



Rob McKenna

# ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

1400 S Evergreen Park Drive SW • PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

May 17, 2005

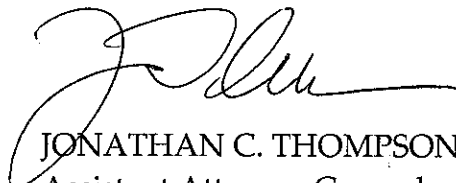
Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

Re: *Pennco Transportation Application/Heckman Motors Inc. dba Olympic Bus Lines*  
Docket Nos. TC-041340 and TC-041593, Consolidated

Dear Ms. Washburn:

Enclosed for filing in the above-referenced docket are the original and 12 copies of Commission's Staff Motion to Reopen the Record, Declaration of Jonathan Thompson, and Certificate of Service.

Very truly yours,



JONATHAN C. THOMPSON  
Assistant Attorney General

JCT:tmw  
Enclosures  
cc: Parties



BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re the Application of

PENNCO TRANSPORTATION, INC.,

for Extension of Authority under  
Certificate No. C-01054, for a Certificate  
of Public Convenience and Necessity in  
Furnishing Passenger and Express  
Service.

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DOCKET NO. TC-041340

In re the Application of

HECKMAN MOTORS, INC., d/b/a  
OLYMPIC BUS LINES

for Extension of Authority under  
Certificate No. C-992, for a Certificate of  
Public Convenience and Necessity in  
Furnishing Passenger and Express  
Service.

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DOCKET NO. TC-041593

COMMISSION STAFF'S MOTION  
TO REOPEN THE RECORD

1

Commission Staff makes this motion pursuant to WAC 480-07-830. That rule allows the Commission, in contested proceedings, to reopen the record to allow receipt of evidence that is essential to a decision and that was unavailable and not reasonably discoverable with due diligence at the time of the hearing or for any

other good and sufficient cause. The rule also provides that the Commission will give all parties an opportunity to respond to any evidence received after the record is closed.

2           Staff moves to reopen the record to receive the following evidence, which was unavailable at the time of the hearing:

1. May 9, 2005, letter to Carole Washburn from Kevin Harris
2. May 10, 2005, newspaper article from the Peninsula Daily News
3. May 11, 2005, newspaper article from the Port Townsend Leader

Copies of these documents are attached to the Declaration of Jonathan Thompson.

The articles and the letter contain statements by Mr. Harris that Pennco Transportation, Inc., one of the applicants in this matter, will cease providing service.

3           It may be that Pennco intends to withdraw its request for additional authority in this docket. Given Mr. Harris's recent statements as evidenced in this newspaper article and letter, Pennco should be required to indicate its intentions in regard to this pending application.

4           Whether Pennco will continue to provide service under its existing certificate of public convenience and necessity goes to the heart of whether Pennco is financially fit to provide the additional service it seeks to provide in this docket. Mr. Harris testified that Pennco would be able to serve the additional routes as part of his existing business and at no additional cost. If Pennco's existing operations

shut down, then there simply is no evidence in the record on which to conclude that Pennco is fit to provide the additional service it seeks.

DATED this 17<sup>th</sup> day of May, 2005.

ROB MCKENNA  
Attorney General

A handwritten signature in black ink, appearing to read 'J. Thompson', written over a horizontal line.

JONATHAN THOMPSON  
Assistant Attorney General  
Counsel for Washington Utilities  
and Transportation Commission  
Staff

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re the Application of

PENNCO TRANSPORTATION, INC.,

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for Extension of Authority under  
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Public Convenience and Necessity in  
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Service.

DOCKET NO. TC-041593

DECLARATION OF JONATHAN  
THOMPSON IN SUPPORT OF  
MOTION TO REOPEN THE  
RECORD

JONATHAN THOMPSON declares as follows:

1. I am the attorney of record for Commission Staff in the above-captioned proceeding. I am over the age of 18, am competent to testify to the matters set forth below, and I have personal knowledge of those matters.

2. On May 9, 2005, Mr. Kevin Harris, President of Pennco Transportation, Inc., faxed to Commission Secretary Carole Washburn a single page cover letter with the subject heading "Pennco Ceasing Operations," followed by a seven page document entitled "An Open Letter to Olympic Peninsula Residents," dated May 10, 2005. A true copy of that facsimile transmission is attached as Exhibit A.

