Exh. SS-1T
Docket TP-250574
Witness: Scott Sevall

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND PILOTS,** **Respondent.**	**DOCKET TP-250574**

TESTIMONY OF

SCOTT SEVALL

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Distributable Net Income, Number of Pilots, Vessel Projections, BPC Surcharge, Retirement, Revenue Requirement, and Rate Design

January 2, 2025

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I. INTRODUCTION

Q. Please state your name, occupation, and business.

A. My name is Scott Sevall, and my business address is 621 Woodland Square Loop SE, Lacey, Washington, 98503. My business mailing address is P.O. Box 47250, Olympia, Washington, 98504-7250. My email address is scott.sevall@utc.wa.gov.

Q. By whom are you employed and in what capacity?

A. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Regulatory Analyst in the Water and Transportation section.

Q. Would you please state your educational and professional background?

A. I hold a Bachelor's in Business Administration, focused on Accounting, from Washington State University. I attended the National Association of Regulatory Utility Commissioners (NARUC) Utility Rate School in 2015. I have worked for the Washington Department of Ecology performing various accounting functions from payroll to grant and general accounting. I have also worked at the Washington Office of the Insurance Commissioner performing financial risk analysis.

Q. Have you previously testified before the Commission?

A. Yes. The most recent is docket UW-240151 regarding Cascadia Water's general rate case. I have also testified in TP-190976, which was the first pilotage case heard at the Commission. Other cases in which I have provided testimony are UW-240615,

TG-181023, and TS-160479. I have also made numerous rate case presentations to the Commission at open meetings.

Q. Have you prepared exhibits in support of your testimony?

A. Yes. I have prepared Exh. SS-2 through Exh. SS-7, described above in my List of Exhibits.

II. SCOPE AND SUMMARY OF TESTIMONY

Q. What is the purpose and scope of your testimony?

A. I discuss the revenue requirement formula and the resulting revenue requirement calculated by Staff for the Puget Sound Pilots (PSP or Pilots). In doing so I will discuss distributable net income (DNI), number of pilots to fund, vessel traffic projections, retirement, Board of Pilotage surcharge, and rate design.

Q. Please summarize your recommendations.

A. I recommend an additional annual revenue of $8,984,223, a 17.1 percent increase, which results in a revenue requirement of $52,682,342. I also recommend the Commission fund 56 total pilots with a DNI of $641,587. Additionally, I recommend that the Pilots contribute 33 percent of the pension cost totaling $2,245,503. I further recommend the Commission adopt Staff's proposed rates that are a result of Staff's proposed revenue requirement.

III. REVENUE REQUIREMENT FORMULA

Q. Has the Commission determined a revenue requirement formula for the maritime pilot's industry?

A. Yes. I previously testified to, and the Commission affirmed the following revenue requirement formula[1]:

Revenue requirement = Expenses + Depreciation + Interest + TDNI

Q. Are the Pilots proposing a change to the formula?

A. Yes. The Pilots are proposing the following formula[2]:

Revenue Requirement = TDNI + [Expenses + Depreciation + Interest)/.88)]

Q. Please describe the changes proposed in the formula above.

A. The pilots are proposing to add a 12 percent operating margin to expenses, depreciation, and interest.

Q. Do you agree with the proposed operating margin?

A No. PSP witness Ann LaRue discusses the history of the operating margin in different transportation industries, including the use of the Lurito-Gallagher model that was approved for use in the solid waste industry.[3] However, the analysis

[1] *WUTC v. Puget Sound Pilots*, Docket TP-220513, Final Order 08 Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing ¶ 63 (August 10, 2023) (Final Order 08).
[2] LaRue, Exh. AML-1T at 20:12.
[3] LaRue, Exh. AML-1T at 12:17 to 16:14; *see also In re Commission Inquiry into Methods for Setting Rates for Solid Waste Collection Companies*, Docket TG-131255, Policy Statement (December 3, 2020) for Commission policy regarding the Lurito Gallagher Model for setting rates in the solid waste industry.

provided was so minimal that I found it unpersuasive as to why an operating margin would be appropriate for maritime pilotage.[4] Given the limited analysis I do not believe PSP has carried their burden that the operating margin is fair, just, reasonable.

