

# WASHINGTON STATE TRANSPORTATION COMMISSION

**Policy & Procedure: 15**  
**Effective Date: March 17, 2010**  
**Amended: February 20, 2013**



---

**Dan O'Neal, Chairman**

## **Tacoma Narrows Bridge Toll Setting Policy**

---

### **General Assumptions & Principles**

- The TNB has a unique financing structure such that the debt is backed by the Motor Vehicle Fund and is backed by the full faith and credit of the state.
- The TNB has an insurance policy providing toll revenue coverage in the event the bridge is damaged and shut down for more than ten days. However, this insurance coverage does not apply to losses in toll revenue due to decreases in traffic volumes, no matter how severe.
- It is the preference of the Commission to make rate changes via the regular rulemaking process, as opposed to doing so via an expedited emergency rulemaking process.
  - The average rulemaking process takes approximately 60 days to complete (starting from the time a CR 102 is filed).
  - The Commission will initiate rulemaking in a timely manner by actively monitoring TNB costs, revenues, and traffic volumes.
- In reviewing the financial health of the TNB, the Commission will set rates in a manner so as to maintain an established Sufficient Minimum Balance (SMB), that is equivalent to 45 days of working capital.

### **Sufficient Minimum Balance**

- The SMB shall not be less than **12.5% of annual total TNB costs** (equivalent to 45 days of working capital year round), measured on a retrospective three month rolling average fund balance.
- The purpose of the SMB is to:
  - Cover revenue shortfalls
  - Cover legitimate cost increases

### **Rate Adjustment Trigger**

- The rate setting process will be triggered if there is a significant risk that the actual SMB will fall below the established target.