

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

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

UTC STAFF DATA REQUEST NO. 85:

Re: Exhibit JN-6T, Jessica Norris

Concerning the statement at Exh. JN-6T at 2:7-8, “Moreover, all revenue generated by PSP is recognized on an accrual basis comparable to GAAP.” Please provide journal entries which defer the revenue associated with the “Callback Liability.” If this entry does not exist, please confirm that it does not and provide a copy of the authoritative guidelines followed that specifically allow such treatment.

PSP’S RESPONSE TO DATA REQUEST NO. 85:

This entry does not exist. There is no separately identified tariff revenue or surcharge allocated to the callback liability. For example, there are other tariff charges which are identified in the tariff as a liability such as the pilotage commission trust payable – trainee surcharge. Tariff charges that are specifically identified as a liability of PSP are not included in revenue and included as a liability.

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UTC STAFF DATA REQUEST NO. 98

Re: Exhibit JN-6T, Jessica Norris

In Exhibit JN-04, PSPs 2018 and 2017 consolidated financial statements, in the Independent Auditor's Report under Auditors' Responsibility, it reads "We conducted our audits in accordance with auditing standards generally accepted in the United States of America."

- a. Please cite the specific generally accepted auditing standard relied on as it relates to:
 1. Special Purpose financials
 2. Other Comprehensive Basis of Accounting (OCBOA)
- b. Please cite the specific auditing standard that supports the use of the modified accrual basis of accounting as an acceptable basis for preparation of the special-purpose consolidated financial statements for a non-public, privately held, non-governmental entity.

PSP'S RESPONSE TO DATA REQUEST NO. 98:

Response to subpart (a):

1. Special Purpose financials – AU-C §800
2. Other Comprehensive Basis of Accounting (OCBOA) – AU-C §800

Response to Subpart (b):

AU-C §800.01- This section addresses special considerations in the application of those AU-C sections to an audit of financial statements prepared in accordance with a special purpose framework, which is a cash, a tax, a regulatory, a contractual, or another basis of accounting. This section does not purport to address all special considerations that may be relevant in the circumstances.

"AU-C §800.19 Except for the circumstances described in paragraph .21, the auditor's report on special purpose financial statements should include an emphasis-of matter paragraph, 8 under an appropriate heading, that a. indicates that the financial statements are prepared in accordance with the applicable special purpose framework, b. refers to the note to the financial statements that describes that framework, and c. states that the special purpose framework is a basis of accounting other than GAAP.

All of these requirements have been met in our report.

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UTC STAFF DATA REQUEST NO. 99

Re: Exhibit JN-6T, Jessica Norris

You state (Exhibit JN-6T 5:19-21), “PSP undertook a three-month study after consulting with the UTC Staff who expressed concerns about development of a more cost-based ground transportation charge[.]” Please admit that Staff did not ask PSP to perform a three-month study. If your response is anything other than an unqualified admission, please state which member of Staff directed PSP to perform a three-month study.

PSP’S RESPONSE TO DATA REQUEST NO. 99:

I never interacted directly with staff to my knowledge on the parameters of the study. But, to my knowledge, staff was not asked to weigh in on the specifics of the study including its duration, other than understanding that the study was directed to capturing actual costs of ground transportation services which goal I understand staff supported as far preferable to the current “allowance” feature for ground transportation service in the BPC tariff.

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UTC STAFF DATA REQUEST NO. 100

Re: Exhibit JN-6T, Jessica Norris

Did the three-month study performed by PSP for transportation charges account for the seasonality of the pilot work performed throughout the year? If so, please explain how the study addressed seasonal variation and provide any supporting documentation and calculations relied upon for the conclusion.

PSP'S RESPONSE TO DATA REQUEST NO. 100:

Yes. The consecutive three-month study did indeed consider seasonality as a factor for the study by including a representative slower month of mid-winter (February) and that of a typically busier month at the start of cruise season (April). Because this cost of service information was also being compiled near the end of the test period in June, it is my understanding these months were selected as representing the most available variability in a consecutive three-month period for timing to attempt to reflect seasonality when the decision was made to proceed with the study.

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UTC STAFF DATA REQUEST NO. 101

Re: Exhibit JN-6T, Jessica Norris

Please admit that the 95 percent confidence level (Exhibit JN-6T 6:16-17) applies to the three-month data set, not the entire year's costs. If your response is anything other than an unqualified admission, please provide any analysis and supporting documentation that you rely on for your response.

PSP'S RESPONSE TO DATA REQUEST NO. 101:

Yes. My testimony about the confidence level factor was solely directed to the study interval of three-months or 1,574 total assignments out of 7,097 annually which I testified in my opinion as an auditor is a sufficient sample size to provide confidence and assurance of the actual average expense calculation per assignment which I in turn calculated was within a 2.87% margin of error.