

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In re Application of BACKCOUNTRY TRAVELS LLC For a Certificate of Public Convenience and Necessity to Operate Vessels in Furnishing Passenger Ferry Service	NO. TS-180677 PRE-FILED TESTIMONY OF COLTER C. COURTNEY, MANAGING MEMBER OF BACKCOUNTRY TRAVELS, LLC
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Exhibit No. __ (CCC-3) Applicant's Future Numbers Projections	

I. INTRODUCTION

1. Q: Please state your name and business mailing address.

A: My name is Colter C. Courtney. My business mailing address is PO Box 308, Stehekin, WA 98852.

2. Q: By whom are you employed and in what capacity?

A: I am the managing member of Backcountry Travels, LLC.

3. Q: Would you please describe your professional background?

A: I have lived and worked in Stehekin for the bulk of my life. I was raised in a family that has provided professional tourism.

4. Q: As the Managing Member of Backcountry Travels, LLC, what are your responsibilities?

A: My responsibilities encompass everything necessary to run the day-to-day business of Backcountry Travels, LLC. I am responsible for operations, financial aspects of the business, legal affairs, sales, marketing, customer satisfaction and business development. I am intimately familiar with the Stehekin community, Lake Chelan, the local tourism industry and all aspects of managing and running the day-to-day operations of a tourist focused business.

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5. Q: How does your experience directly apply to the issues before the Washington Utilities and Transportation Commission?

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my family and know that I have expressed interest in acquiring a commercial ferry permit, they have told me that if I am able to acquire a permit and commence operations on Lake Chelan, they will take advantage of the new services.

8. Q: Will you be sponsoring any exhibits introduced in this proceeding?

A: Yes, I am sponsoring the following exhibits in this case:

- Exhibit No. ____ (CCC-2) is a true and correct copy of Backcountry Travels' Commercial Ferry Application filed with the Commission.
- Exhibit No. ____ (CCC-3) is a true and correct copy of Backcountry Travels' Future Numbers Projections.

III. PUBLIC CONVENIENCE AND NECESSITY

9. Q: Do you believe that people will use your services if your application were granted?

A: Yes, I do. More specifically, I believe that the local residents, land owners along Lake Chelan and tourists who are planning to stay several days in Stehekin will use our services. We intend to offer a vessel that will substantially reduce the travel time across Lake Chelan.

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10. Q: Why do you believe people will use your services?

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A: Because there is currently a limited amount of resources and availability to meet the demand in the marketplace and the market has tremendous opportunity for growth if Backcountry Travels is granted the right to operate on Lake Chelan.

11. Q: What segments of the public do you anticipate would utilize your proposed service?

A: The primary segments of the public that I anticipate will utilize Backcountry Travels' ferry service include tourists, vacation property owners and local Stehekin residents.

12. Q: Do you believe that the Lake Chelan area can support two full-time providers such as Backcountry Travels and the Lady of the Lake? If yes, why?

A: Yes, Lake Chelan can support the addition of a ferry operated by Backcountry Travels and the Lady of the Lake because, as shown on Exhibit No. ____ (CCC-2), you can see that the number of riders peaked nearly two decades ago in 1999 at 29,611 and that number has stagnated even though the businesses in and around Stehekin have increased their capacity to serve more people overnight substantially in that same time frame. With the expected expansion of tourism services offered in Stehekin, I anticipate long term growth for both providers.

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IV. FINANCIAL FITNESS

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13. Q: Did you include a pro forma financial statement to the Commission?

A: Yes, I included a pro forma financial statement in Backcountry Travels' application to the Commission.

14. Q: Please explain, in general terms, what the pro forma financial statement represents?

A: The pro forma financial statement that I included in Backcountry Travels' application to the Commission is our most rigorous projection on the financial inputs and outputs during the first year of ferry operations. Members of my family have previously attempted to obtain a commercial ferry application and their preparations for the application, market research and experience helped Backcountry Travels' come up with accurate projections and estimates.

A. Ridership and Revenue Forecast.

15. Q: Backcountry Travels' total projected income for the first year is only \$23,764.00, how did you arrive at that number?

A: We broke down our expected profits for one way ticket sales to individuals and for freight into separate categories. If the Commission grants the application, our service will focus almost exclusively on transporting individuals, as opposed to freight, so the primary revenue generator will be one-way tickets purchased by individuals. In preparing the application Backcountry Travels conducted market research into the number of potential passengers based on the growing Chelan area tourism industry, the historical data from the Lady of the Lake and the now-defunct seaplane service and consulted with

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2 businesses operating in and around Stehekin to come up with a conservative projection to
3 guide our application and operational goals for the first year of operations. In an effort to
4 account for the margin for error and factor in a period of time for marketing and public
5 awareness of a second ferry option, we used conservative numbers so that the Commission
6 could see that the business will pencil out in a financially difficult year.
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8 **16. Q: Backcountry Travels' projected income for the first year is only**
9 **\$23,764.00, what other factors will motivate you to continuing to operate the ferry**
10 **through difficult economic times?**

11 **A:** I live in Stehekin all year-round. My family is from Stehekin and many of
12 my uncles, aunts, cousins and friends operate tourism focused businesses in and around
13 Lake Chelan. If the Commission approves Backcountry Travels' application, in addition to
14 the obligations I am assuming toward the Commission and the general public, I will be
15 impliedly accepting an obligation to provide access to and from Stehekin for my family,
16 my friends, their businesses and my community. As a life-long resident of Stehekin, I
17 appreciate the gravity of the obligations I will be accepting and I recognize the importance
18 of fulfilling that obligation consistently, honorably and professionally for years to come.
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20 **17. Q: How many days per week will Backcountry travels provide services?**

21 **A:** Backcountry travels will provide one round-trip per day all year long with
22 exceptions on Thanksgiving day, Christmas day and a handful of days throughout the year
23 which will be reserved for scheduled maintenance.
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2 **18. Q: Will Backcountry Travels' ferry services fluctuate depending on the**
3 **season?**

4 **A:** No, the ferry service we will provide will remain a daily service through all
5 four seasons to allow residents of Stehekin to come and go daily and to allow visitors to
6 come up to Stehekin for the weekend any time of the year.

