

Passenger Transportation Company (Bus) Rulemaking

Docket No. TC-020497

February 15, 2006

Small Business Economic Impact Statement (SBEIS)

Introduction

In May of 2002, the Washington Utilities and Transportation Commission (commission) began a review of the rules in Chapters 480-30 and 480-40 WAC regarding passenger transportation (bus) companies operating as charter carriers, excursion carriers, and auto transportation companies. The commission began this review in Docket No. TC-020497 in response to Executive Order 97-02, which requires agencies to review existing rules for readability and content with attention being paid to clarity, intent, statutory authority, need, effectiveness, efficiency, coordination, cost and fairness. The commission also conducted a general revision of the rules to analyze whether they provided the results they were originally intended to achieve and whether they are today consistent with appropriate and lawful policies in light of past commission decisions, legislative actions, and federal preemptions.

The commission held two informal stakeholder workshops with interested persons to discuss issues, draft rule language, receive comments, and explore options. Additional meetings held with smaller groups specifically focused on rate issues including free or reduced rates, promotional fares, rate flexibility, and fuel surcharges.

Commission staff prepared an issues paper and two sets of draft rules that were provided to stakeholders for comment during the CR-101 process. Written stakeholder comments have been helpful to clarify the intent of the proposed rules and effects of the proposed rules on the industry. The commission believes draft rules are now sufficiently developed to proceed to the next phase of the rulemaking. When issuing a notice of proposed rules, agencies must provide a copy of the small business economic impact statement (SBEIS) prepared under Chapter 19.85 RCW, or explain why a SBEIS was not prepared. *RCW 34.05.320(1)(k)*.

SBEIS Requirements

The Regulatory Fairness Act, codified in Chapter 19.85 RCW, provides that an agency must conduct an SBEIS “if the proposed rule will impose more than minor costs on businesses in an industry.” *RCW 19.85.030*. An SBEIS is intended to assist agencies in evaluating any disproportionate impacts of the rulemaking on small businesses. A business is categorized as “small” under the Regulatory Fairness Act if the business employs 50 or fewer employees.

Under *RCW 19.85.040(1)*, agencies must determine whether there is a disproportionate impact on small businesses in the industry, and under *RCW 19.85.030(2)*, consider means to minimize the costs imposed on small businesses. In determining whether there is a disproportionate impact on small businesses, agencies must compare the cost of compliance for small businesses with the cost of compliance for the ten percent of businesses that are the largest businesses required to comply with the rule using either the cost per employee, the cost per hour of labor, or the cost per \$100 of sales revenue, as a basis for comparing costs. *See RCW 19.85.040(1)*.

SBEIS Evaluation Procedure

The commission determined that an SBEIS is required for the passenger transportation (bus) company rules proposed in Docket No. TC-020497 because the proposed rules may impose more than minor costs on passenger transportation companies operating in Washington State.

Currently, approximately 77 charter carriers, 38 excursion carriers, and 26 auto transportation companies (includes airporters and scheduled bus service) hold certificates issued by the commission authorizing passenger transportation services in Washington State. The industry affected by these rules is represented under the following Standard Industrial Classification (SIC) codes:

4111 Local and Suburban Transit

Establishments primarily engaged in furnishing local and suburban mass passenger transportation over regular routes and on regular schedules, with operations confined principally to a municipality, contiguous municipalities, or a municipality and its suburban areas. *Also included in this industry are establishments primarily engaged in furnishing passenger transportation by automobile, bus, or rail to, from, or between airports or rail terminals, over regular routes, and those providing bus and rail commuter services.*

4131 Intercity and Rural Bus Transportation

Establishments primarily engaged in furnishing bus transportation, over regular routes and on regular schedules, the operations of which are principally outside a single municipality, outside one group of contiguous municipalities, and outside a single municipality and its suburban areas. Charter bus transportation services are classified in Industry Group 414.

