

FLORIDA
DEPARTMENT OF BUSINESS
AND PROFESSIONAL
REGULATION
PO Box 5377
TALLAHASSEE, FLORIDA
32314-5377
850-717.1980

STATE OF FLORIDA
APPLICATION FOR A
CHANGE IN RATES OF
PILOTAGE

DO NOT WRITE IN THIS SPACE
FOR OFFICE USE ONLY

APPLICATION SHOULD BE TYPED

JUL 16 2025

PLEASE CHECK THE APPROPRIATE BOX TO IDENTIFY THE APPLICANT:

Individual Person
• Single Licensed State Pilot

Other Entity
 Group of Licensed State Pilots

PART A APPLICANT PROFILE DATA

Name of Individual/Association/Group
Pensacola Pilots LLC

Home Telephone:
(Include area
code)

Business
Telephone:
(Include area
code)

Name of Authorized Representative & Title
Captain Matthew T. Meilstrup, Preside_nt

(540) 848-4524

(540) 848-4524

Mailing
Address:

Street and No.

Apartment No.

Social Security Number or Federal Employer
ID Number (Optional):
87-1077261

901 S. Old Corry Field Rd. Box 4435

City Pensacola

State FL

Zip Code 32507

Permanent
Address:

C/O

Street and No.

Apartment No.

Same as above

City

State

Zip Code

IF PERSONS OTHER THAN A PILOT:

Detailed statement setting forth the substantial interest of the applicant and how the applicant is directly affected by the established rates:

PA,RTB

1. Name of Port for which rate change is being requested: Port of Pensacola

2. Detailed explanation of rate change being requested:

The requested rate change replaces the existing rates for pilotage and other services and charges for vessels visiting the Port of Pensacola or Naval Air Station Pensacola, subject to pilotage as outlined in Florida § 310,141.

The formula for calculating base pilotage rate shall be modified from the existing box formula of $(\{LOA \times Beam / 100\} \times Pilotage \text{ Unit Rate}) \text{ plus } (Draft \times Draft \text{ Rate})$

To a proposed base pilotage rate of $(LOA \times LOA \text{ Rate}) + (Beam \times Beam \text{ Rate}) + (Draft \times Draft \text{ Rate}) + (GT \times GT \text{ Rate})$

LOA= length overall (rounded up to the nearest foot)

Beam"" extreme beam (rounded up to the nearest foot)

Draft= deepest draft (rounded up to the nearest foot)

GT= gross tonnage (maximl.µll value if differing tonnages are listed)

	<u>From</u>	<u>To</u>
Pilotage unit rate * Minimum	\$2.00 per pilotage unit 200 pilotage units	N/A
LOA rate	N/A	See chart below
Beam rate	N/A	See chart below
Draft charges Minimum	\$25 per draft foot 16 foot	See chart below
GT rate	N/A	See chart below

Base pilotage rate:

Vessels of GT:	Less than 5,000 GT	5,001-20,000 GT	Greater than 20,000 GT
LOA Rate	\$1.25	\$1.75	\$2.25
Beam Rate	\$5	\$10	\$15
Draft Rate	\$45	\$60	\$75
GT Rate	\$0.02	\$0.025	\$0.03

Special Evolutions:

Shift at Port Docks	Unit charge only	50% of base pilotage rate+ applicable additional fees
Long Shift between Port Docks, Navy Base, and/or Anchorage	FuU pilotage	75% of base pilotage rate+ applicable additional fees
Dead Ship Movement:	N/A	150% of total pilotage rate + applicable additional fees

Additional Fees:

Docking/Undocking		
Under 400 ft	\$125	\$200
Over 400 ft	\$175	\$400
Port Dispatch	N/A	\$25 per vessel movement
Cross-licensed Pilot	N/A	\$250 per vessel movement
Anchoring/departing anchorage	\$100	\$250
Detention**	\$50 per ½ hour; \$100 after first ½ hour	\$150 per ½ hour \$300 per ½ hour after first ½ hour
Vessel late on ETA at sea buoy	Same as detention rates	Detention rates apply
Cancelled sailing	\$100 after dispatch	\$500 assessed if cancelled within two hours of arrival or sail time
Pilot carried to sea***	\$300/day plus expenses	\$1,000/day plus first class return transport (per pilot if necessary)

Notes:

Dead ship movement: defined as the movement of any vessel equipped with motive power and/or steering capability when such motive power and/or steering capability is or becomes unavailable, for any reason, during any part of the vessel's transit.

The LOA Fee is determined using the maximum length overall, rounded up to the nearest foot. The LOA for conventional tug and barge combinations, whether towing astern, alongside, or pushing ahead, shall be the combined length overall of the tug and barge(s).

The Beam Fee is determined using the maximum waterline beam, rounded up to the nearest foot. The beam for tug and barge combinations shall be the maximum waterline beam of the widest vessel in the unit.

The Draft Fee is determined by using the deepest draft, rounded up to the nearest foot.

The GT Fee is determined by using the ITC Gross Registered Tonnage and will be the maximum value if differing tonnages are listed.

A \$25 fee per each vessel movement for port control duties.

A \$250 per each vessel movement to help defray cross-licensed pilot coverage when required.

Second pilot: may be assigned to any vessel, dead ship tow, abnormal transit, or when there are special weather circumstances. When Pensacola Pilots deem that a second pilot is required, that vessel will be charged two base pilotage rates+ applicable additional fees.

Late payment charge: 3% interest per month charged on the unpaid balance of all monies unpaid after 30 days from date of service, compounded monthly.

All rates and fees shall increase by 3% per year beginning on the one-year anniversary of approved rate implementation.

* Pilotage Unit consisted of length overall multiplied by the beam, divided by 100. Pilotage unit rate x pilotage unit= unit charge.

** A delay in departure caused by a medical emergency will not be considered a detention. A delay in arrival, departure, or shift caused by weather conditions inside Pensacola Bay and/or the area offshore of Pensacola including the pilot boarding area will not be considered a detention.

*** In the event the sole Pensacola Pilot is carried to sea with another vessel ready for transit, the fee will also apply to fund a cross-licensed pilot to travel to Pensacola to pilot the other vessel.

3. Basis for requested rate change:

The express purpose of pilotage regulation in the State of Florida is to ensure that, "[waters, harbors, and ports of the state], the environment, life, and property may be protected to the fullest extent possible." § 310.001, Fla. Stat. (2018). This policy achieves these goals by maximizing safety on Florida's state waters, preventing the duplication of expense created by redundant pilotage services, and strengthening state regulatory oversight. Id§ 310.0015(3). Requiring that pilots place the safety of life, property, and the environment before any other competing concerns, mandating that they procure the necessary facilities, vessels, and equipment to provide dependable service, and restricting how pilots may seek to set rates of pilotage are all essential elements of our system.

As part of this system, Florida established the Pilotage Rate Review Committee (hereinafter "PRRC"), charging it with setting "fair,just, and reasonable rates", but giving "primary consideration to the public interest in promoting and maintaining efficient, reliable, and safe piloting services". Id§§ 310.0015(3)(b), .151(3), .151(5)(a). Florida further sets forth a non-exhaustive list of criteria that the PRRC shall consider when considering whether an application for a change of pilotage rates will meet these requirements. Id § 310.151(S)(b). Of paramount importance is the need to attract the most skilled and qualified applicants possible. The most effective tool to accomplish this goal is compensation that, when compared to the compensation provided to pilots throughout the country,justifies the sacrifices required to obtain a position as a Florida harbor pilot worthwhile. Id§ 310.l 51(5)(b)(6).

The Port of Pensacola applied for and received two pilotage rate increases in the past 35 years; January 1991 and most recently 1n August 2011. Pensacola Pilots LLC (hereinafter "Pensacola Pilots") assumed the State Pilot responsibilities from Pensacola Bay Pilots Inc. on 22 JuJy, 2023 and is submitting this application. Since 2011, the Consumer Price Index (hereinafter "CPI:") increased by 42%, causing every aspect **Of** operating the business to become substantially more expensive.

Table 1 below summarizes the traffic variability apd low volume since the last rate review. While Table 1's data omits a limited number of transits to/from Naval Air Station Pensacola, it represents the challenges faced by the Pensacola Pilots. Never close to national or state averages for pilot compensation rates, the unpredictable swings in the finite vessel traffic rendered piloting alone insufficient to support the sole State Pilot and family without supplementary income. Consequently, in December 2021, the City of Pensacola, Florida Harbor Pilots Association, and Pensacola Bay Pilots Inc. signed a Memorandum of Agreement (MOA) which established a revenue guarantee, enabled use of the Port's security boat as the pilot boat, and memorialized a cross-licensed pilot training program.

Thjs revenue guarantee provides Pensacola Pilots with as much as \$10,000 per month with a declining payment option adjusted around monthly pilotage revenues. For the years ending December 31, 2023, and 2024, the total revenues received (Port of Pensacola and tenants) under this contract were \$18,037 and \$46,714. This amounted to 30% and 24% of the total Pensacola Pilot's revenues respectively for those years. The revenu.e guarantee was updated on 24 January 2024 to reflect the new Pensacola Pilots LLC; remaining in effect through at least January 2027. Pensacola Pilots anticipates that the proposed rates, if approved, would negate the need for income from the MOA revenue guarantee absent a collapse of vessel traffic.

