

Agenda Date: April 12, 2006  
Item Number: B1

**Docket: TC-060432**

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

Staff: Bob Colbo, Transportation Program Staff

**Recommendation:**

Issue a complaint and order suspending the rate increase filing of Bremerton-Kitsap Airporter, Inc., C-903, in Docket TC-060432.

**Discussion:**

On March 21, 2006, Bremerton-Kitsap Airporter (Bremerton-Kitsap or the company) filed a general rate increase application in Docket TC-060432 proposed to become effective April 24, 2006. Bremerton-Kitsap provides passenger service to Sea-Tac Airport from points in both Kitsap and Pierce Counties. The company proposes to increase all one-way fares by \$1.00. The overall impact of the proposal increases revenues by \$129,132 (\$112,900 in Pierce County and \$16,200 in Kitsap County.) Present rates have been in effect since December 2004.

Staff reviewed the financial operations of the company for calendar year 2005. The company is experiencing increased payroll and fuel expenses. On a total company basis, staff findings suggest an increase in the range of only \$46,200. However, staff carried the analysis one step further and separated the company's results between its Kitsap and Pierce operations. This approach is consistent with the commission's decision in Docket TC-001846. Staff presented evidence in that case of the differences in allocated costs between the two routes. The commission adopted a stand alone rate design between the two operating segments that lowered rates in Kitsap County by \$2.00 and increased rates in Pierce County by \$2.75.

In this filing on a separated basis the company needs very little in Kitsap County (\$8,900, or a \$0.08 per fare increase), and more than double (\$37,300, or a \$2.25 per fare increase) what it asked for in Pierce County. The company disagrees with the staff's findings and is resistant to increase rates in just the Pierce operation. It has not yet met its burden to prove that the proposed rates are fair, just, reasonable, and sufficient.

It is therefore recommended that the commission issue a complaint and order suspending the rate increase filing of Bremerton-Kitsap Airporter, Inc., C-903, in Docket TC-060432.

Attachments