

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,**

v.

**PUGET SOUND PILOTS,
Respondent.**

Docket TP-220513

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

MARCH 3, 2023

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1 I. IDENTIFICATION OF WITNESS

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

4 A: My name is Weldon Burton. I am a CPA licensed in Washington for the last
5 48 years. My business address is: 2 S 56th Place, Suite 201-E, Ridgefield, WA 98642.

6
7 **Q: Did you previously submit testimony in this proceeding?**

8 A: Yes. On June 29, 2022, under Exh. WTB-1T and on October 31, 2022, under Exh.
9 WTB-04T.

10
11 II. PURPOSE OF TESTIMONY

12
13 **Q: What is your purpose in submitting rebuttal testimony in this proceeding?**

14 A: I am responding to the responsive testimony of staff witnesses Mike Young and
15 Jaclynn Simmons. I am also responding to the responsive testimony of Mike Moore from
16 PMSA.

17 For staff witness Mr. Young, I'm specifically addressing pension expenses, health
18 insurance costs, consulting expenses, and pilot boat repair costs.

19 For staff witness Ms. Simmons, I'm addressing proposed adjustments related to travel
20 and promotions, employee reimbursements, PPP loan, fuel, legal, consulting, and training
21 expenses.

1 And for PMSA witness Mike Moore, I'm addressing total distributive net income
2 (TDNI), operating expenses, transportation expenses, pilot license insurance and fees, and
3 legal expenses.

4
5 **Q: Are all transportation industry rate cases at the UTC prepared and presented the**
6 **same as marine pilotage rate cases?**

7 A: No, they aren't. The UTC also regulates the rates of several other transportation
8 industries including solid waste companies, ferry companies, and passenger transportation
9 companies, which all use different methods for deriving the revenue requirement.

10 Solid waste companies use an LG model which considers capital investments and risk.
11 Ferry companies use an operating ratio methodology which caps profit at seven percent.
12 Passenger transportation companies have an option to use an operating ratio methodology for
13 rate increases or they may elect a flexible fare option that allows the company to change rates
14 within a band, based on market conditions. This method is briefly referred to by Mr. Young
15 in his testimony.¹

16
17 **Q: Why is this a concern for you?**

18 A: This concerns me because marine pilotage is a brand-new industry being regulated by
19 the UTC. As such, it has no other industry to look to in order to conform its fillings with the
20 UTC. I think it would have been beneficial if staff had led the technical workshop to address
21 rate of return methodology in the context of setting rates for pilotage service. This would
22 have helped all parties to better understand the rate setting process at the UTC.

¹ 220513 Staff Exh. MY-1T at 10:9 (220513-Staff-Testimony-Young-2-10-23)

1 **Q: Was the inaugural PSP general rate case the first formal general rate case for**
2 **which you were the primary accounting witness.**

3 A: Yes.

4

5 **Q: And what did you learn about how test years and rates years apply in formal**
6 **contested rate cases at the UTC?**

7 A: Every company that files a rate case with the commission must use a test year that
8 consists of the most recent 12 months of available data. Since most of the rate cases that I
9 submit to the UTC on behalf of clients are 30- or 45-day informal rate cases, the test year and
10 the rate year are often consecutive years. But in a formal rate case, like this one, the test year
11 and the rate year are often separated by an entire year.

12

13 **Q: Can you provide an example of what you are referring to?**

14 A: Yes. If a regulated solid waste company wants to raise its regulated rates, it must first
15 file a rate case with the UTC at least 45 days prior to the proposed effective date of the new
16 rates. So, the company might submit a rate case on July 16, using the previous calendar year
17 test period, for an effective date of September 1. In this situation, the rates would go into
18 effect during the year after the test year.

19 But for a formal rate case, the suspension period is ten months, as opposed to 45 days.
20 Therefore, it takes almost a full year for that rate case to be audited and adjudicated, and new
21 rates would go into effect almost a full year after the test year.

22

23 **Q: What test year and rate effective year was used for this case?**

1 A: PSP used a 2021 test year based on its audited financial statements for the 2021
2 calendar year. Understanding that the UTC sets rates on a pro forma basis, and that a formal
3 contested case runs over approximately ten months, restating adjustments were made to
4 correct bookkeeping errors and to remove out of period adjustments, as required by rule. Pro
5 forma adjustments were made based on the most recent known and measurable information,
6 understanding that the resulting rates of this case would go into effect in 2023.

7

8 **Q: Do you have any concerns about staff's testimony?**

9 A: Yes. It's unclear which staff revenue requirement model the parties should rely on
10 because there are two staff results of operations presented with two different DNI amounts.
11 Additionally, not all of staff's proposed adjustments have supporting workpapers. Finally,
12 both staff witnesses propose adjustments to a single account, so we are uncertain which
13 adjustments have been included in staff's proposed revenue requirement.

14

15 **Q: Can you provide an example of what you are referring to?**

16 A: Yes. For example, in Ms. Simmons' testimony, she refers to two restating
17 adjustments (both identified as R-9), but one R-9 adjustment is proposing to remove expenses
18 from the conference and travel account (\$21,862.57), and the other R-9 adjustment is
19 proposing to remove expenses from the employee reimbursement account (\$370). Ms.
20 Simmons also recommends that the entirety of the employee reimbursement account be
21 eliminated (\$3,227) in staff adjustment R-8, even though she proposes an adjustment to that
22 account in one of her R-9 adjustments.

1 Also, Mr. Young proposes an adjustment to finance charges, but offers no testimony
2 discussing the adjustment, and there are no workpapers explaining the calculations.

3
4 **Q: Do you have any concerns about staff exhibits?**

5 A: Yes. As mentioned above, staff presented two pro forma models. Also, it seems there
6 are adjustments proposed in those pro forma models that aren't discussed in testimony.
7 Therefore, it's unclear which adjustments are actually included in the proposed revenue
8 requirement.

9
10 **A. Rebuttal of the Testimony of Mike Young for Commission Staff**

11
12 **Q: Have you read the testimony of Mike Young for commission staff?**

13 A: Yes.

14
15 **Q: Do you agree with his claim that PSP used stale data to support its rate case?**

16 A: No. It takes a lot of time to prepare a general rate case for the UTC. First the
17 company must close its proposed test year (calendar or fiscal year) to start building a rate
18 case. And it takes time to organize that financial data into a regulatory format for submission
19 to the UTC. It also takes time to identify adjustments, to write testimony to support those
20 adjustments, to develop exhibits to present those adjustments, and to tie out all proposed
21 adjustments to the proper exhibits. This is just for the economic portion of the rate case.
22 Given these demands, PSP used the most current data available for this rate case.

1 **Q: Do you agree with Mr. Young’s claim that PSP refused to provide requested**
2 **information?**

3 A: No. Understanding that the economic support for this case was being supplemented, I
4 stated in my supplemental testimony, “supporting workbooks containing more detailed
5 support for PSPs proposed adjustments can be provided.” These were provided when
6 requested by staff. Additionally, in four of the data request responses sent to staff, PSP
7 specifically asked for clarification of what staff believed to be needed. PSP was fully
8 responsive to staffs’ requests.

9

10 **1. Accounting for Callbacks**

11 **Q: In his testimony, Mr. Young questioned the inclusion of PSP’s cost of callbacks**
12 **included in the revenue requirement. Do you agree with Mr. Young?**

13 A: Yes. Based upon the Commission's Directive in Order 9 regarding accrual accounting
14 for callbacks and PSP's implementation of that directive as described in its 2021 audit, which
15 is discussed in the testimony of Jessica Norris, we agree that the PSP revenue requirement
16 should be reduced by \$389,350.

17

18 **2. Pilot Pension**

19 **Q: Turning now to the adjustments proposed by Mr. Young. Have you reviewed**
20 **Mr. Young’s testimony regarding pilot pension expenses?**

21 A: I have.

22

1 **Q: Do you have any response to his recommendation that these expenses be**
2 **disallowed in total?**

3 A: Yes, I do. The commission stated that the current pay-as-you-go program should be
4 maintained for the time being². And while it's true that PSP and PMSA were unable to come
5 to a resolution with regard to how changes should be made to PSP's current "pay-go" pension
6 program, this should not result in the denial of funds necessary to meet current pension
7 obligations to retired PSP pilots.

8 PSP is still obligated to meet its burden of funding its existing "pay-go" pension plan in
9 effect for PSP pilots. PSP's pension obligation is dictated by the number of retired pilots,
10 which is known and measurable. Since the end of the 2021 test year, PSP had two pilots turn
11 70 years of age (mandatory retirement age for pilots), and two other pilots retired.

12

13

3. Pilot Medical

14 **Q: Have you reviewed Mr. Young's testimony regarding pilot medical?**

15 A: Yes, I have.

16

17 **Q: Can you explain your understanding of this proposed adjustment?**

18 A: Sure. Mr. Young states that staff believes it is appropriate to offer health insurance as
19 part of PSP's compensation package and that the commission agrees with this.

20

21 **Q: Do you agree with this rationale?**

² 190976 Order 09 at 58:¶191

1 A: I don't. While PSP is an association of member pilots, all of which are considered
2 independent contractors, they are also owners of PSP. In my almost 48 years of advising
3 large and small independently owned businesses, health insurance cost is included in
4 determining customer charges for products or services. There is no law that states that owners
5 or independent contractors cannot have medical insurance paid for, on their behalf, by the
6 company that they work with. Also, it is common commission practice to allow executives
7 and owners of other regulated industries to have medical insurance included in rates, some of
8 which are earning salaries much higher than PSP pilot DNI. Those standards and metrics
9 should apply across similar industries to account for similar compensation structures, in my
10 opinion.

11

12

4. Consulting Expenses

13 **Q: Have you reviewed Mr. Young's testimony regarding consulting expenses?**

14 A: Yes.

15

16 **Q: What expenses are included in Mr. Young's proposed restating adjustment (R-
17 16) to consulting expenses?**

18 A: Mr. Young's proposed restating adjustment R-16 includes the removal of all
19 consulting expenses paid to Tabler Consulting, LLC and RedCloud Consulting, Inc. during
20 the test year.

21

22 **Q: Please discuss Mr. Young's removal of expenses for Tabler Consulting.**

1 A: Mr. Young recommends removing all expenses paid to Mr. Walt Tabler, of Tabler
2 Consulting. He states that the work Mr. Tabler performed was either non-recurring or that the
3 expense is already included in rates.

4

5 **Q: Do you agree with Mr. Young's analysis of Mr. Tabler's consulting expenses?**

6 A: I don't.

7

8 **Q: Can you explain why you disagree?**

9 A: PSP has been utilizing Tabler Consulting for many years, including when there was an
10 executive director. While the services he provided during the test year involved a non-
11 recurring issue, PSP's relationship with this vendor will continue on a recurring basis.

12

13 **Q: Then you also disagree with Mr. Young's exclusion of the Tabler Consulting**
14 **expenses?**

15 A: Yes. PSP intends to continue to use Tabler Consulting going forward, even though
16 PSP now has an executive director, some of Mr. Tabler's expenses may involve non-recurring
17 issues, while Tabler Consulting will continue to provide recurring services that are useful
18 and necessary for PSP's continued success. Therefore, the expenses paid to Tabler
19 Consulting should be included in the revenue requirement and recovered in rates.

20

21 **Q: Can you now speak about Mr. Young's removal of the RedCloud Consulting**
22 **expenses also included in staff adjustment R-16?**

23 A: Yes. Mr. Young proposed removing all expenses paid to RedCloud Consulting.

1 **Q: Please explain Mr. Young’s adjustment for RedCloud Consulting.**

2 A: Mr. Young states that staff has concluded that the work performed by RedCloud was
3 not completed and therefore does not provide any used or useful product that would
4 contribute to the provision of pilot services. He therefore recommends removing the entirety
5 of these expenses.

6

7 **Q: Do you agree with Mr. Young on this issue?**

8 A: No. The work performed by RedCloud Consulting was suspended, not cancelled, and
9 it continues to be used and useful. PSP entered into this venture as a result of the previous
10 rate case, to help improve efficiencies. It was out of an abundance of caution that PSP
11 suspended the work of RedCloud Consulting because it wanted to be sure that the work
12 completed to date was in line with what the commission intended, prior to continuing the
13 project.

14

15 **Q: What is your response regarding the exclusion of Red Cloud’s expenses?**

16 A: Because the preliminary results of RedCloud’s work were extremely positive, PSP
17 intends to resume the integration and implementation of RedCloud services in 2023 to
18 continue to improve dispatch efficiencies. This work is necessary to further PSP’s efficiency
19 and comply with the Commission’s directive to have the costs associated with that endeavor
20 allowed in this rate case.

