

PUGET SOUND PILOTS' RESPONSES TO BENCH REQUESTS NOS. 1-5

DATE PREPARED: April 21, 2023 DOCKET: TP-220513 REQUESTER: BENCH	WITNESS: WELDON BURTON, JESSICA NORRIS RESPONDERS: WELDON BURTON, JESSICA NORRIS PUGET SOUND PILOTS DATE: April 21, 2023 TEL: (360) 727-3643 EMAIL: <a href="mailto:weldon@weldontburtoncpa.com">weldon@weldontburtoncpa.com</a>
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**BENCH REQUEST NO. 1:**

To Weldon T. Burton (PSP):

*Referring to Exh. WTB-05 and WTB-08T:*

- 1) Please provide an updated revenue requirement model reflecting the PSP's proposed rebuttal revenue requirement. This should include the effects of the updated proposed pilot DNI reflected in rebuttal testimony, and the effect of any other adjustments made or accepted in rebuttal testimony.
- 2) Please also correct the "Results of Operations" worksheet by creating four separate columns for PSP's Pro forma Adjustments, Pro forma Results, Proposed Increase, and Results at New Rates. See Staff's revenue requirement model Exh. JNS-2r "Schedule 1.1 Result of Operations" worksheet, Excel columns G through J, for an illustration of the requested separation.

**RESPONSE TO BENCH REQUEST NO. 1:**

- 1) See Exh. WTB-05 – Bench Request, BR #1 & #2 tab, cell C11.

An updated revenue requirement model, reflecting PSP's rebuttal revenue requirement, including the effects of the updated proposed pilot DNI reflected in rebuttal testimony (Exh. DL-25T 6:15-16) as well as the effect of any other adjustment made or accepted (when appropriate) in rebuttal testimony, is attached as 220513 PSP Exh. WTB-05T – Bench Request.

This "bench request" model is Exh. WTB-05 (as submitted with Mr. Burton's supplemental testimony on October 31, 2021) updated to reflect the information requested in these bench requests and to include the errata adjustments.

Since several bench requests ask that the information be presented in this corrected model, all changes requested in Bench Requests 1-5, if applicable, are identified by green highlights, on the tabs and in the cells.

This model also reflects the errata information submitted on 3/31/23 and accepted by the commission on 4/5/23. All errata items are identified by yellow highlights in the appropriate cells. A legend has been included in cells M3 – M6 on the Results of Operations tab.

- 2) See Exh. WTB-05 – Bench Request, Results of Operations tab, columns J and K.

Two additional columns have been added to the “Results of Operations” tab to illustrate the effect of the proposed rates.

**BENCH REQUEST NO. 2:**

To Weldon T. Burton (PSP):

Referring to your supplemental and rebuttal testimony, Exh. WTB-04T and WTB-08T, these exhibits do not appear to state the additional annual revenue requirement requested by PSP.

Specific to Exh. WTB-08T:

- 1) Please clarify, what is the additional annual revenue PSP is seeking?
- 2) Please provide the calculation using the Excel file created to respond to Bench Request No. 1 (above).
- 3) What is the additional annual revenue based on the difference between the total revenue requested in this general rate case as compared to the total revenue authorized for Rate Year 2 approved by the Commission in PSP’s last rate case? Please provide in the Excel file created to respond to Bench Request No. 1 (above).
- 4) Please also provide the additional annual revenue requested in this case using the following requested calculation (respond using the Excel file created to respond to Bench Request No. 1 (above) and link all calculated figures to the underlining calculation pursuant to WAC 480-07-140(6)(a)(ii)):
  - a. Requested DNI Target per pilot: \_\_\_\_\_
  - b. Number of requested funded pilots: \_\_\_\_\_
  - c. Total Requested Target DNI (multiple a x b): \_\_\_\_\_
  - d. Actual Total DNI: \_\_\_\_\_  
(This amount must be linked to Pro forma Results of Operations)
  - e. Revenue Increase Requested: \_\_\_\_\_  
(subtract c – d)
  - f. Gross-up factor (expressed as a decimal): \_\_\_\_\_
  - g. Requested Additional Annual Revenue: \_\_\_\_\_  
(divide e/f)

**RESPONSE TO BENCH REQUEST NO. 2:**

- 1) The additional annual revenue PSP is seeking is \$14,951,800. This amount represents the difference between 2021 test year revenue (including PSP’s increase to cruise revenue) and the PSP proposed rebuttal revenue requirement.

In an effort to more properly represent a “normal” cruise season and the resulting revenues, PSP proposed increasing test year revenue by \$3,457,932 (R-12 decreases test-year revenue by \$2,011,137 and P-05 increases test-year revenue by \$5,469,069) for the calculations in this rate case. Therefore, PSP included this amount in determining the additional annual revenue requirement increase so as not to overstate the amounts being requested.

Calculations have been provided in cells C16 – C-19 of the BR #1 & #2 tab, in Exh. WTB-05 – Bench Requests.

- 2) See Exh. WTB-05 – Bench Requests, BR #1 & #2 tab, cell C21.
- 3) See Exh. WTB-05 – Bench Requests, BR #1 & #2 tab, cell C29.

4) See Exh. WTB-05 – Bench Requests, BR #1 & #2 tab, cells C33 – C46.

