

1
2
3
4
5
6
7
8
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12
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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

Docket TP-

**TESTIMONY OF
WELDON BURTON, CPA
ON BEHALF OF PUGET SOUND PILOTS**

NOVEMBER 19, 2019

TESTIMONY OF WELDON T. BURTON, Exh. WTB-1T

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TABLE OF CONTENTS

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I. IDENTIFICATION OF WITNESS 1

II. PURPOSE OF YOUR TESTIMONY 2

 A. Restating Adjustments 8

 B. Pro Forma Adjustments 9

 C. Historical Priceout of Test Year 12

 D. Distributive Net Income DNI 13

 E. Tariff Format and Presentation 16

III. CONCLUSION 16

EXHIBIT LIST

Exhibit No.	Description	Page Referenced
WTB-02	Weldon T. Burton Curriculum Vitae	1
WTB-03	Pro forma Year 1 Test Period Ended 6-30-19	6, 7, 12
WTB-04	Pro forma Year 2 Test Period 6-30-19	6, 7, 13
WTB-05	Pro forma Year 3 Test Period 6-30-19	6, 7
WTB-06	Training Surcharge/Board of Pilotage Commissioners	11
WTB-07	Test Period Revenue Reconciliation 7-1-18 through 6-30-19	12
WTB-08	Proposed UTC Tariff Year 1	14, 15
WTB-09	Proposed UTC Tariff Year 2	14, 15
WTB-10	Proposed UTC Tariff Year 3	14, 15
WTB-11	Priceout-Revenue Calculation Year 1 Proposed Tariff	15
WTB-12	Priceout Revenue Calculation Year 2 Proposed Tariff	15
WTB-13	Priceout Revenue Calculation Year 3 Proposed Tariff	15

1 **I. IDENTIFICATION OF WITNESS**

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

3 **A:** My name is Weldon T. Burton. I am a CPA licensed in Washington and Oregon for the
4 past 44 years. My business address is 2 South 56th Place, Suite 201-E, Ridgefield, WA
5 98642.

6 **Q: Provide a description of your experience with investor-owned entities whose rates
7 are set by the UTC?**

8 **A:** I was licensed in Washington as a CPA in 1975 and Oregon in 1992. Almost
9 immediately after initially being licensed, I began working with logging companies
10 subject to trucking rates then established by the Washington Utilities and
11 Transportation commission. For example, I testified in Washington Utilities and
12 Transportation hearings setting emergency rates for logging companies operating in the
13 Mt. St. Helens region after the May 18, 1980 eruption. In the mid 80's, I also began
14 working with regulated solid waste collection companies subject to the rules and
15 regulations established by the Commission. My C.V. is attached as Exh. WTB-02.

16 **Q: Please provide a description of your rate case experience with Title 81 companies
17 and specifically do you have any experience with commercial ferry/waterborne
18 entities regulated by the UTC?**

19 **A:** Since the late 1980's, I have filed numerous tariff amendments for solid waste
20 companies operating under RCW 81.77 which include pro-forma income statements
21 with restating and pro forma adjustments, along with workpapers supporting the
22 proposed operating cost increases and adjusted rates.
23 In the commercial ferry realm, I have filed revised tariffs for a commercial ferry
24 company operating under RCW 81.84, (which is route and rate regulated by the UTC).
25 I have also previously provided testimony in a rate filing request by a company

1 regulated under RCW 81.70 which was challenged in an action by the UTC. Finally, I
2 have also provided pre-filed testimony in at least three cases where transportation
3 carriers have filed for operating authority in Washington State under Title 81 RCW.

4 **Q: Do you have any experience with operating marine vessels yourself?**

5 **A:** Well not the 14,000 TEU type that are operated by PSP members, but larger pleasure
6 craft, so I may have more appreciation for the skill and expertise needed to manage
7 such “leviathans” than that of an individual who had not frequently piloted pleasure
8 craft in the 40’ to 60’ range. I actually own a 56-foot pleasure boat which I have
9 operated on the Columbia River, Columbia River Bar, Grays Harbor Bar, Puget Sound,
10 and the Inside Passage from the Puget Sound to Alaskan waters. During those
11 waterway transits, marine radio conversations are frequently necessary to insure safe
12 passing’s between my personal boat and commercial vessels I can only admire the
13 precision and training it would require to bring a massive vessel to berth in a narrow
14 waterway such as the Blair Waterway in Tacoma.

15 **Q: In your experience representing companies regulated by the UTC, have you**
16 **previously presented formal testimony before this Commission?**

17 **A:** Yes. As noted, in both certificate application and rate cases, since approximately 1984.

18 **II. PURPOSE OF YOUR TESTIMONY**

19 **Q: Can you just please generally describe your role in assisting PSP and in testifying**
20 **in this proceeding?**

21 **A:** I am primarily responsible for presenting the regulatory accounting aspects of the PSP’s
22 rate case in this proceeding in working with their regular accountant, Mark Hale, and
23 their auditor, Jessica Norris, of Shannon & Associates.

24 **Q: What is your primary emphasis and role here?**

1 **A:** The presentation and development of the results of operation of the PSP organization in
2 the test year, providing regulatory accounting format and organization and attempting to
3 reconcile accounting data to uniform system of account criteria, seeking formatting
4 conformance as much as possible to standard UTC rate case submissions consistent
5 with WAC 480-07-525.

6 **Q: Are you also primarily responsible for fielding questions and data request**
7 **responses from the staff?**

8 **A:** Yes, at least as relates to accounting and financial presentations.

9 **Q: Is this your first pilotage rate case?**

10 **A:** Yes, and as has been frequently noted by all, it is also the first time the UTC has been
11 tasked with establishing pilotage rates.

12 **Q: In the context of rate case presentation, are you also, in addition to PSP's CPA and**
13 **auditor, consulting with their expert on workload, vessel assignments and rate**
14 **methodology.**

15 **A:** Yes, particularly due to my many decades of experience in the modified Lurito-
16 Gallagher operating ratio and traditional operating ratio methodologies such as that
17 used by auto transportation companies and formerly, intrastate trucking companies. I
18 have been reviewing the calculations and conclusions of Dr. Khawaja.

19 **Q: In that this is the first time the Commission has set rates for this industry, have**
20 **you encountered any particular difficulties in presenting the proposed tariff**
21 **adjustments here?**

22 **A:** Yes, to say this project has been a "challenge" from a regulated utility ratemaking
23 standpoint is an understatement.

24 **Q: Why do you say that?**
25

1 **A:** Well, first of all, the PSP was not previously required to present its results in the
2 uniform system of accounts style which I and the Commission are used to seeing so that
3 has required working closely with PSP's accountant and auditor to do various
4 conversions accurately. Secondly, the BPC never issued formal decisions by order in
5 previous tariff proceedings so many of the financial exhibits, guided of course by the
6 Commission's rule WAC 480-07-525, had to be derived from scratch without any pre-
7 existing format reference point in terms of detailed rationale for how previous expense
8 items were addressed.

9 **Q: Was that a particular conundrum for you on any specific presentation you have**
10 **been accustomed to as a regulatory utility accountant practicing before the**
11 **Commission?**

12 **A:** Yes. For instance, WAC 480-07-525(2) requires that in our proposed tariff we present
13 proposed changes in legislative style and use the symbols with which we are all familiar
14 in transportation rate cases showing i.e, increases in rate levels. Here, we are proposing
15 a wholesale change to tariff rates established by rule in WACs by the Board of Pilotage
16 Commissioners. Not only are the rates almost entirely different, we are proposing to
17 implement an entirely new format and design. Therefore reflecting the changes in
18 legislative format would be entirely meaningless. However, going forward from this
19 initial filing at the UTC, we expect only incremental modifications to rate items that
20 would be readily documented in legislative format.

