MEMORANDUM

December 15, 2015

TO:

Chairman Danner

Commissioner Jones

Commissioner Rendahl

Steve King

Mark Vasconi

Greg Kopta (w/attachments)
Sally Brown (w/attachments)

Danny Kermode

FROM:

Lisa Wyse, Records Center Jun Wype

SUBJECT:

James Courtney and Clifford Courtney v. David Danner, chairman and commissioner, Ann Rendahl, commissioner, and Philip Jones, commissioner, in their official capacities as officers and members of the Washington Utilities and Transportation Commission; and Steven King, in his official capacity as executive director of the Washington

Utilities and Transportation Commission

(TS-151359)

Petition for Judicial Review Chelan County Case No. TBD

A Petition for Judicial Review of Agency Action, has been filed in Chelan County Superior Court on December 14, 2015, by Michael E. Bindas, Institute for Justice, representing Petitioners listed above. The petition was received by the Commission on December 14, 2015.

Please note, no attachments were filed with this petition.

E-FILED 1 **DECEMBER 14, 2015** 2 KIM MORRISON 3 CHELAN COUNTY CLERK 4 5 6 7 SUPERIOR COURT OF THE STATE OF WASHINGTON FOR CHELAN COUNTY 8 15-2-01015-2 9 JAMES COURTNEY and CLIFFORD COURTNEY, No. 10 11 **PETITION FOR JUDICIAL REVIEW** Petitioners, 12 13 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION; DAVID 14 DANNER, chairman and commissioner, ANN 15 RENDAHL, commissioner, and PHILIP JONES, commissioner, in their official capacities as 16 officers and members of the Washington Utilities and Transportation Commission; and STEVEN KING, in his official capacity as executive 18 director of the Washington Utilities and Transportation Commission, 19 Respondents. 20 21 I. INTRODUCTION 22 23 1. Pursuant to RCW 34.05.510-.598, James and Clifford Courtney (hereinafter "the 24 Courtneys") jointly file this Petition for Judicial Review of the Washington Utilities and 25 Transportation Commission's Declaratory Order No. 01, Docket No. TS-151359, in which the

Commission determined that the certificate of public convenience and necessity requirement set

forth at RCW 81.84.010(1) and WAC 480-51-025(2) applies to boat transportation on Lake

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PETITION FOR JUDICIAL REVIEW - 1

INSTITUTE FOR JUSTICE

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Chelan that is provided solely for customers of specific businesses or a group of businesses.

The constitutionality of applying the certificate requirement and corresponding application process to such service is at issue in Courtney v. Danner, 2:11-cv-00401-TOR (E.D. Wash.), which the federal courts have abstained from resolving until the Courtneys obtain a decision from the Washington Utilities and Transportation Commission or Washington state courts as to whether the certificate requirement, in fact, applies to such service.

II. ENGLAND RESERVATION

- Pursuant to England v. Louisiana State Board of Medical Examiners, 375 U.S.
 411 (1964), the Courtneys hereby:
 - (a) apprise this Court of the pendency of Courtney v. Danner, over which the United States District Court for the Eastern District of Washington has exercised Pullman abstention and retained jurisdiction, see Courtney v. Goltz, 736 F.3d 1152, 1162-65 (9th Cir. 2013); Courtney v. Danner, 2:11cv-00401-LRS (E.D. Wash. Mar. 13, 2014) (order retaining jurisdiction over plaintiffs' second claim and staying case); and
 - (b) state their intention, and reserve their right, to return to federal court to litigate their federal Privileges or Immunities Clause claim and any other federal issues in that case after resolution of state proceedings.

III. PARTIES, REPRESENTATION, AND AGENCY ACTION AT ISSUE

3. Petitioner James (Jim) Courtney is a resident of Stehekin, Washington; a brother of Petitioner Clifford Courtney; and a plaintiff in Courtney v. Danner. Jim is a Stehekin-based

The case, originally captioned Courtney v. Goltz, is now captioned Courtney v. Danner by operation of the rule providing for automatic substitution of government officials set forth at Fed. R. Civ. P. 25(d), Fed. R. App. P. 43(c)(2), and Supreme Ct. R. 35.3.

contractor. He is the former owner of Stehekin Air Services and former part-owner of Chelan Airways, both float plane companies. For eighteen years, Jim has tried to provide boat transportation service on Lake Chelan, ranging from a ferry open to the general public to an on-call boat service. Because of the public convenience and necessity requirement, however, Jim has been, and continues to be, prevented from using the lake's navigable waters to provide such services. Jim's full name and mailing address are:

James Courtney P.O. Box 296 Stehekin, WA 98852

4. Petitioner Clifford (Cliff) Courtney is a resident of Stehekin, Washington; a brother of Petitioner Jim Courtney; and a plaintiff in Courtney v. Danner. Cliff and his wife Kerry are the sole members of Stehekin Valley Ranch, LLC, a limited liability company that owns Stehekin Valley Ranch, a rustic ranch with cabins and a lodge house. Like Jim, Cliff has also tried to provide boat transportation services on Lake Chelan, including transportation of customers or patrons of his own and other Stehekin-based businesses. Because of the public convenience and necessity requirement, however, Cliff has been, and continues to be, prevented from using the lake's navigable waters to provide such services. Cliff's full name and mailing address are:

Clifford Courtney Stehekin Valley Ranch, LLC P.O. Box 36 Stehekin, WA 98852

5. The Courtneys are represented by:

Michael Bindas, WSBA 31590 INSTITUTE FOR JUSTICE 10500 N.E. 8th Street, Suite 1760 Bellevue, WA 98004 Telephone: (425) 646-9300 Facsimile: (425) 990-6500 Email: mbindas@ij.org

6. The agency whose action is at issue in this case is the Washington Utilities and Transportation Commission (hereinafter "WUTC"). The WUTC is an agency of the State of Washington, created and empowered under RCW 80.01.010 and .040, and headquartered in Olympia, Washington. It is charged with, among other things, regulating commercial ferry operations. The WUTC's mailing address is:

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

7. The agency action at issue is the WUTC's Declaratory Order No. 01, Docket No. TS-151359, in which the WUTC determined that the certificate of public convenience and necessity requirement set forth at RCW 81.84.010(1) and WAC 480-51-025(2) applies to boat transportation service on Lake Chelan for customers or patrons of specific businesses or a group of businesses.

IV. JURISDICTION AND VENUE

- 8. This Court has jurisdiction pursuant to RCW 34.05.510 & .570.
- 9. Venue is proper in this Court under RCW 34.05.514(1).

V. BACKGROUND AND FACTS

A. Lake Chelan

10. Lake Chelan is a narrow, approximately 55-mile-long lake in the North Cascades. The city of Chelan lies at its southeast end; the unincorporated community of Stehekin, at its northwest end.

- 11. Stehekin is a popular summer destination that draws Washington residents and visitors from outside the state.
- 12. Stehekin and much of the northwest end of the lake are part of the Lake Chelan National Recreation Area (LCNRA).
- 13. Stehekin and the LCNRA are accessible only by boat, plane, or foot. Lake Chelan thus provides a critical means of access to Stehekin and the LCNRA.
- 14. The lake is a navigable water of the United States and has been designated as such by the United States Army Corps of Engineers.

B. Ferry Regulation On Lake Chelan

- 15. Regulation of ferry service on Lake Chelan began in 1911, when Washington enacted a law addressing ferry safety issues and requiring reasonable fares. The law did not impose significant barriers to entry, and by the early 1920s, at least four ferries competed on the lake.
- 16. In 1927, however, the legislature prohibited anyone from offering ferry service without first obtaining a certificate declaring that the "public convenience and necessity" (PCN) required it.
- 17. Today, a PCN certificate is required to "operate any vessel or ferry for the public use for hire between fixed termini or over a regular route upon the waters within this state." RCW 81.84.010(1); see also WAC 480-51-025(2) ("No certificated commercial ferry shall provide service subject to the regulation of this commission without first having obtained from the commission a certificate declaring that public convenience and necessity require, or will require, that service.").

- 18. An applicant for a PCN certificate must prove, among other things, that its proposed service is required by the "public convenience and necessity," that it "has the financial resources to operate the proposed service for at least twelve months," and, if the territory is already served by a ferry, that the existing certificate holder: "has not objected to the issuance of the certificate as prayed for"; "has failed or refused to furnish reasonable and adequate service"; or "has failed to provide the service described in its certificate." RCW 81.84.010(1), .020(1)-(2).
- 19. The Washington Utilities and Transportation Commission ("WUTC") notifies the would-be ferry provider's competitors—that is, "all persons presently certificated to provide service"—of the application. WAC 480-51-040(1). These existing providers, in turn, may file a protest with the WUTC. Id.; see also id. 480-07-370(1)(f).
- 20. The WUTC then conducts an adjudicative proceeding, in which any protesting ferry provider may participate as a party. See id. §§ 480-07-300(2)(c), -305(3)(g), -340(3).
- 21. The proceeding is akin to a civil lawsuit and involves discovery, motions, an evidentiary hearing, post-hearing briefing, and oral argument. See generally id. §§ 480-07-375 to -498.
 - 22. The applicant bears the burden of proof on every element for a certificate.

C. Consequence Of The PCN Requirement

- 23. In October 1927, the year the PCN requirement was imposed, the state issued the first—and, to this day, only—certificate for ferry service on Lake Chelan. Since 1929, the certificate has been held by the Lake Chelan Boat Company.
- 24. At least four other applications have been made, but in each instance the Lake Chelan Boat Company protested and the applicant was denied a certificate.

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34. Jim incurred approximately \$20,000 in expenses for the failed application process.

ii. Proposed On Call Boat Service (2006 2009)

- 35. Second, in 2006, Jim pursued a Stehekin-based, on-call boat service that he believed fell within a "charter service" exemption to the PCN requirement.
- 36. Because much of the northern end of Lake Chelan is in a national recreation area and many of the docking sites on the lake are federally-owned, Jim applied to the United States Forest Service in November 2006 for a special use permit to use the docking sites in conjunction with his planned on-call service.
- 37. Before it would issue the permit, the Forest Service sought to confirm that Jim's proposed service was, in fact, exempt.
- 38. WUTC staff initially opined that a PCN certificate would not be needed for the proposed on-call boat service but changed their mind after the Lake Chelan Boat Company objected to the proposal.
- 39. Several months later, WUTC staff again reversed course, indicating that the proposed service would be exempt from the PCN requirement.
- 40. The Forest Service's district ranger wrote to the WUTC's then-executive director, David Danner, to get his opinion. He took the step after receiving the conflicting guidance from WUTC staff and because "the current passenger ferry operation, [t]he Lake Chelan Boat Company, is concerned over a second ferry service on the Lake."
- 41. Mr. Danner, however, declined to provide an opinion and Jim was unable to launch the service.
 - iii. Proposed Service For Patrons Of Courtney Family And Other Businesses (2008 2009)

- 42. Third, in 2008, while Jim was trying to launch an on-call service, Cliff wrote to then-director Danner, describing certain other services he might offer and asking whether they would require a certificate.
- 43. Specifically, Cliff sent a letter to Mr. Danner on September 9, 2008, presenting "several scenarios" and asking for "help . . . to understand what leeway we have without applying for another certificate."
- 44. The first scenario Cliff described was one in which "I have chartered . . . [a] vessel for my guests"—for example, persons who "want[] to stay at the ranch [and] go river rafting"—and offer a package with transportation on the chartered boat as one of the guests' options.
- 45. The second scenario Cliff proposed was one in which "I buy the . . . boat and carry my own clients . . . [who] are booked on to one of my packages or in to one of the facilities I manage."
- 46. Mr. Danner responded by letter on November 7, 2008, opining that the services Cliff described would require a certificate and that "the Commission would provide you a certificate to operate a commercial ferry service on Lake Chelan (assuming you provide appropriate financial and other information) only if it determined that Lake Chelan Boat Company was not providing reasonable or adequate service, or if Lake Chelan Boat Company did not object to you operating a competing service. Whether Lake Chelan Boat Company's Service is not 'reasonable and adequate' would be a factual determination for the commission based on an evidentiary record developed in accordance with the Administrative Procedures Act."

