

**From:** Mike Moore  
**Sent:** Wednesday, January 13, 2021 10:34 AM  
**To:** 'Sevall, Scott (UTC)' <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
**Cc:** LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
**Subject:** RE: Tariff schedule

Thanks Scott.

Yes let's please set something up for Thursday.

I'll keep working on the assignment count reconciling – probably just confusing myself but hope to get there; I just didn't want to evaluate revenue to be generated towards the target in the Order with the wrong number/count of assignments and type. FYI, when they use a second pilot they issue a completely separate invoice so the vessel gets two invoices for a trip say from Port Angeles to a container terminal up the Blair (if the ship is big enough to warrant a second pilot for that Blair leg); so we always have to subtract those and cancelations to get at actual piloted ship moves (not an issue for you, but we track ship moves and so the numbers always have to be reconciled with pilotage invoice numbers so we don't mix apples and oranges).

UTC payment over 3 years – thanks for clarifying and reminding that is over 3 years (Ann's sheets) and so I understand it won't be an issue for this two year tariff but just didn't want it become a revenue enhancer over time as I don't think that was the intent. Same with the legal fees so I'd anticipate taking that up down the road in future proceedings.

I am also looking at the pass through dollars to the BPC and how that fits into the revenue targets in the Order (over a million for training surcharge depending on number of trainees, the SILA which after 6 total years goes away).

Thanks and standing by for Thursday; I can send the status of our evaluation ahead of time (a few bullets) to ID any areas that hopefully can be clarified fairly easily.

Mike

**From:** Sevall, Scott (UTC) <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
**Sent:** Wednesday, January 13, 2021 8:04 AM  
**To:** Mike Moore <[mmoore@pmsaship.com](mailto:mmoore@pmsaship.com)>  
**Cc:** LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
**Subject:** RE: Tariff schedule

Hi Mike,

My understanding when I built SS-3 and the following revisions is that an invoice marked with 2<sup>nd</sup> pilot means that invoice represents 2 assignments. This means the number of assignments is different than the number of ships. With that said I believe you would be trying to get to 7010 which is 7033 adjusted down by 0.32%.

SS-3 was used in the case and the assignment level calculated was used to determine the number of pilots to fund, as I believe your previous evaluations concluded that the mechanics of the staff model tie the funding level together with the recovery (rates). I say this because undoubtedly there may be errors (rounding or otherwise) in the staff model. I believe that the mechanics of the staff model will ultimately correct or minimize any errors when the model is actually applied to reality.

Also, SS-3r was used in this case by the Commission as they issued Order 09, which required recovery and funding using the staff calculated levels, and from my understanding the record is now closed. Meaning we (all parties involved) have to use what the record in this case contains.

For the UTC fee, from my understanding the UTC did not mandate a line item fee, but rather a gross amount which PSP will pay each year. This amount was part of the total Revenue Requirement and is part of the general rates. If your understanding of the order is different we can certainly discuss it. The only way the fee to the UTC is removed after the 3 (see Appendix A) years is if the UTC fee is removed from the revenue requirement. There is no automatic way this comes out, the commission would have to require a new tariff to be filed removing the amount. Given the UTC fee was set for a 3 year period and the tariffs in review cover the next 2 years I would not expect to see the fee removed in these proposals.

If you have any questions and want a phone call let me know I think my Thursday is wide open and I believe you stated you have availability. Let me know and I can set up the teams call.

Scott Sevall  
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This email/letter states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

**From:** Mike Moore <[mmoore@pmsaship.com](mailto:mmoore@pmsaship.com)>  
**Sent:** Tuesday, January 12, 2021 3:52 PM  
**To:** Sevall, Scott (UTC) <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
**Cc:** LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
**Subject:** RE: Tariff schedule

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Thanks,

I'll look at that again and see if I can reconcile the numbers (at least in my head).

If I calculated correctly, your Sch. 3.2 in SS-3r numbers came up to 5,623 for all the tonnage tiers and 1,376 for the shifts (I assume the 2<sup>nd</sup> pilot was captured in this number) for a total of 6,999. So I will try to reconcile that with 7,033 or 7,310 (without cancelations) but haven't figured it out yet; will take a fresh look at it.

Then, I'll be done except for evaluating revenue for carry away, BC service and other charges and how/where the UTC expense revenue is being generated and if over one year or two and how that goes away.

Hopefully the total revenue will be lined up to be the equivalent of 2.3% for Year 1 (then it should be easy to evaluate year 2). Lastly, I'll chose a mix of assignments and determine the charges and compare to current to help inform industry of the adjustment range involved for various type/size vessels on various routes/time (type matters as it can dictate speed/time and thus the service charge).

