

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET TS-070474
)	
KITSAP FERRY COMPANY, LLC,)	ORDER 01
)	
Petitioner,)	
)	ORDER GRANTING, SUBJECT TO
For Commission Permission to)	CONDITION, TEMPORARY
Temporarily Discontinue Commercial)	DISCONTINUANCE OF
Ferry Service)	SERVICE
.....)	

Synopsis: The Commission grants, subject to condition, the petition to temporarily discontinue commercial ferry service as being in the public interest.

BACKGROUND

- 1 On March 8, 2007, Kitsap Ferry Company, LLC, (Kitsap Ferry or Company), holder of commercial ferry Certificate of Public Convenience and Necessity No. BC-128, filed a petition with the Washington Utilities and Transportation Commission (Commission) requesting permission to temporarily discontinue service pursuant to WAC 480-51-130. In its petition, the Company requests permission to discontinue ferry service from April 1, 2007, resuming service by April 1, 2008.
- 2 Kitsap Ferry is authorized to provide commercial passenger-only ferry service between Bremerton and Seattle, Washington.
- 3 On March 7, 2007, Kitsap Ferry provided notice to its customers by posting notices on its ferry and at its terminals, and issued a press release to local news outlets.
- 4 In its petition, the Company states its request to temporarily discontinue service is based on Kitsap Transit no longer providing operating funds. Its request is also based on lower than expected ridership, increased fuel prices and the Washington State Ferry's fare-free eastbound travel policy.
- 5 Kitsap Ferry believes the temporary discontinuance will provide the Company time to continue to work together with Kitsap Transit to identify and secure, reliable operating funds. The primary source of potential funds is a passenger-only ferry grant program created in pending legislation presently pending before the State Legislature.

6 WAC 480-51-130 provides:

No certificate holder shall discontinue the service authorized under its certificate and set forth in its filed time schedule without first having given to the commission and to the public, at least fifteen days' notice in writing, of its intention to discontinue such service, and without having secured the commission's permission. The commission shall not grant permission for discontinuance of service for periods exceeding twelve months.

7 The Company requests that the Commission grant it permission to temporarily discontinue service for a period of twelve months. Kitsap Ferry proposes to cease ferry service beginning April 1, 2007, and resuming by April 1, 2008.

DISCUSSION

8 Kitsap Ferry has presented good cause to discontinue commercial ferry service. Because of an unsuccessful county-wide ballot measure last February, Kitsap Transit is no longer able to contribute to Kitsap Ferry's operations with vessel leases and dock facility payments. The loss of the financial support of Kitsap Transit and low ridership combined with high fuel prices and Washington State Ferry's free fare for its eastbound passengers prohibits current continued operations without additional alternative operating funds.

9 The Washington State Legislature is considering Senate Bill 5862, an act that proposes to provide funding for passenger-only ferry service. The bill has passed the Senate and is now pending in the House of Representatives (House). As of the date of this order the House has not yet voted on the bill.

10 The bill directs the Washington Department of Transportation to sell Washington state ferries Snohomish and Chinook to provide grant funds to Public Transportation Benefit Areas (PTBA) and county ferry districts that may then be used to support passenger-only ferry service. Kitsap Ferry could receive funding from Kitsap Transit, a PTBA located in Kitsap County under a Joint Development Agreement.

- 11 If the bill does not become law, there may be other sources of funding available for Kitsap Ferry through a Joint Development Agreement it has with Kitsap Transit. Alternate funding sources include Federal Grants and some short-term funding for wake-washing testing. At this time, those options are not finalized.
- 12 Accordingly, Kitsap Ferry should be required to file information midway into the suspension period. That information will allow the Commission to determine if progress is being made in acquiring funding to resume service by the end of the suspension period. The submitted information should include (1) a pro forma financial statement of operations that includes likely alternate funding, and (2) a report that discusses progress on obtaining alternate funding and the company's plan to resume resumption of service by April 1, 2008.

FINDINGS AND CONCLUSIONS

- 13 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, and transfers of public service companies, including commercial ferry companies. *RCW 81.84 and WAC 480-51.*
- 14 (2) Kitsap Ferry Company, LLC, is a commercial ferry operator and a public service company subject to the jurisdiction of the Commission. Kitsap Ferry holds Certificate of Public Convenience and Necessity No. BC-128.
- 15 (3) On March 8, 2007, Kitsap Ferry filed with the Commission a petition requesting Commission permission to authorize discontinuance of service for a twelve-month period beginning April 1, 2007, and resuming by April 1, 2008.
- 16 (4) The Company's request is, in part, predicated on the passage of legislation that would provide indirect operating funds to resume ferry operations.
- 17 (5) The Company's proposed discontinuance is reasonable and in the public interest.
- 18 (6) Kitsap Ferry's petition complies with WAC 480-51-130.

- 19 (7) This matter was brought before the Commission at its regularly scheduled open meeting on March 28, 2007.
- 20 (8) The Commission finds and concludes that Kitsap Ferry's petition to temporarily discontinue ferry service should be granted.

O R D E R

THE COMMISSION ORDERS:

- 21 (1) The petition of Kitsap Ferry Company, LLC, to temporarily discontinue ferry service authorized under Certificate of Public Convenience and Necessity No. BC-128 for a twelve-month period, beginning April 1, 2007, and resuming by April 1, 2008, is granted.
- 22 (2) By September 28, 2007, Kitsap Ferry Company, LLC, shall file a pro forma financial statement of operations that includes ridership and revenue forecasts identifying likely alternate funding options. In addition, Kitsap Ferry Company, LLC, is also required to file a report on the progress of obtaining alternate funding and an up-to-date plan to resume service by April 1, 2008.
- 23 (3) The discontinuation granted in this order is conditioned on Kitsap Ferry Company, LLC, resuming service should an immediate public need arise for commercial ferry service. If, in such circumstance, Kitsap Ferry Company, LLC, cannot, or will not, resume service, the Commission will deem that Kitsap Ferry Company, LLC, has waived interest in its commercial ferry certificate. The Commission will then institute proceedings to cancel Kitsap Ferry Company, LLC's, certificate and to grant authority to another carrier who is prepared to meet the needs of the traveling public.

DATED at Olympia, Washington and effective March 28, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner