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1                   BEFORE THE WASHINGTON UTILITIES AND  
2                   TRANSPORTATION COMMISSION

3 In re Application                    )  
  No. D-078959 of                    ) Docket No. TC-010273  
4 PEARSON, SHARYN & ZEPP,            ) Volume I  
  LINDA, D/B/A CENTRALIA-            ) Pages 1 to 27  
5 SEATAC AIRPORT EXPRESS,            )  
  )  
6 For Authority to Transfer all        )  
  Rights Under Certificate            )  
7 No. C-993 to Centralia-SeaTac       )  
  Airport Express, LLC.                )  
8 \_\_\_\_\_)

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10                   A prehearing conference in the above matter  
11 was held on June 26, 2001, at 9:30 a.m., at 1300 South  
12 Evergreen Park Drive Southwest, Room 108, Olympia,  
13 Washington, before Administrative Law Judge MARJORIE R.  
14 SCHAER.

15                   The parties were present as follows:

16                   THE COMMISSION, by Gregory J. Trautman,  
17 Assistant Attorney General, 1400 South Evergreen Park  
18 Drive Southwest, Olympia, Washington 98504-0128.

19                   SHARYN PEARSON, by Greg W. Haffner, Attorney  
20 at Law, Curran Mendoza, 555 West Smith Street, Kent,  
21 Washington 98035-0140.

22                   LINDA ZEPP, by David K. Palmer, Attorney at  
23 Law, Cullen Law Office, 626 Columbia Street Northwest,  
24 Suite 1-A, Olympia, Washington 98501.

25                   PACIFIC NORTHWEST TRANSPORTATION SERVICES,  
INC., James Fricke, President, P.O. Box 2163, Olympia,  
Washington 98507-2163.

Joan E. Kinn, CCR, RPR  
Court Reporter

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1 P R O C E E D I N G S

2 JUDGE SCHAER: We're here this morning for a  
3 hearing in Docket Number TC-010273. This is a filing by  
4 Sharyn Pearson seeking to transfer the certificate of  
5 Centralia-SeaTac Airport Express to Centralia-SeaTac  
6 Express LLC. We are in the Commission's hearing room  
7 108 in the Commission headquarters building in Olympia,  
8 Washington. Today is June 26, 2001. I'm Marjorie  
9 Schaer, and I am the Administrative Law Judge assigned  
10 by the Commission to this proceeding.

11 I would like to start by taking appearances  
12 from all the parties, and when you give me your  
13 appearance, I'm going to ask you to state for the record  
14 your name, who you represent, your address, telephone,  
15 fax, and E-mail addresses. So if anyone needs to pull  
16 out a business card to look at your fax and E-mail  
17 addresses, feel free to do that.

18 And why don't we start with Ms. Zepp. I'm  
19 not sure which of you is representing her. Go ahead,  
20 please.

21 MR. PALMER: I'm David Palmer. I'm  
22 representing Linda Zepp from the Protestants. My  
23 address is 626 Columbia Street Northwest, Suite 1-A,  
24 Olympia, Washington 98501. My telephone number is (360)  
25 786-5000. My fax number is (360) 943-7707. And my

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1 E-mail is spelled phonetically as Charlie, Lima, Oscar,  
2 Foxtrot, Foxtrot, India, Charlie, Echo, 1 at Qwest.net.

3 JUDGE SCHAER: For those of us who started  
4 writing down Charlie when you started, could you go  
5 through the letters slowly again, please.

6 MR. PALMER: It's clofficiel@qwest.net.

7 JUDGE SCHAER: And then for Ms. Pearson,  
8 please.

9 MR. HAFFNER: Oh, I'm sorry, writing down the  
10 rest of the E-mail.

11 Greg Haffner for Sharyn Pearson, and Sharyn  
12 Pearson is with me here today. My address is 555 West  
13 Smith Street in Kent, 98035. My phone number is (253)  
14 852-2345. Fax number is (253) 852-2030. And my E-mail  
15 address is gwh@curranlaw.com.

16 JUDGE SCHAER: And then Mr. Fricke, would you  
17 like to make your appearance, please.

18 MR. FRICKE: James N. Fricke, F-R-I-C-K-E,  
19 President, Pacific Northwest Transportation Services,  
20 Inc., Post Office Box 2163, Olympia, Washington  
21 98502-2163, I'm sorry, 98507-2163. Telephone number is  
22 (360) 754-7118, fax is the same, and E-mail would be  
23 jimf@capair.com, Protestant.

24 JUDGE SCHAER: And have all counsel and have  
25 you, Mr. Fricke, filled out an appearance form for the

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1 court reporter?

2 MR. FRICKE: I haven't yet.

3 JUDGE SCHAER: I think there's one on the  
4 table there. Go ahead and make sure that all your  
5 information is written there as well.

6 Mr. Trautman.

7 MR. TRAUTMAN: Gregory J. Trautman, Assistant  
8 Attorney General representing the Commission Staff. My  
9 address is 1400 South Evergreen Park Drive Southwest,  
10 Post Office Box 40128, Olympia, Washington 98504. My  
11 telephone number is area code (360) 664-1187. The fax  
12 number is (360) 586-5522. And my E-mail is  
13 gtrautma@wutc.wa.gov.

14 JUDGE SCHAER: Thank you. Are there any  
15 preliminary matters to come before the Commission at  
16 this point?

17 Then I would like to start our discussion  
18 this morning by hearing the issues presented in the  
19 hearing, and I think I would like you to start first,  
20 Mr. Haffner. Just outline the issues that your client  
21 sees in this matter.

22 MR. HAFFNER: Well, there are a number of  
23 them. We have issues of who controls the entity. I  
24 think maybe the first issue to look at is, starting  
25 chronologically, is that this permit was originally

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1 issued in the name of Sharyn Pearson and Linda Zepp and  
2 that at some point, I don't remember if it was '94 or  
3 '97, '94, additional partners were brought into the  
4 partnership. And one of the issues right off the bat is  
5 going to be whether that was a new partnership that  
6 needed approval of a transfer of a permit from the  
7 Commission or whether that was simply the addition of  
8 minority partners and no approval was needed because the  
9 original partners retained control.

10 I think depending on how that issue is  
11 determined, we then look at whether that new part --  
12 that partnership of more than the original two members  
13 is the partnership that is now transferring -- seeking  
14 an application to transfer this permit to the LLC or  
15 whether it's the original two partners, Sharyn Pearson  
16 and Linda Zepp.

17 Either way, we have a, I think, a property  
18 that is now owned under the New Revised Partnership Act  
19 by an entity that is the partnership of either Linda and  
20 Sharyn or Linda and Sharyn and the other four partners.  
21 And I think one of the key issues there is what is  
22 needed to transfer partnership property. Do we need to  
23 have all the partners approve that, or do we just -- can  
24 a partner transfer that partnership property.

25 And I think that's all that I see. There may

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1 be more that I'm not seeing as being critical, but those  
2 are the ones that are critical to me.

3 JUDGE SCHAER: Okay. So is your client both  
4 a part of the transfer, and what is her relationship, or  
5 who is the transferee? I see it's an LLC, but --

6 MR. HAFFNER: The LLC is really an entity of  
7 the same partners that purchased the permit or had that,  
8 how do I say this, the LLC is comprised -- the members  
9 of the LLC are the same individuals with the exception  
10 of one, I think, of the partnership that was expanded in  
11 1994. Ms. Zepp did not sign the LLC operating  
12 agreement, but as I understand it, did participate  
13 without objection in a lot of the LLC meetings. And so  
14 I think the LLC members believed that Ms. Zepp was  
15 intending to be a part of the LLC, but Ms. Zepp, I  
16 think, is saying that she's not.

17 JUDGE SCHAER: Okay.

18 MR. HAFFNER: And so what we're really  
19 looking at is simply a change in structure from one  
20 partnership moving all of their operations from the  
21 partnership to the LLC.

