Docket No. TS-180677 - Vol. III

In re Application of Backcountry Travels LLC

April 22, 2019



COURT REPORTING AND LEGAL VIDEO

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Page 62 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION In re Application of) DOCKET NO. TS-180677) BACKCOUNTRY TRAVELS LLC) For a Certificate of Public) Convenience and Necessity to) Operate Vessels in Furnishing) Passenger Ferry Service) EVIDENTIARY HEARING, VOLUME III Pages 62 - 129 ADMINISTRATIVE LAW JUDGE ANDREW O'CONNELL April 22, 2019 1:30 p.m. 104 West Woodin Avenue Chelan, Washington	1INDEX2TESTIMONYPage No.3COLTER COURTNEY4Examination by Judge O'Connell765Examination by Mr. Miller836MARIETTA LUCHINI947Examination by Judge O'Connell948Examination by Mr. Hitchcock969LOGAN COURTNEY10210Examination by Judge O'Connell10211Examination by Mr. Miller10512GREG HAMMOND11513Examination by Mr. Hitchcock11014Examination by Mr. Roberson11816CLOSING ARGUMENTS11918By Mr. Miller1192021222324
REPORTED BY: DANI WHITE, CCR NO. 3352	25
Page 63 APPEARANCES: ADMINISTRATIVE LAW JUDGE: MR. ANDREW O'CONNELL Washington Utilities and Transportation Commission 1300 South Evergreen Park Drive Southwest Olympia, Washington 98504 360.664.1160 FOR COMMISSION STAFF: MR. JEFF ROBERSON Office of the Attorney General Attorneys at Law P.O. Box 40128 Olympia, Washington 98504 360.664.118 Joioberson@utc.wa.gov FOR BACKCOUNTRY TRAVELS LLC: MR. MATTHEW S. HITCHCOCK MR. JORDAN MILLER Jeffers, Danielson, Sonn & Alyward, P.S. Attorneys at Law 4 2600 Chester Kimm Road P.O. Box 1688 Swenatchee, Washington 98807 509.662.3685 Matthewh@jdsalaw.com jmiller@jdsalaw.com 202 23 24 25	Page 65 1 BE IT REMEMBERED that on Monday, April 22, 2 2019, at 1:30 p.m., at 104 West Woodin Avenue, 3 Chelan, Washington, the evidentiary hearing was 4 taken before Dani White, Certified Court Reporter. 5 The following proceedings took place: 6 JUDGE O'CONNELL: Good morning. Sorry, good 8 afternoon. We're here today for an evidentiary hearing 9 in Docket TS-180677, application for a commercial ferry 10 certificate requested by Backcountry Travels LLC to 11 operate on Lake Chelan. The time is approximately 1:30 12 p.m. on Monday, April 22, 2019. 13 My name is Andrew O'Connell, I'm an administrative 14 law judge with the Washington Utilities and 15 Transportation Commission. We are holding this 16 evidentiary hearing in Chelan, Washington, because I 17 moved the evidentiary hearing from Olympia to Chelan in 18 order to facilitate greater participation by the 19 public, including holding the public comment hearing to 18 order to facilitate greater participation by the 19 public, including holding the public on this matte

1 (Pages 62 to 65)

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1	parties are represented by counsel and I have a notice	1	exhibits into the record. I'm not striking the
2	of appearance on file for all of the attorneys, short	2	originals but just that I don't need them in the record
3	appearances are sufficient. Let's start with Staff	3	and I don't want to burden the record. So you can
4	and, Mr. Roberson.	4	still if you have questions about the application or
5	MR. ROBERSON: Good afternoon. Jeff Roberson,	5	the future projections you can ask those, and if you
6	R-o-b-e-r-s-o-n, I'm an Assistant Attorney General	6	intend to ask Mr. Hammond questions about those, you
7	representing Staff in this matter.	7	can ask referring to the originals.
8	JUDGE O'CONNELL: And for Backcountry Travels.	8	MR. MILLER: Thank you, Your Honor. We just
9	MR. MILLER: Jordan Miller, Your Honor, attorney	9	wanted to make sure everybody was aware of what
10	at Jeffers, Danielson, Sonn & Alyward, counsel for	10	documents we felt relevant for each witness so there
11	applicant Backcountry Travels.	11	was no surprise, if you will.
12	MR. HITCHCOCK: And, Your Honor, Matt Hitchcock,	12	JUDGE O'CONNELL: Okay. I understand that. Thank
13	H-i-t-c-h-c-o-c-k, of Jeffers Danielson appearing on	13	you.
14	behalf of Backcountry Travels.	14	Is there a stipulation as to exhibits other than
15	JUDGE O'CONNELL: Okay. Thank you.	15	those two?
16	So at this point I want to say something to the	16	MR. RICHARDS: Staff is happy to stipulate to
17	applicant. I've had a number of requests that I've	17	Mr. Colter Courtney's testimony and exhibits, we have
18	issued throughout this proceeding and I wanted to show	18	not seen the exhibits from for Ms. Luchini or Mr. Logan
19	some appreciation for your responsiveness and	19	Courtney and we can't stipulate to something we haven't
20	helpfulness, and I can tell that you put thought into	20	seen.
21	your answers and I appreciate that because it's going	21	JUDGE O'CONNELL: Correct.
22	to help me make a decision in this matter so thank you.	22	Mr. Miller.
23	MR. MILLER: Thank you, Your Honor.	23	MR. MILLER: Stipulations, yes, Your Honor, no
24	JUDGE O'CONNELL: Now as I believe I've indicated,	24	objections. And we'll obviously introduce the
25	I'm interested in hearing from the parties about the	25	testimony, Ms. Luchini is present and Mr. Logan
	Page 67		Page 69
1	economic viability of a second operator on Lake Chelan,	1	Courtney also present so we'll produce those materials
2	and that being whether the issuance of a second		
		2	through their testimony.
3	certificate on Lake Chelan would ultimately my	3	through their testimony. JUDGE O'CONNELL: Okay. Do you have copies that
3 4	certificate on Lake Chelan would ultimately my concern is would that result in the demise of both		JUDGE O'CONNELL: Okay. Do you have copies that
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	Page 70		Page 72
1	MR. MILLER: Yes, Your Honor. That's precisely	1	my expectation is her testimony will do her best to
2	and I apologize, I don't know if Your Honor wants me to	2	answer Your Honor's questions but it's somewhat
3	stand.	3	hampered by the lack of data available from LCRI.
4	JUDGE O'CONNELL: Oh, you don't need to stand.	4	As far as their fiscal information and details,
5	MR. MILLER: Okay. Thank you, Your Honor.	5	we've gleaned what Mr. Hammond was also able to review
6	JUDGE O'CONNELL: It's a little more informal than	6	as far as the data available, but I just want to let
7	an administrative hearing.	7	the Court know in advance that as far as her being able
8	MR. MILLER: Thank you, Your Honor. Mr. Roberson	8	to say that this is economically viable, you know,
9	had mentioned that but I just wanted to make sure.	9	she'll answer that question but limited access to the
10	JUDGE O'CONNELL: Sure.	10	financial details of LCRI makes it somewhat difficult
11	MR. MILLER: Yes, Your Honor, the intent and the	11	for us to offer a fully-informed opinion as to their
12	purpose of bringing particularly Ms. Luchini in to	12	viability moving forward.
13	offer testimony today is to address the financial	13	JUDGE O'CONNELL: Okay. I understand.
14	issues because, Your Honor, I thought that we heard you	14	So Mr. Colter Courtney being the primary witness
15	and it sounds like we did in your last notes and	15	for Backcountry Travels, what I'd like to do is I have
16	released information so that's the intent with respect	16	several questions.
17	to Ms. Luchini.	17	MR. MILLER: Yes, Your Honor.
18	Mr. Logan Courtney was brought forward more to	18	JUDGE O'CONNELL: I don't expect them to take all
19	address his background, his experience as an operator,	19	that long but I'd like to have Mr. Courtney testify
20	because that seemed to have been raised, it seemed that	20	first, and then to the extent that he is unable to
21	there were issues brought out during the course of the	21	really give a full answer and he knows that Ms. Luchini
22	initial exchanges and testimony particularly from the	22	or Mr. Logan Courtney can offer a better response, I'd
23	former party, LCRI, so that was the purpose of his	23	like at that point then to have them come next and
24	testimony and the intent of bringing him before the	24	testify and kind of fill in those holes, does that make
25	Commission today.	25	sense?
	Page 71		Page 73
1		1	5
1 2	JUDGE O'CONNELL: Well, I do have very few	1	MR. MILLER: Certainly, Your Honor, absolutely.
	JUDGE O'CONNELL: Well, I do have very few questions outside of the economic question about the		MR. MILLER: Certainly, Your Honor, absolutely. MR. ROBERSON: Before we begin, Staff can
2	JUDGE O'CONNELL: Well, I do have very few questions outside of the economic question about the operations of the ferry which Mr. Logan Courtney may	2	MR. MILLER: Certainly, Your Honor, absolutely. MR. ROBERSON: Before we begin, Staff can stipulate to Mr. Logan Courtney's exhibits but we still
2 3	JUDGE O'CONNELL: Well, I do have very few questions outside of the economic question about the operations of the ferry which Mr. Logan Courtney may have some insight and be able to answer.	2 3	MR. MILLER: Certainly, Your Honor, absolutely. MR. ROBERSON: Before we begin, Staff can stipulate to Mr. Logan Courtney's exhibits but we still don't have the report from Ms. Luchini.
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3 (Pages 70 to 73)