3. On May 10, 2005, the Peninsula Daily News (Port Angeles) published an article titled "Door-to-door airporter service from North Olympic Peninsula to shut down." A true copy of the article, printed from the paper's website, is attached as Exhibit B.

4. On May 11, 2005, the Port Townsend Leader published an article titled "Pennco Transportation closing." A true copy of the article, printed from the paper's website, is attached as Exhibit B.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

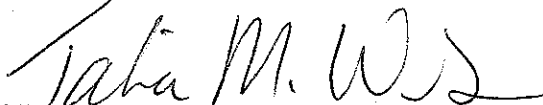
Dated this 17<sup>th</sup> day of May, 2005, at Olympia, Washington.

  
\_\_\_\_\_  
JONATHAN THOMPSON

Docket No. TC-041340/TC-041593  
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 17<sup>th</sup> day of May, 2005.



TALIA M. WILSON

*For Pennco Transportation, Inc.:*  
Pennco Transportation, Inc.  
PO Box 356  
Carlsborg, WA 98324  
Fax: (360) 406-3800  
Phone: (360) 582-3736  
E-mail: [pennco97@olympen.com](mailto:pennco97@olympen.com)

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*For Bremerton-Kitsap Airporter, Inc.:*  
Richard Asche  
Bremerton-Kitsap Airporter Inc.  
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Phone: (360) 876-1737  
E-mail:

*For Heckman Motors, Inc., dba Olympic Bus*  
Jack Heckman  
Heckman Motors, Inc.  
111 E. Front  
Port Angeles, WA 98362  
Fax: (360) 425-1460  
Phone: (360) 417-0700  
E-mail: [Jackheckman@olympen.com](mailto:Jackheckman@olympen.com)

# Exhibit A



To: Carole Washburn  
Executive Secretary  
Washington Utilities & Transportation Commission

Date: May 9, 2005

Subject: Pennco Ceasing Operations

Dear Carole,

The following article will appear in the Olympic Peninsula newspapers beginning tomorrow.

It is not a Press Release, it is an Open Letter to our Community, paid for by me personally.

Although I greatly resent the fact that your office refused to inform me of the Press Release you were releasing on us, even though your staff was in our offices that day, I thought you should at least have an opportunity to prepare yourselves.

I am forwarding a copy of this to the Department of Transportation as well.

Respectfully,



Kevin Harris  
President  
Pennco Transportation, Inc.  
206.718.5401 cell

To: An Open Letter to Olympic Peninsula Residents

From: Kevin Harris  
President  
Pennco Transportation, Inc.

Date: May 10, 2005

Dear Friends,

It is with great sadness that I announce that I have decided to suspend indefinitely the operations of Pennco Transportation, Inc.

First, let me state that at Pennco, Inc. ensuring our passenger's safety has always been our highest priority. At no time, including the past two weeks has Pennco or the companies Pennco contracts with, transported passengers without proper insurance coverage. As was represented to the Washington State Utilities and Transportation Commission (WUTC) and the press, the insurance policy issued on Pennco's behalf by the assigned risk pool was effective April 26, 2005.

During the period of April 23 and April 26, 2005, Pennco contracted with other WUTC certified carriers to transport its passengers. Therefore, at no time has Pennco transported passengers without proper insurance coverage. As you may be aware, documentation establishing Pennco's insurance coverage since April 26, 2005, has been presented to the WUTC and in the format they require. As a result the WUTC has lifted Pennco's suspension.

Before I tell you my reasons for suspending operations, I want to first discuss my actions over the past two weeks. When it was brought to my attention by WUTC staff that although we may have had insurance, without proof of insurance being delivered to them by our insurance company in the specific format they required, the Authority they granted to Pennco to "transport passengers" in Washington State was "suspended"; I took immediate action to comply with this directive by grounding our fleet.

I asked the WUTC staff member who called me to inform me of our suspension, if I could contract with other carriers to get our people to their destinations during this interim period. I gave him several names of firms, and he said he would check and get back to me. I then began arranging alternate transportation for our clients.

Although the WUTC and I have been in contact over the past 2 weeks, it was not until Saturday April 30<sup>th</sup>, that I received a letter dated the previous day from the WUTC outlining their continuing concerns about our operations. I left a message that day on the phone line for WUTC staff asking them to contact me. Since they were not available, I detailed in letterform that Pennco was not in operation, but had contracted other firms to

help us and faxed a copy of the letter to their offices in Olympia. The first thing I did the following Monday was to call WUTC staff to inquire as to their receipt of my response and to make sure we were all on the same page.

