

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

DISCOVER LAKE CHELAN LLC,
D/B/A LAKE CHELAN BOAT
COMPANY

Respondent.

DOCKET TS-200969

ORDER 01

ALLOWING TARIFF REVISIONS
TO BECOME EFFECTIVE BY
OPERATION OF LAW; REQUIRING
COMPLIANCE FILING

BACKGROUND

- 1 On December 1, 2020, Discover Lake Chelan LLC, d/b/a Lake Chelan Boat Company (Lake Chelan Boat or Company), filed proposed tariff revisions that would effect a general rate increase of \$118,489 (8.5 percent); simplify fare options; revise scheduled service to better utilize assets; and provide more options to customers. This is an update to the Company's previous tariff filing in Docket TS-191009, which became effective on January 24, 2020. Due to the COVID-19 pandemic, the Company's original projections were incorrect.
- 2 In this filing, the Company and Commission staff (Staff) used the same historical costs that were filed in Docket TS-191009 and revised the adjustments to reflect the lower cost of operating smaller vessels, fewer riders, and the revised time schedule. The revised adjustments lowered the annual revenue requirement from \$1,713,046 (authorized in Docket TS-191009) to \$1,611,838. The Company proposes to recover the new revenue requirement from its revised ridership projection.
- 3 Lake Chelan Boat's historical average ridership is 55,350. During 2020, the Company had a ridership of 29,888, or 46 percent less than average. The Company revised the projected ridership to 38,768 for the upcoming year. The ridership projection is based on the expectation that COVID-19 restrictions will be lifted at some point during the year and that businesses in Chelan, Stehekin, and Holden Village will resume business activities. Staff agrees with the ridership projections but acknowledges that the precise level of forecasted ridership is difficult to ascertain. However, Staff believes it is

reasonable to expect a ridership higher than what was experienced during midst of the COVID-19 pandemic but lower than the historical average.

- 4 Lake Chelan Boat additionally proposes adding 29 scheduled runs over the historical offering. This accomplishes several things. First, it increases the daily runs during the peak season. Second, it lowers the overall gross expense to the Company by reducing the number of runs made by the Lady of the Lake, the largest vessel and most expensive vessel to operate. Finally, Lake Chelan Boat is adding additional runs because the maximum capacity of passengers is lower than years prior. The Lady Express is the mid-size vessel which provides year-round service and balances the need for speed, cost control, and rate for passage. Below is a rate table reflecting current and proposed rates.

Rate Table			
<i>Vessel</i>	<i>Current One-way Rate</i>	<i>Proposed One-way Rate</i>	<i>Percent of Change</i>
Lady of the Lake	\$24.75	\$25.00	1.0%
Lady Express	\$41.00	\$43.00	4.9%
Lady Cat ¹	N/A	\$49.00	N/A

- 5 Staff received one customer comment related to the \$2.50 processing fee for online ticket purchases. Staff and the Company verified at the regularly scheduled open meeting on January 7, 2021, that this fee is a convenience charge set by a third party servicer. Customers can purchase tickets in person, by email, or over the phone to avoid the fee. Lake Chelan Boat committed to prominently stating these options on its website.
- 6 Staff believes Lake Chelan Boat’s proposal strikes a balance between controlling its costs and maintaining service to customers. Staff agrees the Company’s proposal is fair, just, reasonable, and sufficient. Furthermore, Staff suggests that the rates should be reviewed in the future because of the uncertainty regarding how and when COVID-19 restrictions will be reduced and the overall impact on citizens, businesses, and the economy. Staff and Lake Chelan Boat discussed this and agree that the Company should file for a rate review in 3 years. Therefore, Staff recommends the Commission (1) allow the proposed rates and tariff revisions filed on December 1, 2020, to become effective on January 8, 2021, and (2) require Lake Chelan Boat to file a general rate case by December 31, 2023.

DISCUSSION

¹ As a backup vessel, the Lady Cat did not have a schedule with previous rates.

- 7 Pursuant WAC 480-51-080 (1), “All commercial ferries shall file with the commission
tariffs containing fair, just, and reasonable rates governing the transportation services to
be provided.”
- 8 We agree with Staff’s recommendation and allow Lake Chelan Boat’s proposed rates, as
filed on December 1, 2020, to go into effect on January 8, 2021. The Company made
multiple adjustments to the original filing that became effective January 24, 2020, and
circumstances quickly rendered those revisions outdated. We agree that the updated
adjustments to costs and ridership are dependent on factors outside the control of the
Company and Staff, but ultimately find that the outcome is fair, just, reasonable, and
sufficient given the circumstances.
- 9 Finally, we require Lake Chelan Boat to file a general rate case no later than December
31, 2023, to ensure that the Company will have 12 months of historical data for which to
set rates.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute with
the authority to regulate rates, regulations, practices, accounts, securities, transfers
of property and affiliated interests of public service companies, including ferry
companies.
- 11 (2) Discover Lake Chelan Boat is a ferry company and a public service company
subject to Commission jurisdiction.
- 12 (3) This matter came before the Commission at its regularly scheduled meeting on
January 7, 2021.
- 13 (4) The tariff revisions presently under consideration are fair, just, reasonable, and
sufficient because the Company has demonstrated the need for additional annual
revenue and for revisions of the Company’s rate structure.
- 14 (5) After reviewing the tariff revisions Lake Chelan Boat filed in Docket TS-200969
and giving due consideration, the Commission finds it is consistent with the
public interest to allow the tariff revisions filed December 1, 2020, to become
effective on January 8, 2021.

- 15 (6) Requiring Lake Chelan Boat to file a general rate case no later than December 31, 2023, is consistent with the public interest.

ORDER

THE COMMISSION ORDERS:

- 16 (1) The tariff revisions filed in this docket on December 1, 2020, shall become effective on January 8, 2021.
- 17 (2) Discover Lake Chelan LLC, d/b/a Lake Chelan Boat Company, must file a general rate case by December 31, 2023.

DATED at Lacey, Washington, and effective January 7, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner