

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

SHUTTLE EXPRESS, INC.
Petitioner and Complainant,
v.
SPEEDISHUTTLE WASHINGTON, LLC
Respondent.

DOCKET NOS.
TC-143691, TC-160516 & TC-161257

SPEEDISHUTTLE WASHINGTON LLC
d/b/a SPEEDISHUTTLE SEATTLE,
Complainant,
v.
SHUTTLE EXPRESS, INC.
Respondent.

SECOND REVISED TESTIMONY OF

H. JACK ROEMER

CHIEF FINANCIAL OFFICER, SPEEDISHUTTLE WASHINGTON, LLC

March 17, 2017

1 **I. INTRODUCTION**

2 **Q. Please state your name, position at Speedishuttle Washington, LLC and business**
3 **address.**

4 A. My name is H. Jack Roemer (I go by “Jack”) and I am the Chief Financial Officer of
5 Speedishuttle Washington LLC. My business address is 1237 S. Director St., Seattle,
6 WA 98108.

7 **Q. I understand Speedishuttle Washington, LLC does business as Speedishuttle**
8 **Seattle. If I refer to it simply as “Speedishuttle” or “Speedishuttle Seattle” can we**
9 **agree that both will refer to Speedishuttle Washington, LLC?**

10 A. Yes, that would make it easier.

11 **Q. Would it also be acceptable if I referred to Speedishuttle, LLC as “Speedishuttle**
12 **Hawaii?”**

13 A. Yes, that is fine.

14 **Q. Can you tell us a little about your education?**

15 A. Absolutely. I attended college at the University of Utah, where I graduated in 1976
16 with a Bachelor of Science in Accounting. I attained my MBA from University of Utah
17 - David Eccles School of Business in 1981. I passed the Uniform CPA exam in 1977,
18 was licensed in Utah and Colorado and practiced as a certified public accountant for
19 approximately 10 years.

20 **Q. Will you please provide a brief summary of your background and experience with**
21 **respect to the operations of an auto transportation company?**

22 A. Of course. I first started working for Speedishuttle Hawaii, which operates similarly to
23 Speedishuttle Seattle, as the CFO in 2009 and have continued there until the present.
24 As the CFO, I am responsible for all financial, accounting, IT, legal and regulatory
25 functions. That includes pricing, financing, customer and vendor contract negotiations,

1 accounting, cash management, budgeting, taxes, human resources, licensing,
2 compliance, financial reporting and banking relationships.

3 **Q. How has your involvement with Speedishuttle Seattle compared to that of**
4 **Speedishuttle Hawaii?**

5 A. I have been working for Speedishuttle Seattle since the company was formed in 2014,
6 was closely involved in the process of applying for its operating authority from the
7 WUTC, and as the CFO, am one of the principal persons involved with its
8 management. My close involvement with Speedishuttle Seattle has essentially been the
9 same as for Speedishuttle Hawaii. However, my involvement with Speedishuttle
10 Seattle has been different from that of Speedishuttle Hawaii in one critical respect;
11 unlike Hawaii, I have been involved in working with our lawyers in regulatory
12 proceedings in Washington that has required a significant amount of my time and
13 energy. I have not been required to dedicate so much of my time or Speedishuttle
14 Hawaii's resources in a similar way in Hawaii.

15 **Q. Do you have any particular areas of expertise which are relevant to this**
16 **proceeding?**

17 A. There are a number of subject matters in which I have considerable knowledge, training
18 and experience which are relevant to the transportation business Speedishuttle operates.
19 Specific to this proceeding, I have years of experience in budgeting, long-term planning
20 and profitability enhancement, systems implementation and process improvement, cash
21 management, and project cost management.

22 **Q. Based upon that knowledge, training and experience, do you intend to offer any**
23 **opinions to the Commission in this testimony?**

1 A. Yes, I have a number of opinions which relate to Shuttle Express' complaint against
2 Speedishuttle as well as Shuttle Express' claims about the sustainability of service
3 which I intend to offer.

4 II. SUMMARY OF TESTIMONY

5 **Q. Will you please briefly summarize the purpose of your testimony in this**
6 **proceeding?**

7 A. I am testifying on behalf of Speedishuttle in order to demonstrate to the Commission
8 why it should deny Shuttle Express' request for cancellation of Certificate No. C-65854
9 and all other relief requested by Shuttle Express, and to demonstrate why the
10 Commission should find Shuttle Express has repeatedly violated State law and
11 Commission rules. More specifically, by my testimony, it is my intent to provide the
12 Commission with information as to how Speedishuttle has operated in Washington
13 since the time the UTC issued Speedishuttle its operating authority in 2015, and thereby
14 establish just how Speedishuttle's operations conform to the service Speedishuttle
15 originally proposed to provide, particularly with respect to the factors which the
16 Commission explicitly stated differentiated Speedishuttle's service from Shuttle
17 Express' service in Order 04 in March, 2015. It is also my intent to demonstrate that
18 Speedishuttle's fares for shared ride service are just, fair, reasonable, sufficient,
19 remunerative, and unoppressive to Shuttle Express. I further intend to show that
20 Shuttle Express at all relevant times failed to provide service to the satisfaction of the
21 Commission through its continuous violation of Commission rules, which also
22 demonstrates an inability to serve the entire market for shared ride service in King
23 County.

24 III. EXHIBITS

25 **Q. Will you be sponsoring any exhibits in support of your testimony?**

TESTIMONY OF H. JACK ROEMER, Exhibit No. ____ (HJR-1T) - 4

Williams, Kastner & Gibbs PLLC
601 Union Street, Suite 4100
Seattle, Washington 98101-2380
(206) 628-6600

1 A. Yes, I am sponsoring the following exhibits:

2 Exhibit No. ____ (HJR-2) is a true and correct copy of an email from Wesley Marks to
3 Jeanette Anderson at the Port of Seattle dated May 1, 2015.

4 Exhibit No. ____ (HJR-3) through Exhibit No. ____ (HJR-9) are true and correct copies
5 of photographs of the make and model of Mercedes Sprinter vans Speedishuttle uses in
6 Washington.

7 Exhibit No. ____ (HJR-10) is a true and correct copy of Data Request No. 6 from Shuttle
8 Express to Speedishuttle and Speedishuttle's response thereto.

9 Exhibit No. ____ (HJR-11) is a true and correct copy of Data Request No. 17 from
10 Shuttle Express to Speedishuttle and Speedishuttle's response thereto, prepared
11 November 4, 2016.

12 Exhibit No. ____ (HJR-12) is a true and correct copy of an excerpt of Shuttle Express'
13 First Data Requests to Speedishuttle Washington, LLC including Data Request No. 8
14 from Shuttle Express to Speedishuttle.

15 Exhibit No. ____ (HJR-13) is a true and correct copy of Speedishuttle's response to Data
16 Request No. 8 from Shuttle Express, prepared August 31, 2016.

17 Exhibit No. ____ (HJR-14) is a true and correct copy of Speedishuttle's response to Data
18 Request No. 8 from Shuttle Express, prepared September 30, 2016.

19 Exhibit No. ____ (HJR-15) is a true and correct copy of an email from me to Samuel
20 Mifsud at SMS terminating the agreement between Speedishuttle and SMS.

21 Exhibit No. ____ (HJR-16) is a true and correct copy of an email from Paul Kajanoff to
22 Jeff Hoebet at the Port of Seattle regarding Speedishuttle's provision of walk-up
23 service.

24 Exhibit No. ____ (HJR-17) is a true and correct copy of a spreadsheet supplied by Shuttle
25 Express in response to Speedishuttle's Data Requests 15, 19 and 20.

TESTIMONY OF H. JACK ROEMER, Exhibit No. ____ (HJR-1T) - 5

Williams, Kastner & Gibbs PLLC
601 Union Street, Suite 4100
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(206) 628-6600

1 Exhibit No. ____ (HJR-18) is a true and correct copy of the Declaration of Jimy Sherrell
2 filed in Docket No. TC-132141.

3 Exhibit No. ____ (HJR-19) is a true and correct copy of Speedishuttle Data Request No.
4 1 and Shuttle Express' response thereto.

5 Exhibit No. ____ (HJR-20) is a true and correct copy of the UTC Staff's Data Request
6 No. 2 and Shuttle Express' response thereto.

7 Exhibit No. ____ (HJR-21) is a true and correct printout from www.google.co/jp created
8 on March 14, 2017.

9 Exhibit No. ____ (HJR-22) is a true and correct printout from www.google.co/kr created
10 on March 14, 2017.

11 Exhibit No. ____ (HJR-23) is a true and correct printout from www.google.co/hk created
12 on March 14, 2017.

13 Exhibit No. ____ (HJR-24) is a true and correct copy of an email chain.

14 **IV. SPEEDISHUTTLE'S BUSINESS MODEL**

15 **Q. Can you please explain the service Speedishuttle proposed to operate in Docket**
16 **No. TC -143691?**

17 A. Absolutely. Understanding the service Speedishuttle proposed to provide starts with its
18 application. Speedishuttle filed an application with the Washington Utilities and
19 Transportation Commission seeking auto transportation authority to provide "Door-to-
20 door shared ride service between Sea-Tac Airport and points within King County."
21 Thus, Speedishuttle has always made clear it intended to provide a door-to-door shared
22 ride service to anyone requiring service between Sea-Tac Airport and any other place in
23 King County, Washington. Additionally, it was proposed that Speedishuttle Seattle
24 offer a similar service as that offered by Speedishuttle Hawaii, which serves over one
25 million passengers per year. You could think of Speedishuttle's service as a hybrid

1 between public transportation and the more upscale door-to-door services provided by
2 black car services.

3 **Q. Can you please elaborate factually on that last point?**

4 A. Of course: Speedishuttle's service is a shared ride service, so it is somewhat like public
5 transportation in that there will be multiple stops to pick up passengers on the way to
6 the airport, or multiple stops to drop off passengers departing the airport. But it is more
7 like the door-to-door services a passenger can receive from a taxi, town car, limousine,
8 or a TNC because it can go from the airport to any particular place a passenger needs to
9 go within the territory we serve. The traditional door-to-door services like taxis, town
10 cars, and limousines can be very pricey, however, and even TNCs can be far pricier
11 than a ride on Speedishuttle. We view ourselves as a happy medium in that, by pooling
12 passengers in a shared ride service, we can keep the cost lower than a taxi, who we
13 view as our primary competition, but in a far more upscale vehicle which might appeal
14 to someone who would hire a black car service, or even Uber Black, which is Uber's
15 black car service.

16 **Q. So if I understand you correctly, you provide something like a luxury black car
17 service but at something closer to the price of public transportation?**

18 A. That is the idea.

19 **Q. What kind of things does Speedishuttle do to provide a more desirable service to
20 and from the airport than taxis and traditional black car services?**

21 A. Well, it starts with our fleet, which is more upscale compared to taxis and is again
22 something more comparable to black car services. But we offer what we believe is
23 superior customer service, shorter wait times, and we try to accommodate many of our
24 international customers by offering free Wi-Fi (which helps with network roaming
25 charges) and through multilingual receptive teams when available.

1 **Q. To your knowledge, is there another airport service provider in King County**
2 **whose service fits the same niche as Speedishuttle is targeting with its service**
3 **features?**

4 A. No, there is not.

5 **Q. What about Shuttle Express? Can you compare and contrast Speedishuttle's**
6 **service to that of Shuttle Express please?**

7 A. I would say we both provide door-to-door shared ride service, but Speedishuttle does so
8 in a way in which really tries to compete with other upscale service offerings that I just
9 discussed, by providing enhanced amenities like our Mercedes vans and additional
10 service features like free Wi-Fi, SpeediShuttle TV, our multilingual website and our
11 complimentary greeters in baggage claim on arrival. We also try to compete with the
12 technological service features offered by TNCs through use of our website and apps.
13 Shuttle Express, as demonstrated in the application hearing transcript, provided basic
14 Ford vans and was not really offering the various additional service enhancement
15 features Speedishuttle provides. I should also note that we applied for and received a
16 certificate for all of King County. There are areas in King County that Shuttle Express
17 is not authorized to serve.

18 **Q. Where in King County does Shuttle Express not provide service?**

19 A. As of the time of our application hearing, which as far as I know it has continued to
20 today, Shuttle Express was not providing service to all of the 98405 and 98022 zip
21 codes.

22 **Q. Where are those zip codes?**

23 A. North Bend and Enumclaw.

24 **Q. Do you understand the basis of why Shuttle Express does not serve the entirety of**
25 **those zip codes?**

1 A. I believe Shuttle Express only has authority to serve within 25 miles of Sea-Tac airport
2 and there are parts of those zip codes which are farther than 25 miles.