It was not until that conference call on Monday May 2<sup>nd</sup> between myself and WUTC staff that they clearly articulated their sentiments. It was not just that Pennco could not transport anyone; they felt Pennco could have nothing to do with arranging or rescheduling of alternative transportation for our passengers.

I asked them if there were any way I could appeal staffs decision on this matter. They explained yes, but it could not happen in any sort of timely manner. In spite of the fact that I completely disagreed with their position on this, based on their comments I immediately and completely ceased making alternate transportation arrangements for our passengers and began idling our employees.

I want to make it perfectly clear that although I disagree strongly with the position the WUTC took concerning whether or not Pennco could arrange alternate transportation for its customers, I DO RECOGNIZE THE WUTC'S AUTHORITY OVER OUR INDUSTRY and I have tried to comply with its directives with promptness, haste and to the best of my ability.

---

Pennco primarily provides transportation to Seatac. Each month because of Pennco, hundreds of Olympic Peninsula residents leave their cars at home, jump in a van with between 6-10 of their neighbors and head to and from the airport. Because of Pennco there are fewer cars on the road, less fuel is being consumed and there's less congestion in and around Seatac. We make hundreds of trips and book thousands of vanpool type miles every week.

My reason for closing the business is quite simply because of the way we at Pennco have been treated by the Washington State Utilities and Transportation Commission (WUTC) and the Washington State Department of Transportation (DOT). It's really come down to two final things.

First, WUTC staff informed me in that conference call earlier this week that their "position" not their "opinion" was that my conduct over the past two weeks has been 'criminal', and they have vowed to take action against me.

To help support our communities transportation needs I have been willing to lose a lot of money, sleep and hair....but I'm not willing to continue in an industry where my reputation and personal freedom is so willingly and easily threatened by the people charged with oversight. It's hard for me to believe that with all the power, personnel and knowledge of transportation law it has at its disposal, the WUTC couldn't have utilized

its resources to try to find a way to help Pennco, instead of trying to find a way to vilify me.

Secondly, the Washington State Department of Transportation (DOT) informed me it is not likely they will be able to provide any financial assistance to Pennco over the coming two years.

Based on their respective actions it is clear to me that although both of these very large state transportation organizations are charged with overseeing our industry, neither of them cares in the least about the service Pennco has faithfully and diligently provided to the Olympic Peninsula for almost a decade. Over the last few days I guess I've just finally lost heart, I mean if they don't care why should I?

So, that's the gist of this letter. If you'd like to know the hows and why's then continue reading.....

---

Whether you provide air, rail or ground transportation; operating a passenger transportation company is a very difficult proposition. I think the last few years have been difficult for everyone in our industry, but as our employees and vendors will attest, the past few years have been especially difficult for Pennco.

As I have come to learn, most organizations in our industry rely on some form of government assistance to help them make ends meet. To the best of my knowledge Pennco is the only WUTC-certificated, Olympic Peninsula-based Regular Route Bus Service that receives no financial assistance of any type from any federal, state or local government. I believe even the commercial airlines operating out of Port Angeles receive some subsidy or assistance. What this means is that Pennco must rely solely on the fares we collect from our passengers to make it.

I believe that if you were to ask staff at either Jefferson Transit or Clallam Transit how well they could operate if they had to rely exclusively on passenger fares, their answers would surprise you. In short, they'd probably have to cease operations. And this is exactly the situation we at Pennco find ourselves in.

As you can well imagine the logistics of operating a door-to-door service greatly exceed those of a service that just makes a few scheduled stops. Where a carrier that makes scheduled stops is able to just print a timetable and instruct its passengers to just meet us at this location, we at Pennco pick people up from their homes and offices. This means we have to spend hours arranging and scheduling our daily routes so we can pick up our passengers and get them to the airport in the most efficient manner possible. Door to door service requires much more of everything; more vehicles, more drivers, more insurance, more fuel, more, more, more...

Compared to what we have to go through to get our passengers to and from their destinations, our competitor's job is a walk in the park!

---

Yes, over the past two years I've been through a lot with Pennco, but the last two weeks did me in. This week, WUTC staff told me they were convinced of my guilt, that there is no "get out of jail free card" available to me and that they are in the process of building their case. Evidence of this is the fact that WUTC staff showed up at our offices on Tuesday of this week to collect internal documents from us.

