

March 15, 2016

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

**RE: *Bald Head Island Transportation, Inc.
Application to Reduce Fuel Surcharge
Docket No. A-41, Sub 15***

Dear Ms. Mount:

We are herewith electronically submitting, in the above-captioned docket, an Application for Bald Head Island Transportation, Inc. ("BHIT") to Reduce Fuel Surcharge pursuant to Commission Rule R4-13. This filing requests the Commission to enter an Order allowing BHIT to decrease rates for ferry transportation services rendered effective April 1, 2016.

If you have any questions or comments regarding this filing, please do not hesitate to call me. Thank you in advance for your assistance.

Sincerely,



M. Gray Styers, Jr.

pbb

Enclosures

cc: Chris Ayers, Esq. – NC Public Staff
 Dianna Downey, Esq. – NC Public Staff – Legal
 Margaret Force, Esq. – DOJ – Attorney General's Office
 Mr. Charles A. Paul, III
 Mr. Woody Fulton
 Ms. Shirley A. Mayfield

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

Docket No. A-41, SUB 15

BEFORE THE NORTH CAROLINA
UTILITIES COMMISSION:

In the Matter of:
Application of Bald Head Island
Transportation, Inc. to Reduce Fuel Surcharge
Pursuant to Commission Rule R4-13

**APPLICATION TO REDUCE
FUEL SURCHARGE**

This Application is filed by Bald Head Island Transportation, Inc. ("BHIT"), through counsel, pursuant to Commission Rule R4-13 and the Orders of the North Carolina Utilities Commission (the "Commission") dated November 7, 2008 and January 29, 2009 in Docket No. A-100, Sub 0. BHIT hereby applies for a reduction in a fuel surcharge in accordance with the provisions of Rule R4-13 and those Orders, and, in support thereof, respectfully shows the Commission the following:

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.
Smith Moore Leatherwood, LLP
434 Fayetteville Street, Suite 2800
Raleigh, North Carolina 27601
E-mail: gray.styers@smithmoorelaw.com
Telephone: (919) 755-8741
Fax: (919) 755-8800

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. BHIT is a common carrier under the laws of the State of North Carolina, and it is authorized to transport passengers and their personal effects. BHIT operates via water between Bald Head Island and Deep Point in Southport, North Carolina, and pursuant to schedules approved by the Commission. BHIT's ferry operations in the State of North Carolina are subject to the jurisdiction of this Commission.

4. 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 the Commission adopted Provisional Commission Rule R4-13.

5. That Order states:

[T]he Commission believes that these procedures recognize the rapidly fluctuating fuel costs with which all ferry operators must contend and the financial and managerial burden that filing frequent general rate cases would have on their limited resources. The Commission further believes that the procedures adopted in this order strike a reasonable balance between granting the ferry operators flexibility to adjust rates in response to rapidly escalating fuel costs and ensuring that the public is adequately protected through the quarterly fuel surcharge tracking account report.

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

8. Pursuant to Rule R4-13, on February 23, 2015 in Docket No. A-41, Sub 14, BHIT last requested a reduction in its fuel surcharge by \$0.50 per round-trip ticket and a decrease in the price of a Class VIII Annual Pass by \$63.00, in order to more accurately reflect BHIT's actual fuel costs over time. The reduction in the fuel charge and ticket prices were approved by Order dated March 24, 2015 to become effective April 1, 2015, and those prices are currently in effect.

9. As required by Rule R4-13, BHIT has timely filed accurate Quarterly Fuel Surcharge Reports in Docket No. A-41, Sub 5A.

10. As of December 31, 2015, the fuel surcharge deferred account balance for BHIT is \$521,133.92 over-collected, as shown on the Quarterly Fuel Surcharge Tracking Report filed in Docket A-41, Sub 5A. Because of the steady and consistent decrease in fuel costs over the past year, this amount of over-collection in the deferred account has been steadily increasing.

11. The approved Fuel Component of Rates in the base rates for BHIT is \$2.185, as calculated in Docket No. A-40, Sub 7, Hoard Exhibit 1, Schedule 4-2, revised, filed on October 21, 2010.

12. The actual average price per gallon for fuel paid by BHIT during the most recent six months and shown on Exhibit B is \$1.773. For calculation purposes, the Proposed Fuel Cost per Gallon for Surcharge is rounded up to \$1.800.

13. In light of the current fuel costs, BHIT believes that it is appropriate and prudent to further reduce its fuel surcharge amount so that its deferred account over-collected balance will decrease over time. By reducing its rates as proposed in this Application, BHIT expects to reduce the balance of its deferred account, as shown in Exhibit A. While BHIT acknowledges the uncertainty of future fuel prices, BHIT believes that a reduction in rates is in order at this time. However, if fuel prices were to increase, an increase in the fuel surcharge in the future may become necessary.

14. Attached hereto as Exhibit A are the calculations of the proposed fuel surcharge reduction in the format required by Commission Rule R4-13 but as calculated with the proposed reduction spread over five years. A description of the proposed fuel surcharge follows.

