

San Juan Express, Inc.

2701 Alaskan Way, Pier 69
Seattle, WA 98121-1199
Reservations (206) 448-5000
Administration (206) 443-2560

March 27, 2015

VIA E-MAIL AND US MAIL

Mr. Steven King
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Re: San Juan Express, Inc.
Certificate No. BC-117
Tariff No. 48 – Seattle to Friday Harbor
Service 2015

Dear Mr. King:

Enclosed for filing are the following:

1. Tariff/Schedule No. 48;
2. Public Notice which has been posted today; and
3. Financial information in support of rate increases.

Please accept this Tariff and Time Schedule No. 48 for consideration.

Regarding service dates, the only changes from last year are: (a) the use of 2015 calendar dates throughout the Tariff; (b) the deletion of daily service during the “Spring Service” and implementation of the “Summer” service earlier in June 2015 over last year; and (c) extension of the “Fall Service” by one more weekend into October.

Regarding Fares and Terms, without rate revision since 2008, we are proposing increased passenger fares, freight fares and bicycle fares (under “Terms”) for 2015. During the economic downturn, even though our costs rose, we were not comfortable that the market would support increased fares. Accordingly, our fares have remained the same since 2008 and San Juan Express, Inc. (“the Company”) is now experiencing substantial operating losses.

With the country and region experiencing solid economic and job growth, we believe it is time to seek rate revisions to compensate for steadily increasing operating costs. We believe the increases are not only reasonable but vitally necessary to ensure that the company can continue to remain viable and provide safe, efficient and quality service to its customers at fully compensatory rates.

A table outlining current rates and proposed new rates is attached as Exhibit A. If approved, we anticipate an additional \$219,267 (20 %) in increased annual revenue requirement from these revisions. A variety of retail and special interest fares are also reflected. Although a few fares show a higher percentage increase in rates than others, in 2014, the majority of passengers (92%) purchased Adult and Adult Advance Purchase fares and only 5% purchased the Group fares.

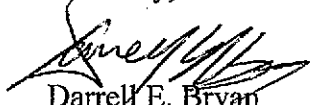
The increased revenue requirement addresses various operating cost increases experienced by the Company since its last rate change in 2008, including increases in labor, fuel, insurance, inspections and landing fees, amongst other charges. In addition, the Company recently updated some of its important infrastructure including its passenger terminal, and has invested in an electronic ticketing system and other enhancements that benefit all of our commercial ferry customers.

The Company also wishes to specifically note that its proposed revenue requirement increase, even if granted in full by the Commission, would nevertheless by our calculations fail to yield a positive operating ratio for the Company. While this is admittedly unusual, since 1991, the Company has historically operated on a stand-alone basis for regulated service at a loss. Due to assessorial services, hotel packages and most importantly, whale watching services offered by the vessel in its layover in Friday Harbor, the Company is continuing to be able to offer this vital commercial ferry route in a seasonal four-month operation cycle to its passengers. We further believe that an increase to the level our current financial records might suggest would not be sustainable in this marketplace to the extent that the size of the fare increase, as noted here already proposed for 20%, would likely be higher than the market would bear. We are mindful that a preferred approach prospectively would be to seek regular, more modest rate increases and we are hopeful in this post-recession era that we can implement that perspective.

As I have indicated in appearances at Open Meetings and in select hearings over the years before the Commission, we continue to believe that the unique configuration of this service and the high cost threshold to offer it to the traveling public in the relatively short season of demand means that the other revenue generating sources noted above must continue, at least currently, to subsidize the point-to-point regulated transportation service we offer if we are to remain in operation.

We greatly appreciate the Commission's time and attention to this filing, and invite you to contact us, and specifically David Bowers, Chief Financial Officer, at 206-443-2560 x 3323, should you have any questions on this filing.

Sincerely,



Darrell E. Bryan
President and CEO
San Juan Express, Inc.

Attachment – Exhibit A

Exhibit A

SPRING FARES MAY 22, 2015 – JUNE 17, 2015

| | Current One Way | Proposed One Way | Percent increase | Current Round Trip | Proposed Round Trip | Percent increase |
|------------------------------|--------------------------------|--------------------------------|------------------------------------|--|--|------------------------------------|
| Adults | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$75.00 | \$94.00 | Approx. 3.3% per year over 7 years |
| Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$37.50 | \$47.00 | Approx. 3.3% per year over 7 years |
| Adult Advance Purchase | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$65.00 | \$81.00 | Approx. 3.2% per year over 7 years |
| Child Advance Purchase | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$32.50 | \$40.50 | Approx. 3.2% per year over 7 years |
| Groups (15 people or more) | \$42.50 Adult \$21.25 Child | \$55.00 Adult \$27.50 Child | Approx. 3.8% per year over 7 years | \$55.00 Adult \$27.50 Child | \$71.00 Adult \$35.50 Child | Approx. 3.7% per year over 7 years |
| Qualifying School Field Trip | (n/a - not available) | (n/a - not available) | | \$30.00/pp (8 students/1 chaperone) | \$45.00/pp (8 students/1 chaperone) | Approx. 6% per year over 7 years |
| Additional Chaperones | (n/a - not available) | (n/a - not available) | | \$40.00 | \$55.00 | Approx. 4.7% per year over 7 years |
| Military Adult | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$51.00 | \$76.00 | Approx. 5.9% per year over 7 years |
| Military Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$25.50 | \$38.00 | Approx. 5.9% per year over 7 years |