21

22

5. Pilot Boat Repair Costs

23 **Q: Have you read Mr. Young’s testimony regarding pilot boat repair costs?**

1 A: Yes.

2

3 **Q: For which pilot boat is Mr. Young proposing this adjustment?**

4 A: The Juan de Fuca pilot boat.

5

6 **Q: Do you agree with this adjustment?**

7 A: I don't.

8

9 **Q: What is your understanding of this adjustment?**

10 A: Mr. Young is proposing that the annual maintenance amount of \$125,316 be
11 amortized over five years.

12

13 **Q: Do you agree with this reasoning?**

14 A: No. The amount of \$125,316 is the annual amount that is needed for the preventative
15 maintenance of the pilot boats,³ therefore this expense should not be amortized.

16

17

6. Other Adjustments

18 **Q: Are there other adjustments proposed by Mr. Young, that he did not discuss in
19 his testimony, that you would like to address?**

20 A: As mentioned earlier, there are some adjustments I've found in his workpapers that he
21 doesn't discuss in testimony.

22

³ 220513 Exh. WTB-09 - Pilot Boat Maint Schedule

1 **Q: Why is this important in this situation?**

2 A: It appears that Mr. Young proposed adjustments in his exhibit titled, “Staff of
3 220513-PSP-Exh-WTB05-Burton-Supp-T-9-9-22” but he doesn’t testify to them. Some
4 adjustments proposed by Mr. Young do not have testimony or supporting workpapers. So,
5 it’s quite difficult to determine what adjustments have been used to come to the proposed
6 revenue requirement, which is \$24,841,793, according to Mr. Young and \$25,884,501,
7 according to Ms. Simmons.

8

9 **Q: Can you provide some specific examples?**

10 A: Mr. Young does not discuss in testimony what calculations went into the revenue
11 requirement calculation. Therefore, I’m unclear as to how the adjustments proposed by staff
12 result in his proposed revenue requirement of \$24,841,793, which keeps pilot DNI constant at
13 \$410,075 and only allows an increase for the PSP proposed 2023 pilot medical amounts of
14 \$1,885,345.

15 Mr. Young also did not discuss in testimony the TOTE motion for reconsideration and
16 the resulting deferred accounting treatment of certain expenses. However, it appears that he
17 excluded this amount from the revenue requirement calculation without explanation.

18 Mr. Young also includes a proposed adjustment to finance charges of \$10,427 but
19 does not provide any testimony or exhibits to explain how this amount was calculated.

20

21 **Q: Are there any other adjustments proposed by Mr. Young that you would like to**
22 **discuss before moving on to Ms. Simmons’ testimony?**

23 A: Not at this time.

1 **B. Rebuttal of the Testimony of Jaclynn Simmons for Commission Staff**

2
3 **Q: Have you read the testimony of Jaclynn Simmons for commission staff?**

4 A: Yes.

5
6 **1. Account 53700**

7 **Q: Have you reviewed all of Ms. Simmons's adjustments to account 53700?**

8 A: I have, but it's unclear how Ms. Simmons has presented these adjustments.

9
10 **Q: Can you explain what is included in account 53700?**

11 A: This account, presented on the results of operations tab of Exh. WTB-05, combined
12 accounts 53700-007 (employee reimbursements) and 53700-009 (travel and promotions),
13 from the 12-month P&L tab of WTB-05, as stated in my supplemental testimony,⁴ for a total
14 of \$30,595.

15
16 **Q: Can you explain your understanding of the adjustments Ms. Simmons proposes**
17 **for this account?**

18 A: She proposes two R-9 staff adjustments, one for the travel and promotions account and
19 one for the employee reimbursements account. However, in staff's proposed adjustment R-8,
20 she is removing the entirety of the employee reimbursement expenses.

21
22 **Q: Can you briefly explain how these adjustments were presented by Ms. Simmons?**

⁴ 220513 PSP Exh. WTB-04T at 2:6-9

1 A: On page 7 of Ms. Simmons response testimony, she speaks to adjustment R-9 and R-
2 8. Staff adjustment R-9 removes unallowable expenses from account 53700-009. And staff
3 adjustment R-8, she states, “brings the per books total of \$30,595 to match the general ledger
4 total of \$27,368.” But the per books total for account 53700-009 is \$27,368 and the per books
5 total for account 53700-007 is \$3,227. These two accounts were combined (under account
6 53700-) in the results of operations tab of Exh. WTB-05.

7 On page 8, of this testimony, Ms. Simmons proposes an adjustment to account 53700-
8 007, Employee Reimbursements, also identified as staff adjustment R-9, which proposes
9 removing \$370.

10

11 **Q: Do you agree with the adjustments that she proposes to this account?**

12 A: Partly. I agree with one of staff’s proposed R-9 adjustments, I agree with part of the
13 second R-9 adjustment, and I do not agree with staff adjustment R-8.

14

15 **Q: Can you please elaborate on which R-9 staff adjustment you are referring to?**

16 A: Of course. I agree with the first proposed R-9 adjustment from Ms. Simmons, in
17 which she proposes removing \$23,490 in unallowable expenses from the travel and
18 promotions account (53700-009).

19 I do not agree with the second proposed R-9 adjustment. Ms. Simmons states that this
20 adjustment is to remove \$370, from the employee reimbursement account (53700-007)
21 because “ratepayers did not cause PSP to incur those costs to provide service and they should
22 be removed.”⁵

⁵ 220513 Staff Exh. JNS-1T at 9:1-2 (220513-Staff-Testimony-Simmons-2-10-23)

1 **Q: Please discuss why you disagree with the second R-9 adjustment proposed by Ms.**
2 **Simmons.**

3 A: Included in the \$370 amount that Ms. Simmons proposes removing, is \$150 for
4 firewood that was purchased by a PSP employee. On occasion heating with firewood,
5 especially as an emergency backup out at the end of the spit in Port Angeles is reasonable.
6 That this item was purchased through an employee is immaterial.

7
8 **Q: How should this difference for the second R-9 adjustment proposed by staff be**
9 **remedied?**

10 A: The \$150 expense for firewood is a reasonable expense and should be allowed to be
11 recovered in rates.

12
13 **Q: Please explain why you don't agree with staff adjustment R-8.**

14 A: Ms. Simmons claims that she is making adjustment R-8 "to bring the per books total
15 of \$30,595 to match the general ledger total of \$27,368." However, as stated in my
16 supplemental testimony, some expense accounts from the 12-month profit and loss statement
17 were combined for simplicity on the Results of Operations tab of Exh. WTB-05.⁶ And the per
18 books amount shown in the third column of that tab, shows the total for all 53700 accounts,
19 from the 12-month P&L tab, which includes \$27,368 for travel and promotions (account
20 53700-009) and \$3,227 for employee reimbursements (account 53700-007). PSP's response

⁶ 220513 PSP Exh. WTB-04T at 2:8-9

1 to PMSA DR 467⁷ also elaborates on the combination of certain accounts for the presentation
2 of PSP's results of operations.