What did I do? I arranged alternate transportation aboard other state-certified carriers for Pennco customers (at my own expense) during the period Pennco could not operate. Under the circumstances, my actions seemed to me to be the most minimum level of customer service I could provide. Rather than telling our customers, "find your own way to the airport", I tried to line up another ride for them. Well, apparently in the minds of WUTC staff, this was criminal activity. Amazing!

They went so far as to tell me I could not even hire a local taxi service to run our people back-and-forth to the airport service operating out of Silverdale. They said that if Pennco has anything to do with trying to help our customers, even though we are not transporting them ourselves, I am acting in a criminal way.

Why can't Pennco arrange other transportation, upon other state-approved carriers, for people who want to travel to Seatac or Seattle? There are a number of companies who do just that, and operate right here in Washington state, with the tacit approval of the WUTC.

Consider for example Groundnet ([www.groundnet.com](http://www.groundnet.com)). Groundnet itself is not approved by the WUTC to offer airport shuttle services in Washington State. Yet they are doing just that. How, by arranging for another company that is state-chartered, Shuttleexpress, ([www.shuttleexpress.com](http://www.shuttleexpress.com)) to actually provide the service. Groundnet doesn't provide airport shuttle service, they just arrange it.

And there are others, Airport Shuttle.com ([www.airportshuttle.com](http://www.airportshuttle.com)), the Busbank ([www.busbank.com](http://www.busbank.com)), even a new young company starting up in Port Townsend. These organizations don't own any equipment, they don't have to maintain expensive bus insurance and they are not certified by the State of Washington to transport passengers. They simply arrange transportation between the customers and a company that is licensed, insured and certified to provide the service.

Now, why is it that these companies can take reservations for airport transportation, can accept payment for the trip and can contract with others to provide the service, and we at Pennco can not? These companies do this fulltime, day in and day out. So why is it

Pennco could not, on an interim basis and at its own expense, do the same? Why is it "legit" for those companies and not for Pennco?

My opinion is that staff at the WUTC are biased in their opinion of Pennco, have been incredibly narrow in their interpretation of WUTC rules and as a result have held Pennco to a stricter interpretation of their rules than they hold others. This quite frankly is unfair. I feel WUTC staff have gone above and beyond the level of enforcement required to ensure public safety. And further that their actions have done significant damage to Pennco Inc, its officers, employees and shareholders.

---

The second major blow for me within the past 10 days is I got a letter from the Department of Transportation (DOT) that informed me they will not likely be able to provide any financial assistance to Pennco over the coming two years. This was a great disappointment for me.

About 4 months after I acquired Pennco I learned that the other ground transportation company we compete against for travel to Seattle and Seatac received over \$300,000 from the DOT. Money it used to improve its operational cashflow and to purchase new equipment, equipment which it uses in direct competition with Pennco.

To me, supporting one company that provides a service to the community and not providing support to another company offering a similar service, can unfairly tip the natural balance of competition in the marketplace. To me it's the same as having two grocery stores in a town, one on each corner, both offering similar products but carrying different brands.

The government chooses to give \$100,000's of thousands of dollars of free money and assistance to one and nothing to the other. Where's the fairness in that? Since I acquired Pennco two years ago, for all the countless hours we've spent working, neither myself, my wife nor any of our family members have received one dollar of compensation from Pennco Inc.

Quite to the contrary in fact, over this same period my family and I have invested heavily into Pennco. These are funds that were needed to keep things going, These are funds that we could have used elsewhere, money we will never recoup.

Why you may ask, would we make such a large commitment to this enterprise?

Because we have believed the service Pennco provides is critical to the community. We felt that if Pennco didn't exist many people who have come to rely on Pennco would be negatively impacted. We felt Pennco's absence from the market would especially affect

our communities senior citizens, since seniors represent more than 80% of Pennco's client base.

Also, since Pennco has for many years operated as the second largest provider of paratransit medical transportation services (a free transportation program paid for by the Washington State Department of Social & Health Services for low-income individuals and others who qualify) on the Olympic Peninsula, we felt our absence from the market would also have a significant impact on our communities low-income residents; since many of these people don't drive, have no vehicles and had come to rely on Pennco to get them to and from their medical appointments.