Table 1 • Shio transits to/from Port of Pensacola

Year	Transits	Notes
2010	M	
2011	110	
2012	110	
2013	110	
2014	110	
2015	110	
2016	110	
2017	110	
2018	110	
2019	110	
2020	110	
2021	110	
2022	110	
2023	110	
2024	110	

The State of Florida requirement for pilots to maintain or secure adequate pilot boats-in§ 310.0015(3) was creatively attained in Pensacola over the past few years. Without any pilot boat fee in either the approved 1991 or 2011 pilotage tariffs, it became cost-prohibitive for the former pilot to continue operating the pilot boat. The December 2021 MOA formally committed the Port of Pensacola to provide primary pilot launch service starting in late 2021. This arrangement worked well until the Port expressed interest in transitioning away from primary pilot launch responsibilities in 2023. In January 2024, Pensacola Launch Services LLC (PLS) was established and began to provide primary pilot launch services in addition to some additional non-pilot business. While not formally affiliated with Pensacola Pilots LLC, the Pensacola Pilot is half-owner of PLS. This arrangement establishes adherence to the § 310.0015(3) requirement. This unique arrangement is why the proposed pilotage rates do not request any pilot boat-related fees that are commonly seen in other rate packages around the State of Florida and country. The comparisons between Pensacola and other Florida and Gulf ports in Section 8 do not include pilot boat-related fees and surcharges.

Another unique feature of one-pilot ports such as Pensacola is the need for contingency pilotage when the sole pilot is unavailable. This could be a medical issue, required professional development or conference attendance, or another planned absence. The BOPC authorized interested pilots to cross-license in Pensacola on several different occasions. One retired State Pilot cross-licensed in 2014 and still assists with pilotage from time-to-time. More recently, another still active State Pilot responded to a 2023 Department of Business and Professional Regulation (DBPR) solicitation and will be cross-licensed in August 2025. Their willing contributions are an essential "insurance" policy to ensure continuity of maritime commercial operations in Pensacola. The proposed \$250 per vessel movement fee ensures Pensacola Pilots can attract, compensate, and ultimately retain cross-licensed pilots to ensure uninterrupted pilotage services in Pensacola. Note: the 2023 DBPR solicitation only attracted one of the 90+ active Florida State Pilots to pursue Pensacola cross-licensing. While there are valid and understandable reasons to not pursue cross-licensing, this statistic affirms the difficulty attracting the best qualified maritime professionals to Pensacola.

Beyond cross-licensing, Pensacola experienced unprecedented difficulty attracting a deputy pilot when the former State Pilot first requested a deputy pilot examination in 2017 to facilitate his eventual retirement. Three successive candidate annual testing periods either failed to attract any applications or resulted in no applicants passing the deputy examination. In fall 2020, a deputy finally passed the exam and began the two-year apprenticeship the following summer; ultimately attaining State Pilot certification in summer 2023. This enabled the incumbent State Pilot to finally retire after 26 years of service; several years his desired retirement date. This situation perfectly encapsulates the issue of attracting the most qualified maritime professionals in Pensacola. The current low compensation relative to other pilot groups and/or comparable maritime jobs combined with the limited pilotage opportunities makes Pensacola unattractive to prospective deputy pilots. The proposed rates would bring Pensacola more closely into alignment with other pilot groups in Florida and the Gulf Coast and help attract more deputy pilot candidates,

The Pensacola Pilot handles all pilot dispatch duties including coordination between the pilot and stevedores, tugs, agents, Port stakeholders, and tenants. There is no harbor master or Marine Exchange. Therefore, Pensacola Pilots requests a \$25 port control fee per vessel movement.

Application for change of Pilotage Rates

4. Effective Date of Last Pilotage Rate Change: 19 August 2011

Pilotage Charges from the previous rate Increased at that time:

<u>Charge</u>	<u>From</u>	<u>To</u>
Draft	\$20.00 / ft (16 ft minimum)	\$25.00 / ft (16 ft minimum)
Unit Price	\$1.75 / unit (200 minimum)	\$2.00 / unit (200 minimum)
Docking		
< 400 ft	No charge	\$125
> 400 ft	No charge	\$175
Shift at Docks	Unit charge	Unit charge
Long Shift	Unit charge	Full pilotage fee
Anchoring	No charge	\$100
Detention	\$100 per hour - after first hour	\$50 per half hour - after first half hour \$100
Cancellation after Dispatch	No charge	\$100
Vessel Late on ETA	No charge	\$50 per half hour - after first half hour \$100
Pilot Carried to Sea	No charge	\$300 plus expenses

5. Financial Information:

(a) Pilot: the appropriate financial statements are attached as Exhibit I.

6. Required by Pilot Applicant/Optional by Non-Pilot Applicant:

Table 2: Number of Vessels Handled

Tonnage of Vessels Handled	Second Preceding Fiscal Year: 2023	Latest Fiscal Year: 2024	Estimated Current Fiscal Year: 2025	Projected Next Fiscal Year: 2026
Less than 500 GRT		2		
500- 1000 GRT		1		
1000- 2000 GRT	6	14	4	4
2000 - 5000 GRT	6	12	4	6
5000 - -10000 GRT	50	52	44	52
10000 - 20000 GRT	6	2	10	12
Over 20000 GRT	27	24	28	22
Draft of Vessels Handled				
Less than 8 feet				
8-10feet				
11 - 15 feet	9	18		
16 - 20 feet	27	39	30	32
21 - 25 feet	13	15	14	22
26 - 30 feet	44	33	38	36
31-35feet	2	2	8	6
Over 35 feet				
Length (LOA) of Vessels Handled				
Less than 100 feet				
100 - 250 feet	3	14		
250 - 500 feet	65	69	52	62
500 - 750 feet	27	24	38	34
Over 750 feet				
Total Vessels Handled	95	107	90	96

7. Comparison of the average net income of pilots in the port, using current rates, including the value of all benefits derived from services as a pilot, to the projected average net income using the requested rates.

Table3

	Prior Year (2023) *	Present Year (2024) **	Projected Year (2025) Current 2011 Rates	Projected Year (2026) Current 2011 Rates
Total Number of Pilots	1	1	1	1
Gross Pilotage Revenue	\$42,581	\$149,877	\$153,424	\$152,758
Gross Income from Revenue Guarantee #	\$ 18,037	\$46,714	\$40,230	\$45,900
Gross Launch Service Revenue	N/A	\$85,234	\$82,883	\$88,583
Operating Expenses	\$26,444	\$ 17,627	\$105,489	\$109,247
Net Income (pilotage)	\$34,174	\$164,198	\$171,048	\$177,994
Less PLS non-pilot partner share of income ##	N/A	\$18,396	\$13,939	\$16,654
Total Income for Pilot	\$34,174	\$145,802	\$157,109	\$161,341

• Assumed full State Pilot status on 22 July, 2023. This Prior Year (2023) column captures only this partial year pilotage income from 2023.

** Full State Pilot income in addition to partial year income for Pensacola Launch Services LLC (commenced operating in February 2024). The latter is half-owned by the State Pilot with the other half owned by a non-affiliated partner. The boat's engine hours were used 88.7% of the time for pilotage-related revenue generation.

Per MOA, the revenue guarantee income supplements pilotage revenue during months with no or limited vessel traffic.

For aU but the Prior Year (2023) when the Pensacola Launch Service (PLS) did not exist, the PLS Net Income must be halved to calculate the actual Total Income received by the Pensacola Pilot

Itemize Other Reasonable Operating Expenses of Pilots: (unaudited) See the attached financial statements.

General business expenses include pilot license insurance, portable VHF radios, travel expenses, smart phone service with related applications, protective gear and clothing, sunglasses, sunblock, associated medical expenses directly related to profession, professional training, business meals and subscriptions, automatic flotation devices, required State and USCG annual physicals, renewal of USCG certificates, various travel expenses to APA and FHPA meetings and professional development, administrative fees, and various fees including, but not limited to, accounting, State and Board, TWIC card renewal, LLC renewals, and post office fees.

Table 4

	PROJECTED YEAR I 2025 Requested Rates	PROJECTED YEAR II 2026 Requested Rates
Total Number of Pilots	1	1
Gross Pilotage Revenue	\$424,568	\$419,467
Gross Income from Revenue Guarantee#	\$0	\$0
Gross Launch Service Revenue	\$82,883	\$88,583
Operating Expenses	\$147,489	\$149,247
Net Income (pilotage)	\$359,079	\$358,220
Less PLS non-partner share of income ##	\$13,277	\$16,879
Total Income for Pilot	\$345,802	\$341,341

Application for change of Pilotage Rates

As above, the PLS Net Income must be halved to calculate the actual Total Income received by the Pensacola Pilot

8. a) Pilotage rates in other ports deemed relevant by the applicant:

The fairest way to compare pilotage rates between ports and determine whether requested rates are fair, just, and reasonable is to compare the cost per handle for representative vessels at each of the relevant ports. The following ports provide a reasonable comparison or are the most geographically relevant. Note: pilot boat-related fees and surcharges for all ports are excluded.

Table 5: Rate Comparison for Applicable Florida and Gulf Ports (all rates effective as May 15, 2025)

Port	Standard Vessel Fee (Roundtrio and normalized to Pensacola-equivalent drafts)		
	Small Cargo Vessel <i>Grit Cement IV</i>	Medium Cargo Vessel <i>Bahama Soirit</i>	Large Cargo Vessel <i>Bahri Jeddah</i>
Panama-City, FL	\$ 3.389	\$ 5.890	\$ 6.807
Port Manatee, FL	\$ 5.423	\$10,282	\$12,820
Key West, FL	\$3,778	\$5,633	\$ 8,112
Mobile, AL *	\$4054	\$7307	\$11,323
Gulfport, MS	\$4,910	\$7,078	\$9,698
Pascagoula, MS	\$ 3 440	\$ 6.153	\$ 9.651
Pensacola (2011 rate)	\$ 2;655	\$4,313	\$4,939
Pensacola (Proposed)	\$ 7,391	\$12;970	\$15 273

Port Tariffs:

Panama City, FL (Rates changed 2019): \$2.92/Unit Rate ((LOA x Beam)/100) (minimum 175 Units), \$31.75/Draft Ft (16 Ft minimum), Docking/Undocking Fee \$0.25/Ft of LOA, Bow Out (not included), Passing in Narrow Channel (not included), Capital Boat Replacement and Maintenance Fee (not included)

Port Manatee, FL (Rates changed 2024):

Dependent on whether vessel is less or more than 22,000 GRT: \$1.3125/\$1.8375 per Ft of LOA, \$7.875/\$10.50 per Ft of Beam, \$49.875/\$63 per Ft of Draft, \$0.263/\$0.315 per GRT, Docking/Undocking Fee \$157.50/\$262.50, Training/Technology Fee, Transportation Fee, Port Communication Fee, Pilot Boat Fee (not included)

Key West, FL (Rates changed 2025): \$26.40/Draft Ft (20 Ft minimum), \$0.0495/GRT (minimum 10,000 GRT), Docking/Undocking \$750, Port Control Fee \$25, Pilot Boat Fee (not included)

Mobile, AL: \$47.79/Draft Ft (15 Ft minimum), \$0.0785/GRT (minimum 6,500 GRT), Docking/Undocking \$188.66, Tiered Turning Fee (not included), Communication Fee, 1.5% Safety Education Surcharge, 5% Transportation/Fuel Surcharge (not included), Pilot Boat Fund (not included), Capital Boat Fund (not included), Capital Improvement Fee (not included)

* Unable to separate Transportation Fee from Fuel Surcharge so it is not included.

Gulfport, MS: \$47.10/Draft Ft (16 Ft minimum), \$50.46/GRT, Docking \$112.14, Dockside Maneuvering \$660.73, Transportation Fee (not included), Fuel Surcharge (not included)

Pascagoula, MS: \$44.65/Draft Ft (15 Ft minimum), \$66.60/GRT (minimum 4,000 GRT), Dispatch/Communication Fee \$125, Pilot Boat Fee (not included)

Vessel Specifications:

Small Cargo Vessel (*Grit Cement IV*): LOA 440 ft, Beam 68 ft, Draft (in) 26.9 ft, Draft (out) 17.7 ft, GRT 9,299 tons

Medium Cargo Vessel (*Bahama Spirit*): LOA 615 ft, Beam 106 ft, Draft (in) 31.5 ft, Draft (out) 22.7 ft, GRT 26,792 tons

Large Cargo Vessel (*Bahri Jeddah*): LOA 738 ft, Beam 106 ft, Draft (in) 30.2 ft, Draft (out) 28.2 ft, GRT 50,714 tons

8. b) (Required by Pilot Applicant/Optional by Non-pilot Applicant)

Both the courts and the Board of Pilot Commissioners (hereinafter "BOPC") have spoken on what constitutes "actual piloting time" and "other essential support services".

"Time spent on actual piloting duty includes handle time, transit time to and from the vessel, and administrative time related to that handle. Time spent on other essential support services generally involve matters pertaining to the port in question, e.g., dealing with the Coast Guard on port security or safety issues, dealing with the Army Corp of Engineers regarding the ship channel, etc." *ACL Bahamas Ltd. V. Dep't of Bus. & Prof Reg., Pilotage Rate Review Comm., DOAH Case No.10-2335153, approved and adopted*, (Fla. PRRC Apr. 18, 2012).

"Actual Piloting Duty" means the time elapsed from when the pilot leaves his or her home, office, or other location for the purpose of providing pilotage to a vessel until the pilot returns to that point of origin, or to a closer alternative location of his or her choosing, plus any additional time needed to document the piloting services performed for billing purposes." Board of Pilot Commissioners. (29 January 2010). *Minutes of the Meeting*. http://www.myfloridalicense.com/dbpr/pro/pilotc/documents/pilots_minuteiJanuary_2010.pdf

"Other Essential Support Services" means the time spent by pilots, and their agents, representatives, and employees, in performing tasks that contribute to the provision of safe and efficient piloting services, to include time spent training, on business operations, securing and maintaining adequate infrastructure, and interaction with both governmental authorities and private parties involved in port operations and port security." *Id.*

Time Spent on Actual Piloting Duty

According to these definitions, "Actual Piloting Duty" encompasses substantially more time than the period between when a pilot boards a ship and when he or she disembarks from that ship. In Pensacola, "actual piloting time" begins when a pilot is called out for an assignment. The pilot plans for the logistical and operational challenges presented by the navigation of a vessel through Pensacola Pass and several narrow channels, and pier side maneuvering. This planning includes assessing the state of the environmental conditions, arranging tug assistance where needed, ensuring the launch (pilot boat) is placed in the water at the marina, identifying and coordinating with other port activities that may impact the vessel's transit, and communicating with the vessel's agent and Port personnel about any docking or undocking issues particular to the handle.

Due to Pensacola's vessel traffic volume and geography, maintaining a pilot station/facility for duty periods is unnecessary and uneconomical. Instead, the pilot commutes to and from the home office. The commute to/from the Port of Pensacola is 30 minutes. Once at the Port, the pilot stages a vehicle and rides 8-10 minutes with the boat driver to the marina to rendezvous with the launch (pilot boat). The pilot transits to the vessel, either offshore by launch (pilot boat) or by vehicle to a moored vessel. The pilot boarding area is approximately four nautical miles offshore and the launch transit time between the marina and vessel is 45 minutes with good environmental conditions. During periods of stormy weather/fog/high winds/heavy seas, the Pass and offshore waters can be treacherous for small vessels. In these situations, pilot boat transit times increase by 15-30 minutes.

After a pilot boards a vessel, whether inbound or outbound, the pilot must make his way from the pilot ladder location to the navigation bridge. Depending upon the size and layout of the ship, this involves climbing ladders or occasionally riding -in an elevator. Under normal circumstances, the time required to transfer from the pilot ladder to a ship's bridge takes about five (5) minutes.

Before a ship can proceed into Pensacola Bay or get underway from its berth, the pilot conducts a formal exchange of information with the vessel's master. These conversations typically take five (5) minutes but may be longer if there are special circumstances related to the transit, such as equipment deficiencies, channel obstructions, strong currents or weather concerns, etc. In Pensacola, the amount of time necessary to bring a ship from the pilot boarding area to the dock, or from the dock to sea, depends upon multiple variables. Most prominently are the environmental conditions encountered during the transit. Ebb currents are particularly strong at times; 3-4 knots are a regular occurrence with even higher

current velocities especially following heavy rainfall. Most ships moor at the commercial port; 12 nautical miles from the pilot embarkation point. The other mooring location in Pensacola Bay is the Naval Station Pensacola wharf; about 7 nautical miles from the pilot embarkation point. Allowing for the steady reduction (or acceleration) in speed required as a vessel proceeds, transit time averages 90 minutes. It usually takes 30 minutes to maneuver alongside depending on which berth is assigned. As with all piloting evolutions, vessel size and draft, time of transit, state of the tide, presence of any docked vessels that restrict the area in which the ship maneuvers, berth assignment, whether the ship is equipped with thrusters of sufficient number and power, and how many tugs are being used are just a few factors that affect transit time.

There are two conventional tugboats in the Port of Pensacola and an "out of town" tug(s) may be brought in for select jobs such as dead ship maneuvers or unwieldy vessels.

Before the pilot can disembark from an arriving ship, or before he or she can get a departing ship underway, the vessel's crew must deploy or recover the ship's gangway and mooring lines. A well-trained and organized crew can generally complete these tasks in 20-30 minutes.

After going from the navigation bridge to the staged vehicle via the gangway, the pilot makes the 30-minute drive back to the home office. The pilot will devote 20 minutes to complete the paperwork associated with the handle, coordination with the servicing agent and required billing. Altogether, the average time required for a pilot to complete the Actual Piloting Duty related to each handle is 4.58 hours.

Table 6: Time Spent on Actual Piloting Duty

Vehicle travel	60 minutes
Launch transit time	45 minutes
Pilotage	150 minutes
Administration	20 minutes
Total	275 minutes (4.58 hours)

Time Spent on Other Essential Support Services

The Pensacola Pilots is the smallest pilot group in the State of Florida. However, it still has most of the same requirements as a larger pilot organization with more member pilots. The ever-increasing Workload and time requirements associated with community and government outreach must be handled by the sole pilot.

The lone State Pilot in Pensacola maintains 24 hours a day, 7 days a week availability. With no dedicated dispatchers, the sole Pensacola Pilot is tasked with all dispatch and communications duties, including coordinating with the agents, tug company, launch service, stevedores, and Port staff. The State Pilot also completes all other required administrative tasks such as banking and budget tracking, legal compliance, administration of license insurance, retirement planning, and day-to-day liaising and coordination with other Port and Port-related entities. Because Pensacola's political environment tends to be unfavorable to the Port and maritime commerce, Pensacola Pilots devote an extraordinary amount of time in discussions with officials from the State of Florida, Escambia and Santa Rosa Counties, the City of Pensacola, Naval Air Station and other local military unit command staffs, local maritime industry leaders, media, various shipping companies and agents, and civic organizations such as the Propeller Club, Navy League, Chamber of Commerce, and Marine Corps League. The Pilot continues to be heavily engaged with port tenants and coordinated Port tours for local media and Chamber of Commerce leadership groups over the past several years. The Pilot conducts a robust ride along program to educate key stakeholders and community leaders on the importance of the maritime commercial ecosystem. Regular discussions are also held with economic development organizations to bolster the Port of Pensacola's image while highlighting the important contributions of harbor pilots. Finally, the Pilot regularly communicates with the Coast Guard, Army Corps of Engineers, and National Weather Service on maritime subjects that impact vessel movements and security exercises and meetings. These duties average 25 hours a week (nearly 1,300 hours per year).