- 47. Cliff sent a follow-up letter to Mr. Danner on November 19, 2008, clarifying and emphasizing that his proposed boat transportation service "will be incidental to a former and much larger engagement of services with our companies." Explaining that "a vessel is a substantial investment"; that "I would like to nail down how you will rule if a complaint is issued against me when I start service"; and that "I will not be able to obtain dock permits until agencies are satisfied I am complying with WUTC regulations or [am] exempt from them," Cliff requested "a timely response."
- 48. Mr. Danner responded by letter on February 2, 2009. He reiterated his earlier conclusion that the services Cliff described would require a certificate, stating that it "does not matter whether the transportation you would provide is 'incidental to'" other businesses because the service would still be "for the public use for hire." Mr. Danner explained that WUTC staff interprets the term "for the public use for hire" to include "all boat transportation that is offered to the public—even if use of the service is limited to the guests of a particular hotel or resort, or even if the transportation is offered as part of a package of services that includes lodging, a tour, or other services that may constitute the primary business of the entity providing the transportation as an adjunct to its primary business."
- 49. Mr. Danner indicated that the conclusions in his letter reflected "the Commission staff's opinion" and that a "formal determination by the commissioners could only follow either a petition for a declaratory ruling (in which the existing certificate holder would have to agree to participate) or a 'classification proceeding'..., which [WUTC] staff could ask the Commission to initiate if you were to initiate service without first applying for a certificate."
- 50. Around the time of this correspondence, Cliff also contacted WUTC staff by telephone to discuss several additional scenarios, including an association or club that would

provide boat service for its own members. In each instance, Cliff was advised that the scenarios he proposed would require a certificate.

- 51. Consequently, Cliff never undertook any of the services described in the scenarios he proposed.
 - iv. Pursuit Of A Legislative Relaxing Of The PCN Requirement (2009 2010)
- 52. Finally, on February 14, 2009, Cliff sent a letter to Governor Gregoire and to Jim and Cliff's state legislators—Senator Linda Evans Parlette, Representative Mike Armstrong, and Representative Cary Condotta—urging them to eliminate or relax the PCN requirement.
- 53. That spring, the legislature passed, and Governor Gregoire signed into law, Engrossed Senate Bill 5894, which, among other things, directed the WUTC to conduct a study and report on the appropriateness of the regulations governing commercial ferry service on Lake Chelan.
- 54. The WUTC published its report, Appropriateness of Rate and Service Regulation of Commercial Ferries Operating on Lake Chelan, in January 2010 and recommended that there be no "changes to the state laws dealing with commercial ferry regulation as it pertains to Lake Chelan."
- 55. The report noted that the WUTC could conceivably "allow some limited competition" on Lake Chelan under the existing regulatory framework "by declining to require a certificate for certain types of boat transportation services that are arguably private rather than for public use"—for example, "a hotel or resort providing transportation services for the exclusive use of its guests, either with its own vehicles or by arranging a 'private charter.'"

- 56. But the report added that any such interpretation would have to be shown to not "significantly threaten the regulated carrier's ridership, revenue, and ability to provide reliable and affordable service."
- 57. The report concluded that it is "unlikely" that such an interpretation "could be relied upon to authorize competing services on Lake Chelan."

E. The Courtneys' Challenge To The Certificate Requirement And The District Court's Dismissal

- 58. On October 19, 2011, Jim and Cliff filed a federal civil rights lawsuit in the United States District Court for the Eastern District of Washington seeking declaratory and injunctive relief against the commissioners and executive director of the WUTC, in their official capacities.
- 59. The Courtneys' complaint, brought pursuant to 42 U.S.C. § 1983 and 28 U.S.C. §\$ 2201-2202, asserted two claims concerning Washington's PCN requirement: that (1) as applied to the provision of boat transportation service on Lake Chelan that is open to the general public and (2) as applied to the provision of boat transportation service on Lake Chelan for customers or patrons of specific businesses or a group of businesses, the PCN requirement and corresponding application process abridge the "right to use the navigable waters of the United States" that the Supreme Court recognized in the Slaughter House Cases, 83 U.S. (16 Wall.) 36, 79 (1873).
- 60. The WUTC moved to dismiss the complaint, and the district court granted the motion on April 17, 2012. See Courtney, 868 F. Supp. 2d 1143.
- 61. Regarding the Courtneys' first claim (concerning boat transportation service on Lake Chelan that is open to the general public), the district court held that if the right to use the navigable waters of the United States is protected by the Privileges or Immunities Clause, it

does not encompass the right "to operate a commercial ferry service open to the public on Lake Chelan." Courtney v. Goltz, 868 F. Supp. 2d 1143, 1151 (E.D. Wash. 2012), aff'd in part and vacated in part, 736 F.3d 1152 (9th Cir. 2013).

62. The district court likewise dismissed the Courtneys' second claim (concerning boat transportation service on Lake Chelan for customers or patrons of specific businesses or a group of businesses), concluding that the Courtneys lacked standing to bring the claim, that the claim was unripe, and that, in any event, abstention over the claim under Railroad Commission of Texas v. Pullman Co., 312 U.S. 496 (1941), was warranted. Courtney, 868 F. Supp. 2d at 1151-53.

F. The Ninth Circuit's Decision

- 63. The Courtneys appealed the district court's order to the Ninth Circuit, which issued its opinion on December 2, 2013.
- 64. The Ninth Circuit affirmed the dismissal of the Courtneys' first claim, concluding that "the Privileges or Immunities Clause of the Fourteenth Amendment does not protect a right to operate a public ferry on Lake Chelan." Courtney v. Goltz, 736 F.3d 1152, 1162 (9th Cir. 2013).
- 65. Regarding the Courtneys' second claim, the Ninth Circuit held that: (1) the Courtneys have standing to litigate the claim; (2) Pullman abstention was nevertheless warranted; but (3) the district court erred in dismissing, rather than retaining jurisdiction over, the claim. Id. at 1162-65 & n.6.
- 66. The Ninth Circuit accordingly remanded the case to the district court with instructions to retain jurisdiction over the Courtneys' second claim. See id. at 1165.

