

Exh. MM-61
Docket TP-220513
Witness: Michael Moore

**BEFORE THE STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND PILOTS,

Respondent.

Docket No. TP-220513

**EXHIBIT TO TESTIMONY OF
Captain Michael Moore
ON BEHALF OF
PACIFIC MERCHANT SHIPPING ASSOCIATION**

California Code of Regulations, 7 CCR §236.1

FEBRUARY 10, 2023

[Home Table of Contents](#)**§ 236.1. Pilot Boat Surcharge.**

7 CA ADC § 236.1

Barclays Official California Code of Regulations

Barclays California Code of Regulations
Title 7. Harbors and Navigation
Division 2. State Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun
Article 7. Pilotage Rates

7 CCR § 236.1

§ 236.1. Pilot Boat Surcharge.Currentness

(a) A separate surcharge on pilotage fees called a Pilot Boat Surcharge is authorized by Section 1190(a)(1)(B) of the Harbors and Navigation Code to recover those of the pilots' costs of obtaining new pilot boats and of funding design and engineering modifications for extending the service life of existing pilot boats that are authorized by law. The surcharge is in the form of additional mills per high gross registered ton. This section sets forth the procedures for obtaining the Board's authorization to recover such costs and to set and periodically adjust the Pilot Boat Surcharge.

(b) For purposes of this section, the term "new pilot boat" shall include an existing vessel acquired from another owner.

(c) Requests made pursuant to this section shall be submitted to the Board in writing and shall be supported by the data and documentation required by this section. The requesting party must establish to the satisfaction of the Board that the expenditures for a new pilot boat or for life extension modifications to an existing pilot boat are -- or, if those costs have already been incurred, were -- reasonable and necessary. The process requires a necessity determination, a preliminary authorization and a final authorization, which are described in subsections (d), (e) and (f) respectively.

(d) Necessity Determination

(1) A request for a Board determination that expenditures for a new pilot boat or for life extension modifications to an existing pilot boat are or were necessary may be made prior to or at the same time as a request for preliminary authorization to recover such costs.

(2) The Board may consider a request for a necessity determination at a duly noticed regular or special Board meeting held after the request and all documentation in support of the request have been deposited with the Board and made available for public inspection. Notice shall be given to all parties directly affected by pilotage rates or to a trade organization representing such parties and to all other parties who have requested such notification.

(3) Documentation in support of a necessity determination shall be sufficient to allow the Board to assess the remaining service life of the existing pilot boats, both with the proposed life extension modifications, if any, and without such modifications. The Board or its advisory committee may request additional documentation or conduct its own investigation prior to making a necessity determination hereunder.

(4) A necessity determination made under this section shall be valid for one year unless directed otherwise by the Board.

(e) Preliminary Authorization

(1) A request for the Board's preliminary authorization to recover the pilots' costs of obtaining new pilot boats or funding design and engineering modifications for extending the service life of existing pilot boats shall precede a request for a final authorization and shall include a request for a necessity determination unless a necessity determination is pending or has been issued by the Board and remains valid.

(2) The Board may consider a request for preliminary authorization at a duly noticed regular or special meeting held after the request and all documentation in support of the request have been deposited with the Board and made available for public inspection. Notice shall be given to all parties directly affected by pilotage rates or to a trade organization representing such parties and to all other parties who have requested such notification.

(3) Documentation in support of a request for preliminary authorization shall be sufficient for the Board to assess the reasonableness of the request in light of its necessity determination and shall include basic design and performance specifications, cost estimates, proposed timeline of major milestones for design and construction of a new pilot boat or for acquisition and modification of an existing vessel, or installation of life extension modifications on an existing pilot boat, and plans for long term financing. The Board or its advisory committee may request additional documentation from the requesting party prior to issuing a preliminary authorization hereunder.

(4) The purpose of a preliminary authorization is to provide an opportunity for meaningful and early communication among affected parties and the Board on issues relevant to the costs of obtaining new pilot boats or of funding design and engineering modifications of existing pilot boats. Preliminary authorizations may be issued in stages as circumstances dictate.