Per § 310.075, Pensacola Pilots is obligated to train deputy pilots though it is not a normal occurrence in a one-pilot port. Pensacola Pilots has trained a cross-licensing pilot intermittently over the past year. Once this cross-licensed pilot is certified, the next cross-training need is forecasted to be in several years. While much of the normal deputy engagement is mitigated by the cross-licensing pilot already being a seasoned State Pilot from a different port, it is still pre-handle planning, supervision, and debriefing that occurs. This adds time to each ship that the cross-licensing pilot handles. Pensacola Pilots also undertake considerable scheduling, travel coordination, reimbursement responsibilities, and progress tracking with the cross-licensing pilot. When a cross-licensing pilot is in the system, this takes about 5-8 hours per visit to Pensacola. With a requirement for 8 round trips, that equates to approximately 50 administrative hours per cross-licensed pilot being trained.

With the recent increase in the number and severity of tropical cyclones impacting Florida's coastline, heavy weather planning and coordination with the aforementioned entities occupies a significant amount of the Pensacola Pilot's time. Pensacola Pilots is generally the last organization to cease operations in the port before a storm arrives and among the first to resume operations and help the Coast Guard to assess harbor conditions and the status of essential aids to navigation. Numerous conference calls are held every year for storm preparations. Post-storm response efforts. Severe weather-related activities require about 30 hours per year.

The total time contribution for the combined Other Essential Support Services is estimated at nearly 1,400 hours per year.

8. c) Prevailing Rate of Compensation of Individuals in Other Maritime Services of Comparable Professional Skills

The qualifications, skill, and experience required to obtain a state pilot's license place pilots in the highest stratum of maritime professionals. Pensacola's Pilot holds an Unlimited Master license with First Class Pilot endorsement and spent 18 of 49 years in Coast Guard seagoing vessels; 11 years of which were in command/master positions. The current Pensacola Pilot also completed a comprehensive 24-month deputy training period which further sharpened navigation, ship handling, and bridge resource management skills while honing local waterway knowledge. No other shipboard position requires this degree of expertise, dedication, and accomplishment.

Moreover, no other position within the maritime industry is subject to the physical, economic, and professional risks that pilots face, to practice their profession and conduct their business. Piloting is consistently one of the most dangerous occupations in the nation, with most injuries and fatalities occurring during transfers to or from ships. The frequency in which pilots engage in these hazardous vessel transfers is unique to their profession, with no equivalent in the maritime industry. Vessel transfers not only place the well-being of a pilot at risk, but also the pilot's livelihood. An injury that potentially hampers a pilot's ability to climb a pilot ladder will likely end that pilot's career. Unlike other positions aboard ships, there is no way for a pilot to serve "light duty" while recuperating from an injury. Compounding this risk is the fact that Own-Occupation Disability Insurance is difficult, if not impossible, for harbor pilots to obtain.

Unlike most maritime professionals, who generally work for large, publicly traded corporate entities and enjoy guaranteed compensation and benefit packages, pilots are small business owners. With this comes business risk and personal financial

exposure. Not even the senior executives of major maritime corporations, much less their employee shipmasters, are required to place their personal wealth at risk when making large purchases on behalf of their company. In January 2024, the current Pensacola pilot (along with an non-affiliated partner to provide the necessary capital) purchased a used boat to relieve the Port of Pensacola's security boat which was serving as the primary pilot boat. The "new" vessel enabled safer transfers and more comfortable transits to and from vessels. Because the existing (2011) pilotage rate contained no provision for a pilot boat, the partners funded the entire vessel; a significant financial risk given Pensacola's finite and unpredictable vessel traffic.

Lastly, state licensed pilots are subject to regulatory oversight at both the federal and state level. Florida demands the highest level of competence from harbor pilots operating in the state. Likewise, the Coast Guard regulates pilots practicing under their federal endorsements when handling transiting coastwise vessels, as well as under the Coast Guard's overall jurisdiction over navigable waterways. This double layer of scrutiny means that pilots have no room for error or

omission. Major maritime accidents pose huge risks for the state's economy, public safety, and the environment. Any incident, however minimal, would have serious and lasting consequences for any pilot's professional future.

The prevailing rate of pilot compensation is best determined by the compensation of pilots in other ports in the United States. Piloting is a unique profession within the maritime industry. *Bisso v. Inland Waterways Corp.*, 349 U.S. 85, 93-94 (1955); *Kotch v. Board of River Port Pilot Comm'rs*, 330 U.S. 555, 557-558 (1947). Any comparison drawn between pilots and other positions within the maritime industry ignores fundamental differences between piloting and those positions and would be wholly inaccurate. The PRRC adopted this position in past rate hearings. See *ACL Bahamas Ltd. V. Dep't of Bus. & Prof Reg., Pilotage Rate Review Comm.*, DOAH Case No. 10-2335, Recommended Order, pp. 31-35 (January 31, 2012); Final Order adopting Recommended Order in full (April 19, 2012). In short, the pilot profession does not have a direct comparison to any other occupation in the maritime industry apart from other pilots. It is most appropriate and realistic to compare pilot incomes against other pilot incomes.

According to a recent report prepared by Dibner Maritime Associates, LLC for the Louisiana Pilotage Fee Commission, pilots at eight different major central and western Gulf of Mexico (America) ports averaged \$605,624 net annual income in July 2020. This amounts to \$737,000 in 2024 dollars. Regarding comparable pilot compensation in other ports in the United States, at the October 24, 2018 Port Everglades rate hearing, Captain George Quick, Vice President of the International Order of Masters, Mates, and Pilots (MMP) cited a different Dibner Maritime Associates analysis which concluded that the average annual cash compensation for pilots throughout the country was approximately \$580,000. In 2024 dollars, that equates to \$724,000. Note: the above net income numbers are also non-inclusive of medical, retirement, and other expenses that the Florida PRRC typically includes in pilot income.

The average pilot compensation exceeded the Pensacola Pilots' 2024 total income by 405%. Using the 2025 projected total income, this difference reduces to just 113% higher.

Oftentimes, pilots are also compared with masters of large, ocean-going, U.S.-flagged ships. However, the skills, risks, and working conditions between the two professions are considerably different. Pilots must possess more technical ship handling skills to handle the wide variety of vessels' operating characteristics. Physical risks for pilots are much higher due to the embarkation and disembarkation of vessels in a wide range of weather and sea conditions. Maneuvering large vessels in close proximity to shoal waters induces much higher stress; this is the riskiest operation for any ocean-going vessel. Finally, pilots must adapt to changing circumstances on every vessel. Beyond equipment, ship characteristics, different propulsion and navigation systems, and crew proficiency, the pilots must navigate the weather, environmental conditions, and oftentimes language barriers. In the aforementioned 2018 Port Everglades Rate Hearing, Captain Quick stated that an unlimited master in the International Organization of Masters, Mates, and Pilots (MMP) makes approximately \$325,000 per year. In current 2024 dollars, \$325,000 is equivalent to nearly \$406,000.

The compensation for a MMP unlimited master exceeded the Pensacola Pilots 2024 total income by 178%. Using the 2025 projected total income, this difference reduces to just 17% higher.

In summary, the current annual compensation for Pensacola Pilots falls well below all comparison compensations and is a major factor in the difficulty attracting pilots to Pensacola. The proposed annual compensation that Pensacola Pilots would earn under the proposed tariff is still dramatically below that regional and national pilot averages but would at least bring Pensacola Pilots more closely into alignment with an MMP unlimited master's compensation.

9. Comparison of Present and Requested Pilotage Charges (Required by Pilot Applicant/Optional by Non-pilot Applicants)

Pilotage Charge Item	Present Charge as of: 19Aug2011	Actual Revenue for 12 Months Preceding Application (CY2024)	Requested Charge	Revenue Based on Requested Charge as Applied to Actual Activity of Preceding 12 Months (CY2024)	Increased Revenue, Based on Requested Charge Applied to Preceding 12 Months (CY2024)	Percentage of Increased Revenue on Preceding 12 Months Activity (CY2024)
DRAFT CHARGES: Per foot	\$25.00 / draft ft 16 ft minimum	\$50,031	<=5,000 GT= \$45 per ft 5,001-20,000 GT= \$60 per ft >20,000 GT= \$75 per ft	\$129,594	\$79,687	159%
UNIT CHARGES: Per Gross Registered Ton	\$2.00 per unit 200 unit minimum Unit= length x width divided by 100	\$83,296	N/A	N/A	N/A	N/A
TONNAGE CHARGES: Per Gross Registered Ton Min/MORJ:	N/A	N/A	<=5,000 GT=\$0.02 per GT 5,001-20,000 GT= \$0.025 per GT >20,000 GT= \$0.03 per GT	\$49,733	New Charge	New Charge
LOAD RATE	N/A	N/A	<=5,000GT=\$1.25 perGT 5,001-20,000 OT= \$1.75 per GT >20,000 GT=\$2.25 per GT	\$86,841	New Charge	New Charge
BEAM RATE	N/A	N/A	<=5,000 GT= \$5 per GT 5,001-20,000 GT= \$10 per GT >20,000 GT= \$15 per GT	82,037	New Charge	New Charge
DOCKING/ UNDOCKING: All Vessels ...	Less than 400 ft \$125 Greater than 400 ft \$175	\$15,950	Less than 400 ft \$200 Greater than/equal to 400 ft \$400	\$34,400	\$18,450	46%
SHIFTING CHARGES:	Long shifts/Port (locks) Heavy Base Anchorage: Full Pilotage Fee Shift at docks: Unit Charge only	\$0	Long shifts: 75% of base pilotage rate + applicable fees Shift at docks: 50% of base pilotage rate + applicable fees	N/A	N/A	N/A
DEADSIDING MOVEMENT:	N/A	N/A	150% of total pilotage rate + applicable fees	N/A	New Charge	New Charge
ANCHORING/ LEAVING ANCHORAGE:	\$100	\$0	\$250	N/A	N/A	N/A
DETENTION:	\$50 per half hour, \$100 after the first half hour	\$500	\$150 per half hour \$300 per half hour after the first half hour	\$1,500	\$1,000	200%
VESSEL LATE ON ETA AT SEA BLOY:	\$50 per half hour; \$100 after the first half hour	\$0	Same as detention fees	N/A	N/A	N/A
CANCELLATION CHARGES:	\$100 after dispatch	\$100	-\$500 assessed if cancelled within two hours of arrival or sail time	\$500	\$400	400%
PILOT CARRIED TO SEA:	\$300/day+ expenses	\$0	\$1,000/day + first class return transport (per pilot if cross-license coverage is necessary)	N/A	N/A	N/A