22 JUDGE SCHAER: Okay.

23 And what issues do you see, Mr. Palmer?

24 MR. PALMER: A critical one for us is one of  
25 timing. There is a companion piece of litigation now

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1 pending before the Thurston County Superior Court  
2 concerning ownership of the partnership and its assets,  
3 which would include this permit. That case is currently  
4 scheduled for trial starting January 28 of 2002. And  
5 for here an issue is, should the Commission act on  
6 transferring this permit when the issue of its ownership  
7 is an issue that also needs to be resolved as part of  
8 the ownership issues that are part of the civil  
9 litigation.

10 JUDGE SCHAER: And what other issues do you  
11 see?

12 MR. PALMER: The other issues are basically  
13 on the ownership.

14 JUDGE SCHAER: Okay.

15 MR. PALMER: Which are also issues that  
16 are --

17 JUDGE SCHAER: I'm sorry, I can't hear you.

18 MR. PALMER: Ownership issues.

19 JUDGE SCHAER: Mr. Trautman, I'm having  
20 trouble hearing.

21 MR. PALMER: So it's -- and I think that's  
22 kind of reframing what the Applicant's counsel said, who  
23 owns this asset and the other assets that are involved  
24 in this.

25 JUDGE SCHAER: Okay. You have spoken of a

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1 superior court case. Is there going to be any kind of  
2 an issue about jurisdiction and whether there should be  
3 administrative jurisdiction as primary jurisdiction or  
4 whether that case should go forward before this proceeds  
5 or --

6 MR. PALMER: That issue hasn't been, as far  
7 as -- I don't believe it's been raised as a claim or a  
8 defense. And there the issue is primarily whether the  
9 partnership has been dissolved and what needs to be --  
10 what economic arrangement needs to be made between the  
11 members.

12 JUDGE SCHAER: Okay. Anything further?

13 MR. PALMER: No.

14 JUDGE SCHAER: Okay, Mr. Fricke, what issues  
15 did you see presented today?

16 MR. FRICKE: Well, our issues are quite  
17 different from the parties previously speaking. Our  
18 issues are a matter of the Commission's -- what we  
19 believe to be the Commission's jurisdiction and concern  
20 about operating names that may be in confusion on the  
21 part of the public and perhaps other issues that might  
22 be related to the fitness question in relation to rules  
23 and regulations of the Commission.

24 JUDGE SCHAER: So you see an issue of concern  
25 about the operating name?

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1 MR. FRICKE: Yes.

2 JUDGE SCHAER: Of the entity, basically the  
3 transferee would be your concern there?

4 MR. FRICKE: Yes, it's operating under both  
5 the existing entity and the proposed entity in transfer.

6 JUDGE SCHAER: And then when you talk about  
7 fitness, are you talking about fitness of the  
8 transferrer or the transferee?

9 MR. FRICKE: Since it's largely the same  
10 people involved, we have no reason to believe that the  
11 way operational day-to-day operations may be done would  
12 necessarily be any different, so I guess it really  
13 involves both in that sense.

14 JUDGE SCHAER: Can you give me any more  
15 detail; when you say fitness, are you talking financial  
16 fitness, are you talking following rules, what are  
17 you --

18 MR. FRICKE: Yeah, I'm talking about rules,  
19 rules, not financial issues.

20 JUDGE SCHAER: Okay.

21 MR. FRICKE: I'm not raising questions in  
22 that.

23 JUDGE SCHAER: Mr. Trautman, what issues do  
24 you wish to present?

25 MR. TRAUTMAN: Staff also saw the ownership

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1 issue as being very important, and we also were  
2 concerned or felt it very relevant that there was the  
3 pending superior court docket, which is, as I  
4 understand, the complaint was entitled a Complaint for a  
5 Dissolution of the Partnership Purchase of the  
6 Disassociated Partners Interest, Breach of Contract.  
7 And an answer has been filed. And as a result, once  
8 that is resolved, then the ownership of who has the  
9 certificate would be decided.

