

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

In re the Matter of the Petition of

SAN JUAN EXPRESS, INC.,  
BC-000117

Docket TS-

DECLARATION OF MATTHIAS  
PAHNKE IN SUPPORT OF PETITION  
FOR SERVICE DISCONTINUANCE

1. I, Matthias Pahnke, under penalty of perjury of the laws of the State of Washington say as follows:
2. I am over the age of 18, a citizen of the Republic of Germany, resident of Victoria, British Columbia and am competent to act as a witness in this matter.
3. As an officer of Clipper Navigation, Inc and San Juan Express, Inc., I submit this Declaration in Support of San Juan Express, Inc.'s (SJE's) effort to obtain permission from the Washington Utilities and Transportation Commission to temporarily discontinue regulated service on its route for a successive twelve-month period. We are making this request because, as the accompanying Petition outlines, we have no currently viable option for a vessel operation that would comply with United States Coast Guard safety regulations and simultaneously be able to operate efficiently and expeditiously in the 120 nautical mile round-trip route service between Seattle and Friday Harbor.
4. As the Commission has previously been informed by us, we have been diligently working to identify practical, affordable and realistic improvements/solutions to and for the San Juan Clipper, previously known as Clipper III (the San Juan Express vessel) for more than two years as we emerged from the devastating economic and health effects of the pandemic and in response to dramatically- revised Coast Guard regulations on our operations. However, due to

its age, engine reliability, design and slow speed we have reluctantly accepted that it cannot be placed back into service on the route.

5. As of today, we have also yet to identify any viable vessel alternative, for lease or sale in the marketplace.
6. As has been our consistent position recently in light of our continuing service cessation, we have no objection should another qualified applicant seek to provide service on this route and will not protest an overlapping service application during our discontinuance.
7. As our Petition also describes, we have recently asked two American boat yard facilities (which the Jones Act requires) to bid on a new vessel for our Company to transport up to 220 passengers at maximum capacity. While we have yet to receive formal responses with final pricing offers to our proposal, I am estimating such a new build vessel with a capacity above 150 passengers will cost approximately \$12-14 million which will of course require management approval and a very careful analysis of the rate levels which we would be required to establish to sustain such an investment.
8. Such a significant investment today also involves evaluation of “futureproofing” of the vessel build, which entails engineering assessments of the anticipated life of the new vessel, its design material and durability, weight, speed and currently what type of power system would be selected: traditional fuel combustion, hybrid or electric and what sort of land-based infrastructure would be required to serve such power systems.
9. We understand all of these uncertainties complicate this question, but this Company and its predecessors have a 30-plus year commitment to this important maritime link and our certificated service and have been and are committed to finding a workable solution in this fluid, post-pandemic and supply chain interruption environment. We also very much appreciate the Commission and state legislature’s continued commitment to fostering the role of private industry in the unique marine highway system network of this state.
10. Obviously, there is much work to be done in this dynamic and uncertain environment, but we also believe there are opportunities to improve and expand upon previous operating models and

we are therefore very reluctant to permanently close the door on restarting what we believe to be an important and unique service alternative to the traveling public.

11. Unless the Commission should desire us to, we have no intention on giving up on this regulated service route and hope the Commission shares this vision in allowing us to maintain and ultimately resume our ability to serve the public interest in the very near future.

Signed at 4/12/2024 this \_\_\_\_\_ day of April, 2024.

DocuSigned by:

*Matthias Pahnke*

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Matthias Pahnke