3 Because staff also proposes an adjustment of \$370 (Ms. Simmons' second R-9
4 adjustment) to the Employee Reimbursement account, I do not believe her intent was to
5 remove the entirety of account 53700-007. Therefore, I do not agree with adjustment R-8,
6 and this expense should remain as an expense to be recovered in rates.

7

8 **2. Miscellaneous - Other**

9 **Q: Have you reviewed Ms. Simmons' proposed adjustment (R-12) to account 52050-**
10 **009 Miscellaneous - Other?**

11 A: Yes, I have.

12

13 **Q: Can you tell us what was included in account 52050-009 Miscellaneous – Other?**

14 A: This was the account that PSP used to record the forgiveness of the Paycheck
15 Protection Program (PPP) funds that were received in 2020.

16

17 **Q: Do you agree with staff's proposal to remove this amount from expenses?**

18 A: No.

19

20 **Q: Please explain why you don't agree with staff's adjustment?**

21 A: The PPP program was a loan designed to provide a direct incentive for small business
22 to keep their workers on payroll. Puget Sound Pilots applied for a First Draw PPP Loan on

⁷ 220513 Exh. WTB-10- PSP response to PMSA DR 467

1 April 15, 2020, with funding received on or about May 5, 2020, for payroll cost, rents and
2 business utility costs. The entire loan of \$362,969.06 was forgiven on or around July 23,
3 2021.

4 Ms. Simmons proposed⁸ to include the amount of \$362,969 as regulatory income but
5 did not make an adjustment to regulatory income.

6 From the earliest days of public utility regulation, courts have recognized a rule
7 against retroactive ratemaking, which prohibits a public utility commission from setting future
8 rates to allow a utility to recoup past losses, or which requires a utility to refund "excess
9 profits" to consumers. Rates are established prospectively only, based on estimates of the
10 revenues and expenses applicable in the future period.

11 While rate cases can be initiated by utilities seeking a change in rates, they can also be
12 initiated by a regulatory commission, but only with the purpose of changing rates in the
13 future. Rates which have been set and been in force may be changed prospectively only, and
14 only where the regulator finds they are not "just and reasonable" or where they are excessive.

15 To classify the forgiven loan would violate the regulatory principle of retroactive rate
16 making. See *Niagara Mohawk v. P.S.C.*, 54 A.D. 2d 255 (N.Y. App. Div. 1976).

17

18

3. Fuel Expenses

19 **Q: Have you reviewed the adjustment (R-7) proposed by Ms. Simmons to fuel**
20 **expenses?**

21 A: Yes, I have.

22

⁸ 220513 Staff Exh. JNS-1T at 11:22 (220513-Staff-Testimony-Simmons-2-10-23)

1 **Q: Can you discuss Ms. Simmons' adjustment to Account 52560-008 Puget Sound,**
2 **Fuel?**

3 A: Ms. Simmons states that commission practice is to use the most recent 12 months of
4 fuel costs. However, she uses July 2021 through June 2022, rather than the most recent 12
5 months.

6

7 **Q: Was this same methodology used for her adjustment to Account 52660-008 Juan**
8 **de Fuca, Fuel?**

9 A: It was.

10

11 **Q: What is your understanding of "commission practice" regarding fuel**
12 **adjustments?**

13 A: It is my understanding that fuel expenses are to be updated to the most recent 12
14 months, as stated by Ms. Simmons, but that the "most recent 12 months" is the most recent
15 data that is available prior to rate implementation.⁹

16

17 **Q: Is this how you calculated the proposed fuel expense adjustment in PSP's**
18 **adjustment P-18?**

19 A: No it isn't. Understanding that the fuel expense would be adjusted to the most recent
20 12 months, I simply took the test year gallons and multiplied them by the price per gallon
21 known in June 2022.

22

⁹ WAC 480-70-346

1 **Q: How do you propose we remedy these differences for this adjustment?**

2 A: Because of the continued volatility of fuel prices, the fuel adjustment should be
3 updated to reflect the actual most recent 12 months of fuel expenses prior to rate
4 implementation.

5

6 **4. Legal Expenses**

7 **Q: Now turning to legal expenses. Have you read Ms. Simmons' testimony related to**
8 **legal expenses?**

9 A: I have, yes.

10

11 **Q: How many adjustments is Ms. Simmons proposing for PSP's attorney costs?**

12 A: Ms. Simmons proposes three adjustments to attorney costs: two restating adjustments
13 (R-11 and R-13) and one pro forma adjustment (PF-3).

14

15 **Q: Please explain Ms. Simmons' proposed adjustments R-11 and PF-3.**

16 A: Ms. Simmons states the reason for proposed adjustment R-11 is to restate "test year
17 results to remove \$131,331 of legal fees, which includes PSP's adjustment R-04 of \$4,658,
18 and amortizing the rate case specific costs over three years. This produces an amortization
19 expense of \$39,119 (PF-3)."

20

21 **Q: Do you agree with Ms. Simmons regarding these adjustments?**

22 A: I don't, but I believe that the discrepancy is a result of a calculation error that flowed
23 through to the other adjustments.

1 Issues in which we agree:

- 2 • total test year legal expenses are \$462,577,
- 3 • total test year general legal expenses are \$335,903,
- 4 • it is proper to remove the double payment to a vendor, \$4,658.

5

6 Therefore, the following formula is true:

Per Books Attorney Expenses ¹⁰	\$462,577
General legal expenses included in test period	335,903
Double Payment to Vender PSP Adjustment R-04	4,658
Total rate-case specific expenses to be amortized over 3 years ¹¹	<u>\$122,016</u>

7 Once we are all in agreement on these basic facts, the rest of PSP's proposed adjustments for
8 legal expenses work as staff has indicated here.

9

10 **Q: Given the above information, do you agree with staff's proposed adjustment R-11**
11 **and PF-3?**

12 A: I agree with the theory of these adjustments as they are almost consistent with what I
13 proposed for PSP. I only disagree with the amounts.

14

15 **Q: And how would you recommend this discrepancy be remedied?**

16 A: I would recommend that since PSP's proposed adjustments to this account,
17 specifically R-04, R-05, and P-01, have been calculated as staff has proposed in responsive
18 testimony, these adjustments should be accepted as proposed by PSP.

¹⁰ 220513 Staff Exh JNS-3 to JNS-9, (tab JNS 6 Legal Expenses) Exh. JNS-7 Legal Expenses

¹¹ 220513 Exh. WTB-11 - Corrected Legal Exp calcs

1 **Q: You mentioned that Ms. Simmons proposed three adjustments to this account.**

2 **Can you speak about staff's proposed adjustment R-13?**

3 A: Yes. Ms. Simmons states that “staff agrees with PSP that under Order 09, legal fees
4 PSP incurred litigating its last rate case should be included and restated in. But PSP overstates
5 the amount involved.”

6

7 **Q: Do you agree with this?**

8 A: I agree that under Order 09, legal fees PSP incurred litigating its last rate case are to be
9 amortized and recovered in rates. But I do not agree that PSP overstated the amount involved.

10

11 **Q: Can you please elaborate?**

12 A: In the inaugural PSP rate case, certain legal expenses, specific to the preparation and
13 execution of the rate case, were authorized to be recovered over two separate periods. Half of
14 these specific legal expenses were to be amortized over three years and the other half were to
15 be amortized over seven years.

16 Therefore, in Exh. WTB-05, in the tab labeled “190976 Amort Legal & Cons,” I
17 itemized the legal and consulting expenses incurred in preparing and executing the inaugural
18 PSP rate case that were authorized to be recovered in rates.¹² This worksheet¹³ presents the
19 rate case specific legal expenses authorized to be recovered over three years (2021, 2022, and
20 2023) and over seven years (2021 through 2027).

21

¹² 190976 Order 09 at 83:¶284

¹³ 220513 Exh. WTB-12 - Amort of Legal & Cons Exp from 190976

1 **Q: And what amount of legal expenses, incurred in the last rate case, do you believe**
2 **should be recovered in the 2023 rate year?**

3 A: The correct amount to be recovered is \$187,058. This amount includes \$130,941 for
4 the last year of the three-year amortization amount and \$56,118 for the third year of the
5 seven-year amortization amount.

6

7 **Q: Do you agree with Ms. Simmons' statement that "rates are currently set to**
8 **recover 2023's portion of the amortization?"**

9 A: No. Since 2023 is the year that revised rates would be in effect, this amount should be
10 allowed to be recovered in the new rates set for the 2023 rate year.

11

12

5. Consulting Expenses

13 **Q: Have you read Ms. Simmons' testimony regarding staff adjustments (R-10 and**
14 **R-20) to consulting expenses?**

15 A: Yes, I have. But it's not entirely accurate.

16

17 **Q: Why is that?**

18 A: For account 50700-009, Consulting Fees, Ms. Simmons states that staff recommends
19 rejecting PSP's adjustment of negative \$30,281.

20

21 **Q: Why is this inaccurate?**

22 A: Because PSP didn't propose an adjustment to consulting expenses of negative
23 \$30,281.

1 **Q: Ms. Simmons speaks to a restating adjustment of \$117,697 (R-16) that is being**
2 **proposed by Mr. Young. Is this the same R-16 adjustment you discuss above?**

3 A: Yes. I understand that this R-16 adjustment proposed by staff is the restating
4 adjustment discussed above where Mr. Young proposes removing all consulting expenses
5 paid to Tabler Consulting LLC and RedCloud Consulting, Inc. during the test year.

6

7 **Q: Has Ms. Simmons also proposed adjustments to consulting expenses?**

8 A: Yes. Ms. Simmons proposes adjustment R-10, to remove rate case specific items
9 totaling \$55,745.62; and adjustment R-20, to pro form the amortization of the expenses in
10 staff adjustment R-10 over three years.

11

12 **Q: Do you agree with these adjustments proposed by Ms. Simmons?**

13 A: I do not. But to explain fully, I need to also discuss the restating adjustment (R-16)
14 proposed by Mr. Young.

15

16 **Q: Ok. Please continue.**

17 A: Total test year consulting expenses are \$212,347. PSP proposed restating the per
18 books amount to \$102,976 which represents the total test year general consulting expenses, as
19 shown below.

20

Per Books Consulting Fees ¹⁴	\$212,347
Total rate-case specific expenses to be amortized over 3 years	<u>109,371</u>
General consulting fees included in test period	\$102,976

¹⁴ 220513 Staff Exh. JNS-3 to JNS-9, (tab JNS-7 Consulting Fees) Exh. JNS-8 Consulting Fees

1 PSP then proposed amortizing the rate case specific consulting expenses over three years for
2 an amortization amount of \$36,457 (\$109,371/3).¹⁵

3

4 **Q: That's pretty straight forward. Can you now please speak to why you disagree**
5 **with staff's proposed adjustments to consulting expenses.**

6 A: If Mr. Young's R-16 adjustment to consulting expenses is rejected, as I discussed
7 previously, then Ms. Simmons' proposed adjustments also should be rejected.

8

9 **Q: So how do you propose this be remedied?**

10 A: I believe that the commission should reject staff's restating adjustment R-16, R-10,
11 and R-20, and allow PSP's proposed adjustments (R-06 and P-02) to be accepted as
12 presented.

13

14 **Q: Did Ms. Simmons also propose an adjustment to the consulting expenses allowed**
15 **to be recovered in the inaugural rate case, similar to the legal expenses?**

16 A: She did, in staff proposed adjustment PF-4. And in her testimony, she states, "Again,
17 while staff agrees that under Order 09, prior rate case specific items from PSP's last GRC
18 should be recovered, PSP overstates the amount."¹⁶ She also says, "That reflects the fact that
19 the rates set for 2023 already provide for the recovery of the amortization of rate case specific
20 expenses incurred in the 20109 GRC."¹⁷

21

¹⁵ A calculation error was made on one of my workpapers. Instead of adding the rate case specific amounts, I inadvertently subtracted them.

¹⁶ 220513 Exh. Staff JNS-1T at 14-15:23-15 (220513-Staff-Testimony-Simmons-2-10-23)

¹⁷ 220513 Exh. Staff JNS-1T at 15:3-5 (220513-Staff-Testimony-Simmons-2-10-23)

1 **Q: Do you agree with this?**

2 A: I agree that under Order 09, consulting fees PSP incurred during its last rate case are to
3 be amortized and recovered in rates. But I do not agree that PSP overstated the amount
4 involved.