21 **Q: Can you please provide an example or two of the "disconnect" between the**
22 **organization/design of the current and new proposed tariffs?**

23 **A:** Yes, the current tariff is comprised of 460 total tariff items with the "LOA" distance
24 table comprising 402 of those items. As the Commission can see, we are proposing to
25 discard the LOA measurement format in all but a single instance for vessel of a certain

1 length. In the proposed tariff there are also only 27 items under which rates are to be
2 applied representing a material simplification of the pilotage tariff.

3 **Q: What was the impetus for so fully revamping the pilotage tariff?**

4 **A:** Based on various discussions at the stakeholder sessionS and after, the Commission
5 Staff and PSP appeared to share the goal of simplification of the existing tariff and
6 transitioning to a more cost-of-service based model.

7 **Q: So, what impact have some of these ratemaking presentation issues had for you in**
8 **transitioning pilotage ratemaking to the Commission?**

9 **A:** Definitely, in the vernacular, fitting “square pegs in round holes” to some extent for
10 which I apologize in advance if some of the accompanying exhibits are not in the
11 customary style the Commission and staff are used to seeing in general rate cases.

12 **Q: Any other noteworthy distinctions in rate case presentation or emphasis you would**
13 **note in overview?**

14 **A:** Yes, the concept of establishing a target or distributive net income share essentially for
15 human capital as the ultimate goal of a rate filing is vastly different for me than seeking
16 to support a rate filing which aims to establish an appropriate return for a regulated
17 entity’s capital, plant and equipment resulting from its regulated operations. However,
18 both ratemaking goals involve the public policy goal of maintaining and attracting safe,
19 sustainable and viable public service enterprises.

20 **Q: Can you please now identify the various exhibits and workpapers you are working**
21 **with in your submission?**

22 **A:** In addition to the exhibits I am sponsoring, Comparative Financial Statements 2017,
23 2018 (Exh. JN-05) and first half (unaudited) 2019 (Exh. JN-06); workpapers and data
24 and worksheets outlined in WAC 480-07-525(4)(a)-(5).

25 **Q: Are these audited financial statements?**

TESTIMONY OF WELDON BURTON, Exh. WTB-1T - 5

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1 **A:** Yes, for 2017 and 2018.

2 **Q: Have you ever submitted audited financials on a UTC rate case for a**
3 **transportation company before?**

4 **A:** No. This is indeed unique in my experience and clearly avoids the need to verify, by
5 both myself and staff, to any detailed degree, recorded revenue and expenses.

6 **Q: Have you also caused to be prepared any other financial summary information**
7 **relevant to the results of operations for the PSP for this filing?**

8 **A:** Yes, due to the timing of this filing, we have also submitted a special purpose financial
9 statement for Puget Sound Pilots which comprise the statement of assets, liabilities and
10 pilots' equity-modified accrual basis as of June 30, 2019 and the related statement of
11 revenues, expenses and changes in pilots equity – modified accrual basis for the twelve
12 months ended June 30, 2019 with Independent Accountants' Compilation Report .
13 (Exh. JN-06)

14 We have also included a pro forma statement of operations for the twelve months ended
15 June 30, 2019 (Exhs. WTB-03, WTB-04 and WTB-05).

16 **Q: Are these documents based on what you are advancing as “the test year” in this**
17 **filing?**

18 **A:** Yes, July 1, 2018 – June 30, 2019.

19 **Q: Is PSP relying on its audited test year results of operations for the rates it is**
20 **proposing for pilotage in this case?**

21 **A:** Not completely. The pro forma statement of operations, as adjusted, also provides
22 justification for the revised rates.

23 **Q: Can you please describe the rather unique accounting methodology employed by**
24 **PSP?**

1 **A:** Yes, the financial statements are prepared on a modified accrual basis, not Generally
2 Accepted Accounting Principles (GAAP).

3 **Q: Can you explain this in more detail, please?**

4 **A:** Yes, a modified accrual basis is believed to be a more accurate depiction of the
5 Association's finances particularly since PSP is taxed as a partnership. Ms. Norris, the
6 PSP's outside auditor, will also elaborate on this distinction somewhat in her testimony.