G. Petition For Certiorari

- 67. On March 3, 2014, the Courtneys petitioned the United States Supreme Court for certiorari with respect to the Ninth Circuit's disposition of their first claim only.
- 68. On March 26, 2014, the Supreme Court requested a response to the petition from the WUTC.
- 69. On June 2, 2014, the Supreme Court denied certiorari. See Courtney v. Danner, 134 S. Ct. 2697 (June 2, 2014).

H. Post Petition Proceedings

- 70. On March 13, 2014, while the Courtneys' petition for certiorari was pending, the district court issued an order "retain[ing] jurisdiction over [the Courtneys'] second constitutional claim pending an authoritative construction of the phrase 'for the public use for hire' by the WUTC or the Washington state courts." Courtney v. Danner, 2:11-cv-00401-LRS (E.D. Wash. Mar. 13, 2014) (order retaining jurisdiction over plaintiffs' second claim and staying case).
- 71. On September 30, 2014, the Courtneys petitioned the WUTC for a declaratory order as to whether the service at issue in their second claim requires a PCN certificate. The petition was assigned Docket No. TS-143612.
- 72. On November 20, 2014, the WUTC issued a "Notice That The Commission Will Not Enter A Declaratory Order" (hereinafter "Notice"). According to the Notice, "the Petition lacks sufficient information to enable the Commission to determine whether the Courtneys need a certificate to provide the service they have in mind."
- 73. The Notice, however, "allow[ed] the Courtneys to clarify their request" by submitting another petition for declaratory order. The Notice identified the "operational details" that a new petition should contain. They included information concerning: the ownership of

the boat service; the business or group of businesses that it would serve; the customers of the businesses it would serve; the reservation system it would use; the routes it would follow and points it would serve; the schedule it would follow; the rates it would charge; and its terms of service and customer policies.

The Second Petition for a Declaratory Order

- 74. On June 30, 2015, the Courtney filed a second petition for declaratory order with the WUTC.
- 75. Because the WUTC had previously explained that it would not issue a declaratory order without details of the boat transportation service proposed to be offered, the Courtneys set forth several specific circumstances in which they would operate and requested a declaration as to the applicability of the PCN requirement in each circumstance.
 - i. Proposed Service No. 1 (Lodging Customers Of Stehekin Valley Ranch)
- 76. Under the first proposal in the petition for a declaratory order, the boat transportation service would be owned by Cliff Courtney.
- 77. The business served by this service would be Stehekin Valley Ranch, a rustic ranch with cabins and a lodge house owned by Cliff and his wife, Kerry.
- 78. Use of this service would be limited to lodging customers with reservations for Stehekin Valley Ranch. Specifically, it would provide transportation to and from Stehekin solely for persons with a reservation for lodging at Stehekin Valley Ranch.
- 79. Reservations for transportation would be made either: online through webervations.com, which is the online service that Stehekin Valley Ranch currently uses; or by telephone or email through Stehekin Reservations, which is the service Stehekin Valley Ranch currently uses for non-online reservations. By either method, after reserving lodging at

Stehekin Valley Ranch, customers would have the option of reserving boat transportation to and/or from Stehekin.

- 80. Because the boat transportation service would be owned by Cliff Courtney, it would have access to reservation records for lodging customers of Stehekin Valley Ranch, as well as reservation records for those customers who opted for transportation to and/or from Stehekin. At the time of boarding, customers would be required to provide a copy of their reservation or proof of identification, which boat staff would confirm against existing reservation records.
- 81. This service would run solely between the federally-owned dock at Stehekin and either the federally-owned dock at Fields Point Landing (a distance of approximately 34 miles) or the Manson Bay Marina (a distance of approximately 42 miles). It would not serve intermediate points. Docking permits would be obtained from the United States Forest Service, National Park Service, Manson Parks and Recreation District, and/or other agencies, as required.
- 82. The service would run from Memorial Day weekend through early October on days when lodging customers are scheduled to arrive at or depart from Stehekin Valley Ranch. On such days, the boat would: depart Stehekin at 10:00 a.m.; arrive at Fields Point or Manson Bay at approximately 12:00 p.m.; depart Fields Point or Manson Bay at 12:30 p.m.; and arrive at Stehekin at approximately 2:30 p.m.
- 83. The fare would be approximately \$37.00 one-way or \$74.00 round-trip, per person over 12. Children between the ages of 2 and 12 would be charged half of the full fare. Children below the age of 2 would travel for free.

- 84. The proposed vessel was a climate-controlled boat, 50 to 64 feet in length, with twin diesel engines and capable of a 23-knot cruise. It would be insured, inspected, and certified, as required by law.
- 85. Finally, the Courtneys attached proposed terms of service and policies for this service to their petition for a declaratory order.
 - ii. Proposed Service No. 2 (Lodging Customers And Customers Of Other Activities Offered At Stehekin Valley Ranch)
- 86. Under the second proposal in the petition for a declaratory order, the boat transportation service would be owned by Cliff Courtney.
- 87. The business served by this service would be Stehekin Valley Ranch, discussed in paragraph 77, above.
- 88. Use of this service would be limited to: (1) lodging customers with reservations for Stehekin Valley Ranch (the same customers referenced in Proposed Service No. 1, above); and (2) customers with reservations for other activities that the ranch offers. For example, the ranch offers kayaking tours operated by the ranch itself, as well as horseback riding excursions originating at the ranch and operated by Stehekin Outfitters, a company owned by Colter Courtney (Cliff and Kerry's son) and Nancy Davis. On occasion, persons who are not registered lodging customers of the ranch register for such activities. This boat transportation service would provide transportation to and from Stehekin solely for persons with a reservation for: (1) lodging at Stehekin Valley Ranch; or (2) one or more of the other activities offered at the ranch.
- 89. Reservations for transportation would be made either: online through webervations.com, which is the online service that Stehekin Valley Ranch currently uses for lodging reservations; or by telephone or email through Stehekin Reservations, which is the

service Stehekin Valley Ranch currently uses for non-online reservations for lodging and other activities. By either method, after reserving lodging or an activity at Stehekin Valley Ranch, customers would have the option of reserving boat transportation to and/or from Stehekin.

