BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND PILOTS, Respondent.	DOCKET TP-220513 STAFF RESPONSE TO PUGET SOUND PILOTS' PETITION FOR INTERIM RATE RELIEF

I. INTRODUCTION

1 Commission Staff of the Washington Utilities and Transportation Commission (Commission) submits this response to Puget Sound Pilots' (PSP) Petition for Interim Rate Relief (Petition). Staff recommends that the Commission find that PSP's requested interim rate relief conflicts with the rate design in the current tariff (which the Commission deemed fair, just, reasonable, and sufficient), attempts to shift risk of vessel traffic fluctuation to ratepayers, and is not necessary immediately or in the short-term to address PSP's recruitment, retention, and reputational concerns. Based on an evaluation of the six interim rate factors, the Commission should determine that the factors do not indicate that interim rate relief is in the public interest and deny PSP's Petition.

II. RELIEF REQUESTED

2 Commission Staff (Staff) requests that the Commission deny PSP's Petition because PSP has not demonstrated that interim rates are in the public interest.

III. STATEMENT OF FACTS

3 On June 29, 2022, PSP filed its general rate case with the Commission. Along with its general rate case filing, PSP also filed its Petition, requesting that the Commission authorize interim rate relief in the form of an automatic tariff adjuster.[1] Specifically, PSP requests that the Commission "approve an automatic tariff adjuster increasing the existing tariff rate by 1.4% for each new licensee above the currently funded level of 52 licensees and reduc[ing] the tariff by 1.4% for each retirement of a licensee provided the number of PSP licensees drops below 52."[2] PSP further states that the estimated annual cost of each additional pilot is approximately $499,000.[3]

4 PSP's Petition notes that the Washington Board of Pilotage Commissioners (BPC) has authorized a maximum of 56 pilotage licenses, that a 53rd pilot was recently licensed by the BPC, and that PSP anticipates the BPC will license two additional pilots in the near future.[4] PSP further states that it believes the BPC will likely issue another pilotage license during the general rate case, at which time all 56 pilot licenses will have been issued.[5]

5 PSP Witness Captain Ivan Carlson provides testimony on PSP's requested interim relief. In his testimony, Capt. Carlson explains that PSP arrived at the 1.4% adjustment by using the current tariff distributable net income (DNI) of $410,075 and adding all expenses

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[1] PSP Petition for Interim Rate Relief (Petition) at 7, ¶ 19.
[2] Petition at 7, ¶ 19.
[3] Petition at 2, ¶ 5. Although Staff recommends that the Commission determine that PSP has not demonstrated that interim rate relief is in the public interest, if the Commission does grant PSP interim rate relief, it should exclude the proposed expenses from the automatic adjuster proposed by PSP. PSP has not demonstrated that the expenses are necessary to prevent or abate an ongoing emergency, gross hardship, or gross inequity, and the proposed expenses should be subject to the Commission's review for prudence. It is more reasonable for PSP to include its proposed expenses as pro forma adjustments to be evaluated as part of its general rate case filing.
[4] Petition at 2, ¶ 4.
[5] Petition at 2, ¶ 4.

of a pilot, totaling $499,004, and dividing that figure into the current revenue requirement of $35.4 million, resulting in 1.4%.[6]

IV. STATEMENT OF ISSUES

6 Whether the Commission should deny PSP's request for interim rate relief as described in its Petition.

V. EVIDENCE RELIED UPON

7 Staff relies on the material on file in this docket.

VI. ARGUMENT

A. Legal Principles

8 In the context of maritime pilotage, regulatory authority over pilotage is divided between two agencies, the Commission and the Board of Pilotage Commissioners (BPC). As explained by the Commission:

> [T]he Commission is charged with determining the rates for pilotage services. The Commission "shall ensure that the tariffs provide rates that are fair, just, reasonable, and sufficient for the provision of pilotage services." The Legislature did not transfer the BPC's jurisdiction over training, licensure, or other aspects of the Pilotage Act to the Commission. These issues are still properly before the BPC.[7]

9 In general, the Commission evaluates six factors or considerations when determining whether to grant a request for interim rate relief:

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[6] Carlson, Exh. IC-01T at 28-29. Staff notes that the proposed interim relief described in Capt. Carlson's testimony appears slightly different than the relief described in PSP's petition, in that Capt. Carlson requests that the automatic adjuster not apply if the number of licensed pilots drops below 52 ("[PSP is] requesting that the current tariff rates increase by 1.4% with each new licensee and decrease by that amount with each retirement (provided the retirement does not reduce our active pilot total below the currently funded 52 FTE) pending the decision in this general rate case.'").

[7] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 11, ¶ 42 (November 25, 2020).

1. Opportunity for an adequate hearing before granting interim relief;[8]

2. Whether interim rates are necessary due to an actual emergency or to prevent gross hardship or gross inequity;[9]

3. The mere failure of the currently realized rate of return to equal that approved as adequate is generally insufficient standing alone to justify granting interim relief;[10]

4. Review of all financial indices as they concern the applicant, including rate of return, interest coverage, earnings coverage, and the growth, stability, or deterioration of each, together with the immediate and short-term demands for new financing and whether the grant or failure to grant interim relief will affect these financing demands in a manner that substantially affects the public interest;[11]

5. Interim relief is a useful tool in an appropriate case to fend off impending disaster. However, the tool must be used with caution and applied only where to not grant relief would cause clear jeopardy to the utility and detriment to its ratepayers and stockholders. That is not to say that interim relief should be granted only after disaster has struck or is immanent, but neither should it be granted in any case where a full hearing can be had and the general case resolved without clear detriment to the utility; and[12]

6. As in all matters, the Commission must reach its conclusion with the statutory charge to Commission in mind, that is, to "Regulate in the public interest." (RCW 80.01.040). This is the Commission's ultimate responsibility, and a reasoned judgment must give appropriate weight to all salient factors.[13]

10 The Commission has explained that these factors are neither a formula for interim relief, nor are they the only factors that the Commission may properly consider when

[8] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 15, ¶ 37 (October 15, 2004).
[9] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 16, ¶ 42 (October 15, 2004).
[10] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 38, ¶ 105 (October 15, 2004); *Wash. Utils. & Transp. Comm. v. Pacific N.W. Bell Tel. Co.*, Docket U-72-30 tr, Second Supplemental Order, 13 (October 10, 1972).
[11] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 41, ¶ 113 (October 15, 2004).
[12] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 46, ¶ 126 (October 15, 2004).
[13] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 49, ¶ 136 (October 15, 2004).

evaluating whether to grant interim rate relief.[14] That is, the factors "are not standards and the Commission should remain open to consider unique circumstances or evolutions in the factors."[15] Indeed, some modification to the standard is likely appropriate in the context of pilotage rates, given that PSP, unlike other Commission-regulated utilities, "is not a capital-intensive organization. PSP's tariffs primarily reflect the value of pilotage services and the compensation paid to pilots for their services."[16] As noted above, the Commission's primary standard with respect to interim rates is whether interim rates are in the public interest.[17] As the party requesting interim rates, PSP bears the burden of demonstrating that interim rates are in the public interest.[18]

B. Commission Should Decline to Consider PSP's Arguments Regarding the Impact of COVID-19 on Vessel Traffic and the Profitability of the Foreign Shipping Industry

11 As an initial matter, Staff respectfully disagrees with PSP's statement that the Commission's decision to not consider the effects of the COVID-19 pandemic was "a clear mistake." As part of its Petition, PSP states ". . . the Commission expressly refused to factor the effects of the pandemic into PSP's tariff[.] This was a clear mistake that caused significant undue hardship to individual pilots and their families."[19] As the Commission noted in the last PSP rate case order, "no party has advocated to reflect the effects of the COVID-19 pandemic in revised vessel projections. Both PSP and Staff agree that it would

