

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,
v.
PUGET SOUND PILOTS,
Respondent.**

Docket TP-

**TESTIMONY OF
WALTER S. TABLER
ON BEHALF OF PUGET SOUND PILOTS**

JUNE 29, 2022

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3 **I. IDENTIFICATION OF WITNESS**

4 **Q: Please state your name, business and business address.**

5 A: My name is Walter S. Tabler. I retired in 2015 as Executive Director and General
6 Counsel for Puget Sound Pilots but do perform consulting work related to pilotage matters
7 through Tabler Consulting, which has a business address of 2600 2nd Ave., No. 2004, Seattle,
8 WA 98121.

9
10 **Q: Please briefly describe your professional experience.**

11 A: I was admitted to the bar in Washington in 1977. From 1977 to 1980, I served as an
12 Assistant Attorney General in Olympia assigned to the Department of Transportation. One of the
13 agencies I represented in the AG's office was the Board of Pilotage Commissioners. From 1980
14 until 2003, I was in private practice in Seattle. For 10 years between 1980 and 1990, my practice
15 involved the representation of multiple pilots in connection with pilotage-related matters. For
16 approximately 12 years between 1991 and 2003, I served as lead outside attorney for the Puget
17 Sound Pilots. In 2003, I became an employee of PSP as its Executive Director and General
18 Counsel, a position I held until 2015. Since that time, my consulting work has related to pilotage
19 matters for West Coast pilot groups.
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23 **II. PURPOSE OF TESTIMONY.**

24 **Q: Could you please state the purpose of your testimony?**

25 A: Yes. I've been asked to address the history of the PSP retirement plan, which for more
26 than 30 years has been a pay-as-you-go or farebox pension plan.

1 **Q: Based on your long experience representing and working for PSP, please provide a**
2 **brief history of the PSP retirement program.**
3

4 A: The existing pay-as-you-go retirement program for the Puget Sound Pilotage District was
5 established by PSP, the Puget Sound Steamship Operators Association ("PSSOA") and the
6 Washington Board of Pilot Commissioners ("BPC") in 1988 and 2001. The PSSOA was the
7 industry association representing steamship operators in pilotage matters until 2005, when the
8 Pacific Merchant Shipping Association ("PMSA") took over this representation. The PSSOA
9 regularly appeared at BPC meetings on behalf of the shipping industry, negotiated rates and
10 retirement plans with PSP, secured funding for retirement benefits for Grays Harbor pilots and
11 represented the shipping industry in contested and stipulated rate cases. The PSP retirement plan
12 provides a benefit to retired pilots based upon years of service and the net income earned by the
13 pilot averaged over their last three years of service. When the plan was originally adopted in
14 1988, the benefit was 1.25% per year of service applied to the three-year average of target net
15 income set by the BPC.
16
17

18 **Q: Did this 1.25% benefit accrual rate change at some point?**
19

20 A: Yes. In 2001, PSSOA, Polar Tankers (a large operator of oil tankers in Puget Sound) and
21 PSP agreed to increase the benefit accrual rate to 1.5% per year of service. This increase was
22 approved by the BPC in its 2001 rate hearing.
23
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1 **Q: Subsequent to 2001, were there any changes in the terms of the PSP retirement**
2 **plan?**

3 A: Yes. In 2006, for the first time in my experience with the BPC, it did not establish a
4 target net income as part of its tariff setting process. Without an established target net income,
5 there was no way to calculate benefits due under the PSP retirement plan as then written. As a
6 result, PSP amended the plan to provide that, if there was no target income established by the
7 BPC, actual net income for the relevant years would be used to calculate benefits.

8
9 **Q: You have referred to the PSP retirement plan as a pay-as-you-go pension plan.**
10 **Please explain what that means.**

11
12 A: The pay-as-you-go terminology means that the benefits paid to retirees each year are
13 funded out of PSP's revenues in that year. This type of pilot group pension plan is also referred to
14 as a farebox plan because it is funded through the pilotage tariff, which is the functional
15 equivalent of a farebox funding the pilotage system in a given district.