- 90. Because the boat transportation service would be owned by Cliff Courtney, it would have access to reservation records for customers of lodging or other activities at Stehekin Valley Ranch, as well as reservation records for those customers who opted for transportation to and/or from Stehekin. At the time of boarding, customers would be required to provide a copy of their reservation or proof of identification, which boat staff would confirm against existing reservation records.
- 91. This service would run solely between the federally-owned dock at Stehekin and either the federally-owned dock at Fields Point Landing (a distance of approximately 34 miles) or the Manson Bay Marina (a distance of approximately 42 miles). It would not serve intermediate points. Docking permits would be obtained from the United States Forest Service, National Park Service, Manson Parks and Recreation District, and/or other agencies, as required.
- 92. The service would run from Memorial Day weekend through early October on days when lodging or activity customers are scheduled to arrive at or depart from Stehekin Valley Ranch. On such days, the boat would: depart Stehekin at 10:00 a.m.; arrive at Fields Point or Manson Bay at approximately 12:00 p.m.; depart Fields Point or Manson Bay at 12:30 p.m.; and arrive at Stehekin at approximately 2:30 p.m.
- 93. The fare would be approximately \$37.00 one-way or \$74.00 round-trip, per person over 12. Children between the ages of 2 and 12 would be charged half of the full fare. Children below the age of 2 would travel for free.

- 94. The proposed vessel was a climate-controlled boat, 50 to 64 feet in length, with twin diesel engines and capable of a 23-knot cruise. It would be insured, inspected, and certified, as required by law.
- 95. Finally, the Courtneys attached proposed terms of service and policies for this service to their petition for a declaratory order.
 - iii. Proposed Service No. 3 (Customers Of Courtney Family Owned Businesses)
- 96. Under the third proposal in the petition for a declaratory order, the boat transportation service would be owned by Cliff and Jim Courtney.
- 97. The businesses served by this service would be businesses owned by Courtney family members (hereafter, "Courtney-family businesses"), including: Stehekin Valley Ranch, discussed in paragraph 77, above; Stehekin Outfitters, discussed in paragraph 88, above; Stehekin Log Cabins, a lodging business owned by Cragg Courtney (brother of Cliff and Jim) and his wife, Roberta Courtney; and Stehekin Pastry Company, a bakery and restaurant also owned by Cragg and Roberta.
- 98. Use of this service would be limited to customers with reservations for activities or services at Courtney-family businesses.
- 99. Reservations for transportation would be made either: online through webervations.com, which is the online service that Stehekin Valley Ranch currently uses for lodging reservations; or by telephone or email through Stehekin Reservations, which is the service that Stehekin Valley Ranch, Stehekin Outfitters, Stehekin Log Cabins, and Stehekin Pastry Company currently use for non-online reservations. By either method, after reserving a service or activity at a Courtney-family business (e.g., lodging at Stehekin Valley Ranch or Stehekin Log Cabins; a camping, hiking, or horseback riding trip with Stehekin Outfitters;

breakfast or lunch at Stehekin Pastry Company), customers would have the option of reserving boat transportation to and/or from Stehekin.

- 100. Because the boat transportation service would use the same reservation services that Courtney-family businesses already use for their lodging and other activities, the boat transportation service, with permission of the Courtney-family businesses, would have access to reservation records for customers of the Courtney-family businesses, as well as reservation records for those customers who opted for transportation to and/or from Stehekin. At the time of boarding, customers would be required to provide a copy of their reservation or proof of identification, which boat staff would confirm against existing reservation records.
- the federally-owned dock at Fields Point Landing (a distance of approximately 34 miles) or the Manson Bay Marina (a distance of approximately 42 miles). It would also serve other points on Lake Chelan as needed by Courtney-family businesses. For example, it might transport customers of Stehekin Outfitters to other points on the lake in connection with the hiking or camping trips for which the customers have reservations. Stops at such points might be made:

 (1) as intermediate stops in route between Stehekin and either Fields Point or Manson Bay; or

 (2) as standalone trips. Docking permits would be obtained from the United States Forest

 Service, National Park Service, Manson Parks and Recreation District, and/or other agencies, as required.
- 102. The service would run from Memorial Day weekend through early October on days when Courtney-family business customers are scheduled to arrive at or depart from Stehekin. On such days, the boat would: depart Stehekin at 10:00 a.m.; arrive at Fields Point or Manson Bay at approximately 12:00 p.m.; depart Fields Point or Manson Bay at 12:30 p.m.; and

arrive at Stehekin at approximately 2:30 p.m. Intermediate stops discussed in paragraph 101 might be made in route, and standalone trips discussed in paragraph 101 would be made as needed by Courtney-family businesses.

- Stehekin and either Fields Point or Manson Bay, per person over 12; children between the ages of 2 and 12 would be charged half of the full fare, and children below the age of 2 would travel for free. Fares for intermediate stops or standalone trips discussed in paragraph 101 would be less and would be calculated based on the distance traveled.
- 104. The proposed vessel was a climate-controlled boat, 50 to 64 feet in length, with twin diesel engines and capable of a 23-knot cruise. It would be insured, inspected, and certified, as required by law.
- 105. Finally, the Courtneys attached proposed terms of service and policies for this service to their petition for a declaratory order.
 - iv. Proposed Service No. 4 (Customers Of Stehekin Based Businesses)
- 106. Under the fourth proposal in the petition for a declaratory order, the boat transportation service would be owned by Cliff and Jim Courtney.
- 107. The businesses served by this service would be Stehekin-based businesses (including, but not limited to, Courtney-family businesses) that desire to use the service to provide transportation for their registered customers.
- 108. Use of this service would be limited to customers with reservations for activities or services at the Stehekin-based businesses discussed in paragraph 107, above.
- 109. Participating Stehekin-based businesses would be required to use webervations.com in taking on-line reservations and Stehekin Reservations in taking

reservations by phone or email. By either method, after making a reservation at a participating Stehekin-based business, customers would have the option of reserving boat transportation to and/or from Stehekin.