Apparently however, the services Pennco provides are only appreciated by the people we serve, not by the organizations that could assist us to continue to provide the service. I guess that's why on the Monday following the first newspaper article, we had more people attempting to make reservations with us than we've ever had before. For those of you who did that, from all of us at Pennco, Thank You.

Our position is that Staff at the WUTC have handled Pennco unfairly, and in a very heavy-handed manner, and in such a fashion as to actually favor our competitor. For example, in their interviews with local media, when it is mentioned that Pennco has contracted with other state-chartered carriers to get our clients to and from their destinations, WUTC staff are quick to point out that yes, although the other carriers Pennco had contracted with do have insurance, what's really at issue is whether or not Pennco has the "Authority" to operate and whether or not it "is legit" for Pennco to act as a broker of transportation services.

Based on staff's comments, one could logically draw the conclusion that when faced with concrete evidence that a firm it regulates is clearly operating outside of the "Authority" granted it by the WUTC, the WUTC would act without bias and with much the same vigor it recently demonstrated in dealing with Pennco. Has that been the case? Well consider please the following:

---

More than eight months ago it was brought to the attention of WUTC staff that our competitor was picking up and dropping off people at Kingston, even though they had no Authority from the WUTC to do so.

At that time the WUTC notified that firm that they had no Authority to service the Kingston market. Did that firm immediately bring their services into compliance by ceasing to service the Kingston market until they had proper WUTC Authority? Well according to sworn testimony in hearings before the WUTC given as recently as last month, that firm has continued to pickup and drop off passengers in Kingston.

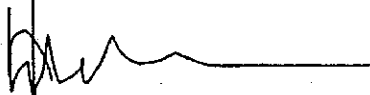
Although the WUTC knows this firm is operating outside its current Authority, they have not required it to stop servicing this market. They have made no Official Press Release informing the public not to use this firm to travel to this destination because of their lack of Authority. Neither have they threatened the management of that firm with criminal proceedings for continuing to operate in a way that is clearly not "legit" for it to operate. So I ask; "Why treat Pennco one way and our competitor another?"

WUTC staff have treated us with such disrespect that last Friday, when they sent the Press Release to the local papers, they didn't even bother to send a copy of the Press Release to us. This is in spite of the fact that WUTC personnel were onsite at Pennco delivering other documents to us that very day!

So, I hope you understand why I am so frustrated. To all the clients of Pennco who have so loyally supported us, for so many years, I thank you for your business. I ask you to please accept my apology for not being able to continue on.

To the many Pennco employees, many of whom have been with us 6, 7 even 8 years.....I am truly sorry, but I can not continue to operate and support Pennco when the organizations that oversee us are so clearly biased towards our competitor, and I am certainly not willing to go to jail for the privilege of supporting a service no one else believes in.

Submitted Respectfully,



Kevin Harris  
President  
Pennco Transportation, Inc.  
360.582.3736 (office)  
206.718.5401 (cell)



# **Exhibit B**

Check out our **Online Banking**  **FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF PORT ANGELES**  
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Tuesday, May 10, 2005  
 North Olympic Peninsula, Washington



Pennco Transportation president Kevin Harris announces that he will shutter his Pennco Transportation shuttle service to Seattle-Tacoma International Airport and other Puget Sound destinations May 20. (Photo by Jeff Chew/Peninsula Daily News) - 05-10-2005

[Door-to-door airporter service from North Olympic Peninsula to shut down \(05-10-2005\)](#)

PORT TOWNSEND – Pennco Transportation president Kevin Harris surprised Chamber of Commerce members Monday when he tearfully announced that he will suspend his door-to-door North Olympic Peninsula-to-Seattle shuttle line next week.

[County commissioner undergoes surgery in Seattle \(05-10-2005\)](#)

SEATTLE – Jefferson County Commissioner David Sullivan was recovering Monday in Harborview Medical Center from unexpected back surgery, the result of a 40-foot fall from the bluff near his home last week.

[Tourism development in Neah Bay will include new mart, inn \(05-10-2005\)](#)

NEAH BAY – The Makah Nation: Soon it won't be just another place of jaw-dropping beauty, site of a world-class Native American museum, and great fishing spot.

[Web cam set up on Hurricane Ridge \(05-10-2005\)](#)

Wondering about the weather at Hurricane Ridge? Computer users can now see for themselves through a Web camera accessible via the Olympic National Park's Internet site, [www.nps.gov/olym](http://www.nps.gov/olym).

