



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

VIA US MAIL AND ELECTRONIC MAIL

March 26, 2013

John Solin, Owner  
Mike Lauver, Owner  
SeaTac Shuttle, LLC  
P.O. Box 2895  
Oak Harbor, WA 98277

RE: TC-130412, *Tariff No. 5, Passenger Rules and Time Schedule No. 10 Revision*

Dear Messrs. Solin and Lauver:

On March 21, 2013, SeaTac Shuttle, LLC (SeaTac Shuttle or company), filed with the Utilities and Transportation Commission (Commission) a proposal to establish a "new" *door-to door / shared ride service* between Whidbey Island and the Bellingham International Airport (BLI). In addition, the company filed to implement scheduled service between Whidbey Island and BLI. The commission has rejected that filing per WAC 480-07-141 for the reasons described in this letter.

SeaTac Shuttle's certificate of public convenience and necessity for service between Whidbey Island and BLI authorizes the company to provide only door-to-door service, by reservation. The company's current Tariff 5, 1st Revised Page No. 10 publishes fares for service (door-to-door service, by reservation) between Whidbey Island and BLI for \$35.

The instant filing proposes service (door-to-door service, by reservation) between Whidbey Island and BLI for \$120 to and from points located in zip code 98277 and \$125 to and from points located in zip code 98278. Because this is a proposed increase to the current fare, the company must file the supporting information required by WAC 480-30-421, Tariff, general rate increase filings and WAC 480-30-426, Tariff general rate increase filings, work papers, copies attached. You have not provided that information. For your information, I have attached both rules to this letter.

On Feb. 22, 2013, Mr. Eckhardt, Assistant Director of Solid Waste, Transportation and Water sent a letter to SeaTac concluding the application in Docket TC-120834 as requested by SeaTac and



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granted by the commission allows door-to-door service by reservation only. Mr. Eckhardt further stated the company would need to file an application to modify its current certificate to allow the company to provide scheduled service.

On March 13, 2013, I sent you a letter providing further guidance on how to resolve this matter. My letter included specific instructions on how to file two complete applications for temporary and permanent authority as well as specific language to assist the company in achieving its goal of providing scheduled service between Whidbey Island and BLI. In addition, I indicated that staff would recommend that the commission waive the filing fees for the recommended applications (temporary \$150 and permanent application \$200). At the commission's open public hearing on March 14, 2013, the commission granted SeaTac an exemption from WAC 480-30-091, which waived all fees associated with filing both a temporary and a permanent application.

I reiterate that the best and quickest way to add scheduled service to your authority is to file the recommended extension application. I have attached a copy of my March 13 letter for your reference.

Under WAC 480-07-141, the Commission may reject a filing if it is insufficient or defective. As filed, the company's proposed revisions to *Tariff 5 and Time Schedule 10* are not in compliance with the commission's rules. Consequently, the Commission has rejected the company's March 21, 2013, filing in its entirety.

If you have any questions regarding this matter, please contact Penny Ingram, Regulatory Analyst, at [pingram@utc.wa.gov](mailto:pingram@utc.wa.gov) or 360-664-1242.

Sincerely,



Steven V. King  
Acting Executive Director and Secretary

Attachments

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.