3 **Q. So if Shuttle Express succeeds in its protracted efforts to cancel Speedishuttle's**
4 **certificate, will there be another provider with certificate authority in those areas**
5 **Shuttle Express does not serve?**

6 A. Not a door-to-door provider of which I am aware.

7 **Q. Are there any other differences between your services?**

8 A. Shuttle Express also provides scheduled service, while we are purely door-to-door.

9 **Q. Why should that matter to the Commission?**

10 A. Because I don't believe Shuttle Express truly offers door-to-door service throughout its
11 entire authorized territory, and it does not keep its door-to-door and scheduled service
12 separate.

13 **Q. What makes you say that?**

14 A. I booked a scheduled service ride on Shuttle Express to a downtown Seattle hotel on
15 February 16, 2015 (Ticket Number SX3844800) for which Shuttle Express did not, at
16 the time, allow booking door-to-door service on line, and although they charged me for
17 scheduled service, they did not follow the route with passengers on board. They
18 actually took us to Harborview Hospital and the University District, which were not on
19 the route, and it took much longer to get to the hotel than it should have.

20 **Q. Why would Shuttle Express's van go to locations not on the route?**

21 A. The only logical explanation is that Shuttle Express grouped both scheduled and door-
22 to-door passengers on the same van, but did not truly provide door-to-door service for
23 those passengers travelling to Harborview Hospital and the University District, instead
24 they deviated from the scheduled route.

25

1 **Q. Have you seen anything that confirms your experience that this is an actual**
2 **practice of Shuttle Express?**

3 A. I have. Attached as Exhibit No. ____ (HJR-2) is an email from Wesley Marks to Jeanette
4 Anderson at the Port of Seattle. This email demonstrates that Shuttle Express has
5 grouped its door-to-door and scheduled service passengers together into a single vehicle
6 as a practice.

7 **Q. And how is Speedishuttle any different?**

8 A. We don't offer scheduled service, so there is no possibility a door-to-door passenger is
9 forced to wait while a van completes its scheduled route or a scheduled service
10 passenger is required to wait while the van completes unscheduled door-to-door
11 service.

12 **V. SERVICE FEATURES**

13 **Q. Because Shuttle Express has alleged in its Petition for Rehearing that**
14 **Speedishuttle was not really providing the service it proposed to provide at the**
15 **application hearing, I would like to review now with you both what was proposed**
16 **and what Speedishuttle is actually doing.**

17 A. Ok.

18 **SPEEDISHUTTLE'S FLEET**

19 **Q. Can describe the fleet Speedishuttle proposed to bring to Washington?**

20 A. Absolutely. As Cecil Morton testified at the hearing on Speedishuttle's application,
21 Speedishuttle's auto transportation service in Hawaii uses Mercedes Sprinter vans and
22 Speedishuttle is the largest operator of Mercedes Sprinter passenger vans in North
23 America. These vans have an interior that is upgraded compared to most of the
24 industry. They have a high ceiling that makes it easier to get in and out of, are roomier
25

1 and also much more comfortable than many of the vans used by other auto
2 transportation service providers. They also have zone heating and air conditioning, a
3 high quality sound/acoustics system and tons of luggage space. Speedishuttle Hawaii
4 also owns all of the vehicles it uses in its service and maintains them entirely in-house.

5 **Q. Did Speedishuttle actually incorporate the same type of vans into its service in**
6 **Washington?**

7 A. It did. Speedishuttle's fleet in Washington is comprised of the same make and model of
8 black Mercedes vans used in Hawaii. The lone exception to our exclusive use of
9 Mercedes Sprinter vans is our ADA accessible Toyota minivan, which is required by
10 the Americans with Disabilities Act.

11 **Q. Have you provided any exhibits to depict the vans used by Speedishuttle Seattle?**

12 A. I have. Those are Exhibit No. ___ (HJR-3) through Exhibit No. ___ (HJR-9).

13 **Q. Shuttle Express witness Don J. Wood stated in Exhibit No. ___ (DJW-1T) at page**
14 **27, lines 20-21 "Whatever its initial intentions, it is clear that Speedishuttle is now**
15 **providing the same service that Shuttle Express provides, with no meaningful**
16 **distinctions." Do you agree that Speedishuttle is providing the same service as**
17 **Shuttle Express with respect to its vans?**

18 A. Absolutely not.

19 **Q. Please explain in your understanding what is different about Speedishuttle's vans**
20 **from the fleet used by Shuttle Express for its door-to-door shared ride service?**

21 A. It is my understanding that Shuttle Express uses primarily Ford vans. Their vans do not
22 have a 6' 1" ceiling like the Mercedes does, their interior furnishings are not nearly as
23 high quality as the Mercedes vans Speedishuttle owns and operates and, in my opinion,
24 they don't carry quite the same cachet as the Mercedes vans do. We feel the brand
25 appeals to many of our customers seeking upscale service. While Shuttle Express' vans

1 are serviceable much like a taxi can be serviceable and in good enough condition for
2 some passengers, they are on average much older than Speedishuttle's fleet in either
3 Washington or Hawaii because of our fleet replacement policies. We try to appeal to
4 passengers who care about having newer vehicles, nicer interior furnishings and who
5 might opt for a black car service over a taxi, and who prefer a more opulent option in
6 the door-to-door shared ride industry.

7 **Q. Are there any other distinctions between Speedishuttle's fleet and the fleet used by**
8 **Shuttle Express to transport its passengers?**

9 A. Well, in my understanding Shuttle Express, for many years before and at the time
10 Speedishuttle applied for operating authority, operated a portion of its door-to-door
11 shared ride service by transporting customers in vehicles owned by independent
12 contractors when Shuttle Express did not have a vehicle available. Based upon Shuttle
13 Express' data requests responses to UTC staff in this proceeding, it appears Shuttle
14 Express continued a similar practice after the UTC assessed a large fine against Shuttle
15 Express in 2014, and is my further understanding, that they now continue that practice
16 under a limited exemption granted by the UTC on September 30, 2016. I obviously do
17 not know the condition or quality of the vehicles used by those many independent
18 contractors. I suspect that even though Shuttle Express says it inspects those vehicles,
19 because those vehicles are not owned by Shuttle Express, it may not truly know the
20 actual condition or quality of those vehicles, either including whether there are
21 outstanding recall notices. That highlights another significant difference in the service
22 provided by Speedishuttle, because Speedishuttle only transports passengers using
23 company-owned equipment (operated by company employees) which it maintains in-
24 house. This allows Speedishuttle to ensure the comprehensive safety of its vehicles
25 from a maintenance perspective. If we were to use independent contractor-owned

1 vehicles like Shuttle Express, we would lack the same direct control over vehicle
2 maintenance and there would be always be some lingering questions, at least for us,
3 about the ultimate safety of our passengers.

4 **Q. Mr. Wesley Marks testified in Exhibit No. ___ (WAM-1T) at page 7, lines 9-11,**
5 **that “actual experience has shown that the introduction of Mercedes vans did not**
6 **provide service to people who were or would have been unserved simply because**
7 **we use Ford vans.” Isn’t it possible that anyone who could ride in one of**
8 **Speedishuttle’s vehicles could ride in one of Shuttle Express’ Ford vans?**

9 A. It is possible, but that does not mean they would affirmatively choose to be transported
10 in one of Shuttle Express’ vans. Rather than riding in a Ford van, those same
11 passengers might select to ride in a nicer vehicle through a TNC like Uber or Lyft.
12 There are numerous options for airport transportation in King County and some
13 customers may prefer the option to ride in a more nicely furnished vehicle but with a
14 door-to-door shared ride service price. Frankly, I don’t know how Mr. Marks or
15 anyone else could testify whether a passenger who chooses to use Speedishuttle’s
16 service *would have* subjectively accepted the alternative of riding in Shuttle Express’s
17 Ford vans. Certainly nothing about market analytics relied upon by Mr. Marks, Mr.
18 Wood and Mr. Kajanoff in their direct testimony could support that answer. Mr.
19 Marks’ testimony also inherently suggests that Shuttle Express is entitled to a
20 monopoly and that anyone seeking shared ride service in King County would and
21 should be satisfied with whatever Shuttle Express chooses to offer. With all of the
22 other existing transportation options, however, I doubt that is true. Speedishuttle’s
23 service is different because we understand that despite continuing regulatory controls of
24 market entry, shared ride services here exist in a dynamic transportation market which
25 this Commission has repeatedly observed. In order to compete, we seek to provide

1 exemplary customer service and service amenities and features beyond what taxis,
2 TNCs and Shuttle Express offer their customers.

3 **WI-FI SERVICE AND OTHER TECHNOLOGY**

4 **Q. Speaking of those amenities and features, did Speedishuttle propose to provide**
5 **Wi-Fi in all of its vans?**

6 A. Yes, and Speedishuttle Hawaii provides Wi-Fi in each of its vans which was proposed
7 for Speedishuttle Seattle in Washington as well.

8 **Q. Does Speedishuttle actually offer Wi-Fi in all of its vans in Washington?**

9 A. Absolutely. Speedishuttle's vans in Washington are all equipped with an operable
10 mobile Wi-Fi device for our customers to use, which as I mentioned earlier, we believe
11 particularly appeals to our international travelers who frequently must pay for cellular
12 data usage during their stay in the U.S.

13 **Q. Mr. Marks even questioned whether Speedishuttle actually turned on the Wi-Fi.**
14 **Specifically, he testified in Exhibit No. ___(WAM-1T) at page 8, lines 4-6 “[w]e**
15 **even asked them for documents to show if the Wi-Fi was even turned on or**
16 **working properly in their vans. Again, they denied any knowledge of the**
17 **operability or real-world functioning of the Wi-Fi service.” I have a few questions**
18 **about that remark. First, what might give Mr. Marks the impression that**
19 **Speedishuttle does not know whether its equipment had functioning or operable**
20 **Wi-Fi?**

21 A. You would have to ask Mr. Marks that question, because Speedishuttle did not do or
22 say anything to give him or anyone else that impression.

23 **Q. What about in Speedishuttle's responses to Shuttle Express' data request “for**
24 **documents to show if the Wi-Fi was even turned on or working properly in their**
25 **vans” as Mr. Marks testified?**

1 A. Shuttle Express served no such data request to Speedishuttle and I am not aware that
2 they ever asked for that information in any other way.

3 **Q. Would you please describe the information Shuttle Express requested on**
4 **Speedishuttle’s Wi-Fi through discovery?**

5 A. Shuttle Express requested information which related to Wi-Fi in a few of its data
6 requests. In Data Request No. 6, Shuttle Express requested statistical data for every
7 single trip made by Speedishuttle to or from Sea-Tac Airport and asked within that
8 information for “...whether they used Wi-Fi or watched TV.” Speedishuttle informed
9 Shuttle Express in its response, which I have provided again as Exhibit No. ___ (HJR-
10 10), that “Speedishuttle does not record, measure or otherwise monitor which of its
11 shared ride passengers watch or use Speedishuttle TV or Wi-Fi.” Shuttle Express also
12 requested, in Data Request No. 17, Speedishuttle “[d]escribe efforts to attract or target
13 tech-savvy or non-English speaking passengers in the market and provide any
14 documents that reflect, show, or relate to such efforts.” Among other information,
15 Speedishuttle informed Shuttle Express through its response to Shuttle Express’ Data
16 Request No. 17, which is supplied as Exhibit No. ___(HJR-11), that Speedishuttle has
17 provided free Wi-Fi since the start of regulated operations. Shuttle Express also
18 requested information on Wi-Fi usage, through Data Request No. 8 to Speedishuttle,
19 which I am supplying as Exhibit No. ___(HJR-12). Shuttle Express requested,
20 specifically, “[p]rovide documents that show the vehicles used to transport passengers
21 in the market, including, for each vehicle, the make, model, year, and any amenities,
22 such as TVs and Wi-Fi facilities. Provide records that show when such amenities were
23 installed, operated (on/off/disabled, etc.) and used (e.g. Wi-Fi data usage records).”
24 Speedishuttle’s response, as demonstrated in Exhibit No. ___ (HJR-13) stated as to the
25 Wi-Fi tracking information requested, “[S]peedishuttle does not track operation and

1 usage of Wi-Fi and SpeediTV which services are available on all vehicles except
2 Speedishuttle TV is not available on the ADA accessible minivan...” Speedishuttle
3 subsequently served a supplemental response to Data Request No. 8, which is supplied
4 as Exhibit No. ____ (HJR-14). In that data response, Speedishuttle provided its fleet list
5 by make, model and serial number and which indicated every Speedishuttle van was
6 duly equipped with Wi-Fi.

7 **Q. Why doesn’t Speedishuttle track its customers’ usage of Wi-Fi?**

8 A. We have no business reason to track that information. Moreover, our Wi-Fi hotspot is a
9 part of our fleet communication system which uses cellular data for connectivity.
10 Cellular charges are not segregated between data communications, GPS service and
11 Wi-Fi service by our cellular provider.