4142 Bus Charter Service, Except Local

Establishments primarily engaged in furnishing bus charter service, except local, where such operations are principally outside a single municipality, outside one group of contiguous municipalities, and outside a single municipality and its suburban areas.

Washington State Department of Revenue data and statistics show that a total of 66 taxpayers reported for 2004 under the three SIC codes combined and 67 taxpayers reported under those same three SIC codes for 2003. Since the commission has issued 77 certificates to charter carriers alone, at least some of the companies holding passenger transportation company certificates from the commission may be involved in other business activities and reported under a different SIC code group.

RCW 19.85.040(3) provides that an agency may survey a representative sample of affected businesses to obtain the information for developing an SBEIS. In this instance, the commission mailed a Notice of Opportunity to Comment and a Small Business Economic Impact Statement (SBEIS) Questionnaire to each certificated passenger transportation company and other interested parties. The commission gave parties approximately thirty four days to respond to the questionnaire. The commission believes that is adequate time to provide the information requested in the questionnaire. The notice asked each company to provide information about its expected costs of implementing the draft rules and to provide specific information for each draft rule that the company identifies as having an implementation cost.

Most of the passenger transportation companies did not respond to the questionnaire. It could be that companies are not small businesses, the companies as part of running a business already collect the required information, or if new information is collected the cost resulting from implementing of the proposed rules would be minimal. The two companies that responded to the commission's SBEIS questionnaire are both small businesses as defined by the Regulatory Fairness Act. Those companies are:

- SeaTac Shuttle, LLC, (SeaTac) d/b/a Vashon Shuttle, is an airporter service operating under an auto transportation company certificate. The company also holds certificates to provide both charter and excursion carrier services.
- Bremerton Kitsap Airporter, Inc. d/b/a Fort Lewis/McChord Airporter/The Sound Connection, (BK Airporter) is an airporter service operating under an auto transportation company certificate.

Compliance Requirements of the Proposed Rules

Most of the language in the proposed rules is a restatement of current rules, current requirements, and current policies that result in no change in the cost of compliance. The SBEIS does not examine the existing costs of compliance but only new costs of compliance as a result of proposed new rules or changes in existing rules.

The two companies responding to the questionnaire identified thirty five rules with cost impacts and the entire section of rules relating to the process of filing for a general rate increase in Section 7.

The rules and cost impacts identified by the responding companies are discussed below:

WAC 480-30-051 Mapping, auto transportation company.

Responding Companies: \$500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule establishes standards for filed maps. The rule includes options including the use of the free Washington State Highway map published by the Washington State Department of Transportation. Maps are an existing certificate application filing requirement for auto transportation companies.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-056 Records retention, auto transportation company

Responding Companies: \$50,000 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule requires companies to maintain general business records for three years and establishes other retention periods for other specific records. The rule does not establish new records or new record formats. The requirements of this rule relate to data that each company should already maintain in the normal course of running its business.

Conclusion: The rule establishes retention periods for records companies are already required to maintain. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-071 Reporting requirements.

Responding Companies: \$2,500 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: RCW 81.04.080 and WAC 480-30-120 currently require auto transportation companies to file annual reports. Charter rules require charter and excursion carriers to state the number of vehicles operated, provide “other required information,” and submit appropriate fees. The annual safety report described in this rule is the “other required information” the commission collects from charter and excursion carriers with each company’s annual regulatory fee payment.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-086 Certificates, general. (3)

Responding Companies: \$1,000 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

\$500 per year - BK Airporter. The requirement to carry in each vehicle a copy of the operating authority, complete tariff and operating schedule is costly, time consuming and unnecessary. They must be stored in a binder, updated, and replaced when the vehicles are replaced or when changes are necessary to the three documents. Administration and copying costs are estimated to be \$500 per year.

Discussion: The proposed rule would have required each company to carry a copy of its certificate authority on each vehicle operated. This is an existing requirement for charter and excursion carriers but not for auto transportation companies. The commission has revised the proposed rule and eliminated the requirement for all passenger transportation companies.

