

BREMERTON-KITSAP AIRPORTER, INC.
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January 12, 2011

Executive Director and Secretary
Washington Utilities &
Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: Docket T-042090

The following are comments relating to Docket T-042090, Fuel Surcharge and Ratemaking proposals, submitted by Richard E. Asche, President, Bremerton-Kitsap Airporter, Inc. on January 12, 2011.

- A. The current methodology considers the current price of fuel and compares it to the price of fuel at the time of the company's last general rate increase. The difference, less 1% of the fuel increase as a percentage of total revenue then finally determines the amount of surcharge. The worksheet, which I believe was devised by Bob Colbo, a staff accountant at the time was fair and accurate in determining the amount of the surcharge. I believe the current methodology and worksheet should be continued since stable fuel prices are a thing of the past, and recently vary from day to day. If changes to the current methodology are needed then we recommend the changes as indicated below.
- B. The base charge established in the company's last rate case should remain intact. The operator can adjust the base charge by filing for a general rate case. There is a general reluctance by operators to file for a general rate case because of the time and effort involved and perhaps also the expense if lawyers and accountants become involved.
- C. The fuel surcharge request is just that, a fuel cost expenditure comparison. Revenues, profits or other overall financial measure should not be considered if the goal is comparing fuel costs today versus what they were at the time of the last rate case. A general rate case mandates that revenue and profits enter the mix.
- D. Fuel costs for Bremerton-Kitsap Airporter, Inc. represented 15.3% of operating revenue during 2009 and were 18.1% of 2008 operating revenue. The methodology currently used to determine fuel surcharges should be continued as it is simple to administer for both the operator and UTC staff. Any other index or benchmark or costs would be confusing and mixing apples and oranges in my opinion.

- E. No other changes in a company's operations should be considered. Passenger count is a result of many company policies, including fare structures, convenience and customer service. Only fuel costs should be considered.
- F. A general rate case should not be required in any event. Our customers are favored by the lowest fares in the nation, affected only by the cost of gasoline since 2004. The time and need for a general rate case must be determined by the operator only.
- G. What other needs test or threshold should be considered when we are only considering the price of fuel and its volatility? If there are other factors to be considered, then don't call it a fuel surcharge!

In summary, I recommend the current methodology for determining the amount of fuel surcharge remain intact and further recommend dropping the 1% factor from the worksheet. We also recommend that Order 02 be reinstated. If alternate considerations are to be made, then we propose that banded rates similar to another regulated state (Illinois) be considered as shown on enclosure.

Richard E. Asche
President
Bremerton-Kitsap Airporter, Inc.

1 Enclosure

Richard E. Asche

President

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