	Page 74		Page 76
1	cross-examination Exhibits GH-2X and GH-5X as well as	1	follow-up as necessary on where the Court's gone.
2	MPL-2, LC-1, LC-2, and LC-3, am I correct that there's	2	JUDGE O'CONNELL: Okay. Let's do that way. And
3	a stipulation as to those exhibits?	3	perhaps my questions will spark some redirect that
4	MR. ROBERSON: Yeah. I will note that what is	4	you'll want to make.
5	marked as GH-5X appears to be the same exhibit as	5	MR. MILLER: Yes, sir.
6	CCC-4. I'm not sure if you want to admit that one	6	JUDGE O'CONNELL: Okay.
7	twice.	7	JUDGE O CONNELL. OKAY.
8	MR. MILLER: That is correct, Your Honor.	8	EXAMINATION
9	JUDGE O'CONNELL: Thank you. No, I'm not going to	9	BY JUDGE O'CONNELL:
10	admit GH-5X then. Having it in as CCC-4 I believe is	10	Q. Good morning, Mr. Courtney. Thank you or afternoon,
11	sufficient, and if you have questions for Mr. Hammond	11	again, second time I made that mistake. I apologize.
12	about it, you can ask him whether he's familiar with	12	So I'm interested in hearing whether issuing a
13	CCC-4 and then ask your questions.	13	second certificate to operate on Lake Chelan will
14	MR. MILLER: Thank you, Your Honor.	14	ultimately result in making either operation
15	JUDGE O'CONNELL: Okay. With that, the exhibits I	15	economically feasible. Can you tell me what evaluation
16	named with the exclusion of GH-5X are admitted to the	16	you did, what your company did, and how you think Lake
17	record.	17	Chelan can support economically two operators?
18	MR. MILLER: Thank you, Your Honor. Would the	18	A. Yeah. I don't have any specific data to back it up in
19	Court like a copy of the exhibits? I have another	19	front of me, but it's my experience in Stehekin that
20	binder for Your Honor if you would like.	20	basically, you know, every time there has been more
21	JUDGE O'CONNELL: Yes, I would. Thank you.	21	transportation offered, there has been more travelers
22	And in addition, I noticed that the schedule for	22	who use it. The float plane is a good example of that.
23	Lake Chelan Boat Company is one of the exhibits. I am	23	Lake Chelan Boat Company used to have a more extensive
24	going to take official notice of the Lake Chelan Boat	24	schedule and when they did, the ridership was
25	Company current tariff. I believe it will be helpful.	25	increased.
20			
	Page 75		Page 77
1	Okay. With that, I'd like to start with the	1	And it's my belief in knowing everyone in Stehekin
2	witnesses from Backcountry Travels. Would Mr can	2	and all the business owners that their Stehekin can
3	we please start with Mr. Colter Courtney?	3	support it and will embrace it. And it's something
4	MR. MILLER: Certainly. Of course, Your Honor.	4	that, you know, I didn't specifically come up with the
5		5	schedule myself. It's an idea that many people have
6	COLTER COURTNEY, being first duly sworn to tell	6	wanted.
7	the truth, the whole truth and	7	And so when I put the proposal in, made the
8	nothing but the truth,	8	application, it was based on what I felt would be most
9	testified as follows:	9	beneficial to Stehekin, what people wanted, and what
10		10	would enable people to ride the boat more, use the
11	JUDGE O'CONNELL: Please be seated. Thank you.	11	transportation services more, and I ultimately believe
12	I have a few questions but before I get started is	12	it will actually help both, especially in the winter.
13	there something any questions that you'd like to	13	Many people don't come to Stehekin in the winter
14	ask, Mr. Miller?	14	simply because it's not feasible or convenient to get
15	MR. MILLER: Well, Your Honor, certainly I have	15	there. I don't ride the boat often in the winter and I
16	prepared my list of questions but as the Court has	16	live there. I often take private boats when I have the
17	accurately pointed out with the exhibits being entered,	17	opportunity because I find them to be more convenient.
18	the direct testimony, and the rebuttal testimony has	18	Does that answer your question?
19	been submitted so certainly Mr. Colter Mr. Courtney	19	Q. Sure. You mentioned the seaplane service, can you tell
20	and I are more than prepared to walk through that.	20	me tell me about the seaplane service that's no
21	But in the interest of judicial economy, and quite	21	longer running to your knowledge?
22	frankly, because I'm curious as to what Your Honor	22	A. Yes. The seaplane service has had a few owners in my
23	wants to know so that I can try and guide my testimony,	23	lifetime. When I was young, my Uncle Jim who testified
24	I'd be very happy if the Court would like to initiate	24	this morning ran a seaplane service year around.
25	the questions of Mr. Courtney and I can try to	25	People told him he was crazy to operate in the winter
	· ·		

4 (Pages 74 to 77)

	Page 78		Page 80
1	and he did anyway and it worked out well for him. He	1	thought about what you're going to do for people who
2	since retired from that.	2	don't have access to the internet or an app and how can
3	Parker Nolen who testified this morning, his dad	3	they book a ticket?
4	operated a seaplane business for many, many years, I	4	A. Yes, I have thought about that. And we intend to have
5	don't know how long. And Parker expressed his approval	5	a phone number that can be called for questions or
6	of our application even though I know it is in his	6	ticketing. We do want to encourage people to use the
7	interest to bring the seaplane back to Lake Chelan and	7	online reservations because that's just going to be a
8	that's something I would fully support and think it	8	lot more economical.
9	would be good.	9	The previous seaplane business did use an online
10	Recently, the seaplane has been more of a summer	10	reservation service and it worked quite well I thought,
11	operation and then economically they couldn't sustain a	11	and it kept people from standing out on the dock
12	base in Chelan as of two years ago I believe.	12	purchasing tickets and that's especially not fun in the
13	Q. Thank you. That's what I was interested in learning	13	winter for most people.
14	about.	14	Q. So this morning I heard a lot of comments from people
15	Do you know if there are any other seaplane	15	in the public asking who were commenting about flag
16	businesses that are, you know, I guess coming to Lake	16	stops, is that part of the service that you're
17	Chelan or Stehekin?	17	proposing?
18	A. Not that I know of. Chelan Seaplanes, they have	18	A. Yes. If reserved, we intend to stop anywhere that is
19	partnerships or businesses over in the Puget Sound, I	19	safe for our vessel and that's why in our schedule
20	don't know what all they do over there but I know it's	20	we've attempted to leave a little bit of time to
21	a lot, and I have heard that they would like to come	21	accommodate these kinds of stops. What I've told folks
22 23	back but I have not heard anything specific or whether or not it's actually a reality any time in the near	22 23	who have asked me is that we will evaluate each private
23	future. There again, Parker works for them or has	23	dock based on a case-by-case basis to determine whether it's safe and that, of course, will change with water
25	worked for them.	25	level. But there have been a couple who have
23	worked for thom.		
	Page 79		Page 81
1	Q. So I saw in your application that you have submitted a	1	approached me that I can definitely say I've been to
2	letter from the National Forest Service.	2	their dock, yes, we'll stop at any time.
3	A. Uh-huh.	3	Q. So you mentioned your vessel, can you tell me about
4	Q. Can you tell me about the status of gaining access to	4	this particular vessel's ability to operate in winter
5	docks and other services necessary for fueling and	5	conditions? And I'm thinking specifically about any
б	pumping, et cetera, are there conditions that you know	6	operational limitations that it may have, for example,
7	of for obtaining these permits?	7	whether the engines are rated for the winter conditions
8	A. Yes. They've been very open to hearing about it, but	8	here on Lake Chelan.
9	the Forest Service, I'll address that first, they	9	A. Yes, I believe that they are. It will be Suzuki
10	manage Fields Point Landing and the Forest Service has	10	engines and we I have consulted with them and the
11	told me they will a lot of times have a lengthy process	11	boat builder and designer to decide what power units we
12	that they go through, but since the UTC already	12	want to put on the vessel. Obviously, it's not my
13	conducts that process in probably a more efficient	13	vessel, I've had a little bit of input on it but I will
14	capacity, they wanted to wait and see what the UTC's	14	be leasing it.
15 16	opinion was about our application.	15 16	As far as limitations, I don't know of any, and
17	But they told me that upon receiving a certificate they will start the process of giving me permission	17	Logan Courtney can speak further to that, he will know more than I do. But the vessel is a 50-foot catamaran
18	because Fields Point Landing was not designed for one	18	and there's already a 50-foot catamaran on Lake Chelan
19	carrier, it was designed for the public. So I have not	19	that was approved for use prior. This one varies in
20	been given any reason to believe why if I obtain a	20	design, it's designed to go slower, it's designed to be
21	certificate to operate why they would not allow me to	21	more efficient, and it will be much smoother in rough
22	use the facility.	22	weather.
23	Q. I have a question about purchasing tickets. I notice	23	Predominantly wind conditions are worst in the
24	in your application that you submitted all tickets are	24	spring, and I have been out on Lake Chelan in many 20-
25	going to be buyable online or through an app. Have you	25	to 30-foot boats and I've always felt quite safe. And