(5) The Board may issue a preliminary authorization on such terms as it may deem appropriate to provide guidance to the parties on such matters as have been addressed and to set the conditions and timing for a final authorization determination. The authority to recover costs under this section or to set a Pilot Boat Surcharge rate shall only be issued after a final authorization.

(f) Final Authorization

(1) A request for final authorization to recover the pilots' costs of obtaining new pilot boats or of funding design and engineering modifications intended to extend the service life of existing pilot boats may be submitted to the Board at such time as directed in the Board's preliminary authorization issued pursuant to subsection (e) (5).

(2) The Board may consider a request for final authorization at a duly noticed regular or special Board meeting held after the request and all documentation in support of the request have been deposited with the Board and made available for public inspection. Notice shall be given to all parties directly affected by pilotage rates or to a trade organization representing such parties and to all other parties who have requested such notification.

(3) Documentation in support of a request for final authorization shall be sufficient for the Board to assess the reasonableness of the request in light of its necessity determination and shall include such information and data as determined in the preliminary authorization.

(4) In the case of service life extension modifications, the documentation shall also include sufficient data to determine and quantify the associated operational savings, including reduced repair and maintenance expenses that are reasonably expected to result from the service life extension modifications, and shall set forth the proposed basis for periodic review to determine actual savings over the life of the pilot boat.

(5) The Board or its advisory committee may request additional documentation from the requesting party prior to issuing a final authorization hereunder.

(6) The Board may issue a final authorization setting forth the costs to be recovered by the pilots under this section, the reasons therefor, the initial surcharge rate and the date it is to go into effect.

(7) The Board may, as a condition of issuing a final authorization relative to proposed service life extension modifications to existing pilot boats, require periodic data from the requesting party to identify any associated operational savings, including reduced repair and maintenance expenses, resulting from such modifications and adjust the Pilot Boat Surcharge rate from time to time to reflect such savings.

(8) The Port Agent shall provide timely information to the Board of the sale or other disposition of any pilot boats, of the net proceeds from such sale or disposition, and of the manner in which the net proceeds are to be used to reduce the debt associated with the new pilot boat or with the modifications to existing pilot boats hereunder. The Board may adjust the Pilot Boat Surcharge rate or reduce the costs to be recovered thereby to ensure compliance with the debt reduction provision of Harbors and Navigation Code Section 1190(a)(1)(B).

(g) A Pilot Vessel Advisory Committee may be appointed pursuant to Section 208 to review and assess the documentation relative to the requests pursuant to subsections (d)(3), (e)(3) and (f)(3) of this section, to conduct independent investigation of the issues and request additional documentation as it may deem

appropriate, and to develop recommendations to the Board relevant to such requests or as otherwise directed by the Board. Actions on the requests shall only be taken at duly noticed meetings of the Board.

(h) The Finance Committee of the Board shall periodically, or at such times as the Board may direct, review the costs authorized for recovery and the current and projected income from the Pilot Boat Surcharge and shall prepare recommendations to the Board for periodic adjustments to the surcharge rate to ensure that the surcharge rate is sufficient to recover all costs -- and only those costs -- authorized by the Board for recovery. The rate should be sufficient to maintain a commercially reasonable reserve to allow for ordinary or anticipated fluctuations in surcharge income until all costs authorized have been recovered. Any rate adjustment shall be made by Board action at a duly noticed meeting and shall take effect at such dates as the Board may direct.

(i) For purposes of this section, "sale of existing pilot boats" shall include donation or other disposition of an existing pilot boat, and "net proceeds" from such sale includes the tax benefit realized from such donation less the costs associated with the donation.

Credits

NOTE: Authority cited: Section 1154, Harbors and Navigation Code. Reference: Section 1190(a)(1)(B), Harbors and Navigation Code.

HISTORY

1. New section filed 6-10-2008; operative 7-10-2008 (Register 2008, No. 24).

This database is current through 1/20/23 Register 2023, No. 3.

Cal. Admin. Code tit. 7, § 236.1, 7 CAADC § 236.1

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