

TS-090424



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Vacations

April 9, 2009

Via Facsimile 360-586-1150 and U.S. Mail

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

Re: San Juan Express, Inc.
Certificate No. BC-117

Dear Ms. Washburn:

Please refer to my letter dated 23 March 2009 regarding a request to temporarily discontinue ferry service to Friday Harbor.

I hereby request a voluntary permanent relinquishment of the **Friday Harbor to Rosario** portion of the aforementioned certificate. As you know, San Juan Express, Inc. has, on several occasions, requested a temporary suspension of service between Friday Harbor and Rosario. We see no changes in the immediate future which would allow us to resume service for that portion of the certificate.

Please advise if you need any additional information. Thank you once again for your assistance.

Yours truly,

Darrell E. Bryan
President & CEO

Clipper Navigation, Inc.

2701 Alaskan Way, Pier 69
Seattle, WA 98121-1199

Reservations: 206-448-5000
Administration: 206-443-2560
Fax: 206-443-2583

ClipperVacations.com

254 Belleville Street
Victoria, BC V8V 1W9 Canada

Reservations: 250-382-8100
Administration: 250-384-8322
Fax: 250-382-2152

Attach.

DEB/lt

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March 23, 2009

Via Facsimile (360) 586-1150 – and US Mail

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

Re: San Juan Express, Inc.
Certificate No. BC-117
Request to **TEMPORARILY** Discontinue Ferry Service to Friday Harbor

Dear Ms. Washburn:

San Juan Express, Inc. ("SJE") holds Certificate No. BC-117 which, among other routes, allows for passenger and freight ferry service between Seattle and Friday Harbor.

San Juan Express, Inc., pursuant to WAC 480-51-130, respectfully requests that the Commission grant SJE permission to temporarily discontinue providing its commercial ferry service to Friday Harbor under its Certificate No. BC-117.

SJE's reason for requesting the temporary discontinuance to Friday Harbor is due to the non-availability of a vessel. Clipper Navigation, Inc. has committed to a short term bareboat charter to C-Port Marine Services. C-Port has a contract to provide ferry service for the U.S. Navy for the period of 16 April through 16 November 2009. The vessel will transport Navy personnel from the Navy facility in Everett to the Puget Sound Naval shipyard in Bremerton.

San Juan Express, Inc. has been unable to locate a suitable replacement vessel for the Seattle to Friday Harbor ferry service.

SJE understands that pursuant to WAC 480-51-130, the Commission will not grant permission for discontinuance of service for periods exceeding twelve months. Accordingly, SJE requests that the Commission grant them temporary discontinuance to Friday Harbor for the twelve (12) month period 22 May 2009 – 21 May 2010.

Please place SJE's Request to Temporarily Discontinue Ferry Service to Friday Harbor on the Agenda for the next Commission meeting consistent with complying with notice requirements. Thank you for your assistance.

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Sincerely,

Darrell E. Bryan
President & CEO

DEB/lt



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Please refer to my letter dated 23 March 2009 and our telephone conversation of Wednesday, 25 March 2009 regarding a request to temporarily discontinue ferry service between Seattle and Friday Harbor.

San Juan Express, Inc. (SJE) has provided Seattle to Friday Harbor service on a seasonal basis since 1991 under Certificate No. BC-117. This year is the first time we requested a suspension of service between Seattle and Friday Harbor.

In 2007, we did delay the start-up of our seasonal service due to an extension of a Navy contract beyond the expiration date of the original agreement. The actual commencement of service in 2007 was 30 June.

SJE has on several occasions, requested a temporary suspension of service between Friday Harbor and Rosario. We will be submitting a request to cancel this segment of our certificate. The cancellation is largely attributable to:

- Continual changes in management and ownership at Rosario Resort
- Inability to provide a competitive inter-island service to the complimentary service provided by Washington State Ferries
- Unsatisfactory dock facilities at Rosario
- The decision by previous Rosario management to invoke a landing and per passenger fee

I believe that the point that you addressed regarding the number of requests for temporary suspensions of service related is to the Friday Harbor to Rosario service. A review of the file should clearly show that SJE has made every attempt to comply with the spirit, intent and language contained in the 1995 legislation in which SJE (Clipper Navigation, Inc.), Argosy, Victoria Express, Puget Sound Express, Victoria San Juan Cruises, etc., worked so relentlessly to support.

The seasonal service between Port Townsend to Friday Harbor segment of our certificate is being provided by Puget Sound Express.

In addition, our subsidiary company, Mosquito Fleet, LLC, voluntarily relinquished certificate number BC-125 after receiving permission to suspend passenger-only ferry service on the Everett to Friday Harbor route in 2007. The lease on the vessel "Orca Song" expired and we could not locate a satisfactory replacement. In addition, the Port of Everett had announced that we would no longer be able to continue fueling at the marina which would have led to substantially increased operating expenses.

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SJE has provided service between Seattle and La Conner for short periods of time in conjunction with the Tulip Festival as per our certificate. The need for a certificate for this short duration service was attributable to 1995 legislation concerning the number of days in any given month that service could be provided between two (2) points.

Our Controller, Darci Haustveit, is in the process of finalizing the Certificated and Common Carrier Commercial Ferry Companies annual report for the 2008 year end. Preliminarily, it reflects total revenue of \$997,269 and a net loss of \$285,000.

Although we have sustained losses for the certificate portion of the San Juan business, this route has played an important role as a part of our Clipper Vacations package program. This model is what has allowed us to provide the core transportation service between Seattle and Friday Harbor, and we intend to resume service in May 2010.

We did attempt to locate a satisfactory replacement vessel for the 2009 summer season. Unfortunately, the only vessels we could find required a long term lease agreement that we deemed unnecessary and too costly. More importantly, the potential vessel's speed was too slow to provide a quality experience for our customers and was also problematic in complying with United States Coast Guard hours of service requirements.

I hope that this provides a satisfactory overview.

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