12 **Q. How does providing Wi-Fi service differentiate Speedishuttle’s service from
13 Shuttle Express’ service?**

14 A. At the time of Speedishuttle’s application, it is my understanding that Shuttle Express
15 did not generally offer Wi-Fi on its vans. At the hearing on Speedishuttle’s application,
16 Mr. Marks testified, at page 110, lines 19-24, Shuttle Express had installed Wi-Fi on
17 just 10 of its 107 units. Unlike Shuttle Express, which had less than 10% of its fleet
18 equipped with Wi-Fi, Speedishuttle has always equipped 100% of its vans with Wi-Fi.

19 **Q. Should it matter to the Commission that Shuttle Express may have subsequently
20 installed Wi-Fi on its vans?**

21 A. Only if the Commission would consider that a post-application service improvement in
22 response to a more complete service provided by Speedishuttle. If auto transportation
23 companies are judged during an application hearing purely on how they improve
24 service after a new application is filed, they could easily prevent additional service from
25 ever being granted by incumbent providers simply waiting for new applications to be

1 filed, and then immediately improving their own service in response to an application.
2 This would not only stifle innovation but enable the existing carrier to claim a service
3 monopoly without ever having to improve its service until a newcomer files an
4 application, ironically, much like Shuttle Express has tried to do here.

5 **Q. Does Speedishuttle do anything else to appeal to “tech-savvy” customers who
6 might like the idea of reserving a ride through TNC on their mobile device?**

7 A. In addition to providing Wi-Fi, we have released iPhone iOS and Android apps and
8 have been actively promoting them. They are available at
9 <https://itunes.apple.com/us/app/speedishuttle-seattle/id1126837775> and
10 https://play.google.com/store/apps/details?id=com.hudson.speedishuttle_seattle. They
11 permit passengers to make and store reservations on their Apple and Android smart
12 phones. We have also developed and released “Where’s My Vehicle,” providing
13 departing guests with real-time information on their vehicle and driver automatically.
14 The service is free to the guest and is provided automatically if we have either a valid
15 U.S. cell phone number or a valid email address. If we are provided a U.S. mobile
16 phone number for the guest, they will receive an SMS (text) message twenty minutes
17 prior to their scheduled departure pickup. If we do not have a valid telephone number
18 but have an email address, the guest will receive an email. Either includes a customized
19 web link which will open a map that tracks the vehicle’s progress and displays the
20 driver’s name and vehicle description.

21 **SPEEDISHUTTLE TV**

22 **Q. Can you please describe for the Commission what evidence was presented by
23 Speedishuttle about TVs in its application testimony?**

24 A. Here, I am going to quote from the application hearing transcript verbatim. Starting on
25 page 28, line 21 and ending on page 29, line 1, Cecil Morton testified “Our vehicles

1 have interiors that are a little upscale compared to the majority of the industry, and we
2 have Speedishuttle TV, which is an orientation of the marketplace. So when guests
3 arrive, they see a program that has to do with, in this case, it will be Seattle and the
4 wonderful places to visit.”

5 **Q. Can you elaborate some on what Mr. Morton explained?**

6 A. Of course. Speedishuttle features an HD television set in each of its vans. That TV set
7 displays a custom program to provide information about tourist attractions in the Seattle
8 area. You can actually see a photo of the Speedishuttle TV installed in one of our vans
9 in Exhibit No. ___(HJR-9)

10 **Q. Did Speedishuttle propose to offer a luxury television set which can be adjusted by
11 users to display on-air television programming as contended by Mr. Marks?**

12 A. No, it did not.

13 **Q. Do you have any idea of why Mr. Marks would complain that Speedishuttle TV is
14 not exactly that?**

15 A. You would have to ask him, because I do not have any knowledge where he got that
16 idea unless he conflates that concept overall with our luxury vehicle offerings.

17 **Q. Did Speedishuttle install HD television sets in its vans in Washington?**

18 A. Yes, that’s correct.

19 **Q. Is Speedishuttle TV functional in each of those vans?**

20 A. Absolutely it is, and it provides exactly what was described by Mr. Morton in his
21 testimony.

22 **Q. Mr. Marks testified in Exhibit No. ___(WAM-1T), page 8, lines 17-19 that “when
23 [Shuttle Express] asked Speedishuttle if the TV really worked and how many, if
24 any, of their passengers actually watched the TV in operations here, they claimed
25**

1 **to be clueless.” Did Shuttle Express actually ask Speedishuttle in discovery or any**
2 **place else if Speedishuttle TV actually worked?**

3 A. This sounds a lot like how Mr. Marks has tried to twist or modulate Shuttle Express’
4 data requests, and Speedishuttle’s responses, regarding our Wi-Fi service. To be clear,
5 Shuttle Express *never* asked Speedishuttle if Speedishuttle TV actually worked.

6 **Q. Is there any truth to Mr. Marks’ testimony that Shuttle Express asked if any of**
7 **Speedishuttle’s passengers actually watched the TV?**

8 A. Absolutely not.

9 **Q. To be clear, what did Shuttle Express ask Speedishuttle regarding Speedishuttle**
10 **TV in discovery?**

11 A. Shuttle Express requested information for every single trip made in Speedishuttle’s
12 history in Washington in Data Request No. 6, and asked within that data for
13 Speedishuttle to provide “...whether they used Wi-Fi or watched TV...” In Data
14 Request No. 8, which I have provided as Exhibit No. ____ (HJR-11), Shuttle Express
15 asked Speedishuttle to “[p]rovide documents that show the vehicles used to transport
16 passengers in the market, including for each vehicle the make, model, year and any
17 amenities such as TVs and Wi-Fi facilities. Provide records that show when such
18 amenities were installed, operated (on/off/disabled, etc.) and used (*e.g.*, Wi-Fi data
19 usage records).”

20 **Q. So did you tell Shuttle Express how many people actually watch Speedishuttle**
21 **TV?**

22 A. We had no way to answer Shuttle Express’ question because there is no realistic way
23 for us to track that information. At the risk of sounding facetious, that’s equivalent to
24 asking us to tell you how many of our customers chew gum. We do not track how
25 many customers watch Speedishuttle TV because we have no business reason to do

1 that, but more importantly, tracking Speedishuttle TV usage would ask our driver to
2 monitor the passengers instead of the road. Shuttle Express may ask its drivers to
3 watch its passengers and track data on their activities, but I find that notion to be
4 outrageously and pointlessly dangerous, not to mention off-putting and intrusive to
5 Speedishuttle's customers.

6 **Q. Similar to Mr. Wood, Mr. Marks testified in Exhibit No. ___(WAM-1T) at p. 23,**
7 **lines 1-2 “We know today, conclusively, that the service [Speedishuttle] provides is**
8 **functionally identical with the service we have long provided.” Is Shuttle Express’**
9 **service, for instance, identical to Speedishuttle’s with respect to Speedishuttle TV?**

10 A. Absolutely not. For that to be true, Speedishuttle would have to remove Speedishuttle
11 TV from all of its vehicles because Shuttle Express does not offer its customers a
12 similar service feature.

13 **MULTILINGUAL SERVICES**

14 **Q. Mr. Roemer, with respect to the multilingual services offered by Speedishuttle, I’d**
15 **like to start with asking what multilingual services Speedishuttle offers in Hawaii**
16 **as an initial point of reference for its plans here.**

17 A. Many of Speedishuttle Hawaii’s wholesale customers are travel companies from around
18 the world that offer Hawaii as a destination. In order serve the needs of some of the
19 most frequently served demographics of travelers to Hawaii, Speedishuttle created
20 versions of its website for Japanese, Chinese and Korean travelers. We also try to hire
21 multilingual receptive staff so that we can serve many of the languages our customers
22 speak.

23 **Q. To be specific, can you please recite what Speedishuttle described at the**
24 **application hearing it would do to serve multilingual customers in Washington?**

1 A. Certainly. Cecil Morton testified at page 24, lines 8-14, “We’ll do our best to hire
2 multilingual receptive teams so we can communicate with some of the people that are
3 from different countries, and here we’re seeing there’s a lot of people coming from the
4 Far East. Like we have in Honolulu, as an example, Japanese speaking, as well as
5 Hispanic speaking – Spanish speaking – Spanish speaking, excuse me.”

6 **Q. Did Mr. Morton provide any further testimony regarding Speedishuttle’s**
7 **multilingual services?**

8 A. Not at the hearing, but in Exhibit CM-1 he provided a statement which, in paragraph 2,
9 stated “As to the latter, we have installed free Wi-Fi service in all of our Oahu Island
10 shuttles and have bilingual websites and ticketing agents serving Asian customers from
11 China, Japan and Korea and have particularly adapted our operations to facilitating
12 visitors from the Asian markets who come to Hawaii for either pleasure or on
13 business.” Then continuing in paragraph 3, Mr. Morton stated “We anticipate that
14 many of these service application and expansion developments can also be utilized in
15 the Seattle-King County airport shuttle marketplace because of the Northwest’s
16 increasingly prominent position in international trade and tourism and because of the
17 burgeoning economic base represented by the Seattle-King County area.”

18 **Q. Did Speedishuttle plan on duplicating those multilingual services if it received**
19 **operating authority in Washington?**

20 A. That is exactly what we planned to do.

21 **Q. Did Speedishuttle follow through on what it represented it would do with respect**
22 **to multi-lingual services?**

23 A. We did and are providing precisely what we said we would.

24 **Q. Did Speedishuttle actually provide a multilingual website through which**
25 **customers from China, Japan or Korea could make reservations?**

1 A. We did. The homepage for customers who prefer Japanese is located at
2 <https://speedishuttleseattle.com/jp/>. Our homepage for customers who prefer Chinese is
3 located at <https://speedishuttleseattle.com/cn/> and our Korean language homepage is
4 located at <https://speedishuttleseattle.com/kr/>.

5 **Q. When you say homepage, are you suggesting there is more to the multilingual**
6 **aspects of your website than just the homepage?**

7 A. Yes, there is. In each of the languages our website provides information about our
8 service, our affiliations, Sea-Tac Airport, contact information for the airlines flying
9 from Sea-Tac, information about the cruise lines departing from Seattle, and a
10 reservation system for arranging travel through Speedishuttle.

11 **Q. Does Speedishuttle do anything to reach out to potential non-English speaking**
12 **travelers who might use Speedishuttle’s multilingual services?**

13 A. Yes, we do. We do that through our website, which is available on most internet search
14 engines.

15 **Q. Does Speedishuttle’s multilingual website actually show up for internet users in**
16 **Japan, Korea and China, or for those using Japanese, Korean or Chinese, who**
17 **might search online for airport transportation options in Seattle?**

18 A. It does. In fact, using Google’s translation software, we ran searches on
19 www.google.co.jp, www.google.co.kr, and www.google.co/hk, which operate in
20 Japanese, Korean and Chinese languages, respectively. We searched using the phrase
21 “airport transportation Seattle Washington” after translating the phrase into the
22 appropriate language for each of those search engines. Each of the sites placed
23 Speedishuttle’s website within the top results. To demonstrate this point, I have
24 provided the search results in Exhibits No. ____ (HJR-21), No. ____ (HJR-22), and No.
25 ____ (HJR-23).

1 **Q. Do you have an opinion on whether this search engine visibility can increase access**
2 **to transportation information and specifically to your regulated transportation**
3 **services for passengers who speak Japanese, Korean or Chinese?**

4 A. I do. Considering that people frequently, and nowadays, increasingly, rely upon the
5 internet for all their travel needs, I believe that by making our multilingual website
6 visible to persons who read and write Japanese, Korean or Chinese, we can facilitate
7 removing or reducing barriers to access for prospective foreign language passengers.

8 **Q. Moving on for a moment, did Speedishuttle actually hire multilingual receptive**
9 **teams?**

10 A. Absolutely, we did. The last time I checked we had 42 multilingual employees in
11 Washington, representing 14 non-English languages. Those include mostly greeters
12 and drivers with some operations staff as well.

13 **Q. Did Speedishuttle represent it would do anything beyond providing a multilingual**
14 **website and trying to hire multilingual receptive teams to provide multilingual**
15 **services?**

16 A. No.

17 **Q. Has Speedishuttle actually transported passengers from countries whose primary**
18 **language is something other than English who might actually be able to benefit**
19 **from Speedishuttle's multilingual services?**

20 A. Absolutely, we have.

21 **Q. Do you know whether Mr. Marks testified at the hearing on Speedishuttle's**
22 **application?**

23 A. Yes, he did.

24 **Q. Did Mr. Marks testify at that hearing about whether Shuttle Express offered a**
25 **website in Japanese, Chinese or Korean?**

1 A. He did, and he denied Shuttle Express had a multilingual website. Specifically, at page
2 74, lines 19 to page 75, line 3, he testified to the following:

3 19 Q. We had some testimony earlier this afternoon about
4 20 hotels and how someone books on the website. First of all,
5 21 on the website, do you have Japanese, Chinese, and/or
6 22 Korean language indicated on your website?

