

MEETING MINUTES

STATE OF WASHINGTON ~ BOARD OF PILOTAGE COMMISSIONERS

September 10, 2013

Present:

Chairman: Harry Dudley

Commissioners: Norm Davis, Elsie Hulsizer, Chuck Adams, Ned Kiley, Don Mayer, Ed Marmol,
Phil Morrell and Grant Stewart

Administration: Shawna Erickson, Peggy Larson

Jonathan Ward, Larry Emerson and Walt Tabler: Puget Sound Pilots

Mike Moore, Jordan Royer: Pacific Merchant Shipping Association

Mary Nelson: Port of Grays Harbor

Tom Coryell: Puget Sound Pilot Candidate

Bari Bookout: Port of Seattle

Lou Paulsen: Port of Tacoma

Jeff Shaw: Polar Tankers

Steven Kimmel: Foss Maritime Co.

Jessica Flennoy: USCG Sector Puget Sound

Alex Johnson: Public

REGULAR MEETING

The regular meeting of the Board of Pilotage Commissioners was convened at 9:40 a.m. by Chairman Harry Dudley in the Alki Conference Room, 2901 Third Avenue, Seattle, Washington.

Minutes. Commissioner Stewart asked that his reason for abstaining from the vote on the motion to file a CR-102 for the Grays Harbor tariff hearing be stated in the minutes (due to the late submission of data.). Motion: Davis/Adams – approve the July 31, 2013 Minutes as amended – Carried.

OLD BUSINESS

State Pilot Licensing Requirements – Review of Draft Letter Regarding Captain F.A. Coe’s Federal Credential. Commissioner Adams did not present the Board with his *draft* letter in light of the Board’s receipt of a letter dated September 4, 2013 from Pacific Merchant Shipping Association expressing their many concerns over “Piloting of Vessels without a Current USCG License and Endorsements”. The Board felt further discussion of this matter was warranted. Motion: Hulsizer/Adams – the Board requests a written analysis from Guy Bowman as to how the RCWs and WACs apply and what action can be taken regarding this licensing matter of Captain Coe – Carried. Commissioner Adams will follow up with a phone call to Guy Bowman. Also, Commissioner Adams requested PSP to produce copies of the invoices for the ten assignments Captain Coe piloted during the time he was without a current federal credential.

NEW BUSINESS

Consideration of Request for Vessel Exemption:

Motor Yacht *AMERICAN PRIDE* – 123’, 298 gt, Marshall Islands registry, Captain Demian Thomas.

Motion: Davis/Kiley – concur with Chair’s granting of a one-year exemption – Carried.

Motor Yacht *REST ASSURED* – 87’, 153 gt, Cayman Islands registry, Captains John Chabala and James Slattery. Motion: Davis/Kiley – concur with Chair’s granting of a three-month exemption – Carried.

Motor Yacht *FRUITION* – 130’, 333 gt, Cayman Islands registry, various Westport Shipyard captains.

Motion: Davis/Kiley – concur with Chair’s granting of a three-month exemption – Carried.

Motor Yacht *BLUE STAR* – 145’, 430 gt, Cayman Islands registry, Captains David Thornburn and Bob Harrison. Motion: Davis/Kiley – concur with Chair’s granting of a one-year exemption – Carried.

Approval of Pilot License Upgrade Program: Captain Bill Lowery is nearing completion of his first license year. Motion: Mayer/Davis - approve the license upgrade program for Captain Lowery as drafted by the TEC - Carried.

Review and Consideration of Licensure of PSPD Pilot Trainee: Captain Tom Coryell. This matter was deferred to a Closed Session at the end of this meeting. (See page 3.)

Approval of Puget Sound Pilot Training Programs for Captains Brian Jensen, Brad Lowe and James Carstensen. The TEC has reviewed and evaluated the experience of Captains Jensen, Lowe and Carstensen for purposes of developing their customized pilot training programs. Motion: Mayer/Marmol – approve the Training Programs as drafted for Captains Jensen, Lowe and Carstensen – Carried. They each have fifteen days to respond to the Board concerning the acceptance of their Training Agreements. Upon acceptance of their program and completion of training orientation, the Board shall issue Captain Jensen *Trainee License #37* and Captain Lowe *Trainee License #38* intended for commencement of training on October 1, 2013; and Captain Carstensen *Trainee License #39* intended for commencement of training on November 1, 2013.

