

Lake Chelan Boat Company  
P.O. Box 186  
Chelan, WA 98816

October 15, 2008

Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, WA 98504-7250

To Whom It May Concern

We are respectfully requesting changes to our sailing schedule.

In our previous correspondence, we explained what we feel is the responsible approach to responding to the downturn in ridership, and the increase in costs, relating to the passenger service we provide on Lake Chelan. This is another step in achieving the goal of having a sound operation.

**We are requesting the following changes to our Sailing Schedule:**

Table No.2 requested changes are as follows:

- Deleting Sunday Service from January 1 through March 14th. The service would run on Monday, Wednesday, and Friday.
- Deleting Tues, Thurs, Sat, and Sun, service March 15<sup>th</sup> through March 31st. The service would run on Monday, Wednesday, and Friday.

The financial information being forwarded to you, shows a potential gain to the company of \$9,073, with these changes. It also shows that if we do not make these changes, we would anticipate a further loss of at least <22,347>.

As you will see in SCHEDULE 4, the ridership during January, February and March increased dramatically in the years of 1995 through 2006. During this timeframe we (Lake Chelan Recreation, Inc.) operated the NPS Concession facility (then called North Cascades Stehekin Lodge, now called the Stehekin Landing Resort and operated by Cliff Courtney and family members). We kept the facility open year round and promoted winter visitation. After the end of our contract 12-31-06, Cliff Courtney and family members took on a temporary contract that ends November 1, 2008. Cliff Courtney has advised us that his group is working with the NPS, on another interim contract, that would be effective March 1, 2009, if they are able to settle the terms. In the meantime, the entire facility will be closed. He advised us, that if they do agree on an interim contract, the facility would have lunches available during the boat layover time in Stehekin during future winters, but still no lodging facilities or related visitor services would be available. Thus, there would be no reason to believe that passenger traffic would increase.

An additional fact is that during these months of the year, the trend in passenger traffic has followed the same pattern as other times of the year. The high years were in 1999-2002, with declining numbers ever since. Visitation to National Parks has decreased in recent years. We are told that the Parks that are more remote, and thus more costly to access, are suffering the biggest loss in visitation. This makes us even more interested in finding the correct balance between adequate service and rates.

The schedule changes we are requesting would change the schedule back to exactly what it was prior to 1994. We increased our sailing schedule days when the facility began opening year round in 1994, and visitation was increasing.

You will find attached passenger numbers and breakdowns that will show not only the number of passengers that traveled during these months in 2008, but also a breakdown between full paying passengers and reduced rate travelers (commuters). Keep in mind that many of the full paying passengers would not be traveling in 2009, because to this point, not only will the NPS facility be closed, but we have not yet found even one cabin owner who will be renting to visitors, during this time.

An overview of the financial information is as follows:

**Exhibit A** – showing the projected gain to the company from this change, along with the projected gain from the last change made to our service

**Exhibit B** – 2007 WUTC Annual Report with known 2008 projections. On the second page of this Exhibit you will see that the projected bottom line with these changes is <70,534.>.

**Attachment to Exhibit B** – lays out each of the adjustments made to the 2007 Annual Report.

**SCHEDULE 1** – Analysis of Ridership in January, February, and March – comparing 2008 with pre-1994 ridership.

**SCHEDULE 2** – Lady Express hard costs of fuel, labor and related payroll taxes per run: this was used to project savings per run, in Exhibit A

**SCHEDULE 3** – Passenger Count Analysis for the days we are asking to delete. This is a detailed breakdown of passenger traffic.

**SCHEDULE 4** – Passenger History by Year for January, February and March since 1989, showing the change in ridership during years that the NPS concession facility was open, and the general passenger trend.

Lake Chelan Boat Company has operated with substantial losses for five years now. In order to continue the service we provide, we have set a very clear goal of correcting this.

There are two ways to do that:

- Delete run days with minimal ridership, that are contributing to the large losses
- Increase rates to the level necessary

Bottom line: Our goal is to delete runs that are causing large losses first, so the rates will increase less. These two items are directly related.

We understand that the WUTC is concerned about adequate service, and the commission's viewpoint of that may differ from ours in some ways. Know, that if along the way, the WUTC feels compelled to disagree with our business choices, and wants us to continue runs, we would comply. It would of course directly affect the rates. With that said, we would be concerned if we were asked to provide service that would run at large losses, as that may make our rates unaffordable to many potential customers, and cause a further reduction in overall ridership. We also believe that the residents of the up lake regions are as concerned about rates, as they are about service.

As always, we appreciate your assistance. If further information is needed, please contact Cindy Engstrom at 509-682-1123 or at [cindy@ladyofthelake.com](mailto:cindy@ladyofthelake.com). Thank you.

Sincerely,

*Jack D. Raines*

Jack D. Raines  
President