7 23 A. I don't believe we do at this time.

8 24 Q. So if you were a customer arriving from or
9 25 planning to arrive in Seattle from Korea or China, for
10 1 instance, and you didn't speak English, you couldn't access
11 2 your website without a translation; isn't that correct?

12 3 A. I believe that's correct, yes.

13 **Q. With respect to the multilingual website offered by Speedishuttle, is**
14 **Speedishuttle's service identical to that offered by Shuttle Express, as claimed by**
15 **Mr. Wood and Mr. Marks?**

16 A. No. Shuttle Express does not offer a multilingual website.

17 **Q. Mr. Marks also attacked Speedishuttle's efforts to attract multilingual employees,**
18 **testifying that "the languages [of Speedishuttle's employees] do not reflect any**
19 **effort to target unserved foreign passengers. Rather, it reflects the nationalities or**
20 **background of people who apply for unskilled and minimum wage jobs in the**
21 **Seattle area. We get applications and hire from the same backgrounds." Exhibit**
22 **No. ___(WAM-1T), page 9, lines 13-16. Do you have any reactions to that**
23 **comment?**

24 A. Frankly, I am not sure I understand his comment. If Mr. Marks is suggesting
25 Speedishuttle should use the same stereotype he used to identify which drivers are

1 multilingual and which are merely “unskilled labor,” I don’t much care for Mr. Mark’s
2 viewpoint. Speedishuttle has customers from around the world, and we do what we can
3 to hire drivers and greeters with varied language skills in order to accommodate our
4 customers. More importantly, we do not discriminate amongst customers in the way
5 Mr. Marks appears to be suggesting we should. We try our best to serve as many
6 foreign language customers as we can. If Shuttle Express wants to discriminate on the
7 basis of hiring or service of customers, that is their prerogative, but is decidedly not a
8 policy we have or would ever adopt.

9 **Q. Mr. Marks also appears to suggest that Speedishuttle proposed to serve only**
10 **multilingual passengers. Did Speedishuttle ever propose in its application or**
11 **through its application hearing testimony to reserve its service for only**
12 **multilingual passengers, or any other limited subset of the general public?**

13 A. We certainly did not. As I discussed earlier, Speedishuttle proposed to provide an
14 upscale shared ride service which would provide additional service features not
15 available from the other providers in the territory for which we applied. The
16 multilingual services we discussed were only one component of those service features.
17 Frankly, I wonder whether Mr. Marks understands that what he portrays our service
18 was supposed to be and how it was to be implemented appears to be illegal. Does he
19 actually propose we use a language and/or a visual test for our passengers to ensure
20 they all speak a foreign language? Should we pick and choose acceptable passengers
21 on that basis? That clearly seems to suggest we discriminate against passengers on the
22 basis of national origin, not to mention violates the basic obligations of a common
23 carrier, and that was certainly not what Speedishuttle ever proposed to provide.
24 Speedishuttle proposed to distinguish its service by its features, and the Commission
25 found those features might well appeal to unserved demographics, but that does not

1 mean we would or should be limited to serving the persons who could somehow be
2 identified as finding those features appealing.

3 **Q. Mr. Marks also suggests that Speedishuttle promised it would focus on Asian**
4 **language passengers by stating “Thus, walk-up passengers or those who try to**
5 **book by phone are not receiving any of the promised newly-targeted Asian**
6 **language services.” Exhibit No. ___ (WAM-1T), page 10, lines 15-17. Did**
7 **Speedishuttle promise to provide multilingual service only to Japanese, Chinese or**
8 **Korean tourists?**

9 A. Absolutely not.

10 **Q. Did Speedishuttle promise to provide service in Japanese, Korean and Chinese to**
11 **passengers at every step in the process of providing service?**

12 A. No, and frankly that is virtually impossible. For instance, each vehicle has only one
13 driver and I do not know of any multilingual drivers fluent in Japanese, Chinese,
14 Korean and English. And even if we did, that would be to the exclusion of all other
15 languages. That does not make sense.

16 **Q. Mr. Wood testified that Speedishuttle made a commitment to meet all incoming**
17 **passengers with a multilingual agent. Exhibit No. ___(DJW-1T), page 19, lines 17-**
18 **19. Is that a true statement?**

19 A. Not at all. Mr. Wood appears to take a mish-mash or amalgam of unrelated testimony
20 to reach his conclusion on that point, but as I clearly address above, that was not
21 something Speedishuttle stated it does nor promised it would do. We do, however,
22 make diligent efforts to hire multilingual receptive teams as Mr. Morton originally
23 testified. It should also be noted that for a multitude of reasons, we cannot guarantee a
24 multilingual greeter is always available in the language of a particular non-English
25 speaking passenger.

1 **Q. Mr. Marks also appears to make a big deal about whether particular**
2 **demographics were already served, for example he suggests Speedishuttle hiring**
3 **Spanish speaking drivers doesn't count because it was never identified as an**
4 **unserved demographic and Shuttle Express already served that demographic.**
5 **Exhibit No. ___ (WAM-1T), page 10, lines 10-11. Did Speedishuttle discuss**
6 **providing service to Spanish speaking customers in the application hearing?**

7 A. First, I would like to note that I do not see what difference it makes whether a
8 demographic was already served. Our application was predicated on service feature
9 differentiation and Shuttle Express' failure to serve to the satisfaction of the
10 Commission based on its need for third parties to "rescue" its passengers. But, actually,
11 Cecil Morton did testify about Speedishuttle's efforts to serve Spanish language
12 customers at the application hearing, which I cited earlier. That testimony is located in
13 the application hearing transcript at page 24, lines 8-14.

14 **Q. By the way, did Mr. Marks or anyone else for Shuttle Express testify that they**
15 **already served Spanish speaking customers at the application hearing?**

16 A. No, neither Mr. Marks nor Mr. Kajanoff testified that Shuttle Express provided any
17 multilingual services whatsoever. Here and on many other points, Shuttle Express
18 seems intent on re-litigating our application hearing in this proceeding. If this
19 information would have made a difference, it was available then and it should have
20 been raised at that time.

21 **Q. Mr. Marks also suggests there simply is no need for multilingual services,**
22 **testifying "I'm aware of only two cases of a non-English speaker who required**
23 **assistance in a language other than that spoken by the individual they were**
24 **working with." Exhibit No. ___(WAM-1T), page 13, lines 10-11. Do you have any**
25 **comments on Mr. Marks' testimony in that regard?**

1 A. Assuming Mr. Marks even knows what each and every one of Shuttle Express
2 passengers' language requirements truly are, I think this simply suggests passengers
3 who require multilingual access choose not to use Shuttle Express. Those who do may
4 manage to get by, but that doesn't mean multilingual passengers are being
5 accommodated or would not benefit from additional service features. The willingness
6 to take steps to accommodate those passengers is one of a number of things that set,
7 Speedishuttle's service apart from what Shuttle Express offered, which the Commission
8 appeared to understand and acknowledge when it granted our certificate.

9 **Q. Do you also think Mr. Marks' comment suggests Shuttle Express did not endorse**
10 **the Commission's 2013 Rulemaking?**

11 A. I do. The 2013 auto transportation Rulemaking indicated the UTC wanted auto
12 transportation companies to become more competitive through adaptation to the market
13 and through service innovations. Mr. Marks' comments and Shuttle Express'
14 continuing practices and indeed this current process all suggest to me Shuttle Express
15 wants to ignore those policies so it can keep doing what it has always done. Rather
16 than acknowledge that service improvements may be helpful and responsive to the
17 public, they seem instead to simply demand the protection of a single regulated door-to-
18 door provider in the state's largest population center, despite dramatic regulatory
19 changes in 2013.

20 **DEPARTURE TIMES**

21 **Q. Mr. Roemer, I'd like to turn now to departure times. Did Speedishuttle represent**
22 **at the application hearing that it would offer a 20 minute departure guarantee?**

23 A. That was definitely something which Cecil Morton discussed at the application hearing
24 with respect to Speedishuttle Hawaii, and which we intended to bring to Washington as
25 well.

1 **Q. Did the Commission in your view do anything to institutionalize the discussed**
2 **departure guarantee as a mandatory requirement of Speedishuttle's service?**

3 A. Again, I do not believe that the Commission intended us to be restricted to any
4 particular proposed service feature, as that would restrict the desired adaptability and
5 innovation that was discussed by the UTC in the 2013 rulemaking which we reviewed
6 with much interest before filing our application over a year after those new rules were
7 adopted. But if the Commission wanted to ensure Speedishuttle actually published a 20
8 minute service guarantee as Mr. Marks suggests, I would have no way of knowing that.
9 There simply is no mention of departure times in the holdings in Final Order 04
10 granting Speedishuttle's application.

11 **Q. Has the 20 minute departure guarantee become reality in Washington?**

12 A. I wouldn't say we can represent to the public that we have a consistent 20 minute
13 departure guarantee, but that is definitely our desired target departure time and it is
14 something we believe we have met in the vast majority of our departures.

15 **Q. Did Speedishuttle experience any difficulties in implementing its plans to meet the**
16 **20 minute departure time after commencing regulated operations in Spring, 2015?**

17 A. Yes, we did. The issue was that the Port of Seattle refused to let us stage vehicles
18 despite permitting them and still allowing other operators to stage in convenient
19 locations, including some providers using Mercedes Sprinters. In Hawaii, when we
20 know we have an arrival coming, we are permitted to stage at an area at the airport
21 where we can bring all of our passengers to load into the van. At Sea-Tac, despite
22 Shuttle Express and others long having been permitted to do exactly that, we have been
23 required to wait outside the departure area at a holding lot for the arrival and then drive
24 to the pick-up zone only when the passengers are ready to be picked up. During peak
25 traffic times at the airport we can suffer a delay in getting the vehicle to where our

1 passengers are waiting because it can take 15 minutes or more just to get from the
2 holding lot to the pick-up zone.

3 **Q. How would the use of a staging area eliminate that issue?**

4 A. With a staging area we can have our van waiting for the arrival of the airplane and
5 ready to load as soon as our passengers arrive at the van. The way the Port of Seattle
6 has so far insisted we load simply won't permit us to be ready and waiting, which
7 unfortunately adds to our departure wait time.

8 **Q. Has Shuttle Express actually attempted to make things more difficult for you with
9 respect to the Port of Seattle in any way that might affect departure times?**

10 A. I believe so. In our view, Shuttle Express' conduct toward Speedishuttle's relationship
11 with the Port of Seattle has bordered on intentional interference. Shuttle Express has
12 complained about Speedishuttle to the Port of Seattle on numerous occasions in what
13 appears to be an effort to paint us in a bad light and harm our service, going so far as to
14 inform the Port of Seattle we exceeded our authority from the UTC by providing walk-
15 up service and inferring Speedishuttle had been dishonest at the application hearing.
16 An example of this conduct can be found in the email from Paul Kajanoff to Jeff
17 Hoevet at the Port of Seattle, provided as Exhibit No. ____ (HJR-16).

18 **Q. Did Shuttle Express succeed in its attempts?**

19 A. Well, we still have our podium and nothing has gotten worse yet, but we still aren't able
20 to stage vehicles in the way Shuttle Express was and other transportation companies are
21 still, permitted.

22 **Q. Mr. Marks testified that 77% of Speedishuttle's departures are under 20 minutes
23 and 10-15% take more than 26 minutes. Exhibit No. ____ (WAM-1T), page 24,
24 lines 6-8. Does that sound accurate?**

1 A. It is possible that it is accurate, but he has no way of knowing and neither do we. The
2 data Speedishuttle has available is only for walk up guests and tracks the time from
3 their purchase and actual departure, which is the relevant time period in our departure
4 guarantee in Hawaii. Speedishuttle does not track the time a guest is “ready to go” that
5 Mr. Marks referred to. Further, the information we have available is full of errors and
6 we informed Shuttle Express of that when we produced it to them. Again, Mr. Marks
7 seems bent on a goal here and apparently decided that he would rather offer testimony
8 he viewed as helpful to his cause based on error-filled data than admit that no
9 meaningful testimony could be predicated on the basis of available information.