Q. Do you oppose the possible use of an operating margin for Puget Sound Pilots in general?

A. No. Operating margins are used in other transportation industries, and so it may be appropriate to apply an operating margin to pilotage. Pilotage is similar to other transportation industries in that the revenues generated from the tariff greatly outpace their asset costs. Traditional utilities like electric and natural gas distribution generally have assets that are greater than their revenues and their associated financial risk is related to the balance sheet. Transportation companies generally have higher revenues than assets, so their financial risk is associated with the income statement. Financial risk associated with the balance sheet means risks that affect the balance sheet (i.e. cost of debt, or purchase of assets, equity returns) have a greater impact on a company's profitability than expenses on the income statement. The reverse is true for companies with financial risk related to the income statement; a pay raise to employees, fuel cost, or insurance cost will have a greater impact on the company's profitability. This is why rate of return regulation is appropriate for

[4] LaRue, Exh. AML-1T at 12:17-17:7.

asset intense industries and operating margin is appropriate for operating intense industries. See the Table 1.

Table 1

Operating Margin and			**Revenue**	
Weighted Cost of Capital	*Assets*	*Payroll increase*	*rate of return*	*Operaging Margin*
7.50%	$ 1,000,000	$ 20,000	$ 95,000.00	$ 21,500.00
7.50%	$ 100,000	$ 20,000	$ 27,500.00	$ 21,500.00
7.50%	$ 10,000	$ 20,000	$ 20,750.00	$ 21,500.00
7.50%	$ 1,000	$ 20,000	$ 20,075.00	$ 21,500.00

In testimony, PSP discusses what solid waste companies receive[5]; however, PSP does not provide an analysis concluding that the trucking industry is like maritime pilotage in ways that justify applying the operating margin from the solid waste industry to the pilotage industry. Furthermore, PSP did not provide analysis showing other pilotage districts or similarly situated industries with an operating margin that are comparable to PSP. In summary, PSP has not presented the Commission with sufficient evidence or a complete record supporting the application of an operating margin to the Pilots. Without this support or evidence, I cannot recommend the Commission apply the operating margin proposed by PSP.

Q. Do you have other concerns with applying an operating margin in Pilotage?

A. Yes. It is my understanding that PSP is the only association-type business structure out of all the regulated companies under Title 81. This means each pilot is an equal owner and has a say in how money is spent in the association and the governance of their association. If the association does a good job controlling their costs, the direct

[5] LaRue, Exh. AML-1T at 13:8-19.

benefit goes to the pilot owners. Under this business organization structure, if ownership doesn't do a good job controlling costs, then they likewise bear the risk of the decisions they make. Not all costs are equal as some costs are required (i.e. employee pay, office rent, and insurance) and some costs are more discretionary (i.e. what consultants to hire, donations, and travel for training) in providing service. The case presented by PSP does not address why discretionary or non-discretionary expenditures should have an operating margin applied.

Q. Do you have a recommendation on a revenue requirement?

A. Yes. Using the same formula which the Commission has previously approved, I recommend a revenue requirement of $52,682,342. This represents a percentage increase of 17.1 percent and an additional annual revenue of $8,984,223.[6]

IV. DISTRIBUTABLE NET INCOME (DNI)

Q. Have you read the Puget Sound Pilots testimony regarding DNI?

A. Yes. Mr. Sisung provides exhibits regarding a salary survey which concludes that the average annual cash and benefits compensation per pilot is $729,467.[7] This is the DNI that PSP is proposing.[8]

Q. Do you recommend the same DNI as PSP?

[6] Sevall, Exh. SS-2, Sch. 2.1.
[7] Sisung, Exh. RLS-4 at 8.
[8] Carlson, Exh. 1C-1T at 8:18.

