

December 16, 2011

WILLIAMS KASTNER™
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VIA EMAIL AND U.S. MAIL

72430.0118

David Danner, Executive Director & Secretary
Attn.: Records Center
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504
Attn.: Catherine Taliaferro

Re: PLEASE DOCKET
Arrow Launch Service, Inc. - Certificate BC-97
Tariff Revision Filing – Passenger and Freight Launch Rates

Dear Mr. Danner:

Enclosed please find, pursuant to WAC 480-51-080, revised tariff pages being proposed by the applicant seeking an approximate 5.55% general rate increase in all authorized anchorage zones, along with a \$5.00 increase in the hourly rate for deckhand services, and a proposed effective date of February 1, 2012.

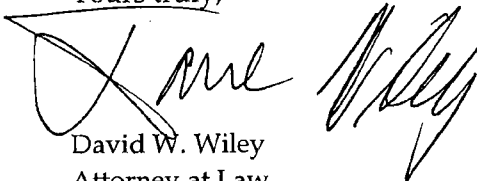
These rate increase proposals are necessitated by various operating cost increases over the last year including fuel, parts, personnel, health benefits, and maintenance coupled with stagnant business volumes which nevertheless still require the Company to maintain its 24-hour a day, 365 days readiness.

Please note that under separate cover via Federal Express today hard copies of this filing are being sent to the Records Center for routing and distribution to appropriate Commission Staff.

Please contact Jack Harmon at Arrow Launch Service, Inc., 1-800-244-2948, or me should you have any further questions on this submission.

Thank you for your cooperation and attention to this matter.

Yours truly,



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DWW:lct

Encls.

cc: Jack L. Harmon, Jr.
Andy Mitchell, Clothier & Head

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TARIFF

CUSTOMER NOTICE

December 28, 2011

To All Arrow Launch Service Customers:

Re: Proposed Rate Change Effective February 1, 2012

Arrow Launch Service, Inc. ("Arrow") last applied to the Washington Utilities and Transportation Commission ("WUTC" or "Commission") for a rate adjustment in the fall of last year. As I have discussed with many of you already, since that rate filing, costs to provide 365 day a year, 24 hours staffing and equipment availability to companies like yours have continued to increase. For instance, the price of fuel, health benefits, vessel insurance and repair and maintenance expenses have all increased since our last rate filing. While business volumes continue to be stagnant due to the sluggish national economy and other economic circumstances beyond Arrow's control, we still must request a modest rate adjustment. Finally, we also wish to assure you that due to the economic environment, no wage increases whatsoever for any employees, officers or owners are proposed by Arrow for 2012.

As we also told you last year, we hope to avoid the size of increases we have been forced to request in previous recent intervals while keeping pace with these incremental cost increases by seeking to file more regular rate adjustments and calibrate our rates more frequently.

Because of these circumstances and obviously because in order for us to continue to provide you with the level of on-call responsiveness and quality of service and reliability that you have come to expect, we find it necessary to request approximately an overall 5.55% increase to our underlying regulated tariff.

Enclosed is our proposed tariff schedule which we are asking to become effective February 1, 2012 that has now been filed with the WUTC for review and approval. The Commission has the authority to set rates higher or lower than the Company's request depending on the results of its investigation. Commission Staff will make a recommendation to the Commissioners at an Open Meeting in Olympia, which is scheduled for 9:30 a.m. on Thursday, January 26, 2012. You will have an opportunity to comment in person at this meeting. If you are unable to attend the Open Meeting, the Commission has a bridge line which enables you to participate or listen by telephone. Call 360-664-1234 the day before the Open Meeting for instructions and to sign in. You can also comment by using the comment form at the Commission's website at utc.wa.gov/comment or by using the contact information below.

Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Email: comments@utc.wa.gov
Tel.: 1-888-333-9882

While we regret having to seek an increase in our rates to serve you, we hope that you will find the present proposed rate increase considerably more moderate than the 2010 filing, and hope that you, as our loyal customer, understand and share our desire to maintain the highest quality of on demand, round-the-clock, reliable service that we have offered you since 1989 and again look forward to working with you in the months and years to come.

Sincerely,

Arrow Launch Service, Inc.

Jack L. Harmon, Jr.
President