Conclusion: The proposed rule does not create new requirements. Removing the requirement that charter and excursion carriers maintain copies of their permits on each vehicle should result in a cost savings.

WAC 480-30-116 Certificates, application docket, protests, and intervention, auto transportation company. (2)

Responding Companies: \$20,000 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Paragraph (2) of the proposed rule reflects current commission practice regarding protests filed in auto transportation company certificate application proceedings. The commission has removed language in the proposed rule related to associations that file protests. Removing the language from the proposed rule does not eliminate an association's ability to file a protest but leaves the matter to be decided on a case-by-case basis as it is today.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-136 Certificates, application hearings, auto transportation company. (5)(d)

Responding Companies: \$5,000 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule reflects current commission practice regarding information that it “may” consider in a certificate application filing when determining if territory is already served by another auto transportation company certificate holder.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-156 Certificates, temporary.

Responding Companies: Unknown cost - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule implements provisions of RCW 81.68.046 (Substitute Senate Bill 5105 Chapter 121, Laws of 2005). The new law allows the commission to grant temporary certificates to auto transportation companies. Filing for a temporary certificate is a new option that companies may choose to pursue instead of permanent authority. No company is required to file for a temporary certificate. The application filing fees and filing requirements for temporary certificates are established at a level consistent with those currently in place for permanent certificate applications.

Conclusion: The proposed rule creates a new option for companies to obtain certificate authority but maintains fees and filing requirements at current levels. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-191 Bodily injury and property damage liability insurance.

Responding Companies: \$10,000 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule increases insurance minimums to a levels established by the Federal Motor Carrier Safety Administration for interstate passenger motor carriers. Interstate passenger carriers and most intrastate charter and excursion carriers are already required to comply with the higher limits. The responding company holds a charter certificate and already maintains its insurance at the proposed higher limit (\$5,000,000) for the size vehicles they operate. Two auto transportation companies appear to have insurance at \$1,000,000 and will be required to increase their insurance coverage. The limit of \$1,000,000 is higher than the current required minimum for the size vehicles they

operate, but lower than the proposed new minimum of \$1,500,000 and as a result they will be required to raise their insurance minimums.

Conclusion: 96% of the passenger transportation companies are already required to maintain insurance at the proposed higher limits. While there may be a cost impact for those companies that do not currently maintain insurance at the higher limits, the commission believes it is a justified cost that is necessary to bring state insurance minimums up to federal levels and to establish a consistent public safety standard for vehicles operated into, out of, through, and within Washington State.

WAC 480-30-216 Operation of motor vehicles, general. (2)

Responding Companies: \$1,000 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Current rules require auto transportation companies to include governing rules (including baggage rules) in each filed tariff. Paragraph (2) of the proposed rule clarifies baggage information that an auto transportation company must include in its tariff rules. The proposed rule does not require auto transportation companies to inspect baggage.

Conclusion: The proposed rule clarifies information for governing rules that a company must already include in its filed tariff. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-216 Operation of motor vehicles, general. (7)

Responding Companies: \$500 - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Current rules require auto transportation companies to post “no smoking” signs.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-231 Vehicle and driver identification.

Responding Companies: Unknown cost - SeaTac Shuttle. The company provided no information about its basis for a cost impact or how it calculated the cost impact.

\$750 to \$30,000 - BK Airporter. Installation of electronic signage is estimated to cost \$2,000 per vehicle if extensive modifications to the vehicles are required. If a simple sign is placed in the windshield, a commercially produced sign would cost an estimated \$50.00 each. There are currently 15 vehicles in use. Estimated cost is \$750 - \$30,000

Discussion: Current rules require auto transportation companies to display on each vehicle destination signs with lettering no less than three inches tall. The proposed rule requires signage, but does not establish the size or type of sign a company must display.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-236 Leasing vehicles.