Application for change of Billage Rates

ADDITIONAL FEES:						
Cross Licensed Pilot Coverage	NIA	NIA	\$250 per bl/mJle	\$2,675	New Charge	New Charge
Port Control	NIA	NIA	\$25 per handle	\$2,675	New Charge	New Charge
3% increase per year oil all rates and fees beginning on the one year anniversary of first increase implemented.	NIA	NIA	3% increase on all rates	NIA	New Charge	New Charge
Late Payment	NIA	\$0	3% interest per month charged on the unpaid balance of all monies unpaid after 30 days from date of service, compounded monthly	\$317	New Charge	New Charge

10. Detailed explanation of special characteristics, dangers and risks of the port for which the rate change is being requested:

Lengths of Various "Pilotage Waters" Channels: (Include "Average Length" of Pilotage Trip and estimated time to complete pilotage "dock to dock".)

LENGTH {in NM):

Pilot Boarding Area to Caucus Channel (Inbound): 0.5 NM
Caucus Channel: 3.0 NM
Barrancas Channel: 0.9 NM
Barrancas Cutoff: 0.4 NM
Navy Channel: 0.9 NM
[Pickens Channel: 1 NM - for moorings at the Navy Base]
Pensacola Bay Channel Cut 1 & 2: LS NM
Pensacola Bay Channel Cut 3 & 4: 4 NM
East Approach: 1.0 NM

*Average Length of 1 pilotage trip to the Commercial Port is 12..2 NM. Estimated time to complete 1 pilotage transit is 2 hours (plus 30 minutes tightening lines and 45 minute pilot boat trip to Pilot Boarding Area.). Total of 3.25 hours.

Widths of Various "Pilotage Waters" Channels:

WIDTH {in feet)

Caucus Channel: 800 ft/500 ft
Barrancas Channel: 500 ft
Barrancas Cutoff: 500 ft
Navy Channel: 800 ft
Pickens Channel: 800 ft
Pensacola Bay Channel Cut 1 & 2: 300 ft
Pensacola Bay Channel Cut 3 & 4: 300 ft
East Approach: 300 ft
West Approach: 300 ft
Inner Harbor: 500 ft

Depths of Various "Pilotage Waters" Channels:

DEPTH (in feet)

Caucus Channel: 35 ft
Barrancas Channel: 35 ft
Barrancas Cutoff: 35 ft
Navy Channel: 35 ft
Pickens Channel: 35 ft
Pensacola Bay Channel Cut 1 & 2: 33 ft
Pensacola Bay Channel Cut 3 & 4: 33 ft
East Approach: 33 ft
West Approach: 33 ft
Inner Harbor: 33 ft
Commercial Port berths: 35 ft

List of Unusual Hazards to Navigation:

- 1) Longshore currents in vicinity of Pensacola Pass approaches
- 2) Proximity of shoaling in Pensacola Pass and its approaches
- 3) Increased wave heights in Pensacola Pass during opposing flow conditions
- 4) Significant shoaling especially in Caucus, Barrancas, and Barrancas Cut Channels
- 5) Heavy currents in Pensacola Bay and especially Pensacola Pass
- 6) Intracoastal waterway traffic crosses shipping channel between Navy Range and Pensacola Bay Channel Cut 1 & 2.
- 7) Nearly year-round pleasure craft traffic
- 8) Navy Range destroyed since 2013
- 9) Unlit aids to navigation, most challengingly on Pensacola Bay Channel but also Caucus and Barrancas Channels

List "Weather-related" Hazards to Navigation:

- 1) Strong tidal currents_ regularly attain velocities in Pensacol& Pass up to 4 kts, especially on an ebb current, Higher velocities are not uncommon, and the Coast Pilot has reported velocities as high as 8 knots.
- 2) Opposing flow, especially SE or S winds and/or swells, moving against strong ebb currents create significant wave heights in Pensacola Pass.
- 3) Occasional rain squalls of considerable intensity occur due to passing thunderstorms.
- 4) Heavy fog especially from October through April.
- 5) Hurricanes and the aftermath, particularly related to shoaling and possible waterway obstructions.

List any limitations imposed by Association as to drafts, lengths, tonnages, beams, types, etc..., of vessels handled **within** port's pilotage waters and provide reasons for same:

- 1) Maximum draft limitations are in place to maintain a safe minimum under keel clearance (UKC) throughout the primary shipping channels.
- 2) Maximum draft to Navy Base is 32 feet (though military vessels are typically hesitant to push the UKC beyond their navigation drafts).
- 3) Maximum draft to the Port of Pensacola has been 31.5 feet.
- 4) Port of Pensacola depths alongside berths vary from 28-29 feet at berths 1 & 2 and 35 feet at berths 3 through 6.
- 5) Ships over 600 feet, 100 feet or greater breadth, and/or drafts exceeding 29 feet are usually restricted to daylight transits only.

Other Relevant Information.

- 1) The Gulf Islands National Seashore encompasses about half of the Pensacola Bay shipping channels.
- 2) Bayou Chico has a concrete obstruction just outside the channel in the vicinity of the overhead power cables. Vessels have hit this obstruction in the past so great care must be exercised.
- 3) Two conventional, twin-screw tugs are typically available. For dead ships, unwieldy or extremely large vessel arrivals/departures, additional tugs may be hired from nearby ports.
- 4) Dredging via the Army Corps of Engineers (ACOE) only occurs every other year. While the ACOE has been very accommodating and helpful, Pensacola's lower cargo volumes compared to Mobile and Panama City will always result in Pensacola being lowest on the regional dredging priority list.

it. Detailed statement explaining how the requested rate change will result in fair, just and reasonable rates, taking into consideration the public interest in promoting and maintaining efficient, reliable, and safe piloting services and further taking into consideration the factors set forth in Section 310.151(5)(b), Florida Statutes.

The Public Interest in Having Qualified Pilots Available to Respond Promptly to Vessels Needing Their Service

Harbor pilots play a critical role as independent experts who place the safety of life, property, and the environment above all other considerations while ensuring trade flows in our nation's maritime commercial ecosystem. Ships continue to grow larger and ports around the globe struggle to accommodate these changes. In fact, many ships are too large or have too deep of a draft to safely transit to the Port of Pensacola. Pensacola Bay's ship channels have the same dimensions as fifty years ago but, with the U.S. Navy's decommissioning of the homeported aircraft carriers, are no longer dredged to the 44-foot depth. While none of the ships using Pensacola's channels can match the size of an aircraft carrier, a number of them challenge the maximum drafts that the channels, as dredged, can safely accommodate. Safe operations obviously make good business sense but there will always be pressure to maximize cargo loads and push safe under keel limits. The local pilot is the principal line of defense to ensure that the safety of the waterway and public is not endangered. If, for any reason, the local pilot determines a ship cannot safely transit the port's channels, the ship will not be allowed to maneuver in or out of Pensacola until the situation improves. Ship agents and the Coast Guard can validate multiple instances when a Pensacola Pilot would not move a ship until severe weather passed, visibility improved, or tug resources arrived on station. These decisions are never taken lightly as delays cost maritime industry time and money. However, the primary objective of Florida's piloting system will always be safety. Consequently, public interest demands qualified pilots available for service. Beyond the local pilot's advanced ship handling and navigation skills, judgment and responsibility are paramount, Ensuring that Pensacola attracts and retains seasoned maritime professionals in the future and enabling current pilots to pass decades of unique local experience to future pilots is also in the public's interest. The proposed tariff accomplishes this by providing competitive pilot compensation for the foreseeable future.

Anticipated Capital Expenses: These are minor for Pensacola Pilots as the major expenses are undertaken by the segregated Pensacola Launch Services LLC (PLS). With Pensacola Pilots serving as half owner of PLS, Pensacola's maritime commerce will be assured that the pilot launch operation will perform at the level necessary to provide the best possible service for vessels calling on the Port of Pensacola.

The Impact Rate Change May Have in Individual Pilot Compensation and Whether Such Change Will Lead to a Shortage of Licensed State Pilots, Certificated Deputy Pilots, or Qualified Pilot Applicants

Florida law recognizes the direct relationship between pilot compensation and the quality of candidates drawn to the profession. "... [I]n order to attract to the profession of piloting, and to hold the best and most qualified individuals as pilots, the overall compensation accorded pilots should be equal to or greater than that available to such individuals in comparable maritime employment." § 310.151(5)(b)6, Fla. Stat. (2018). As noted in section 3, Pensacola has always experienced difficulty in appealing to potential deputy pilots. Pensacola Pilots must compete to attract qualified deputy pilot applicants from a limited candidate pool against more active and lucrative ports in Florida, the Gulf Coast, and throughout the nation. The ramifications of being unable to attract the highest caliber deputy pilot candidates are severe. This rate proposal addresses this issue and also includes a rate inflation schedule to ensure that the rates keep pace with expenses and the wider profession's average compensation rates while permitting all entities to properly plan.

