

TABLE A.—DISTRICT ONE—PROJECTED RETURN ON INVESTMENT

Step	Area 1	Area 2	Total District One
1	\$1,105,233	\$629,149	\$1,734,382
2	(\$359,704)	(\$239,802)	(\$599,506)
3	(\$785,279)	(\$352,726)	(\$1,138,005)
4	(\$39,750)	\$36,621	(\$3,129)
5	0	0	0
6	(\$39,750)	\$36,621	(\$3,129)
7	0	0	0
8	(\$39,750)	\$36,621	(\$3,129)
9	(\$39,750)	\$36,621	(\$3,129)
10	\$50,000	\$50,000	\$10,000
11	(0.795)	0.732	(0.031)

TABLE B.—DISTRICT TWO—ADJUSTMENT DETERMINATION

Step	Area 4	Area 5	Total District Two
1	\$854,237	\$1,392,460	\$2,246,697
2	(\$365,292)	(\$446,468)	(\$811,760)
3	(\$477,218)	(\$930,701)	(\$1,407,919)
4	\$11,727	\$15,291	\$37,018
5	(\$734)	(\$734)	(\$1,468)
6	\$10,993	\$14,557	\$25,550
7	(\$5,410)	(\$5,410)	(\$10,820)
8	\$5,583	\$9,147	\$14,730
9	\$6,317	\$9,881	\$16,198
10	\$89,734	\$140,353	\$230,087
110704	.0704	.0704

TABLE C.—DISTRICT THREE—ADJUSTMENT DETERMINATION

Step	Area 6	Area 7	Area 8	Total District
1	\$1,847,087	\$923,950	\$1,230,164	\$4,001,202
2	(\$739,550)	(\$292,739)	(\$508,441)	(\$1,540,730)
3	(\$1,099,676)	(\$625,315)	(\$715,827)	(\$2,440,818)
4	\$7,861	\$5,896	\$5,896	\$19,654
5	(\$1,909)	(\$1,909)	(\$1,909)	(\$5,727)
6	\$5,952	\$3,987	\$3,987	\$13,927
7	0	0	0	0
8	\$5,952	\$3,987	\$3,987	\$13,927
9	\$7,861	\$5,896	\$5,896	\$19,654
10	\$111,668	\$83,752	\$83,752	\$279,172
110704	.0704	.0704	.0704

(2) The Coast Guard compares the projected return on investment (as calculated using the formula in Step 6a) to the target return on investment (from Step 5), to determine whether an adjustment to the base pilotage rates is necessary. If the projected return on investment is significantly different from the target return on investment, the revenues that would be generated by the current pilotage rates are not equal to the revenues that would need to be recovered by the pilotage rates.

(3) It is clear from the table below that the difference between the projected and target Returns on Investment are significant, indicating that a rate adjustment is necessary.

TABLE D.—COMPARISON OF PROJECTED RETURNS ON INVESTMENT VERSUS TARGET RETURNS ON INVESTMENT

	Projected ROI	Target ROI
District 1	(0.031)	.0704
District 2	(0.280)	.0704
District 3	(1.041)	.0704

(4) The base pilotage revenues that are needed are calculated by determining what change in projected revenue will make the target return on investment equal to the projected return on investment. This projection of revenue needed is used in determining the basis

for proposed adjustments to the base pilotage rates. The mechanism for adjusting the base pilotage rates is discussed in Step 7 below. The required return, tax, and interest elements may be considered additions to the operating expenses and pilot compensation components of the base pilotage rates.

Step 6b: Revenue Needed Determination

The same formula used in Step 6a, above, is used to calculate the Adjustment Determination. To find the proper adjustment determination, Projected Revenue as determined in Step 3, is adjusted in each area until the formula in Step 6a yields a Projected Return on Investment equal to the Target Return on Investment from Step