

BEFORE THE BOARD OF MARITIME PILOTS
OF THE STATE OF OREGON

IN THE MATTER OF THE PETITION OF
COOS BAY/YAQUINA BAY PILOTS'
ASSOCIATION FOR A CHANGE IN
PILOTAGE RATES

FINAL BOARD
ORDER 09-02

DISPOSITION: CHANGES TO COOS BAY/YAQUINA BAY RATE ORDER
APPROVED

1. PROCEDURAL HISTORY

On April 27, 2009, the Coos Bay/Yaquina Bay Pilot's Association ("CBPA"), the Oregon International Port of Coos Bay ("OIPCB") and the Columbia River Steamship Operators Association ("CRSOA") submitted stipulations and the Affidavit of Drew Emmett to the Board of Maritime Pilots ("Board") requesting changes to the Board's Final Order 08-01 issued on February 26, 2008. The parties made the request because of a severe decline in shipping in Coos Bay. As a result of the shipping decline, CBPA revenue is less than operating costs, with no piloting compensation for the pilot providing service. The parties propose a rate adjustment that will partially address this urgent problem. The rate adjustment is expected to generate revenue sufficient to pay for projected operating costs, but no provision is made at this time for pilot income. The Board met on April 29, 2009, and concluded that the requested changes to Order 08-01 were reasonable and just and should be implemented in accordance with the parties' stipulations. Accordingly, the Board ORDERS as follows:

A. Findings of Fact

1. The Settlement Agreement and Order 08-01 were intended to result in rates that would produce revenue sufficient to pay the operating costs of the CBPA and produce compensation for

1 one pilot that was equal to 75 percent of the target gross compensation of a Columbia River Bar
2 Pilot (CRBP). This intent was based on an expectation that there would be 100 piloting
3 assignments each year, which would be 75 percent of a full workload of 135 assignments for a
4 Coos Bay Pilot.

5 2. The Settlement Agreement and Order 08-01 worked approximately as intended for
6 calendar year 2008. There were 94 piloting assignment in 2008, which is about 70 percent of the
7 full workload for a CBPA pilot of 135 assignments. Revenue was sufficient to pay CBPA
8 operating expenses and provide compensation for one pilot of \$185,790, which is about 65
9 percent of the recommended 2008 target gross compensation for a CRBP working a full
10 workload.

11 3. As a result of the global economic slowdown, shipping in Coos Bay declined sharply
12 beginning in December of 2008. The reduced shipping level is expected to persist through at
13 least the end of 2009. The parties expect that, instead of 50 ship arrivals and 100 piloting
14 assignments as assumed in the Settlement Agreement and Order 08-01, there will be an
15 estimated 28 vessel arrivals and 56 piloting assignments during 2009.

16 4. Paragraph 4 of the Settlement Agreement committed the parties to review CBPA
17 financial data for 2008 and 2009 so the parties could “determine if further rate adjustments may
18 be needed.” The parties reviewed the CBPA financial data for 2008 and the first quarter of 2009,
19 and concluded that, as a result of severe declines in shipping, a further rate adjustment is urgently
20 needed.

21 5. Based on projected shipping levels of 28 vessel calls for calendar year 2009, the
22 projected revenue generated by CBPA is \$440,000 for the year. Projected 2009 CBPA operating
23 costs are \$550,000. If rates are not increased, CBPA revenue will be less than operating costs,
24 with no piloting compensation for the pilot providing service. As of the date the stipulations, the
25 pilot providing service has received no compensation for piloting since December 17, 2008.

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1 6. The actual shipping levels fell short of the shipping levels assumed by Order 08-01.
2 The parties agree that Order 08-01 should be amended so that revenue generated by the tariff will
3 pay for projected operating costs, with no provision made at this time for pilot income.

4 7. There is a strong public interest in maintaining prompt, safe and efficient pilotage
5 service on the Coos Bay bar pilotage ground and the Yaquina Bay bar pilotage ground.
6 Changing Order 08-01 as proposed will mitigate the substantial loss in pilotage revenue that
7 would otherwise be experienced.

8 **B. Changes to Order 08-01**

9 1. Section A of Order 08-01 is amended by adding, at the end of the second sentence, the
10 following phrase: “. . . and by an additional 25 percent effective May 1, 2009.”

11 2. Section A of Order 08-01 is further amended by adding a new paragraph that reads as
12 follows:

13 “Until superseded by a subsequent order, the tariff rates provided by this Order, as
14 amended, shall be subject to possible reduction on June 1, 2010, and each June 1
15 thereafter. The rates will be reduced at the request of any party to these
16 proceedings if the total revenue under the tariff produces actual pilot gross
17 compensation (income plus benefits), after operating expenses not to exceed
18 \$550,000, that is greater than the CB/YB Target Gross Income, calculated as
19 follows:

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$$\text{(Actual Workload 12 Months Ending April 30) / 135 = CB/YB Workload Adjustment}$$

21
$$\text{(CB/YB Workload Adjustment) X (Columbia Bar Pilot Approved Target Gross Income) = CB/YB Target Gross Income}$$

22 If the rates are reduced pursuant to the mechanism provided in this paragraph, the
23 reduction shall be the change necessary to produce pilot compensation equal to
24 the CB/YB Target Gross Income for the 12 months beginning April 1.”

24 **C. Conclusions of Law**

25 1. After review of the stipulations submitted by the parties, the Affidavit of Drew
26 Emmett, and after giving due regard to each of the factors required to be considered for

1 ratemaking under ORS Chapter 776 and OAR Chapter 856 Division 30, the Board concludes that
2 the changes in Section B above will result in rates that are just and reasonable and should be
3 implemented in accordance with the parties' stipulation.

4 2. Tariff rates resulting from modifications to Order 08-01 for the Coos Bay bar pilotage
5 ground and the Yaquina Bay bar pilotage ground should go into effect as of 12:01 AM on May 1,
6 2009.

7 DATED this 29th day of April, 2009.

8 OREGON BOARD OF MARITIME PILOTS

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Kim Duncan, Chair

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NOTICE OF RIGHT TO APPEAL

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You have the right to appeal this Order to the Oregon Court of Appeals pursuant to ORS
183.482. To appeal you must file a petition for judicial review with the Court of Appeals within
15 60 days from the day this Order was served on you. If you do not file a petition for judicial
16 review within the 60-day time period, you will lose your right to appeal.

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