Unlike many other state systems, Florida's deputy pilot selection process is purely merit-based. Candidates must meet the licensing and sea service requirements, which take years of seagoing experience, before applying for an open deputy pilot position. If the BOPC approves a candidate's application, he or she then must spend roughly one thousand hours studying and preparing for an examination that requires candidates to draw the port's charts from memory and demonstrate complete mastery of seamanship, aids to navigation, collision regulations, and the laws regulating piloting. To be selected for the deputy pilot appointment, a candidate must score within the top five of all test takers, with the highest score

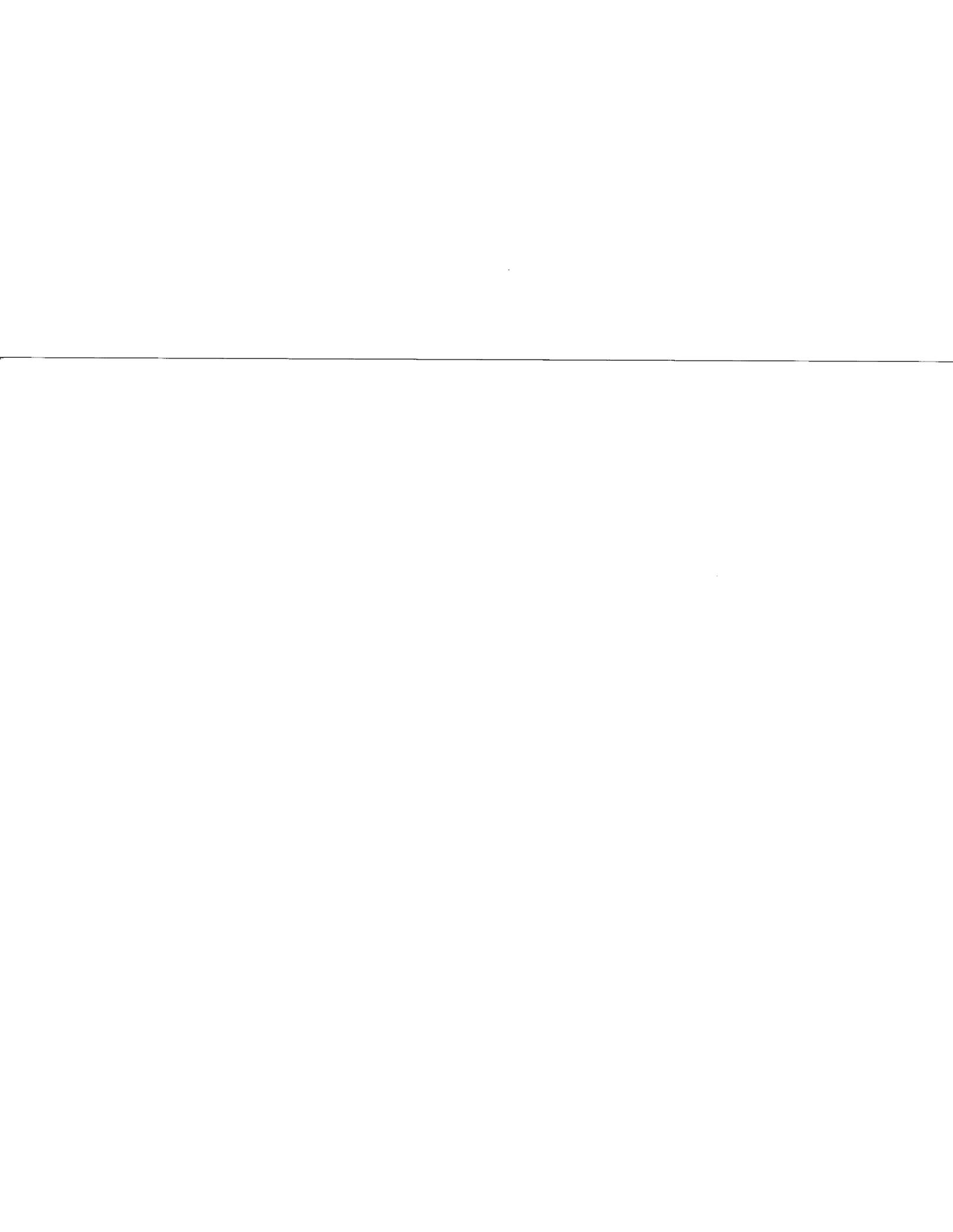
Application for Appointment of Pilotage Rates
typically receiving the appointment. Many successful candidates take the examination multiple times before they achieve the goal. Many more candidates never qualify and eventually stop testing.

Once appointed, a candidate then begins a minimum 24-month duty pilot training period. At this stage, the principal challenge with Pensacola's deputy pilot training program is obtaining the required familiarization trips, especially at night. This complicates the ability to quickly qualify for the Coast Guard-administered First Class Pilot certification; another round of testing requiring another chart draw and local light list memorization. Successful completion of any pilot training program is not guaranteed. Recent examples of deputy pilots failing to be approved for advancement include Jacksonville, Tampa, and Port Everglades while two West Palm Beach deputy pilots resigned before the end of their first year of training. Toward the end of a deputy pilot's training period, another long period of study awaits, this time for the state pilot license examination. At this final stage, the state pilot candidate need not draw the chart from memory, but the state pilot licensing examination remains as difficult as the deputy pilot examination and requires a significant amount of preparation. At the end of the deputy pilot training program and after obtaining the federal and state pilot licenses, the Pilot is fully-certified and begins working; in this case as the sole harbor pilot in Pensacola.

The time and sacrifice required to gain full entry into the piloting profession in Florida is enormous. The number of seasoned mariners who fail to qualify for the finite deputy pilot positions far exceeds the number who successfully complete the process. Inducing the most qualified and competent individuals to undertake this difficult and uncertain process is necessary in order to ensure that the Port of Pensacola, its customers, the region, and the State of Florida are protected. In Pensacola's case, it took three years to get a deputy pilot candidate to pass and accept the position. The surest way to ensure Pensacola receives high quality deputy pilots is to offer compensation that is reasonably competitive with comparable pilot groups in the region and nationwide. Pilotage rates have the greatest impact on individual pilot compensation, and this current rate proposal would increase the attractiveness of Pensacola for aspiring deputy pilots.

12. Conclusion:

The Port of Pensacola first commercial exports were recorded in 1743 and harbor pilots have long safeguarded the Port and Pensacola Bay with safe and efficient pilotage service. In order to ensure that Pensacola Pilots has the resources necessary to continue delivering this same level of service in the future and improve its attractiveness for deputy pilots, its rate structure requires long-overdue revision. The proposed rate and complementary fees align Pensacola Pilots more closely with other Florida and Gulf Coast Pilots Associations and offers the opportunity for reasonably competitive compensation. Pensacola Pilots respectfully request that the PRRC approve the rate proposal as presented. Thank you for your consideration.



**APPLICATION FOR CHANGE OF RATES OF PILOTAGE
PAGE ELEVEN**

PART C AFFIDAVIT OF APPLICANT (This section must be sworn to in the presence of a Notary Public or an officer authorized to administer oaths)

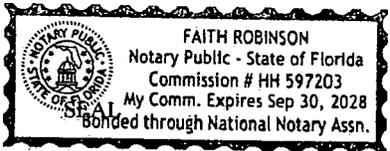
I hereby certify that I have read the foregoing statements including all attachments and exhibits, and that they are true and correct to the best of my knowledge and belief.

Signature of Applicant Walter J. Vail

COUNTY OF: Escambia

STATE OF: Florida

SUBSCRIBED AND SWORN TO BEFORE ME this 10th day of October, 2023



SIGNATURE OF PERSON ADMINISTERING OATH: [Signature]

MY COMMISSION EXPIRES: 09/30/28

PENSACOLA PILOTS, LLC

901 Old Corry Field Rd
Box 4435
Pensacola, FL 32507

June 26, 2026

Scott G. Hamilton, CPA
900 E Avery St.
Pensacola, FL 32503

We are providing this letter in connection with your compilation of the financial statements of Pensacola Pilots, LLC and Pensacola Launch Services, LLC as of December 31, 2023 and 2024 and the projected financial statements of Pensacola Pilots, LLC and Pensacola Launch Services, LLC as of December 31, 2025 and 2026. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flow in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your review:

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles.
2. We have made available to you all-
 - a. Financial records and related data.
 - b. Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly reflected in the financial statements.
5. We acknowledge our responsibility to prevent and detect fraud.

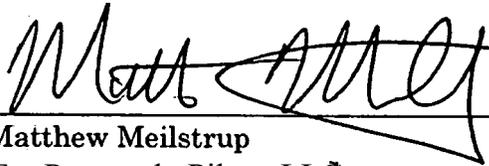
6. We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, or others.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. There are no material losses (such as from obsolete inventory or purchase or sales commitments) that have not been properly accrued or disclosed in the financial statements.
10. There are no:
 - a. Unasserted claims or assessments that our lawyer has advised us are probable of assertion that must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB.
11. The Company has satisfactory title of all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as made known to you.
12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
13. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees.
 - b. Guarantees, whether written or oral, under which the Company is contingently liable.