5
6 **Q: Can you please elaborate?**

7 A: In the inaugural PSP rate case, certain consulting fees, specific to the preparation and
8 execution of the rate case, were authorized to be recovered over two separate periods. Half of
9 these specific consulting fees were to be amortized over three years and the other half were to
10 be amortized over seven years.

11 Therefore, in Exh. WTB-05, in the tab labeled “190976 Amort Legal & Cons,” I
12 itemized the legal and consulting expenses incurred in preparing and executing the inaugural
13 PSP rate case that were authorized to be recovered in rates.¹⁸ This worksheet¹⁹ presents the
14 rate case specific consulting fees authorized to be recovered over three years (2021, 2022, and
15 2023) and over seven years (2021 through 2027).

16
17 **Q: And what amount of consulting fees, incurred in the last rate case, do you believe**
18 **should be recovered in the 2023 rate year?**

19 A: The correct amount to be recovered is \$56,089. This amount includes \$39,263 for the
20 last year of the three-year amortization amount for intermediate consulting fees incurred and
21 authorized during the last rate case. And \$16,827 for the third year of the seven-year

¹⁸ 190976 Order 09 at 87-88:¶303

¹⁹ 220513 Exh. WTB-12 - Amort of Legal & Cons Exp from 190976

1 amortization amount for foundational consulting fees incurred and authorized from the
2 inaugural PSP rate case.

3

4 **Q: Do you agree with Ms. Simmons' position that these expenses should be excluded**
5 **because rates set for 2023 already provide for the recovery of expenses incurred in the**
6 **2019 GRC?**

7 A: I would argue that we are in the process of setting rates for the 2023 rate year.
8 Assuming that staff, is referring to the currently in-effect rates,²⁰ these expenses were
9 authorized to be fully recovered in Order 09 of the prior docket. Therefore, if the commission
10 issues the final order on July 10, 2023,²¹ and PSP implements new rates on July 11, 2023, this
11 expense must be allowed to be fully recovered in the new rates.

12

13 **Q: Would you propose the same argument applies to the legal expenses discussed**
14 **above?**

15 A: Absolutely. PSP is a compulsory pilotage service and a necessary operation. It's
16 imperative that they be allowed to recover prudently incurred and authorized.

17

18 **6. Pilot Training**

19 **Q: Ms. Simmons proposes one more adjustment in her response testimony. Have**
20 **you read her testimony regarding account 53500-006, Training?**

21 A: Yes.

²⁰ PSP Tariff No. 01

²¹ 220513 Order 03, Prehearing Conference Order, Notice of Hearing

1 **Q: Can you please discuss staff's adjustment to pilot training?**

2 A: Ms. Simmons proposes a single adjustment (PF-6) for training expenses. However, in
3 her testimony, she states, "staff made a few adjustments." Then she goes on to talk about how
4 staff first adjusted the average costs at the five schools that PSP provided in DR response 46
5 and that the next adjustment removed three new pilots listed for training.²²

6

7 **Q: Did staff data request 46 refer to pilot training?**

8 A: No. Staff data request 47 is the staff DR that referenced pilot training.

9

10 **Q: Thank you for that clarification. Can you please give a brief overview of the**
11 **training in which the PSP pilots participate?**

12 A: PSP pilots are required to meet several training requirements throughout their
13 careers.²³ The state of Washington requires pilots to complete manned model training
14 periodically. Prior to completion of their first license year, pilots attend a simulator course to
15 learn and practice techniques for the tethered escort of laden tank vessels. Prior to their fourth
16 license year anniversary, pilots attend an Azipod ship-handling course which helps prepare
17 pilots for piloting "podded" cruise ships. Ultra large container vessel (ULCV) training is
18 offered to pilots reaching their fifth-year license anniversary. For continuing education, as
19 recommended by the American Pilots Association, pilots attend Bridge Resource
20 Management for Pilots (BRMP) training every five years.

21

²² 220513 Staff Exh. JNS-1T at 16:1-10 (220513-Staff-Testimony-Simmons-2-10-23)

²³ 220513 Exh. WTB-13 - PSP response to staff DR 47

1 **Q: Can you discuss in more detail the manned model training?**

2 A: Yes. The state of Washington requires by statute²⁴ that pilots attend manned-model
3 simulator training every five years throughout their careers. It is my understanding that for
4 pilot training it has long been considered that manned model simulation is the gold-standard
5 when it comes to ship-handling training, even now in the age of computer simulation.
6 Internationally there are only a few facilities offering manned model training and it remains
7 that the highest caliber, most robust, manned model training exists abroad, specifically at the
8 schools in France and England. PSP focuses the majority of the pilots towards these two
9 schools but will occasionally send pilots for training elsewhere due to scheduling availability
10 and to remain current on the offerings of the other facilities (usually with experienced senior
11 pilots).

12

13 **Q: Considering the above information, do you agree with Ms. Simmons' proposed**
14 **adjustments for pilot training?**

15 A: I do not.

16

17 **Q: Can you please discuss staff's first adjustment regarding averaging school costs?**

18 A: Ms. Simmons states that staff's first adjustment to pilot training was to take the
19 average costs at the five schools that PSP provided in its DR response. PSP provided
20 information for six manned model training classes, in its response to staff data request 47, that
21 PSP has used for this type of state-mandated training.

²⁴ RCW 88.16.090(9)

1 PSP doesn't send pilots to training during its busy summer season. So, it's important
2 that PSP have options for sending pilots to manned-model training when it's being offered
3 outside of our summer season. Also, as mentioned above, the best manned-model training
4 occurs abroad. PSP rarely uses the Seattle and Louisiana locations. In fact, the Seattle
5 location hasn't been used by PSP since before their last rate case. And PSP only used the
6 Louisiana location during the pandemic when international travel was restricted.

7 Staff proposing to average the cost of the classes does not cover the actual cost that
8 PSP must pay to send PSP pilots to this state-mandated training in order for them to receive
9 the best training possible.

10

11 **Q: Can you now speak to Ms. Simmons' second proposed adjustment to pilot
12 training regarding the removal of three new pilots listed for training?**

13 A: As discussed above, prior to the completion of their first license year, PSP pilots must
14 attend "escort" training. The "new pilot" reference in PSP's workpapers, was simply a
15 placeholder for three of the four first-year PSP pilots that would be attending escort training in
16 the Spring of 2023. These are in fact known and measurable and as of the date of this
17 testimony, four PSP pilots (as indicated in PSP's workpapers) are confirmed for attending
18 escort training this spring.