5 (Pages 78 to 81)

	Page 82		Page 84
1	a 50-foot vessel which is specifically designed for	1	to areas on the lake shore that the current boats
2	this use, I'm 100 percent confident that it will be	2	really aren't suited for?
3	safe in all conditions.	3	A. Yes. It's smaller, it will be more maneuverable just
4	Q. So that brings up my last question I wanted to ask you	4	by nature of the catamaran. It's a shallower draft and
5	about. Tell me about your plans for safety should	5	I think mostly it's just a willingness to try to supply
6	something happen with this vessel. And I'm thinking	6	a service for those people, that's the main thing that
7	about that you don't have a second vessel and the	7	will allow us to provide service to more people is the
8	safety of having a second vessel might provide.	8	willingness to do so. But the vessel is it was our
9	A. Yes. If it's okay, I'd actually have Logan Courtney	9	intent to make it as versatile as possible to serve
10	answer that question. I can attempt to answer it if	10	everyone on the lake, not just Stehekin.
11	you'd like.	11	Q. You prepared future numbers projections, correct?
12	Q. Sure. To your knowledge and experience I'd like to	12	A. Uh-huh.
13	hear from you but I think I can ask Mr. Courtney as	13	Q. Is your assessment that it's necessary for Backcountry
14	well.	14	to rely on cannibalizing the Lake Chelan Boat Company's
15	A. Logan owns a private boat which we plan to keep on	15	ridership in order to sustain your own?
16	standby basically for emergencies. The Lake Chelan	16	A. No, absolutely not. And I think that's well documented
17	Assist is a business here in Chelan that offers	17	in history that we can go back and show that when there
18	emergency services for boats who experience	18	is more options, there are more travelers, and that the
19	difficulties, the fire department and the Chelan County	19	owner of Lake Chelan Boat Company the previous
20	Sheriff's Department both operate vessels.	20	owner, I guess, has stated activity creates activity
21	And it is my intention to seek a cooperative	21	and that's certainly the case with Stehekin, and that
22	agreement with the Lake Chelan Boat Company that in the	22	is my belief and it's not just mine. It's these people
23	event that something happens to either of their vessels	23	you saw testify heard testify this morning.
24	or mine that, given that it is safe, for passengers and	24	There are many new plans in Stehekin, people
25	vessel to go to the other one's aid. There's been no	25	attempting to start new businesses, make new ways for
	Page 83		Page 85
			Fage 05
1	specific agreement at this time but that is something	1	themselves to be able to make a living in Stehekin and
1 2	specific agreement at this time but that is something that I will pursue given the opportunity.	1 2	5
			themselves to be able to make a living in Stehekin and
2	that I will pursue given the opportunity.	2 3 4	themselves to be able to make a living in Stehekin and provide more opportunities for tourism. And those things are happening but I believe that a service like this will really, really help them especially shorter
2 3	that I will pursue given the opportunity. JUDGE O'CONNELL: Okay. Those are the questions I	2 3	themselves to be able to make a living in Stehekin and provide more opportunities for tourism. And those things are happening but I believe that a service like this will really, really help them especially shorter and off seasons but just the consistency of having a
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6 (Pages 82 to 85)

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1	opportunities that could be dependent upon these	1 Q. Do you believe that there's a built-in clientele that	
2	additional riders and additional options for potential	2 your service can capitalize on?	
3	visitors to Stehekin?	3 A. Yes. I think that people staying the night in Stehekin	
4	A. Yes.	4 will far prefer my service because of convenience and	
5	Q. In what way?	5 many of the support statements that we received said	
б	A. My wife and I have been looking into other	6 that very thing, just because if you have to drive a	
7	opportunities in Stehekin, deciding whether that's	7 few hours over the passes to get here, it'd be far	
8	really where we want to put down our roots, whether	8 nicer to start after it gets light, be able to make the	
9	that's where we want to put our effort and grow our	9 boat, and be in Stehekin in time to check into your	
10	family. I'm half owner in a guide service in Stehekin	10 room before dinner rather than as the current case	
11	currently that for the last five years I have been, I'm	11 where you have to either get up very early in the	
12	a half owner and manager of Stehekin Outfitters.	12 morning or leave the day before which often requires a	а
13	My parents own and operate Stehekin Valley Ranch,	13 whole extra day of vacation which sometimes people	
14	and they have expressed interest in passing that along	14 don't have.	
15	to my brother and myself. And we have considered it	15 Q. Is this one of the reasons that you believe it is	
16	but we want to know that there is going to be more	16 economically viable for your service to operate and	d
17	opportunity, that opportunity is not going to be	also not cause kind of the Boat Company to go und	der?
18	closing in on us, it's going to be expanding and	18 A. Yes, because it's different and that was the intention	
19	getting better if that's where we're truly going to put	19 when we applied, is that it was different than the	
20	our effort as a family.	20 current service. It is not a head-to-head competition,	
21	Q. In your future numbers projections, that's CCC-3, you	21 it is here to enhance what we currently have and to	
22	discuss the difference between ridership in two date	just make it better, that was my intention all along.	
23	ranges, 1996 through 2006 and 2007 through 2017, what	23 It was never to take anyone away from the Lake Chela	an
24	did you find noteworthy about comparing those time	24 Boat Company.	
25	periods?	25 Plus, you know, our price point will be higher, so	
	Page 87	Page	89
1	A. 1996 through 2006 numbers were significantly higher.	1 if anybody leaves the Lake Chelan Boat Company it will	
2	And I believe that the numbers were if I averaged those	2 be because it is more convenient or a higher quality.	
3	numbers, they were they actually were higher than	3 It's not because they don't have other options or	
4	what the numbers are currently today plus the numbers I	4 because of price.	
5	have projected. So and that was when there was more	5 Q. So you're not trying to undercut the	
6	opportunities to travel to Stehekin and that has been	6 A. No. I think that's yeah, that would be a ridiculous	
7	my belief all along, that with the opportunity the	7 thing to try.	
8	numbers will come back with more expanded opportunity	8 Q. Do you know Reed Courtney?	
9	not just in transportation but the excitement and	9 A. Yes.	
10	growth in Stehekin that people will get onboard in	10 Q. How do you know Reed?	
11	pretty short notice and that those numbers will come	11 A. Reed's my cousin.	
12	back like they were in the late '90s.	12 Q. To your knowledge, is Reed a member of the entity	
13	Q. So I guess is it then your position that it's not a	13that's seeking to acquire the certificate?	
14	lack of persons available to ride the boat but rather a	14 A. Yes, he is.	
15	lack of options for those persons to take a boat to	15 Q. Okay. Is it correct that he submitted a statement in	
16	Stehekin that's driven this reduction in ridership?	16 support when you filed your initial application?	
17	A. Yes. As the testimony of somebody this morning, I	17 A. Yes, he did.	
18	can't remember who talked about how Chelan I believe	18 Q. Have you had any conversations with him subseque	ent to
19	the Chamber of Commerce said that it has increased	19 it becoming known that he was I guess that his	
20	tourism in the last 15 years to 78 percent or something	20 entity was seeking to acquire the Boat Company's	
21	like that. And yes, Stehekin has remained flat and	21 assets?	
22	actually declined. And it's just inexplicable to me	A. Yes, I have had many.	
23	after growing up there and how amazing of a place it is	23 Q. And you heard his testimony here this morning?	
24 25	and how many opportunities there are for recreation there that the numbers would actually decline.	 A. Uh-huh. Q. Do you believe that his testimony in support is 	

