Pacific Northwest Transportation Services, Inc. (C-862)
d/b/a Capital Aeroporter
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December 20, 2019

Received
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12/20/19 13:45
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UTIL. AND TRANSP.
COMMISSION

Mr. Mark Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
PO Box 47250
Olympia, Washington 98504-7250

Re: TC-190898 – Pacific Northwest Transportation Services, Inc. – Written Comments

The Commission seeks written comments on the changes made to Chapter 480-30 allowing flex fares. The Commission asks that interested parties address comments to address:

WRITTEN COMMENTS, RESPONSES AND SUGGESTIONS

1. Have the amendments increased opportunities to maintain and expand safe, fair, adequate, dependable and fairly priced auto transportation services to the public?

Answer 1.-- The amendments have increased opportunities to maintain and expand safe, fair, adequate,dependable and fairly priced services to the public: Primarily due to the ability to quickly respond to external market changes.

However, the annual 5 percent increase for the maximum fare has not kept up with overall rising costs, especially with rapidly rising labor costs. In 2015, minimum wage for transportation in SeaTac increased from $9.32 to $15.00 per hour (60.9% increase). On January 1, 2020, Washington State Minimum Wage will increase from $12.00 to $13.50 per hour (12.5% increase). Sick leave has added 2.5%. The new Washington State Paid Family and Medical Leave has added additional costs. Repair labor and other costs have substantially increased. In fact, our annual increased costs have essentially doubled the maximum fare increase. Our full fares have reached the maximum necessary for operation.

2. Have the amendments reduced the costs of complying with tariff changes and compliance with regulations?

Answer 2. – Costs in terms of time and payroll have been substantially reduced since rate case proforma is not required.

3. Have the amendments reduced the duration of time required to process tariffs?

Answer 3. – Many hours have been reduced/eliminated for processing tariffs.

4. **Have the amendments increased opportunities for new and existing companies to provide service?**

Answer 4. – While easier entry has been made possible, few successful changes or additions in service have been made. This is due, in large part, to external rather than market forces internal to auto transportation. The most obvious examples:

- An "additional" door-to-door shared ride Auto Transportation service [now defunct] (internal) weakened an existing service, resulting in higher fares
- "Transportation Network Companies (TNCs)" (external) have severely impacted the transportation marketplace, including Auto Transportation companies. TNCs have done this in the State of Washington, without being held accountable as "commercial" passenger carriers for compensation, with blatant disregard for driver qualifications and safety, and by engaging in predatory marketing/operating practices.

The strict interpretation of "same service", rather than "similar service" has led to applications adding "features" to essentially the same type of service for the purpose of making it appear to be different. This has resulted in the adjudication process too easily declaring that it is different and dismissing existing certificate holders. The "features" that were determined to make the proposed service "different" are not required in the issued certificate to ensure that the newly granted services remain different. In other words, there is no accountability in the difference of the service applied for and the difference in the service rendered. It can then become the same service.

Analyses of the impact on service levels and cost for existing service users are not considered.

5. **Has there been an increase in consumer complaints about unreasonable or unfair fares?**

Answer 5. – To our knowledge there has been no increase in consumer complaints.

6. **Have the changes resulted in an increase in ridership?**

Answer 6. – No. The changes have not resulted in an increase in ridership.

Suggested Improvements for the Auto Transportation Industry - Regarding changes made to Chapter 480-30 allowing Flex Fares

Since external market conditions significantly influence market share and cost, the market heavily influences the elasticity of fares. The 5 percent annual increase is not sufficient to accommodate unexpected large cost increases, e.g., minimum wage or fuel price surges. Therefore, we suggest:

1. **A. Reset the base of all flexfares to current actual fares**
   OR
   B. Increase current maximum fares by 10-15% for new base fare;
2. **Increase annual maximum fare by 7% compounded;**
3. **Allow rounding fares to nearest dollar.**

4. Change “same service” to “essentially the same service” or “similar service” to improve the disconnect in the application/certificate process.

5. Fully analyze impact balance for both new and current users on cost and service impacts.

Regards,

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