

PMSA DATA REQUEST NO. 444: Regarding Exh. JN-1T 4:9–12, please describe when the change occurs in the pilotage work schedule between 14 days on duty and 14 days off duty and confirm whether or not this change time is the same time which is referenced as “the 24th hour of the 14th day on duty.”

RESPONSE:

The Rules & Regulations of the Columbia River Pilots, in Section VI. E describe the working rotation. In general, pilots are assigned a slot on a rotating “wheel” with one or two pilots per slot every day. Each day the pilot(s) in that slot will go on duty at 0800 hours and will remain on duty until 0800 hours on the 15th day (which is 14 full, 24 hour days later). The latest a pilot can be dispatched on their last day on duty (the 14th day) is either 1600 or 1700 hours (varies by location) with the intent that pilots are finished by midnight on their last dispatch day (this is the reference of “the 24th hour of the 14th day on duty”). However, due to our length of route, job travel time, and delays, the 1600 or 1700 last dispatch ensures no pilot is on duty beyond 0800 the next (15th) day to comply with our fatigue regulations. Therefore, “the 24th hour of the 14th day on duty” is not the same as the work schedule change time.

PMSA DATA REQUEST NO. 449: Regarding Exh. JN-1T 9:1–10:6, regarding Compensation and Benefits and target net income, please respond to all of the following:

- 1) Describe the components of Target Net Income.
- 2) Describe the components of Target Gross Income.
- 3) Describe whether the COLA increases are applied to only Target Net Income or also to the components of Target Gross Income.
- 4) Describe the actual adjustment which occurred on September 1, 2022, which was projected in your testimony as a change that “will result in an increase in our target net income.”

RESPONSE:

- 1) Describe the components of Target Net Income.

Neither the Oregon Revised Statutes (ORS) nor the Oregon Administrative Rules (OARs) define pilot Target Net Income. In its 2010 rate order for the Columbia and Willamette River Pilotage Ground, the Oregon Board of Maritime Pilots (OBMP), describing the ratemaking process, said “OAR 856-030-0000 addresses the determination of pilots’ target net income (TNI) and expenses,” and went on to quote subsections (1) and (2). See OBMP Final Order No. 10-01 (May 19, 2010), p. 2. A copy of OBMP Final Order No. 10-01 is attached. In their current form, those subsections provide as follows:

856-030-0000

Ratemaking – Substantive Elements

The Board shall for each pilotage ground establish a rate structure which provides for efficient, economical, and competent pilotage services and fair compensation for pilotage services and expenses.

- (1) In determining the number of pilot positions needed and fair compensation for services and expenses, the Board shall consider:
 - (a) The amount of activity, including number of vessels, number of pilot assignments, size of vessels by gross registered tonnage (GRT), length, and draft;
 - (b) Any change in the amount of activity since the last rate order;
 - (c) The public interest in prompt and efficient service;
 - (d) The professional skills and experience required of a pilot and the difficulty and inconvenience of providing the service, including time necessary to perform the service;

- (e) Evidence of compensation for comparable maritime professions, including other state regulated pilotage associations;
 - (f) Evidence of the economic and market conditions existing both locally and within the region of any pilotage association used for the purpose of comparison;
 - (g) Total gross and net income for the pilots' group since the last rate order, or as directed by the Board, including sources of income by tariff category; and
 - (h) Individual amounts paid to pilot since the last rate order, or as directed by the Board, which may be shown as both gross and adjusted gross income, as reported for tax purposes.
- (2) For the purpose of subsection (1)(e) above, the Board shall at a minimum consider evidence of the compensation and benefits provided to pilots in pilotage associations serving Puget Sound and San Francisco.

Factors (1)(a) and (b) relate to workload. Factor (c) relates to demand for pilotage. Factor (d) relates to supply of pilots, including barriers to entry into the pilotage profession on the relevant pilotage ground. Factors (e) through (h) all consider comparable incomes across both the broad maritime industry, the pilotage-specific maritime industry, and historically for the pilot group of interest.

- 2) Describe the components of Target Gross Income.