Scott Hamilton, CPA

June 25, 2026

Page 3

14. There are no estimates that may be subject to material change in the near-term that have not been properly disclosed in the financial statements. We understand that near-term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the company vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements.
15. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
16. We have responded fully and truthfully to all inquiries made to us during your review.

A handwritten signature in black ink, appearing to read "Matt Meilstrup", is written over a horizontal line. The signature is stylized and somewhat cursive.

Matthew Meilstrup
For Pensacola Pilots, LLC

Accountant's Compilation Report

To the Directors and Management

Pensacola Pilots, LLC and Pensacola Launch Services, LLC

Management is responsible for the accompanying financial statements of Pensacola Pilots, LLC and Pensacola Launch Services, LLC, which comprise the balance sheets as of December 31, 2023 and 2024 and the related statements of income, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

/ -,CPe,.P"l

Scott G Hamilton, CPA, PA
Pensacola, FL
06/25/2025

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Combined Balance Sheets
As of December 31, 2023

	Pilot Service	Launch Service	Combined
	<u>Dec 31, 2023</u>	<u>(2)</u>	<u>Dec 31, 23</u>
ASSETS			
Current .Aaaets			
Checking/Savings	32,758		32,758
Accounta Recalvable	17,498		17,498
Prepaid Expenses	0		0
Total Current Aaaels	50,256	<u>a</u>	50,256
Rxad .Aaaeta			
Watercraft	0	0	0
Equipment	0	0	0
Lesa Accumulated Depreciation	0	0	0
Total Fixed Aaaeta	0	0	0
TOTAL ASSETS	<u>50,256</u>	<u>0</u>	<u>50,256</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabllties			
Accounta Payable	0	0	0
Accrued Expenses	8,886	0	8,886
Current Portion of Notes Payable	0	0	0
Total Current Liabilities	8,886	0	8,686
Long Tann Liabllties			
Loans from partnan,	0	0	0
Current Portion of Long Tann Debt	0	<u>a</u>	0
Total Long Term Liablltlea	0	<u>a</u>	0
Total Liablltlaa	8,886	0	8,886
Equity			
OwnerfPartnen, Capital	41,370	0	41,370
Total Cspital	41,370	<u>a</u>	41,370
TOTAL LIABILITIES & EQUITY	<u>50,256</u>	<u>0</u>	<u>50,256</u>

(1)

(2)

(1) The Pilot Service Is 100% owned by M. Mellatrup. The Pilot Service began service In July 2023.

(2) The Launch Service IS owned 50% by M. Mellatrup. The Launch Service was fonned In 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Combined Balance Sheets

A.s of December 31, 2024

	Pilot Service <u>Dec 31, 24</u>	Launch Service <u>Dec 31, 24</u>	Combined <u>Dec 31, 24</u>
ASSETS			
Current Assets			
Checking/Savings	5,023	5,341	10,364
Accounts Receivable	12,462	5,700	16,162
Prepaid Expenses	0	12,128	12,128
Total Current Assets	17,485	23,169	40,654
Fixed Assets			
Watercraft	0	132,699	132,699
Equipment	0	17,000	17,000
Less Accumulated Depreciation	0	(7,788)	(7,788)
Total Fixed Assets	0	141,911	141,911
TOTAL ASSETS	17,485	165,080	182,565
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	32,463	0	32,463
Current Portion of Notes Payable	0	20,459	20,459
Total Current Liabilities	32,463	20,459	52,922
Long Term Liabilities			
Loans from partners	0	121,918	121,918
Current Portion of Long Term Debt	0	(20,459)	(20,459)
Total Long Term Liabilities	0	101,459	101,459
Total Liabilities	32,463	121,918	154,361
Equity			
Owner/Partner Capital	(14,515)	43,162	28,647
Total Capital	(14,515)	43,162	28,647
TOTAL LIABILITIES & EQUITY	17,948	165,080	183,028

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service was formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Combined Statement of Income & Expenses
For the Year Ended December 31, 2023

	Pilot Service Jul-Dec 23	Launch Service (2)	Combined Jul-Dec 23
Ordinary Income/Expense			
Income			
Pilot Income	\$60,618		\$60,618
Launch Service Income	0	\$0	0
Total Income	60,618	0	60,618
Expense			
Advertising and Marketing	951	0	951
Automotive Expense	5,544	0	5,544
Benefits - Retirement Plan	8,886	0	8,886
Contract Labor	1,803	0	1,803
Computer and Website	0	0	0
Credentialing and Education	1,550	0	1,550
Depreciation Expense	0	0	0
Dues and Subscriptions	1,648	0	1,648
Fees	0	0	0
Fuel	0	0	0
Insurance	389	0	389
Interest Expense	0	0	0
Licenses and Permits	0	0	0
Meals	617	0	617
Miscellaneous	0	0	0
Office expenses	1,785	0	1,785
Professional Fees	0	0	0
Shop Rental	0	0	0
Supplies	389	0	389
Taxes and Licenses	2,882	0	2,682
Training	0	0	0
Travel	200	0	200
Total Expense	26,444	0	26,444
Net Income	\$34,174	\$0	\$34,174

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellatrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellatrup. The Launch Service was formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Combined Statement of Income & Expenses
 For the Year Ended December 31, 2024

	Pilot Service Jan. Dec 24	launch Service Jan -Dec 24	Combined Jan. Dec 24
Ordinary Income/Expense			
Income			
Pilot Income	\$196,591		\$196,591
Launch Service Income	0	\$85,234	85,234
Total Income	196,591	85,234	281,825
Expense			
Advertising and Marketing	2,603	0	2,603
Automotive Expense	6,453	0	6,453
Benefits • Retirement Plan	32,463	0	32,463
Contract Labor	12,350	12,800	25,150
Computer and Website	0	484	484
Credentialing and Education	150	0	150
Oapraclatlon Expense	0	7,788	7,788
Dues and Subacrtptions	4,304	0	4,304
Faes	0	183	183
Fuel	0	7,172	7,172
Insurance	964	5,730	6,694
Interest Expense	0	4,310	4,310
Licenses and Pennlta	0	0	0
Meals	1,152	0	1,152
Miscellaneous	0	0	0
Office Expenae	1,468	0	1,468
Profeaslional F-	1,750	750	2,500
Slip Rental	0	6,002	6,002
Supplies	0	2,576	2,578
Taxn and Licenses	404	121	525
Training	3,391	0	3,391
Travel	1,733	524	2,257
Total Expense	69,185	48,442	117,627
Net Income	\$127,406	\$36,792	\$164,198

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service was formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Combined Statement of Cash Flows
For the Years Ended December 31, 2023 & 2024

	Combined <u>July-Dec 23</u>	Combined <u>Jan-Dec 24</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$34,174	\$164,198
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	0	7,788
Amortization		
(Gain) loss on sale of property	0	0
Decrease (increase) in:		
Accounts receivable	(17,498)	(664)
Prepaid expenses	0	(12,128)
Other assets	0	0
Increase (decrease) in:		
Accounts payable	0	0
Accrued expenses	8,886	23,577
Taxes payable	<u>0</u>	<u>0</u>
Net cash provided by operating activities	25,562	182,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset purchases	0	(149,699)
Sale of capital assets	0	0
Decrease (increase) in notes receivable	<u>0</u>	<u>0</u>
Net cash used by investing activities	0	(149,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid-In capital	0	0
New borrowings		
Long-term	0	135,000
Short-term	0	0
Long-term	0	0
Debt reduction		
Short-term	0	0
Long-term	0	(13,082)
Increase (decrease) in deferred revenue	0	0
Return of capital	<u>7,196</u>	<u>(177,384)</u>
Net cash used by financing activities	<u>7,196</u>	<u>(55,466)</u>
Net increase in cash	<u>32,758</u>	<u>(22,394)</u>
CASH AT BEGINNING OF YEAR	<u>0</u>	<u>32,758</u>
CASH AT END OF YEAR		

- (1) The Pilot Service is 100% owned by M. Mellatrup. The Pilot Service began service in July 2023.
(2) The Launch Service is owned 50% by M. Mellatrup. The Launch Service was formed in 2024.

NOTES TO FINANCIAL STATEMENTS

1. Organization

Pensacola Pilots, LLC, ("Pensacola Pilots"), a Florida Limited Liability Corporation, was formed on June 7, 2021 and 100% owned by Captain Matt Meilstrup. Pensacola Launch Services, LLC, ("PLS"), a Florida Limited Liability Corporation/Partnership, was formed on January 3, 2024 with a 50% ownership/management position by Captain Matt Meilstrup.

Pensacola Pilots serve the Port of Pensacola, Florida as the sole state and federally licensed Harbor Pilot. Pensacola Pilots maintain close cooperation with the City and Port of Pensacola, the U.S. Coast Guard, the U.S. Navy, and federal and local law enforcement agencies to provide for the safe, secure and efficient management of ship traffic in the Port of Pensacola by boarding all inbound and outbound foreign-flagged ocean-going vessels, as well as U.S. flagged vessels on foreign and domestic voyages, and directing the movement of the vessels through Pensacola Bay and its approaches.

PLS operates as a launch service for waterways around Pensacola Bay. While its principal client is Pensacola Pilots, PLS has provided services to other waterway users. It is organized as a two-person partnership; one of whom is unaffiliated with Pensacola Pilots or its operations. The majority (88%) of PLS' operations directly supported Pensacola Pilots.

2. Summary of significant accounting policies

Basis of accounting

The accompanying combined financial statements include the accounts of Pensacola Pilots and PLS which are related through common ownership and management by the sole Harbor Pilot. They are prepared using the accrual basis of accounting consistent with accounting principles generally accepted in the United State of America ("U.S. GAAP"). The U.S. GAAP accounting will differ from the annual tax basis.

