

Exh. MM-56  
Docket TP-220513  
Witness: Michael Moore

**BEFORE THE STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND PILOTS,

Respondent.

Docket No. TP-220513

**EXHIBIT TO TESTIMONY OF  
Captain Michael Moore  
ON BEHALF OF  
PACIFIC MERCHANT SHIPPING ASSOCIATION**

**PSP Response to PMSA DR. No. 64**

**FEBRUARY 10, 2023**

**From:** Charles Costanzo  
**Sent:** Thursday, June 23, 2022 4:52 PM  
**To:** Jay Jennings <jay@nmta.net>; monique@pacificyachtmanagement.com  
**Cc:** Michael Haglund <MHaglund@hk-law.com>; Ivan Carlson - President <president@pspilots.org>  
**Subject:** RE: Confidential Settlement Communication

Hi Jay –

Bringing Mike and Ivan into this since I likely won't be participating in the conversation much after Sunday. I am available to meet tomorrow but I will be out on vacation from Monday 6/17 thru July 13. Mike would be able to have a Teams meeting next week if we cannot make tomorrow work.

As far as the answers to your questions go, I spoke with Mike regarding the 6% phasing out after 15 years and under our proposal there is no surcharge for vessels under 2000 GT – which I think is most of the yachts. The remaining yachts over 2000 GT would likely pay a pension surcharge that is quite small – less than \$100. But the 15 year phase out in the pension surcharge would not apply to the vast majority of the yachts in question.

I think it's fine if you're testimony focuses on items 1 & 4 below. I think the critical elements are that a) PYM and NMTA intervene to b) support the pension deal, and c) speak to the importance of the marine environment to recreational boating. We plan to make introduce a lot of evidence to suggest that pilotage is integral to marine environmental protection. We have the preamble language of the Washington Pilotage Act ([RCW 88.16.005](#)) to draw this nexus.

Let me know if tomorrow works. Otherwise, I've got Mike and Ivan on copy if you want to convene in my absence.

Thank you for reaching out and for giving our proposal some thought!

- Charlie

**From:** Jay Jennings <jay@nmta.net>  
**Sent:** Thursday, June 23, 2022 1:49 PM  
**To:** Charles Costanzo <ccostanzo@pspilots.org>; monique@pacificyachtmanagement.com  
**Subject:** RE: Confidential Settlement Communication

Charlie,

Monique and I would like to meet with you in-person on the 29<sup>th</sup>, hopefully over lunch. We have a few things to verbalize and chat about.

Thoughts and availability?

Jay

Jay Jennings | Vice President & Government Affairs Director

Northwest Marine Trade Association | c: 360 789 7183 o: 206-634-0911

[NMTA: Facebook](#) | [Twitter](#) | [LinkedIn](#)

[Seattle Boat Show: Facebook](#) | [Twitter](#) | [YouTube](#)



**From:** Charles Costanzo <[ccostanzo@pspilots.org](mailto:ccostanzo@pspilots.org)>

**Sent:** Tuesday, June 21, 2022 11:52 AM

**To:** Jay Jennings <[jay@nmta.net](mailto:jay@nmta.net)>; [monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com)

**Subject:** RE: Confidential Settlement Communication

Thanks, Jay! I appreciate the heads up.

**From:** Jay Jennings <[jay@nmta.net](mailto:jay@nmta.net)>

**Sent:** Tuesday, June 21, 2022 11:49 AM

**To:** Charles Costanzo <[ccostanzo@pspilots.org](mailto:ccostanzo@pspilots.org)>; [monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com)

**Subject:** Re: Confidential Settlement Communication

Charlie,

Monique and I will not have the opportunity to discuss this in-depth until late this/early next week.

Jay Jennings

VP, Government Affairs Director

Northwest Marine Trade Association

360 789 7183

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**From:** Charles Costanzo <[ccostanzo@pspilots.org](mailto:ccostanzo@pspilots.org)>

**Sent:** Tuesday, June 21, 2022 1:44:04 PM

**To:** Jay Jennings <[jay@nmta.net](mailto:jay@nmta.net)>; [monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com) <[monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com)>

**Subject:** RE: Confidential Settlement Communication

Hi Jay and Monique –

Circling back on this to confirm your general agreement with the outline below. Please get back to me when you can, and let me know if you have any questions.

- Charlie

**From:** Charles Costanzo  
**Sent:** Monday, June 20, 2022 10:41 AM  
**To:** Jay Jennings <[jay@nmta.net](mailto:jay@nmta.net)>; Monique Webber <[monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com)>  
**Cc:** Michael Haglund <[MHaglund@hk-law.com](mailto:MHaglund@hk-law.com)>  
**Subject:** RE: Confidential Settlement Communication

Hi Jay –

Adding Monique on copy for visibility.