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	Page 90		Page 92
1	indicative of the likelihood that he believes the Boat	1	is an extreme problem for many people with
2	Company is economically viable even if your certificate	2	disabilities.
3	is issued?	3	Stehekin already offers many problems, just
4	A. Yes. Actually, I had already applied, to the best of	4	navigating docks and things like that, so we want to
5	my knowledge, he didn't tell me exactly the date in	5	accommodate those folks the best we can.
6	which he started speaking to the Lake Chelan Boat	6	Q. Do you have kids?
7	Company, but I had already applied for the certificate	7	A. Yes.
8	and he knew that full well, I've been transparent	8	Q. How old are they?
9	throughout this whole process with my friends and	9	A. My son is 14 months and we have another baby due in
10	family.	10	August.
11	And obviously, he believes that that company is	11	Q. Congratulations. Do you intend for them to go to
12	still viable even if the certificate is issued just	12	school in Stehekin?
13	because they went ahead with their plans to purchase	13	A. Yes. I was homeschool or I was in the Stehekin
14	despite knowing exactly what we were doing. And he	14	school up till the third grade and then I was
15	Q. Please.	15	homeschooled until after that so it will be one or the
16	A. He hasn't as seen this morning, he is not in	16	other.
17	opposition of it and that remains to this day so I	17	Q. You heard the testimony today about difficulty and kids
18	think that's very telling.	18	traveling. As a lifelong resident of Stehekin, do you
19	Q. You mentioned another catamaran that had previously	19	have any personal knowledge of whether that's accurate
20	been operating, was that the Lady Cat?	20	or not?
21	A. Uh-huh.	21	A. Yes, absolutely, especially after I believe it was 2007
22	Q. Your earlier testimony was that based on your personal	22	when the Lake Chelan Boat Company stopped their winter
23	experience having seen additional options, did the	23	Sunday run despite objection from the local community.
24	operation of the Lady Cat bring additional persons up	24	And that's why one reason why I think things like
25	the lake?	25	this are so important, giving the community an
	Page 91		Page 93
	5		
1	A. It seemed to. I was fairly young when the Lady Cat	1	opportunity to make their opinions known in a forum
2	stopped operating but it seemed to. When we looked	2	like this is it became really difficult for families
3	back at the historical numbers, I don't think it failed	3	with children in schools to go out for the weekend. If
4	due to lack of people, I think it was design.	4	they did, they had to miss at least one day of school
5 6	Q. Are there any other, I guess, design characteristics or attributes of your boat that would allow certain	6	and perhaps part of another, that was if they left on Friday and came back on Monday.
7	persons, specifically handicapped or other mobility-	7	MR. MILLER: Okay. I don't think I have any
8	restricted persons, to travel that's not available to	8	further questions that will not cover the things that
9	your knowledge on the current operator?	9	are covered in the direct and rebuttal testimony so l
10	A. We have done the best we can with a small vessel to	10	don't want to stray too far from what the Court's
11	accommodate people with disabilities.	11	looking for today regarding the public necessity and
12	Q. How?	12	convenience testimony.
13	A. Just by making the aisleways, the doorways wide enough	13	So I'll just let the Court know that the
14	to accommodate a wheelchair. And the aisleways and as	14	additional testimony would be focusing on that and I
15	well as the restroom, there will be handrails in the	15	don't want to be redundant for Your Honor today as it
16	restroom. And so that has been our goal, it is not	16	seems like that's an important aspect of it and I
17	as far as I know, there is no specific criteria for	17	agree.
18	handicap-accessible vessels but we have attempted to	18	JUDGE O'CONNELL: Thank you.
19	make it as close as we can.	19	Mr. Roberson.
20	We're working with a small vessel. I believe it	20	MR. ROBERSON: It seems like it would be friendly
21	will be better. There are no flights of stairs to go	21	cross, Your Honor, so Staff has nothing.
22	up. One issue with the Lady Cat or the Lady Express	22	JUDGE O'CONNELL: Okay. Thank you, Mr. Courtney,
23	too is oftentimes you board the vessel on one floor and	23	you can step down.
24	you have to depart the vessel on another, and the only	24	Can we please hear from Ms. Luchini next?
25	way to get from floor to floor is the stairs, and that	25	MR. MILLER: That's our intent, yes, Your Honor.

8 (Pages 90 to 93)

		1	
	Page 94		Page 96
1	JUDGE O'CONNELL: Thank you.	1	EXAMINATION
2		2	BY MR. HITCHCOCK:
3	MARIETTA LUCHINI, being first duly sworn to tell	3	Q. So you just testified that you have reviewed
4	the truth, the whole truth and	4	Backcountry's application and their projections, have
5	nothing but the truth,	5	you reviewed Mr. Hammond's testimony and written
6	testified as follows:	6	analysis and his recommendation?
7		7	A. Yes, I have.
8	JUDGE O'CONNELL: Please be seated.	8	Q. And what is your opinion of Mr. Hammond's financial
9	Mr. Hitchcock, I believe	9	review?
10	MR. HITCHCOCK: Yes, Your Honor.	10	A. Yeah, I looked at it pretty closely, I looked at his
11	JUDGE O'CONNELL: Is it okay if I	11	testimony and his report, and I would say that I
12	Mr. HITCHCOCK: Yes, similar to what we did with	12	largely agree with him. I had some minor areas where I
13	Mr. Courtney, I think it would be appropriate for you	13	might disagree in opinions and perhaps that might be
14	to begin and then I'll redirect with any additional	14	because of my location.
15	information.	15	He just made a comment that the wage rates are
16	JUDGE O'CONNELL: That was my intent.	16	relatively stable in this area, and I would argue that,
17 10	EXAMINATION	17 18	yes, one could argue that, however, we are in a
18		19	phasing-in period of an increase in the minimum wage so
19 20	BY JUDGE O'CONNELL: Q. So, Ms. Luchini, thank you for being here this	20	right now we're at \$12 an hour minimum wage, we are facing a 13.50, which is the largest increase over the
20 21	afternoon. You heard what I asked to Mr. Colter	20	last three years, minimum wage starting January 1,
21	Courtney about the economic viability of having a	22	2019.
23	second operator on Lake Chelan. Can you tell me what	23	That said, he's likely not going to have minimum
24	evaluation you did and what your determination was?	24	wage jobs, but being a small business owner myself with
25	A. Well, I had limited information, right, I'm working	25	40 employees in a sort of an end-of-the-road kind of
	Page 95		Page 97
			Tage 97
1	from projections. And so economic viability of his	1	business, my husband and I own a grocery store in
2	entity based on the information that I've reviewed	2	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage
2 3	entity based on the information that I've reviewed depends on the timeframe, I was told specifically if	2 3	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage parody, that means as you increase your minimum wage
2 3 4	entity based on the information that I've reviewed depends on the timeframe, I was told specifically if 12 months is he going to remain in operation for	2 3 4	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage parody, that means as you increase your minimum wage employees you have to have some sort of parody to your
2 3 4 5	entity based on the information that I've reviewed depends on the timeframe, I was told specifically if 12 months is he going to remain in operation for 12 months, is he a going concern, and my answer would	2 3 4 5	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage parody, that means as you increase your minimum wage employees you have to have some sort of parody to your longer-standing employees so everybody in the store
2 3 4 5 6	entity based on the information that I've reviewed depends on the timeframe, I was told specifically if 12 months is he going to remain in operation for 12 months, is he a going concern, and my answer would simply be yes based on my analysis of the information	2 3 4 5 6	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage parody, that means as you increase your minimum wage employees you have to have some sort of parody to your longer-standing employees so everybody in the store isn't at minimum wage.
2 3 4 5 6 7	entity based on the information that I've reviewed depends on the timeframe, I was told specifically if 12 months is he going to remain in operation for 12 months, is he a going concern, and my answer would simply be yes based on my analysis of the information provided to me.	2 3 4 5 6 7	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage parody, that means as you increase your minimum wage employees you have to have some sort of parody to your longer-standing employees so everybody in the store isn't at minimum wage. And so I think there will be some effects of that
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2 3 4 5 6 7 8 9 10	entity based on the information that I've reviewed depends on the timeframe, I was told specifically if 12 months is he going to remain in operation for 12 months, is he a going concern, and my answer would simply be yes based on my analysis of the information provided to me. You know, economically speaking, I can't speak to the competitor company because I don't have any information. I have very little ridership information	2 3 4 5 6 7 8 9 10	business, my husband and I own a grocery store in Manson with 40 employees. We do feel what we call wage parody, that means as you increase your minimum wage employees you have to have some sort of parody to your longer-standing employees so everybody in the store isn't at minimum wage. And so I think there will be some effects of that but that's such a minor issue in terms of total work hours because he doesn't have a lot of work hour demand. So that's not really an issue but some small
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9 (Pages 94 to 97)