From the Publisher

John Brewer,  
 editor and  
 publisher,  
 Peninsula Daily  
 News.



**WELCOME TO OUR WEB SITE!**

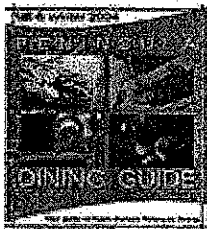
Check out **LINKS** on the far left -- the best and most complete listing of Web sites on the North Olympic Peninsula.

It now includes **Top Web Sites**, a list of top businesses on the Peninsula that are listed every Sunday in the PDN's Website Directory.

Follow the links at the immediate left to view summaries of **local news stories**.

Please note that only a very few local articles that appear in the PDN are posted here -- and in abbreviated form.

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## Door-to-door airporter service from North Olympic Peninsula to shut down

2005-05-10  
by JEFF CHEW

PORT TOWNSEND – Pennco Transportation president Kevin Harris surprised Chamber of Commerce members Monday when he tearfully announced that he will suspend his door-to-door North Olympic Peninsula-to-Seattle shuttle line next week.

“Whether you provide air, rail or ground transportation, operating a passenger transportation company is a very difficult proposition,” Harris said in a prepared statement he read during the chamber’s weekly luncheon attended by more than 50 people at The Commons at Fort Worden.

He made announcement in lieu of his originally scheduled presentation on his efforts to provide express shuttle service between the Peninsula and Kingston ferry terminals to link up with new passenger ferry service to Seattle.

“I think the last few years have been especially difficult for everyone in the industry, but as our employees and vendors will attest, the past few years have been especially difficult for Pennco,” Harris, a Port Townsend resident and businessman, said of the Carlsborg-based company he has owned for two years.

Harris said transportation companies like Pennco – including Port Angeles-based scheduled-stop operator Olympic Bus Lines – have relied on some form of government subsidy to remain solvent.

Pennco, however, has received no subsidies, Harris said.

### Reliance on fares

“What this means is that Pennco must rely solely on the fares we collect from our passengers to make it,” he said.

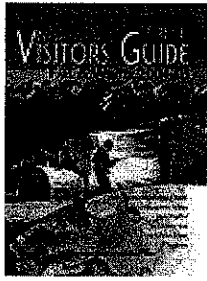
The public Jefferson and Clallam Transit systems would not survive under similar circumstances, according to Harris.

“And this is exactly the situation we at Pennco find ourselves in,” he said.

Several chamber members rallied to Harris’ support, offering help to possibly secure grants or other funding that would help him continue the operation, which employs 20.

The closure, which Harris said will be made official May 20, does not affect his Royal Tours, which takes visitors to Victoria via the MV Coho ferry out of Port Angeles.

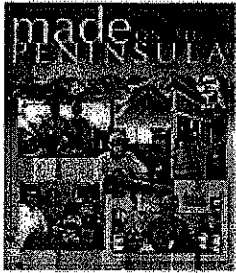




State issues

Harris, who became choked up and wept at times during his remarks, accused the Washington Utilities and Transportation Commission of "bias" in favor of his competitor, Olympic Bus Lines.

"My opinion is the staff at WUTC are biased in their opinion of Pennco, have been incredibly narrow in their interpretation of WUTC rules and as a result have held Pennco to a stricter interpretation of their rules than they hold others," Harris said.



"This quite frankly is unfair."

He said during the past two years, "I've been through a lot with Pennco, but the last two weeks did me in."

He alleged that staffers with the Utilities and Transportation Commission were building a criminal case against him over the illegal use of other certified operators to drive his vehicles while Pennco's liability and damage insurance had lapsed.

Harris said he never operated his company without insurance.



A Utilities and Transportation Commission spokesman said Monday that there was no criminal investigation under way involving Harris.

"The only investigation we have had with him had to do with his insurance issue," said Tim Sweeney, WUTC's public affairs officer.



Sweeney said Harris, not under any further investigation, was free to continue operations "and we're disappointed that he is not going to do that."





# PORT TOWNSEND & JEFFERSON COUNTY LEADER



May 16, 2005

**Current Weather**  
for  
Port Townsend

Rain  
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Wednesday, May 11, 2005

### Pennco Transportation closing

*By Barney Burke*  
*Leader Staff Writer*

Airport shuttle service Pennco Transportation will shut down next week, owner Kevin Harris announced May 9.

