

Pilotage area	Projected 2003 bridge hours	Divided by bridge-hour target	Pilots required
AREA 4	8,298	1,800	4.6
AREA 5	6,395	1,000	6.4
AREA 6	19,016	1,800	10.6
AREA 7	4,320	1,000	4.3
AREA 8	12,354	1,800	6.9

Step 2.C. Projection of Target Pilot Compensation

(1) The projection of target pilot compensation is determined separately

for each pilotage area by multiplying the number of pilots needed in an area by the target pilot compensation for pilots working in that area (*i.e.*, 5.4 pilots are required in Area 1, target compensation

for the designated waters of Area 1 is \$145,422, $5.4 \times \$145,422 = \$785,279$).

(2) The results for each pilotage area are summarized below:

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total District One
Projection of target pilot compensation	\$785,279	\$352,726	\$1,138,005

DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total District Two
Projection of target pilot compensation	\$477,218	\$930,701	\$1,407,919

DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total District Three
Projection of target pilot compensation	\$1,099,676	\$625,315	\$715,827	\$2,440,818

Step 3: Projection of Revenue

(1) The third step in the ratemaking methodology is to project the revenue that would be received in each pilotage area if existing rates were left unchanged. This consists of a projection

of both future vessel traffic and pilotage revenue.

Step 3.A. Projection of Revenue

(1) The Coast Guard projects the pilotage service that will be required by vessel traffic in each pilotage area. These projections are based on

historical data and all other relevant data available. Projected demand for pilotage service is multiplied by the existing pilotage rates for that service, to arrive at the projection of revenue.

(2) The results of Step 3.A for each district are summarized below:

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total District One
Projection of revenue	\$1,105,233	\$629,149	\$1,734,382

DISTRICT

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total District Two
Projection of revenue	\$705,015	\$1,461,069	\$2,166,084