction of this Commission pursuant to Chapter 62 of the North Carolina General Statutes.

Implementation of Fuel Cost Surcharge

5. By Order dated November 7, 2008 in Commission Docket A-100, Sub 0, the Commission established procedures for implementing and modifying fuel charges for ferry operators and specifically adopted Provisional Commission Rule R4-13. That docket was commenced by a "Petition to Establish Guidelines to Implement Temporary Fuel Cost Surcharge." (emphasis added)

6. In that Order, the Commission stated that the fuel surcharge and fuel component of rates shall be computed using the formula set forth in Exhibit A of its Order. Additionally, any ferry operator implementing a surcharge pursuant to its Order shall establish a fuel tracker account and shall file a quarterly fuel surcharge tracking report in

the format set forth in Exhibit B of its Order within 45 days after the end of each calendar quarter.

7. The Final Rule R4-13 was adopted by the Commission in its Order in Docket No. A-100, Sub 0 on January 29, 2009, which substantially adopted the provisional rule.

Fuel Cost Surcharge of BHIT

8. Pursuant to the Commission's Orders in Docket No. A-100, Sub 0 and Rule R4-13 adopted in that docket, BHIT then applied for a Fuel Cost Surcharge mechanism applicable to its rates in Docket No. A-41, Sub 5. The Commission approved the initial fuel surcharge for BHIT by Order dated December 16, 2008 in that docket, and subsequently approved modifications to the fuel surcharge amount in Docket No. A-41, Sub 8 by Order dated January 19, 2012; in Docket No. A-41, Sub 13, by Order dated September 16, 2014; in Docket No. A-41, Sub 14, by Order dated March 24, 2015; and in Docket No. A-41, Sub 15, by Order dated March 29, 2016.

9. As required by Rule R4-13, BHIT has timely filed accurate Quarterly Fuel Surcharge Reports in Docket No. A-41, Sub 5A. As shown in those reports, the aggregate amounts have ranged from over \$350,000 under-collected, to almost \$400,000 over-collected.

10. The current amount of the fuel surcharge, approved in Docket No. A-41, Sub 15, is a negative one U.S. Dollar, (\$1.00), resulting in the over collection in the deferred account to be rapidly declining, as shown in the chart attached as Exhibit A.

11. As of March 31, 2019, the fuel surcharge deferred account balance for BHIT is over collected in the amount of \$24,648.17, as shown on the Quarterly Fuel Surcharge Tracking Report filed in Docket A-41, Sub 5A on April 12, 2019 and attached hereto as Exhibit B.

12. In light of anticipated passenger volumes and based upon current and anticipated fuel costs, BHIT anticipates that the current over collection will likely be eliminated sometime during the month of May or June 2019. After that point in time, if no action were to be taken and the (\$1.00) fuel surcharge were to remain in place, BHIT would be accruing a rapidly increasing under-collected fuel cost surcharge deferred balance.

13. Upon termination of the fuel cost surcharge, the rates to be charged by BHIT will simply revert to those rates approved by the Commission in the last general rate case, in Docket A-41, Sub 7.

Enactment of N.C.G.S. § 160A-680 et seq. and Potential Sale of Ferry Operations

14. On June 28, 2017, the North Carolina General Assembly ratified Session Law 201-120, codified in part at N.C.G.S. § 160A-680 et seq., authorizing the creation of a Ferry Transportation Authority (“Ferry Transportation Authority Act”).

15. The Village of Bald Head Island, the City of Southport, and Brunswick County followed the process set forth in the Ferry Transportation Authority Act to create the Bald Head Island Transportation Authority (“the Authority”) as a public authority

whose articles of incorporation were filed with the North Carolina Secretary of State on August 23, 2017.

16. The Authority has been undertaking its due diligence to purchase the operations of BHIT, pursuant to the provisions of the Ferry Transportation Authority Act. BHIT anticipates that this sale will likely occur sometime in the summer of 2019. At the time of such sale, the Certificate of Public Convenience and Necessity issued to BHIT shall be terminated automatically by operation of Section 6.(a) of the Ferry Transportation Authority Act.