[14] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 10, ¶ 22 (October 15, 2004).
[15] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 10, ¶ 24 (October 15, 2004).
[16] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 17, ¶ 63 (November 25, 2020).
[17] RCW 80.01.040.
[18] *Wash. Utils. & Transp. Comm. v. Verizon Northwest Inc.*, Docket UT-040788, Order 11, 54, ¶ 154 (October 15, 2004).
[19] Petition at 3, ¶ 8 n.1.

be highly speculative to attempt to normalize the effect of the recent decline in shipping traffic. We agree."[20] Insofar as PSP now argues that the Commission mistakenly declined to consider the effect of COVID-19 on the vessel traffic projection, then PSP bears some responsibility for arguing in favor of the mistake before the Commission in the prior proceeding. Therefore, to the extent that the Commission considers this argument, it should afford it little weight.

12 Additionally, the Commission should decline to consider PSP's argument regarding foreign shipping industry profits with respect to whether interim rate relief is warranted. In its Petition, PSP notes:

> [W]hile pilots saw their incomes decline sharply during the pandemic, their ratepayers in the foreign shipping industry have capitalized on these same prevailing conditions by raising shipping rates by as much as 1,000% and recording record profits at the expense of American consumers. PSP respectfully submits that on these facts the current tariff has produced outcomes that are decidedly not "fair, just, and reasonable."[21]

Although Staff acknowledges that the pandemic has affected vessel traffic, and by extension pilot DNI, PSP's argument conflicts with the Commission's established rate-making principle of cost causation. As the Commission has explained, "the principle of cost causation assigns costs to those ratepayers who cause the expenses to occur. Vessels should pay for tariff rates that appropriately reflect the cost of maintaining compulsory pilotage."[22] Furthermore, in the prior PSP case, the Commission agreed with Staff and PMSA "that the profitability of larger vessels should not justify imposing greater costs on those vessels. . . .

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[20] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 108-109, ¶ 367 (November 25, 2020).
[21] Petition at 3, ¶ 8 n.1.
[22] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 71, ¶ 237 (November 25, 2020).

It is instead appropriate to charge vessels based on the principle of cost causation."[23] Insofar as PSP's argument invites the Commission to disregard the foundational rate-making principle of cost-causation, the Commission should decline to consider this argument.

C. Interim Rate Relief Factors

13 Although the six factors described above are not a strict standard, the Commission has previously considered the six factors to guide its evaluation of whether to grant interim rate relief. Staff, accordingly, addresses each of the six factors below.

i. Factor 1 - Interim rate relief should be granted only after an opportunity for adequate hearing

14 The first factor primarily concerns an opportunity for a hearing prior to granting a request for interim rate relief. If the Commission chooses to further consider PSP's request for interim rate relief, it should establish a procedural schedule and date for hearing regarding interim rate relief. However, Staff opposes PSP's request to issue an order regarding interim rates by August 15, 2022, which would afford insufficient time for Staff to prepare for a hearing.[24] Insofar as this factor addresses due process concerns, this factor weighs neither for nor against the granting of interim rate relief independently.

ii. Factor 2 - Interim rate increase is an extraordinary remedy that should be granted only where an actual emergency exists or where necessary to prevent gross hardship or gross inequity

15 Regarding the second factor pertaining to emergency, gross hardship, or inequity, PSP makes two arguments. First, PSP argues that interim rate relief is warranted because the current tariff does not fund the actual number of full time PSP pilots, which results in a

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[23] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 107, ¶ 362 (November 25, 2020).
[24] Petition at 7, ¶ 18.

significant reduction to individual pilot DNI.[25] Second, PSP states that there is a large deficit between the tariff's target DNI used to set rates and the actual DNI that has been received by the pilots under the current tariff.[26] PSP explains that in "the first tariff year, pilots earned just 74% of target DNI," but goes on to state that it "does not request an interim adjustment to recoup this shortfall, which arguably amounts to a 'mere failure of the currently realized rate of return to equal that approved.'"[27] PSP clarifies that it is "simply asking the Commission to provide interim relief by funding new pilots that have been approved by BPC and have joined (or will imminently join) PSP's membership."[28] As such, Staff focuses its response on PSP's first argument regarding the number of tariff-funded pilots.