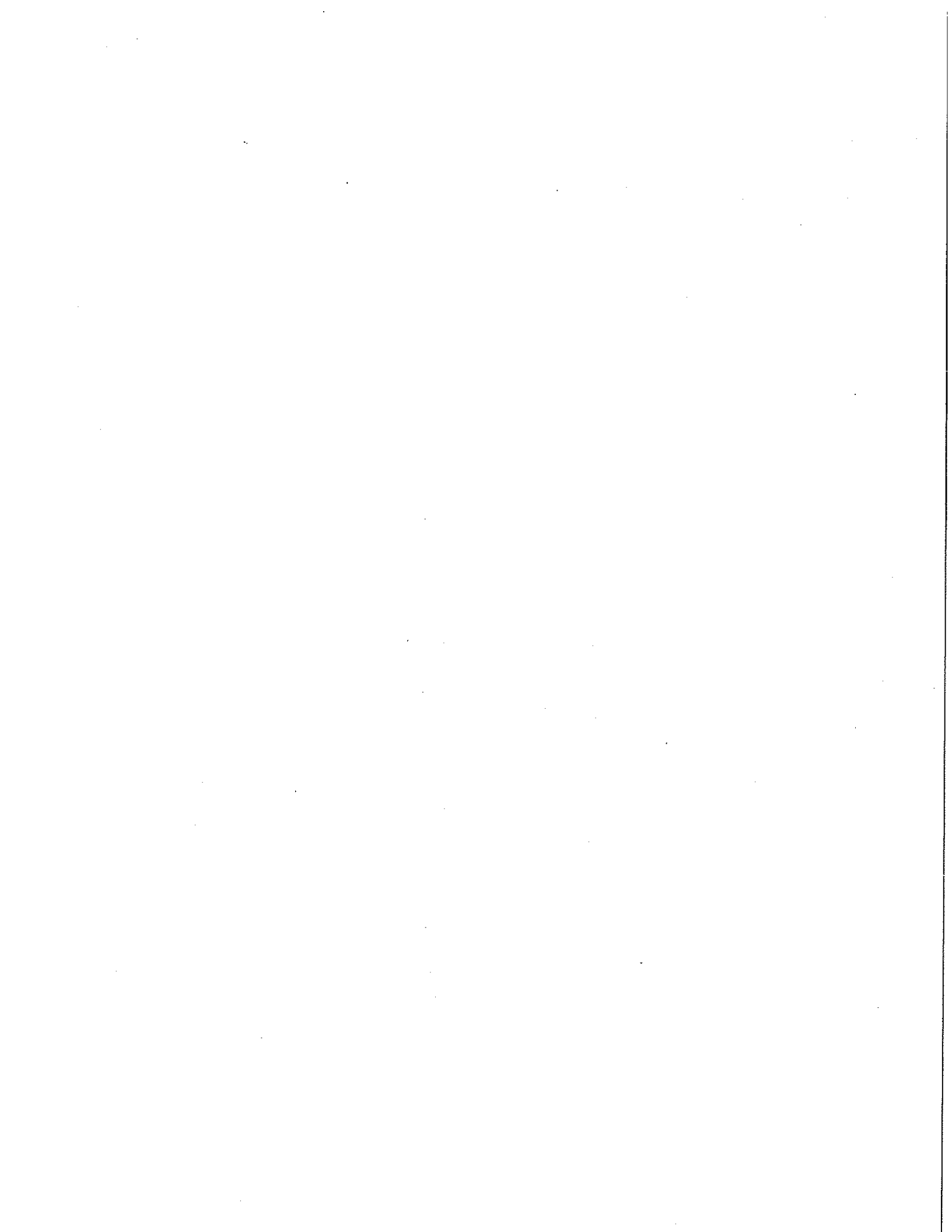
(2) The following tariff changes are not considered general rate increase filings even though the request may meet one or more criteria identified above:

(a) Filings for collection of per-customer pass-through surcharges and taxes imposed by the jurisdictional local government based on the 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.

(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.

[Statutory Authority: RCW 80.01.040, 81.04.160, 81.12.050, 81.68.030, and 81.70.270. 06-13-006 (General Order No. R-533, Docket No. TC-020497), § 480-30-421, filed 6/8/06, effective 7/9/06.]



## 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 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) (ii). 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

XYZ Bus Company ProForma Income Statement 12 months ended December 31, 2004							
	Per Books	Restating Adjustments	Per Books Restated	ProForma Present Adjustments	ProForma Present Level	May 1 ProForma Proposed Adjustments	ProForma Proposed Level
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Revenues</b>							
Passenger	530,000		530,000	A 22,159	552,159	G 31,752	583,911
Charter	61,410		61,410	A 2,149	63,559	G 3,080	66,639
Fuel Surcharge	6,292		6,292	C (6,292)	-		-
Baggage, etc.	3,400		3,400	A 341	3,741		3,741
<b>Total Revenues</b>	<b>591,102</b>		<b>591,102</b>	<b>18,357</b>	<b>609,459</b>	<b>34,832</b>	<b>644,292</b>
<b>Expenses</b>							
Maintenance	66,377	1 (10,000)	46,377		46,377		46,377
Driver Payroll	153,667	2 6,000	159,667	B 7,300	166,967		166,967
Fuel	44,924	4 (4,351)	40,573	C 1,823	42,396		42,396
Insurance	36,944		36,944	F 1,105	38,049		38,049
Payroll Taxes	33,811	2 383	34,194	B 823	35,017		35,017
Employee Benefits	13,004		13,004	E 1,951	14,955		14,955
Taxes & Fees	44,877		44,877	A 349	45,226	G 603	45,829
Licenses	591		591		591		591
Depreciation	63,199	3 (5,000)	48,199		48,199		48,199
Advertising	12,000		12,000		12,000		12,000
Office & Admin Expense	9,000		9,000	B 270	9,270		9,270
Office & Admin Wages	106,398		106,398	B 3,192	109,590		109,590
Selling Expenses	9,112		9,112		9,112		9,112
Utilities	6,500		6,500		6,500		6,500
Rents	20,000		20,000	D 5,000	25,000		25,000
<b>Total Expenses</b>	<b>600,424</b>	<b>(13,968)</b>	<b>586,456</b>	<b>21,812</b>	<b>608,268</b>	<b>603</b>	<b>608,872</b>
<b>Net Operating Income</b>	<b>(9,322)</b>		<b>4,646</b>		<b>1,391</b>		<b>35,620</b>
<b>Operating Ratio %</b>	<b>101.58%</b>		<b>99.21%</b>		<b>99.77%</b>		<b>94.47%</b>

