

Agenda Date: December 30, 2010  
Item Number: B5

**Docket:** TS-101930  
Company Name: Arrow Launch Service, Inc., BC-97

Staff: Nicki Johnson, Regulatory Analyst  
Pam Smith, Consumer Program Specialist

### **Recommendation**

Issue a Complaint and Order Suspending the Tariff Revisions filed by Arrow Launch Service, Inc., on November 29, 2010.

### **Discussion**

On November 29, 2010, Arrow Launch Service, Inc., (Arrow Launch or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$755,000 (35.8 percent) in additional annual revenue. The proposed tariff revisions increase launch and deck hand hourly rates and increase the minimum charge from one hour to two hours. Arrow Launch provides launch service to ships at anchor between various Washington ports and anchorage zones. The company's last rate increase (a 26.9 percent increase in rates) was effective on January 1, 2009.

The proposed rate revisions were prompted largely by decreases in the company's revenue. The company states that revenues declined 36 percent since the last rate case due to decreased demand from the petroleum and grain industries. In addition, the company projects an increase in payroll expense in association with the proposed two-hour minimum charge, increases in medical insurance, and has included the net estimated cost of a new boat in expenses. The company also requests a 91.1 percent operating ratio.

### **Customer Comments**

On November 30, 2010, the company notified its customers of the proposed rate increase by mail. The commission received three customer comments on this filing; two customers support the proposed increase and one customer does not support the increase.

Consumer Protection staff advised customers that they may access company documents about this rate case at [www.utc.wa.gov](http://www.utc.wa.gov), and that they may contact Pam Smith at 1-888-333-9882 with questions or concerns.

### **General Comments**

- Two customers believe that the cost for equipment and personnel alone have necessitated a rate increase.
- One customer states the company's service is important and the company provides excellent service. However, the customer does not support the rate increase.

**Rate Comparison**

	<b>Current Rate</b>	<b>Proposed Rate</b>
Launch Service Hourly Rate	\$203.00	\$255.00
Deckhand Hourly Rate	\$35.00	\$45.00

Staff has not yet completed its review of Arrow Launch's supporting financial documents, books and records. Because the proposed increases in rates might injuriously affect the rights and interest of the public and Arrow Launch has not demonstrated that the increases would result in rates that are fair, just, reasonable and sufficient, staff recommends that the commission suspend the proposed filing.

**Conclusion**

Issue a Complaint and Order Suspending the Tariff Revision filed by Arrow Launch Service, Inc., on November 29, 2010.