10           It would seem that if the Commission were to  
11 know that, then it could determine whether the resulting  
12 entity should receive the certificate. And, of course,  
13 that entity would have to be fit, willing, and able to  
14 provide the proposed service. And there conceivably  
15 could be an issue as far as fitness in regard to  
16 compliance with applicable laws and Commission rules.

17           At this point, Staff doesn't foresee an  
18 issue, doesn't believe there would be an issue on  
19 financial resources, but that could also be an issue.

20           And Staff is also concerned that during the  
21 entire pendency of the proceeding and afterwards that --  
22 to make sure that the insurance that properly covers all  
23 of the vehicles and the personnel so that the public is  
24 protected. Because in looking at the history of the  
25 file, it's not the -- well, the ownership and the entity

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1 and the different forms it's taken from partnership to  
2 LLC have been confusing to say the least, and it's not  
3 clear to Staff that the insurance is properly covered  
4 the entity that's running the operation.

5 JUDGE SCHAER: Okay. In the issues outlined  
6 by Mr. Haffner, one was about a 1994 infusion of new  
7 partners it sounds like. Is that something that Staff  
8 is looking at in terms of who controls this permit, or  
9 is that something that's not been considered?

10 MR. TRAUTMAN: Well, again, I think to me it  
11 seems like, well, that might be something the Commission  
12 would want to look into. But if the -- I'm not sure if  
13 the -- that might be something that could be resolved in  
14 the court dispute. The parties might know more about  
15 that than I.

16 JUDGE SCHAER: Does the Commission Staff  
17 think it knows who is operating the permit right now?

18 MR. TRAUTMAN: Well, it's -- there is a -- I  
19 believe the material indicated that a limited liability  
20 corporation was filed in 1997, but I don't think that  
21 was ever brought before the Commission but -- so I guess  
22 that's what's confusing. It's the certificate now  
23 stands in the name of the partnership. But I believe  
24 there were -- that there were allegations that it  
25 actually has been in the hands of the LLC. So I guess

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1 the short answer is no, we're not sure what the entity  
2 is.

3 JUDGE SCHAER: Okay. Do you know, what is  
4 the name on the insurance right now?

5 MR. TRAUTMAN: I guess it would match the  
6 certificate.

7 JUDGE SCHAER: I see.

8 MR. TRAUTMAN: So it would be the  
9 partnership.

10 JUDGE SCHAER: So the insurance issue that  
11 you raise would be about whether that actually covers  
12 the operating permit?

13 MR. TRAUTMAN: Yeah.

14 JUDGE SCHAER: I was trying to understand  
15 what it is that you're raising in that area.

16 Are all counsel familiar with the  
17 Commission's transfer statute rules? I guess I will  
18 start with you, Mr. Haffner.

19 MR. HAFFNER: Under 480-30?

20 JUDGE SCHAER: Yes.

21 MR. HAFFNER: Yes, I mean familiar in that I  
22 have reviewed it. I don't believe I have had cases that  
23 I have handled previously under it, and I see it as  
24 being different from the transfer statute that I have  
25 experience in, which is the old regulated motor

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1 carriers, where it seemed like those statutes or the  
2 regulations had more specific descriptions of how  
3 certain entities and control of entities were handled.  
4 In other words, a change in the minority ownership of an  
5 entity was not a change of control, and therefore an  
6 application for transfer wasn't required as I understood  
7 it.

8 I don't see that type of regulation on the  
9 books for partnerships involved in bus permits, and so  
10 in that regard, I would like some, if there is anything  
11 that I can be educated on, I would appreciate any help.

12 JUDGE SCHAER: Okay. Any other issues that  
13 any of the parties have framed?

14 Given this list of issues, I would like to  
15 hear from you then on what you think makes sense on  
16 proceeding with this matter, so I will go through the  
17 same order again and start with you, Mr. Haffner, and  
18 then Mr. Palmer.

19 MR. HAFFNER: Well, I think we need to I  
20 guess determine the ownership issue, to me initially,  
21 and I think that that needs to be resolved before we go  
22 into a hearing on fitness of the applicant or the  
23 transferee. And I think that it could be done through  
24 motions, through briefing, and maybe have a decision  
25 made from Your Honor.

