

TS-040650

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 South Evergreen Park Drive SW
P. O. Box 47250
Olympia, WA 98504-7250
(360) 664-1222

COMMERCIAL FERRY APPLICATION

Application is made in accordance with RCW 81.84 for a Certificate of Public Convenience and Necessity to operate vessels in furnishing Passenger - Freight - Excursion - Ferry Service.

\$200.00 APPLICATION FEE MUST ACCOMPANY THIS APPLICATION

Complete this application in its entirety, adding additional sheets if necessary.

FOR OFFICIAL USE ONLY		
RECEPTION NO. _____	MAP _____	DATE REC'D <u>4/8/04</u>
AMOUNT \$ <u>200.-</u>	INSURANCE _____	APPLIC'N NO. <u>B-79273</u>
(111-0268-0216-02)	SAFETY INSP. CERT. _____	MOT CAR NO. <u>42564</u>
	TARIFF _____	
	TIME SCHEDULE _____	
	SHIPPER SUPPORT _____	

INDICATE TYPE OF APPLICATION: (Only one type per application)	INDICATE TYPE OF SERVICE APPLYING FOR:
<input checked="" type="checkbox"/> Original Certificate	<input checked="" type="checkbox"/> Certificated commercial ferry - including excursion service and/or launch service
<input type="checkbox"/> Extension of Authority	<input type="checkbox"/> Excursion service only
<input type="checkbox"/> Transfer all Authority	<input type="checkbox"/> Launch service only
<input type="checkbox"/> Transfer a Portion of Authority	
<input type="checkbox"/> Temporary Certificate	
<input type="checkbox"/> Lease of Certificate	
<input type="checkbox"/> Mortgage of Certificate	
<input type="checkbox"/> Acquisition of Control	

1. Name of applicant AQUA EXPRESS, LLC () Individual
() Partnership
(x) Corporation

2. d/b/a _____ Unified Business Identifier (UBI) No. 602342798

3. Physical Address 1101 Alaskan Way, Suite 201
(City, State, Zip) Seattle, Washington 98101

Mailing Address _____
(City, State, Zip) _____

Telephone Number (206) 623-1445 Fax Number (206) 623-5474

4. List names and addresses of all persons having an interest in the business. If a CORPORATION, give names and addresses of two principal officers, noting their titles, and indicate in which state incorporated. If a PARTNERSHIP, attach a certified copy of the partnership agreement, which sets forth the responsibility of the interested individuals.

Applicant is a Limited Liability Corporation whose members are;

Clipper Navigation, Inc. (25%); Nichols Boat Builders, Inc. (25%);

Argosy, L.P. (25%); TMT Corp., d/b/a Four Seasons Marine Services, Corp. (25%);

Managing Member: John Blackman, 1101 Alaskan Way, Suite 201, Seattle, WA 98101

5. List the territory in which you wish to operate:

Between Kingston and Seattle

Waiver of ten-mile restriction: Are you applying for territory which would require a waiver to provide service otherwise forbidden by the ten-mile restriction in RCW 47.60.120?

Yes No

If yes, state fully the circumstances that justify Commission grant of such a waiver:

6. Attach a map which shows in detail the proposed routes, clearly showing beginning, ending, and intermediate points to be served. Also show the routes of other carriers giving similar service into the same or neighboring territory (if known to applicant). (See EXHIBIT A) *CD*

7. Will an attorney be representing you at the hearing? Yes No

If yes, give specific attorney's name David W. Wiley

Telephone Number (206) 628-6600 Address 601 Union Street, Suite 4100
Seattle, WA 98101-2380

8. Attach a copy of the tariff you propose using. The tariff must contain proposed fares and rates to be assessed for service and the rules and regulations governing same. The tariff must comply with WAC 480-51-080 and the rules in the Commission's Tariff Circular No. 6 (WAC 480-149). (See EXHIBIT B)
9. Attach a copy of the time schedule you propose using. The schedule must show routes, trips, times, points served, distances and available facilities. The time schedule must comply with WAC 480-51-090 of the Commission's Laws and Rules Relating to Commercial Ferry Service. (See EXHIBIT C)
10. List vessels which are owned (unless otherwise stated) and will be used in the proposed service:

Name	Passenger Freight or Ferry Type	Power	Passenger Capacity	Freight Capacity	Owned, Leased, other?
Aqua Express	Passenger	Diesel	292	N/A	Leased from ACNT, LLC

11. List the docks which will be used in the proposed service. (List all facilities giving names, location, description, value if owned, and any other information of value showing the proposed service)
Piers 54-57 - Seattle

12. Complete the following financial statement:

FINANCIAL STATEMENT

Cash on hand and in bank	\$	_____	Notes payable	\$	_____
Notes receivable		_____	Accounts payable		9,500
Accounts receivable		_____	Other liabilities:		_____
Stocks in other companies		_____			_____
Vessels (listed above)		_____			_____
Bonds		_____			_____
Docks (listed above)		_____			_____
Machinery, tools, etc.		_____			_____
Real estate (listed below)		_____			_____
Other assets (listed below)		8,000	Owner's equity		(3,500)
Total	\$	6,000	Total	\$	6,000

Professional Fees (estimated capitalized start-up costs)

A. List all Real Estate as to location and value (List here only such property as cannot be listed under item 10)

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

B. List total "Other Assets" mentioned above:

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

13. List conditions that exist which would justify the granting of a Certificate of Public Convenience and Necessity:

With the end and/or reduction of the Washington State Ferry systems passenger only ferries, there is a need to provide commuters the opportunity for fast and economical service between Seattle and Kitsap County in a resource-saving and environmentally friendly alternative. Potential riders, employers and governmental entities support this new private enterprise transportation alternative as a feasible link in the 21st Century transportation system in the Puget Sound Region.

14. List names and addresses of all persons, firms, or corporations now furnishing similar service between any of the points or along any portion of the route proposed to be served:

None _____

15. State applicant's prior experience, if any, in providing commercial ferry service:

Applicants principals/joint ventures partners have decades of experience in the maritime industry, either as passenger-only commercial ferry or other vessel operators, water tour providers, boat builders and/or waterborne vacation/tour companies.

16. All applicants must attach separate sheets containing the following information: (See EXHIBIT D)

- a. Pro forma financial statement of operations (projections of incomes and expenses for first year operations).
- b. Ridership and revenue forecasts.
- c. The cost of service for the proposed operation.
- d. An estimate of the cost of the assets to be used in providing service.

17. If certificate is granted, carrier will begin operations within 120 days of that grant.

18. If this is a transfer application, you must:

- Complete attachment A.
- If this application is for transfer of a portion of certificated authority, attach document clearly showing authority to be transferred and a document clearly showing the authority to be retained.

If this is an application for a temporary certificate you must:

- Attach proof of insurance
- Attach statements from potential customers showing immediate and urgent need for service.
- Attach proof that all vessels to be operated under the temporary are inspected and found to be safe and seaworthy.

If this is a transfer through acquisition of control of the stock, you must:

- Attach copy of the corporate minutes authorizing such transfer.

