

Agenda Date: June 25, 2015
Item Number: B2

Docket: TC-150684
Company Name: Rocket Transportation LLC

Staff: Ann LaRue, Regulatory Analyst
Roger Kouchi, Consumer Protection Staff

Recommendation

Take no action, thereby allowing the proposed rates filed on April 29, 2015, as revised on June 16, 2015, to become effective July 1, 2015, by operation of law.

Discussion

On April 29, 2015, Rocket Transportation LLC (Rocket or company), filed Tariff No. 3 with the Utilities and Transportation Commission (commission) that would generate approximately \$74,000 (13.1 percent) additional annual revenue. The proposed increase, prompted by increased costs of service, would become effective June 1, 2015. Rocket currently serves approximately 11,000 passengers annually in Jefferson and Clallam Counties. The company's last general rate increase became effective December 16, 2010.

Staff sent multiple data requests and investigated several issues in its review of the filing. The primary issue encountered by staff is the company's record keeping. Staff expects, and the company has agreed, the record keeping for Rocket will reach the professional level of a regulated company prior to the company's next general rate case filing.

Commission staff has completed its review of the company's supporting financial documents and data request responses and concludes the company's initially proposed rates would result in excessive revenue. The company and staff have agreed to a revised revenue requirement of approximately \$67,000 (11.8 percent) additional annual revenue, based on a 93 percent operating ratio. On June 16, 2015, the company filed revised pages at staff recommended levels. One-way adult fares will increase from \$66.00 to \$74.60 (13 percent) and round-trip adult fares will increase from \$110.00 to \$126.80 (15.2 percent). Staff advised the company of the flexible fare rule and filing process.

Customer Comments

On April 29, the company posted a notice of its filing for tariff changes. The commission received one customer comment where the customer questioned the reasonableness of what he believes is a substantial increase. Consumer Protection staff advised the customer, filed documents regarding this rate increase are available at www.utc.wa.gov and to contact Roger Kouchi at 1-888-333-9882 for questions.

Staff advised the customer that state law requires rates to be fair, just and reasonable, yet sufficient enough to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment. The commission cannot deny rates that are needed to

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cover company costs. In addition, staff provided information about the ratemaking process and the consumer was advised of the opportunity to participate at the open meeting.

Conclusion

Take no action, thereby allowing the proposed rates filed on April 29, 2015, as revised on June 16, 2015, to become effective July 1, 2015, by operation of law.