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1           I suppose given the concerns maybe that the  
2 Staff has and also the Protestant Zepp has about the  
3 pending litigation, I think before -- they may want to  
4 bring a motion that there -- that this issue needs to be  
5 resolved in a civil manner before the Commission goes  
6 any further, and I think that might be the first place  
7 for this case -- this matter to go forward is to  
8 determine can we establish for the sake of this  
9 proceeding who owns the permit, or do we need to wait  
10 for the court to decide that.

11           JUDGE SCHAER: Mr. Palmer, would you address  
12 that and then anything else you would like to address  
13 about how we should go forward.

14           MR. PALMER: Well, I would agree that we need  
15 to determine the ownership issues. I believe that the  
16 appropriate area to determine that because of the  
17 partnership property issues is in the Superior Court.  
18 Because the Commission would determine the -- has the  
19 jurisdiction over the certificate, but not necessarily  
20 other partnership issues. And if it went forward on  
21 that, it could create -- this is confusing enough  
22 without interjecting more confusion on jurisdictional  
23 issues, and the trial is going to be -- is scheduled for  
24 early next year, so I don't believe that the delay in  
25 having a Superior Court resolve it is going to be that

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1 great.

2 JUDGE SCHAER: Who do you think is operating  
3 the permit right now?

4 MR. PALMER: The permit is under the  
5 partnership.

6 JUDGE SCHAER: So the original partnership or  
7 the 1994 partnership?

8 MR. PALMER: Well, that's an issue that's  
9 going to be part of the civil action is what was the  
10 meaning of that 1994 agreement; did it create a new  
11 partnership, or was it just a continuation of the  
12 current partnership. We believe that it was a  
13 continuation of the current partnership, but that's what  
14 the Superior Court is going to need -- that's going to  
15 be an issue they'll need to resolve.

16 JUDGE SCHAER: Okay. Let's imagine that we  
17 have a semi cut off one of your buses going up I-5  
18 tomorrow and a bad accident. Is the insurance in the  
19 right name in order to protect the customers? Because  
20 that's the kind of issue that I think the Commission  
21 needs to focus on in doing its job while the other  
22 things are sorted out.

23 MR. PALMER: That makes sense both from the  
24 Commission's point of view and also from the owners' in  
25 that they have the insurance protects them as well.

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1                   JUDGE SCHAER: Certainly. Do you think that  
2 the insurance is in the right name now to do that  
3 protection? Is it the same people that are operating  
4 the permit?

5                   MR. PALMER: As I understand, it's in the  
6 name of Centralia-Seatac Airport Express as of March 1  
7 of this year.

8                   JUDGE SCHAER: Is that the name of the  
9 partnership, or is that the name of the LLC or the name  
10 of both?

11                  MR. PALMER: It is -- well, this is a very  
12 good question.

13                  JUDGE SCHAER: And I'm not sure that you can  
14 answer it today, but I'm trying to figure out what, if  
15 anything, the Commission would need to know, would need  
16 to be doing right now to meet our concern for the  
17 customers of the entities. This is the thing that's  
18 been mentioned today that worries me the most.

19                  MR. PALMER: And perhaps both the partnership  
20 and the LLC need to be named as insured so that --

21                  MR. HAFFNER: Pardon me for speaking out of  
22 turn, but I would agree. I think given the uncertainty  
23 of the ownership of the permit, I think every possible  
24 party needs to be named on the insurance policy as a  
25 beneficiary.

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1 JUDGE SCHAER: Mr. Fricke, did you have any  
2 comment on this part of the discussion?

3 MR. FRICKE: No, I don't.

4 JUDGE SCHAER: Okay. Mr. Haffner, you have  
5 heard Mr. Palmer and Mr. Trautman discuss the pending  
6 court case and whether that should be the form to decide  
7 the partnership issues and whether this proceeding  
8 should be held in abeyance or somewhat put on hold while  
9 that's resolved. What is your thought on that?

