

June 23, 2009

Re: Red & White Ferries, Inc.: Application to California Public Utilities Commission for Authority to Establish and Operate Scheduled Ferry Service Between Fisherman's Wharf and Sausalito (Application 09-010-016 and Case 09-03-019)

Dear Colleagues:

As a member of the Board of Directors of the Golden Gate Bridge, Highway and Transportation District ("District"), and on behalf of the District for reasons explained below, I am writing to request our authorization for our President to send a letter requesting the California Public Utilities Commission ("PUC") to conduct a hearing in the above-referenced proceedings before taking any substantive action that would allow a new operator of ferry service, Red and White Ferries, Inc. ("Red and White") to commence ferry operations to and from Sausalito.

An Interim Decision issued on June 9, 2009 by PUC Commissioner Timothy Alan Simon, if approved by his colleagues on the PUC, will allow Red and White immediately to commence operation of three scheduled ferry trips each day between Fisherman's Wharf in San Francisco and Sausalito through September 8, 2009.<sup>1</sup> Of immediate and particular concern to the District is that the PUC has held no hearings, and consequently, has heard no testimony on the merits of the Red and White Application.

Consequently, the District strongly views the Interim Decision to be premature as well as deficient from both public policy and legal perspectives. A copy of Commissioner Simon's Interim Decision is enclosed.

For various reasons described below, the District plans to protest the initiation of supplemental ferry service pursuant to the extraordinary process invoked by Commissioner Simon's recommended action and has also requested me and the City of Sausalito to join with the District in this regard.

<sup>1</sup> The precise schedules and how they may interface or conflict with those of the two existing ferry service providers -- the District and Blue and Gold Fleet, L P ("Blue and Gold") -- remains unknown and is an issue in controversy in the pending proceedings.

A wide range of significant economic and operational issues underlie the District's position that Red and White should not be certificated to offer supplemental seasonal ferry service in the manner it has proposed on an interim basis. Among the issues of specific concern that warrant scrutiny in a formal hearing setting are the following:

1. In light of Red and White's proposal to offer service only during the summer tourism season, as distinguished from the services provided by the District and Blue and Gold on a year-round basis including winter months, how might Red and White's service affect the revenue base of the District and Blue and Gold?

More particularly, what are the potential effects on the District's ability to afford to continue to serve its core market comprised of Sausalito and southern Marin County residents who depend on the District's daily, year-round service that may result from the introduction of service by a new operator during the peak summer months only?

2. On the presumption that the Interim Decision intends to authorize Red and White to use the existing Sausalito ferry terminal and associated facilities owned by the District, given the physical constraints of those facilities already shared by two ferry operators, would it be operationally feasible and would it be safe to accommodate use by Red and White at the times and in the manner it has proposed in its Application to the PUC?
3. Would service by Red and White to Sausalito at the times it has proposed potentially jeopardize the ability of the District to maintain service consistently in accordance with its published schedules and upon which its customers rely?
4. Is the Red and White proposed supplemental ferry service even necessary at this time to meet the purposes stated in its Application, namely, to serve bicyclists traveling to and from Sausalito and to relieve bicycle congestion in Sausalito?

Despite this wide array of key issues, resolution of which is essential to the question of whether public convenience and necessity supports a finding of need for supplemental ferry service of the kind proposed by Red and White, not a single evidentiary hearing has been conducted to date by the PUC to address any of them. The District consistently has requested that the PUC conduct a full evidentiary hearing of the very kind it did in 1982 prior to permitting Blue and Gold to serve the Sausalito market.

The District has asserted that it not only is in the public interest that hearings be held, but also that it has a legal entitlement to a hearing before its facilities can be commandeered by the PUC for use by a third party.

Interestingly in this regard, shortly before Commissioner Simon issued his Interim Decision on June 9, Administrative Law Judge Victor D. Ryerson, on June 2, 2009, issued a ruling setting a pre-hearing conference involving all of the parties for June 29, 2009. Judge Ryerson's ruling states that a procedural schedule to conclude this matter will be established at the June 29 pre-hearing conference.

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Regrettably, Commissioner Simon's Interim Decision would have the effect of circumventing the orderly process pronounced by Administrative Law Judge Ryerson. Thus, if approved by the PUC, Commissioner Simon's Interim Decision will allow Red and White service to begin without any evidentiary record having been developed to justify it. No opportunities to present evidence on the key issues addressed in this letter, to cross examine witnesses or to allow careful deliberation by the PUC based upon a complete record, as is its usual custom, will have been provided.

The District believes such an outcome would be fundamentally unfair to the existing ferry operators serving Sausalito and to the citizens of Sausalito and southern Marin County who rely on those services.

For these reasons, I would like to request that we request the PUC instead to defer any action until a full evidentiary hearing process is carried out.

On behalf of my colleagues at the GGBHTD, I thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles McGlashan", with a long, sweeping horizontal stroke extending to the right.

Charles McGlashan

Enclosure