

**Exh. DPK-2
Docket TP-190976
Witness: Danny Kermode**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND PILOTS,

Respondent.

DOCKET TP-190976

**EXHIBIT TO
TESTIMONY OF**

Danny Kermode CPA

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Pension - PSP Response to UTC Staff Data Request No. 55

May 27, 2020



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March 11, 2020

ELECTRONIC DELIVERY ONLY

Linda Styrk
Puget Sound Pilots Association
101 Stewart St., Ste 900
Seattle, WA 98101-1023

Re: Amended Retirement Program of Puget Sound Pilots
Liability Estimate

Dear Linda:

As requested by UTC Staff, we have estimated the Projected Benefit Obligation (PBO) for the Amended Retirement Program of Puget Sound Pilots (Plan) as of December 31, 2019. The PBO represents the present value of future benefit payments from the Plan based on service accrued as of the Measurement Date, and reflecting future expected increases in per Pilot Distributive Income.

We estimate the Plan's PBO to be approximately **\$124,400,000** as of December 31, 2019. A 10-year straight line amortization of this amount would result in annual payments of \$12,440,000, while a 20-year straight line amortization would result in payments of \$6,220,000.

Further, the Service Cost (the value of benefits earned during the year) is estimated to be approximately **\$5,610,000** for 2019 and **\$5,791,000** for 2020.

This estimate is based on the participant data, actuarial assumptions and plan provisions described in our analysis of the Plan dated November 19, 2019, with the following modifications/additions:

- We have used a discount rate of 3.25%, which is equal to the CitiGroup Pension Liability Index as of the Measurement Date, rounded to the nearest 25 basis points.
- The estimate reflects the liabilities associated with the closed group of participants as of December 31, 2019 (the November analysis was an open group projection).

If you have any questions or need additional information, please call me at 503.601.0870.

Sincerely,

A handwritten signature in black ink that reads 'Steven L. Diess'.

Steven L. Diess, EA, MAAA
email: SteveDiess@indact.com

PSP_007139