The OBMP typically considers several items of expense or allowance in setting a Target Gross Income, or TGI. Not every expense item is considered in every rate order. However, typically included are:

- Operating expenses
- Payments to retirees
- Pilot continuing professional development expenses
- Pilot expense reimbursements
- Pension allowance
- Medical insurance
- Disability and life insurance
- Emergency leave
- Equipment allowance

- 3) Describe whether the COLA increases are applied to only Target Net Income or also to the components of Target Gross Income.

Cost of living increases are applied by the Board to pilotage tariff item rates, except for those tariff items that are adjusted by another formula (these are continuing professional development expenses and payments to retirees). By increasing the tariff charges with the CPI adjustment, all other components of TGI and TNI are effectively impacted.

- 4) Describe the actual adjustment which occurred on September 1, 2022, which was projected in your testimony as a change that “will result in an increase in our target net income.”

The 2022 COLA of 8.83% and Fare-box Pension Benefit Expense Adjustments resulted in the following changes to the Oregon Pilotage Tariff for the Columbia and Willamette River Pilotage Ground:

	<u>1 Sep 2021</u>	<u>1 Sep 2022</u>
Item 1-1 (Draft):	51.4732	55.9820
Item 1-2 (GRT):	0.2095	0.2279
Item 1-3 (Transit):	1,389.7800	1511.5200
Item 1-4 (CPD):	1.0000	1.0000
Item 1-5 (Pension):	340.2900	370.3400
Item 1 <500 GT Minimum:	727.8000	791.5500
Item 1 >500 GT Minimum:	909.6800	989.3600
Item 1a (Length):	363.9300	395.8100
Item 2 (Stopping):	1,382.7600	1,503.8800
Item 3 (Cancellation in harbor):	254.7600	277.0800
Item 4 (Cancellation out of harbor):	363.9300	395.8100
Item 4a (Cancellation Astoria):	545.8600	593.6800
Item 5 (Detention):	365.4600	397.4700
Item 5 Maximum:	4,385.5200	4,769.6700
Item 6 (Standby):	365.4600	397.4700
Item 6 Maximum:	4,385.5200	4,769.6700
Item 7 (Launch):	At Cost	At Cost
Item 8 (Docking requests):	363.9300	395.8100
Item 9-1 (Harbor turn):	1,018.8000	1,108.0400
Item 9-2 (Harbor turn draft):	51.4732	55.9820
Item 9-3 (CPD):	1.0000	1.0000

Item 9-4 (Pension):	109.4800	119.1500
Item 10-1 Shifting ex harbor):	1164.3900	1,266.3900
Item 10-2 (Shifting draft):	51.4732	55.9820
Item 10-3 (CPD):	1.0000	1.0000
Item 10-4 (Pension):	109.4800	119.1500
Item 11-1 (Dead Ship):	Double Regular	Double Regular
Item 11-2 (CPD):	1.0000	1.0000
Item 11-3 (Pension):	340.2900	370.3400
Item 12-2 (Shift Not Propelled, CPD):	1.0000	1.0000
Item 13-1 (Compass Swing):	545.8600	593.6800
Item 13-2 (Additional Swing):	218.3100	237.4300
Item 14-1 (Harbor Move):	1018.8000	1108.0400
Item 14-2 (Draft):	51.4732	55.9820
Item 14-3 (CPD):	1.0000	1.0000
Item 14-4 (Pension):	109.4800	119.1500
Item 15-1 (Interport):	1382.7600	1503.8800
Item 15-2 (Draft):	51.4732	55.9820
Item 15-3 (CPD):	1.0000	1.0000
Item 15-4 (Pension):	109.4800	119.1500
Item 16-1 (Minimum):	727.8000	791.5500
Item 16-2 (Minimum):	1091.6100	1187.2300
Item 16-3 (Minimum):	1455.4400	1582.9300
Item 16-4 (CPD):	1.0000	1.0000
Item 16-5 (Pension):	109.4800	119.1500
Item 17 (OBMP Ops Fee):	50.0000	50.0000

The Board Order requires an annual adjustment in the amount of inflation indicated by the appropriate CPI index plus one-half percent (0.5%). In addition, an annual automatic rate adjustment to reflect changes in fare-box benefit expenses from deaths or retirements occurs immediately after the corresponding CPI adjustment. The fare-box benefit expenses adjustment does not apply to Pension assessments made in Items 1, 9, 10, 11, 14, 15, and 16 (the Pension assessment itself is only subject to the automatic CPI adjustment).