

PUGET SOUND PILOTS' RESPONSE TO BENCH REQUESTS 3 - 4

DATE PREPARED: September 4, 2020, DOCKET: TP-190976 REQUESTER: WUTC	WITNESS: Linda Styrk, Ivan Carlson and Scott Coleman RESPONDER: Puget Sound Pilots
---	--

TO PUGET SOUND PILOTS:

Bench Request No. 3:

- A. Cross Examination Exhibit WTB-20X, which contains pages 60-119 of PSP's response to PMSA's Data Request No. 66, includes invoices for transportation services provided by Green Car Club (pp. 73-76). The payee line above the company address is redacted. Please provide unredacted copies of these invoices that display the payee name. Please also provide an explanation for redacting the payee information prior to providing these invoices in response to PMSA's Data Request.

Response to Bench Request No. 3A:

The payee line in the referenced invoice was not intentionally redacted as the question infers and thus, in response to this bench request, PSP performed a due diligence as to the reason why the payee name (Puget Sound Pilots) was not visible in the hard copy invoices. In so doing, we learned that when printed from PSP's accountant/controller's computer from its original Excel format, the field was obscured and did not print. See the attached email with the screen shot produced with file label "BR3 – Invoice Screen Shot.pdf" and bates number PSP_007956. The native format excel-format invoices are being produced with the following file and bates labels:

- "BR3 - GCC Invoices (Feb 3-2-19).xlsx": PSP_007957;
- "BR3 - GCC Invoice March (Revised 4-4-19).xlsx": PSP_007958; and
- "BR3 - GCC Invoice April (5-4-19).xlsx"; PSP_007959;

- B. Please provide all invoices for transportation services provided by Green Car Club during the test year. Please ensure that the invoices are fully unredacted.

Response to Bench Request No. 3B:

All final invoices from Green Car Club during the test year were previously produced (see native files produced in response to BR 3A and pages 60-119 of Exh. WTB-20X).

The only invoice not produced in response to 3A is one that was subsequently revised and not paid at its original amount. The original invoice is produced with file label "BR3 - GCC Invoice March (4-1-19).xlsx" and bates label PSP_007960.

PUGET SOUND PILOTS' RESPONSE TO BENCH REQUESTS 3 - 4

- C. Cross Examination Exhibit WTB-28X, which contains pages 540-599 of PSP's response to PMSA's Data Request No. 66, includes an Expense Reimbursement form for Ivan Carlson (p. 552). Section II, Pilot Transportation Expense – Assignments Only, includes an entry on 2/2/19 for “assigned VP travel from home to Skagit Regional,” and a second entry on 2/2/19 for “assigned VP travel from Skagit Regional Airport to Home.” Please identify the assignment number correlated with these entries. If no assignment number exists, explain why these entries were included as “assignments.” Please explain which vessel, if any, was charged for these expenses.

Response to Bench Request No. 3C:

The referenced travel on 02/02/19 was not for an assignment and was entered into that field in error. The expense reimbursement form was new to PSP at the time, and the travel expense should have been included as general operating expense in section I of the form rather than in Section II.

By way of additional explanation, vessels are not charged actual travel expense under the current tariff nor would they be under PSP's proposed tariff. Under the current tariff a vessel is charged a flat amount based upon the location of the departure. Thus, had the travel on 02/02/19 been for an assignment, no vessel would have been invoiced for the expenses incurred.

- D. Cross Examination Exhibit WTB-28X, which contains pages 540-599 of PSP's response to PMSA's Data Request No. 66, includes an Expense Reimbursement form for Scott Coleman (p. 574). Section I, General Business Expenses, includes an entry for “563360 – UTC Meeting” with an associated \$15 parking charge, and a second entry for “563752 – UTC Meeting” with an associated \$18 parking charge. Please identify the location of these two meetings, a description of the meetings, and receipts for the parking charges.

Response to Bench Request No. 3D:

The two meetings took place at PSP's office which was then located at 101 E. Stewart, Suite 900, Seattle, WA. The meeting on April 10, 2019 (erroneously logged on April 9, 2019) was a meeting of PSP's Tariff Committee with its attorneys and regulatory accountant consultant to address a number of issues, including evaluating potential rate design options. The Meeting on April 23, 2019 was held with representatives of NASA and San Jose State University Research Foundation to discuss their progress and work on the Puget Sound Pilot Fatigue Study.

The receipts for these charges are being produced with file label “BR3 - Coleman Receipts.pdf” and bates labels PSP_007961-007962.

PUGET SOUND PILOTS' RESPONSE TO BENCH REQUESTS 3 - 4

DATE PREPARED: September 4, 2020, DOCKET: TP-190976 REQUESTER: WUTC	WITNESS: Dr. M. Sami Khawaja, Ph.D RESPONDER: Puget Sound Pilots and Dr. M. Sami Khawaja, Ph D
---	--

TO ALL PARTIES:

BENCH REQUEST No. 4:

Given the testimony on the record about significant changes in vessel movements in the Puget Sound pilotage district beginning in the first quarter of 2020 due to the COVID-19 pandemic, please provide actual vessel movements for the first and second quarter of 2020, and updated three-year projections for vessel movements in the Puget Sound pilotage district (2021, 2022, 2023). Please provide a narrative explanation describing the basis for each update.

Response to Bench Request No. 4:

Data regarding the total number of revenue assignments (which include cancellations under the current tariff) are supplied in the excel spreadsheet with file label "BR 4 - Q1 and Q2 2020 vessel assignments.xlsx" and bates label PSP_007963.

