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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

San Juan Express, Inc.
2701 Alaskan Way, Pier 69
Seattle, WA 98121-1199
Reservations (206) 448-5000
Administration (206) 443-2560

March 22, 2019

Mark Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Dr. SW

Re: San Juan Express, Inc. Certificate BC-117
Proposed Tariff No. 52 for Service between Seattle and Friday Harbor for the 2019 Spring,
Summer and Fall Season

Dear Mr. Johnson:

Enclosed please find for filing Tariff Schedule No. 52 and to which a Public Notice has been posted today and the workpapers and financial data in support of the proposed rate increase. As might be anticipated, the proposed Tariff and Time Schedules revise chronological reference points from last season, including the use of calendar 2019 dates throughout the Tariff and Time Schedule and provide an increase in the freight tariff provisions at original page 6 to better reflect costs of handling freight on the vessel which also contain changes in the threshold weight upon which the revised rates are assessed, and a change in policy permitting animals to be accepted for carriage at the discretion of San Juan Express, Inc. ("the Company") and limits same to advance reservations and requires pets to be kenneled when accompanied by a paying passenger except qualifying service animals.

In addition to changes to time schedules, as noted, the Company is seeking an overall adjustment to its current fares and charges which have not been subject to a general rate adjustment for the past four years, in the Spring of 2015. The amount of the requested increase is approximately 10% across all classes of passengers which, compared to the projected revenue for the 2019 sailing season at existing tariff levels, is expected to generate an additional \$179,267 in revenues. Indeed, the accompanying workpapers and data would actually support a revenue requirement well in excess of that sought by the Company. However, San Juan Express, Inc. continues to be cognizant of various market factors in its operating territory and, particularly, alternative transportation options available to the traveling public such as the Washington State Ferry operating between Anacortes and Friday Harbor and other options, including airline travel via Kenmore Air, etc. Thus, the Company is requesting an adjustment that does not fully capture its indicated revenue requirement but, as the proposed Tariff page priceout

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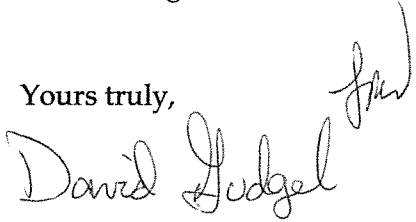
Page 2

again reflects, the Company is seeking an approximate 10% increase in annual revenue requirement by these revisions.

As in past filings, San Juan Express continues to observe that the majority of its passengers purchase adult and adult advance purchase with a very much diminished percentage purchasing group fares (the latter now being defined as groups of 20 or more). The current request for an increased revenue requirement is due to various operating cost attritions since 2015, including increases in labor, fuel, moorage, insurance and landing fees among other charges. The Company is also subject to increased charter fees due largely to improvements and replacement of engines and other critical operating parts by its affiliate that became particularly acute in the 2018 sailing season when the Company was forced to repeatedly suspend service in peak season due to mechanical failures and dry-dock and inspection requirements of the United States Coast Guard, all of which the Company hopes to avoid in the 2019 season with its substantially rebuilt vessel. The Company is also expanding its number of available sailing days for travel and therefore looks forward to enhancing regulated service offerings and its availability to the traveling public.

We appreciate the staff and the Commission's attention to this filing, and would invite any contact of us by you specifically to Laurie Weisberg, Chief Financial Officer (206) 443-2560 or to the undersigned, David Gudgel, President and CEO of San Juan Express, Inc.

Yours truly,

A handwritten signature in cursive script that reads "David Gudgel". The signature is written in dark ink and is positioned to the left of the typed name. There is a small, separate handwritten mark above the signature that appears to be "JW".

David Gudgel
President and CEO
San Juan Express, Inc.

cc: Dave Wiley
Laurie Weisberg