

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020	WITNESS: Ivan Carlson
DOCKET: TP-190976	RESPONDER: Puget Sound Pilots
REQUESTER: UTC Staff	

UTC STAFF DATA REQUEST NO. 83:

Re: Exhibit IC-4Tr, Captain Ivan Carlson, concerning the statement on Page 6, lines 15-17, "The other reason is that there is precedent for funding additional pilots burning Callback Days at the Board of Pilotage Commissioners as a compromise that permitted the BPC to license fewer pilots and keep the tariff lower as a result."

- a. Please provide any documents supporting the precedent which you reference above.
- b. Please admit that the formula in both MOU's covering the 10 year period (1996-2005) provide funding for the "Number of active PSP members or the minimum number of pilots required, as determined by application of the Vessel Traffic Formula and the maximum Safe Assignment Level, whichever is greater."

PSP'S RESPONSE TO DATA REQUEST NO. 83:

Response to Subpart (a):

See the file being produced with file label "Staff DR 83 - ARCO Ltr May 5, 1995 No. of Pilots.pdf" and bates number PSP_007800-007803." This document discusses the compromise that funding pilots burning Callback Days represents when ARCO Marine (later "Polar Tankers"), a party to the 1995 and 2001 MOUs, states on p. 2:

The establishment of any format to gauge a pilot level is partially dependent on the association's management having the flexibility to provide service in times of high volume movements. Essentially, this is accomplished by calling back pilots not on assigned duty and compensating them with time off in the future. Comp day accumulation should be seen as, and rewarded as, an efficiency within the pilot organization. It allows the association to operate with an adequate level of pilots while being able to meet the irregular schedule of vessel arrivals. Currently, comp days are carried in the notes to the financial statements as an unfunded liability. We believe that comp days should be fully funded either in the current year or retrospectively in the following year. Individual pilots should be able to receive compensation exclusive of the target net income, or bank the days and the compensation go to a funding account for future use. We understand that this to be an issue to which the pilots should agree internally, and see this as a major item for future discussion. Therefore, we support the current method of banking comp days for future use.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

Rather than funding Callback Days in present years as ARCO Marine supported, they were only funded when burned prior to retirement.

The agreement to fund pilots burning Callback Days in the revenue requirement used to establish tariff rates by the BPC can be found in the 2001 Joint Tariff Submission and enclosed MOU (See Exhibit WT-2), which states:

Furthermore, the methodology for determining the level of tariff funding necessary to compensate for expenses related to compensatory duty days accrued by pilots at the time of their retirement has been defined and included in the agreement.

See also the discussion by PMSA of the relationship between Callback Days and Staffing in PMSA's 2006 Tariff Submission to the BPC, Exhibit IC-5, page 11, where PMSA states:

Comp Day Relationship to Pilot Staffing

The use of comp days provides an opportunity to staff below peak demand if done reasonably. It makes good sense and provides a "win/win" situation. When looking at the dollars involved, we believe that comp day incentives are already substantial. However, we are looking at ways that the comp day system could be restructured to potentially move the incentives from the distant future to the immediate present. At the same time, we anticipate that the Commission will be looking more deeply into workload and comp days when determining methodologies for setting pilot levels.

Finally, as evidence of the actual funding of pilots burning Callback Days, see as one example, the BPC minutes for May 2005, produced with file label "Staff DR 83 – BPC Minutes – May 2005.pdf" with bates number PSP_007804-007809.

There, on p. 2, the BPC acknowledged funding the following in tariff rates:

In addition, the Board acknowledges:

- Total projected vessel assignments for 2005 = **7,768**
- Number of tariff-funded pilots, including one non-watch-standing president and any compensation for accrued Comp Days = **53** (Based on a Maximum Safe Assignment Level = **149**)
- Target Net Income per pilot = **\$214,665**
- Individual Business Expense Allowance per pilot = **\$23,943**

Response to Subpart (b):

Admit to the extent the request correctly identifies a portion of the formula relied upon in the agreement. Denied to the extent this request intends to seek an admission that the statement demonstrates that accrued callback days burned prior to retirement were not expressly funded in the 2001 MOU and by the BPC.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020	WITNESS: Ivan Carlson
DOCKET: TP-190976	RESPONDER: Puget Sound Pilots
REQUESTER: UTC Staff	

UTC STAFF DATA REQUEST NO. 84:
Re: Exhibit IC-4Tr, Captain Ivan Carlson

Concerning the statement at Exhibit IC-4Tr 4:5-6, "The compensation that could have been paid when the Callback job was worked is simply deferred to a later time..." Please provide the accounting entry proving PSP either deferred the revenue or increased an expense associated with the liability. If no entry exists, please state so.

