



ASSEMBLYMEMBER TIM GRAYSON
AB 807
BOARD OF PILOT COMMISSIONERS:
Catastrophic Event Memorandum Accounts

BOPC Received
3/24/2021

Summary:

AB 807 modernizes and streamlines the process for allowing the Board of Pilot Commissioners to adjust rates in response to catastrophic cost increases resulting from a declared natural disaster or other emergency and authorizes pilots to create catastrophic event memorandum accounts.

Background:

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun (the BOPC) is the oversight body that licenses and regulates the maritime pilots who make up the San Francisco Bar Pilots. The Board's responsibilities include training, licensing, incident investigation and rate recommendation. The rates that vessels pay for pilotage services are established by California law in a published rate schedule.

San Francisco Bar Pilots provide an essential service by safely navigating commercial vessels to and from nine Northern California ports. They are state and federally licensed master mariners with highly specialized skills in navigation and ship-handling. Nearly all commercial vessels are required by state law to use a licensed San Francisco Bar Pilot.

Problem:

Current law already authorizes the Board to adjust rates to recover costs in the limited instance of a "catastrophic event," however this authority has never been utilized by the Board, and the Board has adopted no interpretive regulations or procedures to clarify how it should be utilized.

In the wake of the COVID-19 pandemic, it became apparent that the current language regarding the ability of the Board to adjust rates in the midst of a catastrophic event lacked clarity and accountability.

By contrast, in response to catastrophic events, the Public Utilities Commission (PUC) creates Catastrophic Event Memorandum Accounts that are well understood, regularly utilized, and are subject to extensive regulation.

Solution:

AB 807 would utilize and adopt an existing, successful framework from the PUC, for evaluating claims for adjustments to rates for regulated businesses in the event of an unforeseen natural disaster or emergency.

Specifically, this bill authorizes the Board to approve additional temporary surcharges in order to recover the pilots' costs associated with catastrophic events. The bill also authorizes pilots to utilize the surcharge revenue to establish catastrophic event memorandum accounts and to record in those accounts the costs of maintaining, restoring, repairing, or replacing the provision of pilotage services to customers.

This bill will create an effective and streamlined way to recover costs incurred by natural disasters or emergencies, such as COVID-19. By also establishing catastrophic event memorandum accounts, pilots are able to record costs incurred resulting from catastrophic events and apply to the Board to recover those costs in a transparent and easy to understand process.

Support:

Cruise Lines International Association (Co-Sponsor)
Pacific Merchant Shipping Association (Co-Sponsor)
San Francisco Bar Pilots Association (Co-Sponsor)
Western States Petroleum Association (Co-Sponsor)

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