Responding Companies: \$500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule codifies the interpretation of how regulated companies must conduct business under current law. Vehicles must be properly registered and licensed. When ownership is transferred or assigned (as in a lease) the agreement must be in writing and the company must update its vehicle licensing documents. The proposed rule identifies the information that parties must include in a lease agreement between a passenger transportation company and the person from whom the vehicle is leased, if that person is in a business other than the business of leasing vehicles.

Conclusion: The proposed rule identifies information that companies must include in their lease agreements. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-241 Commission compliance policy.

Responding Companies: \$24,000 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule is a statement of authority and policy and does not create any requirements with which companies must comply.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-281 Tariffs and time schedules, content.

Responding Companies: Impossible to evaluate, potentially infinite - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule restates and clarifies tariff and time schedule requirements currently established in Chapters 480-149 and 480-30 WAC.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-286 Tariffs and time schedules, posting.

Responding Companies: \$1,500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

\$500 per year - BK Airporter. The requirement to carry in each vehicle a copy of the operating authority, complete tariff and operating schedule is costly, time consuming and unnecessary. They must be stored in a binder, updated, and replaced when the vehicles are replaced or when changes are necessary to the three documents. Administration and copying costs are estimated to be \$500 per year.

Discussion: Companies must carry on each vehicle a copy of the schedule and fares for each route that vehicle serves, not the company's complete tariff and operating schedule. Current rules require vehicles to carry copies of their schedules. BK Airporter already satisfies the requirement of the proposed rule by carrying on its vehicles copies of its schedule that include passenger fares.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-316 Tariffs and time schedules, customer notice requirements.

Responding Companies: \$1,500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule restates and clarifies customer notice requirements currently required in Chapter 480-149 and Chapter 480-30, WAC with the exception of posting on a company's website, if it has one. The proposed rule acknowledges that in today's world, companies sell tickets and publish their rates and schedules through internet web sites. If a company maintains such a web site, then the company must also publish its customer notice on the web site. The proposed rule is more permissive than current rules. Revisions in the proposed rules increase the instances under which companies may file on one-day notice to the commission rather than the current thirty-day notice to the public.

Conclusion: Companies are currently required to post customer notices at locations including passenger facilities and other locations where tickets are sold. The proposed rule brings that requirement forward to those companies that sell tickets and publish rates and schedules through a web site. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-321 Tariffs and time schedules, notice verification and assistance.

Responding Companies: \$1,000 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Companies are already required to post customer notices. This proposed rule requires companies to provide the commission a copy of the required customer notice and information about the dates and locations at which the notice was posted. The rule informs companies that they may seek assistance (free of charge) in preparing the notice from the commission's consumer affairs staff. The proposed rule in WAC 480-30-381 allows a company to include its customer notice information in its transmittal letter.

Conclusion: While providing a copy of the customer notice to the commission is a new requirement any new cost of compliance is no more than minimal, so mitigation is not required.

**WAC 480-30-326 Tariffs and time schedules, less than statutory notice handling.
(4) Notice requirements.**

Responding Companies: \$1,500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The notice requirements for a Less than Statutory Notice (LSN) filing are the same as for a regular filing except that the information is filed with the commission at the time of application for LSN handling. Again, the customer notice copy and posting information may be included in the filing transmittal letter.

Conclusion: While providing a copy of the customer notice to the commission is a new requirement any new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-356 Tariffs and Time Schedules, tariff rules. Paragraph (3)(i).

Responding Comments: Undetermined cost - BK Airporter. A taxi from any point on our route to Sea-Tac International Airport cost \$55 to \$125 per one way trip. The frequency of providing alternate transportation for persons whose reservations were missed cannot be estimated; therefore the cost of this rule cannot be determined.

Discussion: Under some circumstances it may be appropriate for companies to offer alternative transportation options, under other circumstances it may not. The proposed rule does not require companies to provide alternative transportation for a customer with a reservation. The proposed rule identifies the subject as one that companies must address in their tariff rules.

Conclusion: The proposed rule clarifies information for governing rules that a company must already include in its filed tariff. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-381 Tariffs and time schedules, filing procedures. (2) Transmittal letter.

