

Provided by:

SEATAC SHUTTLE, LLC.  
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DOCKET TC-060177

Suggested WAC language proposed by **Seatac Shuttle, LLC** relative to a banded method of regulating passenger fares. The following language is for consideration under Docket # TC-060177 and is not intended to reflect all the necessary changes to the code. ~~Strikeouts~~ mean deletions and underlines mean additions.

NEW SECTION

**WAC 480-30-261 Tariffs and time schedules, definitions used in.** Definitions of general terms and terms specific to driver and equipment safety are contained in WAC 480-30-036 and 480-30-216, respectively. Unless the language or context indicates that a different meaning is intended, the following definitions apply:

**"Base Fares"** means fares as permitted by the commission for each company, as of January 1, 2007 or those fares for new service permitted by the commission thereafter.

**"Charge"** means a fare rate assessed by an auto transportation company for providing a service other than the transportation of a passenger(s). For example: The charge for carrying extra baggage on board the bus.

**"Consumer Price Index"** shall mean the index as published by the United States Department of Labor, Bureau of Labor Statistics, for All Urban Consumers (CPI-U)

**"Checked baggage"** means passenger baggage that is accepted for transportation but is not carried in the passenger compartment of the vehicle.

**"Fare"** or **"ticket price"** means a rate assessed by an auto transportation company for the transportation of a passenger(s).

**"Joint fare"** means a fare rate charged by an auto transportation company for the transportation of a passenger(s) that applies from a point located on one auto transportation company's route to a point located on another auto transportation company's route, made by agreement or arrangement between the companies. A joint fare agreement is also known as a through-ticketing agreement.

**"Local fare"** means a fare rate charged by an auto transportation company for the transportation of a passenger(s) between stations within a single company's authority.

**"Long and short haul clause"** means a clause that prohibits an auto transportation company from charging more for a shorter than for a longer haul over the same route.

7  
"Rate" means an amount in a company's tariff approved by the commission or allowed to become effective by operation of law, for services provided by an auto transportation company. For example: Passenger fares, ticket prices, additional baggage charges.

"Sales commission" means a fee paid to an agent for selling tickets on behalf of an auto transportation company.

"Seasonal fares and seasonal time schedules" means filing of tariffs or time schedules naming different fares, routes, or arrival and/or departure times for different periods of the year. For example: A company may offer more scheduled routes during certain periods than it does in others; or, a company may assess different fares in heavily traveled months than it does during off-peak months.

"Through fare" means a single rate applying from point of origin to point of destination that combines two or more rates in one auto transportation company's tariff or rates from two or more auto transportation companies.

#### NEW SECTION

**WAC 480-30-066 Accounting requirements, auto transportation company.** (1) The commission publishes a uniform system of accounts (USOA) for auto transportation companies. The commission supplies copies of the USOA on request.

(a) The USOA defines accounting, financial, and other procedures. ~~the commission uses to determine if rates are fair, just, reasonable, and sufficient.~~

(b) The USOA contains accounting definitions, listings, and explanations of balance sheet and income statement accounts.

(2) The commission recommends companies maintain their financial and accounting records according to the USOA. Regardless of what accounting system a company uses, the company must maintain its books and records in a manner sufficient to complete the commission-issued annual report form, using figures that reconcile with the USOA.

NEW SECTION

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

(1) A general rate increase filing is a tariff change that would:

~~(a) Increase the company's gross annual revenue from activities regulated by the commission by three percent or more.~~

~~(b) Restructure tariffs so that the gross revenue generated by any customer class would increase by three percent or more.~~

(a) Increase base fares in any category or on any route by more than five percent in any preceding twelve months exclusive of Consumer Price index adjustments.

(b) Decrease base fares in any category or on any route by more than five percent in any preceding twelve months.

(2) The following tariff changes are not considered general rate increase filings even though the request may meet one or more criteria identified above:

(a) Filings for collection of per-customer pass-through surcharges and taxes imposed by the jurisdictional local and state government(s) and tolling authorities based on the previous calendar current year customer count either as a specified dollar amount or percentage fee amount.

(b) Filings by existing auto transportation companies for the implementation of new transportation services.

(c) Adjustments made in accordance with the Consumer Price Index.

(3) The commission may require that any filing to ~~increase rates for any customer class, or to~~ restructure rates, is subject to the additional requirements of WAC 480-30-426

NEW SECTION

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

(1) General rate increase filings must include work papers supporting the proposed tariff changes based on a test year which is the ~~most recent or appropriate~~ preceding consecutive twelve-month period for which financial data are available. Work papers must include, but are not limited to, the following:

~~(a) A detailed pro forma income statement by account including restating and pro forma adjustments, and all supporting calculations and documentation for each adjustment. See sample pro forma income statement below.~~

~~(i) Restating adjustments modify historic operating results to more properly reflect a "normal, representative" twelve-month test period and give recognition to those areas where the company's accounting methodology may differ from accepted regulatory practice. Restating adjustments fall into three categories:~~

~~(A) Reclassification — reclassification moves dollars from~~

~~one account to another with no effect on the final net income.~~

~~(B) Accounting adjustments — accounting adjustments are necessary if the income statement does not properly apply basic accounting principles, such as an out-of-period expense posted in the test year, or to correct an error or oversight.~~

