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AQUA EXPRESS

June 8, 2007

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

To: WUTC

Ref: Docket TS-070889 Aqua Express, LLP

My name is John Blackman and I am the managing member of Aqua Express. I plan to attend the pre-hearing conference scheduled for June 14, 2007 and represent Aqua Express. Aqua Express is owned jointly by Argosy Cruises, Four Seasons Marine, Nicholas Brothers Boat Builders, and Victoria Clipper. Each owns 25 percent of Aqua Express and together represents over 150 years of maritime experience.

Based upon independent surveys and projections by Washington State Ferries, Kitsap Transit and Victoria Clipper, Aqua Express believed we could operate profitably a route between Kingston and Seattle. Aqua invested \$74,116 dollars in procuring a WUTC certificate BC-129 (see Exhibit A).

Aqua Express invested \$911,726 dollars in purchasing a vessel to operate the route (see Exhibit B). Aqua Express invested \$848,244 dollars in building a dock in Kingston to moor the vessel (see Exhibit C). None of these expenses include the considerable management time spent in each one of these investments.

Aqua Express began service in January 2005 and discontinued service in September 2005 after suffering significant operating losses. The losses were a result of lower then projected ridership and escalating fuel costs.

What we have learned is that, unless Washington State Ferries increases their prices and fuel costs drop significantly, a government entity partner is necessary to help subsidize the operation.

Kitsap Transit is the logical partner because of their ability to support the ferry service with transit connections. We have been working with, and continue to work with, Kitsap Transit to resume Kingston-Seattle service. Kitsap Transit has been unable to financially support resumption of service but "expects to be able to procure funding during this two-year suspension" (see Exhibit D).

Aqua Express believes that, based up on its significant investment in Kingston-Seattle POF service and its joint development agreement with Kitsap Transit, its request for continued suspension should be granted. Should another entity wish to operate Kingston-Seattle service, and be found fit, willing and able to provide the service by the WUTC, Aqua Express will not protest awarding that entity another certificate.

Respectively Submitted,



John C Blackman
Managing Member

EXHIBIT A

Aqua Express, LLC (AQU)

Detail Postings for Period 01 Thru 12 Ending 12/31/2004

Account Number/Description				Beginning Balance	Debit	Credit	Net Change	Ending Balance
Period	Date	Journal	Comments					
230-00-00			Organizational Costs	0.00				
01	1/31/2004	JE-000030	Close ACNT move to Aqua		780.00	0.00		780.00
02	2/28/2004	JE-000035	Bruce Hale Design #021204		6,000.00	0.00		6,780.00
02	2/28/2004	JE-000035	G. Kenneth O'Mhuan #010204		1,034.50	0.00		7,814.50
02	2/28/2004	JE-000035	G. Kenneth O'Mhuan #010204B		717.50	0.00		8,532.00
02	2/28/2004	JE-000035	Holmes Weddle #36843		821.00	0.00		9,353.00
02	2/28/2004	JE-000035	Davis Wright #5332591		240.00	0.00		9,593.00
06	6/1/2004	JE-000051	Bruce Hale Design		6,561.50	0.00		16,174.50
06	6/7/2004	AP-000001	Williams, Kastner & Gibbs/IN: 3285211995		7,266.29	0.00		23,440.79
06	6/7/2004	AP-000001	Williams, Kastner & Gibbs/IN: 3305532036		2,245.14	0.00		25,685.93
06	6/30/2004	JE-000063	Term Note w/ Foundation		3,255.00	0.00		28,940.93
09	9/30/2004	AP-000021	Holmes, Weddle & Barcott/IN: 40447		1,993.81	0.00		30,934.74
09	9/30/2004	AP-000022	Williams, Kastner & Gibbs/IN: 17753		12,540.38	0.00		43,475.12
10	10/31/2004	JE-000112	Move Legal		30,641.00	0.00		74,116.12
12	12/31/2004	JE-000140	Book Depr to actual		0.00	26,522.32		47,593.80
12	12/31/2004	JE-000141	Fix Depr		26,522.32	0.00		74,116.12
Report Total:				0.00	100,638.44	26,522.32	74,116.12	74,116.12
				0.00	100,638.44	26,522.32	74,116.12	74,116.12