10 MR. HAFFNER: Well, my thought there is until  
11 the court I guess resolves that ownership issue, I think  
12 it would be my client's position that the partnership  
13 group that was created in '94, the modification of the  
14 previous partnership, has the right to transfer the  
15 permit under the current Revised Partnership Act, which  
16 allows partnerships to exist as entities and that the  
17 partnership can own property and that a partner can  
18 transfer partnership property.

19 And I think until that matter is briefed  
20 before this Administrative Law Judge that we really  
21 can't make a decision to just simply let the court rule  
22 on the ownership. Because I think we would have a right  
23 to transfer that authority. If the Judge doesn't  
24 believe that there's a clear right there, then she  
25 certainly could let the court make that decision. But I

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1 think that we need to have that briefed before we can  
2 just simply let the civil court make a decision on  
3 ownership.

4 JUDGE SCHAER: So from your point of view,  
5 there's a decision that should be made with the  
6 Commission now?

7 MR. HAFFNER: Yes.

8 JUDGE SCHAER: Before next January?

9 MR. HAFFNER: Yes.

10 JUDGE SCHAER: Okay. Well, I want counsel  
11 and Mr. Fricke to be thinking about next steps for a few  
12 moments and what you think the next logical step in this  
13 proceeding might be. And if you would like to go off  
14 the record for a few moments so that you can talk face  
15 to face while we're all in the room, I will let you do  
16 that. But if we're going to decide today on a schedule  
17 for going forward, I'm going to need to either know what  
18 issue I have to decide that you can't agree on, or  
19 hopefully you will be able to reach some agreement on  
20 how we should proceed.

21 Is there anything you want to talk about on  
22 the record, or would you like a few moments to talk  
23 together? How would you like to proceed?

24 Mr. Palmer.

25 MR. PALMER: Well, it seems that where we

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1 have a disagreement today is on whether the Commission  
2 or the Superior Court should determine issues of  
3 partnership law, that is the ability to transfer the  
4 permit and also, well, basically the ability to transfer  
5 the permit at this time. That seems -- I think that is  
6 the disagreement that we are having today, who should  
7 decide that.

8 MR. HAFFNER: Well, I guess my feeling on  
9 that is that the Commission is the only one that can  
10 decide or can approve transfer of a permit. Until the  
11 Commission decides that ownership is so unclear that the  
12 applicant doesn't have the authority to transfer that  
13 permit, I don't believe the Commission can defer  
14 judgment on this matter until the court hearing, until  
15 the court makes its decision. And I guess before the  
16 Commission makes a decision as to the level of confusion  
17 in this matter, I as the applicant or on behalf of the  
18 applicant would like to be able to brief the Court on  
19 our position or brief the Judge on our position.

20 JUDGE SCHAER: Well, the question I thought I  
21 had thrown out to you right now is we're taking a few  
22 moments for you to talk with each other off the record  
23 to see if you can figure out a way to go forward,  
24 whether it be a briefing the issue and having it  
25 addressed or some other manner of proceeding. Do you

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1 think there's value to that?

2 MR. PALMER: Sure.

3 JUDGE SCHAER: Okay. Then I'm going to call  
4 our morning recess right now and go off the record for  
5 15 minutes to let you talk with each other. My office  
6 is right across the hall. At the end of 15 minutes, I  
7 will check in. If you're still talking, I will let you  
8 take what time you think might be beneficial.

9 So with that, let's go off the record. We  
10 will be back at 10:15.

11 (Recess taken.)

12 JUDGE SCHAER: Let's be back on the record  
13 after an extensive morning recess. While we were off  
14 the record, the parties had an opportunity to discuss  
15 with each other how they plan to go forward in this  
16 proceeding, and I understand that you're ready to report  
17 back on that; is that correct?

18 MR. HAFFNER: Yes.

19 JUDGE SCHAER: Mr. Haffner, would you like to  
20 go ahead.

21 MR. HAFFNER: Yes. The applicant is agreeing  
22 to defer a decision on this application until after the  
23 resolution of the civil case in Thurston County Superior  
24 Court. We also would like to, if it's within Your  
25 Honor's schedule, to meet again in three weeks to

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1 discuss some options about how to identify I guess the  
2 ownership of the permit or options to the current way  
3 that the permit is shown as being owned, including a  
4 possible lease of the permit. And that would cover the  
5 temporary period until ownership of the permit is  
6 ultimately resolved.

