

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

February 8, 2013

Washington Utilities & Transportation Commission
Attn: Tariff Division
1300 S. Evergreen Park Drive S.W.
Olympia, WA. 98504-7250

To whom it may concern,

As stated in our December 11, 2012 letter, our ridership will be drastically reduced in 2013, 2014 and possibly in 2015/2016. Holden Village will not be open to guests from May through late November during these years. This will enable the mining company, Rio Tinto; to perform the federally mandated cleanup of the historic mine tailings in the area. Holden Village will be fully open for guests during the winter months from late November through April each year and anticipates a significant number of volunteer workers, regular staff, contractors and others coming and going to and from the Village during the summer periods. However, these numbers do not replace normal ridership. Holden Village ridership has historically been around 25% of the ridership.

Current information and documentation on the remediation work and Holden Village can be found at holdenvillage.org/summer-program-2013 & at holdenvillage.org/mine-remediation.

We have spent many hours and months analyzing our ridership numbers, creating different scenarios of how to proceed, to balance service with the reduction of ridership, and rates.

We have been working on a combination of schedule reductions and rate increases to determine a viable way for the Lake Chelan Boat Company service to survive this drastic change in ridership. It has taken some time to gather information from the parties affecting our service. We have now received expected usage numbers from both Holden Village and Rio Tinto contractors. They fall far short of normal travel and we run the risk that the Holden Village numbers may be overstated. However, we are incorporating the Holden Village numbers into our rate case, along with additional guaranteed income from Rio Tinto.

Rio Tinto and the Lake Chelan Boat Company worked together to develop a plan to reduce the financial burden on the public during their cleanup work near the Village, through the use of contractor ridership and financial assistance. This assistance to the public ensures that even with reduced runs, the rate increases are virtually what they would have been without this closure.

We are submitting the following changes, after reviewing the options, and balancing our goals of remaining an available, fairly priced, reliable, safe, and viable business.

We are requesting both a reduction in our services during a slower period of the year, and reasonable increases to both our passenger fares and freight rates. Our rates have remained the same for six years. We have weathered the fluctuating fuel costs with fuel surcharges when needed, which is no longer available to us, until this rate case is accepted.

We hope that after review, the WUTC will come to the same conclusion we have; that this is the best approach to allow a successful continuation of our services.

We respectfully submit and request the following changes to our passenger Tariff No. 63:

- 1) Page 6: We are requesting fare increases of 3.54% to fares for the year-round service, (rounded to the nearest quarter). We are also requesting the same type of increase to commuter rates. Commuter rates are calculated at 80% of the full fare, the same as they currently are.
- 2) Page 6: We are requesting to discontinue the "Continuation Allowance on Stehekin Round-Trip Tickets" on Page 6. This is a privilege that has been offered to Lucerne passengers only, and is not fair to passengers traveling to other ports.
- 3) Page 7: We are requesting fare increases of 3.54% to fares for the Summer service (rounded to the nearest quarter) provided by the "Lady Express" during the timeframe of May through September. We are also requesting the same type of increase to commuter rates. Commuter rates are calculated at 80% of the full fare, the same as they currently are.
- 4) Page 10, Item 170: We are requesting to increase the grocery pickup charge to \$2.50 per 100 lbs with a minimum charge of \$5.00. This carrier pick up service has been left unchanged in past years because it is so nominal. However, providing customer grocery pick-ups at Safeway and the Red Apple Market have very direct costs in Captain's wages, fuel, and vehicle costs. This will help cover the actual costs of this service.
- 5) Page 9 & 11: We are requesting an increase of 11.08% to all of our freight rates. This is a rate increase of 1 cent per lb on regular freight and 2 cents per lb on Special Handling Freight, respectively. The minimum shipment would be increased from 6.00 to 6.75.

We are submitting Time Schedule No 36 canceling Time Schedule No 35.

We are requesting to discontinue:

Table No. 2 - "Lady Express"

- * Lady Express Winter Service - Tuesday and Thursday service in April (9 days).

This is the only Boat running on these 9 days, but ridership on all days in April is low.

Table No. 3 - " Lady Express"

- * Lady Express Saturday and Sunday service in May (still running on Memorial Day Weekend).
- * Lady Express Daily service from June 1-14.

This is an additional service to the Lady of the Lake II, which runs daily in May and June. Having two boats running during this time would cause both boats to run at a loss with so few passengers.

All runs listed above are during historically low ridership periods, that will be even lower without the Holden Village guests. The savings in costs help keep the rates lower.

We are requesting an effective date of April 1, 2013 for all tariff changes, but respectfully request to have the case heard on or before the March 14 Open Meeting, so we are able to prepare for the changes and inform the public.

Cost Data and Further Information:

A 2013 Pro-forma Workbook, Time Schedule No 36 to cancel Time Schedule 35, and Revised Tariff pages are being submitted to you. The Pro-forma is similar to previous WUTC rate filings, laying out the affects of our requests, along with known changes for 2013.

Also enclosed is a copy of the Public Notice letter in regards to both the Tariff changes and Time Schedule changes. This will be posted at the Chelan office, on the Lady Express, emailed to all customers in our communication database, and posted on our website at www.ladyofthelake.com.

We respectfully request your approval of these changes to our tariff 63 and our Time Schedule. If additional information is needed, please contact Cindy Engstrom at 509-682-1123 or Cindy@ladyofthelake.com.

Thank you for your consideration and time in analyzing our service in this very unique and challenging time, due to the cleanup of the mine tailings near Holden Village.

Sincerely,

Jack D. Raines

Jack D. Raines
President