Detail Postings for Period 01 Thru 12 Ending 12/31/2004

Account Number/Description				Beginning Balance	Debit	Credit	Net Change	Ending Balance
Period	Date	Journal	Comments					
225-00-00			Boat	0.00				
01	1/31/2004	JE-000039	Close ACNT move to Aqua		710,000.00	0.00		710,000.00
02	2/28/2004	JE-000035	O'Mega Graphics #056-6739		87.04	0.00		710,087.04
02	2/28/2004	JE-000035	Mastermark #289489		108.16	0.00		710,195.19
02	2/28/2004	JE-000035	Maritime Services #0014023-IN		8,743.74	0.00		718,938.93
02	2/28/2004	JE-000035	Hardware Spec #354937AE		106.93	0.00		719,045.86
02	2/28/2004	JE-000035	Home Depot #122903AE		32.25	0.00		719,078.11
02	2/28/2004	JE-000035	Harris Electric #20889		261.12	0.00		719,339.23
02	2/28/2004	JE-000035	Performance Contracting #01025		317.52	0.00		719,656.75
02	2/28/2004	JE-000035	Puget Sound Inflatables #66910		5,657.60	0.00		725,314.35
02	2/28/2004	JE-000035	Fisheries Supplies #Y0891569		725.38	0.00		726,039.73
02	2/28/2004	JE-000035	Fisheries Supplies #Y0916502		113.97	0.00		726,153.70
02	2/28/2004	JE-000035	Rainier Industries #0086614		1,650.50	0.00		727,804.20
02	2/28/2004	JE-000035	Advanta Bank		8.98	0.00		727,813.18
03	3/31/2004	JE-000037	Alexander Gow #205939		1,758.21	0.00		729,571.39
03	3/31/2004	JE-000037	Columbia Sentinel #20812		1,034.80	0.00		730,606.19
03	3/31/2004	JE-000037	Harris Electric #21879		1,021.41	0.00		731,627.60
03	3/31/2004	JE-000037	Home Depot		103.66	0.00		731,731.26
03	3/31/2004	JE-000037	Nichols Brothers		113,184.88	0.00		844,916.11
03	3/31/2004	JE-000037	Advanta Bank		55.73	0.00		844,971.84
03	3/31/2004	JE-000037	Fisheries Supplies #Y0913273		8.07	0.00		844,979.91
03	3/31/2004	JE-000037	Puget Sound Propeller #0007525		2,014.43	0.00		846,994.34
04	4/30/2004	JE-000036	Bargreen Elling #4280688		322.68	0.00		847,317.02
04	4/30/2004	JE-000036	Columbia Sentinel #20824		810.15	0.00		848,127.17
04	4/30/2004	JE-000036	Westlake Elec #214096		57.21	0.00		848,184.38
06	6/7/2004	AP-000001	Ballard Sheet Metal Works/IN: 78893		139.54	0.00		848,323.92
06	6/7/2004	AP-000001	Fisheries Supply /IN: Y0963270		298.07	0.00		848,621.99
06	6/7/2004	AP-000001	Fisheries Supply /IN: Y0963519		175.02	0.00		848,797.01
06	6/7/2004	AP-000001	Fisheries Supply /IN: Y0966541		442.49	0.00		849,239.50
06	6/7/2004	AP-000001	Fisheries Supply /IN: Y0969594		80.00	0.00		849,319.50
06	6/7/2004	AP-000001	Fisheries Supply /IN: Y0972085		57.41	0.00		849,376.91
06	6/7/2004	AP-000001	Graybar /IN: 1861410815		111.22	0.00		849,488.13
06	6/7/2004	AP-000001	Hardware Specialty Co., /IN: 360026		70.44	0.00		849,558.57
06	6/7/2004	AP-000001	Hardware Specialty Co., /IN: 360183		0.00	12.19		849,546.38
06	6/7/2004	AP-000001	Hardware Specialty Co., /IN: 360994		27.20	0.00		849,573.58
06	6/7/2004	AP-000001	HamiltonJet, Inc. /IN: 046802		5,662.50	0.00		855,236.08
06	6/7/2004	AP-000001	HamiltonJet, Inc. /IN: 047096		5,080.12	0.00		860,316.20
06	6/7/2004	AP-000001	Home Depot Credit Service/IN: 052704		174.45	0.00		860,490.65
06	6/7/2004	AP-000001	Harris Electrical, Inc. /IN: 23504		353.61	0.00		860,844.26
06	6/7/2004	AP-000001	Pacific Industrial Supply/IN: 2019658-01		400.00	0.00		861,244.26
06	6/7/2004	AP-000001	Puget Sound Hydraulics, /IN: 10406		50.48	0.00		861,294.74
06	6/7/2004	AP-000001	Puget Sound Hydraulics, /IN: 10416		41.34	0.00		861,336.09
06	6/7/2004	AP-000001	Shipboard Electrical Sys/IN: 404654		152.32	0.00		861,488.40
06	6/7/2004	AP-000001	Shipboard Electrical Sys/IN: 404655		393.79	0.00		861,882.19
06	6/7/2004	AP-000001	WestCoast Paper /IN: 3703135		29.92	0.00		861,912.11
06	6/11/2004	AP-000002	Fisheries Supply /IN: Y0987676		98.18	0.00		862,010.29
06	6/28/2004	AP-000004	Fisheries Supply /IN: Y0963270		0.00	220.09		861,790.20
06	6/28/2004	AP-000004	Fisheries Supply /IN: Y0987676		0.00	98.18		861,692.02
07	7/31/2004	JE-000078	Investment in AQUA		15,000.00	0.00		876,692.02
12	12/20/2004	AP-000026	Harris Electrical, Inc. /IN: 28873		4,304.12	0.00		880,996.14
12	12/20/2004	AP-000026	Omega Graphics & Signs, L/IN: 560-7243		1,659.20	0.00		882,655.34
12	12/31/2004	AP-000030	Bargreen Ellingson /IN: 4458331		1,484.20	0.00		884,139.54
12	12/31/2004	AP-000030	Harris Electrical, Inc. /IN: 29036		1,047.43	0.00		885,186.97
12	12/31/2004	AP-000030	Harris Electrical, Inc. /IN: 29038		2,287.74	0.00		887,474.71
12	12/31/2004	AP-000030	Shipboard Electrical Sys/IN: 412670		1,408.96	0.00		888,883.67
12	12/31/2004	JE-000118	Seats for boat-Wire Xfer		16,838.44	0.00		905,722.11
12	12/31/2004	MC-000014	Pacific Coast Marine /CK:001165		1,554.00	0.00		907,276.11
12	12/31/2004	MC-000014	Seattle Line Communications /CK:001178		4,460.00	0.00		911,726.11
Report Total:				0.00	912,056.57	330.46	911,726.11	911,726.11
				0.00	912,056.57	330.46	911,726.11	911,726.11