Responding Companies: \$2,500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Current rules require transmittal letters. The proposed rule clarifies the information that a company must include in its transmittal letter.

Conclusion: The proposed rule clarifies information that companies must include in required transmittal letters. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-381 Tariffs and time schedules, filing procedures. (4)(c) Rate increase filings.

Responding Companies: Unknown, potentially huge - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Companies must support their rate increase requests. The proposed rule refers to the work papers a company must submit with a general rate increase filing to support its rate increase request. The proposed rule requires the company to prepare its rate case in an organized and systematic manner prior to filing with the commission. The data required by this rule have been submitted by the company directly or at staff's request after the case has been filed. The rule merely requires the company to compile and file the information with its proposed rates.

Conclusion: The proposed rule requires companies to compile and file information with proposed rates rather than after filing with the commission. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-391 Tariffs and time schedules, ticket agent agreements must be filed & approved.

Responding Companies: Undeterminable - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Current rules require the commission to approve the "form" of any contract or agreement for an agent to sell tickets for an auto transportation company. The proposed rule identifies the minimum information a company must include in such an agreement.

Conclusion: The proposed rule clarifies information that companies must include in ticket agent agreement forms. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-396 Tariffs and time schedules, free and reduced rates.

Responding Companies: \$500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The use of free and reduced rates is allowed under provisions of RCW 81.24.080. The proposed rule restates in rule the existing requirements for a company to provide service at free or reduced rates.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-421 Tariffs, general rate increase filings.

WAC 480-30-426 Tariffs, general rate increase filings, work papers

Responding Companies: This can be a very expensive process easily running to \$10,000+. It is impossible to set any kind of fixed number on this section – SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rules define a general rate increase and describe the work papers companies must provide with proposed rates when filing for a general rate increase. Companies are required to support rate increase requests. The proposed rule requires the company to prepare its rate case in an organized and systematic manner prior to filing with the commission. The data required by this rule have been submitted by the company directly or at staff's request after the case has been filed. The rule merely requires the company to compile and file the information with its proposed rates.

Conclusion: The proposed rule requires companies to compile and file information with proposed rates rather than after filing with the commission. Any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-436 Tariffs, special or promotional fare tariff filings

Responding Companies: Cannot fix cost since the potential for a complaint being lodged against the company by the commission for filing this type of request is very real – SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Auto transportation companies are required to charge their published rates. The proposed rule creates a new option, giving auto transportation companies flexibility in establishing special or promotional rates. The rule describes the minimum information a company choosing to use this option must include with its filing.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-446 Availability of information.

Responding Companies: \$5,000 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule does not require companies to create any new information but only to make existing information such as tariffs, schedules, rules, and certificates available to the public for inspection on request. The commission makes its rules available to companies and the public at no charge.

Conclusion: The proposed rule does not create new requirements, so there are no new costs.

WAC 480-30-461 Service or rate complaints.

Responding Companies: Unknown, we have had no complaints - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule describes the consumer complaint process including the company's responsibility to acknowledge, investigate, and respond to consumers and commission staff. The proposed rule also requires companies to maintain a consumer complaint record.

Conclusion: Establishing a complaint record may result in minimal new costs for those companies not already keeping records of consumer complaints. Any related new cost of compliance is no more than minimal, so mitigation is not required

WAC 480-30-471 Ticketing requirements.

Responding Companies: \$10,000 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: The proposed rule establishes a new requirement for those companies that do not already provide information to their customers regarding such issues as: refunds, baggage liability, expiration dates, prohibited items, company phone numbers, and web site. While there is a cost associated providing this information, customers require the

information, and the proposed rule provides companies several ways in which they can make the information available to their customers.

Conclusion: There may be more than a minimal cost for those companies not already providing consumers with necessary information required by the proposed rule. To mitigate those costs the proposed rule offers companies a variety of options.

WAC 480-30-476 Baggage liability and claims for loss or damage.

