

**Exh. JNS-10T
Docket TP-220513
Witness: Jaclynn Simmons**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND PILOTS,

Respondent.

DOCKET TP-220513

REBUTTAL TESTIMONY OF

JACLYNN SIMMONS

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Individual Expense Account Adjustments

March 3, 2023

TABLE OF CONTENTS

I. INTRODUCTION1

II. SCOPE AND SUMMARY OF TESTIMONY1

III. DISCUSSION2

 A. Correction to JNS-22

 B. Diversity, Equity, and Inclusion (DEI) Accounts.....3

 C. Fuel Expenses for Seattle and Juan de Fuca5

 D. Legal and Consulting Expenses6

1 I. INTRODUCTION

2

3 Q. Please state your name and business address.

4 A. My name is Jaclynn Simmons, and my business address is 621 Woodland Square
5 Loop SE, Lacey, Washington, 98503.

6

7 Q. Are you the same Jaclynn Simmons who filed testimony in this docket on
8 February 10, 2023, on behalf of Commission Staff?

9 A. Yes.

10

11 II. SCOPE AND SUMMARY OF TESTIMONY

12

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

14 A. I offer a correction to an exhibit submitted with my direct testimony, and I present
15 Staff's response to testimony from Pacific Merchant Shipping Association (PMSA)
16 witnesses Captain Michael Moore and Kathleen Nalty concerning Diversity, Equity,
17 and Inclusion (DEI); fuel costs; and legal expenses.

18

19 Q. What adjustments do you address in your cross-answering testimony?

20 A. I address the following expense accounts:

- 21 • Account 50880-009 DEI Donations
- 22 • Account 52560-008 Puget Sound, Fuel
- 23 • Account 52660-008 Juan de Fuca, Fuel

1 **Q. Please summarize your recommendations.**

2 A. Staff recommends that the Commission follow Staff's adjustments for the DEI
3 accounts and only allow the training expense of \$20,000 in the rates but review the
4 DEI donation account at the next general rate case if PSP supplies the proper support
5 for the account. Staff further recommends the Commission to follow Staff's
6 adjustment in fuel costs by using the Commission's practice of the most current 12
7 months of fuel costs. Finally, Staff recommends that the Commission use Order 09 to
8 decide on amortization of the fees regarding legal and consulting costs.

9

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

11 A. Yes. Staff revised JNS-2, with the revised exhibit designated as JNS-2r.

12

13 **III. DISCUSSION**

14

15 **A. Correction to JNS-2**

16

17 **Q. Did you have any corrections or revisions to the exhibits you have previously**
18 **filed?**

19 A. Yes. Based on data requests, Staff has revised JNS-2 to correlate to Staff's
20 workpapers for Pilotage fees earned, license fees-pilots, pilot pension, and B&O
21 taxes.

22

23

1 **Q. What specifically does Staff wish to revise?**

2 A. Staff inadvertently left out a few adjustments that were in Staff's workpapers but not
3 listed in Staff's Exh. JNS-2. Those accounts and adjustments are as follows: (1)
4 Pilotage fees earned was listed as \$5,593,349 and should have been \$5,469,798; (2)
5 License fees-pilots, Staff missed adding in PSP's pro forma amount of \$19,500; (3)
6 Pilot pension, Staff missed adding in PSP's pro forma amount of \$902,438; and (4)
7 B&O taxes should have been included in the amount of \$105,046 but was listed as
8 \$107,359.

9
10 **B. Diversity, Equity, and Inclusion (DEI) Accounts**

11
12 **Q. Did Staff review PMSA witness Captain Moore's testimony concerning the DEI**
13 **Accounts?**

14 A. Yes. Staff also requested more information, which PMSA provided in response to a
15 data request.

16
17 **Q. What does witness Captain Moore recommend regarding the DEI costs?**

18 A. Captain Moore suggested an adjustment of \$22,150 for DEI training costs to be
19 allowed into rates in his response to Data Request No. 1 from Staff. He also suggests
20 that the expenditures booked in the DEI Donation account should not be allowed into
21 rates as this account includes memberships and dues because PMSA contends that
22 these membership costs are not recoverable in rates.

