

**Exh. GH-1T
Docket TS-180677
Witness: Greg Hammond**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In re Application of

BACKCOUNTRY TRAVELS LLC

**For a Certificate of Public Convenience
and Necessity to Operate Vessels in
Furnishing Passenger Ferry Service**

DOCKET TS-180677

TESTIMONY OF

Greg Hammond

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Response Testimony

February 1, 2019

TABLE OF CONTENTS

I. INTRODUCTION 1
II. APPLICATION – REVIEW OF FITNESS..... 2
III. CONCLUSION..... 7

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Greg Hammond. My business address is the Richard Hemstad Building,
5 1300 South Evergreen Park Drive Southwest, P.O. Box 47250, Olympia,
6 Washington 98504.

7

8 **Q. By whom are you employed and in what capacity?**

9 A. I am employed by the Washington Utilities and Transportation Commission
10 (Commission) as a regulatory analyst. Among other duties, I am responsible for
11 reviewing tariff and application filings, and making recommendations pertaining to
12 those filings to the Commission.

13

14 **Q. How long have you been employed by the Commission?**

15 A. I have been employed by the Commission since October 2014.

16

17 **Q. Would you please state your educational and professional background?**

18 A. I hold a Bachelor's Degree in accounting from Western Washington University and a
19 Master of Accountancy Degree from Gonzaga University. I attended the National
20 Association of Regulatory Utility Commissioners (NARUC) Utility Rate School in
21 2015. I also attended Camp NARUC held by Michigan State University's Institute of
22 Public Utilities in 2017.

23

1 **Q. Have you previously testified before the Commission?**

2 A. No.

3

4 **Q. What topics will you be discussing in your testimony?**

5 A. I will discuss Backcountry Travels LLC's financial fitness to receive a certificate of
6 public convenience and necessity (certificate) to provide commercial public ferry
7 service on Lake Chelan.

8

9 **II. APPLICATION – REVIEW OF FITNESS**

10

11 **Q. Have you reviewed the certificate application filed by Backcountry Travels**
12 **LLC (Backcountry Travels)?**

13 A. Yes.

14

15 **Q. Have you reviewed any other documents to form an opinion about Backcountry**
16 **Travels' financial fitness?**

17 A. Yes. I reviewed the data and pro forma statements provided by the company in its
18 application. This included a review of the company's balance sheet and pro forma

1 income statement, which contains its estimated expenses and revenues for a 12-
2 month period of operations.

3

4 **Q. Why did you review the financial fitness of Backcountry Travels?**

5 A. RCW 81.84.020(2) requires the Commission to determine whether the applicant has
6 the resources to provide commercial public ferry service for at least 12 months
7 before granting the applicant a certificate of convenience and public necessity.

8

9 **Q. Did you conclude that Backcountry Travels has the necessary resources?**

10 A. From my analysis of the applicant's financial information, including total assets on
11 hand, revenue forecasts, and projected costs of service, I concluded that applicant has
12 the financial resources to operate the proposed service for at least 12 months.

13

14 **Q. Please describe how you arrived at your conclusion.**

15 A. I first considered the assets of the applicant. The applicant's balance sheet reflects
16 assets of \$483,600, \$68,600 of which is cash, and \$350,000 in real estate. Also
17 included is \$65,000 in other assets, with \$50,000 attributable to a 50 percent
18 ownership stake in Stehekin Outfitters LLC, and \$15,000 attributable to vehicles.
19 Offsetting these assets is a reported \$163,000 in notes payable, which represents the
20 outstanding loan balance on the real estate.

21 Based on my review, it is my opinion that the applicant has both the long-
22 term fixed assets and working capital required to provide the service level proposed
23 for a minimum of 12 months.

1 **Q. RCW 81.84.020(2) requires the Commission to review an applicant’s “ridership**
2 **and revenue forecasts” as well as its “cost of service.” Did you perform such a**
3 **review?**

4 A. Yes. I examined the applicant’s estimate of \$355,084 in annual revenue for its
5 proposed commercial ferry services, and concluded that the estimate was reasonable.

6

7 **Q. Please describe how you reached your opinion that the estimated revenue was**
8 **reasonable.**

9 A. The applicant estimates its ridership will total approximately 40 percent of the boat’s
10 available capacity, on average for the year, with a total of 9,056 one-way passengers
11 for the year. For comparison purposes I used the ridership percentages from the 2017
12 annual report of the current ferry service, Lake Chelan Recreation Inc. (LCRI).
13 LCRI’s ridership as a percentage of total capacity was approximately 38 percent in
14 2017, with a total of 57,029 one-way passengers. I also reviewed the applicant’s
15 projected \$331,320 in annual expenses and concluded the expenses listed by the
16 company are appropriate for the level of service and the type of business.

17

18 **Q. Are you aware that LCRI provided public comments opposing the grant of a**
19 **certificate to Backcountry Travels?**

20 A. Yes. I have read those comments.

21

1 **Q. Did LCRI raise any questions about Backcountry Travels' financial fitness?**

2 A. Yes. LCRI raised some questions regarding the company's ridership estimates,
3 pointing out that the applicant failed to account for its reduced commuter passes and
4 children's fares in its revenue estimate. While this is true, I did account for this when
5 performing the financial review. The commuter passes would grant the customer a
6 10% discount when buying 10 tickets at once. LCRI stated that 3.8% of its annual
7 passengers are Stehekin commuters. Using this figure, Backcountry Travels would
8 experience a 0.38% reduction in total revenue, which is not a material change.
9 Neither company provided statistics for riders under 12 years of age, who would be
10 charged \$20 per one-way trip.

11 LCRI also questioned the experience level of the captain and whether
12 appropriate wages had been included in the applicant's estimate. To my knowledge,
13 the company has not yet identified who it intends to have captain the boat or what
14 level of qualifications this person holds. The company estimated a \$25-per-hour pay
15 rate for the boat captain. After review of state and national wage data, I believe this
16 is a reasonable estimate. Hourly rates for ferry operators working for the State of
17 Washington range from \$22.69 to \$33.87 per hour. Nationally, the hourly mean
18 wage for this size of vessel operating in this industry is \$25.97 per hour, according to
19 the Bureau of Labor and Statistics. Based on these factors, I believe the applicant's
20 hourly wage estimate is reasonable.

