

**BREMERTON-KITSAP AIRPORTER, INC.**  
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DOCKET No. TC-060177

July 27, 2006

Via email: [records@wutc.wa.gov](mailto:records@wutc.wa.gov)

Dear Commissioner Sidron,

Thank you for your letter of July 17, 2006 regarding subject docket. I wish to make the following additional comments regarding rate methodology for auto transportation companies.

I appreciate the Commission's interest in pursuing legislation to give the Commission the flexibility needed to tailor entry and fare setting standards to the market conditions within specific geographic areas. Ultimately, we agree legislative changes are needed to affect such standards and we concur that this is the appropriate methodology for setting entry and fares.

However, in the interim and until such legislative changes can be made, I would like to recommend that rate zones be established for each of the operator's transportation market and codified in the rules. This is in consonance with Executive Order 06-02 and would greatly simplify the current rate /fare methodology which is dependent on revenue/profits and is not codified. The rate zone would be established at 20% for operators in the Seattle commercial zone, where competition is greatest, and diminishing for the operators farther from Seattle to a maximum 10%. The appropriate rate zone should be a determination of the distance from the Seattle metropolitan area, not the relative efficiency of the affected operators.

We recommend that the appropriate rate zone used by each operator is to be applied to the approved rates of the last general rate increase in effect on July 1, 2006. Per staff, since all operators were granted rate increases in 2005 or 2006 (except Bremerton-Kitsap Airporter, Inc.), and the rate increases were approved using the 93/7 percent operating ratio methodology, this would appear to be an equitable starting point.

This flexibility would allow operators to absorb increasing fuel costs within their respective rate zone and eliminate the need for fuel surcharge filings. If however, a fuel-surcharge calculation is still required, we have no disagreement with the current methodology with the elimination of the 1% revenue threshold. The paperwork requirement is not burdensome and is even less so if filings are made electronically using

the calculation form supplied on the web. It is now simply a matter of inserting the current price of fuel on the form and calculations are automatic.

Finally, we recommend that the current 93/7 operating ratio methodology be abandoned at the earliest. It is a genuine disincentive to good and efficient management. If airline fares were bound by the same fare setting methodology, fares would be unaffordable and no one would fly.

Sincerely,

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