

§ 402.320, Nt.

on file in the office of the Director and are available for public inspection by any person properly and directly concerned:

(1) The Working Rules and Dispatching Procedures for the designated waters of District No. 1 adopted by the St. Lawrence Seaway Pilots' Association, Inc., Cape Vincent, N.Y., dated May 1, 1980, amended to March 24, 1999.

(2) The Working Rules and Dispatch Procedures for the undesignated waters of District No. 1 adopted by the St. Lawrence Seaway Pilots' Association, Inc., Cape Vincent, N.Y., dated July 27, 1982.

(3) The Working Rules, Dispatching Procedures, and General Rules of District No. 2 adopted by the Lakes Pilots Association, Inc., Port Huron, MI., dated March 30, 1999.

(4) The Working Rules for District No. 3, adopted by the Western Great Lakes Pilots Association, LLP, Superior, WI., dated February 24, 2001 amended to February 28, 2007.

(b) [Reserved]

[USCG–2008–0906, 73 FR 56511, Sept. 29, 2008]

EFFECTIVE DATE NOTE: By USCG–2022–0025, 89 FR 76354, Sept. 17, 2024, § 402.320 was revised, effective Oct. 17, 2024. For the convenience of the user, the revised text is set forth as follows:

§ 402.320 Working rules.

Sections 401.320(d)(2) and (6) of this chapter require that voluntary associations of United States Registered Pilots authorized to establish pilotage pools agree to submit Working Rules for approval of the Director and that they will coordinate their pilotage pool operations with Canada on a reciprocal basis. The approved Working Rules of each pilot district are on file in the office of the Director and may request a copy of the Working Rules by emailing GreatLakesPilotage@uscg.mil.

PART 403—GREAT LAKES PILOTAGE UNIFORM ACCOUNTING SYSTEM

Subpart A—General

Sec.

- 403.100 Applicability of system of accounts and reports.
- 403.105 Records.
- 403.110 Accounting entities.
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Subpart B—Inter-Association Settlements

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403.400 Uniform pilot's source form.

AUTHORITY: 46 U.S.C. 2103, 2104(a), 9303, 9304; Department of Homeland Security Delegation No. 0170.1(II)(92.a), (92.f).

SOURCE: 60 FR 18369, Apr. 11, 1995, unless otherwise noted. Redesignated by USCG–1998–3976, 63 FR 35139, June 29, 1998.

Subpart A—General

SOURCE: 60 FR 18369, Apr. 11, 1995, unless otherwise noted. Redesignated at 61 FR 32655, June 25, 1996.

§ 403.100 Applicability of system of accounts and reports.

Each Association shall keep its books of account, records and memoranda, and make reports to the Director in accordance with the guidelines of the Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board. These guidelines are available by writing to the Director, Great Lakes Pilotage at the address listed in § 401.110(a)(9) of this chapter.

[60 FR 18369, Apr. 11, 1995. Redesignated and amended at 61 FR 32655, June 25, 1996, and further redesignated and amended by USCG–1998–3976, 63 FR 35139, 35140, June 29, 1998]

§ 403.105 Records.

(a) Each Association shall maintain the general books of account and all books, records, and supporting memoranda in such manner as to provide, at any time, full information relating to any account. Supporting memoranda must provide sufficient information to verify the nature and character of each entry and its proper classification.

(b) Each Association shall maintain all books, records and memoranda in a manner that will readily permit audit and examination by the Director or the Director's representatives. All books, records and memoranda shall be protected from loss, theft, or damage by

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fire, flood or otherwise, and shall be retained for 10 years unless otherwise authorized by the Director.

§ 403.110 Accounting entities.

(a) Each Association shall be a separate accounting entity. However, the records shall be maintained with sufficient particularity to allocate items to each pilotage pool operation or nonpool operation and to support the equitable proration of items that are common to two or more pilotage pools.

(b) Each Association will maintain a separate account called the “Working Capital Fund.” Each Association will deposit into the working capital fund an amount each year at least equal to the amount calculated in Step 5, 46 CFR 404.105. Working capital funds may only be used for infrastructure improvements and infrastructure maintenance necessary to provide safe, efficient, and reliable pilot service such as pilot boat replacements, major repairs to pilot boats, non-recurring technology purchases necessary for providing pilot services, or for the acquisition of real property for use as a dispatch center, office space, or pilot lodging. The Director may grant exceptions to the requirements of this paragraph (403.110(b)) upon request by an Association.

[60 FR 18369, Apr. 11, 1995, as amended by USCG-2019-0736, 85 FR 20120, Apr. 9, 2020]

§ 403.115 Accounting period.

Each Association subject to this part shall maintain its accounts on a calendar year basis unless otherwise approved by the Director.

Subpart B—Inter-Association Settlements

SOURCE: 60 FR 18369, Apr. 11, 1995, unless otherwise noted. Redesignated at 61 FR 32655, June 25, 1996, and further redesignated by USCG-1998-3976, 63 FR 35139, June 29, 1998.

§ 403.200 General.