Termination of Fuel Cost Surcharge

17. (A) Because BHIT's Fuel Cost Surcharge deferred balance is approaching a point where the over-collection will be eliminated, (B) in light of the anticipated sale of BHIT's ferry operations, and (C) in order to simplify the accounting associated with such a sale, BHIT believes that it will soon be an appropriate time to terminate its fuel cost surcharge mechanism that was initially implemented pursuant the Commission's Order in Docket No. A-41, Sub 5, and to revert to the rates approved by the Commission in Docket No. A-41, Sub 7.

18. Because the fuel cost surcharge deferred balance actually changes with each passenger riding the ferry and the cost of tank of fuel purchased, it is impossible to determine precisely when that balance is \$0.00. Therefore, BHIT requests that it be authorized to terminate its fuel surcharge on such date as it determines, based upon its best efforts to project ridership and fuel costs, that its fuel cost surcharge deferred balance will

be as close to \$0.00 as is practicable to predict -- at least, seven days in advance of such date for the reasons set forth in Section 16 infra -- and, in any case, within the range of between \$10,000 over-collection and \$10,000 under-collection.

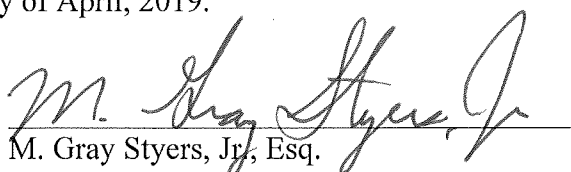
19. BHIT will provide public notice of the date of the termination of the fuel surcharge, and the ticket prices thereafter (as approved by the Commission in Docket No. A-41, Sub 7), no fewer than seven (7) calendar days prior to the actual date of termination, by posting written notice at ticket offices at the Deep Point mainland terminal and at the Island terminal, by providing electronic copies of such notice to the Bald Head Island Club, the Village of Bald Head Island, and the Bald Head Association, and by notice on www.baldheadisland.com/island/ferry and <http://baldheadislandferry.com>.

20. Within thirty (30) calendar days following the termination of the fuel surcharge, BHIT will file with the Commission in Docket No. A-41, Sub 5A a "Final Report" of the remaining fuel surcharge deferred balance, prepared pursuant to the requirements of the Commission's Orders in Docket No. A-100, Sub 0 and Rule R4-13. If the final balance (which must be within \$10,000 of \$0.00) is an over-collection, then this over-collection will be accounted for as a liability on BHIT's balance sheet and will be credited against (and thus reducing) the purchase price to be paid by the Authority. If the final balance is an under-collection, then this under-collection will be initially accounted for as an asset on BHIT's balance sheet but will be written-off by BHIT prior to any sale and not recovered from any customer(s) or purchaser of the ferry operations.

21. BHIT respectfully requests that the Commission waive any requirements of its rules and regulations to the extent necessary to permit the proposed termination of the fuel surcharge to become effective.

