

To: Utilities and Transportation Commission

Subject: Docket TP-2200513, public comment

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Introduction:

To start I must add a disclaimer. I have not been in contact with any party regarding the details of my comments prior to their submission. No party participating in docket TP-220513 has contacted me and asked me to file a comment in this docket. I make my comments as a private citizen of Washington who has the right to make these comments as allowed by law for proceedings at the UTC.

Background:

I made the previous disclaimer because I spent 8 years as UTC staff and testified in docket TP-190976. My testimony covered items such as TDNI, number of pilots to fund, vessel traffic predictions, and rate design. In these comments I comment on PSP's proposed salary survey, callbacks, rate design, and future rate models.

PSP's Salary Survey:

Regarding PSP's filed compensation analysis (salary survey) PSP appears to have moved slightly forward in their method from the previous case. Taking their testimony on face value it appears they have documentation to support their starting points and then adjust. I have not analyzed the PSP adjustments as to know whether they are valid or compare the correct information. I note a few issues that stand out to me.

- The salary survey only has salary information from select pilotage districts. This is an incorrect way to perform a salary survey. The salary survey should be performed to determine the market rate. Pilots have a choice to work at an association, but they also have choices to work for cities, on contract, and other governments. To know the market, the dataset should be as broad as possible. As it stands PSP's proposal is only a subset of data.
- The salary survey focuses on yearly salary without consideration for differences in the amount of bridge hours worked. And given the stated differences in each pilotage ground, some places may require more/less hours of work. For example, the Mississippi Bar Pilots worked an average of 890.32 bridge hours in 2021. In 2021 PSP averaged 144 assignments with an average assignment having around 5 bridge hours. This means $144 * 5 = 720$ bridge hours. PSP has not proposed an adjustment to the compensation for working different bridge hours than Mississippi.
- The salary survey should have a column with "total assignments" and "total bridge hours" and then enter the formula to calculate "average bridge hours" and "salary per bridge hour". I believe focusing on the hourly wage helps remove incomparable factors like geography and weather as those types of factors help determine the hours a pilot works or doesn't work to complete an assignment. One may say time is the equalizer.
- Salary per bridge hour could be compared, and an hourly market rate could be determined. Once this occurs you simply multiply that number by average bridge hours to calculate a fair DNI.
- Comparability in the original case PSP spent pages of testimony discussing how different pilotage in the Puget Sound is, but then turned around and said they needed comparable salaries. I rejected this logic as one cannot claim to be different and the same depending on the perceived help to your argument. I happen to agree that no two-pilotage grounds are the same. However, the duties and responsibilities of maritime pilots are the same. Much like practicing law is not the same jurisdiction to jurisdiction, but the skills to perform the job are the same. Pilots across the nation perform the same work "Pilotage of ships" if this is considered then every pilot's hourly wage can be deemed comparable.

I do not recommend the use of PSP's current survey to set DNI, unless the dataset were expanded, and the columns mentioned above were added. Given the limited timeframe provided to get that information I would recommend rejecting the proposal and using the framework from the previous order. If a valid and true salary survey is presented in a future case, I believe a fair market rate can be calculated.

Callback:

I agree with my testimony in TP-190976. Callbacks are made by PSP by-laws as PSP has already collected the revenue. Allowing recovery of callbacks in any form is double recovery and would be unsound ratemaking.

Rate Design:

In the first case I testified to a rate design where DNI was divided by average bridge hours and the result was used as the hourly tariff rate. In these comments I implore the UTC to pursue that design.

- PSP has used the argument that larger ships are riskier. I am not here to dispute if the size of a ship is or is not riskier, as I think that entire argument is smoke and mirrors. What the UTC should care about is, what causes a ship accident? The undeniable truth proven in recorded ship accidents is that human error is the leading cause. An analysis of 477 ship accident reports found human error as the cause of failure in 73.98% of accidents.¹
- Pilots are experts and required for safety, but they are still 3 times more likely to be the cause of failure than all other factors combined.
- The human risk should be captured in the hourly rate which a ship pays, and that hourly rate should be tied directly to the compensation for pilotage. Ratemaking principles say the cost causer should pay. Given a pilot board a ship for a time to perform an action the cost of that time should be the rate.
- Also, if the hourly rate is set in this manner the pilot compensation generated by the tariff is fair even as vessel traffic adjusts (more vessels more work, more total compensation and vice versa).

Future Models:

This is the second-rate case for pilotage at the UTC, and there will be more cases filed to work out large issues that are still outstanding. I urge the UTC to encourage all parties to work toward a common model that could be filed reviewed and implemented with fewer hours and resources used. The UTC has long standing agreements for models used to set rates for radioactive waste and an oil pipeline. The UTC should encourage parties and UTC staff to work toward an agreed model. This work will have to happen outside of a filed rate case and would require multiple meetings and conversations.

Conclusion:

This is the second case and there are still a lot of issues to work out over more cases to come. I believe the UTC needs to use the authority granted to it and require PSP and industry stakeholders to work together and move past issues from the past. Require them to work together in good faith and reject proposals that are clearly one-sided. I saw how PSP filed this case and it was messy and rushed, given it is the second time filing and PSP has retained new counsel I was not surprised to see refiling and extended timelines. However, I would hope to see the UTC hold petitioners accountable and reject future filings that do not meet the published WAC requirements for filings.

¹ <https://journals.sagepub.com/doi/full/10.1177/1748006X18768917#body-ref-bibr30-1748006X18768917>

See Table 1, row 8, third column.