

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,  
Complainant,**

**v.**

**PUGET SOUND PILOTS,  
Respondent.**

**Docket TP-220513**

**REVISED AND CORRECTED TESTIMONY OF  
DAVID LOUGH  
ON BEHALF OF PUGET SOUND PILOTS**

**APRIL 4, 2023**

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I. IDENTIFICATION OF WITNESS

1 **Q. Please identify yourself for the record.**

2  
3 A: My name is David Lough. I am the compensation expert for the Puget Sound Pilots.  
4

5 II. PURPOSE OF TESTIMONY

6 **Q: During your preparation for the hearing in this rate case, did you discover the need**  
7 **to modify and correct your testimony?**

8 A: During the course of my intensive work preparing for potential cross-examination in this  
9 rate case, I discovered the need to modify or correct my testimony in a number of respects.  
10

11  
12 **Q: Please describe the changes and corrections that you have made.**

13 A: The changes or corrections described below fall into five categories.

14 First, I double-checked the two cost-of-living increases that applied to the tariff for the  
15 Crescent River Port Pilots and discovered that the percentages were slightly off. As of January 1,  
16 2022, the actual five-year average of the CPI for the US South was 2.5% and, as of January 1,  
17 2023, the actual five year average of the CPI for the US South was 3.88%. I use these corrected  
18 CPI percentages to modify the projected 2023 net income for this pilot group in the attached  
19 tables.  
20

21 Second, I concluded that the use of a 2.5% annual adjuster for the actual net income  
22 levels reported for four pilot groups in my table based on an assumed level of increase in traffic  
23 was not linked to actual data and therefore should be removed. This resulted in reductions in the  
24 projected 2023 net income for the New Orleans-Baton Rouge Pilots, Lake Charles Pilots,  
25 Associated Branch Pilots and LA Harbor Pilots from the income levels shown on page 10 of my  
26

original testimony and on page 4 of my rebuttal testimony. Instead, I simply used these actual  
1 income figures for 2023 without any change.  
2

3 Third, I updated the net income figures for the Columbia River Bar Pilots and Columbia  
4 River Pilots based upon the testimony and exhibits provided by CRBP administrative pilot Dan  
5 Jordan and by Columbia River Pilot President Jeremy Nielsen on March 3, 2023.

6 Fourth, with respect to the Grays Harbor Pilots, I eliminated the 3% cost-of-living  
7 adjustment to the \$350,000 base salary because it became effective only after one year of  
8 licensure. In addition, I used the three year average (2017-2019) rather than the 2019 amount for  
9 the combination of incremental duty pay and gainsharing income for the two pilots working  
10 during those three years as Grays Harbor pilots. This is because of the high year-to-year  
11 volatility in these components of pay and corrects for 2019 being a high-payout year. The  
12 adjusted figure was then placed in the updated tables attached to this testimony as Exh. DL-29.  
13

14 Fifth, I corrected the figures used in my table for the LA Harbor Pilots to utilize 2020  
15 rather than 2019 income for pilots with the Port Pilot II position, using the average for those  
16 pilots in my updated table.  
17

18 Attached are the updated tables from my original and rebuttal testimony showing the  
19 effect of the changes and corrections, which reduces the level of median income among the 13  
20 pilot groups in the table that is on page 4 of my rebuttal testimony from \$574,087 to \$568,270, a  
21 reduction of \$5,817 (1.0%).  
22  
23  
24  
25  
26

1 **Q: Did you incorporate these changes or corrections into a set of updated tables from**  
2 **those contained in your original and rebuttal testimony?**

3 A: Yes. The attached tables incorporate these changes or corrections into a set of updated  
4 tables. The net change in the median net income figure for the pilot groups analyzed drops from  
5 \$574,087 to \$568,270, a downward change of \$5,817.

6  
7 **Q: With respect to the changes or corrections you have described, is the information**  
8 **you relied on contained in the exhibits to your prior testimony or publicly available?**

9 A: Yes. Except for the CPI data available publicly for the US South, all of the above  
10 described changes were based upon the information contained in the more than 600 pages of  
11 exhibits in my original and rebuttal testimony plus the updated pilot group income information in  
12 the testimony of captains Jordan and Nielsen.

13  
14 **III. CONCLUSION**

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16 **Q: Does this conclude your testimony?**

17 A: Yes.  
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