

Agenda Date: September 28, 2005
Item Number: B1

Docket: TS-051318
Company Name: Aqua Express, LLC (Certificate No. BC-129)

Staff: Dan Kermode, Regulatory Analyst

Recommendation:

Grant the petition to allow Aqua Express, LLC permission to temporarily discontinue passenger-only ferry service (Certificate No. BC-129) pursuant to WAC 480-51-130 beginning October 1, 2005, with service recommencing July 1, 2006.

Discussion:

On September 1, 2005, Aqua Express, LLC (Aqua Express or Company), filed a petition with the Washington Utilities and Transportation Commission (Commission) requesting permission to discontinue passenger-only ferry service (Certificate No. BC-129) pursuant to WAC 480-51-130. Aqua Express provides commercial passenger-only ferry service between Kingston and Seattle. In its petition the Company requests permission to discontinue ferry service from October 1, 2005, until July 1, 2006, a nine month period.

On August 31, 2005, the Company issued a press release and posted notices on its ferry and at the docks it serves informing the public that it was requesting approval to discontinue service beginning October 1, 2005, with resumption of ferry service being on July 1, 2006. Staff expressed concern that the notice posted did not provide the information needed for the consumer to contact the Commission. On September 15, 2005, the company modified the original notice to include Commission contact information.

The Commission has received sixteen comments from the public. Six comments opposed the discontinuance citing their dependence on the ferry to provide transportation to Seattle for medical reasons including dialysis treatments. Others cited their use of the ferry for their daily commute and the increased commute time if service is discontinued. One comment supported the permanent discontinuance of service stating they opposed the ferry because it fosters growth to the area. In addition, following the Commission's last open meeting, the Board of Commissioners of Kitsap Transit passed a resolution that supports Aqua Express's request to "suspend service."

In the September 14, 2005, open meeting there was discussion as to the Washington State Ferry's (WSF) response increasing fuel prices. Accordingly to a September 22, 2005, *Seattle Times* story, the WSF has increased its \$58 million biennium-budgeted fuel

expense by \$28 million. The WSF will be requesting additional funds from the legislature. If the legislature does not approve the addition funds the WSF will consider fuel surcharges, increased fares, reduced service, or using money earmarked for its capital budget.

The Company's decision to request permission to temporary discontinuance service rather than continue to experience large losses until failing is reasonable. The nine-month period will allow fuel prices to stabilize and the completion of the Legislative Study. During the interim the Company will review the viability of the company.

In its September 14th memo (attached) Staff discusses the three reasons Aqua Express cites for its request to discontinue service: low passenger count, increased fuel prices, and the current moratorium on the Commission's ability to allow additional routes. The Staff discussion is still valid.

Staff recommends the Commission Grant the petition to allow Aqua Express, LLC permission to temporarily discontinue passenger-only ferry service (Certificate No. BC-129) pursuant to WAC 480-51-130 beginning October 1, 2005, with service recommencing July 1, 2006.

Attachment