The result from 4e (subtract c-d), represents the requested increase in DNI, not the requested increase in revenue. Therefore, PSP has provided the requested increases for both DNI (cell C36) and for revenue (cell C41), in this same worksheet.

**BENCH REQUEST NO. 3:**

To Burton (PSP):

*Referencing Exh. WTB-05 “Restating Entries” worksheet Cell F36, the amount of the adjustment is hardcoded.*

- Please provide a supporting workpaper which details how adjustment R-15 regarding Pilot Boat Juan de Fuca preventative maintenance was calculated. Please include the calculation in the Excel file created to respond to Bench Request No. 1 (above).

**RESPONSE TO BENCH REQUEST NO. 3:**

See the tab labeled, BR #3 – Prev Maint – Vessel JdF, in Exh. WTB-05 – Bench Request. We inadvertently used the 2022 amount for this adjustment but have corrected it to the appropriate 2023 information, for this 2023 Rate Year, for this bench request.

**BENCH REQUEST NO. 4:**

To PSP:

WAC 480-07-525(4)(m) requires submission of “projected changes in vessel assignments” when submitting a general rate case.

- 1) Please specify the location of the projected changes in vessel assignments within PSP’s testimony and exhibits.
- 2) If this is not included in PSP testimony and exhibits, please explain why PSP did not request a rule exemption.

**RESPONSE TO BENCH REQUEST NO. 4:**

- 1) The location of the projected changes in vessel assignments are located within Exh. WTB-07 WP 2023 Revenue Calculation worksheet and on the 2023 PF Revenue tab in Exh. WTB-05 (filed with Mr. Burton’s supplemental testimony on October 31, 2022). An additional tab (Updated 2023 PF Revenue) has been included, with this bench request, to reflect proposed rates for the updated rebuttal revenue requirement, as requested. Total assignments are located within cell AN7774 of each spreadsheet.
- 2) Not applicable.

## **BENCH REQUEST NO. 5:**

To Jessica J. Norris or Weldon T. Burton (PSP):

*Referring to your testimony* (Norris, Exh. JJN-01T at 3:23-25, *Accord* Norris, Exh. JJN-02 at 20; Burton, Exh. WTB-4T at 8:15-20; Burton; Exh. WTB-5r), PSP has deferred funds, relating to the last rate case, Docket TP-190976, totaling \$124,239, reflecting the incremental difference in revenue collected from TOTE based on the prior GRT versus Tariff GT ICT measurement (NOTE: this is reflected in restating adjustment 13 in the amount of \$124,239).

- 1) The amount of \$124,239 is hardcoded which is inconsistent with the application of WAC 480-07-140(6)(a)(ii). Please provide the underlining calculations and assumptions for this amount.
- 2) TOTE claims that based on applying GT ICT, instead of GRT, results in deferred funds of \$378,411.84 in rate year one, and \$383,825.92 in rate year two. Please explain why PSP's annual amount is different from TOTE's amounts?

## **RESPONSE TO BENCH REQUEST NO. 5:**

1) Ms. Norris and Mr. Burton's testimony refers to the incremental difference in revenue deferred in calendar year 2021. *See* JJN-02 at 20 ("PSP has reserved funds totaling \$124,239 as a contingent liability for 2021"). In Order 13, the Commission ordered PSP to defer the incremental difference in revenue between tonnage charged according to the TOTE ships' GT ITC and GRT retroactive to August 26, 2021. Between August 26, 2021 and December 31, 2021, PSP performed 67 assignments for which TOTE was assessed a tonnage charge. PSP multiplied those 67 assignments by an incremental difference in revenue under the year-one tariff rates of \$1,854.31 per assignment to reach a total deferral of \$124,239 in 2021.

PSP acknowledges that it miscalculated the incremental difference in revenue by \$0.65 per assignment during tariff year one.<sup>1</sup> This resulted in an under-deferral of \$43.55 in 2021. Accordingly, the correct deferred amount in 2021 is \$124,282.55.

2) PSP's accounting is based on the actual number of assignments performed in each relevant *calendar* year that are subject to revenue deferral.<sup>2</sup> Conversely, TOTE appears to have derived its accounting of \$378,411.84 and \$383,825.92 by multiplying the incremental difference in revenue per assignment by an estimated 204 assignments per *tariff* year. AAD-1T at 3. TOTE's calculations are imprecise and include more than 100 assignments performed between January 25, 2021 and August 25, 2021 that predate TOTE's petition and are not subject to revenue deferral. *See* Order 13 ¶ 21.

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<sup>1</sup> Upon further review in connection with preparing its response to this bench request, PSP agrees with TOTE's calculation contained at page three of Ms. Dubs' testimony that the incremental difference in revenue in tariff year one is \$1,854.96 relevant assignment.

<sup>2</sup> Assignments that do not implicate the tonnage component of PSP's tariff do not result in an incremental difference in revenue.

As stated in response to subpart (1), the correct deferred total in 2021 is \$124,282.55 (67 assignments X \$1,854.96/assignment). In calendar year 2022, PSP deferred \$349,795.86. That total includes six assignments performed at the tariff year-one rates and 180 assignments performed at the tariff year-two rates, which carried an incremental difference in revenue of \$1,881.50 per assignment. *Accord* AAD-1T at 4. Adjusting for the under-deferral of \$0.65 per assignment for the six assignments performed in 2022 at the tariff year-one rates, the correct deferred amount in 2022 is \$349,799.76.