21 Additionally, LCRI questioned the applicant's ability to store and pump fuel
22 in Stehekin as proposed. The applicant states in its pre-filed testimony that it would
23 use existing facilities owned by local businesses for maintenance, fueling, pumping,

1 servicing and mooring of the vessel. Staff has no additional information regarding
2 these facilities or the available fuel capacity.

3

4 **Q. In your opinion then, does Backcountry Travels have the financial ability to**
5 **provide the proposed service for at least 12 months?**

6 A. Yes. With the current cash balance of \$68,600, and with the company's estimated
7 earnings before taxes and interest of \$23,764, the company has working capital and
8 liquidity to maintain service for the 12-month period.

9

10 **Q. Experience of the applicant in providing commercial ferry service is also**
11 **important. Did you examine the prior history and experience of the applicant?**

12 A. Yes. The company indicated in its application that it does not have any experience
13 operating a commercial ferry. And again, I am not aware of who the company plans
14 to have captain the boat. While prior experience is not required by law, it could
15 factor into the decision-making process, but is not a part of my review for financial
16 viability.

17

18 **Q. Does Staff recommend any conditions of approval in the event that the**
19 **Commission grants the application?**

20 A. Yes. The tariff included with the application does not meet all of the formatting
21 requirements outlined in WAC 480-51-080, WAC 480-51-090, and WAC 480-149
22 (Tariff Circular No. 6). Commission staff and the company would need to work on

1 ensuring the proposed tariff meets all Commission requirements before a certificate
2 is issued.

3 Also, WAC 480-51-070 and RCW 81.84.025 require the applicant to submit
4 evidence of liability and property damage insurance covering each vessel to be used
5 under the certificate before a certificate can be issued. Prior to the issuance of a
6 certificate, the applicant would need to provide this proof of insurance coverage.

7

8 **III. CONCLUSION**

9

10 **Q. Is Staff ready to make a recommendation to the Commission?**

11 A. Staff believes the company has the financial ability to provide the proposed service
12 for at least 12 months.

13

14 **Q. Does this conclude your testimony?**

15 A. Yes.

To: Danny Kermode
From: Greg Hammond
Date: October 12, 2018
Subject: **Financial Review** - TS-180677, Backcountry Travels LLC

Recommendation

Staff finds the company is financially fit to provide ferry service for at least 12 months required in RCW 81.84.020, there is no financial reason preventing the issuance of the company requested certificate of convenience and necessity (CC&N).

Discussion

On September 8, 2018, Backcountry Travels LLC (Backcountry or company) filed with the Utilities and Transportation Commission an application to obtain a CC&N to provide ferry service on Lake Chelan located in Chelan County. Staff is required by RCW 81.84.020(2) to determine whether the company has the financial resources to operate its proposed service for at least 12 months. Staff has reviewed the filed financial information and has concluded that the company does have the resources to operate the proposed service for the twelve month period.

Company Structure:

Backcountry started business in Washington on November 13, 2017, according to the Washington Secretary of State's Corporations Division website and registered with the Department of Revenue on January 1, 2018. The company's application indicates that Backcountry is wholly owned by Colter and Lindsey Courtney. The company indicated on its application that it has no prior commercial ferry experience. The company proposes to offer 353 round trips per year, originating in Stehekin, and traveling to Fields Point, with stops along the way by reservation, then returning to Stehekin.

The company does not currently own any ferry vessels, but has stated that an agreement is in place to lease a 50 foot catamaran with a capacity of 32 passengers. The catamaran is under construction and anticipated to be completed, delivered, and Coast Guard inspected by November 15th, 2018.

Received
 Records Management
 11/20/18 16:01
 State Of WASH
 UTIL. AND TRANSP
 COMMISSION

In its application, the company states it will pay the lease holder \$175 per round trip, which under the proposed schedule would equal \$61,775 per year. Staff was unable to obtain a copy of this lease agreement, and it is unclear whether the company will have to begin lease payments prior to beginning operations should the certificate be granted. If that is the case, this potential timing issue could begin to erode the company's cash balance prior to beginning operations.

Balance Sheet Review:

- Assets, \$483,600
- Liabilities, \$163,000
- Equity, \$320,600

The applicant reports \$68,600 of cash on hand in its application. Additionally, the applicant reports \$350,000 in real estate, attributable to Colter and Lindsey Courtney's residence in Stehekin. The applicant also reports \$65,000 in other assets, with \$50,000 attributable to a 50% ownership stake in Stehekin Outfitters LLC, and \$15,000 in vehicles. On the liabilities side, the company has reported \$163,000 in notes payable. This represents the outstanding debt attributable to the purchase of Courtney's home residence. While not stated on the financial statement shown on item 12 of the application, according to generally accepted accounting principles, total equity is equal to \$320,600.

Pro forma Income Statement:

- Revenue, \$355,084
- Expenses, \$331,320
- Net Income, \$23,764

The company estimates a total revenue of \$355,084. This is comprised of an estimated 9,056 full price one way tickets at \$39 each, and an additional \$1,900 in freight revenue. The company stated in its response to Staff's data request that the ridership numbers were estimates based on discussions with local Stehekin residents and business owners, and that it is "impossible to predict ridership on a seven day per week year round service to Stehekin because there has never been one before".

At this time, Staff does not have access to detailed ridership numbers from the current service provider in the area, Lake Chelan Boat Company. However, based on Lake Chelan Boat Company's 2017 annual report, the company served 57,029 one way passengers, which shows that Backcountry's estimated ridership is within reason. Based on Staff's calculations, the ridership estimate projects that the boat would use an average of 40% of its 32 passenger capacity for each trip over the 12 month period. The company estimates the percentage of total capacity used would fluctuate from a high of 63% in the busy summer months, and roughly 31% in the slower off-season months.

