

Agenda Date: September 10, 2002
Item Number: B1

Docket: TC-021135
Company Name: Bremerton-Kitsap Airporter, Inc., C-903

Staff: Bob Colbo, Transportation Consultant
Cathie Anderson, Regulatory Analyst

Recommendation:

Approve the LSN request of Bremerton-Kitsap Airporter, Inc., C-903, in Docket TC-021135, providing free transportation of passengers to and from Sea-Tac Airport from all points in Kitsap and Pierce Counties, effective for one day only, September 11, 2002, PROVIDED, that any revenue thus forfeited be assessed against stockholder(s) of the company in any subsequent rate filings that includes September 11, 2002, in the test year.

Discussion:

Bremerton-Kitsap Airporter provides scheduled passenger transportation service to Sea-Tac Airport from points in Kitsap and Pierce Counties. On September 5, 2002, the Company made an LSN application proposing free service to and from Sea-Tac Airport, effective for one day only on September 11, 2002. The filing is meant as a memorial to those Americans who lost their lives during the terrorist attacks last September 11th.

Under RCW 81.28.080, Bremerton-Kitsap may not here suspend its normal tariff rates and fares. However, the Company may make charitable contributions. Instead of making a direct contribution, Bremerton-Kitsap proposes to forego revenue and pass through all donations to the military relief funds. Charitable contributions by privately owned companies are to be paid by the companies' stockholders. *Jewel v. Util. & Trans. Comm'n*, 90 Wn. 2d 775, 585 P.2d 1167 (1978).

Fundamental ratemaking principles require the company's shareholders or owners, not customers, to bear the burden of a company's charitable contributions. Charitable contributions are removed from the company's expenses for ratemaking purposes. The Company will send any donations, in lieu of the regular fare, to the appropriate military relief funds. Staff believes the foregone revenue is the same as a company charitable contribution. Staff recommends the Commission advise the Company of this rate making treatment.

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