19

20 **Q: Let's now turn to Ms. Simmons' proposed adjustment (PF-6) for pilot training.
21 Do you agree with this adjustment?**

22 A: I do not. Ms. Simmons is incorrect when she says that BRMP classes happen every
23 five years. Bridge Resource Management for Pilots (BRMP) training is recommended for

1 pilots every five years. This means that PSP pilots attend this training every five years, not
2 that the training happens every five years. It thus should not be amortized over five years.
3 The training actually occurs on an ongoing basis for different pilots; typically five years after
4 the last training.

5
6 **Q: In light of the discussion above, regarding the three adjustments proposed by Ms.
7 Simmons to pilot training, with one identified as staff PF-6, what do you recommend?**

8 A: The commission should reject staff's proposed adjustments for pilot training and
9 accept PSP's proposed adjustment (P-13) as presented in Exh. WTB-05, to allow PSP to
10 recover its prudently incurred expenses for this important and necessary training.

11
12 **C. Rebuttal of the Testimony of Mike Moore for PMSA**

13
14 **Q: Have you read Capt. Moore's responsive testimony?**

15 A: Yes.

16
17 **Q: Capt. Moore makes several allegations about PSP and its failure to comply with
18 the prior commission order. Do you agree with these allegations?**

19 A: I don't. Capt. Moore poses some serious allegations, and it seems that many are
20 unsupported or unfounded. PSP took very seriously the directives from Order 09. Claiming
21 otherwise without proof is unproductive. To my knowledge, there is nothing barring PSP
22 from presenting new information for adjustments proposed in the previous rate case.

1 **1. TDNI**

2 **Q: Have you read Capt. Moore's testimony regarding total distributable net income**
3 **(TDNI)?**

4 A: Yes.

5
6 **Q: Can you explain your understanding of how Capt. Moore determined Years 1 – 3**
7 **TDNI?²⁵**

8 A: It appears that Capt. Moore is suggesting that TDNI be calculated using a formula of
9 the prior five-year period between 2017 to 2021, adjusted for inflation. He seems to calculate
10 DNI from the annual financial statements, but without the formula I cannot opine on his
11 calculation.

12
13 **Q: Do you agree with Capt. Moore's methodology?**

14 A: I don't agree with it because averages and inflation alone should not determine pilot
15 earnings. The commission does not recognize averaging income or using inflation-adjusted
16 costs for rate making purposes.

17
18 **Q: Capt. Moore opines that payments to pilots have grown by 50%²⁶ without any**
19 **supporting data. Do you agree with this statement?**

20 A: No, I don't.

21

²⁵ 220513-PMSA-Exh-MM-1T at 17:7-9

²⁶ 220513-PMSA-Exh-MM-1T at 21:19-20

1 **Q: Would you please elaborate on why you disagree with this?**

2 A: First, Capt. Moore’s statement is flawed because expense payments are not and should
3 not be considered payments to the pilots. Second, PSP pilots have seen an overall decrease in
4 TDNI of 21.72 percent since 2017, as shown in the table below, which represents pilot
5 payments from the Audited Financial Statement published by Shannon & Associates, LLP.²⁷
6

Payments to PSP Pilots

2017	\$19,665,745
2018	\$20,509,887
2019	\$19,471,863
2020	\$10,907,019
2021	\$16,170,144

source: Consolidated Statements of Revenue, Expenses and Changes in Pilots' Equity Line 14 for each year

7

8

9

2. Operating Expenses

10 **Q: Have you read Capt. Moore’s testimony regarding moving operating expenses**
11 **into pilot DNI?**

12 A: I have, yes.

13

14 **Q: Do you agree with his statement that “PSP’s operating expenses are**
15 **skyrocketing?”²⁸**

16 A: No, I don’t.

17

²⁷ 220513 Staff Exh. JNS-2

²⁸ 220513-PMSA-Exh-MM-1T at 21:12

1 **Q: Would you please elaborate on why you disagree with this statement.**

2 A: I believe that Capt. Moore is attempting to draw similarities between two things that
3 are not similar. To properly compare expenses year over year, consistency is important, and
4 comparing general ledger expenses to regulatory expenses is not comparing like expenses.

5

6 **Q: Can you speak to the general ledger expenses from the last rate case as compared**
7 **to this rate case?**

8 A: The general ledger expenses from the inaugural pilot rate case were \$14,002,866.²⁹
9 The general ledger expenses for this pilot rate case are \$15,700,095.³⁰ This represents an
10 increase of approximately 12 percent.

11

12 **Q: How does this 12 percent increase compare to the Bureau of Labor Statistics**
13 **consumer price index?**

14 A: The consumer price index shows an increase of 17.95 percent from 2018 – 2022.³¹

15

16 **Q: Would you please explain your understanding of Capt. Moore’s proposal to move**
17 **several operating expenses to DNI.**

18 A: Capt. Moore proposes moving retirement expenses, license and defense insurance
19 costs, licenses fees, portable pilot unit expenses, transportation expenses, and pilot station
20 costs to pilot compensation in order to incentivize pilots to be more cost-conscious.

21

²⁹ 220513 Exh. WTB-14 - prior GL Expenses

³⁰ 220513 Exh. WTB-05 at 12-month P&L tab:cell Q111

³¹ 220513 Exh. WTB-15 - CPI 2018-2022

1 **Q: Do you agree that these expenses should be moved to compensation?**

2 A: No. It takes money to run a business. And there is better efficiency using group
3 purchasing power. Expecting the Washington state pilot corps to run on a shoestring budget
4 and to absorb multiple business expenses, while restricting DNI, would surely broaden the
5 uncertainty PSP faces.

6

7 **Q: In the previous case, did Capt. Moore propose that several operating expenses be**
8 **moved to DNI?**

9 A: Yes.

10

11 **Q: And how did the commission rule on this issue?**

12 A: The commission declined to adopt PMSA's proposal because Staff's "expenses"
13 category in its revenue requirement formula appropriately accounted for these items. And
14 they went on to say that they "...otherwise decline to require PSP to create a category for
15 "pilot compensation expenses" as PMSA proposes."³²

16

17 **Q: Is it concerning to you that Capt. Moore contends that PSP seeks to relitigate**
18 **issues resolved in the previous case?**

19 A: It is. It's my understanding that a commission-regulated company may propose
20 changes to a previously litigated adjustment when the company can provide new information
21 for the proposed adjustment.