10 **Q. Can you explain what sorts of errors that data contains and why any conclusions**
11 **drawn from it are not helpful?**

12 A. Most of these issues are caused by the way our dispatch software treats a driver
13 communication for a trip in process. The software sometimes resets (but not always) the
14 onboard time when a driver sends a text to dispatch. We have never found this to be a
15 serious problem since we are tracking wait times for walk up customers as a measure of
16 the effectiveness and efficiency of our dispatch team and not to prove some point for
17 Mr. Marks. We would prefer to have 100% accurate data for internal monitoring, and
18 the data we have now is, in our opinion, satisfactory for our broad performance
19 monitoring for walk up reservations. But it simply cannot be relied upon to reach any
20 absolute conclusions about our overall aggregate departure times. Therefore, any
21 conclusion based on them is just a guess.

22 **Q. But don’t Mr. Marks’ statements about Speedishuttle departure times actually**
23 **show that you meet your goal most of the time?**

1 A. Again, you can't use bad data and rely on the answer even if you like the answer. But
2 yes, if you want to use the data good or bad, it does show that 77% of our walk-up
3 guests depart within 20 minutes and 89% depart within 26 minutes.

4 **Q. To your knowledge, does Shuttle Express, with its available staging area, even**
5 **aspire to depart within 20 minutes?**

6 A. It is my understanding that Shuttle Express had only a 30-minute departure time, at
7 least of the time of the application hearing.

8 **Q. Do you know what Shuttle Express' average departure time is and if so, will you**
9 **share that with the Commission?**

10 A. No, and we did not request discovery on this issue. Mr. Marks claims it was 20 minutes
11 in 2014, but there is nothing in the application hearing record on that issue. Further,
12 Mr. Marks claims Shuttle Express' departure times were up 5% in 2015, but I feel it
13 necessary to point out that in its earlier 2013 petition for exemption from WAC 480-30-
14 213(2) and WAC 480-30-456, Docket No. TC-132141, its owner Jimy Sherrell, stated
15 in a declaration made under oath (Exhibit No. ____ (HJR-18) that "compliance is already
16 harming the traveling public by materially degrading Shuttle Express's service. It is
17 resulting in longer wait times at the airport due to the need to redirect vans for inbound
18 priority. Often a passenger becomes impatient and takes a taxi to get home." I have no
19 information on how often Shuttle Express has experienced this purely because of delay,
20 but Shuttle Express advised through a recent data request response to UTC staff that it
21 had placed a passenger with an independent contractor on more than 40,000 occasions
22 between January 16, 2014 and September 29, 2016. Thus, it seems Shuttle Express has
23 either experienced significant delays, necessitating the use of an independent
24 contractor, or it has simply avoided delays solely through violation of Commission
25 rules.

1 **RECEPTIVE TEAMS AND WALK-UP SERVICE**

2 **Q. Let’s move on to Speedishuttle’s receptive teams, and again, let’s start with what**
3 **Speedishuttle originally proposed in its Washington service. What, again, was Mr.**
4 **Morton’s testimony about reception teams at the application hearing?**

5 A. Mr. Morton testified, as reflected in the hearing transcript at page 23, lines 17 to page
6 24, line 1 “We’re customer-service centric. We believe in, the experience starts when a
7 passenger arrives at the airport in a particular city and not in a particular their – the final
8 destination, so upon the arrival, we have receptive teams at all airports, and our plan is
9 to do the same here, where we will greet all prearranged guests with a sign with their
10 name on it, welcome them to Seattle, and direct them to their baggage claim area, their
11 carousel, and then usher them to their shuttle that would be waiting for them.”

12 **Q. Did Speedishuttle plan on providing greeters to walk-up customers when it**
13 **applied for authority?**

14 A. Speedishuttle did not plan on providing walk-up service when it applied for authority in
15 Washington.

16 **Q. What about by the time the hearing was held?**

17 A. At the time the hearing was held, we were under the impression that Shuttle Express
18 had an exclusive agreement with the Port of Seattle and that no other auto
19 transportation company was permitted to provide walk-up service. In fact, our attorney,
20 Mr. Wiley, tried to probe Mr. Marks about Shuttle Express’ exclusive agreement with
21 the Port of Seattle at the application hearing, but Mr. Marks testified he did not know
22 the details of Shuttle Express’ contract with the airport.

23 **Q. Can you direct me to where your counsel asked that at the application hearing?**

24 A. Yes. He asked Mr. Marks a number of questions about that starting on page 78, line 18
25 and continuing until page 80, line 5.

1 **Q. Would Speedishuttle have proposed to provide walk-up service at the application**
2 **hearing had it known Shuttle Express did not have an exclusive arrangement with**
3 **the Port of Seattle?**

4 A. Yes. If we had correctly understood that no exclusive arrangement existed, we would
5 have proposed to provide walk up service.

6 **Q. Did Speedishuttle actually implement its representations about its receptive**
7 **teams?**

8 A. Of course we did.

9 **Q. Mr. Marks complains that Speedishuttle does not have 60 receptive teams in**
10 **Seattle like it does in Hawaii. Exhibit No. ___(WAM-1T), page 17, lines 10-12. Do**
11 **you have any reactions to that testimony?**

12 A. Mr. Marks also complains that Speedishuttle has more than five vans, claiming we
13 proposed to offer a unique, niche transportation service to what would apparently be a
14 select and small group of non-English speaking, tech savvy tourists. So, it seems Mr.
15 Marks would like to have it both ways. The reality is that we started small and hope to
16 grow here as we have in Hawaii.

17 **Q. Mr. Marks also criticizes the effectiveness of some of Speedishuttle's receptive**
18 **staff. Exhibit No. ___(WAM-1T), page 16, line 21 to page 17, line 4. Do you have**
19 **any response?**

20 A. I find it interesting that Mr. Marks didn't provide the date on which that allegedly
21 occurred. For all we know that was our first day, week, or month of operations when
22 we had multiple new employees still in training. Regardless of when it occurred, we
23 didn't promise we would be perfect on day one or even day 100, so I'm not sure why
24 this is even being discussed. I'm sure we could follow Shuttle Express staff around in
25

1 the way Mr. Marks apparently stalked our staff and unilaterally find multiple critiques,
2 but I don't see any benefit to this proceeding in doing so.

3 **Q. Mr. Marks also commented that less than half of Speedishuttle's passengers were**
4 **being met by greeters because only half were pre-arranged. Is that accurate?**

5 A. Absolutely not. First, Mr. Marks himself noted (incorrectly and without any evidence)
6 that a majority of Speedishuttle's passengers were originating with wholesalers, all of
7 whom are pre-arranged. Thus, his own testimony contradicts this claim. Exhibit No.
8 ____ (WAM-1T), page 15, lines 7-8. But the reality is that closer to 80% of our
9 passengers to date have been pre-arranged, though a majority are not through
10 wholesalers. Those 80% *are* typically all met by a greeter. And as Mr. Morton
11 testified at the application hearing, receptive teams provide a personal greeter to pre-
12 arranged passengers. Our receptive teams certainly do work with all passengers, but
13 you can't greet at baggage claim passengers you do not know you will be serving.

14 **Q. A Mr. Jason DeLeo also testified about Speedishuttle's personal greeters and I'd**
15 **like to ask you a few questions about his testimony. Did SMS, the company he**
16 **worked with, ever pass on to Speedishuttle any customer complaints about**
17 **personal greeters?**

18 A. Not really. Early on, the few "complaints" we received from SMS were non-specific
19 and provided no dates, times or passenger names, making it impossible to follow up and
20 identify what occurred. Obviously, if there had been an issue with one of our
21 employees, all of whom were new or relatively new to the company at that time, we
22 would want to be able to address any such problems. SMS did not provide any details,
23 though.

24 **Q. Are you aware of the "investigation" performed by SMS as described by Mr.**
25 **DeLeo?**

1 A. I am, because, Mr. DeLeo sent an email which was forwarded to Speedishuttle about it.

2 **Q. Was his testimony accurate?**

3 A. No.

4 **Q. Please describe in what ways his testimony was inaccurate.**

5 A. Mr. DeLeo's testimony stated that Speedishuttle had just two greeters for 70 passengers
6 at 16 baggage carousels when he investigated. Exhibit No. ___(JD-1T), page 3, lines
7 12-13. But when he prepared an email outlining his "investigation" on May 28, 2016,
8 he told us there were 3 greeters for 30-40 reservations over a few hours. Exhibit No.
9 ___(HJR-24). He also failed to mention that SMS had just three flights arriving. AS-
10 637 (Alaska) at 10:55, with three passengers, BA 53 (British Airways) at 11:20 with
11 two passengers, and DL 2784 (Delta) at 11:57 a.m. with two passengers.

12 **Q. In your opinion, was Speedishuttle's staffing of greeters appropriate based upon**
13 **the number of incoming flights?**

14 A. I have not done a thorough analysis of the timing of arrivals, but based on my review of
15 our records, I show we had 31 flights to greet in the three hours from 9:00 a.m. to noon
16 that day. That's 10 flights per hour with three greeters each handling roughly 3 flights
17 per hour. I think that sounds perfectly reasonable.

18 **Q. But on the day Mr. DeLeo investigated, didn't his staff end up greeting a majority**
19 **of their guests?**

20 A. No. He said there was one flight where they could not find the greeter. That flight (BA
21 53 at 11:20) had 3 guests out of 7 passengers for SMS that day.

22 **Q. Did Mr. DeLeo ever complain about the professionalism or dress of**
23 **Speedishuttle's greeters in his email?**

24 A. No, in fact he mentioned Candy Jesse was friendly in his email but had nothing else to
25 say about it at the time.

1 **Q. Mr. DeLeo also noted that Speedishuttle’s greeters use an iPad. Exhibit No.**
2 **___(JD-1T), page 4, lines 13-16. Is that correct?**

3 A. They do not have iPads. They use Samsung Galaxy tablets. It’s a user-friendly
4 technology system we use for mobile reservations.

5 **Q. Mr. DeLeo mentioned that they don’t work well for greeting passengers, because**
6 **they can only take one name at a time. Is that true?**

7 A. It is true that they take only one name at a time for reservations, but we don’t just use
8 the Galaxies to greet passengers. We have other tablets for greeting and we also use
9 paper name signs.

10 **Q. Mr. DeLeo also testified that “[w]hen we complained to Speedishuttle about the**
11 **problems and complaints, they were not helpful at all.” Exhibit No. ___(JD-1T),**
12 **page 5, lines 3-4. What did Speedishuttle do after SMS brought up its concerns**
13 **about the adequacy of personal greeters at the airport?**

14 A. If you read the email chain I have submitted as Exhibit No. ___(HJR-15), we were very
15 responsive to this issue and hoped to work closely with SMS to address any of their
16 concerns about our receptive teams.

17 **Q. Mr. DeLeo also testifies in Exhibit No. ___(JD-1T) at page 5, lines 5-6, that SMS**
18 **actually fired Speedishuttle due to your unwillingness to work with them to fix**
19 **these issues. Is that true?**

20 A. Not even a little. I have submitted as an exhibit an email discussing the reason
21 Speedishuttle and SMS’s relationship ended. If you review Exhibit No. ___ (HJR-15),
22 you will see that on two occasions, SMS sent strongly worded emails to Speedishuttle
23 making complaints that we attempted to address. In each of those instances, however,
24 when we checked our records, we found that the complaints were completely
25 unfounded and provided that evidence to SMS. On other occasions that we heard

1 complaints from SMS we never received any details so that we could determine the
2 core cause of the issue. As a result of SMS's unwillingness to work with us to resolve
3 issues regardless of fault, and because we felt SMS was going out of its way to attack
4 Speedishuttle's service, we felt that we could no longer work with SMS and
5 Speedishuttle, not SMS, terminated our contract.

6 **Q. Moving on, when did Speedishuttle decide to serve walk-up passengers?**

7 A. That was actually a process.

8 **Q. Can you describe the process?**

9 A. It started when we first found out that Shuttle Express actually did not have an
10 exclusive agreement with the Port of Seattle for providing walk-up service. We didn't
11 discover that until after the application hearing, sometime in April, 2015. When we
12 heard, we instructed our lawyer to find out from UTC staff if we were prohibited from
13 providing walk-up service on the basis of the certificate we were just granted.

14 **Q. Do you know who your lawyer spoke with?**

15 A. I believe Mr. Wiley spoke with Penny Ingram in the latter half of April.

16 **Q. Do you know whether UTC staff indicated Speedishuttle could provide walk-up
17 service under its existing certificate?**

18 A. It is my understanding the UTC staff informed our lawyer that, after internal review, it
19 was permitted by our certificate because Commission rules do not distinguish between
20 pre-arranged and on-demand service, which our counsel relayed to us.

21 **Q. Would you have provided walk-up service without the blessing of UTC staff?**

22 A. No. Had they suggested there would be any regulatory prohibition, we would not have
23 commenced providing walk-up service without additional clarification or legal process.

