

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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

Docket TP-

**TESTIMONY OF
MAGEN BROOKS
ON BEHALF OF PUGET SOUND PILOTS**

JUNE 29, 2022

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8 **I. IDENTIFICATION OF WITNESS**

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

10 A: My name is Magen Brooks. I am the Office Manager for the Puget Sound Pilots, a
11 position I have held since July 2021. My business address is 2003 Western Ave., Suite 200
12 Seattle, WA 98121.

13 **Q: Please describe the nature of your position with PSP.**

14 A: As PSP Office Manager, I am responsible for preparing the PSP annual budget and
15 managing PSP's relationships with financial institutions, auditors and outside attorneys. I'm also
16 responsible for management of employee relations, negotiating contracts with vendors and
17 suppliers, transportation system data analysis, administrating collective bargaining agreement
18 negotiations and providing assistance to the PSP President, Executive Director and Board of
19 Directors. A copy of my CV, which lists my job responsibilities with PSP, is Exhibit MB-02.

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26 **II. PURPOSE OF TESTIMONY**

Q: What is the purpose of your testimony?

A: My testimony addresses three topics. First, I will present a comparison of the
transportation charges per pilotage assignment that were collected in 2021 and the actual
reimbursed out-of-pocket costs to pilots in 2021, which exceeded the amount authorized by the
tariff and billed at a rate of \$168.20 per assignment by \$131,810 or 12.2%. Second, to the extent
individual expense categories in the PSP 2022 pro forma statement of operations exceed the
expense levels experienced in 2021, I will explain the reasons for the increased level of each
expense category projected for 2022. Third, with respect to individual expense categories in the

1 PSP 2023 pro forma statement of operations, I will explain the reasoning behind adjusting the
2 majority of those expense categories by a cost-of-living adjustment (“COLA”) of 5% and, for
3 those expense items that are projected to be lower or higher than the 2022 pro forma statement of
4 operations, I will explain the reasons for those differentials.
5

6 **Q: Please explain what is being displayed in Exhibit MB-03, which shows all the**
7 **transportation expense charges reimbursed to PSP pilots in 2021.**

8 A: This exhibit shows all the payments made by month in 2021 to the 17 different
9 transportation vendors that provided one or more means of transportation to PSP pilots in
10 transiting to or from a pilotage assignment. Of the 17 vendors, a total of 15 provided
11 transportation services by automobile. These included reimbursements to pilots for mileage
12 expense through Zoho, reimbursements made to pilots who did not submit their reports through
13 Zoho, Lyft, Green Car Club, All Black Limo, Chris Cook Transportation, Evergreen Town Car,
14 Fife Maritime, Joyce Rigby, Randall Wills, Wellington Transportation, Seattle Limo, Marek
15 Radzimirski, Super Limo, and Semper Fi Chauffeur. There are also two air transportation vendors:
16 Perry Cook Flight and Rite Brothers Aviation.
17
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19
20 **Q: What amount was authorized as a specific charge in the tariff for pilot**
21 **transportation expense?**

22 A: The tariff authorized a charge of \$168.20 per pilot assignment.
23
24

25 **Q: Was the \$168.20 transportation charge authorized in the tariff sufficient to cover the**
26 **actual transportation costs incurred by PSP pilots in 2021?**

1 A: No. The total transportation charges invoiced in 2021 totaled \$1,080,685. That figure
2 compared with a total in actual transportation expense of \$1,206,947 as shown on Exhibit MB-03.
3 This resulted in a deficit in 2021 of \$131,810 or 12.2% more than the tariff authorized in
4 transportation charges.

5
6 **Q: For 2021, what amount of tariff charge would have been necessary to fully fund the**
7 **actual transportation costs incurred by PSP pilots?**

8 A: To fully fund what PSP expended in transportation costs for pilots traveling to or from a
9 pilotage assignment, the charge in 2021 needed to be \$187.85 per assignment.
10

11
12 **Q. What level of transportation charge is PSP projecting in its requested 2022 tariff?**

13 A. PSP is requesting \$195.36 transportation charge per assignment based on the 2021 average
14 transportation cost paid by PSP per revenue assignment.
15

16
17 **Q: Exhibit MB-03 shows that the total number of invoices in 2021 with a transportation**
18 **charge was 6,425. Can you explain why that figure does not correspond with the number of**
19 **assignments reported to the Board of Pilot Commissioners for 2021?**

20 A: Yes. It sometimes happens that an assignment does not have an associated transportation
21 charge and it can also happen that a transportation charge can occur without an assignment. A
22 pilot could already be at the location of a revenue assignment – for example, multiple harbor
23 shifts in the same location may not require transportation for each assignments. It can also
24 happen the other way where an assignment cancels after the pilot is already on their way to the
25 assignment. In this case, the assignment would still have the job number, so the transportation is
26

1 billed to the shipping customer unless the cancellation was so early that there is no associated
2 transportation charge. As a result, there is not always a one to one relationship between pilotage
3 assignment and a transportation charge.
4