A. No. I discuss this further below.

Q. Did PSP show what DNI would be if they used the method for determining DNI which has previously been used at the UTC?

A. No. However, I did that analysis in Exhibit SS-3, and it resulted in a DNI of $422,859. My analysis in SS-3 is the same basic method as my original analysis from TP-190976, with one exception: I use a 3-year historical average instead of a 5-year historical average. I did this to prevent the economic disruption resulting from COVID from influencing the result.

Q. Do you recommend the Commission continue to use the method you originally testified to in TP-190976?

A. I cannot recommend that the Commission continue to use the method I originally created and testified to in 2019. When PSP filed their very first rate case, they did not carry their burden in supporting their DNI request.[9] I created the 5-year historical average model out of necessity to justify a DNI that was known and measurable, while also being fair, just, reasonable, and sufficient.[10] The Commission is no longer hearing a matter of first impression and has now set DNI multiple times.[11] The continued use of the 5-year average creates a mathematical scenario in which the Commission approves a new DNI every case, but the model relies on history prior to that decision. This means the model considers the Commission's prior

[9] *WUTC v. Puget Sound Pilots*, Docket TP-190976, Final Order 09 Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing ¶ 140 (Nov. 25, 2020) (Final Order 09).
[10] Final Order 09 at ¶¶ 115 & 157.
[11] The Commission previously set DNI in TP-190976 and TP-220513.

determinations into the average, thus resulting in a lower target DNI than the last approved target DNI. In short, I cannot recommend the Commission determine a new DNI based off the average of the Commission's previous decisions. Rather, the Commission should determine the DNI based off an adjustment from the most recent Commission decision. Table 2 below illustrates this point.

Table 2

Authorized DNI					
2020	*2021*	*2022*	*2023*	*2024*	*Average*
$ 400,855	$ 410,075	$ 410,075	$ 475,733	$ 475,733	$ 434,494

Q. Is the Pilot's salary survey compelling?

A. Yes. While no survey is perfect, I believe this is the clearest and most complete salary evidence that PSP has provided in any case. The information provided in the survey is clearly laid out and you can follow where the information came from and how the model adjusts data to find a recommendation.[12]

Q. Are there issues you have with PSP's proposed salary survey?

A. Yes. First, there are some districts which have older financial disclosures. The older information is the less likely it is to accurately reflect the present. Second, the financial disclosures are not audited statements. Public information is good, but the validity of the information is increased when a third party has reviewed and

[12] S*ee generally,* Sisung, Exh. RLS-4.

approved it. Third, there is no workload comparison. The survey says what a pilot made, but there is no reference to how much they worked or did not work to make that amount.[13] With that said, I do give the survey credit because it reflects a range of salaries from pilotage grounds throughout the United States in the last decade. While not perfect, it is a tool that helps define a range of reasonable compensation.

Q. Do you recommend the Commission give the PSP salary survey weight in concluding an appropriate DNI?

A. Yes. My recommendation is based on giving weight to the survey provided and recommend the Commission give the survey due consideration.

Q. You no longer recommend using the salary model from TP-190976, and analyzed the PSP salary survey to conclude your recommended DNI?

A. Yes. The model created in TP-190976 was needed because PSP did not carry their burden to support a DNI. In this case, PSP has submitted a salary survey that compares information more consistently than in previous cases. While no survey is perfect, as I testify above, this salary survey comes from publicly available data, represents about 50 percent of licensed pilots, and uses a consistent method to adjust financial information for time and location.[14] I find it is credible, and I used it to determine a reasonable range for DNI.

[13] *Id*.
[14] Sisung, Exh. RLS-4.

Q. Please explain how you determined a reasonable range for DNI.

A. I use the survey to find a range of reasonableness and then determined a specific number based on a weighted average, which weighs the west coast ports more heavily.[15] The reason for this is the Commission has historically weighted west coast ports more heavily regarding DNI.[16] While determining a range of reasonableness has long been a practice in determining a utility's rate of return[17], given the Commission has recognized that the DNI is where a pilot's return resides[18], a similar approach could be used here. Lastly, my range for DNI includes the Commission's previously authorized DNI adjusted for inflation.

