

January 31, 2019

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Washington Utilities and Transportation Commission
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COMMISSION

Re: Docket TP-180402, Comments on Marine Pilotage Rate Setting, Procedural Rules 480-07 and Pilotage Rules 480-160, Redraft Version of January 14, 2019 following Stakeholder Session on October 19, 2018

Dear Mr. Johnson:

Puget Sound Pilots (“PSP”) welcomes this opportunity to provide further comments in response to the Commission’s Notice in Docket TP-180402 on September 14, 2018 following what we believe was a very productive stakeholder session on October 19, 2018. On behalf of PSP, I am pleased to submit some brief additional comments regarding the redraft of the rules as we look towards the CR-102 notice being issued soon.

WAC 480-160 Brief overview comments on Pilotage Rules Redraft

PSP supports the revised rules as proposed by the commission staff and notes the rather material reduction in definitional terms which the parties appear to concur should be addressed in the first rate filing for pilotage rates or more specifically defined in the draft WAC 480-07 rules accompanying the Pilotage Rules Redraft which provide definitional guidance in the formatting of rate cases to be filed. PSP also appreciates the revision to nomenclature such as the “pilotage district” reference throughout the draft WAC 480-160 and in general believes the proposed, revised product is a much more succinct summation of rules generally referencing how tariffs are imposed and charges identified by customers.

Comments on Discussion Draft revising draft pilotage rules and proposed changes to WAC 480-07

PSP has no comments, qualifications or concerns about the redrafted rules until WAC 480-07-525 “General rate proceedings – Marine pilotage services in Puget Sound” subsection (4), at the top of page 8 of 11 of the draft. Under the workpapers initial section, the Commission has provided for one paper and one electronic copy of all supporting workpapers for the test period “which is the most recent 12 month period for which financial data are available...”

The Commission staff appears to have accepted our argument that because no other Title 81 industry has a “shelf life date,” (i.e. 9 months prior to the filing date) previously included, it would delete that reference, but the rule now retains the most recent “12-month period” reference. While we understand that a test “year” subsumes a 12-month period, the reference to the most recent 12-month period without any clarification implies that a test period must always be 12 months before the date of a filing. As we explained at the stakeholder session, the selection of the test period which typically may be calendar year, will not always so qualify. In other words, because of the availability or lack thereof of data, its status as to analyses by financial professionals may entail a period of say six months before a filing date, and the 12 months at issue would actually then be prior to that antecedent date. Thus, we recommend simply removing the reference to “which is the recent 12-month period” in the draft rule and state instead, “which is based on a consecutive 12-month period for which financial data are available.”

WAC 480-07-525(4)(j) comments.

We believe, as currently drafted, this rendition of the reference to the timing and accompaniment of a general rate case filing needs to be reconciled with earlier section redraft WAC 480-07-525(1), to the extent that subsection (4)(j) needs to also note, as did subsection (1), the qualification at the beginning of the second section of current WAC 480-07-525(4)(j). In other words, the second sentence in (4)(j) ought to read: “when the filing is suspended and a hearing scheduled, if the testimony, exhibits or workpapers refer to a document, including but not limited to a report study analysis, survey, article or decision, that document must be included as a work paper unless it is a reported court or agency decision, in which case the court reporter citation must be provided in the testimony...”

Again, the need for cross-references and support for articles, studies, analyses referred to in testimony will only occur, as we understand it, and as referenced at the stakeholder session, when the filing is suspended and a hearing scheduled. We believe the latter point is important in that it is not a certainty that a hearing will always be held, i.e, there could be a negotiated settlement precluding a hearing, but anytime a prehearing conference order is entered with a filing suspended, the requirement for supporting prefiled testimony and exhibits would be triggered. Thus, a similar revision to subsection (1), deleting the reference to a “hearing held” and substituting “hearing scheduled” is recommended by the PSP. As for WAC 480-07-525(4)(m), we applaud and strongly endorse the change in language reference from “vessel traffic” to “vessel assignments” and because of the reference to WAC 480-07-525(4), we suggest instead of the previous 12 months reference, that subsection refer to the applicable 12-month period in the circumstance if the test period is not the immediately preceding 12- month period as previously explained.

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Similarly, PSP strongly supports the language in current draft WAC 480-07-525(4)(n), retaining the ability, for ratemaking purposes, to support a varying number of licensed pilots in the UTC rate proceeding for all of the reasons referenced at the stakeholder's session on October 19, 2018.

Another issue that PSP notes in the redraft of the proposed work paper rules is at WAC 480-07-525(4)(q). There, we believe subsection (q) ought to mirror the revenue reconciliation references in subsection (d). We believe the Commission staff in subsection (q) is essentially asking for support for restating and pro forma adjustments, not budget projections and budgets. In other words, the staff is seeking explanations, workpapers and other data on pro forma and restating adjustments and wishes to tie that to projections on vessel assignments, vessel types, vessel tonnage, route information and the number of pilots noted in with respect to the price out of the proposed tariff. As presently worded, subsection (q) seems confusing to us and, in mixing budgetary references and referencing budget projections which, in the context of restating and pro forma adjustments, appears to confuse the requirement for what must be shown. Moreover, PSP does not undertake detailed or elaborate budget projections in its operations and believes that the ratemaking nexus here is to support pro forma and restating adjustments based on factors such as vessel assignments, vessel types, etc., identified in the rule for projecting rate year revenue requirements and price out formatting.

We understand and appreciate that no additional stakeholder session will be scheduled to address these most recent proposed rules. If the Commission requests any further elaborations or comments on these proposed revisions, we would be happy to expediently provide them.

Yours truly,

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