It should be noted that the estimated revenue figure only accounts for riders paying the full price adult ticket rate of \$39 per one-way trip. The proposed rate table also includes commuter tickets, which provides a 10% discount per one-way trip when purchasing 10 or more one-way tickets at a time. The company argues in its petition that much of its customer base will come from Stehekin residents who will be able to use the daily round-trip service from Stehekin to get supplies or run errands in Chelan without having to wait overnight, or up to a few days before returning to Stehekin. It is reasonable to assume a portion of this customer base would take advantage of the discounted commuter tickets. Also unaccounted for in the provided ridership estimate is the number of children under 12 years old, who would pay only \$20 per one-way ticket.

Total expenses of \$331,320 are estimated by Backcountry. The expenses listed seem appropriate for the type of business when compared to other regulated commercial ferry operations. Some expense items have the potential to fluctuate outside of the company's control, for example fuel and maintenance costs; while others, like wages and lease costs, should remain relatively static. The company estimates a net income of \$23,764 after its first year of operations.

Based on Staff's calculations, the company needs to reach approximately 93.3% of its projected ridership to break even over its first 12 months. The company would expend its \$68,600 cash balance if it does not exceed 73.8% of its estimated ridership in the first year. These calculations do not include the effect of passengers using commuter tickets or children tickets, which could further reduce ticket revenues, albeit to a lesser degree than a drop in total ridership.

The company's owners do have other non-liquid personal assets available should cash reserves be used up during its first year of operations. The equity in the Courtney's home residence¹ and the ownership interest in Stehekin Outfitters LLC may enable the company to access additional capital to cover its operating expenses should cash flow issues arise.

Conclusion

Staff has reviewed Backcountry Travels LLC's financial information submitted in Docket TS-180677 and concludes the company has made reasonable efforts to estimate its finances under the proposed ferry service application. Based on the company's financial records provided, the company has adequate resources and therefore staff concludes Backcountry Travels LLC has the financial resources to operate the proposed service for at least twelve months.

¹ Chelan County assessor lists the assessed value for this home at \$290,042. County assessed values are typically below market value, but it is unclear if the true market value of the home is \$350,000 as stated in the application. Even using the assessed value in excess of the outstanding loan balance, the total available equity would equal approximately \$127,000.



Backcountry Travels LLC

1300 S. Evergreen Park Drive SW
 P.O. Box 47250
 Olympia, WA 98504-7250
 Phone: 360-664-1222
 Fax: 360-586-1181
 TTY: 360-586-8203
 or
 1-800-416-5289
 E-mail: transportation@wutc.wa.gov

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 Ferry Service.

\$200.00 APPLICATION FEE MUST ACCOMPANY THIS APPLICATION

	<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 checked="" type="checkbox"/>	Certificated commercial ferry – including launch service
<input type="checkbox"/>	Transfer all Authority	<input type="checkbox"/>	Launch Service only
<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		

FOR OFFICIAL USE ONLY		
RECEIPT ID: _____	MAP _____	DATE REC'D _____
AMOUNT \$ _____	INSURANCE _____	ID NO. _____
(111-0268-0216-02)	SAFETY INSP. CERT. _____	DOCKET NO. _____
	TARIFF _____	
	TIME SCHEDULE _____	
	SHIPPER SUPPORT _____	

BUSINESS INFORMATION

1. Legal name of applicant: BACKCOUNTRY TRAVELS LLC
(Legal name must match your registration with the Department of Revenue)

2. Trade Name, if applicable: _____

3. Mailing Address:	Physical Address:
Street or PO Box: <u>PO BOX 308</u>	Street: <u>101 N Main St</u>
City: <u>Stehekin</u>	City: <u>Stehekin</u>
State/Zip: <u>WA 98852</u>	State/Zip: <u>WA 98852</u>
Telephone: <u>509-931-1603</u>	Fax: _____

Email address: colter@backcountrytravels.com

4. UBI Number : 604184642 State of Incorporation : WASHINGTON

Type of Business Structure: Individual Partnership Corporation Other (LP, LLP, LLC)

List names and addresses of all persons having an interest in the business. If a CORPORATION or LLC, 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.

Colter Courtney: Managing Member

Lindsey Courtney: Wife of Colter Courtney

5. List the territory in which you wish to operate: (attach additional sheet if necessary)

LAKE CHELAN, WASHINGTON

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: _____

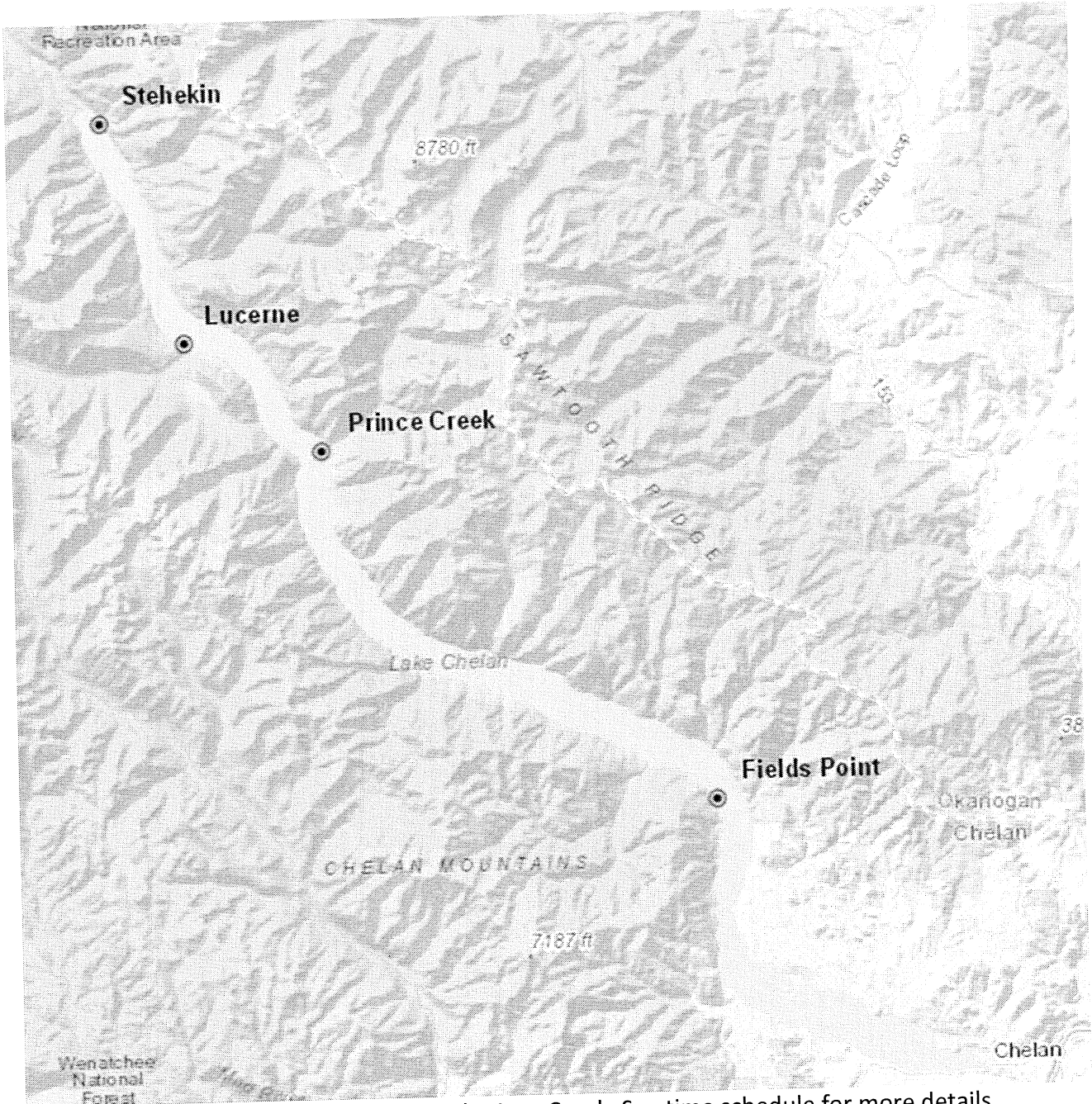
Telephone Number () _____ Address _____

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).

Backcountry Travels LLC

Map of Boat Service Locations

Based out of Stehekin, the boat runs to Fields Point, servicing main locations in between by



reservation, such as Lucerne and Prince Creek. See time schedule for more details.

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.
(Attach additional sheet if needed)

Name	Passenger Freight or Ferry Type	Power	Passenger Capacity	Freight Capacity	Owned, Leased, other?
Vessel under construction	passenger	gas outboards	32		Leased

11. List the docks proposed to be used in providing service. Indicate value of each dock, if owned. If not owned, indicate if dock owner and applicant have an agreement allowing use of the dock by the applicant.
- Stehekin dock (managed by National Park Service), Fields Point, Prince Creek and Lucerne (all managed by National Forrest Service). All permits are pending until a UTC permit is issued.
-
-

12. Complete the following financial statement:

FINANCIAL STATEMENT

Cash on hand and in bank	\$ 68,600.00	Notes payable	\$ 163,000.00
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)	350,000.00		_____
Other assets (listed below)	65,000.00		_____
Total	\$ 483,600.00	Total	\$ 163,000.00

Backcountry Travels LLC

PROJECTED REVENUE

One way ticket sales	Ticket	Total
9,056	\$39.00	\$353,184.00
Freight		\$1,900.00
		Total \$355,084.00

OPERATING EXPENSES

Expenses	Amount	Days	Total
Fuel	48 gallons (\$3.00 per gallon) per trip	353	\$50,832.00
Crew Wages	\$225.00 per trip avg.	353	\$79,425.00
Bookkeeping/ Compliance			\$12,000.00
Accounting/ Legal			\$5,000.00
Manager			\$36,000.00
Payroll	\$20.25	353	\$7,148.00
L&I	\$30.00	353	\$10,590.00
Reservations	\$50.00 per trip	353	\$17,650.00
Maintenance	\$40.00 per trip	353	\$14,120.00
Safety gear			\$780.00

Backcountry Travels LLC

			Total \$233,545.00
--	--	--	-------------------------------------

ANNUAL EXPENSES

Expense	Annual Cost
Vessel Lease	\$61,775.00
Insurance	\$18,000.00
Moorage	\$6,000.00
Advertising	\$12,000.00
	Total \$97,775.00

Total annual and operating expenses: \$331,320.00

INCOME

Projected income	\$23,764.00

Backcountry Travels LLC

16b

First year of operation begins the Friday before Memorial weekend
2019 May 24 and on May 22 the following year.

	May	June	July	August	September	October
Riders	160	900	1,240	1,240	1,040	520
Revenue	\$6,240	\$35,100	\$48,360	\$48,360	\$40,560	\$20,280
Total						\$198,900.00

	November	December	January	February	March	April	May
Riders	600	620	596	580	620	600	340
Revenue	\$23,400	\$24,180	\$23,244	\$22,620	\$24,180	\$23,400	\$13,260
Total							\$154,284.00

Estimate from pets: \$1000.00
Estimate from bicycles: \$500.00
Estimate from kayaks: \$400.00

Total: \$355,084.00

Backcountry Travels LLC

16c

Estimated cost of service for the first year of operation.

	Quantity	Daily Cost	Total
<i>Vessel Lease</i>	353 Trips	\$175	\$61,775.00
<i>Fuel</i>	16,944 Gallons	\$3.00	\$50,832.00
<i>Crew Wages</i>	353	\$225.00	79,425.00
<i>Bookkeeping/ Compliance</i>			\$12,000.00
<i>Accounting/ Legal</i>			\$5,000.00
<i>Manager</i>			\$36,000.00
<i>Payroll</i>			\$7,148.00
<i>L&I</i>			\$10,590.00
<i>Insurance</i>	Yearly	\$18,000	\$18,000.00
<i>Moorage</i>	Monthly	\$500	\$6,000.00
<i>Maintenance</i>	353 Trips	\$40	\$14,120.00
<i>Booking</i>	353 Trips	\$50	\$17,650.00
<i>Marketing</i>	Yearly	\$12,000	\$12,000.00
<i>Safety Gear</i>	Monthly	\$65.00	\$780.00

Grand total: \$331,320.00

Backcountry Travels LLC

16d

STARTUP PURCHASES

A.E.D and First Aid	\$1,700.00
InReach	\$400.00

Backcountry Travels LLC does not plan to own any major assets in connection with the applied for certificate. All maintenance, fueling, pumping, servicing and mooring of the vessel will be done at existing facilities. This will further promote local business that already specializes in these services.

