

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET TS-090381
TRANSPORTATION)	
COMMISSION,)	ORDER 02
)	
Complainant,)	
)	
v.)	
)	
LAKE CHELAN RECREATION,)	
INC.,)	
)	ORDER DISMISSING COMPLAINT
Respondent.)	AGAINST RATES
.....)	

BACKGROUND

- 1 On May 28, 2009, the Commission issued a complaint against rates to determine whether Lake Chelan Recreation, Inc.’s current rates and charges provide the Company with an excessive return, whether the Company should be required to make a new tariff filing reducing rates, and to make any other determinations and enter orders as may be just and reasonable.
- 2 Staff’s review of the Company’s supporting financial documents, books and records, including restating and pro forma adjustments, shows the Company has an operating ratio of 92.1 percent for passenger and freight services. Under regulatory ratemaking principles, the target operating ratio is 93.0 percent. Some of those restating and pro forma adjustments include updating the fuel expense to \$2.52 per gallon, adjusting for lower customer count, and adjusting the revenue impact from the lower customer count compared to the test period. Staff concludes that the Company’s current rates generate an appropriate amount of revenue for the Company to pay its reasonable operating expenses and provide an opportunity to earn a reasonable return.

FINDINGS AND CONCLUSIONS

- 3 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service

companies, including commercial ferries. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.08, RCW 81.12, RCW 81.16, RCW 81.28 and RCW 81.84.*

- 4 (2) Lake Chelan Recreation is engaged in the business of providing commercial ferry services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 5 (3) The Commission has jurisdiction over this matter pursuant to *RCW 81.01, RCW 81.04.110, RCW 81.04.250, RCW 81.20, RCW 81.28 including but not limited to RCW 81.28.010 and RCW 81.28.020, RCW 81.84, RCW 34.05, WAC 480-07 and WAC 480-51.*
- 6 (4) This matter came before the Commission at its regularly scheduled meeting on January 28, 2010.
- 7 (5) The schedules of rates presently under complaint are fair, just, reasonable and sufficient because the Company has an operating ratio of 92.1 percent for passenger and freight services after Staff's restating and pro forma adjustments to the Company's books. Under regulatory ratemaking principles, the target operating ratio is 93.0 percent.
- 8 (6) Staff's review of the Company's supporting financial documents, books and records shows that the current fares, as refiled in this docket, generate the revenue that the Company requires to pay its reasonable operating expenses and earn a reasonable return. Therefore, Lake Chelan Recreation's rates are fair, just and reasonable, in which case, the Commission finds it is consistent with the public interest to dismiss the Order and Complaint Against Rates in Docket TS-090381, dated May 28, 2009.

ORDER

THE COMMISSION ORDERS:

- 9 (1) The Order and Complaint Against Rates in Docket TS-090381, entered on May 28, 2009, is dismissed with no further action.

DATED at Olympia, Washington, and effective January 28, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner