APPENDIX A OF PART 1611—LEGAL SERVICES CORPORATION 2006 POVERTY GUIDELINES *

Size of household	48 Contiguous States and the District of Columbia	Alaska	Hawaii
1	$12,763	$15,963	$14,688
2	17,113	21,400	19,688
3	21,463	26,838	24,688
4	25,813	32,275	29,688
5	30,163	37,713	34,688
6	34,513	43,150	39,688
7	38,863	48,588	44,688
8	43,213	54,025	49,688
For each additional member of the household in excess of 8, add:	4,350	5,438	5,000

* The figures in this table represent 125% of the poverty guidelines by household size as determined by the Department of Health and Human Services.

REFERENCE CHART—200% OF DHHS FEDERAL POVERTY GUIDELINES

Size of household	48 Contiguous States and the District of Columbia	Alaska	Hawaii
1	$20,420	$25,540	$23,500
2	27,380	34,240	31,500
3	34,340	42,940	39,500
4	41,300	51,640	47,500
5	48,260	60,340	55,500
6	55,220	69,040	63,500
7	62,180	77,740	71,500
8	69,140	86,440	79,500
For each additional member of the household in excess of 8, add:	6,960	8,700	8000

Victor M. Fortuno,

Vice President for Legal Affairs, General Counsel & Corporate Secretary.

[FR Doc. E7–3074 Filed 2–22–07; 8:45 am]

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DEPARTMENT OF HOMELAND SECURITY

Coast Guard

46 CFR Part 401

[USCG–2006–24414]

RIN 1625–AB05

Rates for Pilotage on the Great Lakes

AGENCY: Coast Guard, DHS.

ACTION: Interim rule with request for comments.

SUMMARY: The Coast Guard is updating the rates for pilotage service on the Great Lakes for the 2007 navigation season. This increases pilotage rates an average of 22.62% across all three pilotage districts over the last ratemaking that was completed in April of 2006. Annual reviews of pilotage rates are required by law to ensure that sufficient revenues are generated to cover the annual projected allowable expenses, target pilot compensation, and returns on investment of the pilot associations. The Coast Guard requests public comment on its calculation of these rate increases.

DATES: This interim rule is effective March 26, 2007. Comments and related material must reach the Docket Management Facility on or before April 24, 2007.

ADDRESSES: You may submit comments identified by Coast Guard docket number USCG–2006–24414 to the Docket Management Facility at the U.S. Department of Transportation. To avoid duplication, please use only one of the following methods:

(1) *Web site: http://dms.dot.gov.*

(2) *Mail:* Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street SW., Washington, DC 20590–0001.

(3) *Fax:* 202–493–2251.

(4) *Delivery:* Room PL–401 on the Plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The telephone number is 202–366–9329.

(5) Federal eRulemaking Portal: *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: For questions on this interim rule, call Mr. Michael Sakaio, Program Analyst, Office of Great Lakes Pilotage, Commandant (CG–3PWM), U.S. Coast Guard, at 202–372–1538, by fax 202–372–1929, or by e-mail at *michael.sakaio@uscg.mil.* For questions on viewing or submitting material to the docket, call Renee V. Wright, Chief, Dockets, Department of Transportation, telephone 202–493–0402.

SUPPLEMENTARY INFORMATION:

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SUPPLEMENTARY INFORMATION:

I. Public Participation and Request for Comments

We invite public comment on our calculation of the rate increases made in this interim rule, specifically with respect to Step 3 of the methodology. All comments received will be posted, without change, to *http://dms.dot.gov* and will include any personal information you have provided. We have an agreement with the Department of Transportation (DOT) to use the Docket Management Facility. Please see DOT's ''Privacy Act'' paragraph below.

Submitting comments: If you submit a comment, please include your name and address, identify the docket number for this rulemaking (USCG–2006–24414), indicate the specific section of this document to which each comment applies, and give the reason for each comment. You may submit your comments and material by electronic means, mail, fax, or delivery to the Docket Management Facility at the address under **ADDRESSES**; but please submit your comments and material by only one means. If you submit them by mail or delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing. If you submit them by mail and would like to know that they reached the Facility, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during the comment period. We may change this rule in view of them.

Viewing comments and documents: To view comments, as well as documents mentioned in this preamble as being available in the docket, go to *http://dms.dot.gov* at any time, click on ''Simple Search,'' enter the last five digits of the docket number for this rulemaking, and click on ''Search.'' You may also visit the Docket Management Facility in room PL–401 on the Plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Privacy Act: Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review the Department of Transportation's Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477), or you may visit *http://dms.dot.gov.*

Public Meeting: We do not now plan to hold a public meeting. But you may submit a request for one to the Docket Management Facility at the address under **ADDRESSES** explaining why one would be beneficial. If we determine that one would aid this rulemaking, we will hold one at a time and place announced by a later notice in the **Federal Register**.

II. Background

The Great Lakes Pilotage Act of 1960, codified in Title 46, Chapter 93, of the United States Code (U.S.C.), requires foreign-flag vessels and U.S.-flag vessels in foreign trade to use federal Great Lakes registered pilots while transiting the St. Lawrence Seaway and the Great Lakes system. 46 U.S.C. 9302, 9308. The Coast Guard is responsible for administering this pilotage program, which includes setting rates for pilotage service.

The Coast Guard pilotage regulations require annual reviews of pilotage rates and the creation of a new rate at least once every five years, or sooner, if annual reviews show a need. 46 CFR part 404. 46 U.S.C. 9303(f) requires these reviews and, where deemed appropriate, adjustments be established by March 1 of every season.

To assist in calculating pilotage rates, the three Great Lakes pilotage associations are required to submit to the Coast Guard annual financial statements prepared by certified public accounting firms. In addition, every fifth year, in connection with the full ratemaking, the Coast Guard contracts with an independent accounting firm to conduct audits of the accounts and records of the pilotage associations and to submit financial reports relevant to the ratemaking process. In those years when a full ratemaking is conducted, the Coast Guard generates the pilotage rates using Appendix A to 46 CFR Part 404. Between the five-year full ratemaking intervals, the Coast Guard annually reviews the pilotage rates using Appendix C to 46 CFR Part 404, and adjusts rates as appropriate.

The last full ratemaking was published in the **Federal Register** on April 3, 2006 (71 FR 16501). On July 13, 2006, we published a Notice of Proposed Rulemaking (NPRM; 71 FR 39629), thus beginning the first annual review and adjustment following that full ratemaking. By law, this review must be completed by March 1, 2007.

III. Discussion of Comments and Changes

The Coast Guard received four comments in response to the July 2006 NPRM. One comment was received from the American Maritime Officers' (AMO) union, two comments were received from the Lakes Pilots' Association (LPA), and one comment was received from the legal representative of the pilots' associations. This last commenter prefaced his discussion of several issues by stating that ''the pilots are willing to have the Coast Guard defer action on [these issues] to the earliest possible time at which they will not delay the issuance of the updated rate pursuant to the current NPRM proceeding.'' We agree that timely completion of this annual rate update is of paramount importance.

Contract modifications. All four comments stated that AMO union contracts with one or more of the shipping companies on the Great Lakes had changed prior to the publication of the NPRM on July 13, 2006, and requested that the final rule reflect this change. After reviewing the submissions and researching the issue to confirm the accuracy of the comments, the Coast Guard has concluded that these comments are partially correct.

The AMO union contracts with six shipping companies on the Great Lakes. On August 1, 2003, the union negotiated collective bargaining agreements with these six companies establishing, among other things, wages and benefits for mariners effective until July 31, 2006. Three of those companies, based on our research, have subsequently entered into Memorandums of Understanding dated July 23, 2004, March 11, 2005, and May 1, 2005, extending the termination dates of these collective bargaining agreements to July 31, 2007, and modifying the wage and benefit portions of the underlying collective bargaining agreements. These modifications initially became effective May 1, 2005, with additional modifications becoming effective August 1, 2005. The remaining three companies have not signed Memorandums of Understanding extending and modifying the collective bargaining agreements. Accordingly, they continue to operate under the terms of the original 2003 contracts previously used by the Coast Guard to approximate first mates wages and benefits.

The Coast Guard agrees that, since these contract modifications went into effect prior to the date the NPRM was published, weight should be given to these updated contracts. However, the Coast Guard also believes that to properly approximate current first mates wages and benefits, we must also give consideration to the August 1, 2003, AMO union contracts that remain in effect with three of the six shipping companies. Accordingly, we have calculated first mates wages and benefits under both versions of the AMO union contracts and, using the deadweight tonnage (mid-summer capacity tonnage) of vessels operating under each of these contracts, apportioned target pilot compensation based on the percentage of tonnage represented by each of the contracts to arrive at a weighted average target pilot compensation. This calculation is discussed in greater detail under Step 3 of this Appendix C Ratemaking Methodology. We specifically request public comment on this calculation.

Calculation of projected bridge hours. One commenter pointed out that we rounded up the bridge hour projections shown in Step 2.B of the Appendix A calculations for the 2006 final rule and in Step 3 of the Appendix C calculations for this rulemaking's NPRM. The commenter stated, correctly, that this was a departure from our past practice, and that the resulting artificial overstatement of traffic projections lowers rates. Because we now agree with this comment, we have corrected Step 3 in our Appendix C computations, to show actual projected bridge hours rather than rounded-up projections. This affects subsequent computations made under Appendix C, and raises rates an average of 3% over what we proposed in the NPRM. We also note by this commenter's remark that the impact of our error was most notable in District One, which has suffered the cessation of fast ferry service that accounted for 1,144 projected bridge hours in the 2006 ratemaking. This interim rule removes those hours from the District One projection.

Delay and detention. One commenter alleged that our 2006 ratemaking ''changes, without explanation'' our ''longstanding practice'' of counting ''delay and detention'' hours in the pilots'' workload, and that this rulemaking's NPRM perpetuates this alleged error.

The comment is incorrect. The Coast Guard has never considered delay, detention, or travel time to be included in the definition of bridge hours and has never knowingly included these items in its bridge hour computations. The Appendix A, Step 2.B definition of bridge hours as the ''number of hours a pilot is aboard a vessel providing basic pilotage service'' has never changed. We have consistently and publicly stated that this excludes detention, delay, or travel time: See, for example, 65 FR 55206 at 55208 (Sep. 13, 2000), 66 FR 36484 (Jul. 12, 2001). In 2002, we reiterated this policy at the same time as we acknowledged a possible inadvertent departure from the policy in 2001. 67 FR 47464 (Jul. 19, 2002). The policy has been expressed and followed in all our ratemaking documents since 2002.

The commenter further cited Rear Admiral J. Timothy Riker's March 4, 2003 report on Great Lakes pilotage, in which he recommended including delay and detention in calculating bridge hours. The commenter expressed concern over the ''slow pace'' of the Coast Guard's response to the Riker report and asked us to implement its recommendations promptly. The report can be found at *http://dms.dot.gov*, under Docket USCG–2002–13191 where it appears as item 85.

The Riker report presented a series of recommendations for Coast Guard consideration. We are, and have been, actively engaged in reviewing these recommendations. This will be the subject of a separate **Federal Register** notice.

150% factor for designated waters. One commenter alleged that we have improperly calculated target pilot compensation for pilots servicing designated waters. The Coast Guard's standard practice under Appendix A, Step 2.A(1) and (2), is to calculate this compensation by multiplying first mates wages by 150%, and then adding benefits. The commenter believes that, instead, we should multiply the total of first mates wages and benefits by 150%. The rationale for the Coast Guard's method of calculation was given in the Saint Lawrence Seaway Development Corporation's 1997 final rule (62 FR 5917, 5920; Feb. 10, 1997). Further discussion can be found in the docket for the 1997 rule; see *http://www.dms.dot.gov*, Docket SLSDC–1996–1781, item 22.

This issue was the subject of litigation between the Lakes Pilots Association and the Coast Guard. In an unpublished Memorandum Opinion (*Lakes Pilots' Association* v. *United States Coast Guard*, Civil Action No. 01–1721(RBW); Apr. 4, 2003), which we have placed in the docket for this rulemaking, the U.S. District Court for the District of Columbia upheld the Coast Guard's interpretation of the applicable regulations and the method used to calculate target pilot compensation for pilots servicing designated waters. It is the Coast Guard's view that this matter has been resolved by the court's decision.

Rate adjustment with Canada. One commenter stated that U.S. pilotage rates must be identical to rates charged by the Canadian pilotage authority, in keeping with provisions of the January 18, 1977 Memorandum of Arrangements (MOA) regarding Great Lakes pilotage, which was signed by the U.S. Secretary of Transportation and the Canadian Minister of Transport, and which remains in effect. Paragraph 7 of the MOA states that ''the Secretary and the Minister will arrange *for the establishment of regulations* imposing identical rates, charges and any other conditions or terms being annexed hereto from time to time as a Rate Supplement and to be deemed as part of this Memorandum of Arrangements'' (emphasis added). The MOA is enforceable only between the two sovereign nations that are party to it. No private right of action is created by which individuals might seek to enforce the MOA for their own benefit.

This comment is beyond the scope of this rulemaking, which merely applies existing U.S. regulations. Those regulations reflect the MOA, in that they allow for rate adjustment after U.S. consultation with Canada, but they do not automatically adjust U.S. rates to reflect Canadian rates, nor do they require U.S. rates to be identical to Canadian rates. We infer that the commenter's intent is to encourage consultation between the U.S. and Canada so that rates will be made identical. Due to vast differences in the pilotage systems and ratemaking methodologies of the two nations, and to frequent economic fluctuations that affect the two nations dissimilarly, it may not be practicable, or desirable from the perspective of the U.S. pilots, to set identical rates. However, we have been discussing with the Canadian Great Lakes Pilotage Authority ways to achieve rate parity.

IV. Discussion of the Interim Rule

A. Pilotage Rate Changes—Summarized

This interim rule adjusts the rates for Federal pilots on the Great Lakes, contained in 46 CFR 401.405, 401.407, and 401.410, in accordance with

Appendix C of 46 CFR part 404. Using this methodology, the rate adjustment results in an average increase of 22.62% across all Districts over the last pilotage rate adjustment. Fourteen and seven-tenths percent (14.7%) of the increase is attributable to increases in wages and benefits contained in the most recent American Maritime Officers' union contracts that were not included in the NPRM; 5% of the increase is attributable to increased traffic projections based upon changes in traffic levels between 2005 and 2006; 3% of the increase is attributable to adjustments made in the rate computation returning projected bridge hours to unrounded values; and 0.5% of the increase is attributable to non-wage inflation.

2007 AREA RATE CHANGES

If pilotage service is required in:	Then the percentage increases over the current rate is:
Area 1 (Designated waters)	21.04
Area 2 (Undesignated waters)	29.51
Area 4 (Undesignated waters)	22.07
Area 5 (Designated waters)	25.32
Area 6 (Undesignated waters)	14.97
Area 7 (Designated waters)	18.33
Area 8 (Undesignated waters)	27.08

Rates for ''Cancellation, delay or interruption in rendering services (§ 401.420)'' and ''Basic rates and charges for carrying a U.S. pilot beyond [the] normal change point, or for boarding at other than the normal boarding point (§ 401.428)'' have been increased by 22.62%. These changes are the same in every Area.

B. Calculating the Rate Adjustment

The ratemaking analyses and methodology contained in Appendix C to 46 CFR part 404 comprises eight steps. These steps are:

1. Calculating the Base Period Total Economic Cost (Cost Per Bridge Hour by Area for the Base Period);
2. Calculating the Expense Multiplier;
3. Calculating the Annual Projection of Target Pilot Compensation;
4. Increasing the Projected Pilot Compensation in Step 3 by the Expense Multiplier;
5. Adjusting the Result for Inflation or Deflation;
6. Dividing the Result in Step 5 by Projected Bridge Hours to Determine Total Unit Costs (Adjusted Cost per Bridge Hour by Area);
7. Dividing Prospective Unit Costs (Total Unit Cost) in Step 6 by the Base Period Unit Costs in Step 1; and
8. Adjusting the Base Period rates by the Percentage Changes in Unit Cost in Step 7.

The base data used to calculate each of the eight steps comes from the last full ratemaking, as indicated in the April 3, 2006 final rule. Target pilot compensation is calculated based upon the most recent contracts between the American Maritime Officers'(AMO) union and vessel owners and operators on the Great Lakes. Bridge hour projections for the 2007 season are based on historical data and data provided by the St. Lawrence Seaway Development Corporation. Bridge hours are the number of hours a pilot is aboard a vessel providing pilotage service and do not include delay, detention, or travel time. All documents and records used in this rate calculation mentioned in this preamble as being available in the docket have been placed in the public docket for this rulemaking and are available for review at the addresses listed under **ADDRESSES**.

Some values may not total exactly due to format rounding for presentation in charts and explanations in this section. The rounding does not affect the integrity or truncate the real value of all calculations in the ratemaking methodology described below.

Step 1: Calculating the Base Period Total Economic Cost (Cost per Bridge Hour by Area for the Base Period)

The base period numbers used in all calculations are those that were set by the last full ratemaking in 2006. The data used for this first step is obtained from the 2006 final rule's tables containing the base operating expense, base target pilot compensation, and base return element computations. This first step requires that we calculate the total economic cost for the base period by taking from these tables, and adding together, the recognized expenses, the total cost of target pilot compensation, and the return element in each Area. We then take this sum and divide it by the total bridge hours used in each Area in setting the base period rates. This calculation gives us the cost of providing pilotage service per bridge hour by Area for the base period.

The following tables summarize the Step 1 computations:

TABLE 1.—BASE PERIOD TOTAL ECONOMIC COST (COST PER BRIDGE HOUR)—DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Base Operating Expenses	$368,186	$372,911	$741,097
Base Target Pilot compensation	+$1,207,209	+$725,848	+1,933,057
Base Return Element [1]	+$8,087	+$10,185	+$18,272
Subtotal	=$1,583,482	=$1,108,944	=$2,692,426
Base Bridge Hours	÷6,000	÷9,000	÷15,000
Base Cost per Bridge Hour	=$263.91	=$123.22	=$179.50

[1] The return element is defined at Appendix B to 46 CFR part 404 as the sum of net income and interest expense. The return element can be considered the sum of the return to equity capital (net increase), and the return to debt (the interest expense).

TABLE 2.—BASE PERIOD TOTAL ECONOMIC COST (COST PER BRIDGE HOUR)—DISTRICT TWO

	Area 4 Lake Erie	Area 5 South-east Shoal to Port Huron, MI	Total district two
Base Operating Expenses	$427,333	$632,117	$1,059,450
Base Target Pilot compensation	+$725,848	+$1,408,410	+$2,134,258
Base Return Element	+$20,354	+$24,275	+$44,629

TABLE 2.—BASE PERIOD TOTAL ECONOMIC COST (COST PER BRIDGE HOUR)—DISTRICT TWO—Continued

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Subtotal	=$1,173,535	=$2,064,802	=$3,238,337
Base Bridge Hours	÷9,000	÷7,000	÷16,000
Base Cost per Bridge Hour	=$130.39	=$294.97	=$202.40

TABLE 3.—BASE PERIOD TOTAL ECONOMIC COST (COST PER BRIDGE HOUR)—DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Base Operating Expenses	$693,924	$271,563	$433,484	$1,398,971
Base Target Pilot compensation	+$1,451,696	+$804,806	+$1,016,187	+$3,272,689
Base Return Element	+$25,283	+$9,768	+$15,451	+$50,502
Subtotal	=$2,170,903	=$1,086,137	=$1,465,122	=$4,722,162
Base Bridge Hours	÷18,000	÷4,000	÷12,600	÷34,600
Base Cost per Bridge Hour	=$120.61	=$271.53	=$116.28	=$136.48

Step 2. Calculating the Expense Multiplier

The expense multiplier is the ratio of both the base operating expenses and the base return element to the base target pilot compensation by Area. This step requires that we add together the base operating expense and the base return element. Then we divide the sum by the base target pilot compensation to get the expense multiplier for each Area. The following tables show the calculations:

1. EXPENSE MULTIPLIER FOR DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Base Operating Expense	$368,186	$372,911	$741,097
Base Return Element	+$8,087	+$10,185	+$18,272
Subtotal	=$376,273	=$383,096	=$759,369
Base Target Pilot Compensation	÷$1,207,209	÷$725,848	÷$1,933,057
Expense Multiplier	=.31169	=.52779	=.39283

2. EXPENSE MULTIPLIER FOR DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Base Operating Expense	$427,333	$632,117	$1,059,450
Base Return Element	+$20,354	+$24,275	+$44,629
Subtotal	=$447,687	=$656,392	=$1,104,079
Base Target Pilot Compensation	÷$725,848	÷$1,408,410	÷$2,134,258
Expense Multiplier	=.61678	=.46605	=.51731

3. EXPENSE MULTIPLIER FOR DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Base Operating Expense	$693,924	$271,563	$433,484	$1,398,971
Base Return Element	+$25,283	+$9,768	+$15,451	+$50,502
Subtotal	=$719,207	=$281,331	=$448,935	=$1,449,473
Base Target Pilot Compensation	÷$1,451,696	÷$804,806	÷$1,016,187	÷$3,272,689

3. EXPENSE MULTIPLIER FOR DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Expense Multiplier	=.49543	=.34956	=.44178	=.44290

Step 3. Calculating the New Annual ''Projection of Target Pilot Compensation'' Using the Same Procedures Found in Step 2 of Appendix A to 46 CFR Part 404

Step 2 of Appendix A requires the Director of Great Lakes Pilotage to:

1. Determine the new target rate of compensation;
2. Determine the new number of pilots needed in each pilotage Area; and
3. Multiply new target compensation by the new number of pilots needed to project total new target pilot compensation needed in each Area.

Each step is detailed as follows:

1. Determination of New Target Pilot Compensation

Target pilot compensation for pilots providing services in undesignated waters approximates the average annual compensation for first mates on U.S. Great Lakes vessels. Target pilot compensation for pilots providing services in designated waters approximates the average annual compensation for masters on U.S. Great Lakes vessels. The Office of Great Lakes Pilotage has consistently calculated compensation for masters on the Great Lakes by first multiplying first mates' salaries by 150% and then adding benefits, since this is the best approximation of the average annual compensation for masters.

For this interim rule, the average annual compensation for first mates has been partially revised, based on comments to the docket, and confirming research performed by the Coast Guard, to reflect changes in the AMO union contracts on the Great Lakes. The AMO union contracts with six shipping companies on the Great Lakes. On August 1, 2003, the union negotiated collective bargaining agreements with these six companies establishing, among other things, wages and benefits for mariners effective until July 31, 2006. Three of those companies, based on our research, have subsequently entered into Memorandums of Understanding dated July 23, 2004, March 11, 2005 and May 1, 2005, extending the termination dates of these collective bargaining agreements to July 31, 2007, and modifying the wage and benefit portions of the underlying collective bargaining agreements. These modifications initially became effective May 1, 2005, with additional modifications becoming effective August 1, 2005. The remaining three companies have not signed Memorandums of Understanding extending and modifying the collective bargaining agreements and they, accordingly, continue to operate under the terms of the original 2003 contracts the Coast Guard previously used to approximate first mates' wages and benefits.

In light of the foregoing and to effectuate these changes, the Coast Guard has calculated target pilot compensation under both versions of the AMO union contracts and, using the deadweight tonnages (mid-summer capacity) of vessels operating under each of these contracts, apportioned target pilot compensation based on the percentage of tonnage represented by each of the contracts, to arrive at a weighted average target pilot compensation accurately approximating compensation of first mates on the Great Lakes. We specifically request public comment on this calculation.

The following tables (1, 2, and 3) summarize how target pilot compensation is determined for undesignated and designated waters based on the AMO union contracts in effect on August 1, 2003. Data from these AMO union contracts were used in the NPRM published on July 13, 2006.

TABLE 1.—WAGES

Monthly component	(First mate) pilots on undesignated waters	(Master) pilots on designated waters
\$226.96 (Daily Rate) × 54 (Days)	\$12,256	N/A
Monthly Total × 9 Months = Total Wages	110,303	N/A
Wages: \$226.96 (Daily Rate) × 54 × 1.5	N/A	18,384
Monthly Total × 9 Months = Total Wages	N/A	165,454

TABLE 2.—BENEFITS

Monthly component	(First mate) pilots on undesignated waters	(Master) pilots on designated waters
Employer Contribution—401(K) Plan	\$612.79	\$919.19
Clerical	+\$340.44	+\$340.44
Health	+\$2,512.51	+\$2,512.51
Pension	+\$1,283.10	+\$1,283.10
Monthly Total Benefits	=\$4,748.84	=\$5,055.24

TABLE 2.—BENEFITS

Monthly component	(First mate) pilots on undesignated waters	(Master) pilots on designated waters
Monthly Total Benefits × 9 months	=$42,740	=$45,497

TABLE 3.—WAGES AND BENEFITS

	(First Mate) pilots on undesignated waters	(Master) pilots on designated waters
Wages	$110,303	$165,454
Benefits	+$42,740	+$45,497
Total Wages and Benefits	=$153,042	=$210,951

Under the AMO union contracts in effect on August 1, 2003, the monthly component for wages is derived by multiplying the daily rate of pay by 54 days, instead of 30 days, based upon the following formulation provided by the AMO union:

a. Average Working Days per month—30.5.

b. Vacation Days per month—15.0.

c. Weekend Days per month—4.0.

d. Holidays per month—1.5.

e. Bonus per month—3.0.

Monthly Multiplier—54.0.

Additionally, we use a nine-month multiplier in computing annual wages and benefits because the season is nine months in duration, not 12 months.

Effective August 1, 2002, the matching benefit increased to 50% for each participating 401(k) employee up to a maximum of 5% of a participating employee's compensation. For purposes of this benefit, the AMO union contracts interpret ''employee compensation'' to mean base wages. District Two has a pension plan, while District Three has a 401(k) plan. District One does not provide either a 401(k) or pension plan for its members. Therefore, to conform to the 401(k) matching benefit provision under the AMO union contracts, pilot compensation for Districts Two and Three is increased. The increase in undesignated waters is $5,515.20 and for designated waters is $8,272.80 per pilot. These increases are 5% of compensation, respectively.

District One does not administer any form of 401(k) or retirement plan. At the recommendation of the independent accountant, the Coast Guard has determined that the District One pilots should receive the same employer matching benefits as Districts Two and Three.

Accordingly, the compensation base of District One is adjusted to include an amount equivalent to an employer's contribution under the AMO 401(k) matching plan, which increases pilot compensation in undesignated waters by $5,515.20 and for designated waters by $8,272.80 per pilot.

The following tables (4, 5, and 6) summarize how target pilot compensation is determined for undesignated and designated waters under the modified AMO union contracts effective August 1, 2005:

TABLE 4.—WAGES

Monthly component	(First Mate) pilots on undesignated waters	(Master) pilots on designated waters
$279.55 (Daily Wage Rate) × 49.5 (Days)	$13,838	N/A
Monthly Total × 9 Months = Total Wages	124,540	N/A
$279.55 (Daily Wage Rate) × 49.5 (Days) X 1.5	N/A	$20,757
Monthly Total × 9 Months = Total Wages	N/A	186,809

TABLE 5.—BENEFITS

Monthly component	(First Mate) pilots on undesignated waters	(Master) pilots on designated waters
Employer Contribution—401(K) Plan	$691.89	$1,037.83
Clerical	N/A	N/A
Health	2,512.51	2,512.51
Pension	1,981.53	1,981.53
Monthly Total Benefits	5,185.92	5,531.86
Monthly Total Benefits × 9	46,673	49,787

TABLE 6.—TOTAL WAGES AND BENEFITS

	(First Mate) pilots on undesignated waters	(Master) pilots on designated waters
Wages	$124,540	$186,809
Benefits	46,673	49,787
Total Wages and Benefits	171,213	236,596

Under the modified AMO union contracts effective August 1, 2005, the daily wage rate was a flat $279.55. This daily wage rate is multiplied by a new monthly multiplier component of 49.5, instead of the 54 days used under the August 1, 2003, AMO union contracts, based upon the following formulation provided by the AMO union:

a. Average Working Days per month—30.5.

b. Vacation Days per month—16.0.

c. Bonus per month—3.0.

Monthly Multiplier—49.5.

Additionally, we use a nine-month multiplier in computing annual wages and benefits because the season is nine months in duration, not 12 months.

Benefits under the modified AMO union contracts include a health contribution rate of $55.22 per man-day and a pension plan contribution rate of $43.55 per man-day. The AMO 401K employer matching rate remained at 5% of compensation (wages) while the clerical contributions were eliminated.

To accurately reflect the compensation received by masters and mates serving on the Great Lakes, we have taken a weighted average of wages and benefits under the two sets of AMO union contracts. The following tables (7, 8, 9, and 10) show how this operation was performed.

TABLE 7.—TOTAL WAGES AND BENEFITS BY AMO UNION CONTRACTS

	Unmodified AMO union contracts eff: August 1, 2003	Modified AMO union contracts eff: August 1, 2005
Total Wages and Benefits for Designated Waters	$210,951	$236,596
Total Wages and Benefits for Un-Designated Waters	153,042	171,213

TABLE 8.—DEADWEIGHT TONNAGE BY AMO UNION CONTRACT

Great Lakes vessel operators	Unmodified AMO union contracts eff: August 1, 2003	Modified AMO union contracts eff: August 1, 2005
American Steamship Company		664,215
Central Marine Logistics (Formerly Inland/ISPAT, Inc)		96,544
Oglebay Norton Marine Services		0
HMC Ship Management	12,656	
Key Lakes, Inc (Formerly USS Great Lakes Fleet)	303,145	
Interlake Leasing III	64,960	
Total Tonnage by each AMO contract	380,761	760,759
Percent Tonnage by each AMO contract	380,761 ÷ 1,141,520 = 33.3556%	760,759 ÷ 1,141,520 = 66.6444%

TABLE 9.—WEIGHTED AVERAGE WAGES AND BENEFITS BASED ON AMO UNION CONTRACTS

	Unmodified AMO union contract eff: August 1, 2003	Modified AMO union contract eff: August 1, 2005
Weighted Wages and Benefits (Designated Waters)	$210,953 × .333556 = $70,364	$236,600 × .666444 = $157,678
Weighted Wages and Benefits (Un-Designated Waters)	$153,042 × .333556 = $51,048	$171,213 × .666444 = $114,104

TABLE 10.—TOTAL WEIGHTED AVERAGE WAGES AND BENEFITS

	Designated waters	Un-designated waters
August 1, 2003 Contract	$70,364	$51,048
August 1, 2005 Contract	157,678	114,104
Total Weighted Wages and Benefits	228,042	165,152

In calculating the average wages and benefits used in determining target pilot compensation, we first determine the total wages and benefits for designated and undesignated waters under each of the two sets of AMO union contracts (Table 7). Next, we add the total gross deadweight tonnage of vessels under each version of the AMO contracts and calculate the percentage of tonnage represented under each version (Table 8). Based on these calculations, we have estimated current total tonnage at approximately 1.2 million. Of this total, approximately 66% of the tonnage is controlled by shipping companies operating under the modified AMO union contracts, and approximately 33% of the tonnage is controlled by shipping companies operating under the unmodified AMO union contracts.

Next, we take the total wages and benefits for designated and undesignated waters under the unmodified AMO union contracts (Table 3) and multiply by approximately 33% and we take the total wages and benefits for designated and undesignated waters under the modified AMO union contract (Table 6) and multiply these by approximately 66%. The results of these computations are added together to arrive at the weighted average target pilot compensation (Table 10).

2. Determination of New Number of Pilots Needed

The number of pilots needed in each Area of designated waters is established by dividing the total projected number of bridge hours for that Area by 1,000. The number of pilots needed in each Area of undesignated waters is established by dividing the total number of projected bridge hours for that Area by 1,800. Under the ratemaking methodology, a pilot in designated waters must work 1,000 bridge hours per season to earn projected target pilot compensation. In undesignated waters a pilot must work 1,800 bridge hours to earn target pilot compensation. A bridge hour is defined as an hour of time in which a pilot is aboard a vessel providing basic pilotage service.

Dividing the total projected number of bridge hours per Area by the number of bridge hours a pilot needs to work to earn target pilot compensation yields the number of pilots that will be needed in each area to service vessel traffic. Projected bridge hours are based on the vessel traffic that pilots are expected to serve.

As previously discussed, the Coast Guard has adjusted the bridge hour calculations contained in the NPRM to reflect actual projected hours for each Area as opposed to the rounded bridge hours previously used to correct for overestimations of projected revenue, expenses, and returns on investment. The Coast Guard has also revised upward its projection of traffic for the 2007 navigation season based upon data received showing an upward trend in tonnage moved within the system, and increases in both vessel transits and bridge hours between 2004 and 2006. The revised projections are made based upon historical data, recent data obtained from the St. Lawrence Seaway Development Corporation, and relevant information provided by pilots and industry.

The data analyzed by the Coast Guard has been conflicting. It consists of changes in annual tonnage throughput, numbers of vessel transits, and changing bridge hour requirements from 1999 through 2006. Despite the conflicting data, measurable increases in traffic have occurred between 2004 and 2006 in Area 1 (St. Lawrence Seaway), Area 2 (Lake Ontario), and Area 4 (Lake Erie). No discernable increases have occurred in the remaining Areas. Depending how the data is analyzed the results vary significantly. A regression analysis performed for the period 1999 to 2006 shows that while traffic has fluctuated over this period of time, current levels of traffic are about equal to average long term traffic loads. If just recent bridge hour data is analyzed, however, it appears that traffic has increased approximately 13% in Area 1, 19% in Area 2, and 4% in Area 4 between 2005 and 2006. Based upon the data available to us, we project that these traffic levels will continue into the 2007 season. Accordingly, we have adjusted projected bridge hour totals to reflect these recent trends in traffic.

As previously indicated, the bridge hour projection appearing in the NPRM for Area 2 of District One was reduced to reflect unrounded projected bridge hour numbers and reduced again by 1144 bridge hours reflecting the loss of traffic due to the fast ferry going out of business. After performing these adjustments, the 19% projected increase in traffic was applied.

The following table, ''Number of Pilots Needed,'' shows the projection of bridge hours by area and the calculation of the number of pilots needed in each Area for the 2007 navigation season rounded to the next whole pilot:

NUMBER OF PILOTS NEEDED

Pilotage area	Projected 2007 bridge hours	Divided by bridge-hour target	Pilots needed
AREA 1	5,661	1,000	6
AREA 2	7,993	1,800	5
AREA 4	8,490	1,800	5
AREA 5	6,395	1,000	7
AREA 6	18,000	1,800	10
AREA 7	3,863	1,000	4
AREA 8	11,390	1,800	7

NUMBER OF PILOTS NEEDED—Continued

Pilotage area	Projected 2007 bridge hours	Divided by bridge-hour target	Pilots needed
Total Pilots Needed			44

3. Projection of New Total Target Pilot Compensation

The projection of new total target pilot compensation is determined separately for each pilotage Area by multiplying the number of pilots needed in each Area by the target pilot compensation for pilots working in that Area.

The results for each pilotage Area are set out as follows:

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Projection of target pilot compensation	$1,368,253	$825,760	$2,194,013

DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Projection of target pilot compensation	$825,760	$1,596,295	$2,422,055

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	$1,651,520	$912,168	$1,156,064	$3,719,752

Step 4: Increase the New Total Target Pilot Compensation in Step 3 by the Expense Multiplier in Step 2

The increase in Step 4 refers to the proportional increase of operating expense when new total target pilot compensation is multiplied by the expense multiplier. The calculations for Step 4 appear as follows:

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Pilot Compensation	$1,368,253	$825,760	$2,194,013
Expense Multiplier	× 31169	× 52779	× 39283
Projected Increase in Operating Expense	=$426,468	=$435,829	=$861,881

DISTRICT TWO

	Area 4 Lake Erie	Area 5 southeast Shoal to Port Huron, MI	Total district two
Pilot Compensation	$825,760	$1,596,295	$2,422,055
Expense Multiplier	× 61678	× 46605	× 51731
Projected increase in Operating Expense	=$509,310	=$743,956	=$1,252,960

DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Pilot Compensation	$1,651,520	$912,168	$1,156,064	$3,719,752
Expense Multiplier	× 49543	× 34956	× 44178	× 44290
Projected Increase in Operating Expense	=$818,205	=$318,861	=$510,730	=$1,647,478

Step 5(a): Adjust the Result in Step 4, as Required, for Inflation or Deflation

The calculations for Step 5(a) appear below. Inflation rates were obtained from the U.S. Department of Labor, Bureau of Labor Statistics, ''Midwest Economy—Consumer Prices,'' using the years 2004 to 2005 annual average in the amount of 3.2% per year.

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Projected Increase in Operating Expense	$426,468	$435,829	$861,881
Inflation Rate	× 1.032	× 1.032	× 1.032
Adjusted Projected Increase in Operating Expense	=$440,115	=$449,776	=$889,461

DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Projected Increase in Operating Expense	$509,310	$743,956	$1,252,960
Inflation Rate	× 1.032	× 1.032	× 1.032
Adjusted Projected Increase in Operating Expense	=$525,608	=$767,763	=$1,293,055

DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Projected Increase in Operating Expense	$818,205	$318,861	$510,730	$1,647,478
Inflation Rate	× 1.032	× 1.032	× 1.032	× 1.032
Adjusted Projected Increase in Operating Expense	=$844,388	=$329,065	=$527,074	=$1,700,197

Step 5(b): Calculate Projected Total Economic Costs

After the inflation adjustments are made to the Operating Expenses in Step 5(a), the adjusted amount (Adjusted Projected Increase in Operating Expense) is added to the New Total Target Pilot Compensation, as determined in Step 3, to arrive at a Projected Total Economic Cost. The Total Economic Cost is necessary to determine the Total Unit Cost in Step 6. The calculations for Step 5(b) appear as follows:

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Adjusted Projected Increase in Operating Expense	$440,115	$449,776	$889,461
Projected Target Pilot Compensation	+$1,368,253	+$825,760	+$2,194,013
Projected Total Economic Cost	=$1,808,368	=$1,275,535	=$3,083,474

DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Adjusted Projected Increase in Operating Expense	$525,608	$767,763	$1,293,055
Projected Target Pilot Compensation	+$825,760	+$1,596,295	+$2,422,055
Projected Total Economic Cost	=$1,351,368	=$2,364,058	=$3,715,109

DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Adjusted Projected Increase in Operating Expense	$844,388	$329,065	$527,074	$1,700,197
Projected Target Pilot Compensation	+$1,651,520	+$912,168	+$1,156,064	+$3,719,752
Projected Total Economic Cost	=$2,495,907	=$1,241,233	=$1,683,138	=$5,419,949

Step 6: Divide the Result in Step 5(b) by Projected Bridge Hours to Determine Total Unit Costs (Adjusted Cost per Bridge Hour by Area)

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Projected Total Economic Costs	$1,808,368	$1,275,535	$3,083,474
Projected Bridge Hours	÷5,661	÷7,993	÷13,654
Total Unit Costs	=$319.44	=$159.58	=$225.83

DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Projected Total Economic Costs	$1,351,368	$2,364,058	$3,715,109
Projected Bridge Hours	÷8,490	÷6,395	÷14,885
Total Unit Costs	=$159.17	=$369.67	=$249.59

DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Projected Total Economic Costs	$2,495,907	$1,241,233	$1,683,138	$5,419,949
Projected Bridge Hours	÷18,000	÷3,863	÷11,390	÷33,253
Total Unit Costs	=$138.66	=$321.31	=$147.77	=$162.99

Step 7: Divide Prospective Unit Costs in Step 6 by the Base Period Unit Costs in Step 1

This step calculates the percent change in unit cost from the base period to the prospective unit cost.

DISTRICT ONE

	Area 1 St. Lawrence River	Area 2 Lake Ontario	Total district one
Prospective Unit Cost (Total Unit Cost)	$319.44	$159.58	$225.83
Base Period Unit Cost	÷$263.91	÷$123.22	÷$179.50
Percentage Change in Unit Cost (Rate Adjustment)	=1.2104	=1.2951	=1.2581

DISTRICT TWO

	Area 4 Lake Erie	Area 5 Southeast Shoal to Port Huron, MI	Total district two
Prospective Unit Cost (Total Unit Cost)	$159.17	$369.67	$249.59
Base Period Unit Cost	÷$130.39	÷$294.97	÷$202.40
Percentage Change in Unit Cost (Rate Adjustment)	=1.2207	=1.2532	=1.2332

DISTRICT THREE

	Area 6 Lakes Huron and Michigan	Area 7 St. Mary's River	Area 8 Lake Superior	Total district three
Prospective Unit Cost (Total Unit Cost)	$138.66	$321.31	$147.77	$162.99
Base Period Unit Cost	÷$120.61	÷$271.53	÷$116.28	÷$136.48
Percentage Change in Unit Cost (Rate Adjustment)	=1.1497	=1.1833	=1.2708	=1.1943

Step 8: Adjust the Base Period Rates by the Percentage Change in Unit Costs in Step 7

The ''Percentage Change in Unit Cost'' in Step 7 represents the percentage change or rate adjustment that will be applied to existing base period rates and charges in Subpart D of 46 CFR part 401. The average increase in rates overall three Districts is 22.62% above the 2006 final rule. The rate adjustments are summarized by Areas in the following table. The actual adjustments are shown in the proposed amendments to regulatory text that follow this preamble. Each of the Area rates listed in part 401 has been adjusted according to this table. Results are rounded to nearest whole dollar.

2007 AREA RATE CHANGES

If pilotage service is required in:	Then the percentage increases over the current rate is:
Area 1 (Designated waters)	21.04
Area 2 (Undesignated waters)	29.51
Area 4 (Undesignated waters)	22.07
Area 5 (Designated waters)	25.32
Area 6 (Undesignated waters)	14.97
Area 7 (Designated waters)	18.33
Area 8 (Undesignated waters)	27.08

V. Regulatory Evaluation

Executive Order 12866, ''Regulatory Planning and Review,'' 58 FR 51735, October 4, 1993, requires a determination whether a regulatory action is ''significant'' and therefore subject to review by the Office of Management and Budget (OMB) and subject to the requirements of the Executive Order. This rulemaking is not significant under Executive Order 12866 and has been reviewed by OMB.

The Coast Guard is required to conduct an annual review of pilotage rates on the Great Lakes and, if necessary, adjust these rates to align compensation levels between Great Lakes pilots and industry. (See the ''Background'' section for a detailed explanation of the legal authority and requirements for the Coast Guard to conduct an annual review and provide possible adjustments of pilotage rates on the Great Lakes.) Based on our review, we are adjusting the pilotage rates for the 2007 shipping season to generate sufficient revenue to cover allowable expenses, target pilot compensation, and returns on investment.

This interim rule implements a 22.62% average rate adjustment for the Great Lakes system over the rate adjustment found in the 2006 final rule. This adjustment has increased from the proposed 6% published in the NPRM due to changes made to address public comments. (See the ''Discussion of Comments and Changes'' section for a discussion of the changes made from public comments.) The additional consideration of the wage and benefit increases under three of six union contracts, updating the inflation index, and modifying the projected bridge hours all added to the increased rate adjustment. Changes to AMO union contracts contributed the largest part of the change by increasing the target pilot compensation, resulting in the higher rate adjustment for the interim rule. (See the ''Calculating the Rate Adjustment'' section of this rulemaking for a detailed explanation of the ratemaking methodology).

These adjustments to Great Lakes pilotage rates meet the requirements set forth in 46 CFR part 404 for similar compensation levels between Great Lakes pilots and industry. They also include adjustments for inflation and changes in association expenses to maintain these compensation levels.

The increase in pilotage rates will be an additional cost for shippers to transit the Great Lakes system. This interim rule results in a distributional effect that transfers payments (income) from vessel owners and operators to the Great Lakes' pilot associations through Coast Guard regulated pilotage rates.

The shippers affected by these rate adjustments are those owners and operators of domestic vessels operating on register (employed in the foreign trade) and owners and operators of foreign vessels on a route within the Great Lakes system. These owners and operators must have pilots or pilotage service as required by 46 U.S.C. 9302. There is no minimum tonnage limit or exemption for these vessels. However, the Coast Guard issued a policy position several years ago stating that the statute applies only to commercial vessels and not to recreational vessels.

Owners and operators of other vessels that are not affected by this interim rule, such as recreational boats and vessels only operating within the Great Lakes system, may elect to purchase pilotage services. However, this election is voluntary and does not affect the Coast Guard's calculation of the rate increase and is not a part of our estimated national cost to shippers.

We reviewed a sample of pilot source forms, which are the forms used to record pilotage transactions on vessels, and discovered very few cases of U.S. Great Lakes vessels (i.e., domestic vessels without registry operating only in the Great Lakes) that purchased pilotage services. There was one case where the vessel operator purchased pilotage service in District One to presumably leave the Great Lakes system. We assume some vessel owners and operators may also choose to purchase pilotage services if their vessels are carrying hazardous substances or were navigating the Great Lakes system with inexperienced personnel. Based on information from the Coast Guard Office of Great Lakes Pilotage, we have determined that these vessels voluntarily chose to use pilots and, therefore, are exempt from pilotage requirements.

We updated our estimates of affected vessels for the interim rule by using recent vessel characteristics, documentation, and arrival data. We used 2004–2005 vessel arrival data from the National Vessel Movement Center (NVMC) and the Coast Guard's Marine Inspection, Safety, and Law Enforcement (MISLE) system to estimate the average annual number of vessels affected by the rate adjustment to be 269 vessels that journey into the Great Lakes system. These vessels entered the Great Lakes by transiting through or in part of at least one of the three pilotage Districts before leaving the Great Lakes system. These vessels often make more than one distinct stop docking, offloading, and onloading at facilities in Great Lakes ports. Of the total trips for the 269 vessels, there were approximately 1,040 annual U.S. port arrivals before the vessels left the Great Lakes system, based on 2004–2005 vessel data from the NVMC and MISLE.

We used district pilotage revenues from the independent accountant's reports of the Districts' financial statements to estimate the additional cost to shippers of the rate adjustments in this interim rule. These revenues represent the direct and indirect pilotage costs that shippers must pay for pilotage services in order to transit their vessels in the Great Lakes. Table 1 shows historical pilotage revenues by District.

TABLE 1.—DISTRICT REVENUES ($U.S.)

Year	District one	District two	District three	Total
1998	2,127,577	3,202,374	4,026,802	9,356,753
1999	2,009,180	2,727,688	3,599,993	8,336,861
2000	1,890,779	2,947,798	4,036,354	8,874,931
2001	1,676,578	2,375,779	3,657,756	7,710,113
2002	1,686,655	2,089,348	3,460,560	7,236,563

Source: Annual independent accountant's reports of the Districts to the Coast Guard's Office of Great Lake Pilotage.

While the revenues have decreased over time, the Coast Guard adjusts pilotage rates to achieve a target pilot compensation similar to masters and first mates working on U.S. vessels engaged in the Great Lakes trade. Table 2 details the revenue adjustment from the 2006 full rate adjustment final rule (71 FR 16501). This interim rule uses the total adjusted revenue from the 2006 final rule as a baseline to estimate the revenue needed for the 2007 shipping season.

TABLE 2.—REVENUES FROM THE 2006 FULL RATE ADJUSTMENT ($U.S.) [1]

District	District one	District two	District three	Total [2]
2002 District Revenues	1,686,655	2,089,348	3,460,560	7,236,563
2006 Projected Revenue	2,231,940	2,375,920	3,908,363	8,516,223
2006 Total Adjusted Revenue	2,643,732	3,125,036	4,722,162	10,490,930

[1] For the calculation of the 2006 projected and adjusted pilotage revenues, see the ''Discussion of Rule'' section of the 2006 final rule published in the **Federal Register** (71 FR 16501).
[2] Some values may not total due to rounding.

We estimate the additional cost of the rate adjustment in this rule to be the difference between the total revenue needed based on the 2006 rate adjustment and the rate adjustment (change) revenue in this interim rule. These revenue values and adjustments are described and calculated in the ''Calculating the Rate Adjustment'' section of this rulemaking. Table 3 compares projected and adjusted revenues and costs of the rule to industry by district.

TABLE 3.—REVENUES, RATE ADJUSTMENT FACTORS AND ADDITIONAL COST OF THIS RULE ($U.S.)