	Page 98		Page 100
1	basically estimate the cost based on the facts that	1	able to determine that the competition will not result
2	they have available to them and then they round to the	2	in diminished levels of service?
3	nearest large number so they kind of remove the	3	A. I'm not just because I don't have data. I mean, if
4	significant digits.	4	we're talking about diminished levels of service, is
5	In that case, having spoken with him in person and	5	somebody going to have to offer fewer scheduled rides,
6	asking him where he kind of determined his estimates,	6	well or will they have to pull one of their, you
7	I'm comfortable with his numbers. They do appear	7	know, boats from service, I can't tell because I don't
8	reasonable based on my knowledge of small businesses in	8	know what they're doing. I don't have any information
9	the area so I believe that his estimates are quite	9	on theirs.
10	reasonable.	10	Common sense tells me that with the availability
11	Q. And you had previously testified that you would have	11	of this one, if this one is financially viable and that
12	some challenges in determining whether two ferry	12	dials back, at the very least we will have one that
13	operators are viable. What would you need to determine	13	remains financially viable. It's, you know, I don't
14	whether they were viable, what additional information	14	really like to base things on common sense, but short
15	would you require?	15	of anything else, if you're asking me for my opinion, I
16	A. So generally speaking, when I look at something like	16	would say that, yes, it appears to be economically
17	that I'm going to need an economic background, I could	17	viable but I wouldn't be able to prove that or document
18	get that information largely on my own, but I also need	18	with any kind of numbers.
19	then specific information. All of Mr. Courtney's stuff	19	Q. And it might be a different rephrasing of the question
20	was either provided or I could kind of research some of	20	that may have kind of already been asked but just to be
21	it myself, but the other entity I don't have any data.	21	clear, is there anything in the data, the information
22	So I would need a balance sheet, an income	22	that you've reviewed, that indicates it will not be
23	statement, ideally a cash flow statement. Typically,	23	economically viable?
24	when I look at those I like a historical five years,	24	A. No. No. I looked at a number of things, if you don't
25	three would be okay. Less than that and I just I	25	mind me expanding, I looked at their working capital
	Page 99		Page 101
1	Page 99	1	Page 101
1	can't really make a basis for my judgment as to knowing	1	ratios, I even went very conservatively calculating
2	can't really make a basis for my judgment as to knowing what their economic viability is in terms of	2	ratios, I even went very conservatively calculating very high cash flow requirements for those three months
2 3	can't really make a basis for my judgment as to knowing what their economic viability is in terms of competition.	2 3	ratios, I even went very conservatively calculating very high cash flow requirements for those three months of summer and at the worst based on the cash they
2 3 4	can't really make a basis for my judgment as to knowing what their economic viability is in terms of competition. I would say just based on the Exhibit D that they	2 3 4	ratios, I even went very conservatively calculating very high cash flow requirements for those three months of summer and at the worst based on the cash they already have, working capital, which is in case you're
2 3 4 5	can't really make a basis for my judgment as to knowing what their economic viability is in terms of competition. I would say just based on the Exhibit D that they provided, they're looking at complete cannibalization	2 3 4 5	ratios, I even went very conservatively calculating very high cash flow requirements for those three months of summer and at the worst based on the cash they already have, working capital, which is in case you're wondering, it is the entity's ability to pay its
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2 3 4 5 6	can't really make a basis for my judgment as to knowing what their economic viability is in terms of competition. I would say just based on the Exhibit D that they provided, they're looking at complete cannibalization of ticket numbers which I would think would be unreasonable to expect in this situation. So it just	2 3 4 5	ratios, I even went very conservatively calculating very high cash flow requirements for those three months of summer and at the worst based on the cash they already have, working capital, which is in case you're wondering, it is the entity's ability to pay its current debts as they come due. So on a month-to-month basis, do I have enough cash in my pocket to pay my
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10 (Pages 98 to 101)

	Page 102		Page 104
1	You're excused.	1	go and then we will start training hopefully
2	Mr. Logan Courtney, if you would, please, come	2	training new operators.
3	take the stand.	3	And my Uncle Jim, who testified this morning, also
4		4	has told me that he will be a back-up operator and help
5	LOGAN COURTNEY, being first duly sworn to tell	5	with training and get people set up.
6	the truth, the whole truth and	6	Q. Okay. I think that might answer another question that
7	nothing but the truth,	7	came to my mind which was if you're the captain for the
8	testified as follows:	8	boat and the schedule is a daily schedule, what happens
9		9	if you get sick or something happens to you?
10	JUDGE O'CONNELL: Please sit down.	10	A. Yeah. So my uncle is he has formerly been licensed,
11		11	he is going to be licensed again, and said he will
12	EXAMINATION	12	assist. Colter Courtney has also applied for his
13	BY JUDGE O'CONNELL:	13	license and they have given him he's already passed
14	Q. So a couple of the questions I asked for Mr. Colter	14	his application with Labor and Industries so he just
15	Courtney, he said that you might have some more	15	has to I believe he's waiting on his test results
16	information on them. Let me ask about the vessel, the	16	right now. I have another cousin that is also
17	50-foot catamaran, that is being proposed. Are there	17	currently licensed. I think we have back-up operators
18	any concerns for operating in winter conditions here at	18	that are available right now, basically.
19	Lake Chelan, what is its capability in that low	19	Q. Okay. And from your experience operating on Lake
20	temperatures?	20	Chelan, are you familiar with any conditions or permits
21	A. I do not believe that winter operations are going to be	21	for getting authority to use docks, for example, at
22	a problem for it. It shouldn't be. It's set up to do	22	Fields Point or other places?
23	that. Even the current provider occasionally does not	23	A. Colter has basically been the one that's been dealing
24	run a trip, they basically leave it up to their	24	with that and I have not dealt with that personally.
25	captains to say is it safe to go, and I believe that	25	JUDGE O'CONNELL: Okay. Mr. Miller,
	Page 103		Page 105
1	Backcountry Travels will have the same policy. If you	1	Mr. Hitchcock, I don't have any other questions.
2	get out there and something your heater quits,	2	MR. MILLER: Thank you, Your Honor.
3	you're not having good visibility, it's really high	3	
4	winds, I believe they'll have the same policy that if	4	EXAMINATION
5	the captain says, I don't feel comfortable, we turn	5	BY MR. MILLER:
6	around. But as far as the vessel goes, I believe that	6	Q. You provided a resume, correct?
7	it is completely capable.	7	A. Yes.
8	Q. And can you please recap your experience with vessels	8	MR. MILLER: And that's, Your Honor, for purposes
9	on Lake Chelan?	9	of reference, LC-1, Mr. Courtney's resume's just
10	A. On Lake Chelan for the previous two years I was the	10	available.
11	captain for Mountain Barge Services operating the barge	11	Q. I noted in that that you have some background in
12	on the lake, I have also owned my own boat that I have	12	operating equipment. As the captain of the boat, do
13	had for also the last two years, and before that my dad	13	you believe that the engines are appropriate and
14	has always owned boats that I have ran up and down Lake	14	suitable for navigating Lake Chelan that are going to
15	Chelan. That's, yeah, my basic experience on Lake	15	be installed in this vessel?
16	Chelan.	16	A. Yes, I think that they are perfectly adequate. My boat
17	Q. And I'm unsure about whether you're going to know the	17	has outboard motors, I'm used to being around them,
18	answer to this question but maybe Mr. Miller can help	18	working on them, I do my own maintenance, so I believe
19	explain because I don't recall, are you going to be the	19	they are completely adequate. And they have actually
20	captain for this boat?	20	been slightly oversized for what the boat designer said
21	A. Yes, I believe for at least the first year. I am at	21	that they have to be to make this vessel performs
22	least going to be operations manager for the company	22	properly. And he told us that it will just enhance its
23	for two years. And I will be the primary captain for	23	performance and will just be better so that's what we
24			8000
25	at least the first year here to get through all the testing phases and making sure that the boat is set to	24 25	hope. Q. Is it able to operate functionally if one of the