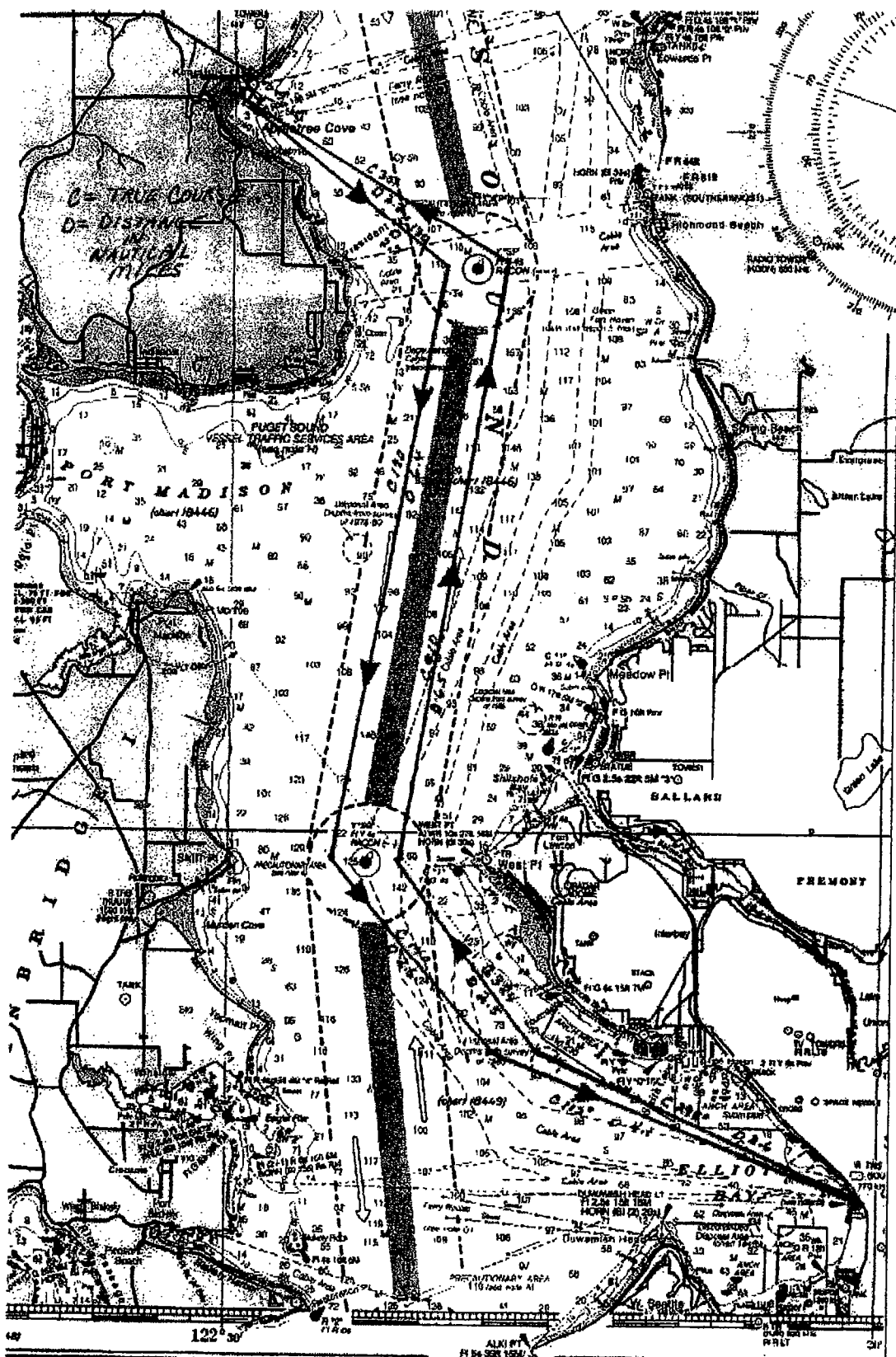
The applicant certifies he/she is familiar with the provisions of Chapter 81. 84 RCW and Chapter 480-51 WAC, Laws and Rules of the Washington Utilities and Transportation Commission, governing the operation of vessels and ferries upon the waters of the state of Washington. Applicant further certifies that vessels operated under Certificates of Public Convenience and Necessity are in no way released from the necessity of observing all Federal and State laws providing for the registration of vessels, the observance of navigation and maritime rules and regulations, and other matters subject to Federal or State enactments.

Applicant affirms that its operations shall be at all times within the provisions of such acts, and requests the Washington Utilities and Transportation Commission to make its order granting a Certificate of Public Convenience and Necessity as provided in Chapter 81.84 RCW and Chapter 480-51 WAC.

The applicant swears or affirms that he/she has read the foregoing application and knows the contents, that the same is true of his/her own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he/she believes them to be true.