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8 **B. Cost of Services for Proposed Operation**

9 **19. Q: Can you describe how you arrived at the projected costs listed on**
10 **Backcountry Travels' application?**

11 **A:** Consistent with our conservative estimates on projected revenue, we
12 attempted to factor in costs that were slightly above average. If we didn't think we could
13 turn a profit and continue to operate the proposed ferry over the long haul with conservative
14 estimates and an above average cost projection, then it would not be a prudent business
15 decision.

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17 **20. Q: How did you calculate the projected costs?**

18 **A:** We worked with several potential boat builders to identify the vessel that
19 would provide the most efficient passenger ferry service possible. As part of that research,
20 we worked with those boat builders to identify the type and amount of expenses that we
21 could expect to incur operating and maintaining the vessel over a period of several years.
22 For projected costs not directly tied to the operation of the vessel, my experience managing
23 business ventures in the Stehekin area has provided an excellent background to understand
24 the costs we can expect for administration and employee related costs.
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C. Cost of Assets Used in Providing the Service

21. Q: Does Backcountry Travels own its own vessel?

A: No, Backcountry Travels does not own a vessel and does not plan to own a vessel and as such will lease its vessel for an annual projected amount of \$61,775.00.

22. Q: Does Backcountry Travels own any other assets with significant value that it will use as part of the ferry service?

A: No, Backcountry Travels will use existing facilities owned by local businesses for maintenance, fueling, pumping, servicing and mooring of the vessel. This will promote and enhance the local businesses that already specialize in these areas.

23. Q: Is the vessel insured?

A: The vessel is presently under construction but, if Backcountry Travels' application is granted, the vessel will be insured in accordance with the Commission's requirements.

D. Statement of Total Assets on Hand

24. Q: What are the total assets of Backcountry Travels?

A: As provided in the application, Backcountry Travels has assets that total 483,600.00. This is a combination of cash on hand (\$68,600), real estate (\$350,000) and its interest in Stehekin Outfitters, LLC (\$50,000) as well as vehicles owned by Backcountry Travels (\$15,000).

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V. TERRITORY ALREADY SERVED

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3 **25. Q: Please explain what makes the service provided by the Lady of the Lake**
4 **different from the service proposed by Backcountry Travels.**

5 **A:** The service currently provided by the Lady of the Lake is geared toward
6 sight-seeing tourists who never leave the boat, freight transportation and summer tourism
7 because the service runs only three days per week during non-peak months. The service
8 proposed by Backcountry Travels will not appeal to sight-seeing tourists or freight
9 transportation. Instead, Backcountry Travels will provide residents with consistent, daily
10 transportation and appeal to tourists whose destination is Stehekin or one of the many
11 privately owned rental cabins along Lake Chelan in all seasons.

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14 **26. Q: Is there demand in the areas that you are applying to serve that is**
15 **currently unmet?**

16 **A:** Yes, the addition of a year-round, daily ferry service will provide
17 convenient travel for residents of Stehekin in a way that is not being adequately provided
18 for by the current ferry schedule and it will allow tourists to visit Stehekin on a much more
19 flexible ferry schedule. The decisions as to scheduling made by the Lady of the Lake have
20 caused an unnatural depression of economic prosperity in the Stehekin area which relies
21 heavily on tourism. Backcountry Travels' service will increase the public's access to
22 Stehekin and the tourism focused businesses in Stehekin will benefit greatly from increased
23 access.
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DATED the 17th day of December, 2018.

JEFFERS, DANIELSON, SONN & AYLWARD, P.S.

By /s/ Matthew S. Hitchcock
MATTHEW S. HITCHCOCK, WSBA # 38863
Attorneys for Applicant Backcountry Travels, LLC

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CERTIFICATE OF SERVICE

Pursuant to RCW 9A.72.085, the undersigned hereby certifies under penalty of perjury under the laws of the state of Washington, that on the ___ day of _____, 2018, the foregoing was delivered to the following persons in the manner indicated:

Andrew Richards Hathaway Burden Garvey Schubert Barer, P.C. 1191 Second Avenue, Suite 1800 Seattle, WA 98101-2939	<input type="checkbox"/> U.S. Mail <input type="checkbox"/> Hand Delivery – Messenger Service <input type="checkbox"/> Overnight Courier <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: arichards@gsblaw.com hburden@gsblaw.com kmueLLer@gsblaw.com
Jeff Roberson Harry Fukano Office of the Attorney General Utilities and Transportation Division 1400 S. Evergreen Park Drive SW P.O. Box 40128 Olympia, WA 98504-0128	<input type="checkbox"/> U.S. Mail <input type="checkbox"/> Hand Delivery – Messenger Service <input type="checkbox"/> Overnight Courier <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email : jeff.roberson@utc.wa.gov
	<input type="checkbox"/> U.S. Mail <input type="checkbox"/> Hand Delivery – Messenger Service <input type="checkbox"/> Overnight Courier <input type="checkbox"/> Facsimile <input type="checkbox"/> Email

/s/ Jerei Bargabus
JEREI BARGABUS