

Bremerton-Kitsap Airporter, Inc
P.O. Box 1255
Port Orchard, WA 98366

Re: TC-060177

May 15, 2006

The following is more justification for banded fares and argument against the ROA method for fare determination.

The ROI method is a more appropriate method for determining “rates” for a public utility company, one that has a heavy investment in plant and equipment, unlike the Auto Transportation industry. The airporters are mostly labor intensive. Few airporters are heavily invested in equipment and real property to justify the ROI method. The Bremerton-Kitsap Airporter, Inc. is not one of them. Although both methods are not dependent on revenue and profits, we nevertheless oppose the ROI method and strongly support banded fares.

On about March 20, 2006 the Bremerton-Kitsap Airporter, Inc. filed for a general rate increase to become effective on April 24, 2006 (TC-060432). This filing proposed a \$1.00 one-way fare increase for both Kitsap and Pierce County fare paying passengers. The filing also included a 4-5% pay raise for all employees to become effective on April 24th. After further review by the Commission staff it was determined that our filing supported a 25 cent increase in Kitsap County fares and a \$2.25 increase in Pierce County (Ft. Lewis and McChord AFB) fares. The resulting increase in Ft. Lewis/McChord fares would quickly drive passengers there to find alternate means. The WUTC staff recommended rates were unsatisfactory and a Complaint and Order Suspending Tariff Revisions was filed on April 12, 2006.

On May 4, 2006 we withdrew our tariff filing because of the pending and ongoing fare methodology review by the WUTC.

Simultaneously, on May 4th a gasoline surcharge of \$1.00 for all Kitsap and Pierce County adult and children passengers became effective. Gasoline cost increases, standing alone, justified this increase in fares that our general fare increase filing could not justify.

What’s wrong with this picture? Fare methodology must be changed which allows the operator the flexibility to determine fares that are fair, just, reasonable and sufficient based on market conditions, not profits.

Richard E. Asche
President