Each Association that shares revenues and expenses with the Canadian Great Lakes Pilotage Authority (GLPA) shall submit settlement statements regarding these activities. The settlement statements shall be com-

pleted in accordance with the terms of agreements between the United States and Canada and guidance from the Director of Great Lakes Pilotage.

Subpart C—Reporting Requirements

§ 403.300 Financial reporting requirements.

(a) Each association must maintain records for dispatching, billing, and invoicing, and make them available for Director’s inspection, using the system currently approved by the Director.

(b) Each association must submit the compiled financial data and any other required statistical data, and written certification of the data’s accuracy signed by an officer of the association, to the Director within 30 days of the end of the annual reporting period, unless otherwise authorized by the Director.

(c) By April 1 of each year, each association must obtain an unqualified audit report for the preceding year, audited and prepared in accordance with generally accepted accounting standards by an independent certified public accountant, and electronically submit that report with any associated settlement statements to the Director by April 7.

[USCG-2015-0497, 81 FR 11941, Mar. 7, 2016]

Subpart D—Source Forms

§ 403.400 Uniform pilot’s source form.

(a) Each association must record pilotage transactions using the system currently approved by the Director.

(b) Each pilot must complete a source form in detail as soon as possible after completion of an assignment, with adequate support for reimbursable travel expenses.

(c) Upon receipt, each association must complete the source form by inserting the rates and charges specified in 46 CFR part 401.

[USCG-2015-0497, 81 FR 11941, Mar. 7, 2016]

**PART 404—GREAT LAKES PILOTAGE
RATEMAKING**

Sec.

- 404.1 General ratemaking provisions.
- 404.2 Procedure and criteria for recognizing association expenses.
- 404.3–404.99 [Reserved].
- 404.100 Ratemaking and annual reviews in general.
- 404.101 Ratemaking step 1: Recognize previous operating expenses.
- 404.102 Ratemaking step 2: Project operating expenses, adjusting for inflation or deflation.
- 404.103 Ratemaking step 3: Estimate number of registered pilots and apprentice pilots.
- 404.104 Ratemaking step 4: Determine target pilot compensation benchmark and apprentice pilot wage benchmark.
- 404.105 Ratemaking step 5: Project working capital fund.
- 404.106 Ratemaking step 6: Project needed revenue.
- 404.107 Ratemaking step 7: Calculate initial base rates.
- 404.108 Ratemaking step 8: Calculate average weighting factors by Area.
- 404.109 Ratemaking step 9: Calculate revised base rates.
- 404.110 Ratemaking step 10: Review and finalize rates.

AUTHORITY: 46 U.S.C. 2103, 2104(a), 9303, 9304; DHS Delegation 00170.1, Revision No. 01.2, paragraphs (II)(92)(a), (f).

SOURCE: USCG–2015–0497, 81 FR 11941, Mar. 7, 2016, unless otherwise noted.

§ 404.1 General ratemaking provisions.

(a) The goal of ratemaking is to promote safe, efficient, and reliable pilotage service on the Great Lakes, by generating for each pilotage association sufficient revenue to reimburse its necessary and reasonable operating expenses, fairly compensate trained and rested pilots, and provide an appropriate profit to use for improvements.

(b) Annual reviews of pilotage association expenses and revenue will be conducted in conjunction with an independent party, and data from completed reviews will be used in ratemaking under this part.

(c) Full ratemakings to establish multi-year base rates and interim year reviews and adjustments will be conducted in accordance with § 404.100 of this part.

§ 404.2 Procedure and criteria for recognizing association expenses.

(a) A pilotage association must report each expense item for which it seeks reimbursement through the charging of pilotage rates, and make supporting information available to the Director. The Director must recognize the item as both necessary for providing pilotage service, and reasonable as to its amount when compared to similar expenses paid by others in the maritime or other comparable industry, or when compared with Internal Revenue Service guidelines. The association will be given an opportunity to contest any preliminary determination that a reported item should not be recognized.

(b) The Director applies the following criteria to recognize an expense item as necessary and reasonable within the meaning of paragraph (a) of this section:

(1) *Operating or capital lease costs.* Conformity to market rates, or in the absence of a comparable market, conformity to depreciation plus an allowance for return on investment, computed as if the asset had been purchased with equity capital.

(2) *Return-on-investment.* A market equivalent return-on-investment is allowed for the net capital invested in the association by its members, if that investment is necessary for providing pilotage service.

(3) *Transactions not directly related to providing pilotage services.* Revenues and expenses generated from these transactions are included in ratemaking calculations as long as the revenues exceed the expenses. If these transactions adversely affect providing pilotage services, the Director may make rate adjustments or take other steps to ensure pilotage service is provided.

(4) *Pilot benefits.* Association-paid benefits, including medical and pension benefits and profit sharing, are treated as pilot compensation.

(5) *Profit sharing for non-pilot association employees.* These association expenses are recognizable.

(6) *Legal expenses.* These association expenses are recognizable except for any and all expenses associated with legal action against the U.S. Coast Guard or its agents in relation to the