PSP'S RESPONSE TO DATA REQUEST NO. 84:

Objection. This request misstates the testimony, which did not state that PSP defers revenue or has an increased expense associated with the liability.

Subject to and without waiving the foregoing objection, PSP responds as follows:

As we understand it, there is no accounting entry. But to be clear, it is not my testimony that PSP defers revenue; it is the individual pilot whose potential increased share of distribution is deferred. This is the result of an application of Section 16.4.4.2 of PSP's Bylaws, which provide that a pilot will be docked two days' of distribution if he or she takes off a scheduled work day without using a previously earned Compensatory Duty Day. Thus, when used, a Compensatory Duty day results in adding two days' additional distribution to the pilot's share of net income in the month it is used.

Considering that there was no additional revenue to PSP when the additional work was performed, there is no additional revenue to defer, and deferring it anyway would serve as a disincentive to assisting ships to avoid delays though working callbacks because Staff's proposed accounting treatment of working a Callback would simply be robbing Peter to pay Paul.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020	WITNESS: Ivan Carlson
DOCKET: TP-190976	RESPONDER: Puget Sound Pilots
REQUESTER: UTC Staff	

UTC STAFF DATA REQUEST NO. 92:

Please identify the most recent BPC rate-setting in which the BPC expressly relied on comparable pilotage income in other pilotage districts to set rates.

PSP'S RESPONSE TO DATA REQUEST NO. 92:

As Staff is well aware, the BPC has rarely articulated any rationale for its tariff approval in minutes. Our research in answering this request did not find any BPC minutes that expressly acknowledged that it established an income level based upon comparable income information. However, prior to the ten-year MOU period of 1996 – 2005, the BPC used a TNI ratesetting methodology that funded the minimum number of pilots needed to move ships x Target Net Income. In addressing the appropriate Target Net Income, we understand that comparative pilot income was a prevalent element of the tariff presentations of both Puget Sound Pilots and the Puget Sound Steamship Operators' Association during that era.

Following the termination of the MOU, the BPC stopped acknowledging any factors it considered in setting tariffs. However, even then the net income of pilots in other districts continued to be an important component of tariff presentations. For example, as part of its 2006 tariff presentation to the BPC, PSP supplied emails and letter from candidates that declined to join the training program for Puget Sound because they would work more and be paid less than in other districts. PSP also supplied information to the BPC to demonstrate its income disparity. That year the BPC increased the tariff by 24%. See page 75 of the file with file label "Staff DR 92 - PSPs 2006 Tariff Request 4-12-06.pdf" and bates number PSP_007569-007651.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020 DOCKET: TP-190976 REQUESTER: UTC Staff	WITNESS: RESPONDER: Puget Sound Pilots
--	--

UTC STAFF DATA REQUEST NO. 93:

Has PSP previously requested that the BPC change the BPC Target Assignment Level to 118? If so, please state when and whether the BPC changed the TAL in response to PSP's request.

What is the current BPC approved TAL?

PSP'S RESPONSE TO DATA REQUEST NO. 93:

PSP did in fact move for the TAL to be re-established at 118 assignments per pilot as part of the BPC's 065 hearing in 2019. The BPC did not set a TAL at the hearing, which was attended by Staff. Then-BPC-Commissioner Ned Kiley remarked during the hearing that he did not believe that setting a new TAL was properly requested as part of the 065 Hearing, and after discussion, a motion was subsequently made to refer a study of total pilot workload to the Fatigue Management Committee in order to consider not just assignments, but administrative functions, meetings, training, repositions, and other aspects of pilot workload, in establishing a potential new comprehensive workload metric. When the pilot commissioners later moved to lower the TAL anyway, it was remarked that the motion was procedurally improper and after further discussion it failed. Thus, no, the BPC did not reduce the TAL, nor did it reach a decision to preserve it at 145. See file with label "Staff DR 93 - BPC minutes of 065 hearing July 2019.pdf" and bates number PSP_007818-7831.

The current TAL presumably remained at 145 when no action was taken to reduce it, but it clearly was not the basis upon which the number of authorized pilots was established at 56.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020 DOCKET: TP-190976 REQUESTER: UTC Staff	WITNESS: RESPONDER: Puget Sound Pilots
--	--

**UTC STAFF DATA REQUEST NO. 94:
Re: Exhibit IC-4Tr, Captain Ivan Carlson**

At page 9, lines 11-18, Captain Carlson discusses “Class A” Callbacks and “Class B” Callbacks. Please further explain the distinction between “Class A” and “Class B” Callbacks as they relate to each other.