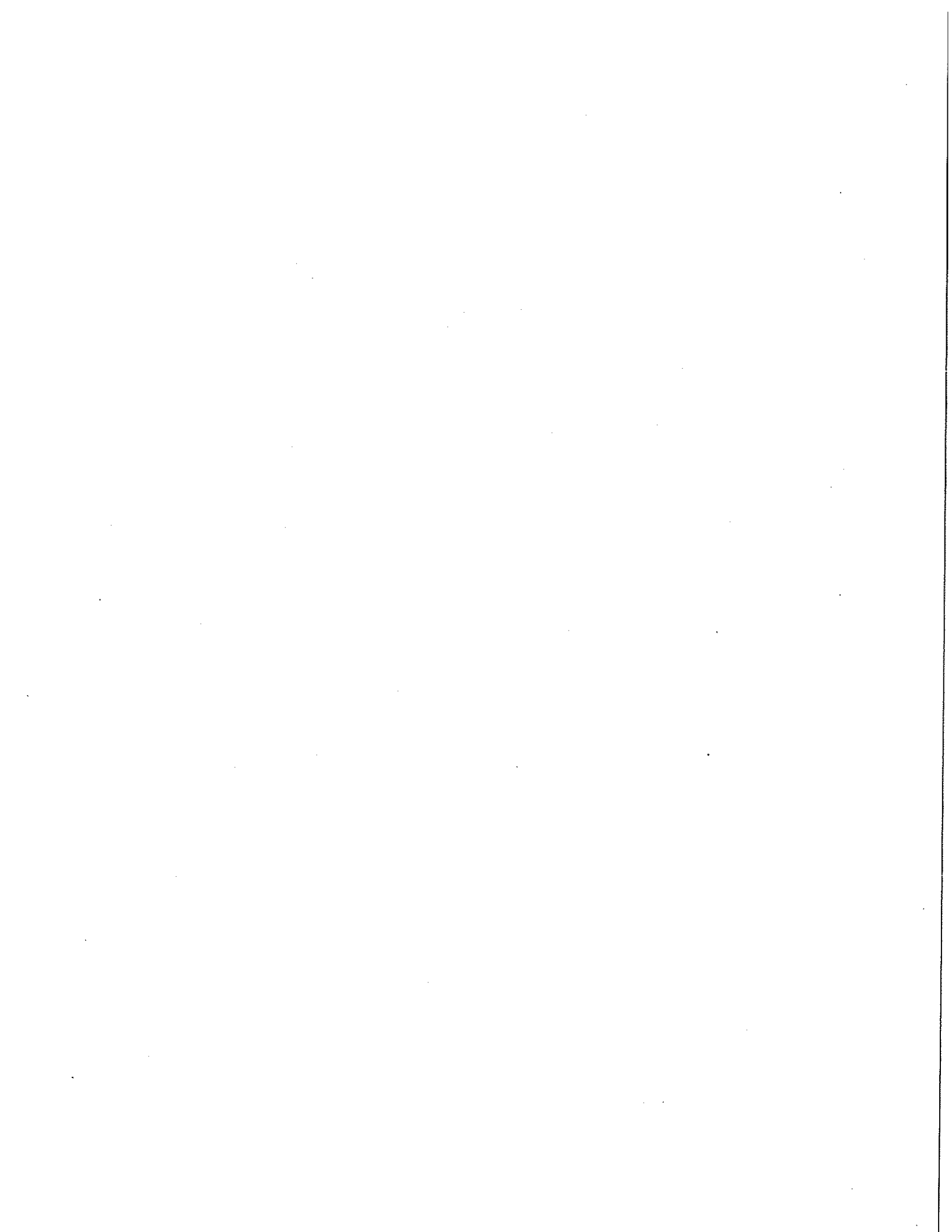
  

<ol style="list-style-type: none"> <li>1. To capitalize extraordinary repair</li> <li>2. To adjust payroll to accrual</li> <li>3. To adjust to straight line depreciation</li> <li>4. To remove \$.184 fuel tax</li> </ol>	<ol style="list-style-type: none"> <li>A. To proforma revenue for June 1, 2004 rate increase</li> <li>B. To proforma payroll to February 1, 2005 pay increase</li> <li>C. To proforma fuel to most recent 12 month average; remove fuel surcharge revenue</li> <li>D. To adjust to current rent levels</li> <li>E. To increase health insurance to current premium per employee</li> <li>F. To adjust insurance to March 1, 2005 premium</li> <li>G. To proforma the May 1, 2005, proposed rate increase</li> </ol>
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Sample - Passenger count