16 Staff recommends that the Commission disagree with PSP's argument that rates under the current pilotage tariff are grossly inequitable because PSP's argument conflicts with the rate design of the current tariff. In the prior rate case, the Commission did not determine the number of tariff-funded pilots based on the number of active pilots. Instead, it adopted Staff's proposed methodology to determine the number of tariff-funded pilots by dividing Staff's projected number of vessel assignments in the rate year by the target or average assignment level per pilot based on averaged BPC historical data, and adding one additional administrative pilot.[29] In its prior order, the Commission explained that "[c]alculating the revenue requirement based on [Staff's method] ensures that the *number of pilots represents a fair valuation for the pilotage services provided to vessels*."[30] The

[25] Petition at 4, ¶ 12.
[26] Petition at 4, ¶ 12.
[27] Petition at 4, ¶ 13.
[28] Petition at 4-5, ¶ 13.
[29] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 20-22, ¶¶ 74-75, 24, ¶ 85-86, 30, ¶ 101 (November 25, 2020).
[30] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 27, ¶ 93 (November 25, 2020) (emphasis added).

Commission further stated that "Staff's proposal clearly allows for an upward adjustment in the number of funded pilots when vessel traffic is projected to increase during the rate-effective year."[31] Similarly, the Commission observed that "Staff's proposal provides compensation for PSP pilots when the number of actual working pilots drops below the number of funded pilots."[32]

17 Based on the approach adopted by the Commission, the issuance of additional pilot licenses does not require funding additional pilots in the tariff unless there is also a corresponding increase in projected vessel assignments. That is, if additional pilots are added and there is no change to vessel traffic, then in general all pilots should be performing fewer vessel movements on average, resulting in a relative decrease to DNI per pilot. Staff contends that being paid less for doing less work is not grossly inequitable or otherwise amounts to gross hardship, because the rate-setting method is designed in part to "capture[] the value of pilotage service received by the vessels."[33] Additionally, PSP's request departs from its argument in the last general rate case that "funding the actual number of current pilots would present several problems due to the fluctuating number of pilots, changes in shipping traffic, and variance in vessel size," without addressing these concerns.[34]

18 Furthermore, PSP's organization as an association lends further support to the conclusion that current conditions are not grossly inequitable or result in gross hardship because association pilots bear risk associated with fluctuations in vessel traffic and have

[31] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 30, ¶ 100 (November 25, 2020).
[32] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 27, ¶ 93 (November 25, 2020).
[33] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 30, ¶ 101 (November 25, 2020).
[34] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 22, ¶ 77 (November 25, 2020).

elected to pay all of the pilots equally regardless of workload.[35] As the Commission observed, "PSP's member pilots [] are not employees. Neither have the pilots formed a legal partnership. Although the pilots have an ownership interest in PSP, they have chosen to organize as independent contractors who act 'independently, for profit or loss' but share common services out of shared interest."[36] The Commission also noted that "[p]ilots who receive a salary, rather than DNI, do not share in the risk of a decline in shipping traffic," indicating that PSP pilots have accepted some level of risk that shipping traffic may fluctuate, resulting in potentially lower or higher actual DNI as compared to the target DNI.[37] Indeed, the Commission explained "[t]he authorized DNI amounts per pilot represent an opportunity and not a guaranteed amount in the two-year rate plan. The actual DNI per pilot will depend on the actual number of vessel assignments and PSP's actual expenses to determine the [Total DNI] amount."[38] Therefore, PSP's proposed interim rate relief improperly attempts to shift risk from its member pilots to ratepayers.