24 **Q. Did it then surprise you when the Commission proposed to revise Order 04 to
25 restrict Speedishuttle's service and prohibit walk-up service?**

1 A. Absolutely it did. We felt like everything we did was above board and with good
2 intentions and we had no idea why walk-up later became an issue despite our original
3 assumption that the agreement between the Port and Shuttle Express would preclude
4 that service. We thus viewed walk-up as a more complete service offering.

5 VI. MARKET ANALYTICS

6 **Q. Mr. Roemer, I'd like to ask you a few questions about Speedishuttle's business**
7 **model, as discussed by the witnesses for Shuttle Express, in the context of their**
8 **market analysis.**

9 A. Ok.

10 **Q. Have you had an opportunity to review Mr. Marks' comments in Exhibit No.**
11 **___(WAM-1T) on page 11?**

12 A. I have.

13 **Q. Mr. Marks testified at page 11 of Exhibit No. ___(WAM-1T) "[w]e know from**
14 **over a year of experience that Speedishuttle is not really carrying unserved**
15 **Chinese, Japanese, and Korean passengers in any meaningful numbers. First, had**
16 **that happened, we would have seen an increase in the total number of shared ride**
17 **passengers, or at least a slowing down of the downward trend. That did not**
18 **happen." Do you have any reactions to this testimony?**

19 A. First, again, neither Speedishuttle nor the Commission ever said Speedishuttle was
20 going to serve only Chinese, Japanese or Korean passengers, so I truly don't understand
21 the context of this comment at all. Additionally, that statement makes several
22 assumptions that are not supported by evidence. For example, what was the overall
23 market trend? How many passengers chose alternative services? What were the
24 language demographics of those passengers? He would need to answer all of those
25

1 questions and more to support his statement, but I don't see where he addressed any of
2 those issues.

3 **Q. Do you have any critiques of the remainder of Mr. Marks' testimony on page 11 of**
4 **Exhibit No. ___(WAM-1T)?**

5 A. I do. Mr. Marks compares Speedishuttle's trips to Shuttle Express' trips to support his
6 conclusion that Speedishuttle "diverted" Shuttle Express customers, but again, we only
7 serve partially overlapping territories, Shuttle Express also has multiple County
8 territories in its certificate, and there are essential missing facts here. How many of
9 Shuttle Express' trips were lost in territories we do not serve? What was the number of
10 trips lost to TNCs? What was the number of trips lost to flat rate taxis? How many
11 trips lost were scheduled v. door-to-door customers? How many were lost to all of the
12 other transportation options available? How many of Shuttle Express' trips were lost
13 because Shuttle Express cancelled them in order to place their passengers on a
14 limousine, towncar or SUV? Mr. Marks doesn't begin to address any of those
15 questions, all of which are needed at a bare minimum to reach the broad conclusion that
16 he does.

17 **Q. Mr. Marks also claims that Speedishuttle's use of wholesale bookings**
18 **demonstrates that Speedishuttle is not actually offering the services it proposed to**
19 **offer. Exhibit No. ___ (WAM-1T), page 15. In your view, how can wholesale**
20 **bookings show that Speedishuttle is not providing the service it proposed?**

21 A. It can't. Speedishuttle actually discussed its wholesale customers at the application
22 hearing and submitted customer support statements from many of them which were
23 admitted into the hearing record. So, of course, we always proposed to use wholesale
24 bookings. But more importantly, in our experience, wholesalers, as a general rule, do
25 not make exclusive deals with service providers. Thus, Mr. Marks is going to have to

1 do something more than point to us using the same wholesaler to establish that the same
2 customers who *would or could have* used Shuttle Express are now using Speedishuttle.

3 **Q. Is this even “new evidence,” as Shuttle Express claimed this rehearing was**
4 **founded upon?**

5 A. Not at all. In fact, Mr. Marks made Go Group a significant point of discussion at the
6 application hearing, claiming it was a critical issue. Mr. Marks well understood that Go
7 Group’s support of Speedishuttle’s application meant that Shuttle Express would likely
8 lose bookings from the Go Group when he raised that challenge at the time. Again,
9 Shuttle Express’ testimony here and in other areas continually demonstrates that they
10 believe they are entitled to a service monopoly under the law and should not be
11 required to compete, or be required or expected to improve or innovate.

12 **Q. Does that same critique apply to Mr. Marks’ testimony in Exhibit No. ___(WAM-**
13 **1T) at page 20, lines 1- page 21, line 2.**

14 A. Absolutely it does. Rather than innovate, or even supply new evidence not available at
15 the application hearing, Mr. Marks is implicitly asking the Commission to reject its
16 ruling in 04 based on Shuttle Express’ long-standing service to hotels and piers. What
17 Mr. Marks fails to acknowledge is that Speedishuttle provides additional service,
18 beyond mere transportation, to enhance our passengers’ visits to Washington.

19 **Q. Do you have any other comments on Mr. Marks’ testimony?**

20 A. I do. In Exhibit No. ___(WAM-1T) at page 19, lines 8-16, Mr. Marks claims that
21 Speedishuttle’s use of a kiosk demonstrates that Speedishuttle’s service is the same as
22 Shuttle Express. In that vein, I suppose Mr. Marks would also testify that
23 Speedishuttle’s use of tires on our vehicles demonstrates we are the same service as
24 Shuttle Express. The use of a kiosk may be similar to what Shuttle Express does, but
25

1 taxi, limousines, and Uber all have kiosks at Sea-Tac as well and that hardly makes
2 them the “same service” as Shuttle Express.

3 **Q. Anything else?**

4 A. Yes. Mr. Marks’ broad conclusion that Speedishuttle is not materially different from
5 Shuttle Express (Exhibit No. ___(WAM-1T) page 22, line 6 – page 23, line 2) either
6 blatantly disregards the service features we do provide, which the Commission found
7 distinguished our service, or is a direct attack on the “same service” standards used by
8 the UTC to judge applications, suggesting instead that the Commission should have
9 interpreted its rules to mean “the same *type* of service.” If I understand correctly, the
10 Commission already directly rejected that notion in the 2013 Rulemaking.

11 **Q. Have you read all of Mr. Don Wood’s testimony in Exhibit No. ___(DJW-1T)?**

12 A. I have.

13 **Q. As a CFO, do you agree with Mr. Wood that a quantitative analysis of market
14 data can show whether Speedishuttle followed through on its proposal to bring the
15 same service it provides in Hawaii to Washington?**

16 A. Not even a little.

17 **Q. Why not?**

18 A. That is extremely simple. Nothing about market data can tell you whether
19 Speedishuttle actually implemented the service features it proposed to bring to
20 Washington. As I have already testified, we have done those things. Thus, Mr. Wood’s
21 analysis must be mistaken.

22 **Q. What about Mr. Wood’s analysis of the market data with respect to whether
23 Speedishuttle transports passengers who could have used Shuttle Express’
24 service? Do you agree with his conclusion that Speedishuttle “never intended to
25 operate using an ‘entirely different business model that appeals to a certain subset**

1 **of the market” and “is now providing the same service that Shuttle Express**
2 **provides, with no meaningful distinctions”? Exhibit No. ___(DJW-1T), page 27,**
3 **lines 3-4 and 20-21.**

4 A. Mr. Wood clearly supports the notion that auto transportation companies in Washington
5 are inherently entitled to service monopolies and can maintain that monopoly by
6 providing a basic service without ever improving it or engaging in innovation. In fact,
7 he even goes so far as to call Shuttle Express a “natural monopoly” in Exhibit No.
8 ___(DJW-1T) at page 5, line 8. Despite what Mr. Wood believes, or would prefer,
9 customer choice in a competitive market such as airport transportation already exists as
10 the Commission has repeatedly recognized since 2013. Thus, Shuttle Express’
11 customers could already choose to ride with someone else. Speedishuttle simply
12 proposed to provide one more choice, and never pretended that it would serve only this
13 non-English speaking, tech savvy-tourists-from Japan, China or Korea-niche
14 manufactured by Shuttle Express in order to make a retroactive straw-man argument.
15 We have provided a choice based upon upscale service features, technological service
16 improvements and select multilingual features.

17 **Q. What about Mr. Wood’s comments about Shuttle Express enjoying a “natural**
18 **monopoly” on page 28, line 8, of Exhibit No. ___(DJW-1T)?**

19 A. Mr. Wood clearly does not understand the meaning of natural monopoly. A natural
20 monopoly is one in which there are high barrier costs to market entry so that once an
21 existing provider is in place it makes little economic sense to try and compete. This
22 now exists in the telecommunications arena in which Mr. Wood ordinarily provides his
23 opinions. I am very familiar with the differences, because I used to work in the
24 telecommunications industry, too. However, the infrastructure costs in the
25 telecommunications industry are nothing akin to the investment needed to start an auto

1 transportation company, which are significantly lower. If the infrastructure investment
2 the ground transportation industry was as high, you simply would not see the number of
3 options that exist. There is simply no valid comparison between the two industries.

4 **Q. Do you have any comments on Mr. Wood’s testimony that “the final result could**
5 **be the financial weakening of both providers to the point that neither can sustain**
6 **its operations and must exit the market”?** Exhibit No. ___(DJW-1T), page 29, lines
7 **3-7.**

8 A. Yes, by his “doomsday scenario” here, Mr. Wood apparently does not fully grasp the
9 economies of scale. While it might be true that if you lose passengers and do not adapt
10 you may fail, before that would ever occur, a well-run business would try to adapt and
11 innovate. A simple reduction of fleet size could avoid the kind of losses that result in a
12 total failure in this industry. Mr. Wood completely disregards this fact. Moreover, he
13 supplies his conclusions without facts to support them.

14 **Q. Can you think of any other markets that have two shared ride door-to-door**
15 **service providers operating in the same territory?**

16 A. To put it simply, I cannot think of a single large market that has only one door-to-door
17 shared ride transportation company.

18 **Q. Can you name for the Commission a few airports with multiple providers?**

19 A. Of course, just to name a few: Los Angeles International, Phoenix Sky Harbor, Orlando
20 International, George Bush (Houston) Intercontinental, Miami International,
21 Minneapolis-St. Paul International, Logan International (Boston), Detroit Metropolitan
22 Wayne County, and Newark (NYC) Liberty International. And, of course, the markets
23 we perhaps know best: Honolulu International Airport, Maui Airport, Kona
24 International Airport and Lihue (Kauai) Airport.

1 **Q. In those Hawaiian markets are there in fact more than two providers at every**
2 **airport?**

3 A. Yes, there are and they are considerably smaller airports in terms of passengers.

4 **Q. How long has Speedishuttle Hawaii operated under those circumstances?**

5 A. We have had multiple providers at every airport for the last 19 years and in fact have
6 never operated in Hawaii without less than one competitor, many of whose tenure
7 exceeds our own.

8 **Q. Has Mr. Wood done anything to demonstrate why Seattle is somehow different**
9 **than these airports which apparently can support multiple providers?**

10 A. No, he has not. In fact, he tried to support his argument by doing little more than
11 claiming that nothing had disproven his conclusions! Rather than supporting his
12 argument by analysis and facts, he supports it by arguing he is not aware of any
13 evidence to support a conclusion that he is wrong. Exhibit No. ___(DJW-1T), page 29.

14 **Q. Is this argument on sustainability a new issue raised to the Commission for the**
15 **first time in this rehearing?**

16 A. No, it is not. Paul Kajanoff testified that he believed there was a problem with
17 permitting too many shared ride operators in a given area at the application hearing.
18 His testimony is in the transcript at page 115, line 19 to page 116, line 7.