23

1 **Q. Does Staff agree with the DEI adjustments made by PMSA?**

2 A. Yes. Staff agrees with PMSA that DEI training costs should be allowed as an
3 expense, but Staff recommends the amount PSP had in the Results of Operations,
4 \$20,000. Staff makes this recommendation because that is the properly supported
5 amount that PSP put into their rate calculations after removing \$2,150 incurred for
6 membership dues, which Staff agrees should not be in rates.

7 Staff also agrees that the costs in the DEI donation account should not be
8 allowed as expenses. This results from the fact that PSP did not provide Staff with
9 evidence of known and measurable costs associated with this account as explained in
10 JNS-1T.

11 Staff further recommends that the Commission review this account (DEI
12 Donations) in another general rate case and consider allowing recovery of any future
13 costs if PSP can properly support its claims with evidence.

14

15 **Q. Did Staff review the testimony of Katheen Nalty regarding DEI?**

16 A. Yes.

17

18 **Q. Does Staff have any recommendations regarding Ms. Nalty's testimony?**

19 A. Staff does not have any recommendations regarding Ms. Nalty's testimony. Staff
20 agrees on the importance of DEI work and Staff stands by the adjustments in the
21 testimony of JNS-1T.

22

23

1 **Q. Does this conclude your response to the DEI accounts?**

2 A. Yes.

3

4 **C. Fuel Expenses for Seattle and Juan de Fuca**

5

6 **Q. Did Staff review PMSA witness Captain Moore's recommendation for the fuel**
7 **expense account?**

8 A. Yes.

9

10 **Q. What did PMSA witness Captain Moore recommend concerning the fuel**
11 **expense account?**

12 A. Captain Moore agreed with how PSP adjusted for the higher costs of fuel by taking
13 the most current fuel price, \$4.39 per gallon, and multiplying that unit cost by the
14 total average gallons used over the last five years to get the new fuel costs.

15

16 **Q. What are Staff's recommendations?**

17 A. Staff recommends that the Commission reject PMSA's proposed adjustment. The
18 Commission generally uses the average cost of fuel over a 12-month period when
19 making adjustments for fuel costs. Staff believes that this best captures the
20 fluctuation in fuel costs without overstating costs. The Commission should apply the
21 same procedure here and base the adjustment on the 12-month average cost of fuel.
22 Staff, in its adjustment, used the June 2021-June 2022 data to calculate fuel costs,
23 and the Commission should base rates on the number produced by Staff. Staff would

1 have preferred using a more recent 12-month average based on the months of
2 January 2022- December 2022, but PSP could not or would not supply the invoices
3 necessary to use that data.
4

5 **Q. Are there any other recommendations for this account adjustment by PMSA?**

6 A. No.
7

8 **D. Legal and Consulting Expenses**
9

10 **Q. Did Staff review the testimony of Captain Moore regarding Legal and**
11 **Consulting expenses?**

12 A. Yes.
13

14 **Q. Does Staff have any recommendations for Legal and Consulting expenses?**

15 A. Yes. Staff would like to reiterate Staff's recommendations from JNS-1T.
16 Specifically, Staff recommends that the Commission allow the amortization of rate
17 case specific items over three years and allow the amortization of incurred litigation
18 expenses over seven years. Staff's recommendation accords with the Commission's
19 general practices and the guidance offered by the Commission in Order 09 in PSP's
20 last rate case. Because seven years have not yet elapsed since PSP's last rate case,
21 Staff recommends amortizing the remaining amounts over the rest of the seven-year
22 period for years 2024, 2025, 2026 and 2027. This amount for Legal fees is \$56,118
23 and for Consulting fees is \$16,837 as stated in JNS-1T.

1 PMSA expresses concern with the increasing costs of legal and consulting
2 fees. Staff understands this concern. Staff asked PSP to provide invoices for some of
3 these consulting fees; PSP in answer provided redacted invoices that only included
4 the cost and dates. Given the lack of verifiable cost data, Staff witness Mike Young
5 recommended an adjustment to remove these costs, reducing the revenue
6 requirement by \$117,697.00.

7

8 **Q. Does Staff have any more recommendations to Legal and Consulting expenses**
9 **in the testimony of Captain Moore?**

10 A. No.

11

12 **Q. Does this conclude your testimony?**

13 A. Yes.