- Stehekin Reservations, the boat transportation service, with permission of the participating Stehekin-based businesses, would have access to reservation records for customers of the Stehekin-based businesses, as well as reservation records for those customers who opted for transportation to and/or from Stehekin. At the time of boarding, customers would be required to provide a copy of their reservation or proof of identification, which boat staff would confirm against existing reservation records.
- the federally-owned dock at Fields Point Landing (a distance of approximately 34 miles) or the Manson Bay Marina (a distance of approximately 42 miles). It would also serve other points on Lake Chelan as needed by the participating Stehekin-based businesses to provide transportation in connection with the activities or services for which their customers have made reservations. For example, it might transport customers of Stehekin Outfitters to other points on the lake in connection with the hiking or camping trips for which the customers have reservations. Stops at such points might be made: (1) as intermediate stops in route between Stehekin and either Fields Point or Manson Bay; or (2) as standalone trips. Docking permits would be obtained from the United States Forest Service, National Park Service, Manson Parks and Recreation District, and/or other agencies, as required.
- 112. The service would run from Memorial Day weekend through early October on days when participating Stehekin-based business customers are scheduled to arrive at or depart

from Stehekin. On such days, the boat would: depart Stehekin at 10:00 a.m.; arrive at Fields Point or Manson Bay at approximately 12:00 p.m.; depart Fields Point or Manson Bay at 12:30 p.m.; and arrive at Stehekin at approximately 2:30 p.m. Intermediate stops discussed in paragraph 111 might be made in route, and standalone trips discussed in paragraph 111 would be made as needed by the Stehekin-based businesses.

- 113. The fare would be approximately \$37.00 one-way or \$74.00 round-trip between Stehekin and either Fields Point or Manson Bay, per person over 12; children between the ages of 2 and 12 would be charged half of the full fare, and children below the age of 2 would travel for free. Fares for intermediate stops or standalone trips discussed in paragraph 111 would be less and would be calculated based on the distance traveled.
- 114. The proposed vessel was a climate-controlled boat, 50 to 64 feet in length, with twin diesel engines and capable of a 23-knot cruise. It would be insured, inspected, and certified, as required by law.
- 115. Finally, the Courtneys attached proposed terms of service and policies for this service to their petition for a declaratory order.
 - v. Proposed Service No. 5 (Charter By Stehekin Based Travel Company)
- 116. Under the fifth proposal in the petition for a declaratory order, the boat transportation service would be owned by Cliff and Jim Courtney.
- 117. The business served by this service would be a Stehekin-based travel company that organizes travel packages for Stehekin visitors; the travel packages would include lodging, meals, and/or other activities or services with Stehekin-based businesses. The travel company would not be owned by Cliff, Jim, or other Courtney family members.

- 118. Use of this service would be limited to customers who have purchased a travel package from the Stehekin-based travel company discussed in paragraph 117, above.
- 119. Customers of the Stehekin-based travel company would purchase packages directly from the company. The company, in turn, would charter transportation for those customers by private charter agreement with the boat transportation service.
- 120. The travel company would provide the boat transportation service a manifest of the customers for whom it has chartered transportation. At the time of boarding, customers would be required to provide proof of identification, which boat staff would confirm against the manifest.
- 121. This service would run between the federally-owned dock at Stehekin and either the federally-owned dock at Fields Point Landing (a distance of approximately 34 miles) or the Manson Bay Marina (a distance of approximately 42 miles). It would also serve other points on Lake Chelan as needed by the travel company to provide transportation in connection with the packages its customers have purchased. Docking permits would be obtained from the United States Forest Service, National Park Service, Manson Parks and Recreation District, and/or other agencies, as required.
- 122. The service would run from Memorial Day weekend through early October on days and at times when the travel company's customers are scheduled to arrive at or depart from Stehekin. Intermediate stops between Stehekin and Fields Point or Manson Bay, as well as standalone trips to other points on Lake Chelan, would be made as needed by the travel company in connection with the travel packages it has sold.
- 123. The boat transportation service would charge the travel company approximately \$37.00 one-way or \$74.00 round-trip between Stehekin and either Fields Point or Manson Bay

for each customer over 12 that it transports; it would charge the travel company half that amount for each child between the ages of 2 and 12 that it transports; it would not charge the travel company for children below the age of 2. The boat transportation service would charge the company for intermediate stops or standalone trips at a lesser amount calculated based on the distance traveled.

- 124. The proposed vessel was a climate-controlled boat, 50 to 64 feet in length, with twin diesel engines and capable of a 23-knot cruise. It would be insured, inspected, and certified, as required by law.
- 125. Finally, the Courtneys attached proposed terms of service and policies for this service to their petition for a declaratory order.

J. Proceedings On The Second Petition

- 126. On July 16, 2015, the Lake Chelan Boat Company—the incumbent PCN certificate holder and only ferry operator on Lake Chelan since 1929—submitted comments in response to the Courtneys' petition arguing that the Courtneys should not be allowed to operate the services they had proposed in their petition.
- 127. On July 16, 2015, Arrow Launch Service, Inc.—another commercial ferry operator and PCN certificate holder not operating on Lake Chelan—submitted comments in response to the Courtneys' petition arguing that the Courtneys should be required to go through the PCN process.
- 128. On July 17, 2015, the WUTC staff, through its counsel, submitted a Statement of Fact and Law in response to the Courtneys' petition likewise arguing that the WUTC should require a PCN certificate for each of the services the Courtneys had proposed.

- 129. On July 28, 2015, the WUTC issued a notice stating that it would conduct oral argument on the Courtneys' petition for declaratory order.
 - 130. The WUTC conducted the oral argument on October 21, 2015.
- 131. At the beginning of the oral argument, the WUTC explained that the Courtneys' petition was not being handled as an adjudicative proceeding pursuant to WAC 480-07-930(4).
- 132. The Courtneys, through their counsel; the WUTC staff, through its counsel; the Lake Chelan Boat Company, through one of its employees; and Arrow Launch Service, Inc., through its counsel, participated in the oral argument.
- 133. Reiterating arguments they had made in their petition for a declaratory order, the Courtneys asserted that: (1) the plain language of the relevant statute does not require a PCN certificate for their proposals, as providing boat transportation service solely for customers with a preexisting reservation for services or activities at a specific lodging facility or another Courtney-family or Stehekin-based business is not operating that boat "for the public use for hire"; (2) history and case law make clear that such boat transportation service is neither a public ferry nor a common carrier; and (3) the WUTC does not regulate similar transportation services in the non-waterborne context.