7 **Q: What is the exhibit updating results through June 30, 2019?**

8 **A:** The monthly revenue, expenses and distributions for the 12-month fiscal period ended
9 June 30, 2019 is a compilation of revenue earned and expenses paid in each respective
10 month. The column Accountant Adjustments represent accounting adjustments made
11 by Mark Hale, CPA, at December 31, 2018 for preparation of the annual partnership
12 tax return for the pilots.

13 **Q. Please describe the pro forma statement of operations.**

14 **A:** The pro forma statement of operations, Exhs. WTB-03, WTB-04, and WTB-05 for the
15 12-month fiscal period ended June 30, 2019 is compiled from the monthly revenue,
16 expenses and distributions with certain expenses combined such as computer, dues,
17 employee health & welfare, employee pension, depreciation, insurance, office supplies,
18 pension-other, postage & printing, pilot boat fuel & maintenance, rents, repairs and
19 maintenance, salaries, subscriptions, supplies, payroll taxes, property taxes, use taxes,
20 telephone and communications, transportation expense and entertainment/travel.
21 The projected expenses shown in the pro forma statement of operations, reflect an
22 increase of approximately 12.5% increase in years one and two over the base period.
23 Those cost increases will be further explained in the restating entries and pro forma
24 entries contained in Exhs. WTB-03, WTB-04 and WTB-05. Puget Sound Pilots will
25 also be responsible for remitting a rate case fee to the UTC totaling \$370,000 which

1 had not been previously incurred but which is expressly authorized by the legislature
2 for the UTC costs in transferring rate-setting proceedings to the UTC.

3 **A. Restating Adjustments**

4 **Q: Please describe restating adjustments made to the historical operations to conform**
5 **with regulatory accounting.**

6 **A:** Restating adjustments modify historic operating results to more properly reflect a
7 “normal, representative” 12-month test period and give recognition to those areas
8 where PSP’s accounting methods may differ from accepted regulatory practice. The
9 restating adjustments also remove expense items not allowed in regulatory accounting
10 such as charitable donations, political lobbying, amortization, advertising/entertainment
11 and interest cost.

12 **Q: Please describe restating adjustments for employee health & welfare and Pilot**
13 **medical insurance.**

14 **A:** There are restating adjustments to reflect additional employee union health & welfare
15 increase pursuant to the contract. Those cost increases to reflect the “normal,
16 representative” test period total \$24,900. “Make up” medical insurance premium cost
17 for a new member and a widow along with premium increases in October 2018 total
18 \$18,881.

19 **Q: Please explain why the Depreciation Expense line item is increased?**

20 **A:** Depreciation Expense was restated to reflect regulatory lives for vessels and capitalized
21 repairs incurred in prior periods. For income tax purposes the organization had been
22 using a 10-year life for income tax depreciation. Regulatory depreciation life is 20-
23 years as described in 46 CFR 382.3 (b)(2)(i). The depreciation schedule has been
24 adjusted to reflect that change in life. That change in depreciation life represents
25 \$342,650 of the \$442,879 adjustment.

1 **Q: Please explain the Pilots' Retirement Plan and resulting restating adjustments.**

2 **A:** The organization has a "pay-as-you-go" retirement plan meaning all retirement
3 payments are funded out of current earnings. There are no reserve funds set aside for
4 retirement plan funding. Annualizing payments for the test period is a cost of \$167,499.

5 **Q: The current tariff in WAC 363-116-300 has a transportation provision item**
6 **included. How and why did Puget Sound Pilots revise its transportation policy?**

7 **A:** PSP revised its transportation reimbursement program during the test period as result of
8 a pilot program to determine average travel costs to locations around Puget Sound.
9 After a three-month trial program and study, the Board of Directors established for this
10 filing an average travel cost of \$198.37 per trip. In the current tariff, in contrast, WAC
11 363-116-300, there are 18 total different transportation points with charges varying
12 from \$277.50 to \$15.00. A single transportation charge is much simpler and easier to
13 explain to customers and less administrative work for the pilot, billing and offices.

14 **Q: Why were attorneys' fees restated in the pro forma?**

15 **A:** There is a restating entry for Attorney fees to reflect a payment in July 2019 which was
16 for June 2019 charges for time incurred primarily for the "065 hearing" at the Board of
17 Pilotage Commissioners.