Darrall Bryan
Darrall Bryan

April 7, 2004
Date



O.C.
IMERCE
ADMINISTRATION
GE

CAPTAIN'S NAUTICAL SUPPLIES
2500 - 15th Ave. West
Seattle WA 98119
(206) 283-7242 (800) 448-2278

FATHOMS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
METERS	0.3	0.6	0.9	1.2	1.5	1.8	2.1	2.4	2.7	3.0	3.3	3.6	3.9	4.2	4.5	4.8	5.1

EXHIBIT A

**TARIFF AND SCHEDULE
Of
Aqua Express, L.L.C.
Furnishing
Passenger-Only and Freight Ferry Service
Between
Seattle, WA and Kingston, WA**

FARES BEGINNING SEPTEMBER 13 , 2004

A. PASSENGER FARES:

Seattle to Kingston		
	One Way	Round Trip
All Passengers	\$5.25	\$10.50 A
Infant (under 1 year of age)	Free	Free A
Frequent traveler – month pass	5% discount off All Passengers Fare	

B. FREIGHT TARIFF:

Seattle to Kingston		
Each piece:	58 pounds or less	\$15.00
Each piece:	Greater than 58 pounds	\$.25 per pound

1. All freight will be carried on a space-available basis only. All charges are from terminal to terminal.
2. All freight must be properly packaged.

C. BICYCLE TARIFF:

Seattle to Kingston		
	One Way	Round Trip
Each bicycle	\$3.00	\$6.00

Exhibit B

Aqua Express, L.L.C.

SCHEDULE BEGINNING SEPTEMBER 13, 2004

DAILY SERVICE: 5 days/week – Monday to Friday (No service on weekend or official State and National Holidays)

VESSEL #1	<u>TIME</u>	<u>DISTANCE</u>
Depart Kingston	5:30 a.m.	0.0 miles
Arrive Seattle	6:10 a.m.	15.8 miles
Depart Seattle	6:20 a.m.	0.0 miles
Arrive Kingston	7:00 a.m.	15.8 miles
Depart Kingston	7:10 a.m.	0.0 miles
Arrive Seattle	7:50 a.m.	15.8 miles
Depart Seattle	8:00 a.m.	0.0 miles
Arrive Kingston	8:40 a.m.	15.8 miles
Depart Kingston	8:50 a.m.	0.0 miles
Arrive Seattle	9:30 a.m.	15.8 miles
Depart Seattle	4:00 p.m.	0.0 miles
Arrive Kingston	4:40 p.m.	15.8 miles
Depart Kingston	4:50 p.m.	0.0 miles
Arrive Seattle	5:30 p.m.	15.8 miles
Depart Seattle	5:40 p.m.	0.0 miles
Arrive Kingston	6:20 p.m.	15.8 miles
Depart Kingston	6:30 p.m.	0.0 miles
Arrive Seattle	7:10 p.m.	15.8 miles
Depart Seattle	7:20 p.m.	0.0 miles
Arrive Kingston	8:00 p.m.	15.8 miles