Total: \$2,100.00

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

<u>Residence, Company Creek Road, Stehekin, WA</u>	\$ <u>350,000.00</u>
<u>_____</u>	\$ _____
<u>_____</u>	\$ _____
<u>_____</u>	\$ _____

b. List total "Other Assets" mentioned above:

<u>50% Ownership of Stehekin Outfitters, LLC</u>	\$ <u>50,000.00</u>
<u>Vehicles</u>	\$ <u>15,000.00</u>
<u>_____</u>	\$ _____
<u>_____</u>	\$ _____

13. List conditions that exist which would justify the granting of a Certificate of Public Convenience and Necessity:
The current permit carrier severely cuts back their ferry schedule during the winter. This creates several problems for local residents and dismisses many opportunities to the Stehekin community. Our ferry service is offering a solution, Please read attached business plan to further evaluate this problem and proposed solution.

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:

<u>Lake Chelan Boat Company</u>	<u>_____</u>
<u>1418 W Woodin, AVE Chelan WA 98816</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>

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

No commercial ferry experience

16. All applicants must attach separate sheets containing the following information:
- Pro forma financial statement of operations (projections of incomes and expenses for first year operations).
 - Ridership and revenue forecasts.
 - The cost of service for the proposed operation.
 - An estimate of the cost of the assets to be used in providing service.
 - Certificate from United States Coast Guard on inspection.
 - Evidence of proper insurance as required by WAC 480-51-070.

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

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.
- Current company must submit closing annual report.

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 an 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.

Company Name: Backcountry Travels LLC

Name (printed): Colter Courtney Date: 8-3-2018

Signature:  Title: Managing member

STATEMENT OF SUPPORT

APPLICANT STATEMENT

(To be completed by the individual requesting operating authority)

Applicant Name:

Backcountry Travels LLC

Application Docket No.

THE APPLICANT – What authority are you applying for? Include any amendments.

SUPPORT STATEMENT

(To be completed by the individual or business/organization supporting the request for operating authority)

The Transportation Need: Briefly describe the transportation service that you need and that the application could provide to you or your business/organization if this request for operating authority is granted: _____

Are your transportation needs being met now? Yes ___ No ___ If not, explain problems you have experienced: _____

If the request is denied, would it have any affect on you or your business/organization: Yes ___ No. ___
If yes, please explain: _____

VERIFICATION

Name and

Title: _____

Business/Organization: _____

—

Street/Mailing

Address: _____

City, State, Zip

Code _____

Telephone: _____ Fax: _____

Email: _____

I understand that this information is being given as the basis for a grant of operating authority by the Washington Utilities & Transportation Commission, and agency of the state of Washington. I certify or declare under penalty of perjury under the laws of the state of Washington that the information contained in this statement is true and correct.

PRINT NAME

SIGNATURE

DATE

Colter Courtney
Backcountry Travels LLC

Every industry has its hurdles to overcome. For the tourism industry in Stehekin, transportation is one of the primary obstacles to success. For many years, there were two modes of transportation on Lake Chelan: a seaplane business and the Lake Chelan Boat Company. These businesses provided thousands of visitors and residents access to a unique community, one of the last of its kind, and the North Cascades National Park. Unfortunately, 2016 saw the seaplane business close its doors on Lake Chelan after fifty plus years of service, leaving the Lake Chelan Boat Company as the single source of transportation to this remote destination. In an effort to fill the void left by the seaplane service leaving the area, Backcountry Travels LLC has developed a plan to offer an alternative boat service on Lake Chelan, increasing the economy in Stehekin and enabling more people to have access to the beauty of the Lake Chelan Recreation Area and the North Cascades National Park.

A lease agreement is in place for a 50-foot catamaran with a capacity for 32 passengers that is currently under construction. A catamaran is an efficient vessel for Lake Chelan. Powered by two Suzuki 140 four-stroke outboard motors, this boat will travel at a displacement speed of 20 knots. Displacement speed offers a much smoother ride than a planing hull and has the added benefits of requiring far less power, burning significantly less fuel, a smaller wake, and quieter travel over the water. The vessel is fully wheelchair accessible, with aisles, ramps, and a restroom built to accommodate persons with disabilities. Additionally, there is one wheelchair tie down on board. These particular features address an issue that has long since been a problem for Stehekin visitors, as other transportation services do not adequately provide for special needs. The restroom will also be equipped with a changing table. To best provide for passenger safety, the captain and crew will be CPR and 1st Aid certified. There will be an AED and a stocked first aid kit on board, along with an InReach device, marine radio, and life preservers for both adults and children above the passenger capacity of the vessel.

All reservations will be completed online. Customers will be able to visit the website, check seat availability, and book their passage without ever having to visit an office or stop on the dock to purchase tickets. Commuter ticket vouchers can also be purchased in bulk at a 10% discount. Pets will be allowed to travel on this vessel though pet owners must provide their own

kennel that can be carried on by the owner. Properly identified service animals will always be welcome and accommodated.

The proposed schedule is one round-trip per day all year long, with the exception of Thanksgiving Day and Christmas Day and a few days in the spring and fall for scheduled maintenance. The vessel will be based in Stehekin, and will pick up and drop off passengers at the Stehekin landing, Fields Point and stops in between. There will be no conflict in dock times with the current boat service. Additionally, this service will also provide one day per week in the winter months where the boat will depart early in the morning and return late in the evening, allowing Stehekin residents time to run errands and schedule appointments without having to spend two nights in Chelan, as the current transportation option requires.