As I testified in rebuttal in Exh. SK-3T, 14, the current pandemic we all trust is a "non-recurring event" and projections based on statistics from this year are indeed quite difficult to support based on any econometric model due to the likely changes to current economic forecasts. However, in effort to be as responsive as possible to the request for an updated projection, my staff and I have revisited the original indicator variables in the forecast model which were:

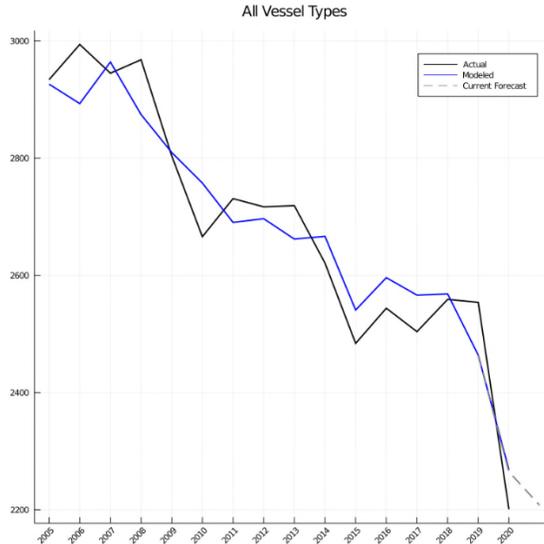
- 1) Global average container ship size by year;
- 2) China's GDP by year;
- 3) Japan's GDP by year;
- 4) The United States' GDP by year;
- 5) The price of No. 2 Diesel fuel at the Port of Los Angeles by year;
- 6) The labor price for marine cargo handling by year;
- 7) The industrial production index of the United States by year; and
- 8) The total value of imports from and to China by the US by year.

And, because all the indicators were in annual amounts, in order to produce a new forecast comparing 2020 and 2021 using the econometric model, all values had to be annualized. The indicator variable data utilized were either monthly or quarterly. The following tasks to produce a new vessel arrival forecast were sequentially undertaken:

PUGET SOUND PILOTS' RESPONSE TO BENCH REQUESTS 3 - 4

- 1) Annualization of vessel arrival data for 2020;
- 2) Rerun of the econometric model;
- 3) Verification of the revised model aligned with annualized vessel data for 2020; and
- 4) Use of that model to project 2021 vessel arrivals.

The following vessel result projections were thus generated:



Vessel Arrival Results

year	Bulk	Container	General	Other	Tanker	Passenger	Ro/RO	Tug	Vehicles	TOTAL
1/1/2020	311	940	92	40	390	15	109	178	189	2,265
1/1/2021	311	907	87	39	403	7	107	168	179	2,208

My original assignment forecast in testimony was based upon a forecast of 2,470 arrivals for 2020. Based upon historical vessel arrival to assignment ratios, I convert the vessel arrival predictions into a forecast for assignments. As set out in the table above, the results for 2020 and 2021 now reflect 2,265 vessel arrivals for 2020 and 2,208 for 2021.

Vessel Assignment Results

Year	Bulk	Container	General	Other	Tanker	Passenger	Ro/RO	Tug	Vehicles	TOTAL
1/1/2020	1,140	2,362	239	74	2,123	31	232	330	349	6,880
1/1/2021	1,140	2,278	224	71	2,195	14	227	312	332	6,793

Using the same ratios of assignments to arrivals, the updated projection results in a forecast of 6,880 assignments in 2020 and 6,793 assignments in 2021.

Manual adjustments and forecast difficulties

When we annualized the vessel arrival data, we zeroed out assumed passenger ship arrivals for the remainder of 2020. Our multivariate linear model predicted very low but nonzero value for vessel arrivals in 2021, as the economic indicator data are similar between 2020 and 2021. This value represents an average of likely scenarios according to the model, and one can interpret that the value is most likely zero but with a chance to return to normal. However, the model does not incorporate COVID19 impacts directly (only its economic impacts). If, for instance, a vaccine is released but economic activity remains depressed and oil prices remain low, passenger ships may have a higher likelihood of returning to normal than the model is able to represent. Nonetheless currently, we expect that the number will return to pre-COVID levels in either late 2021 or early 2022.

Regardless, our forecasts zeroed out passenger ships as the most conservative scenario producing the table.

Vessel Arrival Results with Passenger Ships Removed

year	Bulk	Container	General	Other	Tanker	Passenger	Ro/RO	Tug	Vehicles	TOTAL
1/1/2020	311	940	92	40	390	0	109	178	189	2,250
1/1/2021	311	907	87	39	403	0	107	168	179	2,201

This leads to 6,849 and 6,779 forecasted total number of assignments for 2020 and 2021, respectively.

2022 and Beyond

For 2022 and beyond, it is very difficult to use an econometric model that relies on various leading indicators. It is, however, plausible to think that world economy will recover and may do so as early as 2022. Many airline companies have made this prediction already. At that point, we expect long term trends to be restored. As such, 2022 will, at minimum, resemble 2021 at 2,208 vessel arrivals or otherwise return to long term trends associated the various economic leading indicators. The main drivers of that restoration will be the GDP growth rates in Japan, China, and the US (currently growing at 0.5, over 10%, and approximately 4%). US imports long term trend is around 4%. Combining these trends easily produces a 3% overall growth rate in commerce. Applying that to the 2021 vessel arrivals produces an estimate of 2,270 for the year 2022.