Q. If every pilotage district is different, how can we use salaries from those districts in analyzing a reasonable salary range for PSP?

A. The Commission is tasked with determining fair, just, reasonable, and sufficient rates.[19] The rates are established for service. The individuals (pilots) who provide that service are the ones receiving compensation for providing service. I define a maritime pilot as a maritime professional with local knowledge. While the local knowledge may differ from one geographic district to another, those are environmental constraints which the service provider (pilot) must work with. The simple fact is each pilot regardless of the district they serve is tasked with providing the same service. In this manner every pilot is comparable. Another difference

[15] Sevall, Exh. SS-5 (Sch. 5.3 DNI).
[16] Final Order 08 at ¶ 135.
[17] *WUTC v. Cascadia Water, LLC*, Docket UW-240151, Order 08 ¶ 56 (Sept. 30, 2025).
[18] Final Order 08 at ¶ 63.
[19] RCW 81.116.020 (3).

between districts is the amount of pilotage work each pilot does on average, or how many assignments there are and how long those assignments run. One thing I would like to see added to the salary survey is some sort of workload analysis; however, I understand that this information may not exist.

Q. Does this mean you are recommending the same DNI as the Pilots?

A. No. I conclude that the salary survey does support a range of reasonableness for pilot salary. The low end of the range is the previous DNI adjusted for consumer price index (CPI) and the high end of the range is the simple average plus one standard deviation ($486,475 to $814,308).[20]

Q. In addition to the range of reasonableness you put forth, do you also offer a more specific recommendation for Pilot salary?

A. Yes. Previously, the Commission stated that they weighed the compensation of the west coast pilots more heavily than pilots in other parts of the nation.[21] Given this guidance I created west coast averages. I calculated simple averages and weighted averages for multiple scenarios and the resulting range is $606,069 to $667,768. Given that range, I recommend a DNI of $641,587, which is the calculated result shown in exhibit SS-5.

[20] Sevall, Exh. SS-5 (Sch. 5.3 DNI) (simple average was calculated as $643,855 with a standard deviation of $170,453).
[21] Final Order 08 at ¶ 135.

Q. How did you calculate your recommended DNI?

A. As shown in my exhibit SS-5, the resulting recommendation is an average result from a series of simple and weighted averages, which prioritize west coast pilotage grounds.

Q. Do you have any other recommendations pertaining to DNI?

A. Yes. The Commission should declare that the DNI authorized in this proceeding is the benchmark. The benchmark should be good for at least five years, and future cases should adjust the benchmark by a reference to a widely accepted indicator like Seattle inflation as published by the Bureau of Labor Statistics.

Q. Why do you recommend that the Commission set a benchmark for DNI?

A. First, I see no reason to incur the cost of a salary survey every few years because the public information used to create the survey does not drastically change each year. Second, the Commission's first pilotage case started in 2019, and this is now the third case. During this time, for instance, very little progress has been made toward replacing the PayGo pension.[22] It is very apparent that a large amount of energy in the two previous cases has been spent on determining DNI. If the Commission uses its discretion to determine a DNI in this case and mandate how it will be adjusted in the next few cases more time may be spent addressing retirement.

[22] McNeil, EXH. BJM-1T at 4:1 through 6:13.

V. NUMBER OF PILOTS TO FUND

Q. Have you read PSP's testimony regarding the number of pilots to fund?

A. Yes. Captain Carlson requests that the Commission fund 60 pilots.[23]

Q. Do you recommend funding 60 pilots?

A. No. Sixty pilots is the ceiling that the Commission could fund.[24] In docket TP-190976, I have previously testified to the reasonable range that I believed the Commission should fund. I defined the reasonable range as the actual number of licensed pilots as the floor and the ceiling of the range as the authorized number of licenses from the Board of Pilotage.[25]

Q. Why do you define the reasonable range as the number of licensed pilots up to the number of BPC authorized licenses?

A. Because that range is representative of reality and is known and measurable. We know there are 56 licensed pilots[26], and the Board of Pilotage (BPC) has published their authorized number of licenses at 60.[27] The Staff calculation in exhibit SS-3 calculates an estimated workload to inform the Commission how many pilots are needed to complete the estimated amount of pilotage assignments. In the past this calculation had resulted in a number within my defined range of reasonableness. In