19 For these reasons, the Commission should determine that factor two weighs against granting interim relief under these circumstances because PSP has not demonstrated that the current tariff rates are grossly inequitable or impose gross hardship based on the licensing of additional pilots.

iii. Factor 3 - The failure of the currently realized rates to equal the approved rate of return alone is insufficient to warrant interim rates

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[35] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 31, ¶ 103 (November 25, 2020).

[36] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 75-76, ¶ 253 (November 25, 2020).

[37] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 45, ¶ 147 n. 266 (November 25, 2020).

[38] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 52, ¶ 167 n. 298 (November 25, 2020). *See also*, *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 9-10, ¶ 36 (November 25, 2020) ("By setting rates based on the cost of providing service, the Commission sets 'an authorized rate of return which represents an *opportunity*, given wise and efficient management, to earn that return.").

20 Regarding the third factor, PSP suggests that failing to increase the number of tariff-funded pilots amounts to a subsidy to ratepayers by funding additional BPC approved pilots by offsetting against the approved target DNI per pilot in the tariff.[39] PSP further states that requiring such a subsidy would be grossly inequitable and impose a substantial hardship on the pilots.[40]

21 As explained above, when the Commission determined the number of tariff-funded pilots in the last pilotage proceeding, it did so in a manner that "captures the value of pilotage service received by the vessels."[41] It is not clear that the addition of more licensed pilots, in isolation, results in change to the value of pilotage service to vessels. If vessel traffic increases such that pilots are performing more assignments on average, then the pilots overall will receive additional DNI, but if vessel traffic remains constant, then the addition of more licensed pilots will reduce the amount of average vessel assignments per pilots, and correspondingly, the amount of DNI for each pilot. As such, declining to increase the number of tariff-funded pilots does not result in a subsidy, because the number of tariff-funded pilots is related to the average assignment level of an individual pilot as determined in the prior rate case.[42]

22 The Commission should determine that PSP has not shown that declining to increase the number of pilots results in a subsidy to ratepayer vessels, and that such conditions result

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[39] Petition at 5, ¶ 14.
[40] Petition at 5, ¶ 14. To the extent that these arguments, as well as arguments in response to other factors, relate to the analysis under the second factor, the Commission should reject them for the same reasons as stated above regarding factor two.
[41] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 30, ¶ 101 (November 25, 2020).
[42] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 30, ¶ 100 (November 25, 2020).

in gross inequity or gross hardship. Therefore, the Commission should determine that the third factor weighs against granting interim rates under these circumstances.

iv. Factor 4 - Review of all financial indices and demands for immediate and short-term financing and whether the grant or denial interim relief will substantially affect the public interest

23 Turning to the fourth factor, PSP argues that DNI is the primary financial indicator with respect to its request for interim rate relief and that it requires additional short-term and immediate financing to fund additional licensed pilots above the tariff-funded number of pilots.[43] PSP further states that declining to grant interim relief will adversely affect the public interest by failing to sufficiently fund the number of pilots that are necessary to provide safe and sufficient service.[44]

24 As previously noted, PSP has acknowledged that it is not seeking interim rates to recoup the shortfall in DNI under the existing tariff, and that it is seeking interim relief based on the licensing of pilots above the number of tariff-funded pilots.[45] In essence, PSP's asserted need for financing mirrors its arguments regarding the second and third factors, which have already been addressed above. Additionally, Staff submits that the Commission reasonably determined the number of tariff-funded pilots by relying on averaged past BPC data regarding the target assignment level per pilot and Staff's vessel assignment projection, which properly respects the authority of the BPC to regulate pilot staffing and safety issues.[46] Consequently, for the same reasons the Commission should determine that the