22

³² 190976 Order 09 at 18:¶66

1 **3. Transportation**

2 **Q: Have you read Capt. Moore’s response testimony regarding transportation**
3 **expenses?**

4 A: I have.

5
6 **Q: Capt. Moore claims that transportation expenses have been included in the travel**
7 **and promotions account in this rate case.³³ Is this where the transportation expenses are**
8 **found?**

9 A: No. For clarity, transportation expenses are presented separately in Exh. WTB-05,
10 under account 53600-006 on the 12-month profit and loss tab, as well as on the results of
11 operations tab.

12
13 **Q: Capt. Moore takes a quote from your testimony out of context. Can you please**
14 **address Capt. Moore’s claim that PSP “takes the tack that the Commission acted in**
15 **error because there was ‘some confusion in the inaugural case.’”³⁴**

16 A: Yes. To understand my intent correctly, the entire sentence should be included,
17 “Because the transportation expense charge seemed to create some confusion in the inaugural
18 case, I would like to explain how the PSP transportation charge, to the ratepayer, works.”³⁵

19
20 **Q: What did you mean by that quote?**

³³ 220513-PMSA-Exh-MM-1T at 30:20-21

³⁴ 220513-PMSA-Exh-MM-1T at 33:9-11

³⁵ 220513 PSP Exh. WTB-04T at 16:4-7

1 A: I intended to provide a more complete explanation of how the transportation expense
2 charge, to the ratepayer, works.

3

4 **Q: How were transportation charges determined prior to the inaugural pilot rate**
5 **case with the UTC?**

6 A: Previously, WAC 363-116-300 dictated PSP's rates and charges. And within this rule
7 were transportation charges, based on taxi fares, for 17 different locations.

8

9 **Q: And how did this method work for PSP and its pilots?**

10 A: For a long time, this method of transportation charges worked quite well. But a lot of
11 changes have occurred since the original WAC was developed over 40 years ago.

12

13 **Q: You mentioned that the transportation expense charge was a point of confusion**
14 **in the previous case. Can you expound on what PSP proposed for transportation in that**
15 **case?**

16 A: In the inaugural case, PSP proposed a change in how transportation expenses were
17 managed at PSP. This change was initiated for several reasons: to ease the administrative
18 burden of tracking multiple locations, to have the transportation expense more fairly represent
19 the actual costs incurred by PSP pilots, and to simplify the internal transportation
20 reimbursement and payment processes.

21

22 **Q: That seems pretty straightforward. Can you explain your understanding of how**
23 **the commission addressed this issue in Order 09?**

1 A: The commission disallowed the adjustment that PSP proposed to its transportation
2 expense charges because PSP didn't provide enough information to justify the increase.

3

4 **Q: Can you now please discuss your understanding of what Capt. Moore suggests**
5 **regarding transportation expenses for this case?**

6 A: It appears that Capt. Moore would prefer to revert back to the previous methodology
7 from WAC 363-116-300.

8

9 **Q: Do you agree with Capt. Moore about how transportation costs should be**
10 **treated?**

11 A: I don't.

12

13 **Q: Can you please explain your understanding of how transportation expenses were**
14 **to be handled by PSP, according to Order 09.**

15 A: In the commission-published tariff issued January 25, 2021, there was a single
16 transportation rate included of \$168.20. I understood that this charge was to cover all
17 transportation expenses for pilots, regardless of location. And that PSP was to continue
18 tracking transportation expenses to support any necessary adjustment in the next rate case.

19

20 **Q: Did PSP comply with the order as you have just explained it?**

21 A: Yes. PSP has been tracking transportation expense charges as expected. And PSP
22 incurred \$1,257,855 in transportation costs for 2021 moving pilots from base to Port Angeles
23 or ports in Puget Sound. PSP recovered a total of \$1,129,872 of transportation costs in 2021

1 (\$48,346 WAC 363-116-300 & \$1,081,526 from tariff TP-190976) from customers. The net
2 cost to PSP is \$127,983.

3
4 **Q: Do you agree with Capt. Moore that the commission order 09 precludes PSP**
5 **from proposing an adjustment to transportation expenses in this rate case?**

6 A: I do not.

7
8 **Q: Why is that?**

9 A: The commission authorized a single transportation rate in the inaugural tariff. And
10 while the commission didn't allow PSP's adjustment to transportation expenses in the
11 previous case, citing the three-month study and an affiliate concern, these issues have since
12 been resolved. PSP has properly tracked all transportation to inform the appropriate, prudent
13 amount to be recovered in rates.

14
15 **4. Pilot License Fee**

16 **Q: Have you read Capt. Moore's testimony regarding pilot license fees?**

17 A: Yes, I have.

18
19 **Q: Would you please discuss your understanding of Capt. Moore's proposal for pilot**
20 **license fees?**

21 A: Again, as with many other operating expenses, he proposes to move these expenses to
22 DNI.

1 **Q: Do you agree with this proposal?**

2 A: I don't. These costs are required by WAC³⁶ in order to work as a PSP pilot.
3 Membership is contingent upon all licenses being paid in full and kept current. This is
4 something that PSP properly accounts for as license expenses for the association. If a
5 professional license is required to engage in the profession and is also required for the
6 position, it's entirely proper for PSP to recover this expense in rates.

7

8 **5. Legal Expenses**

9 **Q: Have you read Capt. Moore's testimony regarding legal expenses?**

10 A: Yes.

11

12 **Q: Would you please describe your understanding of Capt. Moore's issues with legal**
13 **expenses?**

14 A: Capt. Moore alleges these are "alarming" high.

15

16 **Q: Do you agree with Capt. Moore's statement that "piloting and the legal structure**
17 **surrounding it has been essentially the same since 2016."**

18 A: No. In fact, I would argue that there have been a lot of changes for PSP in the last
19 several years which would require more legal assistance.

20

21 **Q: Would you please discuss some of these changes for PSP?**

³⁶ WAC 363-116-070

1 A: I think the biggest change for PSP that affects legal expenses is the transfer of the rate
2 setting process from the BPC to the UTC, because the UTC formal rate case process is quasi-
3 judicial, so it's to be expected that PSP would incur increased legal expenses.

4

5 **Q: How do you recommend these expenses be handled for this case?**

6 A: PSP should be allowed to recover these expenses in rates, as presented in my
7 supplemental filing.

8

9 **Q: Is there anything else regarding Capt. Moore's testimony that you would like to**
10 **discuss before concluding your rebuttal testimony?**

11 A: No.

12

13 **III. CONCLUSION.**

14

15 **Q: Does this now conclude your rebuttal testimony?**

16 A: Yes.

17