Responding Companies: Cannot be determined as this section is in conflict with RCW and other WAC sections - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Prior to 1991, the baggage liability limits were fixed in RCW 81.29.050; including provisions requiring companies to offer customers the opportunity to declare higher value. That law was changed, at the agency's request to require the commission to set the limits by rule. The proposed rule establishes \$250 as the minimum baggage liability limit for an adult's fare and \$100 for a child's fare. The rule also requires companies to establish tariff provisions and fees for passengers to declare higher value. The provisions apply only to checked baggage. Checked baggage means passenger baggage that is accepted for transportation but is not carried in the passenger compartment of the vehicle. Most airports do not provide checked baggage service. Baggage is placed in a secured portion of the passenger compartment that is separate from the seating area and accessed from the back of the vehicle.

Conclusion: The proposed rule establishes a minimum baggage liability limit for checked baggage that is consistent with the (adult fare) minimum limit established in federal rule for interstate passenger transportation companies operating into, out of, or through the state. Companies not already at the federal minimum may see an increased cost. Because baggage liability costs are built into rates, any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-476 (2) Delivery of checked baggage.

Responding Companies: \$500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: Checked baggage has been taken out of the passenger's control and placed with the passenger transportation company for stowage and transport in an area outside of the passenger compartment. If, upon reaching the passenger's destination, the checked baggage cannot be located, the carrier has an obligation to either compensate the

passenger for the loss, or to deliver the baggage once it is found. Most airporters do not provide checked baggage service. Baggage is placed in a secured portion of the passenger compartment that is separate from the seating area and accessed from the back of the vehicle.

Conclusion: There may be a cost associated with delivery of lost checked baggage for those companies that accept checked baggage and do not have a delivery policy in place. The cost of delivering a misplaced bag to a local address is less than the cost of compensating a passenger for the loss. Because baggage liability costs are built into rates, any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-476 (3) Claims.

Responding Companies: \$500 - SeaTac Shuttle. The company provided no explanation or information about its basis for a cost impact or how it calculated the cost impact.

Discussion: This proposed rule establishes a claims process for lost or damaged baggage. The claims process only applies to “checked baggage” that is not carried in the passenger compartment of the vehicle. Most airporters do not provide checked baggage service. Baggage is placed in a secured portion of the passenger compartment that is separate from the seating area and accessed from the back of the vehicle.

Conclusion: There may be a cost associated with establishing claims forms and making those forms available to customers. Because baggage liability costs are built into rates, any related new cost of compliance is no more than minimal, so mitigation is not required.

WAC 480-30-251 to WAC 480-30-436 Rates and Rate Methodology, Section 7

Responding Companies: \$5,000 - \$10,000 – BK Airporter. The entire process of filing for a general rate increase is both time consuming and expensive. The preparation of pro-forma income and expense statements, depreciation schedules and other necessary documentation and justifications is excessive and costly. These burdens are too extensive for the average small business owner who is not an accountant and who doesn't have a full time accountant on his staff. The most recent general rate increase filed by this company took six months of filing and then re-filing again before staff approved an incremental rate increase. If our CPA firm responsible for our official accounting performed this task, the estimated cost for documentation preparation only is \$2,125. See attached Cox and Lucy, CPA's estimate). Company costs for liaison and follow-up coordination during the entire process are estimated at \$5,000 - \$10,000, depending on

the amount of justification required and the complexity of the request. These costs would be greatly diminished if rate methodology were simplified to allow the operator annual “fare zones” and simplified application procedures as discussed in BKA comments to the proposed rules. BKA preparation and processing of gasoline surcharge requests are estimated at \$1,200 per year. If fare zones were implemented, the need for fuel surcharge applications would be eliminated.

Discussion: Part 7 of the proposed rules includes WAC 480-30-251 to WAC 480-30-436. The proposed rules reflect current tariff and rate filing requirements. The company’s comments reference costs associated with the company’s recent rate case and fuel surcharge filings under current rules. The commission will consider rate setting methods in a separate proceeding.