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Detail Postings for Period 01 Thru 12 Ending 12/31/2005

Account Number/Description				Beginning Balance	Debit	Credit	Net Change	Ending Balance
Period	Date	Journal	Comments					
226-00-00			Dock	222,956.00				
01	1/25/2005	MC-000015	Nichols Brothers /CK:001198		110,715.09	0.00		333,671.09
02	2/8/2005	AP-000036	Caicos Corporation /IN: 020105		255,207.55	0.00		588,878.64
02	2/8/2005	AP-000036	HWA GeoSciences Inc. /IN: 15411		6,519.50	0.00		595,398.14
02	2/10/2005	MC-000022	Art Anderson Associates /CK:001320		102,672.63	0.00		698,070.77
03	3/31/2005	AP-000048	Caicos Corporation /IN: FINAL		80,753.13	0.00		778,823.90
03	3/31/2005	AP-000048	Geo Engineers, Inc. /IN: 0086082		345.75	0.00		779,169.65
03	3/31/2005	AP-000048	Welding Inspection Service/IN: 7269		840.00	0.00		780,009.65
04	4/28/2005	AP-000052	Caicos Corporation /IN: 3		49,339.00	0.00		829,348.65
04	4/30/2005	MC-000025	Art Anderson Associates /CK:001412		45,911.28	0.00		875,259.93
05	5/31/2005	AR-000023	Nichols Brother REF:REFUND BTH: 00023		0.00	27,015.44		848,244.49
				222,956.00	652,303.93	27,015.44	625,288.49	848,244.49
230-00-00			Organizational Costs	74,116.12				
					0.00	0.00		74,116.12
				74,116.12	0.00	0.00	0.00	74,116.12
Report Total:				297,072.12	652,303.93	27,015.44	625,288.49	922,360.61

