

Lake Chelan Recreation, Inc.
dba Lake Chelan Boat Company / Lady of the Lake
P.O. Box 186
Chelan, WA 98816

October 8, 2018

Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: TS-180677 Backcountry Travels LLC

To whom it may concern,

Lake Chelan Recreation, Inc., dba Lake Chelan Boat Company (LCBC) presents this letter in protest of Backcountry Travels LLC's (BT, LLC) proposal to operate overlapping service with the service LCBC provides on Lake Chelan. If BT, LLC is allowed to operate LCBC would need to make, at a minimum, changes to its schedule/services/rates in the ways presented in this letter (next section).

Lake Chelan Boat Company also presents in the body of this letter, information that we feel is pertinent to the decision making process.

The following initial changes in terms and service would be sought:

1. We would request to reduce or discontinue runs during the period of November through March. If BT, LLC runs a daily service during that time, there would be no need for our service. The passenger numbers are very low and should be able to be taken care of by BT, LLC. We would possibly still need to run charter runs, from time to time, for larger groups traveling to Holden Village (port of Lucerne). If we did continue runs during this time, we would possibly propose a change of our run days to just Saturday and Sunday, when day trip riders would be more likely. This might help support our service. Continuing to run in the off season, alongside BT, LLC would cause greater off season losses that are carried by the summer travelers. It is not fair to summer travelers to support the off season service more than they already do.
2. If we were to continue running during the months of November through March, we would propose to the WUTC that the Lady Express summer fare be charged year round, with the normal (lower) fare for the Lady of the Lake II during the high season when it runs. That would also help cover the cost of winter runs that are currently being carried by the summer ridership.

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3. Currently, if a person is not able to use their ticket on the reserved date of travel, they are allowed to use it within a year on a standby basis. This is a more than generous, and a highly unusual practice in transportation. This would need to be discontinued, as we could not hold seats as a backup plan to BT, LLC's boat. We would make our tickets good for the date of travel only, with a stricter cancellation policy. We have already experienced cancellations from some of Courtney's customers who have been picked up at Field's Point Landing and put on their private boats in September 2018.

4. We would also request a simpler rate structure, like that proposed by BT, LLC so an affordable and understandable on-line ticketing system could be obtained. Currently our rate structure has many odd, little used route rates, that cause complex and confusing ticketing, especially for online sales.

5. If BT, LLC is offering service to individual cabins and flag stops along the lake, we would discuss with the WUTC the necessity of our larger boats making those stops, as they cause delays in the schedule for all travelers. The Prince Creek flag stop would still be necessary due to the number of people needing transportation to that location at times, but other flag stops would not need to be served by our larger boats.

6. As the "only" service, Lake Chelan Boat Company has assisted with freight items, within reason, when we can without endangering our staff's safety, the safety of the item, and safety of the boat. With another option, we would feel less obligated and would look to change our freight policy to strictly only items 50 lbs and under, with no exceptions.

7. We have had a long standing special service of picking up groceries at two local grocery stores in Chelan each morning as needed. This started way back when residents of Stehekin did not travel down lake so often. It has assisted those living in Stehekin to place orders by email (used to be mail) at those stores, and have the luxury of having them delivered right to the Stehekin Landing. Times have changed and residents not only travel out frequently, but most have internet and some phone service. If BT, LLC has a service that allows them to come out even easier, we would look at discontinuing this costly program.

"Appropriateness of Rate and Service Regulation of Commercial Ferries Operating Lake Chelan"

Attached to this letter, and as part of our submission, is a copy of the "Appropriateness of Rate and Service Regulation of Commercial Ferries Operating on Lake Chelan", the report to the Legislature dated January 14, 2010. This contains a very complete history and conclusions of service on Lake Chelan.

Loss of Passengers and Revenue

Without growth in visitation opportunities in Stehekin that would bring in more passengers, another service simply takes passengers away from the existing service. When that is done, rates must be raised to cover the loss, or a reduction of service would be needed, or a balance of both.