A second passenger service on Lake Chelan will be a boon to local economy. Most Stehekin residents are dependent on tourism for their livelihood, and this service will provide visitors more flexibility in their travel plans year-round. Under the present conditions, tourism is relegated to the summer months, as the current three day per week schedule provided by the Lake Chelan Boat Company in the winter months does not allow the weekend travel that most visitors require. A daily passenger service will provide customers for multiple privately owned rental cabins, as well as for other valley businesses and the National Park concession, The Lodge at Stehekin. This restaurant and hotel business will be able to stay open all year long, as it did when the concession was held by the owner of the Lake Chelan Boat Company. That business owner clearly saw a need for more winter passenger service to Stehekin when he was operating a tourism business in the valley, and transportation was available five days per week in the winter at that time. When the concession was resigned, the passenger services were reduced to the current schedule, despite requests from many Stehekin residents and the Stehekin Heritage Foundation to maintain the service.

There are numerous benefits of a secondary passenger service on Lake Chelan. Privately owned cabins with docks along the shores of the lake will be accessible year-round. Local residents will have the opportunity to secure employment working for Backcountry Travels LLC, adding jobs to the Stehekin economy. For some residents, this means being able to stay home for the winter instead of having to go out of the valley and find work elsewhere. Additionally, some Stehekin residents hold jobs in Chelan or Wenatchee. A daily boat based in Stehekin will allow these individuals more flexibility in their schedules, more efficiency in their travel time, and

hopefully more time with their families. Finally, growth in Lake Chelan's marine transportation industry will provide opportunity for new business ideas to be put into action with the best chance of success.

In pursuing a permit for ferry service, Backcountry Travels LLC simply seeks to offer a service that no other business is willing to provide. The goal is not to compete with the existing service but to enhance service as a whole. It is our belief that activity creates activity and with our daily winter schedule more folks will travel to Stehekin during the winter and that in the long run will benefit both transportation options. The Lake Chelan Recreation Area and the North Cascades National Park were created to share the profound majesty of the Stehekin valley and the surrounding mountains, and there is abundant beauty and recreation all year long that deserve to be seen and experienced. Visitors to the area deserve a choice in their transportation. Property owners along the length of Lake Chelan deserve access to their cabins. Residents of the Stehekin valley deserve reliable daily transportation on the lake, and the opportunity to pursue business and provide for their families. Backcountry Travels LLC looks forward to meeting these needs and filling a gap in the current transportation options on Lake Chelan.



United States
Department of
Agriculture

Forest
Service

Okanogan -Wenatchee
National Forest
Chelan Ranger District

428 West Woodin Avenue
Chelan, WA 98816
(509) 682-4900

File Code: 2700

Date: July 24, 2018

Colter Courtney
Backcountry Travels LLC
P.O. Box 308
Stehekin, WA 98852

Dear Colter:

I received your application materials for a special use permit requesting authorization to utilize Forest Service boat dock facilities on Lake Chelan as part of a proposed public ferry service. I understand that you are also applying for a permit from the Washington Utilities and Transportation Commission (WUTC) for a commercial ferry service. Please forward any application materials you submit to the WUTC to my office to supplement your Forest Service application.

Once you have received a permit from the WUTC granting authorization for a commercial ferry service we will fully process your application.

Please call Paul Willard at 509-682-4960 if you or the WUTC have any questions regarding the special use permit process.

Sincerely,

KARI GROVER WIER
District Ranger



Tariff No. 1

Title Page

Name of Company: Backcountry Travels LLC

Certificate of Convenience and Necessity Number: Unknown

Operating under the trade name of: Backcountry Travels LLC

**NAMING FARES AND RATES FOR
COMMERCIAL FERRY SERVICE**

IN THE FOLLOWING DESCRIBED TERRITORY: Lake Chelan, WA

Issued by: Colter Courtney

Title of Issuing agent: Managing member

Mailing address: Backcountry Travels LLC,

PO BOX 308 Stehekin, WA 98852

Telephone number: 509-931-1603

E-mail Address: colter@backcountrytravels.com

Issue Date: _____

Effective Date: _____

For Commission Use Only:

Page effective Date:

Docket No.:

Commission Order No.:

RATES and RULES

EXPRESS RATES:	One way ticket
Adults	\$39.00
Commuter	\$35.10
Children (<12 years)	\$20.00
Infants (<3) who can ride on an adult's lap	FREE

RULES:

- Commuter ticket vouchers can be purchased 10 at a time for a 10% discount.
- Tickets will be purchased online, inside the boat at the dock or through an authorized agent.
- Tickets can be printed off or kept on an electronic device to be shown upon boarding the vessel.
- Tickets are only good for the specific run you purchase the ticket for.

Issue Date: _____ Effective Date: _____

Issued By: Colter Courtney, Managing member

For Commission Use Only:

Page effective Date:

Docket No.:

Commission Order No.:

Tariff No. 1
Backcountry Travels LLC

PASSENGER RULES and REGULATIONS

RULES:

Round trip fares: Round trip fares will be computed as the same price of a one-way ticket. One way fares will be \$39.00 per ticket.

Commuter fares: Adult commuter ticket vouchers can be purchased ten or more at a time for a 10% discount.

Adult fares: Fares published are adult fares, applying to all passengers who have reached their 12th birthday.

Children's fares: Children under 3 years of age, when accompanied by an adult passenger and not occupying seats will be carried free of charge. Children under 12 years of age, occupying seats, will be charged \$20.00 per ticket.

Ticket limitation: One-way tickets are good for the day and specific run they are purchased for.

Schedule maintenance: Maintenance will be done during times that the Lake Chelan Boat Company is doing a daily run so that daily service to Stehekin will not be interrupted. The carrier will not be liable for delays caused by accidents, breakdowns, storms, or other conditions beyond its control. Though every effort will be made to meet the published time schedule, the carrier makes no guarantee to arrive at, or depart from, any point at a specific time.