18 **B. Pro Forma Adjustments**

19 **Q: What are the pertinent adjustments to the pro forma?**

20 **A:** Pro Forma adjustments gives effect to known and measurable changes in revenues
21 and/or expenses that are not mitigated by any other factors.

22 **Q: Have you adjusted rate case costs for amortization?**

23 **A: Yes.** Rate case costs, including lengthy preparation of testimony and exhibits,
24 discovery, and hearings, are being amortized over a two-year period, and including
25 attorney fees, consulting fees, expert witness fees and CPA fees, totaling \$462,785.

1 **Q: What about health care benefit adjustments?**

2 **A:** Employee health and welfare and salaries pursuant to the Collective Bargaining
3 Agreement Between Puget Sound Pilots and the Inlandboatmen's Union of the Pacific
4 contract increased \$14,438 and \$38,374 respectively for the rate year. Masters, Mates
5 and Pilots Plan provide medical coverage for pilots enrolled in the medical insurance
6 plan. There is a \$25,239 increase in October 2019 for current plan participants. There
7 will also be an additional \$119,108 in medical insurance premium cost for six new
8 pilots added in the coming rate year.

9 **Q: What is the particular adjustment for simulator training and travel?**

10 **A:** Puget Sound Pilots will send four new pilots for simulator training at Port Revel,
11 France, for a total cost of \$53,880 in the test year.

12 **Q: What are the pro forma adjustments for pilot licensing fees, please?**

13 **A:** License fees for six new pilots, costing \$6,500 each, will be \$39,000 while nine retiring
14 pilots will reduce licensing costs \$58,500 for a net reduction of \$19,500.
15 Similarly, license insurance (average per pilot) costing \$537.50 per quarter will add
16 \$6,450 for new pilots while accounting for the impact of retiring pilots will amount to
17 \$19,350, for a net reduction of \$12,900.

18 **Q: Are you seeking, as part of your increased revenue requirement, expenses for the**
19 **Commission incurred in this proceeding as authorized by the legislature in SSB**
20 **6519?**

21 **A:** Yes.

22 **Q: Can you please then address regulatory agency adjustments pertinent to this**
23 **filing?**

24 **A:** As noted above, estimated fees for the UTC to oversee this transitional rate case is
25 projected to be \$370,000. Those costs will be amortized over three years.

1 **Q: And in your experience, is this fee inclusion typical in regulated rate cases?**

2 **A:** No, typically the Commission, as authorized by the legislature, imposes annually, by
3 rule, a regulatory fee for the industry, i.e. .004% or .005% of the gross regulated
4 revenues which generally include costs of certificate and rate proceedings and are
5 included in a petitioner's expenses. Here, there was no such reference to a regulatory
6 fee in the implementing statute, and because the legislature authorized the
7 Commission's costs to be recouped in actual rates, PSP is including the estimated
8 \$370,000 equivalent "regulatory fee" in its rates which increases its overall revenue
9 requirement proposal.

10 **Q: Are there also fees that are also sought to be recouped by PSP that are in effect,
11 passthroughs or "off balance sheet" items that are required by law to be collected
12 by PSP in rates?**

13 **A:** Yes, the BPC training surcharge referenced in WAC 480-07-525(4)(r) and the state
14 SILA (self-insurance liability account) increment contribution required by WAC 363-
15 116-301.

16 **Q: And what are those specific charges?**

17 **A:** For the self-insurance liability account it is \$16 per vessel assignment. The BPC
18 training surcharge, which currently is \$15 per assignment, is sought to be increased to
19 \$19 per assignment as set forth in Exh. WTB-06 as attached.

20 **Q: In addition to the UTC rate case expense fee is there any other fee recovery being
21 sought in rates that relates to agency requirements?**

22 **A:** Yes, as reflected also in WAC 363-116-301 as mandated in SHB 1160, \$150,000 must
23 be deposited into the self-insurance liability fund earmarked at the BPC in July 2020.
24 In the aggregate then, these two contributions add \$520,000 in expenses PSP proposed
25 to be funded by tariff revenues.