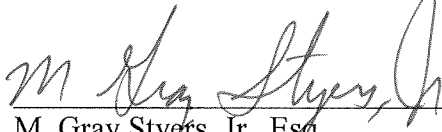
15. BHIT requests permission to (1) reduce its fuel surcharge effective April 1, 2016 to decrease the price of its round-trip tickets by \$1.00 per ticket, as calculated in the attached Exhibit A, so that its round-trip ferry ticket prices will equal \$22.00, and (2) to decrease the prices of its Class VIII Annual Pass by \$126.00 so that the price of its total Class VIII Annual Pass will equal \$1,724.00, in order to more accurately reflect BHIT's actual fuel costs over the course of the next year and reduce its deferred account balance.

16. BHIT respectfully requests that the Commission waive any requirements of its rules and regulations to the extent necessary to permit the proposed decrease in rates for services rendered as calculated in Exhibit A to become effective April 1, 2016.

WHEREFORE, BHIT respectfully prays that the Commission approve the changes in ticket prices requested herein for services rendered on and after April 1, 2016.

Respectfully submitted this 15th day of March 2016.

SMITH MOORE LEATHERWOOD, LLP

A handwritten signature in dark ink, appearing to read "M. Gray Styers, Jr.", is written over a horizontal line.

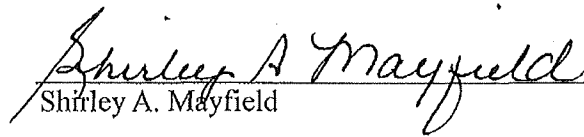
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Attorneys for Bald Head Island Transportation, Inc.

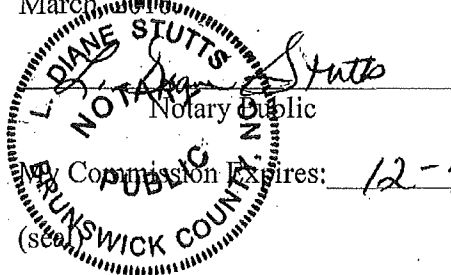
STATE OF NORTH CAROLINA)
)
COUNTY OF BRUNSWICK)

V E R I F I C A T I O N

Shirley A. Mayfield, Secretary and Treasurer of Bald Head Island Transportation, Inc., verifies that she has read the foregoing APPLICATION TO REDUCE FUEL SURCHARGE and knows the contents thereof; that the same is true of her own knowledge, except as to those matters therein alleged upon information and belief, and as to those matters, she believes them to be true.


Shirley A. Mayfield

SWORN TO AND SUBSCRIBED
before me this 14th day of
March, 2016



CERTIFICATE OF SERVICE

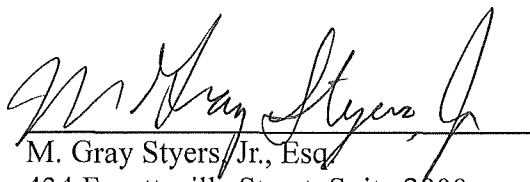
I, M. Gray Styers, hereby certify that the foregoing **APPLICATION TO REDUCE FUEL SURCHARGE** has been served this day on counsel of record by hand delivery, electronic mail or by depositing copies of same in a depository under the exclusive care and custody of the United States Postal Service in postage 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

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

Margaret Force, Esq.
Department of Justice
Attorney General's Office
Utilities Division
Mail Service Center 9001
Raleigh, NC 27699-9001

This 15th day of March, 2016.



M. Gray Styers, Jr., Esq.
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Raleigh, North Carolina 27601
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SMITH MOORE LEATHERWOOD, LLP
Attorneys for Bald Head Island Transportation, Inc.

BALD HEAD ISLAND TRANSPORTATION, INC.
Formula to Determine Fuel Surcharge
and Fuel Component of Rates for Ferry Operators
Docket No. A-41, Sub 15

EXHIBIT A

FUEL SURCHARGE:

A. Proposed Fuel Cost per Gallon for Surcharge	\$1.800
B. Base Period Cost per Gallon	\$2.530
C. Increase in Fuel Cost per Gallon (A - B)	-\$0.730
D. Gallons Purchased in Base Period	242,931
E. Annualized Increase in Cost of Gallons Purchased (C x D)	-\$177,340
F. Balance in Fuel Tracking Account*	-\$104,227
G. Amount Used for Computing Surcharge (E + F)	-\$281,566
H. Number of Customers in Base Period	281,766
I. Computed Surcharge per Customer (G/H)	-\$1.00

FUEL COMPONENT OF RATES:

A. Proposed Fuel Cost per Gallon for Surcharge	\$1.800
B. Gallons Purchased in Base Period	242,931
C. Annualized Fuel Costs (A x B)	437,276
D. Balance in Fuel Tracking Account	(104,227)
E. Tracked Fuel Costs (C + D)	333,049
F. Number of Customers in Base Period	281,766
G. Fuel Cost Component of Rates (E/F)	\$1.182

* Calculated by dividing the 12/31/2015 Over-Collection of (\$521,134) by 5 to reflect a 5-year payback period, subject to varying fuel costs.

EXHIBIT B

FUEL COST INFORMATION

BHIT Diesel Fuel 2015-2016 History

	Month	Gallons	Avg \$/G
2015	SEPTEMBER	19,497.2	\$ 2.051
2015	OCTOBER	20,868.2	\$ 2.042
2015	NOVEMBER	16,875.3	\$ 1.910
2015	DECEMBER	13,523.8	\$ 1.678
2016	JANUARY	14,860.0	\$ 1.464
2016	FEBRUARY	15,740.9	\$ 1.491
			\$ 1.773
			Average