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[43] Petition at 5-6, ¶ 15.
[44] Petition at 5-6, ¶ 15.
[45] Petition at 4-5, ¶ 13.
[46] *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 20-22, ¶¶ 74-75, 24, ¶ 85, 30, ¶ 101 (November 25, 2020). *See also*, *Wash. Utils. & Transp. Comm. v. Puget Sound Pilots*, Docket TP-190976, Order 09, 27, ¶ 93 (November 25, 2020) (noting that issues related to pilot safety and fatigue management are properly reserved to the BPC).

second and third factors weigh against granting interim relief, the Commission should also determine that the fourth factor does not favor granting interim relief.

v. Factor 5 - Interim relief should be applied cautiously and only where lack of such relief would result in clear jeopardy to the utility, its stockholders, and ratepayers

25 As to the fifth factor, PSP argues that interim funding is necessary to attract qualified pilotage candidates and prevent "lasting damage to PSP and the reputation of Washington's pilotage system."[47] However, PSP states in its petition that it anticipates that it will have 56 pilots licensed, the maximum number of licenses that the BPC has authorized, before the conclusion of the current rate case.[48] As such, PSP appears poised to have the maximum number of licensed pilots authorized by the BPC in the near future, which indicates that interim rates are not necessary to respond to a short-term or immediate critical pilot shortage. Additionally, the Petition does not suggest that, in the absence of additional interim relief, PSP would be unable to provide safe and reliable pilotage service immediately or in the short term due to retention or training issues. Finally, PSP has not established that the potential reputational harm asserted related to pilot DNI is of such an immediate or short-term character that it must be resolved through extraordinary interim rates rather than as part of the general rate case.

26 Therefore, the Commission should determine that the fifth factor weighs against granting interim relief.

vi. Factor 6 - The Commission must reach its conclusion with its statutory charge to regulate in the public interest in mind and apply reasoned judgment to appropriately weigh all salient factors

[47] Petition at 6, ¶ 16. However, Staff notes that PSP's petition does not provide any citation to its filed testimony or exhibits, making review of the Petition in light of its filing difficult given the substantial amount of material filed by PSP.
[48] Petition at 2, ¶ 4.

27 Finally, regarding the sixth factor, PSP asserts that based on the totality of its evidence filed with its general rate case, adjusting the number of tariff-funded pilots to reflect the licensing of additional pilots is in the interest of the public and ratepayers.[49] As explained above, the Commission should disagree because PSP's proposed interim rate relief conflicts with the rate design of the current tariff, does not result in gross hardship or inequity, attempts to unreasonably shift risk of vessel traffic fluctuation to ratepayers, and is not necessary in the immediate or short-term to address PSP's asserted recruiting, retention, and reputational harms. Furthermore, the Commission should decline to consider PSP's arguments about the failure of the current tariff rates to generate the target DNI as a basis for granting interim relief because relying on those arguments is tantamount to retroactive ratemaking.[50] Finally, PSP's proposed automatic adjuster interim relief is contrary to the public's interest in stable and predictable rates for service. Therefore, the Commission should determine that the sixth factor weighs against granting interim relief.

28 Consequently, based on a consideration of the six interim rate relief factors, the Commission should determine that PSP has not demonstrated that its requested interim rate relief is in the public interest and deny the requested relief.

VII. CONCLUSION

For the reasons stated above, Staff requests that the Commission deny PSP's request for interim rate relief as described in its Petition. Although the Commission may consider changes to the tariff rate design, the Commission should do so deliberately after full review and evaluation of the arguments presented, rather than in an expedited proceeding for

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[49] Petition at 6-7, ¶ 17.
[50] *SFPP, L.P. v. FERC*, 967 F.3d 788, 801 (D.C. Cir. 2020) ("[T]he rule against retroactive ratemaking prohibits . . . adjusting current rates to make up for a utility's over- or under-collection in prior periods.").

interim relief absent extraordinary circumstances or severe emergency. Considering all the circumstances, the addition of more licensed pilots does not warrant such treatment.

DATED this 19th day of July 2022.

Respectfully submitted,

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