11 (Pages 102 to 105)

	Page 106		Page 108
1	engines goes down?	1	basically contact whoever the nearest help was, let
2	A. Yes. Most of the systems, fuel systems, batteries,	2	them know what your situation was. You'd make sure
3	they're all separate. So if one motor quits, the other	3	that your passengers were informed of what was going
4	motor should be completely operational. And it changes	4	on, get them into life jackets, make sure everybody was
5	its handling characteristics but that's something that	5	ready to depart the vessel or something if it collided
6	as an operator you're always watching for and tinkering	6	with the shore, but that's a scenario that we don't see
7	with so it changes the way you do things but does not	7	ever happening. And then you would start looking at
8	cause safety concerns.	8	the motors and trying to see what your actual problem
9	Q. Based on your experience and background, do you have	9	was.
10	any capacity to identify, diagnose, and/or potentially	10	Q. Do you have communication devices that are going to be
11	fix a problem if the motor goes kaput on the way up	11	installed and operational on the boat?
12	lake?	12	A. Yes. We'll have VHF Radio, Marine 16, and the local
13	A. Yes. If I if the if it's reasonable, depending	13	Stehekin channels. I believe we're going to have a
14	on the situation, then I would definitely feel	14	Garmin inReach onboard that is satellite based that
15	comfortable going back and checking the motor and, you	15	will be able to contact Stehekin and probably Lake
16	know, if we're near a port to pull in, stop, check	16	Chelan for emergency services.
17	things over, and I think I would have a good chance of	17	Q. Are the persons that you and/or Colter have identified
18	figuring out the problem because I own my own boat, do	18	as back-up, do they have access to those same
19	my own maintenance, did a lot of maintenance for	19	communication devices?
20	Mountain Barge Services before so	20	A. Yes, I believe yeah, I believe they all have access
21	Q. Okay. Are you familiar with the safety plan or is	21	to all of those.
22	there a safety plan for Backcountry?	22	MR. MILLER: Just one second, I apologize. If I
23	A. Yes. There's a it's limited, there's not a complete	23	could just confer with Mr. Courtney.
24	overview, but there have been there's a couple	24	JUDGE O'CONNELL: Sure.
25	starts to the safety plan.	25	MR. MILLER: Thank you, sir.
	Page 107		Page 109
1	Q. Does that include maintenance?	1	I think we're, Your Honor, satisfied so no further
2	A. Yes. There is also a maintenance plan that has been	2	questions for this witness. Thank you.
3	just a general guideline, it's not completed until the	3	JUDGE O'CONNELL: Okay. Thank you, Mr. Courtney.
4	manufacturer of the motors gives us all the information	4	You're excused.
5	on what they want and the boat designer gives us	5	Oh, Staff, am I assuming that your response is the
6	everything they want but we have general overviews,	6	same?
7	yes.	7	MR. ROBERSON: It is.
8	Q. So the safety plan that's been compiled is subject to	8	JUDGE O'CONNELL: I apologize for skipping you.
9	supplementation and refinement?	9	MR. ROBERSON: No worries.
10	A. Yes.	10	JUDGE O'CONNELL: All right. Well, let's hear
11	Q. Didn't take anything off the list that you already put	11	next from Mr. Hammond.
12	on there?	12	
13	A. I don't believe that there's anything that will be	13	GREG HAMMOND, being first duly sworn to tell
14	taken off, no. I believe that's all very basic stuff	14	the truth, the whole truth and
15	that's going to be included.	15	nothing but the truth,
			fielding but the tidal,
16	Q. What are you going to do if you're out in the middle of	16	testified as follows:
17	Q. What are you going to do if you're out in the middle of the lake, nasty weather, and the mechanics start to go	16 17	testified as follows:
17 18	Q. What are you going to do if you're out in the middle of the lake, nasty weather, and the mechanics start to go sideways? Where do you start as a captain of the	16 17 18	testified as follows: JUDGE O'CONNELL: Please be seated.
17 18 19	Q. What are you going to do if you're out in the middle of the lake, nasty weather, and the mechanics start to go sideways? Where do you start as a captain of the vessel, you lose power?	16 17 18 19	testified as follows: JUDGE O'CONNELL: Please be seated. Now, Mr. Miller and Mr. Hitchcock, in this case, I
17 18 19 20	Q. What are you going to do if you're out in the middle of the lake, nasty weather, and the mechanics start to go sideways? Where do you start as a captain of the vessel, you lose power?A. Like I said before, most systems are redundant so the	16 17 18 19 20	testified as follows: JUDGE O'CONNELL: Please be seated. Now, Mr. Miller and Mr. Hitchcock, in this case, I think it's probably appropriate since he's not one of
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1		1	
	Page 110		Page 112
1	begin.	1	Backcountry Travels' projections?
2		2	A. That's right.
3	EXAMINATION	3	Q. And is there a particular methodology that you used to
4	BY MR. HITCHCOCK:	4	analyze those comparisons and those two document sets?
5	Q. Mr. Hammond, my name is Matt Hitchcock. I'll ask you a	5	A. As far as what?
6	few questions. I don't think I have a ton of	6	Q. Did you evaluate numbers based on a weighted average
7	questions.	7	from season to season or did you just do a calendar
8	One of the things, the recurring theme of the	8	year, any seasonal and/or special instances where
9	Ms. Luchini's testimony and also Mr. Courtney's	9	travel may be exceptionally high or exceptionally low?
10	testimony first was this concept of financial viability	10	A. I would say in general I looked at the year as a whole.
11	of two options, the Court has requested that we discuss	11	I believe in my financial review memo I do mention the
12	that, and no one has been able to give a definite	12	different seasonality ridership as a percentage of
13	answer so I'll ask I'll start by asking you are	13	total capacity between the two companies.
14	there particular challenges in this case that hinder	14	I believe I said that Backcountry may have gone a
15	precisely determining the financial viability of two	15	little bit on the high side in the winter and a little
16	commercial ferry operators on Lake Chelan?	16	bit on the low side in the summer when compared to
17	A. So just to clarify, I reviewed the financial viability	17	LCRI, but in general, no, I was looking at a full
18	of Backcountry Travels so I wasn't looking at LCRI in	18	12-month period.
19	that sense. I would say that, yes, there is challenges	19	Q. Okay. And now based on the information that you've
20	especially with Backcountry and that's because it deals	20	been tasked to review and the questions that you were
21	with a lot of projections especially of ridership that	21	specifically tasked to answer which was Backcountry
22	may not be known and measurable. I feel the applicant	22	Travels' financial viability, how confident are you
23	did a good job and I found that what they had put was	23	that your analysis of their numbers is accurate and
24	reasonable.	24	will likely play out the way you predict it?
25	Q. And what would you need to see, what additional	25	A. I am confident that what I stated in my testimony is
		<u> </u>	
	Dago 111		Dago 113
	Page 111		Page 113
1	information would you need in order to feel confident	1	accurate.
2	information would you need in order to feel confident in a determination that the two operators were or were	2	accurate. Q. And why are you confident, what gives you that
2 3	information would you need in order to feel confident in a determination that the two operators were or were not economically viable?	2 3	accurate. Q. And why are you confident, what gives you that confidence?
2 3 4	information would you need in order to feel confident in a determination that the two operators were or were not economically viable? A. I don't know that I could make that determination with	2 3 4	accurate. Q. And why are you confident, what gives you that confidence? A. Well, I looked at LCRI's basically, I scaled down
2 3 4 5	information would you need in order to feel confidentin a determination that the two operators were or werenot economically viable?A. I don't know that I could make that determination withfuture projections and that's really not the focus of	2 3 4 5	 accurate. Q. And why are you confident, what gives you that confidence? A. Well, I looked at LCRI's basically, I scaled down their total expenses in proportion to the amount of
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13 (Pages 110 to 113)