Pilot’s Report of Marine Safety Occurrence: HORIZON ANCHORAGE, 7-27-13

TSS Lanes west of Seola Beach	Mechanical failure due to a stuck check valve in the steam separator.	Navigational Safety Concern	<u>Motion:</u> Mayer/Adams File as a Marine Safety Occurrence – Carried.
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Pilot’s Report of Marine Safety Occurrence: Y M KAOHSIUNG, 8-5-13

On approach to the Sitcum WW, Tacoma	Malfunction of an engine control valve.	Navigational Safety Concern	<u>Motion:</u> Mayer/Adams File as a Marine Safety Occurrence – Carried.
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Pilot’s Report of Marine Safety Occurrence: GRANVILLE BRIDGE, 8-5-13

SG Buoy	Malfunction of the gyro.	Navigational Safety Concern	<u>Motion:</u> Mayer/Adams File as a Marine Safety Occurrence – Carried.
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Pilot’s Report of Marine Safety Occurrence: POLAR DISCOVERY/PACIFIC STAR, 8-20-13

Viti Rocks	This occurrence concerned a malfunction of the escort tug, not the piloted tanker.	Navigational Safety Concern	<u>Motion:</u> Mayer/Adams File as a Marine Safety Occurrence – Carried.
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2013 Annual Tariff Hearings Preparation.

GHPD - In accordance with the timetable established for tariff document submission, a 2014 written Tariff Proposal from the Port of Grays Harbor has been submitted to the Board in addition to supplemental financial data through July 31, 2013. The PGH’s proposal contains a modified request for rule amendments. The effective tariff increase of 4.0%, or \$212 per pilotage job, has been modified to now reflect an effective tariff increase of 3.5%, or \$186 per pilotage job. The other details remain the same except to adjust the 5.5% across-the-board increase to 4.6% in order to achieve the effective increase of 3.5%. The filed CR-102 reflects the earlier request and sets a public hearing for October 15, 2013 at 9:30 a.m. A Q and A commenced regarding the Audited 2012 Financial Statement.

PSPD – In accordance with the timetable established for tariff document submission, the Puget Sound Pilots’ 5-Year Capital Spending Plan submitted on 9-3-13 was reviewed today. Also submitted was supplemental revenue and income data and projections based on financial information available as of 8-30-13. The revenue data is actual unaudited through July 31st. Letters submitted today dated 9-10-13 detailed PSP’s request for rule amendments to the current Puget Sound Pilotage District tariff as well as the Pacific Merchant Shipping Association’s requested amendments.

PSP’s written request calls for the creation of a new tariff category called the *Variable Expense Component (VEC)*, to be levied as a flat fee on all assignments other than Zone I jobs which include all harbor shifts, cancellations and second pilot jobs in the waterways. This charge of \$692 per assignment is projected to generate \$4,510,000 in new revenue to cover VEC expenses. If adopted, it would be coupled with an across-the-board tariff decrease of up to 4.5%.

PSP is also proposing an across-the-board increase of 8% excluding the *Transportation to Vessels on Puget Sound* and *Training Surcharge* categories to which no change is applied and the *Transportation Charge* portions of the *British Columbia Direct Transit Charge* Category to which an increase of 5% is proposed.

PMSA countered the PSP proposal asking the Board to reduce the tariff by 8%, excluding the *Transportation to Vessels on Puget Sound* and *Training Surcharge* categories. PMSA also stated their opposition to the creation of the proposed *Variable Expense Component* category.

In addition, the Board will be considering possible rate design changes within the tariff structure.

Motion: Adams/Hulsizer - file a CR-102 to reflect adjustments to the current PSPD tariff as specified in both PSP's and PMSA's written requests for rule amendments dated 9-10-13, and to reflect consideration of rate design changes within the tariff, to be held at a public hearing set for 9:30 a.m. on November 15, 2013 - Carried. Again this year, the Board's position is that by accepting PSP's 9-10-13 letter containing their tariff proposal, the Board is not endorsing the acceptance of the new VEC category and the charges contained within.

