

Agenda Date: March 8, 2012
Item Number: B1

Docket: TC-112072
Company Name: Shuttle Express, Inc., C-975

Staff: Mike Young, Regulatory Analyst

Recommendation

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Shuttle Express, Inc., in Docket TC-112072.
2. Grant the company's request for an exemption from WAC 480-30-311, Tariffs and time schedules, to allow the revised substitute pages filed on March 5, 2012, to become effective on March 9, 2012, on less than statutory notice.
3. Grant the company's request for an exemption from WAC 480-30-316, Tariffs and time schedules, Customer Notice.
4. Approve the revised substitute pages filed on March 5, 2012, to become effective March 9, 2012, on a permanent basis, on less than statutory notice.

Discussion

On December 2, 2011, Shuttle Express, Inc. (Shuttle Express or company), filed with the Washington Utilities and Transportation Commission (commission) revisions to its Tariff No. 7, Pages 1, 3, 7 through 14, 17, 19, 21, 23, 25, 27, 29 and 39, with a stated effective date of January 3, 2012. The proposed tariff revisions would generate \$512,180 (4.0 percent) in additional annual revenue. Fares for door-to-door service to and from SeaTac Airport would increase by \$0.75 (2.0 percent) each way. Fares for service between downtown Seattle hotels and SeaTac Airport would increase by 44.0 percent. The company provides passenger transportation service to and from SeaTac Airport for more than 400,000 customers in Pierce, King, Snohomish and Island Counties annually.

The company filed the proposed rates to recover increased operating costs due to acquisition of several scheduled service runs since its last rate increase became effective in February of 2008. The company also proposes to change the application of children's fares from under 12 years of age to under 18 years of age.

The company's general rate case for regulated operations includes revenues and expenses associated with service provided by nonregulated independent-contractor owners. The company considers the service to be regulated door-to-door service, charged the customers the company's published tariff rate for door-to-door service, and provided service to the customer using a nonregulated owner-operator driver and vehicle, such as a limousine. At this time, staff does not know if this business practice is appropriate under the commission's rules and regulations. Staff has requested additional information regarding insurance, which the company has not yet provided. This matter will require further review.

To resolve this rate case, staff reviewed the filing in two ways. First, we analyzed the company's general rate case as filed, including the independent contractor revenues and expenses. Second, we removed the independent contractor revenues and expenses, and recalculated allocations as appropriate. We found that the overall results were similar, as shown in the table below.

	Regulated Operations	
	Include Independent Contractor	Exclude Independent Contractor
Revenue	\$13,275,796	\$12,565,358
Expense	\$12,508,532	\$11,629,715
OR	94.2%	92.6%

For the purpose of settling the general rate case, the staff considers the independent contractor operation revenues and expenses as regulated operations.

Staff has completed its review of the company's financial information and the analysis shows that the proposed rates result in excessive revenue. Staff and the company agreed to revised rates that would generate \$424,429 (3.3 percent) additional annual revenue.

On March 5, 2012, the company filed revised tariff pages to lower the increase for service between downtown Seattle hotels and the airport to 29.3 percent, instead of the proposed 44.0 percent. The revenue impact of this adjustment would generate \$117,600 (10.8 percent) in additional annual revenue, instead of the proposed \$232,200 (21.3 percent). The company also filed revised tariff pages to increase the fares for door-to-door service to the airport by \$1.00 instead of the proposed \$0.75. The revenue impact of this adjustment would generate \$306,800 (2.7 percent) instead of the proposed \$273,338 (2.4 percent).

Because the revised rates for door-to-door service are higher than the rates that the company proposed and notified customers, the company requests that the commission grant an exemption from WAC 480-30-311, Tariffs and time schedules, to allow the revised substitute pages to become effective on March 9, 2012, on less than statutory notice, and grant an exemption from WAC 480-30-316, Tariffs and time schedules, Customer Notice. Staff does not think additional notice to customers is warranted because of the small increase above the fares that were published in the company's original notice.

Rate Comparison

The following table is a representative sample of fares from one of many different zones published in the company's tariffs.

Door-to-Door Fares Zone A - One Way			
Number of Guests	Current Rate	Proposed Rate	Revised Rate
1	\$ 29.00	\$ 29.75	\$ 30.00
2	\$ 35.00	\$ 35.75	\$ 36.00
3	\$ 53.00	\$ 53.75	\$ 54.00

Seattle Downtown - Airport Route - One Way			
Number of Guests	Current Rate	Proposed Rate	Revised Rate
1	\$ 15.00	\$ 21.75	\$ 19.00
2	\$ 30.00	\$ 29.75	\$ 27.00
3	\$ 45.00	\$ 37.25	\$ 35.00

Seattle Downtown - Airport Route - Round Trip			
Number of Guests	Current Rate	Proposed Rate	Revised Rate
1	\$ 25.00	\$ 37.75	\$ 33.00
2	\$ 50.00	\$ 53.75	\$ 49.00
3	\$ 75.00	\$ 69.75	\$ 65.00

Customer Comments

No comments have been received.

Conclusion

Staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operation, the company's financial information supports the revenue requirement and the revised rates and charges are fair, just, reasonable and sufficient.

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