May 4, 2006

Here is some clarification on our request for banded rates. More than anything we are interested in getting away from policy to rule, quantify, quantify, quantify.

We agree that Fares and deregulation are two separate and distinct issues not to be linked or traded. We suggested the 480-15 model of 20% and stick to the 20% but are more than willing to listen. We are not interested in historical calculations, that's why we are here, to re-write the section. Below should help you understand our thinking. Please understand that these thoughts represent the opinions of Whidbey SeaTac Shuttle only and individual companies may have divergent thoughts. I feel that it does generally represent a consensus of the companies as I understand them from the workshop.

I look forward to working with you on this; I feel that we have an opportunity to make a change for the better for all concerned.

1. Use WAC 480-15 for Household Goods Carriers as a template using banded rates.

Use as a possible template only. Mr. Blackmon suggested linking any rate flexibility to de-regulation based upon this model; this is not our current desire. 480-15 was suggested as a template only in rate flexibility and fuel surcharges. If that train of thought is staff's position, consider our suggestion with out reference to 480-15.

2. Modify the rule language in WAC 480-15 to fit the Auto Transportation.

See above. The sections covering banded rates are the only sections applicable in this situation.

3. Pick a date – the fares in place on that date would become the company's base rate.

Yes, more elaboration in #6.

4. Fares could flex up or down within 20 percent.

20% is our suggestion consistent with 480-15.

5. Annually companies could move base rates – depending on what fares are on the established date. (Mr. Lauver)

After further discussion with Mr. Solin we wish to clarify our position.

Please see response to #6.

6. Base rate would increase using CPI each year then rates could go

between 20% up or down with notice. (Mr. Solin)

"BASE" fares would be established on a mutually agreeable effective date (perhaps January 1, 2007) to give all existing rate cases a chance to work through the system. At that point in time "base" fares would be fixed for each carrier at the then existent fares in each category.

Once in each successive calendar year "base" fares would be adjusted up or down by the fares then in place (margin) or by the CPI-U (Consumer Price Index-For ALL Urban Consumers), which ever is greater. An individual company may elect to not increase or decrease its fares that it charges its customers at that time but its "base" fare as a reference point would be adjusted.

By way of example: Assume a fare (one way adult) of $30 on the selected date. During that calendar year the company raises its fare charged to its customers by fifty cents. On January 1, of the successive year the company could declare that its new "base" fare was $30.50 but since CPI-U on that date was 3.1 his new "base" fare would be $30 X 1.031 or $30.93 (then rounded to$30.95) but he may or may not elect adjust his actual fare charged to the customer to that level. It may remain static or even be reduced at the company's option.

"Base" fares become a reference fare above or below which a company may adjust its fares charged to its customers as many times as necessary during the year.

7. Eliminate fuel surcharges and the paperwork.

Fuel surcharges would be incorporated within the 20% that companies are allowed to flex. Increases or decreases due to fuel price fluctuation would be characterized by the companies as fuel surcharge to the customer. This would greatly reduce paper work, eliminate arcane calculations and put the determination of fuel surcharges back in the hands of those that buy the fuel. It would also eliminate the production and POSTING in vehicles of LSNs to the relief of all.

8. Get UTC out of the fare setting business.

Not true. This is not a request of this company. The Commission just needs to allow us the flexibility to address an ever changing market and competition. What we ask for is a less restrictive fare setting methodology and a quantified, codified fare setting methodology, not punitive or subject to interpretation by individual staff members. We want all regulated carriers to be on a level playing field with rules applied consistently and equally. Such is not the case today.

9. Do not change entry standards. Fares and entry standards are two separate issues.

What I believe I heard at the meeting was that the companies would welcome more stringent entry standards and a particular emphasis on safety standards, quality and enforcement. Everyone is concerned with illegal operators; we want them dealt with effectively. We would welcome more inspections of certificated operators in the interest of safety and quality of service, which incidentally should dove tail nicely with WSDOT's concerns under its proposed inter-city program.

I, as well everyone else, would agree that fares and entry standards (read regulation) are two different issues and should be looked at separately. We are not horse trading here, it isn't a matter of give me this and I'll give you that as Mr. Blackmon seems to believe. We attend the workshops to discuss ways to restructure fares. I remind all staff that when the CR-101 was filed and comments solicited it was titled:

Rulemaking to Consider Rules Relating to Rates (Fares) and Ratemaking for Passenger Transportation Companies, Chapter 430-80 WAC, Docket No. TC-060177

It does not mention other regulatory issues. It deals with fares.

Please feel free to contact me at any time on any facet of the issue. I will do my best to work with staff to effect a timely revision of the code.

Mike Lauver
Whidbey SeaTac Shuttle
mike@seatacshuttle.com
360-679-4003