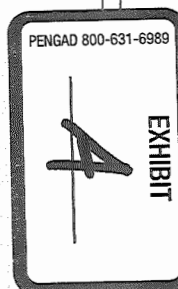
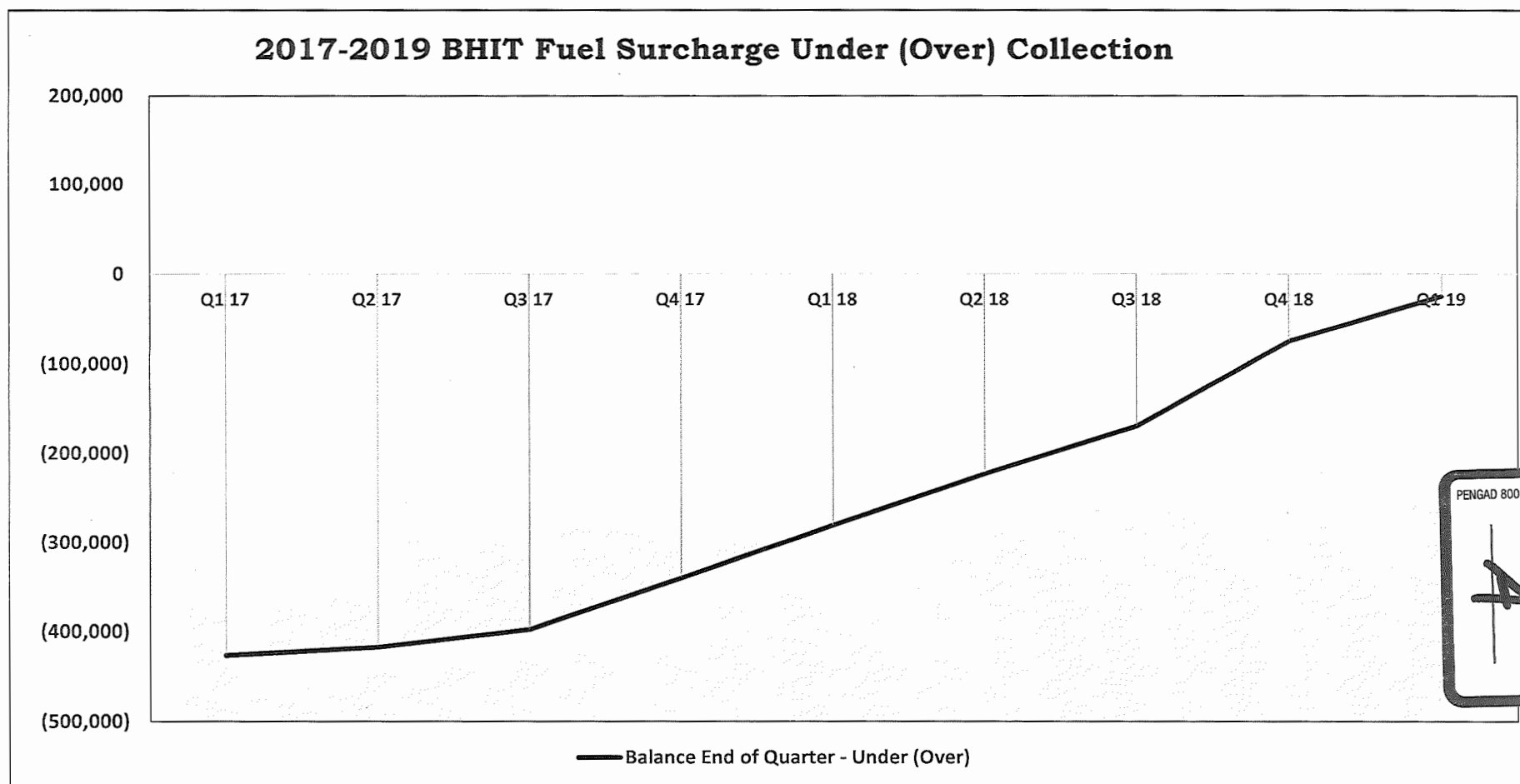
WHEREFORE, BHIT respectfully requests that the Commission authorize BHIT to terminate its fuel surcharge, and to require it to provide such notice, file a final report, and account for the remaining balance as proposed in this application.

Respectfully submitted this 16th day of April, 2019.



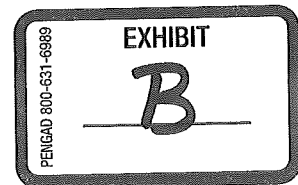
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Attorneys for Bald Head Island
Transportation, Inc.



REPORT PARAMETERS	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
Fuel Costs Paid	106,311	127,606	152,620	137,394	125,023	174,464	162,966	163,445	119,349
Fuel Costs Collected	57,740	118,494	132,986	80,240	65,382	116,647	109,257	68,291	69,390
Under (Over) Collection for the Quarter	48,572	9,112	19,634	57,154	59,641	57,817	53,709	95,154	49,959
Balance End of Quarter - Under (Over)	(426,826)	(417,717)	(398,083)	(340,928)	(281,287)	(223,470)	(169,761)	(74,607)	(24,648)

BALD HEAD ISLAND TRANSPORTATION, INC
Quarterly Fuel Surcharge Tracking Report
For the Period January - March 2019
Debit (Credit) ---- Under (Over) Collection