16
17 **Q: Are pay-as-you-go or farebox pensions unusual within the world of state-licensed**
18 **maritime pilot groups?**

19
20 A: No, not at all. Of the 20 major pilot groups in the United States, which I define as pilot
21 groups with 20 or more pilots, over 80% of these organizations have pension plans similar to that
22 of PSP that are funded on a pay-as-you-go basis.

1 **Q: How does the 1.5% annual rate of accrual for pension benefits in the PSP pension**
2 **plan compare to that of other major US pilot groups with pay-as-you-go pension plan**
3 **programs?**

4 A: The PSP plan falls within the lower half of these groups. Overall, the annual accrual rates
5 range from a low of 1% to 2.5%, but a majority of these groups fall within the range of 2% per
6 year or higher. On the West Coast, the PSP benefit accrual rate of 1.5% is somewhat lower than
7 the 1.84% accrual rate for the San Francisco Bar Pilots, the only other West Coast pilot group
8 with an unfunded pension plan.
9

10
11 **Q: With respect to those pilot groups in the US with pay-as-you-go pension plans, is the**
12 **cost of those pensions covered by the tariff funding the pilotage system?**

13 A: In every pilotage district with a pay-as-you-go pension plan, the annual pension costs are
14 funded by the pilotage tariff.
15

16 **Q: In Washington, has the funding for PSP retirement benefits historically been**
17 **included in the tariff?**

18
19 A: Yes. The legitimacy of this expense has been codified both in statute, RCW 88.16.055
20 (1), and regulation, WAC 363-116-315. In fact, WAC 363-116-315 dates back to 1991, when the
21 BPC codified as a matter of state policy PSP's pension-related contractual obligations by
22 imposing the following requirement on pilot groups in Washington:

23 Pilot associations having retirement plans, the expense of which is
24 reimbursed through board established tariffs, shall make such payments
25 to retired pilots as a required by the benefits and enforcement provisions
26 of those plans.

1 While the authority to regulate PSP's pilotage rates shifted in 2018 from the BPC to the UTC, the
2 longstanding tradition of funding an adequate retirement program for state-licensed pilots in
3 Washington should be continued. I can conceive of no reason to change a policy that supports a
4 critically important component of maritime transportation safety infrastructure in our state.
5

6 **Q: Should the UTC continue to fund the PSP pension plan in the tariff either on a pay-
7 as-you-go or a fully funded basis?**

8 A: Absolutely. There should be continued tariff funding for this reasonable pension benefit
9 promised to the elite corps of master mariners who become pilots in Puget Sound for three
10 reasons. First, PSP has an absolute legal and moral obligation to pay the benefit levels promised
11 to existing retirees and to all current members of the pilot corps when each made a midcareer
12 move from a Master or Captain position in the maritime industry to become a Puget Sound pilot.
13 Second, the State of Washington has viewed pilot pension benefits as part and parcel of the
14 pilotage system being funded by the tariff for over 30 years. There is no basis for a change in that
15 longstanding policy. Third, retention of PSP's existing 1.5% per year pension accrual rate is a
16 key and necessary component of a nationally competitive package of pilot compensation and
17 benefits, which must be continued in the future if the Puget Sound Pilots are to attract the top
18 flight mariners required to maximize PSP's accident-prevention capability.
19
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22 **Q: Do you receive a pension from PSP based upon your more than 12 years as
23 Executive Director and General Counsel?**

24 A: Yes.
25
26

1 **Q: Please describe the level of pension benefit that you are receiving from PSP and**
2 **explain why you consider it to be fair and reasonable.**

3 A: I am receiving an annual retirement benefit of \$70,000 per year based on my more than
4 12 years of service in PSP's top non-pilot leadership position. The benefit is paid monthly and
5 my wife will receive 50% of that benefit upon my death if she survives me. Given my length of
6 service with PSP and the level of skill and leadership that I brought to the position after serving
7 as PSP's lead outside counsel for 12 years before becoming its top staff person, I believe the
8 level of pension benefit to be fair and reasonable.
9

10 **III. CONCLUSION.**

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

13 A: Yes.
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