

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: June 19, 2020
DOCKET: TP-190976
REQUESTER: PMSA

WITNESS: Danny Kermode
RESPONDER: Danny Kermode
TELEPHONE: (360) 664-1253

DATA REQUEST NO. 8:

Exh. DPK-1T p. 8, regarding an explanation of “the absence of an equity return in the pilotage ratemaking formula,” concludes that because PSP has a negative equity balance under an accrual book keeping methodology, it has no equity return to members. However, the PSP By-laws still require a positive equity pay-out to the individual pilot owners of PSP regardless of the actual equity reported on the books in the PSP financials.

Please confirm whether or not WUTC Staff agrees that the ownership interests of the individual pilots’ equity in PSP as mandated by the share-in/share-out terms of the PSP By-laws operate independently of the PSP equity balance and accrual book keeping value. If WUTC Staff disagrees, please describe the basis for this disagreement. If WUTC Staff agrees, please describe the basis for this agreement.

RESPONSE:

Staff disagrees. The PSP equity balance is made up of inflow from new pilots and changes in net income, and outflow to retiring pilots along with compensation disbursements. The ownership interest balance in PSP is the result of a mathematical operation, not the result of PSP bylaws. The amount of the payout is a formula provided in section 5 of the bylaws and is not determinative or associated with the accounting of the actual balance of the account