[23] Carlson, Exh. IC-1T at 32:5.
[24] *See* Final Order 09 at ¶ 92 (rejecting PSP's request to fund fictional pilots above what the Board of Pilotage Commissioners had authorized).
[25] *WUTC v. Puget Sound Pilots*, Docket TP-190976, Exh. SS-1T at 10:18 to 11:2 (May 27, 2020).
[26] Carlson, Exh. IC-1T at 32:5.
[27] Sevall, Exh. SS-7.

this case the calculated number is outside of the range (lower) and is used to inform me that funding the floor of the range is the reasonable outcome. The opposite would also be true, if vessel traffic increased and caused my calculation to go above the ceiling I would recommend funding the level of the ceiling. The reality of Pilotage is shipping traffic constantly changes from year to year, and it is the Commission's job to fund a fair and reasonable compensation for a Pilot's work. It is an unfair expectation to expect the actual number of licensed pilots to immediately change to match the vessel traffic. Using the calculated number of pilots in conjunction with the range of reasonableness allows the Commission to see the reality of the industry and employ regulatory theory to achieve a fair, just, reasonable result.

Q. Do you have a recommendation for the number of pilots to fund?

A. Yes. I recommend the Commission fund the actual number of pilots, which is 56 at this moment.[28] Given my analysis calculated 52.85 pilots, which is lower than my previously defined floor of 56 licensed pilots, I recommend funding 56 pilots, which is the floor of my reasonable range. The pilot analysis is based on the same methodology I originally calculated in TP-190976 and is shown in Exhibit SS-3 in this docket. The basics of my methodology uses three years of historical information from the BPC annual reports, which provide the average number of pilots, the yearly assignments, and DNI. I take this information and determine a historical average assignments per pilot and divide the projected traffic provided by Mr. Carlson to determine the number of working pilots then add one administrative pilot.[29] Given

[28] Carlson, Exh. IC-1T at 35:11.
[29] Sevall, Exh. SS-3.

the calculated number of pilots is lower than the bottom of the range, which is 56, I am recommending 56 pilots be funded.

VI. TOTAL DISTRIBUTABLE NET INCOME (TDNI)

Q. Have you read PSP's testimony regarding TDNI?

A. Yes. The pilots are recommending a total distributable net income (TDNI) of $43,768,020 (60 pilots * $729,467 DNI).[30]

Q. Do you agree with the proposed TDNI?

A. No. Given TDNI is a product of DNI multiplied by the number of pilots to fund, my recommendation is different from the proposal from PSP. My recommendation is based on funding 56 pilots and a DNI of $641,587, which produces a TDNI of $35,928,884.[31]

VII. RETIREMENT

Q. Can you provide a brief history of the PSP retirement pension?

A. Yes. Staff Witness Danny Kermode testified in docket TP-190976 that PSP's pension is an unfunded defined-benefit plan, known as PayGo, in which funding of the pension is paid from current revenues as there are no invested assets.[32] The

[30] Carlson, Exh. IC-1T at 7:2 to 8:19.
[31] Sevall, Exh. SS-5 (Sch. 5.1 TDNI).
[32] *WUTC v. Puget Sound Pilots*, Docket TP-190976, Exh. DPK-1T at 20:4-14 (May 27, 2020).

Commission has previously required PSP to work with stakeholders on transitioning to a new retirement system.[33] During this time PSP has pursued obtaining approval for a multiple employer pension (MEP) from the Federal Department of Labor and the Internal Revenue Service (IRS). It is my understanding that the IRS has provided PSP with a letter of approval, which is filed in Docket TP-220513. Ultimately, the mechanics of the PayGo pension have not changed in the last five years, and Staff has not been invited to discussions regarding any transition plans or options for going forward.