19 **Q. Is Speedishuttle doing anything to avoid serving segments of the market, as**
20 **suggested by Mr. Wood (Exhibit No. ___(DJW-1T), page 30) and Mr. Kajanoff?**

21 A. Absolutely not. Speedishuttle's fares are public record. If Mr. Wood (or Mr. Kajanoff)
22 think we are actively attempting to avoid serving a market segment, rather than pointing
23 to hypothetical ways a provider might do that and then basing conclusions on
24 hypotheticals without foundation, Mr. Wood could have done a simple analysis of our
25 fares. Take North Bend for example – a zip code which Shuttle Express does not fully

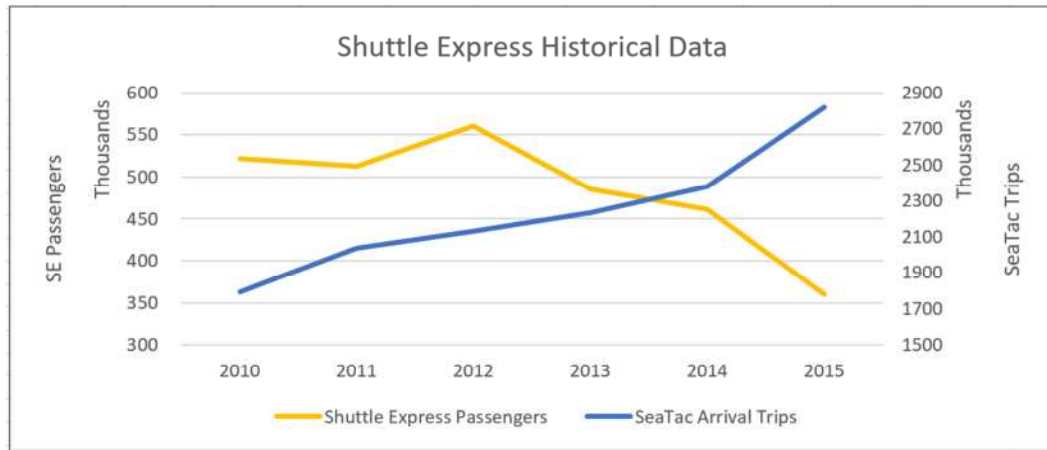
1 serve. Speedishuttle's fares, according to Mr. Kajanoff, are 10 times higher than our
2 downtown fares. But our fares to North Bend are actually \$105.00 per person for a
3 party of two, which is hardly 10 times higher than our downtown fares of \$15.99 per
4 person for a party of two. Our fares for North Bend are in fact fifty cents cheaper per
5 person than the fares of Shuttle Express. I suppose by Mr. Kajanoff's logic, Shuttle
6 Express, in addition to not actually serving all of North Bend, must actually be trying to
7 avoid serving it by pricing even higher than Speedishuttle

8 **Q. Mr. Wood concluded that if Speedishuttle's certificate is not restricted to serving**
9 **only the unserved segments of the market or otherwise it should have its certificate**
10 **cancelled. Exhibit No. ___ (DJW-1T), page 31. Do you have any comments on his**
11 **suggestion?**

12 A. If Mr. Wood is suggesting that the Commission must carve up the market based upon
13 unique market niches, so that Speedishuttle can only transport the tech savvy non-
14 English speaking tourists, and should be forced to stop providing walk-up service, then
15 I think he must advocate that Shuttle Express be prohibited from transporting
16 passengers in upscale vehicles. He must also support restricting Shuttle Express from
17 offering Wi-Fi. He must also support Shuttle Express being restricted from
18 transporting non-English speaking passengers. Similarly, would he like to see Shuttle
19 Express prohibited from using a multilingual website, or from hiring multilingual
20 drivers? But none of these proposals would then support or accomplish the innovation
21 and adaptability that the Commission hoped to inspire in its 2013 rulemaking.
22 Apparently, only the threat of competition will force innovation or adaptation by
23 Shuttle Express. Thus, I believe Mr. Wood's conclusion is directly contrary to the
24 public interest.

1 **Q. Mr. Kajanoff also attributes to Speedishuttle, as does Mr. Wood, Shuttle Express'**
2 **decline in passenger losses. Is he correct?**

3 A. Shuttle Express' passenger volumes have been declining since 2012, which is depicted
4 in the graph below (which I derived from data sourced from Shuttle Express' annual
5 reports to the UTC and arrival statistics which were developed from data from the Port



14 of Seattle), well before Speedishuttle entered the market.

15 In other words, the diminution in Shuttle Express' passenger counts is a pattern that
16 was emerging at least two and a half years before Speedishuttle's arrival which Shuttle
17 Express, in defense of its perceived auto transportation natural monopoly, apparently
18 would like to attribute only to Speedishuttle. However, during that same time period
19 airport deplanements have increased dramatically while other transportation options,
20 not including Speedishuttle, have been initiated or expanded at the airport. Some of
21 those options include flat rate taxis, which began serving the airport in 2014, and
22 TNC's, which the Port of Seattle first allowed in 2016. These new service options
23 could also explain Shuttle Express' passenger declines. I also question whether Shuttle
24 Express includes in its passenger volume for that period the over 40,000 passengers it
25 originally booked as auto transportation and then placed with an independent contractor

1 (5.6% of its total shared ride passenger count) between January 16, 2014 and
2 September 29, 2016. I would also surmise that a significant portion of its passenger
3 volume decline could be related to poor service, which is at least suggested by its need
4 to provide “rescue service.” Shuttle Express has failed to answer how these new
5 providers, or other factors, could have impacted their passenger counts and therefore,
6 even any accelerating decline in Shuttle Express’ passenger counts cannot be attributed
7 to Speedishuttle, at least without far more evidence than any of Shuttle Express’
8 witnesses have submitted. You have to remember, correlation does not prove causation.

9 **Q. Mr. Kajanoff also testified (Exhibit No. __ (PK-1T), page 15, lines 1-4) that**
10 **Speedishuttle is a member of Go Group and has contended that Speedishuttle lied**
11 **about it at the application hearing. Is he correct?**

12 A. Once again, he is flat out wrong, and the percentage of income we receive does not
13 somehow prove membership. In fact, we understand Jimmy Sherrell has an ownership
14 interest in Go Group. If Mr. Kajanoff could have backed up his statement with proof,
15 surely he would already have done so when he filed his opening testimony.

16 VII. PREDATORY PRICING

17 **Q. Mr. Roemer, did Speedishuttle lose money in its first year of operation?**

18 A. Absolutely, we did.

19 **Q. What would it have taken for Speedishuttle to have had its revenues to exceed its**
20 **cost on its first trip?**

21 A. That depends on the definition of cost you use.

22 **Q. Can you please explain?**

23 A. Well, if you use average variable cost, as we believe is required for any evaluation of
24 the fairness of our fares, you would need to recover revenue for the trip which exceeds
25 the cost of making just the trip for which you receive fares.

- 1 **Q. What kind of expenses go into average variable cost?**
- 2 A. There are a number of expenses, but it's basically the cost of operating the vehicle.
- 3 That includes a number of factors such as the driver's hourly wage and benefits and the
- 4 cost of fuel among other costs.
- 5 **Q. What does not go into average variable cost?**
- 6 A. Cost factors which do not apply to the trip itself. This would include things like
- 7 overhead for an office, non-driver wages, and marketing costs.
- 8 **Q. So if we used average variable cost, what does it take for Speedishuttle to be**
- 9 **profitable on its first trip?**
- 10 A. Enough passengers at our tariffed fares to exceed the cost of providing that trip.
- 11 **Q. What if we used total cost?**
- 12 A. Speedishuttle would have to recoup all of its costs including costs unrelated to
- 13 transportation from the passengers on that trip, at a prohibitively expensive price.
- 14 **Q. Did Shuttle Express' allegation of your fares being below "cost" address a**
- 15 **comparison to your average variable cost?**
- 16 A. They focus on us losing money, but don't really explain it.
- 17 **Q. Assuming they simply compared your total cost to your total revenue, would that**
- 18 **be a fair way of evaluating whether your fares were oppressive to Shuttle Express?**
- 19 A. Absolutely not. Again, total cost includes things unrelated to the unit cost of
- 20 transportation. For example, if Speedishuttle took out a Super Bowl ad for \$2,000,000
- 21 (which would not be wise), that would factor into our total cost. We might lose a lot of
- 22 money doing that, but it does not tell you whether Speedishuttle makes a profit on an
- 23 individual trip.
- 24
- 25

1 **Q. Now if you did have some large costs lumped together at once, like in your Super**
2 **Bowl ad example, so that your revenues in a year were well below your costs for**
3 **the year, wouldn't that harm Shuttle Express?**

4 A. I don't see how that could be true. Passengers have choices for transportation and the
5 factors which would likely weigh into that customer's consideration would be service
6 and price. While I understand that there are regulatory rules used for determining fares,
7 a provider's cost cannot truly affect price in a competitive market because we can never
8 charge more than the market supports, and what the UTC authorizes, for our service.
9 Thus, the only important comparison should be between the incremental cost of service
10 (i.e., the average variable cost) and the fare charged for that service by each company.

11 **Q. By the way, is it true that Speedishuttle intended to begin its operations with only**
12 **five vehicles?**

13 A. That was the initial plan. At the time that plan was made of course we were not certain
14 how quickly we would develop our clientele in Washington.

15 **Q. Was it always part of Speedishuttle's plan to grow its business in Washington?**

16 A. Indeed it was. If you review Cecil Morton's testimony in the application hearing
17 transcript at page 46 lines 1-6, you will see that he testified: "[i]f we find that the
18 demand is greater than our capacity, we will acquire new equipment. We will not be
19 starting the business within days of obtaining our authority. We will be reaching out to
20 all our clientele and we will adjust our in [sic]- commencement fleet accordingly."
21 Thus, Speedishuttle always intended to acquire additional vehicles as demand
22 warranted.

23 **Q. Did the demand for Speedishuttle service require that you acquire additional**
24 **vehicles beyond the initially proposed five?**

1 A. By the time we commenced operations at SeaTac it was soon apparent to us more
2 vehicles would be required.

3 **Q. Did that increase the total startup costs to Speedishuttle?**

4 A. Yes, it did.

5 **Q. So when Speedishuttle looks at the losses being discussed by Shuttle Express in the**
6 **testimony it submitted in this proceeding, do those losses include the cost to**
7 **Speedishuttle of acquiring infrastructure to commence its operations in**
8 **Washington?**

9 A. Absolutely.

10 **Q. Let's shift back, then, to average variable cost. Do you charge the entire average**
11 **variable cost for each trip to each individual passenger?**

12 A. No, on each trip we carry multiple passengers. The idea is to fill each van reasonably
13 full and charge each an amount that in total makes a profit compared to the cost of that
14 trip. This is how the industry operates, and sometimes it results in a loss for a particular
15 trip, which you hope is made up for on the whole. In fact, Shuttle Express admitted in
16 its data request responses that it has had shared ride trips for which the fares it received
17 did not exceed its average total cost (its apparent preferred measure of cost).

18 **Q. Does that mean that each individual's fare is less than the average variable cost for**
19 **a single trip?**

20 A. Correct.

21 **Q. So why don't you raise prices so that you never lose money?**

22 A. Subject to Commission review, we charge as much as the market would reflect as a
23 reasonable price point. But, again, we are in the highly competitive airport
24 transportation industry and there are numerous options available to riders outside of
25

1 auto transportation. If we raise prices too high, we lose passengers to another service.
2 So we have to be careful to set prices at a competitive rate.

3 **Q. If you can't raise prices, how do you become profitable?**

4 A. This is an issue of economies of scale. In this industry, we have a certain number of
5 vehicles capable of making a certain number of trips per day. The goal is to have
6 enough customers to fill those vans to the reasonable capacity as much of the time as
7 possible. If we have too many customers, we have to acquire more vehicles to carry
8 them. If we lose customers, or during slow seasons, we might not want to operate at full
9 capacity in order to trim expenses.

10 **Q. Has Speedishuttle increased its revenues to the point it can make a profit when
11 comparing revenues to variable costs?**

12 A. We have come very close.

13 **Q. How do you propose the Commission should examine your fare structure in this
14 proceeding?**

15 A. I suggest it use the same method it used to initially approve our approved tariff in the
16 first place, and I have full confidence in the staff's ability to perform that.

17 **Q. How do your fares compare to those of Shuttle Express?**

18 A. That depends on how you look at them. Shuttle Express' fare structure is different than
19 that of Speedishuttle and it makes a fair (no pun intended) apples-to-apples comparison
20 difficult. For some trips we are lower per individual. But we offer a 10% round-trip
21 discount and Shuttle Express has offered a \$5.00 or more discount. Shuttle Express
22 also has different fares for its scheduled service than for service to a door-to-door only
23 hotel down the block. We do not offer discounts to children who occupy a seat and
24 Shuttle Express allows "children" 17 and under to ride free. As an example, compare a
25 trip to downtown Seattle zip code 98101 to a hotel on a Shuttle Express route. At the

1 time Speedishuttle commenced operations. Speedishuttle's individual one way fare
2 was lower, but after you apply a round trip discount, the fares for a single passenger are
3 \$30.38 for Speedishuttle and \$31.00 for Shuttle Express a difference of 2%. (I note that
4 Shuttle Express has recently increased it fares by eliminating the round-trip discount. I
5 offer no opinion on their increase but we believe round-trip discount is an important
6 incentive for customers to book round-trip transportation). If you consider that Shuttle
7 Express provides free transportation to every child under the age of 18 so long as they
8 are accompanied by a paying adult, for a family of four, with two children under 18, on
9 round-trip to downtown Seattle to a hotel on a Shuttle Express route, Speedishuttle's
10 total fares would be more than double Shuttle Express' fares. The same is true in other
11 locations as well. In other areas, our base one-way fare is higher than Shuttle Express.
12 For example, a one-way trip for one person to a Bellevue hotel is \$22.00 on
13 Speedishuttle vs. \$19.00 on Shuttle Express' scheduled service – 16% more. We also
14 believe Shuttle Express is charging an unreasonably low fare for this service based on
15 time, distance and taxi fares – the factors we consider when pricing our services.