At page 9, lines 17-18, Captain Carlson states “Class A Callbacks would be funded when they are burned. Class B Callbacks would not.”

Would Class A Callbacks be funded only when they are burned at/in anticipation of retirement? Will PSP seek funding for Class B Callbacks in a future proceeding?

PSP'S RESPONSE TO DATA REQUEST NO. 94:

“Class A” and “Class B” Callback Days are a proposal and the names serve as placeholders to demonstrate the concept. If Callbacks are appropriately funded as part of the revenue requirement methodology so that it will be unquestionable that they have been funded when worked, PSP would then ensure that any liability to distribute income to a pilot when the Callback Day is taken does not accumulate with previously earned Callback Days, which were not funded when worked.

Class A Callback Days would be those not funded when worked under prior tariff periods, which would be funded only when burned, as has been the case in the past.

If actually funded when worked under PSP's proposal, Class B Callback Days would be funded in rates when worked and not funded when taken or burned. Under this scenario, no additional funding would be requested at the time a Class B Callback is taken/burned.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020 DOCKET: TP-190976 REQUESTER: UTC Staff	WITNESS: RESPONDER: Puget Sound Pilots
--	--

UTC STAFF DATA REQUEST NO. 95:
Re: Exhibit IC-4Tr, Captain Ivan Carlson

At page 11, lines 5-8, Captain Carlson references comments made by Representative Judy Clibborn. Please provide a citation to the comments made by Rep. Clibborn.

PSP'S RESPONSE TO DATA REQUEST NO. 95:

There is no written transcript of Rep. Clibborn's comments, but they are available via video at the following link. Rep. Clibborn speaks about the bill from 48:18 to 49:58, with comments about insuring funding of the pension with the move of pilotage ratesetting to the UTC at 49:08.

<https://www.tvw.org/watch/?eventID=2018021347>

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020	WITNESS: Ivan Carlson
DOCKET: TP-190976	RESPONDER: Puget Sound Pilots
REQUESTER: UTC Staff	

UTC STAFF DATA REQUEST NO. 96:

Please provide all recommendations from the BPC's Fatigue Management Committee regarding pilot fatigue management.

PSP'S RESPONSE TO DATA REQUEST NO. 96:

The following documents relate to this request:

Dr. Charles Czeisler, a fatigue expert, gave a presentation with recommendations to the BPC on December 7, 2017. See file with label "Staff DR 96 - BPC Minutes DEC 7, 2017.pdf" and bates number PSP_007659-007661.

Dr. Czeisler's report and presentation is produced with file label "Staff DR 96 - Dr. Czeisler bpc fatigue report.pdf" and bates number PSP_007662-007734.

For recommendations made by the FMC based upon Dr. Czeisler's recommendations, see the document labeled "Staff DR 96 - 03-6-18 FMC Meeting Minutes.pdf" with bates number PSP_007652-007654.

The Board of Pilotage Commissioners discussed the FMC's recommendations during its August 2018 regular meeting. See file with label "Staff DR 96 - BPC 8-16-18 minutes.pdf" and bates number PSP_007655-007658.

Note that Capt. Moore opposed the adoption of mandatory rest rules that he now claims were an insignificant change to rest rules.

PUGET SOUND PILOTS' RESPONSES TO UTC STAFF DATA REQUESTS 75-103

DATE PREPARED: August 4, 2020	WITNESS: Ivan Carlson
DOCKET: TP-190976	RESPONDER: Puget Sound Pilots
REQUESTER: UTC Staff	

UTC STAFF DATA REQUEST NO. 97:

Is the distribution of pilotage revenue from the association to the pilots always uniform? That is, does each pilot always receive the same amount of distributed revenue as every other pilot? If not, please identify the most recent three years where a pilot received a non-uniform distribution despite working for the entire year and explain why the pilot(s) distribution was not uniform.

PSP'S RESPONSE TO DATA REQUEST NO. 97:

Distribution is not mandatorily uniform. It is based upon the distribution formula in PSP's Bylaws, which can in theory vary. For example, a pilot who is not a member for an entire year will not receive the same distribution as a pilot who was a member for the entire year. If a pilot were to take off a scheduled day of work without using an earned Callback Day, that would reduce the pilot's distribution for the month.

However, we are not aware of any times when a pilot took off a scheduled work day without using a Callback Day. Thus, distribution of pooled income tends to be uniform in fact.