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December 12, 2006

Attention: Mr. Danny Kermode
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504 -7250

Subject: Docket TS-061812, Aqua-Express Petition to extend the suspension of service to July 1, 2007

Dear Mr. Kermode:

We have reviewed the petition from Aqua-Express dated December 6, 2006 requesting an extension of the service suspension, and wish to provide public comment. We support the request by Aqua-Express for permission to extend the suspension. However, a suspension limited to March 31, 2007 seems reasonable. It should be possible to provide at least a minimal level of service by March 31 should the Kitsap Transit sales tax increase ballot measure be successful on February 6, 2007.

The Kingston Express Association supports anything that is effective at providing foot ferry service between Kingston and Seattle. The Association is a Washington non-profit corporation, organized by a group of former riders of the Aqua-Express for the purpose of developing foot ferry service between Kingston and Seattle.

The Kingston Express Association intends to apply for a Certificate of Convenience and Necessity when state law permits the WUTC to accept the application. Enclosed for your information is a draft application.

Sincerely,

Nels Sultan, Ph.D, P.E.
Manager, Kingston Express Association
Manager
Kingston Express Association
e-mail: nsultan@kingstonexpress.org

Encl.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
 1300 South Evergreen Park Drive SW
 P. O. Box 47250
 Olympia, WA 98504-7250
 (360) 664-1222

COMMERCIAL FERRY APPLICATION

Application is made in accordance with RCW 81.84 for a Certificate of Public Convenience and Necessity to operate vessels in furnishing Passenger - Freight - Excursion - Ferry Service.

\$200.00 APPLICATION FEE MUST ACCOMPANY THIS APPLICATION

Complete this application in its entirety, adding additional sheets if necessary.

FOR OFFICIAL USE ONLY		
RECEPTION NO. _____ (111-0268-0216-02)	MAP _____ INSURANCE _____ SAFETY INSP. CERT. _____ TARIFF _____ TIME SCHEDULE _____ SHIPPER SUPPORT _____	DATE REC'D _____ APPLIC'N NO. _____ MOT CAR NO. _____

<u>INDICATE TYPE OF APPLICATION:</u> (Only one type per application)	<u>INDICATE TYPE OF SERVICE APPLYING FOR:</u>
<input checked="" type="checkbox"/> Original Certificate <input type="checkbox"/> Extension of Authority <input type="checkbox"/> Transfer all Authority <input type="checkbox"/> Transfer a Portion of Authority <input type="checkbox"/> Temporary Certificate <input type="checkbox"/> Lease of Certificate <input type="checkbox"/> Mortgage of Certificate <input type="checkbox"/> Acquisition of Control	<input checked="" type="checkbox"/> Certificated commercial ferry – including excursion service and/or launch service <input type="checkbox"/> Excursion service only <input type="checkbox"/> Launch service only

1. Name of applicant Kingston Express Association () Individual
 () Partnership
 (X) Corporation

2. d/b/a _____ Unified Business Identifier (UBI) No. 602-642-618

3. Physical Address _____
 (City, State, Zip) _____
 Mailing Address P.O. Box 435
 (City, State, Zip) Kingston, Washington 98346
 Telephone Number () _____ Fax Number () _____



- 4. List names and addresses of all persons having an interest in the business. If a CORPORATION, give names and addresses of two principal officers, noting their titles, and indicate in which state incorporated. If a PARTNERSHIP, attach a certified copy of the partnership agreement, which sets forth the responsibility of the interested individuals.

Nels Sultan, President and Manager, Kingston Express Association
Dan Brown, Vice-President
The Kingston Express Association is a Washington non-profit corporation

- 5. List the territory in which you wish to operate:

Kingston to Seattle, Washington

Waiver of ten-mile restriction: Are you applying for territory which would require a waiver to provide service otherwise forbidden by the ten-mile restriction in RCW 47.60.120?

Yes No

If yes, state fully the circumstances that justify Commission grant of such a waiver:

See attached addendum

- 6. Attach a map which shows in detail the proposed routes, clearly showing beginning, ending, and intermediate points to be served. Also show the routes of other carriers giving similar service into the same or neighboring territory (if known to applicant).

- 7. Will an attorney be representing you at the hearing? Yes No

If yes, give specific attorney's name _____

Telephone Number () _____ Address _____

- 8. Attach a copy of the tariff you propose using. The tariff must contain proposed fares and rates to be assessed for service and the rules and regulations governing same. The tariff must comply with WAC 480-51-080 and the rules in the Commission's Tariff Circular No. 6 (WAC 480-149).
- 9. Attach a copy of the time schedule you propose using. The schedule must show routes, trips, times, points served, distances and available facilities. The time schedule must comply with WAC 480-51-090 of the Commission's Laws and Rules Relating to Commercial Ferry Service.
- 10. List vessels which are owned (unless otherwise stated) and will be used in the proposed service: See attached addendum

Name	Passenger Freight or Ferry Type	Power	Passenger Capacity	Freight Capacity	Owned, Leased, other?