K. The WUTC's Declaratory Order

134. On November 16, 2015, the WUTC issued a declaratory order in response to the Courtneys' petition. See WUTC, In the Matter of the Petition of James and Clifford Courtney for a Declaratory Order on the Applicability of Wash. Rev. Code § 81.84.010(1) and Wash. Admin. Code § 480 51 025(2), Docket TS-151359, Order 01 (Nov. 16, 2016) (hereinafter "Declaratory Order").

- 135. The WUTC's declaratory order began by explaining that "[t]he sole issue is whether th[e] proposed operations would be 'for the public use for hire' as that phrase is used in" RCW 81.84.010(1), in which case they would require a PCN certificate. Declaratory Order at 4 ¶ 10.
- 136. The WUTC then noted that "[t]he legislature did not define 'for the public use for hire,' and no Washington court has interpreted the meaning of that phrase in RCW 81.84.010(1). Nor has the Commission." Declaratory Order at 4 ¶ 11.
- 137. The WUTC acknowledged that the services proposed by the Courtneys "would be 'solely for customers with a preexisting reservation for services or activities at a specific lodging facility or other Courtney-family or Stehkein-based business." Declaratory Order at 5 ¶ 13. Nevertheless, the WUTC concluded that the services would still be "for the public use for hire"—and, thus, require a PCN certificate—because "[a]ny member of the public may reserve lodging or other . . . services or products at these businesses." Declaratory Order at 5 ¶ 13.
- 138. The WUTC acknowledged that, in the auto transportation context, it exempts comparable services to those proposed by the Courtneys. Specifically, it acknowledged that it "excludes from regulation persons operating hotel buses, private carriers who transport passengers as an incidental adjunct to another private business, and transportation of airline flight crews and in-transit passengers between an airport and temporary hotel accommodations." Declaratory Order at 6 ¶ 15 (citing WAC 480-30-011(g), (i) & (j)). The WUTC nevertheless opined that these exemptions "derive from . . . legislative directive" and that similar directive does not exist in the waterborne context. Declaratory Order at 7 ¶ 17.
- 139. The WUTC also acknowledged that it "has exempted 'charter services' from the commercial ferry [PCN] requirement" and that the legislature did not dictate this exemption.

Declaratory Order at 8 ¶ 18. The WUTC nevertheless concluded that the fifth service the Courtneys had proposed—under which a Stehekin-based travel company would charter transportation, from the Courtneys, for customers who had purchased packages from the travel company—would not qualify as a "charter service." According to the WUTC, such an arrangement would still have a "public character." Declaratory Order at 8 ¶ 20.

- 140. Finally, the WUTC declined to follow various cases from other jurisdictions holding that the provision of boat transportation for one's own customers is not the operation of a public ferry and does not require a franchise from the state.
- described in the [Courtneys'] Petition requires the operation of a vessel 'for the public use for hire' under RCW 81.84.010(1)" and ordered that "James and Clifford Courtney may not operate any vessel or ferry on Lake Chelan to provide any of the five services they described . . . without first applying for and obtaining from the Commission a certificate declaring that public convenience and necessity require such operation consistent with RCW 81.84.010(1) and WAC 480-51-025(2)." Declaratory Order at 11 ¶¶ 25, 27.

VI. STANDING FOR JUDICIAL REVIEW

- 142. The Courtneys have standing to obtain judicial review of the WUTC's

 Declaratory Order because they are "aggrieved [and] adversely affected by" the Declaratory

 Order. RCW 34.05.530.
 - 143. Under RCW 34.05.530, "[a] person is aggrieved or adversely affected" when:
 - "The agency action has prejudiced or is likely to prejudice that person;"
 - "That person's asserted interests are among those that the agency was required to consider when it engaged in the agency action challenged;" and

"A judgment in favor of that person would substantially eliminate or redress
the prejudice to that person caused or likely to be caused by the agency
action."

Here, each criterion is satisfied.

- 144. The WUTC's Declaratory Order concerning the applicability of the PCN requirement "has prejudiced," and will continue to prejudice, the Courtneys. RCW 34.05.530(1). In fact, the WUTC itself determined that "uncertainty" over the applicability of the PCN requirement "adversely affects the Courtneys." Declaratory Order at 4 ¶ 9. That the WUTC has now ruled that the PCN requirement does, in fact, apply to them only compounds their injury, as they remain unable to provide the boat transportation service at issue in their second federal constitutional claim. Indeed, the Ninth Circuit concluded that the Courtneys have standing to litigate this federal constitutional claim precisely because the "the economic loss the Courtneys have already suffered" and "the threat of a classification proceeding" should they provide the service without a PCN certificate are "sufficiently actual [injury] to confer standing." Courtney, 736 F.3d at 1162 n.6.
- 145. The Courtneys' interests, moreover, are "among those that the agency was required to consider when it" issued the Declaratory Order. RCW 34.05.530(2). The Courtneys, after all, petitioned for the declaratory order, and the ability to petition for a declaratory order is reserved for "interested persons." WAC 480-07-930(1). Moreover, in determining whether to issue a declaratory order as to whether the PCN requirement applies to the type of service the Courtneys wish to offer, the WUTC was required to consider whether "the adverse effect of uncertainty on the petitioner[s] outweighs any adverse effects on others

or on the general public that may likely arise from the order requested." RCW 34.05.240(1)(d) (emphasis added).

or redress the prejudice to th[em] caused . . . by the" Declaratory Order. RCW 34.05.530(3).

After all, a determination by this Court that a PCN certificate is not required for the services the Courtneys propose would enable them to provide those services without having to subject themselves to the PCN process—the very process they have alleged to be unconstitutional in their federal action—and would therefore obviate the need for adjudication of their second federal constitutional claim. See Courtney, 736 F.3d at 1163 ("A decision by the WUTC that the Courtneys do not need a PCN certificate to operate their proposed services would obviate the need for this constitutional challenge. Moreover, even if the WUTC concludes that the PCN requirement applies to the Courtneys' proposed services, a contrary ruling by the Washington Supreme Court could also potentially render their constitutional challenge unnecessary.").