AQUA EXPRESS L.L.C.Pro forma Income Statement
2004 dollars

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE					
Vessel Fare Revenue	1,403,082	1,447,010	1,589,442	1,674,582	1,964,082
Concessions Revenue (net of tax)	240,993	273,045	309,782	379,482	430,984
Other revenue	-	-	-	-	-
Gross revenue	1,644,075	1,720,055	1,899,224	2,054,065	2,395,066
Less: Commissions & refunds	44,178	45,752	58,123	61,649	81,836
Net revenue	1,599,896	1,674,303	1,841,100	1,992,415	2,313,229
VESSEL EXPENSES					
Crew payroll, taxes & benefits	267,120	270,480	273,840	277,200	280,560
Cost of concessions sold	144,596	163,827	185,869	227,689	258,590
Fuel	198,000	205,920	213,840	221,760	229,680
Insurance - Hull and machinery	18,720	20,520	21,600	22,680	23,400
Moorage	108,000	120,000	132,000	144,000	156,000
Repairs & maintenance	144,000	172,800	201,600	230,400	259,200
Other vessel costs (Drug test, training, etc.)	5,600	5,740	5,884	6,031	6,181
Total cost of goods sold	886,036	959,287	1,034,632	1,129,760	1,213,612
Gross profit	713,861	715,016	806,468	862,655	1,099,618
SELLING, GENERAL & ADMIN.					
Payroll, taxes & benefits	195,000	199,000	203,000	207,000	211,000
Advertising, brochures & promotions	82,204	51,602	47,481	47,243	47,901
Insurance - Liability	56,880	56,520	57,600	60,120	66,600
Office supplies & expense	11,000	5,000	5,125	5,253	5,384
Professional fees	34,500	10,000	10,000	10,000	10,000
Taxes - property & other	34,814	36,247	39,460	42,374	48,553
Telephone	4,800	4,920	5,043	5,169	5,298
Office Rent	18,000	18,450	18,911	19,384	19,869
Travel	5,250	1,881	1,928	1,976	2,026
Utilities	4,800	4,920	5,043	5,169	5,298
Miscellaneous	6,000	6,150	6,304	6,461	6,623
Total SG & A Expenses	453,248	394,690	399,894	410,151	428,553
Operating Income	260,613	320,326	406,573	452,505	671,065
OTHER EXPENSES (INCOME)					
Charter & rents, net + tax	410,481	410,481	410,481	410,481	410,481
Depreciation					
Net Income	(149,868)	(90,154)	(3,907)	42,024	260,585

AQUA EXPRESS L.L.C.
Partnership and Revenue Forecast

REVENUE

Vessel Fare Revenue
Per leg maximum passenger
Number of legs per day
Maximum passengers per day

Load Percentage per day

Riding passengers per day

Percentage infants riding free
Riding infants per day

Paying passengers per day

Operating days per month

Paying passengers per month

Fare per paying passenger per leg

Months per year

Total passenger fare revenue

Bicycle Fare Revenue

Cargo Fare Revenue

Total Fare Revenue

Concessions Revenue

Food and Beverages (net of tax)

Cost of Food and Beverages

Net Concession Revenue

Commission and Refunds Expense

Commission Expense

Refunds

Total Commission and Refund expense

Other Revenue

Rack cards

Total other revenue

TOTAL REVENUE

	Year 1												Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
Vessel Fare Revenue	250	250	250	250	250	250	250	250	250	250	250	250	250
Per leg maximum passenger	12	12	12	12	12	12	12	12	12	12	12	12	12
Number of legs per day	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Maximum passengers per day	44%	39%	37%	36%	35%	35%	35%	35%	35%	35%	35%	36%	36%
Load Percentage per day	1,320	1,170	1,110	1,080	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,080	1,093
Riding passengers per day	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Percentage infants riding free	1,320	1,170	1,110	1,080	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,080	1,093
Riding infants per day	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Paying passengers per day	26,400	23,400	22,200	21,600	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,600	21,850
Operating days per month	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Paying passengers per month	138,600	122,850	116,550	113,400	110,250	110,250	110,250	110,250	110,250	110,250	110,250	113,400	1,376,550
Fare per paying passenger per leg	1,584	1,404	1,332	1,296	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,296
Months per year	900	900	900	900	900	900	900	900	900	900	900	900	10,800
Total passenger fare revenue	141,084	126,154	118,782	115,596	112,410	112,410	112,410	112,410	112,410	112,410	112,410	115,596	1,403,082
Bicycle Fare Revenue	24,265	21,507	20,404	19,853	19,301	19,301	19,301	19,301	19,301	19,301	19,301	19,853	240,993
Cargo Fare Revenue	14,559	12,904	12,243	11,912	11,581	11,581	11,581	11,581	11,581	11,581	11,581	11,912	144,596
Total Fare Revenue	8,706	8,603	8,162	7,941	7,721	7,721	7,721	7,721	7,721	7,721	7,721	7,941	96,597
Concessions Revenue	2,804	2,485	2,358	2,294	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,294	27,846
Food and Beverages (net of tax)	1,644	1,458	1,383	1,345	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,345	16,333
Cost of Food and Beverages	4,448	3,943	3,741	3,639	3,538	3,538	3,538	3,538	3,538	3,538	3,538	3,639	44,178
Net Concession Revenue	2,804	2,485	2,358	2,294	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,294	27,846
Commission and Refunds Expense	1,644	1,458	1,383	1,345	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,345	16,333
Commission Expense	4,448	3,943	3,741	3,639	3,538	3,538	3,538	3,538	3,538	3,538	3,538	3,639	44,178
Refunds													
Total Commission and Refund expense													
Other Revenue													
Rack cards													
Total other revenue													
TOTAL REVENUE	160,001	141,819	134,546	130,910	127,273	127,273	127,273	127,273	127,273	127,273	127,273	130,910	1,598,096

