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Sent: Tuesday, March 26, 2013 1:38 PM

To: Rendahl, Ann (UTC); Rose, Chris (UTC)

Cc: Steve Salins

Subject: Comments and spreadsheet

Hi Ann

As promised a quick note in follow up to our meeting on Friday.

My comments are on pricing and new applicants as the other three points (standards /temp certs/ reporting) are pretty much ok for us.

On pricing:

- Our preference would be to have the ability to adjust fares up to 15% annually.

In support of this I have attached a rough "back of the napkin", spreadsheet.

The spreadsheet looks at four significant costs 1. Fuel 2. Labor 3. Medical 4. Government fees/licenses

I looked at what % these cost are of a typical transportation business then looked at what a worse case increase would be and what a likely annual increase could be.

I then calculated what these individual increases would mean as a total increase in cost.

The notion is that these total increases are what we potentially need to increase annually. The spreadsheet said the increase would range from 10% to 22%.

Our simple approach alleviates the need for selecting indexes and other overcite and calculation, it reduces the regulatory burden on all stakeholders; and the support for such flexibility is that we really are in an open market where people can choose amongst many alternatives on how they can get themselves to Seatac. Pricing will take care of itself.

On applications:

- Our preference would be that the commission evaluate new applicants on what is best for the traveling public.

Where best is defined by total service

And where it is recognized that service can only be provided by a financially viable company.

And the financial viability of a company is evaluated by a trained accountant/ or professional in transportation who knows what an accurate balance sheet and projected profit and loss really look like.

For example would an ALJ really understand that an applicant was blowing smoke if he provided a insurance projection of \$2000/vehicle or a cost per mile of \$0.10 or a vehicle cost of \$15000? or would the ALJ really understand how to correctly interpret the financial impact on fares and service another operator would cause if they took 15% of a customer base. The reality is that the carrier when faced with declining revenues will walk away from the outlying service areas or low passenger count, times of day. Total service would therefore be significantly impacted.

I'd suggest that either the ALJ hire an outside transportation accountant for their review or develop some internal expertise and standard operating ratios to use in the evaluation process.

I'm off tomorrow morning for a week with our kids, so won't have much chance beyond today to respond to any questions. Hope this short note helps the discussion forward.

Sincerely

Richard Johnson