Q. Is PSP proposing to transition to a new plan in this filing?

A. No. Bruce McNeil testifies to the continued process of transitioning from the current retirement to the MEP.[34]

Q. Do you have some concerns regarding the MEP?

A. Yes. Part of my concern comes from not being involved in any stakeholder discussions regarding the future of retirement, so I really do not know where each party stands. What I understand is that five years have passed and the process is ongoing, and the current tariff continues to fund the entire pension.[35]

[33] Final Order 09 at ¶ 191.
[34] McNeil, Exh. BJM-1T at 2:7-12.
[35] Final Order 08 at ¶ 218 (The Commission disallowed fifty percent of the proforma adjustment and allowed the historical cost and fifty percent of the proforma adjustment as part of the revenue requirement, which rates are based on.).

Q. Do you have a recommendation for moving forward regarding the MEP transition?

A. Yes. First, the MEP transition costs involved should be deferred until the benefits of the transition project (a new retirement plan) are implemented. Staff Witness Tiffany VanMeter testifies to the which specific costs should be deferred.[36]

Q. Do you have concerns with the current PayGo retirement plan?

A. Yes. I am concerned that the PayGo pension is still wholly funded by the tariff. Usually, pensions are funded through employer contributions, employee contributions, and returns on the capital invested in the fund.[37]

Q. Can you speak more regarding pension funding and why you are concerned that the pension is wholly funded by the tariff?

A. Yes. Funded pensions are invested, which allows the capital held in the pension to grow from market returns and interest as time passes. The principle that is invested comes from a combination of the employer and employee.[38] The PayGo pension currently used by PSP is not invested; the only contribution to fund the pension is on the Income Statement of PSP. This means the only contribution is from the association and not the individual Pilots and there is no growth from market returns. The lack of market returns (or interest) means the entire cost of the current pension

[36] VanMeter, Exh. TVM-1T at 4:3 thru 5:13.
[37] Sevall, Exh. SS-6 NRTA.
[38] Sevall, Exh. SS-6 NRTA.

liability is paid by current revenues generated. This is expensive and costs ratepayers more as their rates are higher because of the higher pension costs.

Q. Do you have a recommendation for future contributions?

A. Yes. Simply put, the individual Pilots should bear some of the cost of their pension, whether the pension is PayGo or funded. Growth in invested capital is the largest funding source of funded pensions. The rest of the funding to meet pension obligations is split between employees and employers. PayGo does not benefit from market returns, only the tariff and the individual Pilots can fund the pension.[39] Historically, employees give $0.01 for every $0.02 provided by the employer, meaning the employee is responsible for providing 1/3 or 33 percent of the amount of contributed capital. Currently, PSP is proposing Pro-Forma pension costs of $6,804,555.[40] Given that PayGo has no market returns to cover any of the pension costs, 33 percent or 1/3 of this amount should be covered by the employee (individual Pilots). I recommend the Commission disallow $2,245,503.15 ($6,804,555 * 0.33) of PSP's pension expense.[41]

VIII. STAFF REVENUE REQUIREMENT

Q. What is the revenue requirement requested by PSP?

[39] *Re In the Matter of the Puget Sound Pilots general rate case*, Docket TP-190976, DPK-1T, filed May 27, 2020 at 22:1-13.

[40] LaRue, Exh.AML-3, Sch. 1.2.

[41] Sevall, Exh. SS-2 Sch. 2.2 Staff Adj - 11.

A. PSP has proposed a revenue requirement of $67,198,849.[42]

Q. Do you agree with PSP's proposed revenue requirement?

A. No. I recommend a revenue requirement of $52,682,342, which represents an additional annual revenue increase of $8,984,223, which is a 17.1 percent increase.[43] This recommendation is the result of funding 56 pilots at my recommended DNI of $641,587, and the cumulation of adjustments which Ms. VanMeter and I testify to as shown in my exhibit SS-2.[44]

IX. RATE DESIGN

Q. Does your proposed revenue requirement mean you are proposing different rates than PSP?

A. Yes.

Q. Do you agree with any of the proposed changes PSP is presenting?

A. Yes. I agree with revising the pilot boat charge to the Port Angeles charge. I also agree with the proposed Board of Pilotage Commission Surcharge rate, as that is a direct pass thru, which is set by the BPC to fund the BPC and their programs.[45]

[42] LaRue, Exh. AMI-3, schedule 1.2.
[43] Sevall, Exh. SS-2, schedule 2.1.
[44] Sevall, Exh. SS-2 sch. 2.1.
[45] *See In re Puget Sound Pilotage District Tariff*, Docket TP-240966, Order 01 at para. ¶ 2 (January 16, 2025).