Conclusion: The proposed rule requires companies to compile and file information with proposed rates rather than after filing with the commission. Any related new cost of compliance is no more than minimal, so mitigation is not required.

Savings Resulting from Proposed Rules

The proposed rules authorize an auto transportation company certificate holder to provide charter and excursion carrier service without additional certificates. (Charter and excursion applications are \$150 each.)

The proposed rules consolidate the charter and excursion carrier certificates eliminating the requirement that companies pay for and receive two separate certificates. (Charter and excursion applications are \$150 each.)

By eliminating multiple certificates, the proposed rules also eliminate the requirement that companies identify their vehicles with multiple certificate numbers.

The proposed rules increase the opportunity for companies to make tariff and time schedule filings on a one-day notice to the commission rather than the current thirty-day notice.

The proposed rules no longer require companies to maintain records according to a uniform system of accounts established by the commission, but now allow companies to use general accounting practices.

The proposed rules no longer require companies to pay a fee to replace a lost certificate.

The proposed rules now include a simplified process to reinstate a certificate within 30 days of its cancellation.

The proposed rules no longer require companies to file duplicate or triplicate copies of applications, tariffs, time schedules, insurance forms.

The proposed rules no longer require companies to report or file with the commission vehicle accident reports.

Summary of Findings

The proposed rules include rules that were formerly codified in three separate chapters. Existing requirements are restated to provide clarity and more complete information for companies and passengers. The rules further incorporate state legislative actions; federal preemptive actions; and state agency, federal agency, and court decisions that affect passenger transportation regulation.

The estimated cost to comply with the proposed rules appears to be reasonable and does not appear to be significant, except for the proposed increase in bodily injury and property damage liability insurance minimums that may affect only a small number (five) of the regulated companies that do not carry insurance at higher limits.

Mitigation

As described above, most of the proposed rules addressed by stakeholders in their response to the SBEIS Questionnaire are existing requirements that have no new cost of compliance or compliance costs that are no more than minimal.

Several of the rules that have costs include compliance options, including no cost options. Other proposed rules have been revised and no longer include new compliance costs.

Other rules with implementation costs are necessary and cannot be mitigated.

Conclusion

Chapter 19.85 RCW requires an SBEIS be prepared to assess whether the proposed rules impose more than minor costs on businesses in an industry, in this case, passenger transportation companies including charter carriers, excursion carriers, and auto transportation companies providing airporter services, intercity bus services, inter modal and rural transportation services. Staff mailed surveys designed to obtain information about the cost of compliance with the proposed rules to all certificated passenger transportation companies subject to commission regulation including auto transportation

companies, charter carriers, and excursion carriers. Surveys were also sent to other interested parties. Two companies responded.

As the section-by-section analysis shows, the economic impact of the proposed rule revisions is not significant for passenger transportation companies in general or for small businesses in particular. The proposed revisions make the passenger transportation company rules clearer by eliminating duplicative requirements between the various chapters and consolidating into a single chapter those rules that were formerly contained in three chapters. Outdated provisions are eliminated or updated.

Some rules will result in additional costs for companies, but these are not significant.

The following conclusions are based on an analysis of the cost impacts of the proposed rules on passenger transportation companies:

- 1) Passenger transportation companies will incur costs to comply with some of the proposed rules. Only the following three rules may result in compliance costs that are more than minor, WAC 480-30-191 Bodily injury and property damage liability insurance; WAC 480-30-471 Ticketing Requirements; and WAC 480-30-476 Baggage liability and claims for loss or damage.
- 1) Although it was not possible to directly compare the costs and benefits of implementing the proposed rules, the commission believes that, on balance, the benefits of implementing the proposed rules are at least equal to the costs of compliance; and
- 2) As can be seen from the discussion above the economic impact of the total rewriting of these rules includes a number of cost reductions. Any prudent increase in costs can be recovered from customers through rates. It is expected that the proposed rules will not impose any new costs that would cause rates to increase to such a degree as to cause a decrease in passengers and decrease in revenue.