Backcountry Travel, Inc. is proposing a \$39 one way rate (thus \$78 round trip rate) between Field's Point and Lucerne/Stehekin, and proposing a passenger count of 9,056 one ways or an equivalent of 4,528 round trips. If these numbers were realized, these would be lost passengers to the Lake Chelan Boat Company service and thus rates would increase for its service. Our current rates are \$40.50 per round trip on the Lady of the Lake II and \$61 round trip on the Lady Express in the summer. We would anticipate an increase of at least \$8 per round trip ticket to cover the loss of passengers. We have to assume a loss of passengers, as no information has been provided by BT, LLC describing how "new" passengers would be generated.

During the summer season, when Colter Courtney's parents's (Cliff & Kerry Courtney) business, the Stehekin Valley Ranch is open, they can obviously guide all guests to travel on BT, LLC's boat by only meeting that boat's schedule or including it in the guest's package.

Those guests have been primarily traveling on the Lady Express, thus a direct loss of passengers to Lake Chelan Boat Company. Colter Courtney operates a Backpacking Business, his Aunt operates Cabin Rentals and the Stehekin Pastry Company, and his parents Cliff and Kerry Courtney operate Stehekin Valley Ranch. With the exception of the North Cascades Lodge and a few cabins scattered throughout the valley, the Courtney family operates the majority of the businesses. Those have historically only operated during the summer season, even though daily service by Lake Chelan Boat Company is available much sooner (5 days a week starting April 1, and daily beginning May 1).

Loss of Passenger Income based on BT, LLC's numbers:

\$134,810 during the months of June through September

\$94,124 during the months of October through May

The total loss of Income to Lake Chelan Boat Company would be approximately \$228,934 (could be more) using the numbers presented by BT, LLC. We would expect to experience a greater loss due to their ability to book transportation for Courtney summer lodging guests at the time of booking, along with the other family business's customers. Their estimates are on an average of 20 round trip passengers per day for the summer months, and that could be as many as 32 per day.

Again, without guest service seasons being expanded or new ventures starting up, this service is simply taking customers off of the Lake Chelan Boat Company boats.

Capacity vs. Customer Count:

Lake Chelan Boat Company's Capacity vs. Customer Count has shown more than sufficient service during all months, with over-service during May, June, September and October.

However, the months with over-service are the months with the greatest potential for growth. During most of these months Stehekin businesses are open. During the other months, facilities are closed or offer very minimal to no service.

Holden Village, a very dependant user of LCBC services, operates year around and does so successfully, with the current year round sailing schedule. One of their biggest concerns in the past has always been that the passenger rates remain as affordable as possible and that the service is dependable.

Safety of Passengers, Crew and Vessels:

Changes made to the service on Lake Chelan should recognize the importance of assuring safety of the passengers, crew and vessel. Weather conditions on Lake Chelan can be very dangerous. Lake Chelan waters can go from very calm to very stormy, quickly and without warning. There are no roads for rescue services to reach vessels in distress, and there are limited areas to safely moor a vessel in the upper reaches of Lake Chelan. The water temperatures are below what a person could tolerate.

Lake Chelan Boat Company operates with the mindset that there is always a vessel at the dock (fueled and ready to go), and/or another vessel on the water running a schedule, that could assist a vessel in distress. All vessels have two operating engines at all times, with an additional working engine in storage for each vessel, to be available if an engine breaks down. This allows us to continue with dependable and safe service. Engines do break down when they are used, so this happens periodically.

Significant Investments

Significant investments are made to ensure safe operations and safe vessels. We also must maintain a working railway car to pull the vessels for repairs and inspections, maintain safe fuel storage and transfer on site, maintain a safe dock for moorage, along with maintaining back up vessels and engines to maintain a very stable, consistent and dependable service.

Above those costs is the investment in waterfront property in Chelan. This cost is more than significant and in actuality the Ferry Service is not the "Highest and best use of the land".

BT, LLC Supporting Comments submitted to the WUTC:

Some comments presented state that Lake Chelan Boat Company's schedules confine Stehekin's business opportunities. However, we transport substantial passengers into Stehekin starting April 1st and very little, to no services, are offered at that time by anyone, including the National Park Service. Most businesses are not in full swing until mid-June. To date the Stehekin businesses have not even taken advantage of these early visitors in April and May. Stehekin services open minimally by Memorial Weekend and then full swing by mid-June. Where are the "new" passengers (customers) going to come from and what will they be doing in Stehekin?

