

January 26, 2005

Ms. Carol J. Washburn
Secretary
Washington State Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Docket # TS-042184

Dear Ms. Washburn,

Washington State Department of Transportation (WSDOT) staff has reviewed Pacific Boat Enterprises, LLC's application to begin passenger and freight service between Seattle and Harper in South Kitsap County.

No decision on whether WSDOT will oppose the application and intervene has been made at this point, pending further legislative consideration on the continuation of the Seattle-Vashon passenger-only route and the potential for modifying that service to include a direct link with Southworth on the South Kitsap Peninsula.

Initial analysis finds that the proposed new service is estimated to draw nearly half the ridership away from the Washington State Ferries (WSF) operated Seattle-Vashon passenger-only route. It is estimated that the new service would draw over \$400,000 in annual revenue from WSF, primarily from the Seattle-Vashon passenger-only route but also from the Fauntleroy-Southworth passenger-vehicle route.

The legislature will also be considering an option to further develop the WSF Seattle-Vashon passenger-only route to include a stop at the Southworth terminal. Subsequent to the legislature's definition of what WSF's role is in South Sound passenger-only service, WSDOT will be able to articulate a clear response to the application's impacts to WSF and whether or not the agency will move to intervene.

Please contact us if you would like to discuss further.

Sincerely,

Sam Kuntz
Chief Financial Officer

Cc: Bonny Allen
Rusty Fallis