	Page 114		Page 116
1	Q. And did you compare their projected cost of service to	1	service and levels of equipment?
2	Lake Chelan the existing Boat Company or to any	2	A. Yes.
3	other commercial ferry operators?	3	Q. In your determination of whether public convenience and
4	A. Like I mentioned, I did look at LCRI's 2017 annual	4	necessity or Staffs' determination, did you consider
5	report and scaled it down based on I think it was a	5	the impact to the public if the existing certificate
6	15 percent factor which was the ridership that	6	holder is unable to continue operations or intends to
7	Mr. Courtney is projecting, and then like I said, I	7	increase its rates?
8	thought expenses were possibly overstated on the high	8	A. No, that was not considered.
9	side, they were conservative, and they seemed	9	Q. Okay. Is there a reason why it wasn't considered? Was
10	reasonable.	10	it thought about and not done or what was the reason?
11	Q. And that balance that Backcountry Travels has, I	11	A. So to clarify, I did not testify to that portion. I
12	believe they did attempt to strike that balance through	12	think the reason, it was basically the overwhelming
13	kind of overestimating costs and taking a conservative	13	support with the comments that I believe that
14	approach to their business plan, is that the reason	14	determination was made.
15	that you have confidence in your conclusion about the	15	Q. Do you know if pertaining to docks and facilities,
16	cost of service and the viability of the financial	16	do you know of any conditions that the facilities and
17	viability of the operation?	17	docks any conditions they may have that are
18	A. Yes.	18	necessary for service in this case?
19	MR. HITCHCOCK: Your Honor, that does it for my	19	A. Not that I'm aware of.
20	questions. I reserve if something comes up with your	20	Q. Do you know of whether there's any new seaplane service
21	direct, with your questions, if I may redirect, I'll	21	coming to Lake Chelan?
22	secede the floor to you.	22	A. Not that I'm aware of, no.
23	JUDGE O'CONNELL: Any redirect?	23	Q. So about purchasing tickets, what does Staff think
24	MR. ROBERSON: I don't think I have any redirect	24	regarding whether there's a need for another method of
25	as yet. I may have some.	25	purchasing tickets other than through an app online?
	Page 115		Page 117
1	JUDGE O'CONNELL: Then I do have a couple	1	A. I believe Mr. Courtney mentioned telephone purchasing.
2	questions for Mr. Hammond.	2	I do want to clarify that I don't really know much
3	•	3	about the consumer rules regarding ticket purchasing so
4	EXAMINATION	4	I'm not sure if there's some WAC requirements that may
5	BY JUDGE O'CONNELL:	5	not meet, I'm not certain.
6	Q. I realize that I indicated I had some questions for you	6	Q. And for the court reporter, I believe you're referring
7	regarding the economic viability analysis, I also have	7	to the Washington Administrative Code as WAC?
8	a couple other questions that I'm hoping that you	8	A. Yes.
9	thought about. What does Staff think about the issue	9	Q. Okay. So I noticed that Staff has recommended that the
10	of having only one vessel?	10	issuance of the certificate should be conditioned on
11	A. Well, I think it I would say, you know, there really	11	the provision of documentation meeting the insurance
12	isn't a precedent for it so it's hard to determine the	12	requirements by Commission rule, are there any other
13	effect. I think if it were an instance where the	13	conditions that Staff believes would be appropriate
14	pie let's say the pie is the demand stays the	14	should the certificate be issued?
15	same, the incumbent would certainly see a decrease in	15	A. I believe there was some minor formatting issues on the
16	revenue, but I don't know that that is the case in this	16	tariff that would need to be fixed. I am not
17	case. I think the pie could grow in this instance and	17	recommending any other conditions.
18	that there is a possibility that both could be viable,	18	JUDGE O'CONNELL: Mr. Hitchcock, did any of my
19	but I think there are a lot of factors at play so	19	questions bring up something for you?
20	Q. Okay. So I think what I'm hearing is and the testimony	20	MR. HITCHCOCK: No, Your Honor.
21	you heard earlier, you're saying that it's possible	21	MR. MILLER: No, Your Honor.
22	that demand may grow with supply in this instance?	22	JUDGE O'CONNELL: Mr. Roberson.
23	A. Correct.	23	MR. ROBERSON: I have just a couple.
24	Q. Did you assume that the incumbents that the existing	24	JUDGE O'CONNELL: Go ahead.
25	certificate holder would maintain its current level of	25	///
1		1	

14 (Pages 114 to 117)

	D		D
	Page 118		Page 120
1	EXAMINATION	1	supported this application.
2	BY MR. ROBERSON:	2	Today Your Honor asked and was provided the
3	Q. So you were here this morning, correct?	3	opportunity to hear from these people directly. I
4	A. Yes.	4	believe we counted 30 persons who actually spoke here
5	Q. You heard, I guess, she's the operations manager of the	5	today, 29 of which were strongly in support, one of
6	incumbent talk about possible rate pressures of a	6	which offered concerns and best wishes effectively to
7	competitive ferry, correct?	7	the purchaser of her business. And I agree, I think
8	A. Yes.	8	that Mr. Hammond testified accurately, she didn't say,
9	Q. Did she mention that she was afraid that the current	9	We're going down if you let this happen, it's going to
10	ferry would go out of business?	10	end.
11	A. I did not get that sense, no.	11	And I agree with Mr. Courtney's logical
12	Q. Do you think she might have mentioned that, that she	12	inferences. Reed Courtney is the principal, they have
13	thought that that was a possibility?	13	invested significantly. Nobody gave a firm number but,
14	A. Probably, yes.	14	I mean, to be blunt, there's seven figures, probably
15	Q. And you're aware that the incumbent was a party to this	15	multiple of seven figures that are being invested in
16	case, correct?	16	this process, a process that he's known from beginning
17	A. Yes.	17	to end and where it's at, a process that they continue
18	Q. And the incumbent had the opportunity to protest so	18	to pursue the acquisition after knowing that the
19	well, you're aware of that opportunity to protest,	19	Commission comes before and says, you know, the
20	correct?	20	Commission say, Yeah, we think this should be issued.
21	A. Yes.	21	He comes here today and I'm sorry. And that's
22	Q. And if they had maintained their protest, there could	22	an excellent point. It's not even that they're not
23	have been no certificate absent certain findings by the	23	going to take them down, it's supplemental, there's a
24	Commission, correct?	24	hand-in-glove theory, and I appreciate my colleague
25	A. Correct.	25	pointing that out. The testimony the overwhelming
1 2	Page 119 Q. So if the incumbent really wanted to veto the certificate, they could have done that, correct?	1 2	Page 121 testimony is that this is not a danger, this is an opportunity for everyone to grow, this provides
3	A. Correct.	3	services that can't be provided.
4	Q. But they did not?	4	If someone and the testimony I think was fairly
5	A. Correct.	5	clear, if someone brings more people up to Stehekin,
6	MR. ROBERSON: I think that's all I have, Your	6	the Stehekin Valley benefits. As Mr. Nolen testified,
7	Honor.	7	hey, if they get people up there and they don't have a
8	JUDGE O'CONNELL: Okay. Mr. Hammond, you're	8	ride back or they have a different timing they want to
9	excused. Thank you very much.	9	come back, perfect, then I've got another ride from
10	So at this point, I'd like to invite and give the	10	Stehekin down lake.
11	opportunity to the attorneys, if you'd like, to make	11	The logic behind the desperate the logic behind
12	any closing statements.	12	the explanation of the desperate economical development
13	MR. MILLER: Briefly, Your Honor, I'd appreciate	13	of Chelan versus Stehekin, there's really just one
14	that.	14	variable: People can get here. They can drive here,
15	JUDGE O'CONNELL: Go ahead, Mr. Miller.	15	they can train here, they can take a bus here, they've
16	MR. MILLER: Your Honor, Mr. Courtney and his	16	got options. They've got the ability to make a choice
17	family came to this proceeding and made this	17	and to determine what is the best thing for their
18	application I apologize, I'm just used to standing	18	intended use of this unique slice of the world that is
19	when I'm making a closing argument.	19	inaccessible but for this type of service particularly
20	JUDGE O'CONNELL: Whatever you're comfortable	20	now. At best, it sounds like a seaplane in a year but
21	doing.	21	even that person is akin coming before the Court and
22	MR. MILLER: To our mind, the case has been simple	22	saying, you know, I want to provide a competitive
23	from the beginning. The public, the members of this	23	service.
24	community, the people who value and utilize Stehekin	24	And I think this service that's to be provided by
25	have overwhelmingly and at an unprecedented level	25	Mr. Courtney, it's not competitive, it's supplemental,