Thanks again,

Mike

**From:** Sevall, Scott (UTC) <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
**Sent:** Tuesday, January 12, 2021 3:26 PM  
**To:** Mike Moore <[mmoore@pmsaship.com](mailto:mmoore@pmsaship.com)>  
**Cc:** LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
**Subject:** RE: Tariff schedule

Hi Mike,

I think I can help if you look at Sch 3.4 in SS-3r it will show how I calculated up to the 7310.

I believe it is the 7033 then adding the times a 2<sup>nd</sup> pilot was on the invoice, then subtracting cancelled moves, and multiplying it by my forecasted adjustment.

Hopefully that helps

Scott

**From:** Mike Moore <[mmoore@pmsaship.com](mailto:mmoore@pmsaship.com)>  
**Sent:** Tuesday, January 12, 2021 2:50 PM  
**To:** Sevall, Scott (UTC) <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
**Cc:** LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
**Subject:** RE: Tariff schedule

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Thank you! I had not looked at that... just did. Very helpful!

One question was about how to get the 7,310 to match up with tonnage tier numbers in your schedule; adds up to 6,999 including the shifts (cancellation not part of your 7,310 as I recall). So in calculating this out I think the hours are included for 7,310 assignments but not for the combination of tonnage/shift up to 7,310; can you help me on this aspect?

My rough ballpark now is \$35.7 million without things like BC direct service and carried out of district or dead ship charges or stipend or SILA (or UTC expenses which may be embedded in tonnage or hours?).

Thanks,

Mike

-----Original Message-----

From: Sevall, Scott (UTC) <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
Sent: Tuesday, January 12, 2021 1:03 PM  
To: Mike Moore <[mmoore@pmsaship.com](mailto:mmoore@pmsaship.com)>  
Cc: LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
Subject: RE: Tariff schedule

Hi Mike,

Staff exhibit SS-3R was staff's final price out in the case and is based off of WTB-11. I modified it to represent the assignment level staff calculated. Have you looked at that to see if it provides you with the information?

Sincerely,

Scott

-----Original Message-----

From: Mike Moore <[mmoore@pmsaship.com](mailto:mmoore@pmsaship.com)>  
Sent: Tuesday, January 12, 2021 12:04 PM  
To: Sevall, Scott (UTC) <[scott.sevall@utc.wa.gov](mailto:scott.sevall@utc.wa.gov)>  
Cc: LaRue, Ann (UTC) <[ann.larue@utc.wa.gov](mailto:ann.larue@utc.wa.gov)>  
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Ann/Scott,

I look forward to that. Having gone through it here at the office on a computer screen instead of my phone, I think I better understand it. We have a few things we are looking into but really wanted to ask if you received a WTB-11 modified for year 1 and of course the follow on year 2. I know the order

referred to your 7,301 assignments and WTB-11 had just over 7,000 but without that spreadsheet, hard to evaluate if year 1 is the equivalent of a 2.3% increase or not. Also, did UTC cost estimate get finalized? Looking for how that is handled (and then deleted when paid).

Thanks for any response you can give on this; a modified WTB-11 would really help you, us and anyone evaluate compliance with the order.

Regards,

Mike

-----Original Message-----

From: Sevall, Scott (UTC) <scott.sevall@utc.wa.gov>

Sent: Tuesday, January 12, 2021 7:15 AM

To: Mike Moore <mmoore@pmsaship.com>

Cc: LaRue, Ann (UTC) <ann.larue@utc.wa.gov>

Subject: RE: Tariff schedule

Hi Mike,

Once Ann and I have gotten a chance to review the tariff filed by PSP, and formulated an opinion we will reach out to you. How does your week look, what day would be best for a conversation?

Sincerely,

Scott

-----Original Message-----

From: Mike Moore <mmoore@pmsaship.com>

Sent: Monday, January 11, 2021 8:39 PM

To: Sevall, Scott (UTC) <scott.sevall@utc.wa.gov>

Subject: Tariff schedule

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Scott,

Reading on my phone (laptop is down) and will review more carefully on big screen at the office tomorrow. So far, I don't see an easy way to determine compliance with 2.3% and 1.7% increase equivalency to test year at your assignment level including challenge of evaluating individual revenue generators like tonnage across same vessel mix.

I might be missing something so disregard if I did.

Maybe we should chat tomorrow? Ann too or after we talk?

Thanks,

Mike

Sent from my iPhone