

Docket TS-160479,
Application
MEI Northwest, LLC
Review by Mike Young 6/7/2016

Conclusion

Staff has reviewed the company's financial information submitted in Docket TS-160479 and concludes the company has made reasonable efforts to estimate its finances under the proposed operations. This application is for launch service only. The company has identified vessels to be used to provide the service, and as a partially owned subsidiary of a company already providing launch service in another state, would have access to additional resources if needed. Based on the company's financial records provided, the company has (access to) adequate resources and therefore staff concludes the company is financially fit to provide the applied for service.

The balance sheet review:

- Assets, \$405,000;
- Liabilities, None reported;
- Net Worth, undetermined

Applicant has \$300,000 of assets in cash and very liquid. Additionally, the applicant reports an additional \$105,000 in support vehicles and equipment.

The company did not identify any vessels on the balance sheet but stated the two vessels to be used are owned by the parent company, Marine Express Incorporated, (MEI) and provided coast guard documentation for them.

The company did not identify any liabilities on its balance sheet. The company listing with the Washington Secretary of State's Corporations Division indicated the company started business in Washington in February, 2016. The application indicates that the company is a subsidiary of MEI and may not hold any debts to the parent.

The Pro forma Income Statement:

- The company projects \$500,000 in annual revenue from launch services;
- The company also projects \$150,000 in annual revenue from “accessorial charges” which according to its tariff would be non-regulated revenue, and \$50,000 additional revenue from “project management” which would also be considered a non-regulated activity.
- The company projects \$552,600 in annual expenses.

The expenses listed seem appropriate for the type of business and are comparable to those of other regulated companies providing similar service in Washington.

Given that some of the expenses would be allocated to the non-regulated activities, the projected revenue seems more than adequate for the amount of expenses.

Finally, given that this company is partially owned by a parent company providing similar service in another state, it seems reasonable to assume the parent would provide additional resources to maintain operations if necessary.