1 **Q: Are there other more atypical pro forma adjustments?**

2 **A:** Yes. The pro forma increase in office expense is attributable to the move by PSP to
3 new offices at the expiration of their prior lease on October 31, 2019. The adjustment
4 of \$42,918 consists of increases in both the annual rental amount and the accompanying
5 annual parking fees at the Port of Seattle. This amount does not include the cost of any
6 of the tenant improvements which have been amortized and assigned to depreciation
7 expense.

8 **Q: In developing a proposed tariff did you evaluate adjustments for the expense of**
9 **pilot licensing over the next year?**

10 **A:** Yes, I did.

11 **Q: How did you address this?**

12 **A:** I reviewed how many current trainees were projected to be licensed by the BPC in 2020
13 and into 2021.

14 **Q: And what did you conclude?**

15 **A:** That there would be six new pilots joining the ranks.

16 **Q: And is this calculation included in your pro forma results of operations?**

17 **A:** Yes it is, in Exh. WTB-03 which provides for an additional \$99,330 for licensing fees
18 in addition to test period recorded expenses.

19 **C. Historical Priceout of Test Year**

20 **Q: Have you performed, pursuant to WAC 480-07-525(4)(h)(i), a schedule reconciling**
21 **current rates and charges to reported revenue within 5%**

22 **A:** Yes, and it is Exh. WTB-07.

23 **Q: And how many charge line items are included in that priceout for the test year?**
24
25

1 **A:** As noted previously in my testimony, for instance regarding the LOA-distance table
2 which was reduced from 402 individual charge items to two, which latter charges are
3 only relevant to harbor shifts.

4 **Q: Recognizing that disparity in tariff formatting, do you have any other**
5 **comments/observations about this exhibit?**

6 **A:** Only the summary portion at the bottom of the exhibit which sets forth the gross annual
7 revenue of \$34,111,152 after respective charges and surcharges paid to the Board of
8 Pilot Commissioners pursuant to rule.

9 **D. Distributive Net Income DNI**

10 **Q: From your perspective as a regulatory utility accountant can you describe how the**
11 **distributive net income target works and what it is?**

12 **A:** Yes. As I explained earlier, this is actually the first time in my 35-year experience in
13 submitting rate cases for regulated transportation companies at the Commission, that
14 the final iteration or calculation being recommended by the filing was not a derived
15 operating or modified operating ratio figure based on an advocated total revenue
16 requirement. Here instead, the bottom-line goal is an annual distributive net income
17 figure of \$500,000 per full-time equivalent pilot.

18 **Q: Could you elaborate on this DNI ratemaking methodology in a bit more detail as**
19 **you understand it?**

20 **A:** In simplest terms, first, the Commission must determine on the entire record a “just,
21 fair, reasonable and sufficient” pilotage revenue level by establishing rates for specific
22 tariff items that produce the total approved revenue amounts. The Commission would
23 actually arrive at the total revenue amount by first determining the appropriate
24 distributive net income (“DNI”) level for a Puget Sound Pilot by evaluating the net
25 income earned by pilots in comparable pilotage districts, similar to what the

1 Commission would typically do to justify a corporate executive's salary. The
2 Commission would then determine the number of pilots by which that amount is
3 multiplied by assessment of the appropriate projected fulltime equivalent pilot
4 workload, and the overall vessel assignment projected to be served by the pilots. The
5 Commission would also include all the prospective costs it approves for providing
6 pilotage services.

7 **Q: What is the total net revenue requirement sought to be recouped by PSP in its**
8 **proposed tariff?**

9 **A:** The total revenue requirement calculated for the first year is \$48,027,598. However, in
10 order to mitigate the implementation of such an increase in revenue that would be
11 generated by the tariff, PSP has proposed to phase in its revenue requirement over a
12 three-year period. In the first year, the total Puget Sound Pilot revenue generated by the
13 proposed pilotage rates is \$43,112,701 which is an increase of \$9,002,761 or 26.4%
14 increase. In the second year, the total Puget Sound Pilot revenue generated by the
15 proposed pilotage rates is \$46,625,286 which is an increase of \$3,512,585 or 8.1%
16 increase over year one. In the third year, the total Puget Sound Pilot revenue generated
17 by the proposed pilotage rates is \$47,718,001 which is an increase of \$1,092,715 or
18 approximately 2.34% increase over year two.