District	District one	District two	District three	Total [1]
Total Adjusted Revenue [2]	2,643,732	3,125,036	4,722,162	10,490,930

TABLE 3.—REVENUES, RATE ADJUSTMENT FACTORS AND ADDITIONAL COST OF THIS RULE ($U.S.)—Continued

District	District one	District two	District three	Total [1]
Proposed Rate Change [3]	1.2581	1.2332	1.1943	1.2262
Revenue Needed [4]	3,326,079	3,853,794	5,639,678	12,819,552
Additional Revenue or Cost of this Rulemaking [5]	682,347	728,758	917,516	2,328,622

[1] Some values may not total due to rounding.
[2] Total adjusted revenue = '2002 base revenue' + '2006 final rule rate adjustment revenue'.
[3] See step 7 of the "Calculating the Rate Adjustment" section of this rule. We used the districts' percent change in unit costs for the rate change.
[4] Revenue needed = 'total adjusted revenue' × 'proposed rate change'.
[5] Additional revenue or cost of this rule = 'revenue needed' – 'total adjusted revenue'.

After applying the rate change in this interim rule, the resulting difference between the revenue projected and the revenue needed is the annual cost to shippers from this interim rule. This figure will be equivalent to the total additional payments that shippers will make for pilotage services from this interim rule.

The annual cost of the rate adjustment in this interim rule to shippers is approximately $2.3 million (non-discounted). To calculate an exact cost per vessel is difficult because of the variation in vessel types, routes, port arrivals, commodity carriage, time of season, conditions during navigation, and preferences for the extent of pilotage services on designated and undesignated portions of the Great Lakes system. Some owners and operators will pay more and some will pay less depending on the distance and port arrivals of their vessels' trips. However, the annual cost reported above does capture all of the additional cost the shippers face as a result of the rate adjustment in this interim rule.

In addition to the annual reviews and possible partial rate adjustment, the Coast Guard is required to determine and, if necessary, perform a full adjustment of Great Lakes pilotage rates at a minimum of once every five years. Due to the frequency of the rate adjustments, we estimated the total cost to shippers of the rate adjustments in this interim rule over a five-year period instead of a ten-year period. The total five-year (2007–2011) present value cost estimate of this interim rule to shippers is $10.2 million discounted at a 7% discount rate and $11.0 million discounted at a 3% discount rate.

For the calculation of the total five-year present value cost estimate, we chose not to discount first-year costs and instead began discounting in the second year, because we anticipate that industry will most likely begin to incur costs immediately upon publication of this interim rule during the 2007 Great Lakes shipping season which is generally less than a calendar year. We also considered a middle-of-year discounting process to account for the payments occurring over the course of the year but the difference was small considering the overall cost of the interim rule.

The cost to shippers of this interim rule is minimal compared with the travel cost shippers save when they use the Great Lakes system. The alternative to Great Lakes waterborne transportation is to choose coastal delivery, such as East Coast and Gulf Coast ports that are more expensive, and extra-modal transportation overland, which is far less practical and has additional transportation costs for all commodity groups. See the docket for this rulemaking, USCG–2006–24414, for an assessment of alternatives to Great Lakes waterborne transportation and the associated costs entitled "Analysis of Great Lakes Pilotage Costs on Great Lakes Shipping and the Potential Impact of Pilotage Rate Increases" (October 1, 2004).

A. Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601–612), we have considered whether this interim rule has a significant economic impact on a substantial number of small entities. The term "small entities" comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000.

We expect entities affected by the interim rule would be classified under the North American Industry Classification System (NAICS) code subsector 483—Water Transportation, which includes one or all of the following 6-digit NAICS codes for freight transportation: 483111—Deep Sea Freight Transportation, 483113—Coastal and Great Lakes Freight Transportation, and 483211—Inland Water Freight Transportation. According to the Small Business Administration's definition, a U.S. company with these NAICS codes and employing less than 500 employees is considered a small entity.

For the interim rule, we reviewed recent company size and ownership data from 2004–2005 Coast Guard MISLE data and public and proprietary business revenue and size data. We found that large foreign-owned shipping conglomerates or their subsidiaries owned or operated all vessels engaged in foreign trade on the Great Lakes. We found one U.S. company operating vessels engaged in foreign trade in the Great Lakes system that was owned by a large foreign company between 2004–2005. We assume that new industry entrants will be comparable in ownership and size to these shippers.

There are three U.S. entities affected by the interim rule that will receive the additional revenues from the rate adjustment. These are the three pilot associations that are the only entities providing pilotage services within the Great Lakes districts. Two of the associations operate as partnerships and one operates as a corporation. These associations are classified with the same NAICS industry classification and small entity size standards described above, but they have far fewer than 500 employees: Approximately 65 total employees combined. However, they are not adversely impacted with the additional costs of the rate adjustments, but instead receive the additional revenue benefits for operating expenses and pilot compensation.

Therefore, the Coast Guard certifies under 5 U.S.C. § 605(b) that this interim rule does not have a significant economic impact on a substantial number of U.S. small entities. If you think that your business, organization, or governmental jurisdiction qualifies as a small entity and that this interim rule will have a significant economic impact on it, please submit a comment to the Docket Management Facility at the address under **ADDRESSES**. In your comment, explain why you think it qualifies and how and to what degree this rule will economically affect it.

B. Assistance for Small Entities

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), we offered to assist small entities in understanding the interim rule so that they could better evaluate its effects on them and participate in the rulemaking. If the interim rule affects your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please call Mike Sakaio, Office of Great Lakes Pilotage, (CG–3PWM–2), U.S. Coast Guard, telephone 202–372–1538 or send him e-mail at *Michael.Sakaio@uscg.mil.* The Coast Guard will not retaliate against small entities that question or complain about this interim rule or any policy or action of the Coast Guard. Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888–REG–FAIR (1–888–734–3247).

C. Collection of Information

Under the Paperwork Reduction Act (44 U.S.C.3501–3520), the Office of Management and Budget (OMB) reviews each rule that contains a collection of information requirement to determine whether the practical value of the information is worth the burden imposed by its collection. Collection of information requirements include reporting, record keeping, notification, and other similar requirements.

This interim rule calls for no new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520). It does not change the burden in the collection currently approved by the Office of Management and Budget (OMB) under OMB Control Number 1625–0086, Great Lakes Pilotage Methodology.

D. Federalism

A rule has implications for federalism under Executive Order 13132, Federalism, if it has a substantial direct effect on State or local governments and would either preempt State law or impose a substantial direct cost of compliance on them. We have analyzed this interim rule under that Order and have determined that it does not have implications for federalism because there are no similar State regulations, and the States do not have the authority to regulate and adjust rates for pilotage services in the Great Lakes system.

E. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of $100,000,000 or more in any one year. Though this interim rule will not result in such expenditure, we do discuss the effects of this rule elsewhere in this preamble.

F. Taking of Private Property

This rule does not effect a taking of private property or otherwise have taking implications under Executive Order 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights.

G. Civil Justice Reform

This interim rule meets applicable standards in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

H. Protection of Children

We have analyzed this interim rule under Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks. It is not an economically significant rule and does not create an environmental risk to health or risk to safety that may disproportionately affect children.

I. Indian Tribal Governments

This interim rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

J. Energy Effects

We have analyzed this interim rule under Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use. We have determined that it is not a ''significant energy action'' under that order because it is not a ''significant regulatory action'' under Executive Order 12866 and is not likely to have a significant adverse effect on the supply, distribution, or use of energy. The Administrator of the Office of Information and Regulatory Affairs has not designated it as a significant energy action. Therefore, it does not require a Statement of Energy Effects under Executive Order 13211.

K. Technical Standards

The National Technology Transfer and Advancement Act (NTTAA) (15 U.S.C. 272 note) directs agencies to use voluntary consensus standards in their regulatory activities unless the agency provides Congress, through the Office of Management and Budget, with an explanation of why using these standards would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g., specifications of materials, performance, design, or operation; test methods; sampling procedures; and related management systems practices) that are developed or adopted by voluntary consensus standards bodies. This interim rule does not use technical standards. Therefore, we did not consider the use of voluntary consensus standards.

L. Environment

We have analyzed this interim rule under Commandant Instruction M16475.lD and Department of Homeland Security Management Directive 5100.1, which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4370f), and have concluded that there are no factors in this case that would limit the use of a categorical exclusion under section 2.B.2 of the Instruction. Therefore, this interim rule is categorically excluded, under figure 2–1, paragraph (34)(a), of the Instruction, from further environmental documentation. Paragraph 34(a) pertains to minor regulatory changes that are editorial or procedural in nature. This interim rule adjusts rates in accordance with applicable statutory and regulatory mandates.