5 **Q: Exhibit MB-04 is the PSP 2022 pro forma statement of operations. Please explain**
6 **what is displayed on this exhibit.**

7 A: This exhibit shows projected PSP revenues and costs for 2022 utilizing the same
8 regulatory format that CPA Weldon Burton used in preparing Exhibit WTB-03. It includes
9 adjustments that PSP staff have made to our budget planning documents to reflect changes that
10 have occurred through May 31, 2022 and revenues and expenses for the period of June 1 through
11 December 31, 2022.
12

13
14 **Q: Please describe how many expense categories were adjusted by a COLA and how**
15 **many were changed upward or downward on some other basis.**

16 A: There are 61 expense categories adjusted by COLA, and 36 expense categories that were
17 adjusted up or down based on other factors.
18

19
20 **Q: Please explain the rationale for using a 5% inflationary adjustment for the categories**
21 **you just described.**

22 A: Our rationale was to try to anticipate how costs will be affected by external economic
23 factors and to try to make a conservative but accurate assessment of those future costs. Inflation
24 has been much higher than anticipated throughout 2022, so some of our estimates may prove to
25 have been too conservative.
26

1
2 **Q: With respect to those expense categories with individualized adjustments up or down**
3 **from the actual experience in that category in 2021, please describe the basis for each of**
4 **those adjustments.**

5 A: Those adjustments apply to the following categories:

6 1. Attorney Fees General and Attorney Fees UTC were adjusted up due to the
7 \$300,000 projected by our counsel for 2022.

8 2. Computer maintenance – PA was adjusted up based on the projected service and
9 maintenance needed to our systems based on information provided by our IT contractor.

10 3. Consulting fees were adjusted down, due to staff turnover in finance and
11 administration. PSP retained the services of its long-time staff accountant/controller on a
12 consultant basis. The position will be filed in Q3 or Q4 2022. The current financial commitment
13 for the accounting consultant is \$125,000/year. PSP also retained a data analytics consultant to
14 evaluate trends in assignment and work-flow data to identify efficiency improvements at
15 \$75,000/year. An additional \$20,000 was added to the consultancy budget as PSP necessities
16 additional business consulting help from time to time.

17 4. Dues MM&P and Dues APA were adjusted up due to the increased number of
18 licensed Pilots anticipated to join PSP. Employee health and welfare for Seattle and PA were
19 adjusted up to an increased number of employees.

20 5. 401K contributions were adjusted up because we had two new staff members who
21 became eligible for 401K contributions in 2022.

22 6. Food – PA was adjusted up due to increased food costs and increased number of
23 pilots.

24 7. Insurance Seattle, Insurance PA, Insurance Boats, and Insurance License and
25 Defense were adjusted up or down based on our renewal rates through the providers.

26 8. License fees – Pilots was adjusted up due to the increased number of pilots.

9. Pension, Puget Sound Pilots was adjusted up due to the expected pay-as-you-go
retirement expense levels being experienced in 2022.

10. Puget Sound fuel and Juan de Fuca fuel expense was adjusted up based on
increased fuel costs.

11. Juan de Fuca, prev. maintenance was adjusted up due to maintenance items on our
service schedule for this boat through 2022.

1 12. Salaries, Regular-Seattle, Salaries, Regular -- PA, Salaries, Overtime - Seattle, and
2 Salaries, Overtime – PA were all adjusted up based on increased salaries and increased number of
employees at the Seattle Office.

3 13. Taxes, FICA/Medicare, Seattle, Taxes, FICA/Medicare – PA, Taxes SUTA –
4 Seattle, Taxes, SUTA – PA, Taxes, FUTA – Seattle, Taxes, FUTA-PA were adjusted up because
those taxes are based on wages which go up with increased wages paid.

5 14. Training, Pilots was increased due to the limited training completed in 2020 &
6 2021 due to the COVID Pandemic, and increased number of Pilots.

7 15. Transportation Expense—Seattle was increased due to the increased number of
8 assignments, and increases in vendor rates which were caused by increased fuel costs.

9
10 **Q: Exhibit MB-05 is the PSP 2023 pro forma statement of operations for the first year of**
11 **operations under the tariff proposed by PSP in this rate proceeding. Please explain what is**
12 **shown on this exhibit.**

13 A: This exhibit is designed to show the revenue requirement by pilotage fee category
14 necessary to fully fund the tariff requested by PSP as well as the expenses projected in each of the
15 same categories on the 2022 pro forma statement plus an additional category requested by PSP.
16 The difference between the total revenue requirement and the total expenses projected for 2023 is
17 reflective of the amounts attributable to PSP’s distributable net income proposal for each of the 56
18 PSP pilots projected to be licensed as of the first quarter of 2023 plus reinstatement of pilot
19 medical insurance coverage in the tariff.
20

21
22 **Q: You mentioned that there was one new expense category included in the PSP 2023**
23 **pro forma statement of operations. What is that?**

24 A: That is a new expense category for to account for costs associated with PSP’s diversity,
25 equity and inclusion (DEI) program. This expense category is explained in the testimony of PSP
26 Executive Director Charles Costanzo.

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