

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND PILOTS,

Respondent.

DOCKET TP-220513

RESPONSE TO PUGET SOUND
PILOTS' MOTION TO SET
EXPEDITED SCHEDULE

I. INTRODUCTION

1 Commission Staff of the Washington Utilities and Transportation Commission (Commission) submits this response to Puget Sound Pilots' (PSP) Motion to Set Expedited Schedule (Scheduling Motion).

II. RELIEF REQUESTED

2 Commission Staff (Staff) requests that the Commission deny PSP's Scheduling Motion and convene a prehearing conference to establish a procedural schedule that is mutually agreeable for all parties.

III. STATEMENT OF FACTS

3 On June 29, 2022, PSP filed its general rate case with the Commission. PSP's filing contains testimony from 22 witnesses and more than 100 exhibits as part of its initial filing.¹ As part of its rate case filing, PSP also filed its Scheduling Motion, requesting that the Commission adopt a procedural schedule for the case that would allow its proposed tariff

¹ Scheduling Motion at 3, ¶ 7. *See also*, Costanzo, Exh. CPC-01T at 11:7-8 (noting the "sheer magnitude and comprehensive character of PSP's testimony from 23 witnesses and over 2000 pages of exhibits[.]").

revision to go into effect on January 25, 2023, approximately 7 months from the date of initial filing.²

4 PSP’s Scheduling Motion further states that PSP has provided “data-driven, highly informed testimony as to all of the key topics at issue including the applicable ‘best achievable protection’ legal standard, diversity equity and inclusion, [distributable net income], pension reform, [and] healthcare benefits.”³

5 In addition, in its testimony PSP has proposed novel modifications to the existing tariff, including seven distinct automatic tariff adjusters.⁴

6 PSP further states that its proposed expedited procedural schedule is appropriate for four reasons. First, PSP argues that the target distributable net income under the current tariff “is inadequate and falls far below competitive levels.”⁵ Second, PSP contends that the anticipated licensing of additional pilots will result in a decrease in the distributable net income for pilots because the existing tariff funds fewer pilots than will be licensed.⁶ Third, PSP states that under the current tariff, PSP will “suffer a complete loss of medical benefits funding,” effective January 25, 2023.⁷ Finally, PSP maintains that having its proposed revised tariff go into effect by January 25, 2023 is critical to PSP’s plan to transition its pay-as-you-go pension plan to a fully funding plan by January 1, 2024.⁸

² Scheduling Motion at 1-2, ¶ 1.

³ Scheduling Motion at 5, ¶ 16.

⁴ Carlson, Exh. IC-01T at 30-31.

⁵ Scheduling Motion at 3, ¶ 9.

⁶ Scheduling Motion at 4, ¶ 11-12 (stating that PSP expects that there will be 56 licensed pilots by January 25, 2023 and noting that the current tariff only funds 52 pilots).

⁷ Scheduling Motion at 4, ¶ 13.

⁸ Scheduling Motion at 5, ¶ 15.

IV. STATEMENT OF ISSUES

7 Whether the Commission should deny PSP’s request for an expedited hearing as
proposed in its Scheduling Motion.

V. EVIDENCE RELIED UPON

8 Staff relies on the material on file in this docket.

VI. ARGUMENT

9 Given the “sheer magnitude” of PSP’s filing, with 22 separate witnesses filing
testimony and accompanying exhibits, the expedited schedule proposed by PSP is clearly
unreasonable for Staff and other parties that may seek to intervene in this proceeding. PSP’s
expedited schedule anticipates the Commission issuing a prehearing conference order on
July 20, 2022, with response testimony due on September 12.⁹ This affords Staff and other
parties less than two months to potentially retain experts, issue discovery, and develop
response positions on the numerous, complex issues that PSP has presented in its initial
filing. Additionally, the proposed expedited schedule only allows two weeks between the
filing of response testimony and filing of cross-answer testimony, meaning that Staff would
need to immediately begin drafting cross-answer testimony after filing response testimony in
order to meet the cross-answer testimony deadline.¹⁰ Both of these timelines would
unnecessarily restrict Staff’s ability to review the case put forward by PSP and conduct
related discovery.

10 Furthermore, given that this pilotage rate case is only the second such case filed with
the Commission, Staff submits that the Commission should afford all parties the full

⁹ Scheduling Motion at 1-2, ¶ 1.

¹⁰ Scheduling Motion at 1-2, ¶ 1 (proposing a response testimony deadline of Sept. 12, 2022 and a cross-
answering testimony deadline of Sept. 26, 2022).

statutory review period available in order to evaluate the case as thoroughly as possible.

While PSP notes that it has maintained an active dialogue with Staff about some of the issues and evidence raised in its filing, Staff does not agree that this warrants reviewing the filing on an expedited basis.¹¹

11 Finally, the Commission should find PSP’s arguments for an expedited schedule unpersuasive. PSP’s first argument, regarding competitive compensation for pilots, was also a significant contested issue in the first pilotage general rate case, and will likely require substantial time, rather than less time under an expedited schedule, to evaluate in this case as well.¹² Additionally, PSP’s third argument regarding the complete loss of medical benefits funding under the existing tariff is not supported by the Commission’s order in the last pilotage general rate case. Although the Commission ordered that only 50 percent of the pilot medical insurance expenses be included as an operating expense in year two of the two-year rate plan, Staff is not aware of any further tariff revision or mechanism that will entirely remove the remaining 50 percent medical insurance expense from the tariff rates.¹³ Further, PSP’s fourth argument is inconsistent with the Commission’s long-standing prudence standard, insofar as PSP is requesting that the Commission approve the transition to a fully funded benefit plan before PSP has done so.¹⁴ Finally, while PSP’s second argument correctly notes that the current tariff only funds 52 pilots, Staff maintains that the

¹¹ Scheduling Motion at 6, ¶ 18.

¹² *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 36-52, ¶¶ 116-167 (November 25, 2020).

¹³ *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 123-124, ¶¶ 470-471 (November 25, 2020).

¹⁴ *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 113, ¶ 386 (November 25, 2020) (“Prudence thus can only be evaluated after-the-fact, both to maintain the appropriate boundary between decisions best left to company management and to preserve due process by allowing all parties to weigh in on the prudence of a company’s investment decisions.”), Scheduling Motion at 5, ¶ 15 (“A decision by the UTC approving the funding of this transition in January 2023 will position PSP to complete the transition by January 1, 2024, in time for the new tax year.”).

addition of further pilots, in isolation, does not warrant expedited treatment of the entire general rate case, particularly given the scope of the issues raised and number of exhibits in PSP's initial filing.

VII. CONCLUSION

Commission Staff requests that the Commission convene a prehearing conference to establish a procedural schedule that is mutually agreeable for all parties.

DATED this 7th day of July 2022.

Respectfully submitted,

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