~~(C) Ratemaking — ratemaking adjustments modify the records of the company to reflect proper ratemaking theory, such as removing expenses that were incurred by the company but are not generally allowed to be passed on to ratepayers, or converting from accelerated depreciation to straight line depreciation.~~

~~(ii) Pro forma adjustments give effect to all known and measurable changes in revenues and expenses not offset by other factors that have or will soon occur as if they had been in effect for the full twelve months of the test year. Examples include changes in tax rates, revenue impact of the tariff changes sought to be changed in the filing. Pro forma adjustments give effect to changes in expense or revenue levels, not the gallons of fuel used, passengers transported, or labor hours worked, etc.~~

~~(b) A total passenger count or representative sample of all tickets sold and fares charged during the test year, including all routes, zones, and types of service, and breakdowns between one-way and round trip fares, adults, children, commuters, etc. Revenues of the passenger count/tickets sold analysis must be reconciled to the revenues of the chosen test period. The passenger count/tickets sold analysis forms the basis of the revenue impact of the filing called for in WAC 480-30-381 (2)(b)(iii). See sample passenger count below.~~

~~(c) A current depreciation schedule separately listing all assets used by the company during the test period including the date the asset was placed into service, cost, salvage value, service life, and straight-line depreciation expense and accumulated depreciation at the beginning and at the end of the test period.~~

~~(d) A balance sheet as of the last day of the test period chosen.~~

~~(e) If nonregulated operations represent more than ten percent of total company test period revenue, then the starting point of the pro forma income statement must be total company operations, supplemented with a detailed separation of all total company revenues and expenses between regulated and nonregulated operations.~~

~~(f) Backup information concerning every transaction between the regulated company and any affiliated or subsidiary entity describing the services or transactions that occurred, the costs assessed and the basis of the charge, and the relationship to the regulated company.~~

~~Sample — pro forma income statement~~

(A) The last filed annual report.

(B) Documentation relating to market conditions

(a) Comparable tariffs

- (b) Fuel prices
- (c) Competition
- (d) State sponsored travel alternatives
- (e) Relevant IRS documentation
- (f) WSDOT projects

(C) The petitioner shall prove to the commission that market conditions or factors out of petitioner's control require an increase or decrease in base fares beyond the amount allowed.

NEW SECTION

**WAC 480-30-431 "Fuel surcharges"** shall be permitted to a company which is experiencing increased costs from escalating fuel prices.

(A) Companies requiring a fuel surcharge must submit a notice to the commission three days prior to the effective date.

(B) Notice of a fuel surcharge may be submitted to the commission twice in any calendar month.

(C) Fuel surcharges shall be based on the following;

(1) National U.S Average on highway Diesel Fuel Price-West Coast (PADD V) Index;

(2) Base price to be the June, 2005 price;

(3) Fuel surcharge shall be computed by multiplying the surcharge percentage times the highest base one-way fare then in existence for the company and rounded to the nearest nickel. This amount shall be added to all fares. The surcharge percentage shall be determined by using calculating the increase over the base index as follows: For each 8 cent increase or part thereof in actual fuel prices the fuel surcharge percentage will be 0.25%. See Table 1 for details.

Table 1

<u>At least:</u>	<u>But less than:</u>	<u>Surcharge:</u>
	\$2.38	0.00%
\$2.38	\$2.46	0.25%
\$2.46	\$2.54	0.50%
\$2.54	\$2.62	0.75%
\$2.62	\$2.70	1.00%
\$2.70	\$2.78	1.25%
\$2.78	\$2.86	1.50%
\$2.86	\$2.94	1.75%
\$2.94	\$3.02	2.00%

\$3.02	\$3.10	2.25%
\$3.10	\$3.18	2.50%
\$3.18	\$3.26	2.75%
\$3.26	\$3.34	3.00%

(D) Fuel surcharges shall not be used when calculating general fare increases;

(1) Fuel surcharges shall be treated as a pass through expense.

~~**Tariffs, general rate increase filings and fuel cost update.** An auto transportation company filing a fuel surcharge request rate change based on changes in general operating expenses must update the test period fuel costs using actual fuel costs for the most recent twelve-month period~~

NEW SECTION

**WAC 480-30-436 Tariffs, special or promotional fare tariff filings.** (1) The commission encourages auto transportation companies to explore innovative rates and rate structures including special or promotional fares intended to:

(a) Retain or increase the number of passengers using the company's services;

(b) Provide the public with flexible transportation options; and

(c) Make more efficient and effective use of the company's equipment and other resources.

~~(2) When an auto transportation company files a special or promotional fare, the filing must at a minimum include the following:~~

~~(a) A statement supporting the use of the proposed special or promotional fare; and~~

~~(b) Information detailing the potential effect on revenue of the proposed special or promotional fare, as well as the effect on revenue of the current fare.~~

(3) Promotional fares shall have no effect upon the calculation of the annual five percent increase or decrease in fares. Promotional fares are specifically exempt from this calculation.

(a) A company may only offer ten promotional fares in any twelve consecutive months.