147. Accordingly, the Courtneys have standing to petition this Court for judicial review.

VII. REASONS RELIEF SHOULD BE GRANTED

Reason 1: The Declaratory Order Is Outside The Statutory Authority Of The WUTC

- 148. Petitioners reallege and incorporate by reference the allegations in paragraphs 1 through 147 above.
 - 149. The Declaratory Order is outside the statutory authority of the WUTC.
- 150. The relevant statute does not require a PCN certificate for the boat transportation service the Courtneys have proposed. A PCN certificate is only required to operate a vessel "for the public use for hire between fixed termini or over a regular route upon the waters within this

state." RCW 81.84.010(1) (emphasis added). Providing boat transportation service solely for customers with a preexisting reservation for services or activities at a specific lodging facility or another Courtney-family or Stehekin-based business is not operating that boat "for the public use for hire." Nor is providing boat transportation by charter agreement with a travel company solely for customers who have purchased travel packages from that travel company.

- 151. Case law and history make clear that such boat transportation service is neither a public ferry nor a common carrier.
- 152. Given the abhorrence of monopolies expressed in Article XII, section 22 of the Washington Constitution, the WUTC may not, in the absence of an express grant of power from the Legislature, confer on the Lake Chelan Boat Company or any other carrier the exclusive right to provide boat transportation service on Lake Chelan for customers or patrons of specific businesses or a group of businesses.
- 153. The WUTC does not have statutory authority to require a PCN certificate for the services proposed by the Courtneys.
 - 154. Accordingly, this Court should set aside the Declaratory Order.

Reason 2: The Declaratory Order Is Arbitrary And Capricious

- 155. Petitioners reallege and incorporate by reference the allegations in paragraphs 1 through 154 above.
 - 156. The Declaratory Order is arbitrary and capricious.
- 157. The WUTC does not regulate similar transportation services in the nonwaterborne context. For example, it does not regulate, as passenger transportation operations:
 - "Persons owning, operating, controlling, or managing . . . hotel buses";

- "Private carriers who, in their own vehicles, transport passengers as an incidental adjunct to some other established private business owned or operated by them in good faith"; and
- "Transporting transient air flight crew or in-transit airline passengers between an airport and temporary hotel accommodations under an arrangement between the airline carrier and the passenger transportation company."

WAC 480-30-011(g), (i), (j).

- 158. Even in the waterborne context, the WUTC does not require a PCN certificate for "charter services." WAC 480-51-022(1); see also id. 480-51-020(14).
- 159. It is arbitrary and capricious to require a PCN certificate for the services proposed by the Courtneys but not these analogous services.
 - 160. Accordingly, this Court should set aside the Declaratory Order.

VIII. RELIEF REQUESTED

set aside Declaratory Order 01 in WUTC Docket TS-151359; and (b) enter a declaratory judgment order declaring that a certificate of public convenience and necessity is not required to provide boat transportation service on Lake Chelan for customers or patrons of specific businesses or a group of businesses under the circumstances described in paragraphs 76-125, above. See RCW 34.05.574(1) ("In a review under RCW 34.05.570, the court may . . . set aside agency action . . . or enter a declaratory judgment order.").

Respectfully submitted this 14th day of December, 2015.

s/ Michael E. Bindas Michael E. Bindas

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1		E-FILED
2		DECEMBER 14, 2015
3		KIM MORRISON
4		CHELAN COUNTY CLERK
5		
6		
7	SUPERIOR COURT OF THE ST FOR CHELAN	
8		
9 10	JAMES COURTNEY and CLIFFORD COURTNEY,	15-2-01015-2
11	Petitioners,	CERTIFICATE OF FILING AND
12		SERVICE
13	V.	
14	WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION; DAVID	
15	DANNER, chairman and commissioner, ANN RENDAHL, commissioner, and PHILIP JONES,	
16	commissioner, in their official capacities as	
17	officers and members of the Washington Utilities and Transportation Commission; and STEVEN	
18	KING, in his official capacity as executive director of the Washington Utilities and	
19	Transportation Commission,	
20	Respondents.	
21		
22	I, Michael E. Bindas, hereby certify that on December 14, 2015, I filed the foregoing	
23	Petition for Judicial Review through the Court's electronic filing system. I further certify that	
24	on December 14, 2015, I caused to be served copies of the foregoing Petition for Judicial	
25	Review by messenger delivery to the following:	
26	Office of Steven King	
27	Executive Director Washington Utilities and Transportation Cor	nmission
28	, and the second	
	CERTIFICATE OF FILING AND SERVICE - 1	Institute for Justice

10500 N.E. 8th Street, Suite 1760 Bellevue, WA 98004 Tel. 425-646-9300 | Fax. 425-990-6500

1		
1	1300 S. Evergreen Park Drive SW	
2	Olympia, WA 98504-7250	
3	and via U.S. Mail on the following:	
4	Hon. Bob Ferguson	
5	Office of the Attorney General of the State of Washington 1125 Washington Street SE	
6	PO Box 40100	
7	Olympia, WA 98504-0100	
	Julian H. Beattie	
8	Utilities and Transportation Division	
9	1400 S Evergreen Park Dr. SW	
10	PO Box 40128	
11	Olympia, WA 98504-0128	
12	David W. Wiley	
13	Williams, Kastner & Gibbs PLLC Two Union Square	
ļ	601 Union Street, Suite 4100	
14	Seattle, WA 98101	
15	Jack Raines	
16	President Lake Chelan Recreation, Inc.	
17	d/b/a Lake Chelan Boat Company	
18	P.O. Box 186	
	Chelan, WA 98816	
19		
20	I declare under penalty of perjury under the laws of the State of Washington that the	
21	foregoing is true and correct.	
22		
23	Dated this 14th day of December, 2015, in Bellevue, Washington	
24		
25	s/ Michael Bindas	
26		
27		
28		
I		

INSTITUTE FOR JUSTICE

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