16 **Q. In Shuttle Express' logic, wouldn't its lower fares in Bellevue be predatory, unfair,**
17 **unreasonable and oppressive to Speedishuttle?**

18 A. By their standard apparently it does, but I don't look at it that way. The only thing that
19 would be oppressive to either company is if the other intentionally lost money to drive
20 its fares so low that its competitor had to go out of business. Again, our fares are very
21 reasonably priced, but in many instances, they can actually be higher than Shuttle
22 Express' fares, and we absolutely are trying to make a profit on every trip. In other
23 words, losing money is not our goal.

1 **VIII. SPEEDISHUTTLE’S FINANCIAL STATEMENT**

2 **Q. I’d like to turn now to the financial statement that Mr. Kajanoff criticizes**
3 **extensively. First, Mr. Kajanoff complains that you provided the first 12 months**
4 **of operation, May 1, 2015 to April 30, 2016, and then the next five months**
5 **covering May 1, 2016 to September 30, 2016. Do you have any reaction to his**
6 **testimony on the formatting of your financial statement?**

7 A. Yes, I do. He suggests, by these critiques, we should have given him two non-
8 comparable partial years. In my opinion, that would not have been in compliance with
9 Generally Accepted Accounting Principles (“GAAP”). He also suggests his proposed
10 division of our financial statement would be more appropriate because then the first
11 five months could be defined as “startup” with the following year reflecting “annual
12 operations and seasonality.” Considering that Shuttle Express lost money for multiple
13 years following the date on which it was first classified as an auto transportation
14 company (following a WUTC classification proceeding), I have no idea why Shuttle
15 Express suggests five months is an adequate “startup” period. In my opinion, we are
16 still in our “startup” period.

17 **Q. What do you mean by the term “comparable period?”**

18 A. Shuttle Express asked us to produce a financial statement for May 1, 2015 through
19 December 31, 2015 and a second covering January 1, 2016 through September 2016.
20 These do not cover the same time periods and neither is a full year.

21 **Q. Mr. Kajanoff also testified that the reporting in your financial statement is a**
22 **material misunderstanding of GAAP principles. Exhibit No. ___(PK-1T), page 8,**
23 **lines 9-13. Do you have any comments in response?**

24 A. Mr. Kajanoff apparently misapprehends GAAP. To put it bluntly, he is incorrect and
25 they do comport with GAAP. GAAP would never sanction using two non-comparable

1 periods. It appears Mr. Kajanoff is complaining because our financial statements do
2 not support the story he wants to tell.

3 **Q. What story is that?**

4 A. Mr. Kajanoff testified that our financial statements misrepresent that Speedishuttle's
5 losses are decreasing and trips are increasing and that we are actually losing trips just
6 like Shuttle Express. He is wrong.

7 **Q. But what about the "significant overall loss" Speedishuttle suffered during the
8 second period in its financial statement according to Mr. Kajanoff? Exhibit No.
9 ____ (PK-1T), page 9, lines 1-3.**

10 A. Mr. Kajanoff is again mistaken because what he is failing to consider here is that when
11 you include tax impacts, which he obviously did not compute for our financial
12 statement, our total loss for that period was not as portrayed by Mr. Kajanoff.

13 **Q. Mr. Kajanoff claims Speedishuttle is losing \$0.39 on every dollar of revenue it
14 collects. Is that accurate?**

15 A. Absolutely not. We lost \$0.55 on every dollar in the first twelve months at the outset of
16 operations, and \$0.14 per dollar for the subsequent five months. What he really masks
17 by combining a 17-month period, which under no circumstances would ever be
18 acceptable under GAAP and which makes his testimony so very misleading, is the
19 contribution margin (revenue less variable costs). His numbers show a 28%
20 contribution margin. The problem is that had he split it into rational periods (first
21 twelve months and period to date for the second twelve months) it would show that the
22 gross margin clearly improves substantially as the business grows while fixed costs stay
23 relatively the same. Obviously, he didn't want to present this kind of information
24 because it would not have aided Shuttle Express' cause.

1 **Q. Are there any other issues with Mr. Kajanoff's testimony regarding**
2 **Speedishuttle's financials?**

3 A. When he compares our real financials with his pro forma he says they show the loss per
4 dollar of revenue to be "materially greater than" \$0.39. That is unequivocally
5 inaccurate. The combined 17-month loss is \$702,000 on \$1,988,000 of revenue or
6 \$0.35 per dollar of revenue. That is more than 10% less than his estimate.

7 **Q. Would that be material under GAAP?**

8 A. A 10% error in income would be considered material under GAAP.

9 **Q. By the way, is Speedishuttle under-paying its employees and failing to abide by**
10 **minimum wage laws as Mr. Kajanoff alleges?**

11 A. Absolutely not. He has no basis for that statement, it is not true, and it typifies the
12 many misstatements made by Shuttle Express in its testimony and allegations.

13 **Q. Do you find that accusation at all ironic, and if so, how?**

14 A. I do. Shuttle Express was actually sued by its employees for failure to comply with the
15 SeaTac minimum wage law.

16 **Q. Are you familiar with the outcome of that lawsuit?**

17 A. I know they paid back wages because some former Shuttle Express employees who
18 now work for Speedishuttle informed us of that fact.

19 **IX. UNLAWFUL COMMISSIONS**

20 **Q. Has Shuttle Express also admitted it paid referral fees to hotel concierges and**
21 **other persons without an approved ticket agent agreement on file with the UTC?**

22 A. It has.

23 **Q. Does Shuttle Express actually have an agreement with hotel concierges and other**
24 **persons for payment of commissions?**

25 A. Yes, and the produced it in responses to a data request.

1 **Q. Did Shuttle Express identify individuals or entities to whom it made referral**
2 **payments or commission payments without a ticket agent agreement on file with**
3 **the UTC or Order approving same?**

4 A. Yes, it did. There were quite a few individuals and entities on their list. I am now
5 providing the list produced by Shuttle Express in response to our data requests as
6 Exhibit No. ____ (HJR-17)

7 **Q. What was the total dollar amount of commissions and referrals Shuttle Express**
8 **paid those persons in the two-year period preceding the filing of Speedishuttle’s**
9 **Complaint?**

10 A. According to Shuttle Express, it was \$53,327.81.

11 **X. RESCUE SERVICE AND SERVICE TO THE SATISFACTION OF THE**
12 **COMMISSION**

13 **Q. Are you familiar with Shuttle Express’ historical use of rescue service?**

14 A. Not first hand, but I have read some of the documents available from the UTC’s
15 website in the formal complaint dockets on that service relating to Shuttle Express.

16 **Q. What do you understand was Shuttle Express’ “Rescue Service”?**

17 A. I understand that Shuttle Express did not have the fleet size necessary to ensure all of its
18 passengers were timely transported, so rather than leaving their passengers stranded,
19 they would send an independent contractor in a vehicle not owned by Shuttle Express to
20 provide service.

21 **Q. By the way, in Speedishuttle’s application hearing, did it request the Commission**
22 **find that Shuttle Express was failing to provide service to the satisfaction of the**
23 **Commission?**

24 A. Yes, we did and also in summation at the end of the brief adjudicative proceeding.

25 **Q. What was the basis for that request?**

1 A. Shuttle Express' long-term and well documented use of its rescue service, which the
2 Commission previously found to be a violation of Commission rules.

3 **Q. Can you elaborate on that?**

4 A. Absolutely. As I discussed above, Shuttle Express has a long history of using
5 independent contractors to transport passengers who originally booked a trip for its
6 door-to-door shared ride service. Jimmy Sherrell explained Shuttle Express need for this
7 service in a Declaration I supplied above as Exhibit No. ____ (HJR-18). He explained
8 that Shuttle Express simply could not adequately serve its own passengers, much less
9 the entire market.

10 **Q. Was Shuttle Express still providing rescue service by the time of your application
11 hearing?**

12 A. Paul Kajanoff actually testified on that issue. To quote him exactly, he testified "[t]he
13 reality is, is the very straight legal definition of 'independent contractor,' we violated
14 that. We paid our fine, and we don't do it today." Page 97, lines 20-23.

15 **Q. Did you serve any data requests upon Shuttle Express to inquire about when it
16 stopped providing rescue service?**

17 A. Yes, we did. We asked Shuttle Express "When was the last time you provided 'rescue
18 service' or service to an airport passenger subject to WUTC jurisdiction by an
19 independent contractor and/or driver who was not an employee of Shuttle Express?"

20 **Q. What was Shuttle Express' answer to that request?**

21 A. Mr. Marks told us "[S]huttle Express states that it last provided 'rescue service' on
22 January 13, 2014 in accordance with WUTC docket #TC-132141 during the temporary
23 and conditional exemption authorized under the above docket." I have supplied that
24 data request response as Exhibit No. ____ (HJR-19).

25 **Q. Did you subsequently learn that was not true?**

TESTIMONY OF H. JACK ROEMER, Exhibit No. ____ (HJR-1T) - 58

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1 A. We suspected it was not true early on and later identified at least one example
2 illustrating it was not true which we found on Facebook and supplied as an exhibit to
3 our Complaint filed in late November, 2016 in this matter.

4 **Q. Did you also cause to be served upon Shuttle Express any additional data requests**
5 **on the use of independent contractors for transporting passengers?**

6 A. We did, but Shuttle Express essentially failed or otherwise refused to respond to our
7 request. However, the UTC staff apparently also decided to investigate whether Shuttle
8 Express had been providing rescue service and propounded its own data requests.

9 **Q. What data request did UTC staff serve to Shuttle Express on its use of**
10 **independent contractors?**

11 A. I have supplied the request and Shuttle Express' response to UTC Staff Data Request
12 No. 2 as Exhibit No. ____ (HJR-20).

13 **Q. What does that data request response show?**

14 A. Paul Kajanoff answered that from January 16, 2014 to September 29, 2016, Shuttle
15 Express had placed 40,727 passengers who had originally reserved service as "auto
16 transportation" whom it ultimately placed with an "independent contractor" for
17 transportation.

18 **Q. Amongst various other issues, in your opinion does this show that Shuttle Express**
19 **fails to satisfactorily serve all of its passengers?**

20 A. I certainly believe it does.

21 **Q. Regarding your complaint against Shuttle Express, do you have anything else to**
22 **add about Shuttle Express' "rescue service"?**

23 A. I do. Shuttle Express claims it needs independent contractors to ensure its passengers
24 always receive service, and that this shows that they are responsive to their customers.
25 Putting aside the question of regulatory compliance prior to September 29, 2016, this

1 obviously raises the issue of whether they reasonably serve the market without resorting
2 to this chronic “augmentation” of their service offerings. Thus, it seems apparent to me
3 that Shuttle Express is simply not doing all that is required to ensure their customers are
4 timely transported. In other words, it is failing to reasonably serve all of its current and
5 prospective customers through investment in necessary equipment and personnel
6 sufficient to meet its common carrier and market obligations.

7 **Q. Are you aware of any other ways in which Shuttle Express is not serving all of its**
8 **customers’ needs for timely transportation?**

9 A. Yes, I am. As I mentioned earlier, Shuttle Express sometimes combines its scheduled
10 service and door-to-door passengers in a single vehicle, extending the time it takes to
11 reach destinations on the time schedule.

12 **Q. Are you aware of any Commission rule which might prohibit Shuttle Express’**
13 **combining of scheduled service and door-to-door service?**

14 A. Yes. Washington Administrative Code Section 480-30-276(2) and 480-30-281(2) seem
15 pertinent. In my understanding, the former requires all auto transportation companies
16 providing scheduled service to make efforts to comply with their time schedule and the
17 latter requires all intermediate stops and flag stops to be listed in the time schedule. By
18 combining door-to-door service and scheduled service in the same vehicle, it seems
19 impossible that Shuttle Express could fully comply with either requirement.

20 **Q. Why do you think the Commission should care about this particular issue?**

21 A. Along with the continued use of independent contractors between January 16, 2014 and
22 September 29, 2016, and Shuttle Express’ referral payments to undocumented “ticket
23 agents” (i.e., hotel concierges and other hotel staff), I believe this shows the
24 Commission that Shuttle Express refuses to follow the rules. If Shuttle Express can’t
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follow its rules, which its regulatory history at the Commission certainly suggests to me, the Commission should decline to protect Shuttle Express from competition.

Q. Does that conclude your testimony at the present time?

A. Yes it does.

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CERTIFICATE OF SERVICE

I hereby certify that on April 28, 2017, I provided to the Washington Utilities and Transportation Commission's Secretary an official electronic file containing the foregoing document(s) via the web portal and provided an electronic copy to:

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Signed at Seattle, Washington the 28th day of April, 2017.

WILLIAMS KASTNER & GIBBS, PLLC

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