Q. Do you disagree with any of the proposed changes PSP is presenting?

A. Yes. Staff disagree with the proposed capital surcharge rate as testified to by Ms. Van Meter.[46] Ms. Van Meter also adjusts the proposed transportation rate in her testimony, which is adopted into my rate design.[47]

Q. How did you calculate the Port Angeles charge?

A. I took the total operating expenses which were allocated to Port Angeles and divided that number by the number of times the "pilot boat charge" was charged in the historical test period. This is appropriate because the Pilot Boat charge is being eliminated and replaced with the Port Angeles charge.[48]

Q. How did you calculate the general rates?

A. I took the total revenue allocated to Seattle and increase the remaining rates until the rates generated the Staff calculated revenue requirement. This is shown is my exhibit SS-4.[49] The rate design ensures the specific rates for the BPC, transportation, and Port Angeles, specifically cover their associated costs, and then the remaining rates are designed to collect any remaining revenue requirement.

Q. Do you have proposed rates?

A. Yes. The current, PSP Proposed, and Staff rates are shown in the table below. My supporting rate calculations are shown in SS-4.

[46] Van Meter, Exhibit TVM-1T.
[47] Van Meter, Exhibit TVM-1T.
[48] Sevall, Exh. SS-4.
[49] *See Id.*

TABLE 3

Item	*Service*	*Current Rate*	*PSP Proposed*	*Staff Proposed*
300	**Inter-Harbor Vessel Movements**			
	Gross Tonnage Charge			
	< 2,000 tons	846.00	$ 1,288.46	$ 999.54
	> 2,000 tons & < 20,000 tons	1,694.04	$ 2,580.02	$ 2,001.48
	> 20,000 tons & < 50,000 tons	0.07880	0.12001	0.09310
	> 50,000 tons & < 100,000 tons	0.07280	0.11087	0.08601
	> 100,000 tons	0.06690	0.10189	0.07904
	Service Time Charge (STC)			
	< 2,000 tons	156.32	$ 238.08	$ 184.69
	> 2,000 tons	293.91	$ 447.62	$ 347.25
310	**Harbor Shifts**			
	< 2,000 tons	726.00	$ 1,105.70	$ 857.76
	Vessels < 231.65 meters length	1,451.20	$ 2,210.18	$ 1,714.57
	Vessels > 231.65 meters length	1,694.04	$ 2,580.02	$ 2,001.48
	Service Time Charge (STC)			
	< 2,000 tons	156.32	$ 238.08	$ 184.69
	> 2,000 tons			
320	**Additional Pilot Charge**	-		
330	**Pilot Boat Charge/Port Angeles Expense Charge**	348.00	$ 700.00	$ 600.16
340	**Transportation Charge**	168.20	$ 233.93	$ 219.12
350	**Cancellation Charge**	1,694.04	$ 2,580.02	$ 2,001.48
360	**Delay, Detention, Stanby & Other**	293.91	$ 447.62	$ 347.25
	Delay			
	Standby			
	Detention			
	OtherDelay			
	Other Delay|Detention|Standby			
370	**Other Service Charges**			
	Dead Ship Charge			
	Carried Out of District Charge	1,000.00	$ 1,523.00	$ 1,181.49
	Charge for Additional Services Requested	293.91	$ 447.62	$ 347.25
380	**Special Surcharges**			
	BPC Training Stipend	19.00	$ 23.00	$ 23.00
	Capital Recovery Charge		$ 75.00	

Q. Does this conclude your testimony?

A. Yes.