Objectionable passengers: The company reserves the right to refuse service to transport persons under the influence of drugs or alcohol, or who are incapable of taking care of themselves, or whose behavior or condition has the potential to be objectionable to other passengers.

Baggage rules and charges: Hand baggage not exceeding 75 pounds for each adult and child fare will be carried free.

Excess weight: For baggage weight in excess of the free allowance above, the charge will be 0.25 cents per 1 pound.

Issue Date: _____ Effective Date: _____

Issued By: Colter Courtney, Managing member

For Commission Use Only:

Page effective Date:

Docket No.:

Commission Order No.:

PASSENGER RULES and REGULATIONS cont...

Valuation: Baggage is the responsibility of the passenger bringing it on board.

Animals: Dogs, cats, and other animals or birds will be carried under the following conditions: Pets will only be transported when in approved pet carriers at the following rates: \$10.00 per pet. Pet owner must supply kennel and be able to carry it aboard. All pets will ride on the back deck.

Exception: Service dogs will be carried free of charge. The dogs will not be permitted to occupy a seat, but must stand at or lie at the feet of the passenger bringing it on board the vessel.

Wheelchair access: Passengers requiring a wheelchair can board or depart the vessel at Fields Point, Lucerne and Stehekin. Wheelchairs can be dropped off at private docks by prearrangement. Backcountry Travels LLC accepts no liability for any passenger before or after boarding the vessel. All passengers are urged to know their own limitations.

Rates for extra equipment:

Bicycles: \$20.00

Kayak: \$40.00

Rifles: FREE

Skis: One set per person FREE

Refund Policy: A refund will be issued if the reservation is cancelled at least two weeks prior to the travel date. A \$5.00 booking fee will be charged for all cancelled reservations. If the vessel is unable to provide service because of mechanical or environmental difficulties and Backcountry LLC chooses to cancel the trip for any of these reasons, all tickets will be refunded in their entirety.

Issue Date: _____

Effective Date: _____

Issued By: Colter Courtney, Managing member

For Commission Use Only:

Page effective Date:

Docket No.:

Commission Order No.:

Tariff No. 1
 Backcountry Travels LLC

PASSENGER FARE SCHEDULE

This fare schedule applies to: Adults, Children and local residents as passengers of the vessel.

Route	Passenger	Direction	Fare	Schedule
Stehekin to Fields Point	Adult	ONE WAY	\$39.00	Daily at 10:45 am
	Commuter	ONE WAY	\$35.10	
Stehekin to Fields Point	Child	ONE WAY	\$20.00	Daily at 10:45 am
Fields Point to Stehekin	Adult	ONE WAY	\$39.00	Daily at 1:00 pm
	Commuter	ONE WAY	\$35.10	
Fields Point to Stehekin	Child	ONE WAY	\$20.00	Daily at 1:00 pm

NOTES:

- *ROUND TRIP FARES ARE EQUIVALENT TO TWO ONE WAY FARES.
- *WINTER RATES ARE EQUIVALENT TO SUMMER RATES.
- *THE EARLY RUN ON THURSDAYS IN THE WINTER HAS THE SAME RATE AS EVERY OTHER DAILY RUN.

Issue Date: _____ Effective Date: _____
 Issued By: Colter Courtney, Managing member

For Commission Use Only:

Page effective Date:	Docket No.:	Commission Order No.:

Tariff No. 1
Backcountry Travels LLC

Time Schedule No. 1

Name of Company: Backcountry Travels LLC

Certificate of Convenience and Necessity Number: Unknown

Operating under the trade name of: Backcountry Travels LLC

Providing Commercial Ferry Service In the Following

Described Territory: Lake Chelan, WA

With Terminals At: Stehekin landing, Stehekin WA and Fields
Point, Lake Chelan WA

Issued by: Colter Courtney

Title of Issuing agent: Managing member

Mailing address: Backcountry Travels LLC

PO BOX 308 Stehekin, WA 98852

Telephone number: 509-931-1603

E-mail Address: colter@backcountrytravels.com

Issue Date: _____

Effective Date: _____

For Commission Use Only:

Page effective Date:

Docket No.:

Commission Order No.:

Tariff No. 1
Backcountry Travels LLC

SUMMER TIME SCHEDULE

May 1 – October 31

Name of Dock/ Departure Time	Name of Dock / Arrival Time
Stehekin Dock 10:40 am DAILY	Lucerne 11:05 am If reserved
Lucerne 11:10 am	Prince Creek 11:30 am If reserved
Prince Creek 11:40 am	Fields Point Landing 12:30 pm DAILY
Fields Point Landing 1:00 pm DAILY	Prince Creek 1:45 pm If reserved
Prince Creek 1:50 pm	Lucerne 2:15 pm If reserved
Lucerne 2:20 pm	Stehekin Dock 2:45 pm DAILY

Tariff No. 1
Backcountry Travels LLC

WINTER TIME SCHEDULE, Friday-Wednesday
November 1 – April 30 (except Thanksgiving and Christmas)

Name of Dock/ Departure Time	Name of Dock / Arrival Time
Stehekin Dock 10:40 am Friday-Wednesday	Lucerne 11:05 am If reserved
Lucerne 11:10 am	Fields Point Landing 12:30 pm
Fields Point Landing 1:00 pm	Lucerne 2:15 pm
Lucerne 2:20 pm	Stehekin Dock 2:45 pm

Tariff No. 1
Backcountry Travels LLC

WINTER TIME SCHEDULE, Thursday

Name of Dock/ Departure Time	Name of Dock / Arrival Time
Stehekin Dock 8:00 am Thursday	Lucerne 8:25 am
Lucerne 8:30 am	Fields Point 9:45 am
Fields Point 2:30 pm	Lucerne 3:45 pm
Lucerne 3:50 pm	Stehekin Dock 4:15 pm

SCHEDULED MAINTENANCE:

Spring maintenance is done May 1st-5th. We do not offer transportation during this time.

Fall maintenance is done October 11th-15th. We do not offer transportation during this time.