XYZ Bus Company Sample Passenger Count - Tickets Sold 12 months ended December 31, 2004							
	Passengers	Fares Before June 2004	Extension	Fares Effective June 2004 Increase %	Extension	Proposed New Fares \$2.00 one way	Extension
<b>Route A - One Way</b>							
Adults	2,000	25.00	50,000	10%	55,000	29.50	59,000
Children	800	12.50	10,000	13.75	11,000	14.75	11,800
Commute	700	20.00	14,000	22.00	15,400	23.50	16,450
Subtotal			74,000		81,400		87,250
<b>Route A - Round Trip</b>							
Adults	4,900	40.00	196,000	44.00	215,600	46.00	225,400
Children	1,000	20.00	20,000	22.00	22,000	23.00	23,000
Commute	2,000	32.00	64,000	35.25	70,500	36.90	73,800
Subtotal			280,000		308,100		322,200
<b>Route B - One Way</b>							
Adults	1,600	18.00	28,800	19.80	31,680	21.80	34,880
Children	439	9.00	3,951	9.90	4,346	10.90	4,785
Commute	100	14.50	1,450	15.95	1,595	17.50	1,750
Group	200	9.00	1,800	9.90	1,980	10.90	2,180
Subtotal			36,001		39,601		43,595
<b>Route B - Round Trip</b>							
Adults	3,200	28.80	92,160	31.70	101,440	33.70	107,840
Children	200	14.40	2,880	15.85	3,170	16.85	3,370
Commute	400	23.00	9,200	25.30	10,120	27.00	10,800
Group	580	14.40	8,064	15.85	8,876	16.85	9,436
Subtotal			112,304		123,606		131,446
Grand Total			502,305		552,707		584,491
Pro forma - Revenue Increase Percent					10.03%		5.75%

[Statutory Authority: RCW 80.01.040, 81.04.160, 81.12.050, 81.68.030, and 81.70.270. 06-13-006 (General Order No. R-533, Docket No. TC-020497), § 480-30-426, filed 6/8/06, effective 7/9/06.]







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March 13, 2013

Mike Lauver, Owner  
John Solin, Owner  
Seatac Shuttle, LLC  
P.O. Box 2895  
Oak Harbor, WA 98277

**RE: Service Between Whidbey Island and Bellingham International Airport (BLI)**

Mr. Lauver and Mr. Solin:

Thank you for your March 11 email on this matter. I concur with you that it is time to move forward to resolve the issue of Seatac Shuttle's service from Whidbey Island to BLI.

As it turns out, Gene Eckhardt had already drafted a response to your February 27 request that the Washington Utilities and Transportation Commission (commission) provide you with exact language to include in your application that would be acceptable to the commission. This letter reflects his efforts to a considerable extent.

To resolve this matter, we recommend you take the following steps:

First, you need to file an application for extension of your current authority to provide scheduled service between Whidbey Island and BLI. Along with the application, you must also file a proposed tariff and time schedule (see Section 3 of the application form). I have enclosed an Auto Transportation Company Application and instructions for filing a tariff and time schedule. Both of these documents are available on the commission's web site at:

<http://www.utc.wa.gov/regulatedIndustries/transportation/autoTransportation/Pages/default.aspx>

Please review the application carefully and complete it fully, including any attachments that may be required. Staff cannot process an application until it is complete.

Mike Lauver and John Solin, SeaTac Shuttle  
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Staff recommends the following language to describe the proposed service (Section 2 of the application):

Airporter Passenger Scheduled Service: Between Whidbey Island and Bellingham International Airport.

If you have any questions about completing an application or the application process, please contact Tina Leipski at 360-664-1170.

Second, you will also need to file a proposed time schedule (Section 3 of the application). The proposed time schedule identifies specific locations and times for picking up and dropping off passengers. The enclosed instructions will be helpful. In addition to the instructions, we have enclosed a sample of a properly completed time schedule for an existing company. If you have questions or need assistance with this aspect of the application, please contact Lisa Wyse at (360) 664-1259.

Third, I suggest that you consider filing two applications: The first for temporary authority and a second application requesting an extension of your current permanent authority. Assuming the temporary authority application is properly completed, the commission can issue temporary authority upon receipt. With the temporary authority, your company could operate scheduled service between Whidbey Island and BLI while the extension of your current permanent authority is underway.

Staff will recommend the commission waive the application fees associated with filing applications for temporary and permanent authority. Typically you would need to submit \$150 with your application for temporary authority and an additional \$200 for extension of your current permanent authority. However, because of the confusion regarding the meaning of "door-to-door" and "scheduled" service between your company and commission staff, your request was not timely processed. As a goodwill gesture, staff will recommend the commission waive the filing fee for both applications.

We look forward to receiving your applications and working with you to resolve this matter.

Sincerely,



Steven V. King  
Acting Executive Director and Secretary