WHEREAS, the Kitsap Transit Board of Commissioners previously adopted Resolution 04-15 approving Kitsap Transit's Passenger-Only Ferry Plan B ("Plan B"), and;

WHEREAS, three private passenger-only ferry operators (the "Interested Operators") have expressed interest in initiating cross-sound passenger-only ferry service ("POF Service"), and;

WHEREAS, AQUA EXPRESS, LLC has expressed interest in establishing POF Service over the following route pursuant to Plan B: **between Kingston and Seattle**, and;

WHEREAS, the first step in the development and initiation of privately operated POF Service pursuant to Plan B is the procurement, by individual operators, of certificates of public convenience and necessity ("Certificates") from the Washington State Utilities and Transportation Commission (the "UTC"), and;

WHEREAS, RCW 81.84.020(5) precludes the UTC from considering a Certificate application prior to March 1, 2005 for POF Service serving Kitsap County unless, by resolution, Kitsap Transit "agrees to the application", and;

WHEREAS, Kitsap Transit's agreement to the application pursuant to RCW 81.84.020(5) (the "Application Agreement") is different than the agreement referred to in RCW 36.57A.100, and;

WHEREAS, RCW 36.57A.100 prohibits any person or private corporation from initiating POF Service serving Kitsap County in the absence of an agreement with Kitsap Transit as provided for in that section (hereafter referred to as a "POF Service Agreement"), and;

WHEREAS, pursuant to Plan B, Kitsap Transit has concluded the preparation of a POF Service Agreement that AQUA EXPRESS, LLC has agreed to execute should it procure a Certificate for POF Service;

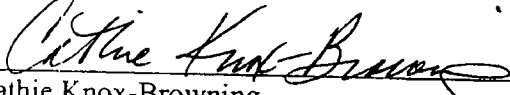
NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Kitsap Transit as follows: Kitsap Transit agrees pursuant to RCW 81.84.020(5) to the application of AQUA EXPRESS, LLC to the UTC for the certificate authority listed above.

ADOPTED by the Board of Commissioners of Kitsap Transit at a regular meeting thereof, held on the 6th day of April, 2004.



Patty Lent, Chair

ATTEST:



Cathie Knox-Browning
Clerk of the Board

Williams, Kastner & Gibbs PLLC

A NORTHWEST LAW FIRM

David W. Wiley
Attorney at Law
(206) 233-2895
dwiley@wkg.com

April 7, 2004

17753.0101

Ms. Carole J. Washburn
Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504

Re: Commercial Ferry Application of Aqua Express, LLC

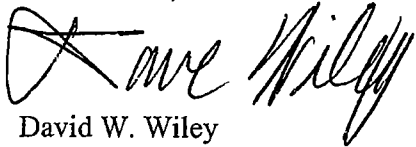
Dear Ms. Washburn:

Enclosed for filing this day, please find an original Application for Commercial Ferry Certificate, various attachments, a copy of the Agreement Resolution of Kitsap Transit, and the requisite \$200 filing fee. We would particularly request that you act to docket this Application for possible protest as quickly as possible.

Thank you in advance for your cooperation and assistance and please contact me if you have any further questions regarding this matter.

Yours truly,

WILLIAMS, KASTNER & GIBBS PLLC


David W. Wiley

DAV:ks
Enclosure

cc: Aqua Express, LLC