List of Subjects in 46 CFR Part 404

Administrative practice and procedure, Great Lakes, Navigation (water), Penalties, Reporting and recordkeeping requirements, Seamen.

■ For the reasons set forth in the preamble, the Coast Guard amends part 401 of title 46 of the Code of Federal Regulations as follows:

PART 401—GREAT LAKES PILOTAGE REGULATIONS

■ 1. The authority citation for part 401 continues to read as follows:

Authority: 46 U.S.C. 2104(a), 6101, 7701, 8105, 9303, 9304; Department of Homeland Security Delegation No. 0170.1 46 CFR 401.105 also issued under the authority of 44 U.S.C. 3507.

■ 2. In § 401.405, revise paragraphs (a) and (b), including the footnote to Table (a), to read as follows:

§ 401.405 Basic rates and charges on the St. Lawrence River and Lake Ontario.

* * * * *

(a) Area 1 (Designated Waters):

Service	St. Lawrence River
Basic Pilotage	$13 per Kilometer or $23 per mile [1]
Each Lock Transited	$288 [1]
Harbor Movage	$943 [1]

[1] The minimum basic rate for assignment of a pilot in the St. Lawrence River is $629, and the maximum basic rate for a through trip is $2,761.

(b) Area 2 (Undesignated Waters):

Service	Lake Ontario
Six-Hour Period	$477
Docking or Undocking	455

■ 3. In § 401.407, revise paragraphs (a) and (b), including the footnote to Table (b), to read as follows:

§ 401.407 Basic rates and charges on Lake Erie and the navigable waters from Southeast Shoal to Port Huron, MI.

* * * * *

(a) Area 4 (Undesignated Waters):

Service	Lake Erie (east of Southeast Shoal)	Buffalo
Six-Hour Period Docking or	$641	$641
Undocking	494	494
Any Point on the Niagara River below the Black Rock Lock	N/A	1,261

(b) Area 5 (Designated Waters):

Any point on or in	Southeast Shoal	Toledo or any point on Lake Erie west of Southeast Shoal	Detroit River	Detroit pilot boat	St. Clair River
Toledo or any port on Lake Erie west of Southeast Shoal. Port Huron Change	$1,699	$1,004	$2,206	$1,699	N/A
Point	[1] 2,959	[1] 3,428	2,223	1,729	1,229
St. Clair River	[1] 2,959	N/A	2,223	2,223	1,004
Detroit or Windsor or the Detroit River	1,699	2,206	1,004	N/A	2,223
Detroit Pilot Boat	1,229	1,699	N/A	N/A	2,223

[1] When pilots are not changed at the Detroit Pilot Boat.

■ 4. In § 401.410, revise paragraphs (a), (b), and (c) to read as follows:

§ 401.410 Basic rates and charges on Lakes Huron, Michigan, and Superior, and the St. Mary's River.

* * * * *

(a) Area 6 (Undesignated Waters):

Service	Lakes Huron and Michigan
Six-Hour Period	$479
Docking or Undocking	455

(b) Area 7 (Designated Waters):

Area	De Tour	Gros cap	Any harbor
Gros Cap	$1,718	N/A	N/A

Area	De Tour	Gros cap	Any harbor
Algoma Steel Corporation Wharf at Sault Ste. Marie Ontario	1,718	$647	N/A
Any point in Sault Ste. Marie, Ontario, except the Algoma Steel Corporation Wharf	1,440	647	N/A
Sault Ste. Marie, MI	1,440	647	N/A
Harbor Movage	N/A	N/A	$647

(c) Area 8 (Undesignated Waters):

Service	Lake Superior
Six-Hour Period	$464
Docking or Undocking	441

§ 401.420 [Amended]

■ 5. In § 401.420—

■ a. In paragraph (a), remove the number ''$70'' and add, in its place, the number ''$86''; and remove the number ''$1,100'' and add, in its place, the number ''$1,349''.

■ b. In paragraph (b), remove the number ''$70'' and add, in its place, the number ''$86''; and remove the number ''$1,100'' and add, in its place, the number ''$1,349''.

■ c. In paragraph (c)(1), remove the number ''$416'' and add, in its place, the number ''$510''; in paragraph (c)(3), remove the number ''$70'' and add, in its place, the number ''$86''; and, also in paragraph (c)(3), remove the number ''$1,100'' and add, in its place, the number ''$1,349''.

§ 401.428 [Amended]

■ 6. In § 401.428, remove the number ''$424'' and add, in its place, the number ''$520''.

Dated: February 7, 2007.

C.E. Bone,

Rear Admiral, U.S. Coast Guard, Assistant Commandant for Prevention.

[FR Doc. E7–3061 Filed 2–22–07; 8:45 am]

BILLING CODE 4910–15–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 15

[ET Docket No. 98–153; FCC 03–33]

Ultra-Wideband Transmission Systems

AGENCY: Federal Communications Commission.

ACTION: Final rule; announcement of effective date.

SUMMARY: The Commission adopted new rules on the labeling of digital television receivers and other consumer electronics receiving devices. Certain rules contained new modified information collection requirements and were published in the **Federal Register** on October 27, 2000. This document announces the effective date of these published rules.

DATES: The amendment to § 15.525 (b) and (e) published at 68 FR 19746, April 22, 2003, became effective on April 5, 2006.

FOR FURTHER INFORMATION CONTACT: Nancy J. Brooks, Office of Engineering and Technology, Policy and Rules Division, (202) 418–2454.

SUPPLEMENTARY INFORMATION: On April 5, 2006, the Office of Management and Budget (OMB) approved the information collection requirements contained in Section 15.525 (a) and (e), pursuant to OMB Control No. 3060–1015. Accordingly, the information collection requirements contained in these rules became effective on April 5, 2006.

Federal Communications Commission.

Marlene H. Dortch,

Secretary.

[FR Doc. E7–3060 Filed 2–22–07; 8:45 am]

BILLING CODE 6712–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 060216044–6044–01; I.D. 022007A]

Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 630 of the Gulf of Alaska

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Temporary rule; modification of a closure; request for comments.

SUMMARY: NMFS is reopening directed fishing for pollock in Statistical Area 630 of the Gulf of Alaska (GOA) for 48 hours. This action is necessary to allow full harvest of the A season allowance of the 2007 total allowable catch (TAC) of pollock specified for Statistical Area 630 of the GOA.

DATES: Effective 1200 hrs, Alaska local time (A.l.t.), February 20, 2007, through 1200 hrs, A.l.t., February 22, 2007. Comments must be received at the following address no later than 4:30 p.m., A.l.t., March 7, 2007.

ADDRESSES: Send comments to Sue Salveson, Assistant Regional Administrator, Sustainable Fisheries Division, Alaska Region, NMFS, Attn: Ellen Sebastian. Comments may be submitted by:

- Mail to: P.O. Box 21668, Juneau, AK 99802;
- Hand delivery to the Federal Building, 709 West 9th Street, Room 420A, Juneau, Alaska;
- Fax to 907–586–7557;
- E-mail to *630pollock1@noaa.gov* and include in the subject line of the e-mail comment the document identifier: ''g63plkro3'' (E-mail comments, with or without attachments, are limited to 5 megabytes); or
- Webform at the Federal eRulemaking Portal: *http://www.regulations.gov*. Follow the instructions at that site for submitting comments.

FOR FURTHER INFORMATION CONTACT: Jennifer Hogan, 907–586–7228.

SUPPLEMENTARY INFORMATION: NMFS manages the groundfish fishery in the GOA exclusive economic zone according to the Fishery Management Plan for Groundfish of the Gulf of Alaska (FMP) prepared by the North Pacific Fishery Management Council under authority of the Magnuson-Stevens Fishery Conservation and Management Act. Regulations governing fishing by U.S. vessels in accordance with the FMP appear at subpart H of 50 CFR part 600 and 50 CFR part 679.

NMFS closed the directed fishery for pollock in Statistical Area 630 of the GOA under § 679.20(d)(1)(iii) on January 22, 2007 (72 FR 2793, January 23, 2007). The fishery was subsequently