- 11. List the docks which will be used in the proposed service. (List all facilities giving names, location, description, value if owned, and any other information of value showing the proposed service)
See attached addendum

- 12. Complete the following financial statement: See attached addendum

FINANCIAL STATEMENT

Cash on hand and in bank	\$		Notes payable	\$	
Notes receivable			Accounts payable		
Accounts receivable			Other liabilities:		
Stocks in other companies					
Vessels (listed above)					
Bonds					
Docks (listed above)					
Machinery, tools, etc.					
Real estate (listed below)					
Other assets (listed below)					
Total	\$		Total	\$	

A. List all Real Estate as to location and value (List here only such property as cannot be listed under item 10)

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

B. List total "Other Assets" mentioned above:

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

13. List conditions that exist which would justify the granting of a Certificate of Public Convenience and Necessity:

See attached addendum

14. List names and addresses of all persons, firms, or corporations now furnishing similar service between any of the points or along any portion of the route proposed to be served:

Aqua-Express (service is "suspended")

15. State applicant's prior experience, if any, in providing commercial ferry service:

None

16. All applicants must attach separate sheets containing the following information:

- a. Pro forma financial statement of operations (projections of incomes and expenses for first year operations).
- b. Ridership and revenue forecasts.
- c. The cost of service for the proposed operation.
- d. An estimate of the cost of the assets to be used in providing service.

17. If certificate is granted, carrier will begin operations within _____ days of that grant.
See attached addendum

18. If this is a transfer application, you must:

- Complete attachment A.
- If this application is for transfer of a portion of certificated authority, attach document clearly showing authority to be transferred and a document clearly showing the authority to be retained.

If this is an application for a temporary certificate you must:

- Attach proof of insurance
- Attach statements from potential customers showing immediate and urgent need for service.
- Attach proof that all vessels to be operated under the temporary are inspected and found to be safe and seaworthy.

If this is a transfer through acquisition of control of the stock, you must:

- Attach copy of the corporate minutes authorizing such transfer.



The applicant certifies he/she is familiar with the provisions of Chapter 81.84 RCW and Chapter 480-51 WAC, Laws and Rules of the Washington Utilities and Transportation Commission, governing the operation of vessels and ferries upon the waters of the state of Washington. Applicant further certifies that vessels operated under Certificates of Public Convenience and Necessity are in no way released from the necessity of observing all Federal and State laws providing for the registration of vessels, the observance of navigation and maritime rules and regulations, and other matters subject to Federal or State enactments.

Applicant affirms that its operations shall be at all times within the provisions of such acts, and requests the Washington Utilities and Transportation Commission to make its order granting a Certificate of Public Convenience and Necessity as provided in Chapter 81.84 RCW and Chapter 480-51 WAC.

The applicant swears or affirms that he/she has read the foregoing application and knows the contents, that the same is true of his/her own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he/she believes them to be true.

Nels Sultan, Manager

Signature of Applicant

Date

KINGSTON EXPRESS ASSOCIATION

Addendum to Washington Utilities and Transportation Ferry Application

The Kingston Express Association is a Washington non-profit corporation, formed by a group of former riders of the Aqua-Express foot ferry between Kingston and Seattle, Washington. The Aqua-Express service has been “suspended” and the riders seek a replacement.

The Kingston Express Association requests that a conditional certificate of public convenience and necessity be granted, which will allow foot ferry operations after any outstanding financing, vessel, dock and other issues have been resolved to the satisfaction of the WUTC. For additional information see the Kingston Community Foot Ferry Development Plan available at the web site: www.kingstonexpress.org

5. Waiver of 10 mile Restriction

It is unclear whether a waiver of the 10 mile restriction is required. See item 13 below “Conditions that Exist to Justify a Certificate of Public Convenience and Necessity” for a waiver justification. Please note that a Kingston-Seattle foot ferry is part of the Washington State Ferries draft Long Range Plan. This foot ferry would be a sensible step that would meet the needs of that plan.

6. Map of Ferry Route

On the following page is a map with a schematic ferry route. The route is the same one used by Aqua-Express. The ferry route will follow the Puget Sound Vessel Traffic Service (VTS) Traffic Separation Scheme.

8. Tariff

a. Passenger Tariff

Foot ferry service will be available to Association members at an average daily ride cost of approximately \$9.60 round trip. Approximately 10% of the seats will be made available to “walk-up” riders at a fare of \$12.00 round trip.

b. Bicycle Tariff

Bicycles will be transported if space is available at a fee of \$1.00 each way.

b. Freight Tariff

Freight will be transported if space is available for a fee of \$10.00 for each item 50 pounds and under. A fee of \$0.25 per pound will be added for each pound of weight exceeding 50 pounds.

9. Time Schedule

Foot ferry service is scheduled for Monday to Friday. There will be no service on weekends or major holidays.