A Q and A commenced regarding the Audited 2012 Financial Statement and other available financial data. Questions were raised concerning revenue per assignment. PSP reports their actual and projected revenue per assignment without transportation costs per pilot and believes it should be reported as a pass-through. BPC's spreadsheets include transportation costs in revenue per assignment calculations reflecting the true cost to customers. PSP will be spending money to upgrade their pilot dispatch system which will result in cutting those costs in half. PPU expenditures came later in the year than anticipated and the revenue earmarked for it through last year's tariff increase was unable to be set aside. Concerns were expressed that it was distributed to pilots rather than set aside for future expenditure. PSP also conveyed that expenses in general will be decreasing next year. In referring to the impact the number of pilots and the number of assignments have on net revenue, Walt Tabler stated that if the number of pilots had been at the Target Assignment Level the net income per pilot would have been \$343,000.

Consideration of Rule Amendment – Request from PSP re: *License Qualifications on Two-Pilot Jobs*. In a letter dated 7-15-13 PSP is requesting the Board to begin the rule-making process for consideration to amend WAC 363-116-082(7): Limitations on New Pilots. They feel that, on two-pilot jobs, both pilots should be license qualified on transits involving a docking and that if no docking is involved, the second pilot should be within two license grades of being qualified. Motion: Davis/Adams – file a CR-101 to begin the rule-making process related to WAC 363-116-082 – Carried. A request was made for PSP to vet the idea among port personnel and customers.

Committee Reports.

Trainee Evaluation Committee:

- The TEC met on September 6.
- Training Program progress was reviewed for Captains Coryell, White, Surface, Coleman, Galvin and Lichty.

Tariff Policy Committee: Stakeholders requested more time to review and comment on the three tariff- related *drafts* put forward by the committee.

Activity Reports. Mary Nelson, representing Port of Grays Harbor, Captain Jonathan Ward, representing Puget Sound Pilots, and Captain Mike Moore, representing Pacific Merchant Shipping Association, offered current and projected statistical data as well as updates on current maritime events.

BPC Staff Report. The following notice will be sent to all pilots: when a *Pilot's Report of Incident* or a *Pilot's Report of Marine Safety Occurrence* is filed with the Board, the accompanying Vessel Certification Form (more commonly called the "white card") must be submitted along with the report, by scanning and e-mailing, by faxing, or by US mail. Submission of this form is required under WAC 363-116-2051.

Confirmation of Next Regular Meeting Date. The next regular meeting will be Tuesday, October 15th following the Grays Harbor Pilotage District Tariff Hearing commencing at 9:30 a.m. in the Agate Conference Room, 1st floor, 2901 3rd Avenue, Seattle.

Review of Pilot/Trainee Physical Examination Reports. Motion: Davis/Mayer - accept the physicians' reports for Captains D.W. Mayer, B.F. Henshaw, J.K. Ward and J.A. Shaffer, for annual pilot license renewal; Captain T.D. Coryell for initial pilot licensure; and Captains B.R. Jensen and J.L. Carstensen for initial training licensure – Carried. Motion: Kiley/Marmol – empower Chair Dudley to review and accept the physician's report for Captain B.E. Lowe in order for him to begin training on October 1st – Carried.

A CLOSED SESSION was called from 3:20 p.m. to 3:55 p.m. to review the training program for Captain Thomas Coryell. In attendance were Captain Coryell, Commissioners Dudley, Davis, Hulsizer, Adams, Kiley, Mayer, Marmol, Morrell and Stewart; Shawna Erickson and Peggy Larson. Regular session was convened by the Chairman immediately following closed session.

Review and Consideration of Licensure of PSPD Pilot Trainee: Captain Tom Coryell. (Continued)
On behalf of the Trainee Evaluation Committee (TEC) Commissioner Mayer reported that after a thorough review of Captain Coryell's *Training Program* the TEC unanimously recommends that he is in need of more training and further evaluation. Motion: Mayer/Kiley – based upon the TEC's recommendation, Captain Coryell's Training Program be extended as detailed in the TEC's memo to the Board dated September 10, 2013 – Carried.

There being no further business to come before the Board, Chairman Dudley adjourned the regular session Board meeting at 4:00 p.m.

Respectfully submitted,

Peggy Larson, Executive Director

Harry H. Dudley, Chairman

Norman W. Davis, Vice Chairman

Commissioner Elsie J. Hulsizer

Commissioner Charles F. Adams

Commissioner Edmund I. Kiley

Commissioner Donald W. Mayer

Commissioner Edmund Marmol

Commissioner Philip Morrell

Commissioner J. Grant Stewart