



January 29, 2018

To: All Arrow Launch Service Customers

We should start this correspondence by providing some background. Prior to our January 2016 rate adjustment of approximately 4.4%, Arrow's rates had last been revised in 2011. The 2016 rate increase was precipitated by a 2.2% cost of living wage increase given to all Arrow employees except Arrow management. In the interim, we're pleased we did not have to adjust our rates since 2016, despite significant increases in items such as moorage, insurance, and employee medical expense, just to name a few, of the material operating expense items.

However, continuing increases in operating expenses coupled with significant decreased utilization leads us to have to seek to adjust our rates.

The good news is we are only seeking a modest increase with the Washington Utilities and Transportation Commission ("Commission"). We are asking for a \$7.25 increase in the launch rate and a \$3.75 per hour increase in the deck hand rate. This results in a proposed total overall effective increase of approximately 3.7%. For example, the two-hour minimum launch rate will increase by only \$22.00 total if this rate request is approved.

The Commission has the authority to set rates higher or lower than the Company's request, depending on the results of its audit. Commission staff will make a recommendation to the Commissioners at an open meeting in Olympia, which is currently scheduled for 9:30 a.m. on Wednesday, February 28, 2018. 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
1300 S. Evergreen Park Drive SW
P.O. Box 47250, Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-9882

This rate increase will help to sustain our total commitment to providing you the highest-trained, most proficient crews, combined with the safest fleet of water taxis available to confront the weather/sea conditions encountered on the waters of the Pacific NW.

While we always regret having to request any increase in our rates to serve you, we hope that you, as our loyal customer, endorse this desire to maintain the highest quality on-demand, round-the-clock reliable service that you have come to expect since 1989 and look forward to partnering with you in the months and years to come.

Sincerely,
Arrow Launch Service, Inc.

Jack L. Harmon, Jr., President

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DELIVERED. SAFE.