Depart Kingston: 0700h
Arrive Seattle: 0735h

Depart Seattle: 1730h
Arrive Kingston: 1800h



Map - Kingston-Seattle Foot Ferry Route (Approximate)

10. Vessel

A vessel has not been determined and will likely be acquired through a performance specification and request for proposals. An 80 passenger aluminum catamaran foot ferry is desired. See the draft performance specification at the web site of the Kingston Express Association.

11. Dock

Moorage has not been determined and will likely consist of a leased dock at the Port of Kingston. A request to use the existing Washington State Ferries foot ferry dock will likely be made. See the Kingston Community Foot Ferry Development Plan for discussion of moorage/wharfage and dock issues.

12. Financial Statement

On the following page is a pro forma financial statement for Year One of a Kingston Express ferry operation. See the Kingston Community Foot Ferry Development Plan, for more detailed financial information and projections.

13. Conditions that Exist to Justify a Certificate of Public Convenience and Necessity

There should not be much doubt about the need for a Kingston to Seattle foot ferry. The following is copied from the executive summary of the Kingston Community Foot Ferry Development Plan:

Our members' needs are compelling. Right now, commuting options require either driving to Seattle using the car ferry, which can involve a daily \$36 ferry and parking fee, plus fuel and vehicle wear, and the added congestion on our roads and highways, for a 3-hour travel time round trip, or a multi-legged commute involving combinations of bus, car, ferry and train. The average commute time is about 2 hours each way. The Association believes it can offer an economical and time-saving alternative.

16a. Pro Forma Financial Statement

On the following page is a pro forma financial statement and projections. See the Kingston Community Foot Ferry Development Plan, for more detailed financial information and projections, available at the web site: www.kingstonexpress.org. The plan assumes ridership growth and a self-supporting operating after about 5 years.

16b. Ridership and Revenue Forecasts

The pro forma financials include predicted ridership of 80 passenger per day round-trip in year one. See the Kingston Community Foot Ferry Development Plan for a discussion of the economic "demand curves" and a table with associated revenue and ridership projections for different levels of service.

16a. Cost of Service for Proposed Operation

See the pro forma financials on the following page

16a. Cost of Assets to be used in Providing Service

See the pro forma financials on the following page

**Kingston Express
Income and Expenses - Year One**

Annual Income

No. daily riders round-trip	80	
Fare per month	\$200	
Fare per day (250 days/year)	\$9.60	
1. Tarif		<input type="text" value="\$192,000"/>
2. Concessions- (% revenue)	0.0%	<input type="text" value="\$0"/>
3. Merchandising- (% revenue)	0.0%	<input type="text" value="\$0"/>
4. Charter - (% revenue)	0.0%	<input type="text" value="\$0"/>
No. advertisers	0	
revenue per month per ad	\$100	
5. Advertising		<input type="text" value="\$0"/>

Annual Expenses

Ferry size (passengers)	80	
Ferry cost per seat	\$10,000	
Ferry cost	\$800,000	
loan interest rate	7.0%	
loan duration (years)	10	
monthly loan payment	\$9,289	
6. Boat loan payment		<input type="text" value="\$111,464"/>
No. pilots - USCG licensed	1	
pilot - annual labor cost (ea.)	\$100,000	
No. crew hired	0	
crew - annual labor cost (ea.)	\$60,000	
7. Labor		<input type="text" value="\$100,000"/>
cruising speed (knots)	28	
fuel burn rate (gallons/hour)	40	
fuel cost/gallon	\$3.00	
Operating hours/day	1.5	
8. Fuel (250 days/year)		<input type="text" value="\$45,000"/>
9. Oil and Lubricants (% fuel)	5%	<input type="text" value="\$2,250"/>
Vessel length (feet)	45	
Moorage (Kingston/foot/day)	\$0.60	
No. days/year in Kingston	365.25	
Moorage (Seattle/foot/day)	\$1.25	
No. days/year in Seattle	250	
10. Moorage		<input type="text" value="\$23,924"/>
Port utilities (each port/day)	\$5.00	
11. Power, Water, Phone, Refuse		<input type="text" value="\$3,076"/>
12. Maintenance (% of vessel cost)	5.0%	<input type="text" value="\$40,000"/>
13. Insurance		<input type="text" value="\$12,000"/>
cell phone	\$600	
computer	\$500	
internet/web site	\$52	
mail/shipping	\$500	
legal	\$2,000	
accounting	\$2,000	
license/inspection	\$1,200	
marketing	\$200	
office supplies	\$200	
travel	\$200	
14. Overhead		<input type="text" value="\$7,452"/>
15. Contingency (% of total expenses)	10%	<input type="text" value="\$38,352"/>

Total Revenue:

Total Expenses:

Annual Surplus/(Deficit):

Subsidy Rate: 49.9%

"Operating" expense: \$248,130

"Operating" subsidy rate: 22.6%

Kingston Express Pro Forma Financials – Year One