The truncated testimony is my own. Please delete the last version and use the attached version instead. I made some edits and it's a better version. I included the testimony so that you can see what I'm going to say about our pension and PYM/NMTA member vessels. It's incomplete because I have 45 other pages of testimony on other stuff related to pilotage and the tariff. I passed along what's relevant to our discussion.

When PYM/NMTA intervene in the case, it would be ideal for you all to support the following big picture themes:

1. The value of the Puget Sound marine environment to recreational boating.
2. The importance of a "best achievable protection" (BAP) standard regarding marine environmental protection and oil spill prevention.
3. The integral role of pilotage in the BAP standard and the importance of resourcing of the pilotage system in a way that fulfills that important state environmental mission.
4. The funding in the tariff of a transition of PSP's existing pay-as-you-go pension plan to a fully funded defined-benefit plan using one of the two options discussed in the pension-related stakeholder sessions.

If your testimony can hit on those key points, I think it would be very helpful. I cc Mike H. for any additional thoughts on the matter.

- Charlie

**From:** Jay Jennings <[jay@nmta.net](mailto:jay@nmta.net)>  
**Sent:** Monday, June 20, 2022 8:22 AM  
**To:** Charles Costanzo <[ccostanzo@pspilots.org](mailto:ccostanzo@pspilots.org)>  
**Subject:** Re: Confidential Settlement Communication

Thanks Charlie.

Please lay out again the principles/position we'd be obligated to support. (IE are you asking us to support the new tariff rate filing, or simply the yacht discount in exchange for pension transition? ).

Was your strong testimony incomplete because it is for us to write? or was the document inadvertent chopped in transmission?

Jay Jennings  
VP, Government Affairs Director  
Northwest Marine Trade Association

360 789 7183

**From:** Charles Costanzo <[ccostanzo@pspilots.org](mailto:ccostanzo@pspilots.org)>  
**Sent:** Sunday, June 19, 2022 10:09:41 PM  
**To:** [monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com) <[monique@pacificyachtmanagement.com](mailto:monique@pacificyachtmanagement.com)>; Jay Jennings <[jay@nmta.net](mailto:jay@nmta.net)>  
**Cc:** Michael Haglund <[MHaglund@hk-law.com](mailto:MHaglund@hk-law.com)>; Ivan Carlson - President <[president@pspilots.org](mailto:president@pspilots.org)>  
**Subject:** Confidential Settlement Communication

Hi Monique and Jay -

I hope you both had lovely weekends and Monique, I hope the trip to the Great White North was relaxing.

I wanted to confirm our settlement discussions regarding the rates that PSP will propose for foreign yachts of less than 2000 gross tons and the commitment of PYM and NMTA to intervene in the PSP rate case and support the adoption of the "best achievable protection" standard regarding funding of the pilotage system in Puget Sound and the funding in the tariff of a transition of PSP's existing pay-as-you-go pension plan to a fully funded defined-benefit plan using one of the two options discussed in the pension-related stakeholder sessions.

With respect to the rates for foreign yachts, PSP will propose in the new tariff that foreign yacht pilotage rates in three categories be reduced to 60% of the current rates in those categories. The three categories are the tonnage charge where all yachts are currently billed for a \$1410 minimum charge, the shift charge where yachts are billed for a \$1210 minimum charge and the hourly pilot service fee charge of \$244.50. In the new tariff that we have submitted, these charges will change to \$846, \$726 and \$146.70, respectively. We feel this financial relief is appropriate given the lower marine safety risk associated with piloting these vessels.

Attached is a spreadsheet containing all 43 foreign yacht pilotage jobs in 2021 that shows the significant savings associated with these changes compared to the rates in existence during 2021.

At this point, when PSP files its rate case later this month, my testimony will include a report on the results of the pension-related stakeholder process that includes a statement regarding the agreement reached with PYM and in NMTA on tariff funding of one of the two defined benefit pension plan options presented during the stakeholder process. I will also report on the proposed reduction in foreign yacht rates. Attached are those portions of my testimony that include both the pension stakeholder process report and PSP's proposed new rates for foreign yachts. It's important that you review my draft testimony and confirm that it matches up with our mutual understanding.

I will plan on touching base with you both by telephone tomorrow.

- Charlie



Charles Costanzo  
Executive Director  
Puget Sound Pilots  
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