Driving in the Dark: The vast majority of passengers travel during the longer daylight days of summer, so while we do understand issues of traveling in the dark, our schedule does allow daylight travel. The Lady Express gets into Field's Point Landing at 1:45pm (more near 1:30) and the Lady II at 4:45pm on the return trip for those heading out of the area. On the day of arrival they have departure time choices of 8:30am in Chelan, 9:20am or 9:45am at Field's Point.

Complaint of not being able to get on board: We would challenge these statements with providing a date. With two boats running daily from mid-June to late-September, over 400 seats are available. People making this statement must be referring to the Lady Express during the summer season, and wanting to walk up on the day of travel, purchase tickets very near the day of travel, or book late on holiday periods, or wish to board the Lady Express without pre-purchasing tickets. The Lady Express can fill up during the busiest of days, but those planning in advance will get on the day they wish. If they cannot travel on that boat, the Lady of the Lake II is always an option, it holds 289 passengers and aside from some years on Memorial Day Weekend (due to group bookings) it does not fill to capacity. Commuters, residents and late comers are stating their desire to walk up anytime on any day and get on board the Lady Express (not the Lady of the Lake II). In the summer when BT, LLC is full with Courtney customers, they will not have this opportunity either.

Some supporters of BT, LLC complain of the noisy and workboat type vessels that we operate. We have vessels built for safety above all else, and we receive compliments often about the comfort of our boats. We have a 4.5 star rating with both Google and TripAdvisor, with specific compliments about the comfort of LCBC vessels.

Many people are missing the discontinued Seaplane Service on Lake Chelan. It was (and will be again) a great option for the people who can afford it. The Chelan Seaplanes owner has stated that he expects to be back on the lake in 2020. He lost his Chelan port during that property's development.

In closing

Options are always desirable, but the increased fares to all, due to overlapping boat services, for the sake of another option for some, needs to be carefully evaluated, along with the most probable changes to the services and policies of Lake Chelan Boat Company. We understand that options are nice and desirable in most situations, but they often come at a cost. Are the higher fares and changes worth it, and who does it then exclude?

To restate, without new business ventures in Stehekin, we question where "new" business would come from. We see this service as simply taking passengers away from our existing service. **We believe the basis of the reason for this service is to transport Courtney customers during the busy summer season, which they can dictate by pickup times to assure they travel on BT, LLC's boat. Without growth in visitation opportunities in Stehekin that would bring in more passengers, another service simply takes passengers away from LCBC's service.**

As the certificated provider of service on Lake Chelan, Lake Chelan Boat Company feels it needs to go on record as stating that the WUTC provides great protections to the public by regulating the rates, services, and sailing schedules. They also provide a minimal profit margin to the regulated business, which benefits the public, and challenges the operator.

Let it be known that as current operators of the service, (for 34 years), with extensive experience of surviving through forest fires with level three evacuations of main ports, extreme fuel price fluctuations and downturns in ridership and economy to name a few, we will continue to evaluate our options should competing service be allowed.

Lake Chelan Boat Company's Ferry service is NOT government subsidized like other Washington State Ferry services. It is a private business that will need to make appropriate decisions based on the facts that are presented to it, to remain viable. The WUTC has an obligation to allow the small margin of profit and we would adjust to strive to maintain that. **We would not absorb losses first and then evaluate those losses at the end of a season, nor would we continue to operate at a loss.**

There is a lot to consider for those who depend on safe, dependable and affordable transportation on Lake Chelan. It is a service that has many challenges and fragile circumstances that need to be carefully evaluated before allowing additional services to operate.

The responsibility regarding the future of a dependable transportation system on Lake Chelan lies in the WUTC's hands.

We also request notification of all proceedings regarding this application.

Sincerely,

Jack Raines

Jack Raines, President

Lake Chelan Recreation, Inc.