SUMMER WEEKEND FARES JUNE 18, 2015 – SEPTEMBER 7, 2015 (Friday/Saturday/Sunday)

| | Current One Way | Proposed One Way | Percent increase | Current Round Trip | Proposed Round Trip | Percent increase |
|----------------------------|--------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------------|
| Adults | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$80.00 | \$100.00 | Approx. 3.2% per year over 7 years |
| Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$40.00 | \$50.00 | Approx. 3.2% per year over 7 years |
| Adult Advance Purchase | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$70.00 | \$97.50 | Approx. 4.8% per year over 7 years |
| Child Advance Purchase | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$35.00 | \$48.75 | Approx. 4.8% per year over 7 years |
| Groups (15 people or more) | \$42.50 Adult \$21.25 Child | \$55.00 Adult \$27.50 Child | Approx. 3.8% per year over 7 years | \$65.00 Adult \$32.50 Child | \$92.50 Adult \$46.25 Child | Approx. 5.2% per year over 7 years |
| Military Adult | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$51.00 | \$92.50 | Approx. 8.9% per year over 7 years |
| Military Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$25.50 | \$48.75 | Approx. 9.7% per year over 7 years |

SUMMER WEEKDAY FARES JUNE 18, 2015 – SEPTEMBER 7, 2015 (Monday/Tues/Wed/Thursday)

| | Current One Way | Proposed One Way | Percent increase | Current Round Trip | Proposed Round Trip | Percent increase |
|----------------------------|--------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------------|
| Adults | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$80.00 | \$100.00 | Approx. 3.2% per year over 7 years |
| Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$40.00 | \$50.00 | Approx. 3.2% per year over 7 years |
| Adult Advance Purchase | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$70.00 | \$87.50 | Approx. 3.2% per year over 7 years |
| Child Advance Purchase | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$35.00 | \$43.75 | Approx. 3.2% per year over 7 years |
| Groups (15 people or more) | \$42.50 Adult \$21.25 Child | \$55.00 Adult \$27.50 Child | Approx. 3.8% per year over 7 years | \$65.00 Adult \$32.50 Child | \$82.50 Adult \$41.25 Child | Approx. 3.5% per year over 7 years |
| Military Adult | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$51.00 | \$82.50 | Approx. 7.1% per year over 7 years |
| Military Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$25.50 | \$41.25 | Approx. 7.1% per year over 7 years |

FALL FARES SEPTEMBER 8, 2015 – OCTOBER 4, 2015 (Saturday/Sunday only)

| | Current One Way | Proposed One Way | Percent increase | Current Round Trip | Proposed Round Trip | Percent increase |
|----------------------------|--------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------------|
| Adults | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$75.00 | \$94.00 | Approx. 3.3% per year over 7 years |
| Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$37.50 | \$47.00 | Approx. 3.3% per year over 7 years |
| Adult Advance Purchase | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$65.00 | \$81.00 | Approx. 3.2% per year over 7 years |
| Child Advance Purchase | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$32.50 | \$40.50 | Approx. 3.2% per year over 7 years |
| Groups (15 people or more) | \$42.50 Adult \$21.25 Child | \$55.00 Adult \$27.50 Child | Approx. 3.8% per year over 7 years | \$55.00 Adult \$27.50 Child | \$71.00 Adult \$35.50 Child | Approx. 3.7% per year over 7 years |
| Military Adult | \$42.50 | \$55.00 | Approx. 3.8% per year over 7 years | \$51.00 | \$76.00 | Approx. 5.9% per year over 7 years |
| Military Child | \$21.25 | \$27.50 | Approx. 3.8% per year over 7 years | \$25.50 | \$38.00 | Approx. 5.9% per year over 7 years |

FREIGHT TARIFF MAY 22 – OCTOBER 4, 2015

| | | Current rate | Proposed Rate | Percent increase |
|-------------|------------------------|-----------------|-----------------|------------------------------------|
| Each piece: | 40 pounds or less | \$21.00 | \$27.00 | Approx. 3.7% per year over 7 years |
| Each piece: | Greater than 40 pounds | \$.47 per pound | \$.67 per pound | Approx. 5.2% per year over 7 years |

BICYCLE TARIFF MAY 22 – OCTOBER 4, 2015

| | Current rate | Proposed Rate | Percent increase |
|---|------------------------------|------------------------------|-------------------------------------|
| Bicycles may be allowed with a passenger reservation. | \$10.00 per bicycle each way | \$20.00 per bicycle each way | Approx. 10.4% per year over 7 years |

PORT FEE MAY 22 – OCTOBER 4, 2015

| | Current rate | Proposed Rate | Percent increase |
|--|---|--|------------------|
| A Friday Harbor Port fee will be added to all Friday Harbor fares. | \$2.00 per person/round trip \$1.00 pp/one way | \$2.00 per person/round trip; \$1.00 pp/one way | No change. |

SECURITY FEE MAY 22 – OCTOBER 4, 2015

| | Current rate | Proposed Rate | Percent increase |
|---|--------------|--|-------------------|
| A Security fee will be added to all fares to Friday Harbor. | (none) | \$2.00 per person/round trip; \$1.00 pp/one way | New security fee. |