

Agenda Date: December 30, 2010
Item Number: B5

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

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

Recommendation

Take no action, allowing the revised rates filed by Arrow Launch Service, Inc., on December 29, 2010, to become effective January 1, 2011, by operation of law.

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 and increases in medical insurance.

Staff's analysis showed Arrow Launch's proposed rates were excessive. Staff and the company negotiated revised rates that would generate approximately \$661,000 (31.4 percent) in additional annual revenue. On December 29, 2010, the company filed substitute pages with the commission at staff's revised rates.

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, 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

	Current Rate	Proposed Rate	Revised Rate
Launch Service Hourly Rate	\$203.00	\$255.00	\$245.00
Deckhand Hourly Rate	\$35.00	\$45.00	\$45.00

Conclusion

Commission staff reviewed the company's financial records and its supporting documents. The revised rates result in an operating ratio of 93.0 percent. Staff's review shows that the expenses are reasonable and required as part of the company's operations. The company's financial information supports the proposed revenue requirement and the proposed rates and charges are fair, just, reasonable, and sufficient.

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