The door-to-door service has never made a profit in the two years that he has owned it, Harris told the Port Townsend Chamber of Commerce at its weekly luncheon meeting on Monday. "Why should I continue to sacrifice to keep Pennco going?" he asked, saying that he has sunk "hundreds of thousands of dollars" into the eight-year-old company.

Harris said no decision has been made on disbursing the company's assets, but an employee buyout appears unlikely. It's possible that another operator will apply to provide the service, a Washington Utilities and Transportation Commission (WUTC) said Monday.

The decision does not leave the Olympic Peninsula without a way to get to the airport, however. Pennco's main competitor, Olympic Bus Lines, offers three trips a day, beginning in Port Angeles with pickups in Sequim and Discovery Bay. Service is also available from two airlines, public transit agencies, and private taxi companies.

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"There just isn't enough volume" to support so many carriers said Jack Heckman, owner of Olympic Bus Lines.

"We're just not equipped to provide the kind of service these guys are chartered to do," said Jefferson Transit General Manager Dave Turissini of replacing Pennco. Turissini noted that public transit can get people to SeaTac International Airport in about two and a half hours. "I use it all the time," said Turissini, who used it this week to catch a flight to California. Transit users should plan to depart from SeaTac in the afternoon and schedule return flights for the morning, he said.

WUTC allegations

Harris alleged that Olympic Bus Lines was picking up passengers at the Kingston ferry terminal and taking them to the Victoria ferry terminal without authorization from WUTC. Heckman denied that charge, saying that his company has been doing so for 15 years.

Heckman and WUTC spokesman Tim Sweeney said that Olympic's certificate does not specifically authorize that route, although it is authorized in the company's tariff. A WUTC hearing is being scheduled to resolve that issue, said Sweeney – and to hear an application by Harris to serve that same route.

Harris said the WUTC's handling of Pennco's recent insurance lapse contributed to his decision to shut down. "They would try to prove I was acting criminally and not trying to help customers," said Harris, choking back tears. "WUTC is so clearly biased toward our company."

Sweeney said that when Pennco's insurance expired April 23, Harris arranged for Royal Tours to take those passengers, and that would be illegal because Royal is not a shuttle service. Harris asserts that he did not break the law and that the WUTC "looked the other way" when he complained about how Olympic Bus Lines operates.

Harris has an ownership interest in Royal Tours and said that Pennco's closure would not affect that business.

While Olympic Bus Lines has received several hundred thousand dollars in subsidies from the Washington Department of Transportation (DOT) in recent years, Pennco's applications for subsidies have been turned down, said Harris. Heckman said he has used the subsidies to purchase new vehicles.

Financial challenges

Harris said that his software company, MACROsystems, is "doing very well." However, he continues to face other financial problems.

Local contractor Little and Little filed suit last week to foreclose on the historic Cannery Building at the foot of Quincy Street in downtown Port Townsend. Harris is the principal owner of that property, where work stopped last fall.

Little and Little's suit claims that it is owed \$171,000 for work on the conversion of the 19th-century building to condominiums. The City of Port Townsend is also named in the suit, as it has a deed of trust on the property for \$25,000, City Attorney John Watts said.

Watts said Monday that it is unlikely that there is enough equity in the property for Little and Little to foreclose. The city's deed is subordinate to the mortgage from American Marine Bank and Little and Little's lien, said Watts.

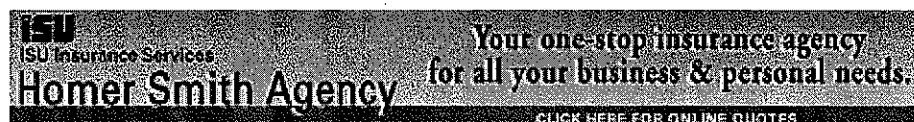
What will likely happen, said Watts, is that Little and Little will be awarded a

judgment and then pursue Harris' other assets. The city can take a similar course of action, he said.

When the city made the federally funded loan, it relied on a title report that indicated the property was free of encumbrances, Watts said, but it turned out that the taxes were delinquent at that time. Harris has subsequently paid the taxes up to date, but the city may still have recourse against the title company because of the error, said Watts.

Both Harris and Little and Little declined to comment about the lawsuit.

(Contact Barney Burke at [bburke@ptleader.com](mailto:bburke@ptleader.com).)



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