

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)	
)	
AQUA EXPRESS, LLP,)	DOCKET NO. TS-070889
)	
Petitioner,)	KITSAP TRANSIT'S REQUEST
)	FOR INTERVENOR STATUS
For Commission Permission to Temporarily)	
Discontinue Commercial Ferry Service)	
_____)	

COMES NOW KITSAP TRANSIT and respectfully requests to intervene and procure Intervenor Status in AQUA EXPRESS, LLP's Petition for the extension of its Certificate of Public Convenience and Necessity showing the Commission the following:

1. Identity Of Intervenor. Kitsap Transit is a Public Transportation Benefit Area and municipal corporation located in Kitsap County, Washington, organized for the purpose of providing public transportation.

2. Interest In The UTC Proceeding. Kitsap Transit and Aqua Express, LLC ("Aqua") are the signatories to a Joint Development Agreement (the "JDA") governing the initiation and operation of cross-sound passenger only ferry service ("POF Service") between the Ports of Kingston and Seattle (the "Route"). The JDA is, in large part, analogous to a public-private partnership.

KITSAP TRANSIT'S REQUEST
FOR INTERVENOR STATUS - 1.

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COMMISSION

The JDA contemplated that Aqua would operate POF Service over the Route under a UTC Certificate with the shoreside support of Kitsap Transit.

Aqua initiated POF Service over the Route in early 2005, but ceased service in October, 2005. Based on that experience, coupled with a similar JDA involving a different operator and Certificate between the Ports of Bremerton and Seattle, as well as the experiences of other POF Service operations throughout the United States and Canada, it is clear POF Service operations cannot be sustained without significant public subsidies.

Kitsap Transit has formulated a new plan involving legislative approval for the formation of POF Service districts separate from and substantially smaller than Kitsap Transit's county-wide jurisdiction. Kitsap Transit fully supports Aqua's two year extension for three principal reasons.

First, a two year extension will give Kitsap Transit (and it's allies) two full legislative sessions to secure the required legislation to implement the new plan.

Second, during this period of time, it is important to preserve the capital improvements that were made before Aqua first initiated POF Service. Both Kitsap Transit and Aqua made significant expenditures in connection with the design, environmental review, permitting process and improvement of the docking facilities in Kingston. Should Aqua lose its UTC Certificate, it will have no incentive to leave

the improvements it owns in place (a gangway and barge). If these items are removed, most, if not all, the remaining dock improvements will have to be removed. It will probably cost \$1.5 to \$2 million dollars to replicate these facilities if POF Service is subsequently reinstated.

Finally, and equally important, by allowing Aqua to retain its UTC Certificate, should the new plan receive legislative approval, service could probably be initiated within six (6) months of funding approval. Conversely, if there is no operator ready to resume service, and if new docking facilities need to be constructed, the start-up period could entail a 2 to 3 year period.

Attached in support of the above, are:

- a. Kitsap Transit's POF plan; and
 - b. Kitsap Transit's Board Resolution of support for the agency's continuing stewardship role in preserving the existing POF Service assets and process.
3. No Intent To Expand Issues. Kitsap Transit does not intend to expand the issues raised by Aqua Express, LLP's Petition.
 4. Legal Representative. Kitsap Transit is represented by the undersigned attorney.

CERTIFICATE OF SERVICE

I hereby certify that on June 18th, 2007, I caused to be served the original and twelve (12) copies of the foregoing document to the following address via first class mail, postage prepaid to:

Carole Washburn, WUTC Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

I hereby certify I have also provided to the Washington Utilities and Transportation Commission's Secretary an unofficial electronic file containing the foregoing document via email to:

records@wutc.wa.gov

and an electronic copy via email and first class mail, postage prepaid, to:

Adam E. Torem
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JohnB@argosycruises.com



RESOLUTION OUTLINING KITSAP TRANSIT POLICIES ON STEWARDSHIP OF
CROSS-SOUND PASSENGER ONLY FERRY ASSETS

RESOLUTION 07-19

WHEREAS, Kitsap Transit has tried twice to secure stable, long-term funding for local and cross-Sound Passenger-Only Ferry (POF) service with local sales tax ballot measures, and has not succeeded in either attempt, and;

WHEREAS, the loss margins in both sale tax elections were sufficient to convince staff and the Kitsap Transit Board of Commissioners that there was no reason to consider a third effort as Kitsap Transit and within its current boundaries, and;

WHEREAS, Kitsap Transit continues to hold substantial cross-Sound POF assets, including portions of the Bremerton dock, the Kingston dock and Joint Development Agreements with potential for expedited service, and;

WHEREAS, it is Kitsap Transit's positions that these assets should be made available to whatever agency gains the authority to operate cross-Sound service from Kitsap County to downtown Seattle at the time that agency secures funding for such service, and;

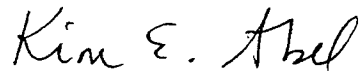
WHEREAS, as it is unknown at this time which agency or even which type of agency, local or regional, might step forward at some future date and secure adequate funding, this policy position has to be taken in this generic sense, and;

WHEREAS, this position is already embodied in two (2) primary Kitsap Transit agreements; the Bremerton Transportation Center Maintenance and Operating Agreement with the Washington State Ferries and other partners and the agreements with the Port of Kingston and Aqua Express regarding Kingston dock construction, operation and use, and;

WHEREAS, the Kitsap Transit Board of Commissioners has reviewed this policy, and the board finds that it is clearly in the best interests of the overall Kitsap County community;

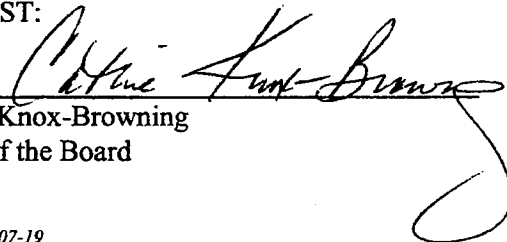
NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Kitsap Transit that the cross-Sound POF assets currently held by Kitsap Transit, including facilities and Joint Development Agreements, will be held in stewardship by Kitsap Transit unless and until some alternative agency is able to secure sustainable funding to operate cross-Sound POF services from Kitsap County to downtown Seattle, at which time these assets will be provided to that entity.

ADOPTED by the Board of Commissioners of Kitsap Transit at a regular meeting thereof, held on the 15th day of May, 2007.



Kim Abel, Chairperson

ATTEST:



Cathie Knox-Browning
Clerk of the Board

Resolution 07-19

Resolution 07-19