Account Number/Description					Detail Postings for Period 01 Thru 12 Ending 12/31/2004				
Period	Date	Journal	Comments		Beginning Balance	Debit	Credit	Net Change	Ending Balance
226-00-00			Dock		0.00				
12	12/31/2004	MC-000014	Caicos Corporation /CK:001163			177,958.00	0.00		177,958.00
12	12/31/2004	MC-000014	Art Anderson /CK:001164			45,000.00	0.00		222,958.00
					0.00	222,958.00	0.00	222,958.00	222,958.00
230-00-00			Organizational Costs		0.00				
01	1/31/2004	JE-000039	Close ACNT move to Aqua			780.00	0.00		780.00
02	2/28/2004	JE-000035	Bruce Hale Design #021204			6,000.00	0.00		6,780.00
02	2/28/2004	JE-000035	G. Kenneth O'Mhuan #010204			1,034.50	0.00		7,814.50
02	2/28/2004	JE-000035	G. Kenneth O'Mhuan #010204B			717.50	0.00		8,532.00
02	2/28/2004	JE-000035	Holmes Weddle #36843			821.00	0.00		9,353.00
02	2/28/2004	JE-000035	Davis Wright #5332591			240.00	0.00		9,593.00
06	6/1/2004	JE-000051	Bruce Hale Design			6,581.50	0.00		16,174.50
06	6/7/2004	AP-000001	Williams, Kastner & Gibbs/IN: 3285211995			7,266.29	0.00		23,440.79
06	6/7/2004	AP-000001	Williams, Kastner & Gibbs/IN: 3305532036			2,245.14	0.00		25,685.93
06	6/30/2004	JE-000063	Term Note w/ Foundation			3,255.00	0.00		28,940.93
09	9/30/2004	AP-000021	Holmes, Weddle & Barcott /IN: 40447			1,993.81	0.00		30,934.74
09	9/30/2004	AP-000022	Williams, Kastner & Gibbs/IN: 17753			12,540.38	0.00		43,475.12
10	10/31/2004	JE-000112	Move Legal			30,641.00	0.00		74,116.12
12	12/31/2004	JE-000140	Book Depr to actual			0.00	26,522.32		47,593.80
12	12/31/2004	JE-000141	Fix Depr			26,522.32	0.00		74,116.12
					0.00	100,838.44	26,522.32	74,116.12	74,116.12
Report Total:					0.00	323,594.44	26,522.32	297,072.12	297,072.12

EXHIBIT D

May 22, 2007

Washington State Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250
Attn: Danny Kermode

Dear Mr. Kermode,

This letter is to express Kitsap Transit's support for Aqua Express' request for a two-year extension of its suspension of service and its franchise for passenger-only ferry (POF) service between Kingston and Seattle.

Kitsap Transit expects to be able to procure funding during this two-year suspension for resumption of service, most likely via POF participation in a local option MVET package. We understand you have received communications from the Kingston Express Association (KEA). You should be aware Kitsap Transit does not regard KEA as a viable alternative provider of this service.

If you have further questions about our support or potential identified sources of funds, please feel free to call me at the number below.

Sincerely,

Richard M. Hayes
Executive Director
(360) 478-6230