7 JUDGE SCHAER: So you contemplate needing in  
8 three weeks a meeting with me; is that correct?

9 MR. HAFFNER: I believe so, yes.

10 JUDGE SCHAER: A continuation of this  
11 prehearing conference?

12 MR. HAFFNER: Yes.

13 JUDGE SCHAER: Okay.

14 MR. HAFFNER: Did we ever decide if we were  
15 looking at the 18th or 19th?

16 JUDGE SCHAER: It's got to be the 18th as far  
17 as my schedule is concerned if those are the two  
18 choices.

19 MR. TRAUTMAN: And that's not an open  
20 meeting.

21 JUDGE SCHAER: No, the hearing room should be  
22 done by then, so we'll probably have this room  
23 nevertheless.

24 MR. HAFFNER: Then there's --

25 JUDGE SCHAER: Let me just -- go ahead.

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1                   MR. HAFFNER: One other item is providing the  
2 Commission with proof of insurance, and I don't know if  
3 we decided on when we need to do this by. Do we need to  
4 did this by the next meeting date?

5                   MR. TRAUTMAN: As soon as possible.

6                   JUDGE SCHAER: The earlier, the better.

7                   MR. HAFFNER: The insurance should show the  
8 insured as Sharyn Pearson and Linda Zepp d/b/a  
9 Centralia-Seatac Airport Express, as is on the current  
10 certificate of insurance, and then probably have an  
11 attachment or an addendum providing that the additional  
12 insured would be the LLC that is the potential  
13 transferee, that would be Centralia-Seatac Airport  
14 Express LLC and/or each of the members of that LLC  
15 identified individually by name and each of those  
16 members, individuals, as potential partners in a  
17 partnership including Linda Zepp.

18                   JUDGE SCHAER: Okay, I'm going to ask that  
19 you reduce that to writing for me before you leave  
20 today.

21                   MR. HAFFNER: Okay.

22                   JUDGE SCHAER: Because what I would like to  
23 do is get a prehearing conference order out the day of  
24 the conference or the next day so everyone knows what we  
25 are doing and will have a notice of the hearing for

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1 three weeks from now as part of that. And I don't have  
2 the skills to write that down quite quickly enough, so  
3 perhaps you can take a few minutes when we go off the  
4 record to write that down and check with both other  
5 counsel and Mr. Fricke and make sure that that's  
6 correct.

7 MR. HAFFNER: And do you want that written  
8 document to include the deferral of the application and  
9 the other items or just the insurance?

10 JUDGE SCHAER: Just the expression of what  
11 the insurance is going to cover.

12 MR. HAFFNER: Okay.

13 JUDGE SCHAER: I think my notes are adequate  
14 for the other items.

15 MR. HAFFNER: All right, thank you.

16 MR. FRICKE: Your Honor, I do have a question  
17 since one of the possible interim questions I guess to  
18 be discussed on that date of the 18th is, and it was  
19 indicated by Staff I think, that there needs to be  
20 perhaps a hearing if there's going to be or notice if  
21 there's going to be a possible lease consideration. Is  
22 it possible to put that into the timing process right  
23 now to solve? Because one of the big problems I have  
24 with this is the fact that, being a competing company in  
25 this area, is the fact that there's an operation without

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1 authority right now that's being done.

2 JUDGE SCHAER: Has Staff discussed whether  
3 this lease would need to be -- potential lease might be  
4 something that would need to be redocketed?

5 MR. TRAUTMAN: We have, and depending on  
6 which entity it's being leased to, we thought that it  
7 might have to be redocketed.

8 JUDGE SCHAER: When is the next docket going  
9 out?

10 MS. ALLEN: Every Monday.

11 JUDGE SCHAER: So it would be Monday the 2nd  
12 is the next docket. Monday the 2nd, Mr. Trautman, is  
13 that the next docket?

