Docket TC-160236,

Application

BML Investments, LLC Review by Mike Young 3/31/16

Conclusion

Staff has reviewed the company’s financial information submitted in Docket

TC-160236 and concludes the company has made reasonable efforts to estimate its finances under the proposed operations. The company already holds a certificate from the Commission and is currently providing regulated transportation service. This application is for an extension to add additional stops at Pangborn Memorial Airport and a new route to Spokane International Airport and the Spokane Intermodal Center. The company’s proposed fare should reasonably cover the additional operating costs of the new routes. The company’s submitted financial statement showed positive retained earnings. In the event that ridership for the new additional stops falls short of projections, the company would not incur the additional operating expenses and would be in no worse financial position than before the addition of the proposed stops. In the unlikely event of a net annual loss due to the additional stops, the company would have enough liquid assets to maintain operations for a limited time, but may have access to additional capital to continue operations. Therefore, staff concludes the company is financially fit to provide the applied for service.

The balance sheet review:

* Assets, $150,900;
* Liabilities, $13,900;
* Net Worth, $137,000

Applicant has a positive net worth. $36,000 of assets is cash and very liquid.

* The company currently owns several vehicles and is currently providing regulated service between Wenatchee and Sea Tac International Airport. The company listed one additional vehicle in its application that was not included in the company’s 2014 annual report.
* The company indicates a current balance of $4,400 owing on a long term note, indicating the company could access additional capital if necessary.

The Pro Forma Income Statement:

* The company projects $75,800 additional annual revenue: $27,000 from the additional stop at Pangborn Memorial Airport, and $48,800 from the additional stops on the way to and from Spokane International Airport.
* The company did not specifically identify any additional operating expense as a result of the new service.

The company would incur additional expense for increased reservations, maintenance, driver hours, and other operating costs. The distance from Wenatchee to SeaTac International airport is roughly equivalent to the distance from Wenatchee to Spokane International airport. The company is proposing a similar fare of $41.52 one-way from Wenatchee to Spokane International Airport. Since there would be very little increase to overhead, the company’s proposed fare appears to reasonably cover the additional operating expenses.