19 **Q: Have you submitted a proposed tariff to generate rates for the first year of the**
20 **phase in?**

21 **A:** I have. The first year of the tariff phase-in is represented in the complete proposed
22 tariff filed as Exh. WTB-08.

23 **Q: How are the second and third tariff years being addressed?**

24 **A:** The second and third years' phase-in of the total revenue requirement have been filed in
25 proposed replacement pages in Exhs. WTB-09 and WTB-10.

1 **Q: How were the rates set forth in Exhs. WTB-08, WTB-09, and WTB-10 calculated?**

2 **A:** The rate design itself was created by PSP's rate committee and will be substantially
3 addressed by Capt. Moreno. The rates were calculated based upon lengthy and
4 complex spreadsheets that are being included in PSP's workpapers and is being filed as
5 Exhs. WTB-11, WTB-12, and WTB-13.

6 **Q: What is that spreadsheet based upon?**

7 **A:** The spreadsheet includes all of the pilotage fees charged from the current tariff and
8 billing determinants for the proposed tariff for each of the vessel assignments in the
9 most recent 12-month period (November 1, 2018 to October 31, 2019).

10 **Q: Why did PSP not base that spreadsheet on the test period?**

11 **A:** The workpaper requirements of WAC 480-07-525(4)(m) provide that the rate
12 proponent submit projected changes in vessel assignments and a detailed portrayal of
13 the vessel assignments for the previous twelve months along with the associated tariff
14 fees charged to vessel operators for pilotage services.

15 **Q: Were there any difficulties in establishing rates that would generate the revenue
16 requirement calculated?**

17 **A:** Actually there were. Unlike in a solid waste tariff, where rates can be determined based
18 on relatively uniform charges such as standard container sizes, pilotage charges are
19 variable based on the nature of the transit (either length in time or distance) and
20 differences in vessel size. This required that we rely upon historic vessel assignment
21 data to project revenue. However, vessel assignment counts are also variable from year
22 to year. I understand that for calendar year 2020, Dr. Sami Khawaja projects 6,989
23 vessel assignments for PSP, while in the most recent 12-month period of vessel traffic
24 (November 1, 2018 through October 31, 2019) there were 7,033 assignments. Thus, in
25 order to avoid spreading the revenue requirement over too many assignments, I made

1 an upward adjustment of .063 percent in rates to true up the difference between the
2 historic assignment data and the projection.

3 **E. Tariff Format and Presentation**

4 **Q: Could you please describe the overall format and presentation of the pilotage tariff**
5 **that you are submitting with this filing?**

6 **A:** Yes. We are submitting a proposed tariff that is the result of discussions amongst
7 stakeholders and the Commission Staff in an attempt to craft a tariff that would be
8 broadly applicable to the regulated pilotage industry in the Puget Sound pilotage district
9 and which, through this proceeding, can be adopted or modified by the Commission.

10 **Q: In your experience, have you seen other Title 81 industries subject to a**
11 **Commission-published tariff?**

12 **A:** Yes. Auto transportation, household goods carriers, and, in the past, intrastate trucking.
13 There is also a standard Commission-issued tariff template that the solid waste
14 collection industry relies upon in proposing tariffs. So, I am very familiar with
15 Commission-formatted tariff structures in transportation industries.

16 **Q: Was the Commission Staff involved in the development of this proposed tariff?**

17 **A:** Yes, but Staff made quite clear that this is merely their conceptualization of a pilot
18 tariff, and we await the Commission's Order as to the final format and rate structure.

19 **III. CONCLUSION**

20 **Q: Does this conclude your testimony for now?**

21 **A:** Yes it does.
22
23
24
25