15 (Pages 118 to 121)

	Page 122		Page 124
1	it's an addition to. It provides opportunities.	1	opportunity the place like Stehekin provides but you
2	The rising tide floats all boats, there's a lot of	2	can only provide them if you allow them to get there
3	very simple, straight forward ways of looking at this	3	and enjoy it.
4	and I appreciate Ms. Luchini saying, I kind of hate	4	So for every possible reason, Your Honor, I submit
5	testifying based on common sense but I think the common	5	that the evidence demonstrates the Court should agree
6	sense, when it comes to it, the economic viability, I	6	with the Commission, agree with Mr. Courtney, and issue
7	think the Court can apply that.	7	the certificate understanding the conditions. I think
8	And as Mr. Roberson has pointed out, if it wasn't	8	Mr. Courtney addressed the insurance, it's just a
9	viable and they really believed it wasn't viable,	9	matter of you don't write the check until you know you
10	they'd be here. They'd be cross-examining witnesses,	10	have something to insure.
11	they would have provided a financial expert rather than	11	They're ready, they're willing, they're able. I
12	just a simple opinion statement, Mr. Luchini looking	12	hope you'll give them a chance, Your Honor. Thank you.
13	over the materials they provided, it doesn't show what	13	JUDGE O'CONNELL: Thank you. Mr. Roberson, do you
14	needs to be shown.	14	have
15	We have overwhelming public support, the testimony	15	MR. ROBERSON: Sure.
16	regarding the various conveniences or lack thereof are	16	JUDGE O'CONNELL: Please go ahead.
17	numerous. They involve school children, they involve	17	MR. ROBERSON: RCW 81.84.020 authorizes the
18	disabled persons, they involve people who have to make	18	Commission to enable commercial public ferry service
19	a healthcare decision based on the ability to go down	19	upon making two findings, the first is a finding of
20	lake or not. These are not, boy, you know, I'm really	20	public convenience and necessity. Mr. Dotson's
21	rich and I would like to have somebody to take me	21	testimony is in the record, the striking thing from it
22	around and drop me off on my boat. These are real	22	is that he testifies he'd never seen so many comments
23	people with real problems with real business concerns	23 24	in support of an application before.
24 25	with real investments that they can't even make.	24	This is my way of noting that the Commission
20	And Mr. Courtney and his family, other people in	23	normally measures public convenience and necessity by a
	Page 123		Page 125
1	the valley, they want to see it grow, they want to see	1	filled out form to that extent that goes with the
2	it thrive, and they can't because they don't know that	2	application. There was voluminous public testimony
3	the people that they will rely on to grow this the	3	this morning as to the necessity and the convenience
4	demand to grow this valley, to grow the opportunity for	4	both in terms of, you know, sometimes it's nice to get
5	the entire public to reach and get access to this	5	out of the valley, sometimes you really need to get out
6	unique place, they don't know that it's available	6	of the valley, you know, this service seems like it
7	because right now it's not. Because the services that	7	would enable people to do both.
8	exist today don't provide them that certainly and don't	8	The second finding is a finding that the applicant
9	provide them that knowledge that they'll have the	9	has the financial resources to provide service for
10	opportunity to realize those dreams.	10	12 months. Mr. Hammond's review is in the record,
11	Mr. Courtney's case is very simple and we believe	11	you've heard from him. The striking thing there is
12	the evidence certainly supports the determination by	12	that it appears that all of Backcountry Travels'
13	this Court that it is necessary for the public	13	estimates are conservative, which means that, you know,
14	convenience that the current provider is not meeting,	14	even in their almost worst case scenario they're more
15	they're refusing to meet in one instance. In all	15	than able to provide service. So Staff submits that
16	candor, I'm a Miller too so, you know, I can speak to	16	the evidence necessary to make the findings the
17	all of the persons who testify and the Court can hear	17	Commission has to make is in the record.
18	them, and the message is the same message Mr. Courtney	18	The one thing I would address is there is a way to
19	gave when he submitted the application.	19	measure public convenience and necessity by having a
20	I know this place, I've lived here, I breathe	20	boat on the lake, that's certainly probably an
21	here, I believe that I have a unique opportunity this	21	important factor in public convenience and necessity.
22	point in time, this unique slice, today and looking forward, the time is right to provide something to	22 23	The testimony that I would direct you to is
22		43	Mrs. Luchini's testimony that there's no way both boats
23		24	would go out of business if there's compatition. So it
24	people that I care about, to his family, to all of	24	would go out of business if there's competition. So it
		24 25	would go out of business if there's competition. So it seems like the Commission should make the requisite

16 (Pages 122 to 125)

	Page 126	Page 128
1		
2	findings and issue a certificate. JUDGE O'CONNELL: Okay. Thank you.	1 MR. ROBERSON: Not from Staffs' perspective. 2 JUDGE O'CONNELL: Okay. Thank you all for your
3	So directed at Staff, I'm going to make a venture	3 efforts and your work in this proceeding. I will issue
4	request right now that you please work with the	4 an initial order in this proceeding soon, and with
5	Commission's Consumer Production Staff, Mr. Andrew	5 that, we are adjourned. Thank you.
6	Roberts, to compile another bench exhibit made up of	6 MR. MILLER: Thank you, Your Honor.
7	any comments received by the Commission or Staff that	7 MR. HITCHCOCK: Thank you, Your Honor.
8	have not already been included in Exhibit BE-1, that	8 (Discussion held off the record.)
9	would be those that have been submitted up until the	9 JUDGE O'CONNELL: Back on the record for one
10	end of this week, April 26, 2019. So I would like to	10 moment. My apologies. One thing that I forgot to
11	leave the public comment period open until the end of	11 mention that we need to discuss, Mr. Miller,
12	this week for people to submit any further comments.	12 Mr. Hitchcock, I am without electronic versions of
13	With that in mind, how much time does Staff need	13 certain exhibits, the ones for Ms. Luchini and
14	in order to compile, work with Mr. Roberts, and submit	14 Mr. Logan Courtney and also CCC-5.
15	that exhibit?	15 I realize that that is a Commission report but if
16	MR. ROBERSON: I think that there are four	16 you could please submit it as you were sponsoring it,
17	comments in the record that are not yet compiled plus	17 would you please do that as soon as you can submitting
18	one of the Mr. Courtneys had written comments today.	18 them electronically?
19	It should go pretty fast.	19 MR. MILLER: We'll do that immediately, Your
20	JUDGE O'CONNELL: Okay. So how about sometime	20 Honor.
21	next week; is that reasonable?	21 MR. ROBERSON: That addresses my question.
22	MR. ROBERSON: Yeah. Wednesday.	JUDGE O'CONNELL: Okay. With that, we are
23	JUDGE O'CONNELL: Okay. So by Wednesday, May 1st,	adjourned and we'll close for the day. Thank you.
24	please submit that bench exhibit.	24 (PROCEEDINGS ADJOURNED AT 3:00 P.M.)
25	Next thing I want to talk about is post-hearing	25
	Page 127	Page 129
1		
-	briefs. Currently the procedural schedule indicates	1 CERTIFICATE
2	that they're due on May 27th, and as I indicated, the	1 CERTIFICATE 2 STATE OF WASHINGTON)
	that they're due on May 27th, and as I indicated, the Commission's closed that day so their due date's	2 STATE OF WASHINGTON))
2 3 4	that they're due on May 27th, and as I indicated, the Commission's closed that day so their due date's actually the day after, May 28th.	2 STATE OF WASHINGTON)) 3 COUNTY OF YAKIMA)
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