Future Number Projections

LCBC Stehekin ridership numbers provided by National Park Service

1996-2006 Average 24,956 per year

2007-2017 Average 19,418 per year

Difference 5,538

Peak year 1999, 29,611

During the time between 1996-2006 Jack Raines the president of Lake Chelan Recreation operated the North Cascades Lodge in Stehekin. The Lady Express ran a minimum of 5 times per week during the winter. The Lady Cat started service I believe in the year 1999 and shut down in 2006. The Lady Cat only provided service during the summer. The main difference between the two above date ranges is that there was more transportation options. The difference between the two date ranges of 5,538 riders is already more than Backcountry Travels LLC projected first year numbers for the entire year. The Chelan Airways floatplane service was also running year around during that time. One can only assume that with the applied for schedule of 7 days per week year around that these numbers would grow back at least to previous averages. Listed below are most if not all of the new accommodation units that have been added since the peak year of 1999. Numbers provided to me by North Cascades Lodge at Stehekin show that they are 37% booked year round even though their winter numbers are very low. Assuming that the below listed units are occupied at a similar rate then these new units should have brought the total ridership numbers up by 3,600 people. With the new units that are supposed to open over the next couple of years the number should go up another 3,700. Without the needed transportation being supplied these numbers have been severely suppressed.

Rental units added in Stehekin since 1999

Stehekin Valley Ranch, 3 Units	People max occupancy	10
North Cascades Lodge at Stehekin, 1 Unit		12

Stehekin Log Cabin	4
Mcgregor Cabin	4
Rustic Retreat Cabin	8
Stehekin Cedar Cabin	4
Bowles Cabin	2
Stehekin Creekside Cabin	4
Johnston Cabin	4
Total	52

Rental units that are scheduled to open in the next couple of years

Rainbow Lodge, 3 units (see support statement)	14
Rustic Retreat (see support statement)	30
Backcountry Travels Cabin	7
Davis Cabin	6
Total	57

1st Revised Page 1 of 3

*Time Schedule No 36
cancels
Time Schedule No 35*

*TIME SCHEDULE
Of
LAKE CHELAN BOAT COMPANY*

Certificate No. 34

*Operating Under Trade Names of:
LAKE CHELAN BOAT COMPANY
and LADY OF THE LAKE
Furnishing
PASSENGER, FREIGHT AND FERRY SERVICE
Between
CHELAN, Washington and STEHEKIN, Washington
And
INTERMEDIATE POINTS*

Issued August 25, 2015

Effective September 24, 2015

Issued by: Jack Raines, President
Lake Chelan Boat Company
1418 West Woodin Avenue
Chelan, Washington 98816

*FOR OFFICIAL USE ONLY
Docket: TS-151742
Granting Tariff Revisions per Order 01 in Docket TS-151742
Agenda Date: August 27, 2015
Effective Date: August 28, 2015 (LSN)*

1st Revised Page 2 of 3

Time Schedule No 36
 cancels
 Time Schedule No 35

TIME SCHEDULE
Of
LAKE CHELAN BOAT COMPANY

Certificate No. 34

Table No. 1 - "Lady of the Lake II"					
Summer - May 1 to October 15 Inclusive - Daily Service					
Daily Service					
Miles		Read Down	Landing	Read Up	
0.0	8:30 a.m.	Lv.	Company Dock - Chelan	Ar.	6:00 p.m.
14.5	9:45 a.m.	Lv.	Field's Point	Lv.	4:45 p.m.
35.0 *	11:00 a.m.	Lv.	* Prince Creek	Lv.	
40.0	11:45 a.m.	Lv.	Lucerne-Port of Holden	Lv.	2:30 p.m.
41.5 *	12:15 p.m.	Lv.	* Moore Point	Lv. *	2:15 p.m.
50.2	12:30 p.m.	Ar.	Stehekin	Lv.	2:00 p.m.

Table No. 2 - "Lady Express"					
Fall / Winter / Spring Schedule - October 16 to April 30 Inclusive					
October 16 to October 31 Inclusive - Monday, Wednesday, Friday, Saturday, Sunday					
November 1 to December 31 Inclusive - Monday, Wednesday, Friday, Sunday					
January 1 to March 31 Inclusive - Monday, Wednesday, Friday					
April 1 through April 30 Inclusive - Monday, Wednesday, Friday, Saturday, Sunday					
(No service on Christmas Day)					
Miles		Read Down	Landing	Read Up	
0.0	10:00 a.m.	Lv.	Company Dock - Chelan	Ar.	4:00 p.m.
14.5	10:50 a.m.	Lv.	Field's Point	Lv.	3:10 p.m.
40.0	12:00 p.m.	Lv.	Lucerne-Port of Holden	Lv. *	1:50 p.m.
50.2	12:30 p.m.	Ar.	Stehekin	Lv.	1:30 p.m.

* Flag stop - made only when water, weather and dock conditions allow for safe landings.

Issued September 9, 2015

Effective September 12, 2015

FOR OFFICIAL USE ONLY
 Docket: TS-151813
 Agenda Date: September 10, 2015
 Effective Date: September 12, 2015

5th Revised Page 3 of 3

Time Schedule No 36

**TIME SCHEDULE
Of
LAKE CHELAN BOAT COMPANY**

Certificate No. 34

Table No. 3 - "Lady Express"					
Summer Schedule - Memorial Day Weekend and June 15 through (C) September 22 Inclusive					
Memorial Day Weekend - Saturday, Sunday, Monday Service					
June 15 through (C)September 22 Inclusive - Daily Service					
Miles		Read Down	Landing	Read Up	
0.0	8:30 a.m.	Lv.	Company Dock - Chelan	Ar.	2:45 p.m.
14.5	9:20 a.m.	Lv.	Field's Point	Lv.	1:45 p.m.
40.0			Lucerne-Port of Holden	Lv.	12:20 p.m.
50.2	11:00 a.m.	Ar.	Stehekin	Lv.	12:00 p.m.

Issued April 20, 2018

Effective April 21, 2018

FOR OFFICIAL USE ONLY
Docket: TS-180340
Agenda Date: April 26, 2018
Effective Date: April 21, 2018