14 MR. TRAUTMAN: That's the next docket but --

15 JUDGE SCHAER: Is there --

16 MR. TRAUTMAN: But we have to decide what the  
17 lease would be on this.

18 JUDGE SCHAER: That's my next question. Is  
19 there any chance that you're going to have that figured  
20 out in time to put it on the docket next Monday?

21 MR. TRAUTMAN: I doubt it.

22 MR. HAFFNER: I doubt it.

23 JUDGE SCHAER: Okay, Mr. Fricke, I'm going to  
24 ask you to keep that issue in mind, and at the  
25 reconvened prehearing conference, one of the topics we

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1 will take up then is whether the application as it is at  
2 that time is something that would need to be redocketed,  
3 so you're responsible for bringing that forward again,  
4 please.

5 MR. FRICKE: Okay.

6 JUDGE SCHAER: Is that acceptable to everyone  
7 else?

8 Okay. So my understanding of what the  
9 parties are proposing is that we will continue this  
10 prehearing conference until July 18th, that a decision  
11 on the overall proceeding will be deferred until after  
12 the Thurston County Superior Court has acted.

13 And does anyone have the court number handy  
14 for that proceeding?

15 MR. TRAUTMAN: I do, Your Honor. It's the  
16 Number 01-2-00418-0 in the Superior Court for Thurston  
17 County, and the caption is Linda Zepp versus Sharyn  
18 Pearson.

19 JUDGE SCHAER: Okay. It's my understanding  
20 next that the parties will provide proof of insurance by  
21 the time of the next hearing showing coverage for both  
22 the partnership holding the permit, the LLC, the members  
23 of the LLC, the partners under the partnership; is that  
24 correct?

25 MR. HAFFNER: Yes.

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1 JUDGE SCHAER: And then what issue is it that  
2 we're planning to take up at the next conference?

3 MR. HAFFNER: I think whether to consider a  
4 lease arrangement during the deferral period until the  
5 resolution by the Thurston County Superior Court or to  
6 possibly submit a new application to have the permit  
7 transferred in the eyes of the Commission from the two  
8 person partnership of Sharyn Pearson and Linda Zepp to a  
9 five person partnership consistent with the 1994  
10 partnership agreement.

11 JUDGE SCHAER: Okay. And so that information  
12 will be brought to the hearing; is that correct?

13 MR. HAFFNER: Yes.

14 JUDGE SCHAER: And then we will be discussing  
15 at that point how to proceed.

16 MR. TRAUTMAN: Yes.

17 JUDGE SCHAER: Is that your understanding  
18 also, Mr. Palmer?

19 MR. PALMER: Yes, that at the July 18 we  
20 would come back with a proposed temporary solution.

21 JUDGE SCHAER: Is there anything further that  
22 anyone wants to add at this point about understanding  
23 how we're going forward?

24 MR. PALMER: What time on the 18th, will it  
25 be 9:30 again?

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1 JUDGE SCHAER: Is there a time you prefer?

2 MR. PALMER: 9:30 is fine.

3 JUDGE SCHAER: Okay, 9:30 is fine for me, but  
4 if there's some other conflict, we can move it to 1:30  
5 or 11:00 or whatever the parties might need.

6 Okay, is there anything further to come  
7 before the Commission at this time?

8 I'm going to postpone any further  
9 consideration of scheduling discovery or any of the  
10 other matters we have discussed until we have determined  
11 whether or not there are going to need to be any  
12 evidentiary hearings in this matter. So I will continue  
13 this hearing until 9:30 a.m. on July 18, 2001, at the  
14 Commission headquarters in Olympia, Washington. It's  
15 highly likely that we will be in this room, but please  
16 do check as you come in the front door, there should be  
17 a sign posted letting you know where the hearing will  
18 take place.

19 Is there anything else we need to discuss  
20 this morning?

21 Hearing nothing, we're off the record.

22 (Hearing adjourned at 12:00 p.m.)

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