

DOCKET No. TC-060177  
July 20, 2006  
via email: [records@wutc.wa.gov](mailto:records@wutc.wa.gov)

Seatac Shuttle, LLC  
PO Box 2895  
Oak Harbor, Wa 98277

Dear Commissioner Sidran:

Thank you for your letter of July 17 regarding your thinking on Docket No. TC-060177. After reviewing it we feel that a few comments are in order.

Your mention of pursuing legislation to permit flexibility to tailor entry and fare flexibility need a little clarification. First we are not sure what you mean by “entry standard flexibility” as the operators only wish to strengthen entry standards, if anything, and have never requested any specific changes to those standards. The current entry standards along with the increased insurance requirements are sufficient.

Second, under current RCW the commission is already empowered to set fares without any meaningful guidelines from the legislature allowing you to create any reasonable method of calculation. If you are suggesting that the legislature provides the commission with set rules on fare setting, we welcome them.

Regarding the retention of the 93/7 operating ratio methodology we are at a complete loss unless this is just until the resolution of TC-060177 in September of this year. Your own staff has stated that it is a disincentive to good management and a boon to disorganized, inefficient and poor management. It in no way serves the consumer, you need only look at the disparity in fares over the same number of miles and in some cases over like or similar routes to know that it does not work. Additionally the 93/7 ratio is a myth. In analysis, your staff can and has changed the ratio for various companies and allows or disallows various expenses and depreciation calculations depending on which company it is or what the mood of the day is. We have two variables in the equation and cannot possibly guess what your staff will do with any individual filing. This system is inefficient, invasive, counterproductive and contrary to all established business practices. We do not know how to state it any more clearly. We welcome your justification for continuing this practice if in fact that is your intention after Mr. Rose’s investigation into RCW. Filing via an alternative method, to our knowledge, has never resulted in a positive staff recommendation for a transportation provider.

By deciding to not codify this methodology into rule we assume that you mean the 93/7 method and are waiting to proceed with the newer banded rate in the near future under this docket. It is of paramount importance that the new methodology be put into rule. One of our industry’s biggest problems is the inequity and disparity in the application of “policy” with regard to fares. If nothing else is accomplished, putting the fare setting methodology into rule for equal application to all will be a giant leap for the commission.

As to fuel surcharges, generally we support the suggested changes. However, are we to read “manage at least 10%” to mean eat or absorb 10% of the cost? If so, in what other industry is the provider required to “manage” an uncontrollable increase in expense and not have the opportunity to recover it? If this is your intention, what is your justification for us not being able to recover our costs? Does this fit under the “sufficient” requirement of RCW?

You did state that this “is consistent with the response of many **competitive** companies ..... because **competition** constrains their ability to pass through 100 percent of their fuel costs to their customers.” This is a gross misinterpretation of the company’s comments. No company stated that fuel costs could not or would not be passed on to consumers. It is an expense over which we have no control. What was stated was that under a banded method fuel surcharges would not be necessary if the bandwidth were appropriate and second that under a banded method companies would not necessarily utilize the full bandwidth because of competitive constraints, which are not necessarily other regulated companies but rather current market factors and the consumer’s perceived price/service value.

Additionally, your staff has traditionally not recognized our competitive factors nor has the commission. Mr. Oshie in particular discounted our competitive factors and wanted to characterize any possible competition as “effective” competition with no definition at the workshop. It appears that on one hand you are willing to recognize competition if it will reduce our ability to recoup expenses but won’t recognize competition if it supports our case for flexibility. Once again we do have many sources of competition that directly affect us. We are not, as so often characterized by your staff and the Commissioners, monopolies. Consumers have many choices for transportation to the airport.

We are fully in favor of utilizing an indexed table for fuel surcharge calculations. However, before we can support a specific index or table we must see what you are proposing. Presumably it will reflect full reimbursement to the operators for increases in fuel expenses.

We are unclear as to what you mean by “over-earnings”. This harkens back to the revenue based fare calculation method which has been demonstrated to be to the disadvantage of both the consumer and the industry. If we are allowed to set our fares based on a banded method relative to base fares, which the public has accepted and the commission has approved, of what concern is it if through efficient management we are able to turn a profit or what that profit is as long as it is “sufficient”? We are tasked by regulation to provide a level of service to the satisfaction of the commission and by the consumer to be better than our competition. If we don’t generate complaints to the commission or from the commission, the commission will require another operator or an adjustment in service levels by the existing operator.

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Thank you for noting that a longer period for fare decrease notification did not serve the public and correcting it. Perhaps you will reconsider the posting LSN requirement on vehicles and eliminate it in the interest of the consumer and our ability to provide a “premium” service with out a lot of superfluous paper work taped to the windows of our buses. We would still like to know who is responsible for this new rule and their justification for it.

We look forward to significant changes under this docket, it has been a long time coming and we have all put in a great deal of effort to make our comments meaningful. Under the previous revision of WAC 480-30 we saw the simplification process expand the code from 19 sections to over 100. It is our hope that the commission eliminates some of the over-burdensome code that will cost us additional administrative costs (which have not been provided for in the code) and truly simplify this section with regard to consumer protection and fare regulation.

One additional note, we are required to operate under the iteration of WAC 480-30 that became effective July 10, 2006. To date we have not received or found a posting of this new set of the code. We have requested an electronic copy from Records but have not yet received one. We shall continue to operate under the old rules until such time as the current set is made public.

Thank you for your work on this revision, we hope that you will take the company’s comments into serious consideration.

Mike Lauver  
John Solin

Seatac Shuttle, LLC  
[mike@seatacshuttle.com](mailto:mike@seatacshuttle.com)  
[john@seatacshuttle.com](mailto:john@seatacshuttle.com)