OFFICIAL COPY

Apr 16 2019

A.	Balance at the beginning of the quarter - Under (Over) Collection		(\$74,606.83)
B.	Fuel costs paid to vendors:		
	1. Actual Gallons purchased	47,955	
	2. Actual fuel costs paid		\$119,349.16
C.	Fuel costs collected from customers:		
	1. Number of Suppl # 9 & 10 to NCUC No. 7 fuel surcharge customers for the quarter	58,454	
	2. Fuel cost component of rates	\$1.182	
	3. Fuel costs collected, excluding Class VIII Annual Passes	\$69,092.63	
	4. Fuel costs collected from Annual Passes "	\$297.86	
	5. Total fuel costs collected		\$69,390.49
D.	Under (Over) Collection of fuel costs for the quarter (B - C)		\$49,958.67
E.	Balance at the end of the quarter - Under (Over) Collection (A + D)		(\$24,648.17)

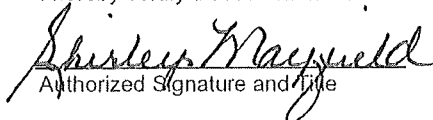
1/ Computation of fuel costs collected from Class VIII Annual Pass:

	Class VIII
Class VIII sold during period	2
Fuel component of rates 2/	\$148.93
Fuel costs collected from Class VIII	\$297.86

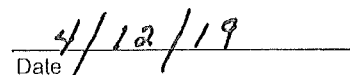
2/ Fuel component of Class VIII annual pass rates:

	Class VIII
Fuel component of regular rates	\$1.182
Fuel surcharge for regular rates	(\$1.00)
Ratio of fuel component to surcharge	-1.18
Regular annual pass surcharge	(\$126.00)
Regular annual pass fuel component of rates	\$148.93

I hereby certify that the information contained in this report is true to the best of my knowledge and belief.


Authorized Signature and Title

James Fulton
Contact Person (Print Clearly)


Date

(910) 457-7262
Telephone Number

NOTE: Providing false information to the Commission is punishable by fine and/or imprisonment pursuant to G.S. 62-310 and 62-326.

STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF BRUNSWICK

Charles A. Paul, III, President, Bald Head Island Transportation, Inc., verifies that he has read the foregoing APPLICATION FOR TERMINATION OF FUEL SURCHARGE and knows the contents thereof; that the same is true, of his own knowledge, except as to those matters therein alleged upon information and belief, and as to those matters, he believes them to be true.


Charles A. Paul, III

SWORN TO AND SUBSCRIBED

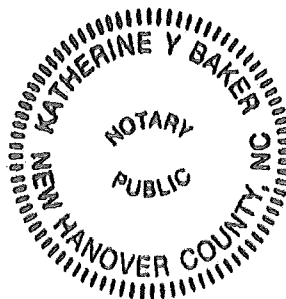
before me this 16th day of

April 2019.


Notary Public

My Commission Expires:

May 8, 2023



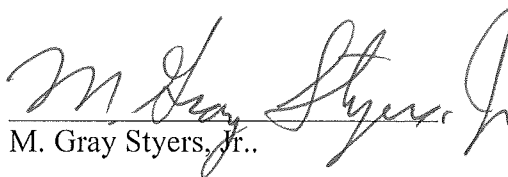
CERTIFICATE OF SERVICE

I, M. Gray Styers, Jr., hereby certify that the foregoing APPLICATION FOR TERMINATION OF FUEL SURCHARGE has been served this day on counsel of record by hand delivery, electronic mail or by depositing copies of same in a depository under the exclusive care and custody of the United States Postal Service in postage prepaid envelopes and properly addressed as follows:

Christopher Ayers, Esq.
Executive Director
North Carolina Utilities Commission - Public Staff
430 N. Salisbury Street
Raleigh, North Carolina 27611

Dianne Downey, Esq.
Legal Division
North Carolina Utilities Commission - Public Staff
430 N. Salisbury Street
Raleigh, North Carolina 27611

This 16th day of April, 2019.


M. Gray Styers, Jr..