

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

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

UTC STAFF DATA REQUEST NO. 102

RE: Exhibit WTB-14T, Weldon Burton

With regard to the pilot boat replacements, you state (Exhibit WTB-14T 15:3-6), "To the extent that in my frequent conversations with PSP directors, that is a highly fluid issue, and will depend on revenues, the economy, the continued seaworthiness and repair condition of the vessels so that the replacement interval for those vessels is entirely speculative at this point..."

- a. Please explain why PSP no longer believes that the pilotage boats will be replaced in approximately four years.
- b. Please state what you believe is the appropriate period over which to depreciate the pilotage boats. Please explain your reasoning and also provide any supporting documentation that you relied upon to reach your answer.

PSP'S RESPONSE TO DATA REQUEST NO. 102:

Response to Subpart (a):

Objection. This question appears to misstate Mr. Burton's testimony. Subject to and without waiving the foregoing objection, Mr. Burton responds as follows:

I did not testify that PSP conclusively determined that it will not be replacing its pilot boats within approximately four years.

What I was trying to convey was that because of the current environment we are living in where almost everything is uncertain, the PSP directors are not to my knowledge projecting any major infrastructure adjustments on any certain timeline and likely that because of the pandemic and the steep decline in revenues from pilotage, it would be difficult to estimate any timeline for pilot boat replacements at the present time. Moreover, there are no formal plans that are or have previously been formulated, and no marine architects/designers retained, or builders contracted for their replacement. Thus, that "approximate four year projection" is not even "approximated" any more to my understanding.

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Response to subpart (b):

The two current pilot boats, Juan de Fuca and Puget Sound, were purchased new in December 2001 and December 1999, respectively. Depreciation expense allowance as promulgated in 46 CFR §382.3 sets forth: (b) Capital Component (2)(i) "**Depreciation.** The owners' capitalized vessel costs, including capitalized improvements, shall be depreciated on a straight-line basis over a 20-year economic life, except vessels purchased or reconstructed when their age was greater than 10 years old."

46 CFR §382 is attached in its entirety with file label "DR No 102 - 46 CFR § 382.3 - Determination of fair and reasonable rate.pdf" and bates number PSP_007735-007738.

Thus again, 20-year depreciable life calculation is very reasonable and appropriate in this instance in my opinion.