

From: Island County EDC [mailto:icedc@whidbey.net]
Sent: Monday, March 28, 2011 2:36 PM
To: UTC DL Records Center
Cc: Kelly Emerson; Angie Homola; Shelton, Mike
Subject: Comments Docket T-101661 and A-042090

Dear Commissioners,

Please record as public comment to Docket T-101661.

The Whidbey SeaTac shuttle provides a critical transportation service to Island County. As the only county in Washington subject to concurrency, employing efficient means to increase the movement of goods and people while reducing the impact to transportation infrastructure is not just important – it's mandated.

Several items in Docket T-101661 cause concern:

1. Non-compliance with Executive Order 10-06
 - a. Governor Gregoire recognizes over-regulating in a depressed economy is detrimental when she states: "**WHEREAS**, in a time of severe budget constraints, small businesses and governments find it more difficult to monitor and respond to proposed changes in rules and policies;"
 - b. Enacting the change is contrary to the governor's expressed will
2. Methodology of determining "fair, just, reasonable and sufficient" operating ratios rewards the inefficient
 - a. The three businesses cited in page 2, paragraph 3, suffer from the staff assumption that a lower operating ratio equates to excessive fares. Considering that financial charges such as interest, provision for taxation etc. are generally excluded from operating expenses, this assumption is fundamentally flawed.
 - b. In 2005 the commission approved Whidbey SeaTac Shuttle's last fare increase. Working within the approved fare structure the business expanded service and purchased newer, environmentally friendly vehicles. Newer vehicles lead to lower energy costs and increased GROSS profit. The company should not get penalized for effective business practices.
 - c. Owning an older, environmentally unfriendly and inefficient fleet would increase the operating ratio, reduce net profit and, in the logic of the docket, be assumed by staff as desirable.
 - d. Profit is necessary to purchase newer, greener and more efficient vehicles. Arbitrarily establishing operating ratio targets limits a business' ability to set aside funds for capital purchases of newer, environmentally friendly vehicles.
3. Deferred accounting
 - a. Asking a business to absorb increased fuel changes for a 6 month period exposes a company to unacceptable risk. From Feb 2008 to July 2008 the price of regular gas increase from \$2.95 to \$4.05 per gallon, a 27% increase (source: US Dept of Energy). Assumption of fuel expense increases of that level could cause the cascading collapse of less efficient and lower operating ratio shuttles, forcing customers to use the only alternative – their own vehicles. That in turn would lead to increase road traffic, higher

greenhouse gas emissions, etc. and violate the governor's goals of environmental stewardship.

I concur with Whidbey SeaTac Shuttle's recommendation's as specified in the docket. A fundamental goal of government should not be overregulation of business. If Whidbey SeaTac shuttle charged excessive fares then market factors, such as NAS Whidbey Island's determination fares exceed privately owned vehicle mileage reimbursement rates, and individual choice will correct the price structure as ridership plummets.

If you have questions, please give me a call.

Sincerely,
Ron Nelson
Director

Island County Economic Development Council
PO Box 279
Coupeville, WA 98239
(360) 678-6889