Basis of presentation

The combined financial statements include the accounts of Pensacola Pilots and PLS. These financial statements were combined as the Pensacola Pilot also exercised 50% ownership and management of PLS as of December 31, 2024. All material intercompany transactions have been eliminated in combinations.

See Accountant's Report

Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Economic concentration

Pensacola Pilots provide harbor pilot services in Pensacola, Florida. PLS provides transport harbor to and from vessels requiring pilot services. Future operations could be affected by changes in economic conditions, City of Pensacola decisions, or by changes in the demand for harbor pilot services in the area.

Concentration of credit risk

The Companies maintain cash in depository accounts which, at times, may exceed federally insured limits. The Companies have not experienced any losses in such accounts. The Companies believe they are not exposed to any significant credit risk on cash and cash equivalents.

Concentrations

Based on current rates, one customer accounted for 56% of Pensacola Pilots' revenue for the year ending December 31, 2023. This one customer plus one additional customer accounted for 50% of the combined revenues for the year ending on December 31, 2024.

Cafil1

Cash includes all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less from the date of acquisition.

Accounts receivable

Accounts receivables are recorded at net realizable value. Management estimates the allowance based upon factors including the credit risk and activity of specific customers, the age of past due accounts, historical trends, market conditions and consideration of any other current circumstances that could affect the collectability of amounts. The allowance is reviewed periodically and adjusted for accounts deemed uncollectible by management. In the opinion of management, no such allowances were deemed necessary as of December 31, 2023 and 2024.

See Accountant's Report

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is recorded to expense using the straight-line method over the estimated useful life of the depreciable asset and begins when the depreciable asset is placed into service.

Expenditures for maintenance and repairs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related depreciable asset. Upon retirement, sale, or disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and the related gain or loss, if any, is reflected in the year of disposal. Asset depreciation expenses were limited to PLS and for the year ending December 31, 2024 totaled \$7,788.

Impairment of long-lived assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset or asset group to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. In the opinion of management, no such impairment losses were deemed necessary as of December 31, 2023 and 2024.

See Accountant's Report

Revenue recognition

The Companies have adopted Accounting Standards Codification ("**ASC**") 606, *Revenues from Contracts with Customers*, and the related amendments. Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services, which is generally upon the completion of piloting services performed by Pensacola Pilots. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangement that the Company determines are within the scope of ASC 606, the Company performs the following five step: (i) identifies the contracts with a customer, (ii) identifies the performance obligations with the contract, including whether they are distinct and capable of being distinct in the context of the contract, (iii) determines the transaction price, (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

Additionally, Pensacola Pilots is party to a unique revenue guarantee with the City of Pensacola. To maintain a highly skilled harbor pilot despite low volume and unpredictable shipping traffic and the correlated low compensation relative to other pilot organizations, the City of Pensacola, Pensacola Pilots LLC, and the Florida Harbor Pilots Association updated the preexisting contract on 24 January 2024. The revenue guarantee within this contract provides up to \$10,000 per month with a declining payment option adjusted around monthly pilotage revenues. For the years ending December 31, 2023 and 2024, the total revenues received from the city of Pensacola under this contract were \$18,036.52 and \$46,714.37. This amounted to 30% and 24% of the total Pensacola Pilots revenues respectively.

See Accountant's Report

Income Taxes

Both Pensacola Pilots and PLS elected to be taxed as Limited Liability Companies. They are unincorporated for federal and state income tax purposes and accordingly do not pay income taxes. Under these provisions, the owner(s) are liable for individual federal income taxes on the Companies' taxable income. Therefore, no provisions or liability for federal income taxes have been included in the combined financial statements.

The preparation of combined financial statements in accordance with U.S. GAAP requires the Companies to report information regarding its exposure to various tax positions taken by the Companies. Management has determined whether any tax positions have met the recognition threshold and has measured the Companies' exposure to those tax positions. Management believes that the Companies have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed onto the Companies is recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying combined financial statements.

Recent and pending accounting pronouncements

In February 2013, the FASB issued Accounting Standards Updated ("ASU") 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-balance sheet via the right of use asset and lease liability, and additional qualitative and quantitative disclosures. The standard will be effective for annual periods beginning after December 15, 2021, permits early adoption, and mandates a modified retrospective transition method. In the opinion of management, no such financial statement adjustments were deemed applicable as of December 31, 2023 and 2024.

See Accountant's Report

Subsequent events

Subsequent events have been evaluated through the report date, which is the date the combined financial statements were available to be issued. There are no subsequent events requiring disclosure.

3. Property and equipment

Pensacola Pilots have no appreciable property or equipment.

The following is a summary of Pensacola Launch Service's property and equipment as of December 31, 2024.

	2023	2024
Pilot boat and equipment	\$0	\$149,699
Accumulated depreciation	<u>0</u>	<u>(7,788)</u>
Property and equipment, net	<u>\$0</u>	<u>\$141,911</u>

4. Loans payable

In January 2024, PLS was established a loan from its two partner owners. The loan payable agreement was for \$135,000 over a six-year period. Interest accrues at 5% per annum, on the outstanding balance, with payments to commence once PLS was in a financial position to make payments without causing undue hardships to PLS. As of December 31, 2024, the outstanding balance was \$121,918. For the year ending December 31, 2024, interest expense was \$4,310.

The following is a summary of principal maturities of long-term notes during the next five years ending on December 31:

2025	\$20,459
2026	21,505
2027	22,606
2028	23,762
2029	24,978

See Accountant's Report

Commitment and contingencies

The sole Harbor Pilot in Pensacola Pilots contributes annually to a discretionary Simplified Employee Pension plan. The contributions for the years ending December 31, 2023 and 2024 were \$8,886 and \$32,463, respectively, and are included on the Combined Statements of Operation.

See Accountant's Report

Accountant's Compilation Report

To the Directors and Management

Pensacola Pilots, LLC and Pensacola Launch Services, LLC

Management is responsible for the accompanying projections of Pensacola Pilots, LLC and Pensacola Launch Services, LLC (the Companies), which comprise the projected combined balance sheets (current rate and requested rate) as of December 31, 2025 and 2026 and the related projected statements of income, and cash flows (current rate and requested rate) for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a projection established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this projection.

The projected results may not be achieved, as there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying combined financial projections and this report are intended solely for the information and use of Pensacola Pilots, LLC and Pensacola Launch Services, LLC, the Florida Department of Business and Professional Regulation and Board of Pilot Commissioners and are not intended to be and should not be used by anyone other than these specified parties.

----- *SCG*

Scott G Hamilton, CPA, PA
Pensacola, FL
06/25/2025

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Projected Balance Sheets

As of December 31, 2025

Current Rate

	Pilot Service Dec: 31, 25	Launch Service Dec 31, 25	Combined Dec 31, 25
Current Assets			
Checking/Savings	5,000	5,000	10,000
Accounts Receivable	15,000	5,700	20,700
Prepaid Expenses	0	13,159	13,159
Total Current Assets	20,000	23,859	43,859
Fixed Assets			
Watercraft	0	132,699	132,699
Equipment	0	17,000	17,000
less Accumulated Depreciation	0	(17,768)	(17,768)
Total Fixed Assets	0	131,931	131,931
TOTAL ASSETS	20,000	155,790	175,790
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	28,000	0	28,000
Current Portion of Note Payable	0	21,505	21,505
Total Current Liabilities	28,000	21,505	49,505
Long Term Liabilities			
Loans from partners	0	101,459	101,459
Current Portion of long Term Debt	0	(21,505)	(21,505)
Total Long Term Liabilities	0	79,954	79,954
Total Liabilities	28,000	101,459	129,459
Equity			
Owner/Partner Capital	(8,000)	54,331	48,331
Total Capital	(8,000)	54,331	46,331
TOTAL LIABILITIES & EQUITY	20,000	155,790	175,790

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service was formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Projected Balance Sheets

As of December 31, 2026

Current Rate

	Pilot Service	Launch Service	Combined
	<u>Dec: 31, 26</u>	<u>Dec: 31, 26</u>	<u>Dec 31, 26</u>
ASSETS			
Current Assets			
Chec:kngJSavings	5,000	5,000	10,000
Accounts Receivable	15,000	5,700	20,700
Prepaid Expenses	0	13,685	13,685
Total Current Assets	20,000	24,385	44,385
Fixed Assets			
Watercraft	0	142,699	142,699
Equipment	0	17,000	17,000
Less Accumulated Depreciation	0	(28,081)	(28,081)
Total Fixed Assets	0	131,618	131,618
TOTAL ASSETS	<u>20,000</u>	<u>156,003</u>	<u>176,003</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	30,000	0	30,000
Current Portion of Notes Payable	0	22,606	22,606
Total Current Liabilities	30,000	22,606	52,606
Long Term Liabilities			
Loans from partners	0	79,954	79,954
Current Portion of Long Term Debt	0	(22,606)	(22,606)
Total Long Term Liabilities	0	57,348	57,348
Total Liabilities	30,000	79,954	109,954
Equity			
Owner/Partners Capital	(10,000)	76,049	66,049
Total Capital	(10,000)	76,049	66,049
TOTAL LIABILITIES & EQUITY	<u>20,000</u>	<u>156,003</u>	<u>176,003</u>

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service was formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Projected Statement of Income & Expenses

For the Year **Ended** December 31, 2025

Current Rate

	Pilot Service Jan-Dec26	Launch Service Jan-Dec25	Combined Jan-Dec:25
Ordinary Income/Expense			
Income			
PUotIncome	\$193,654		\$193,654
Launch Service Income	0	\$82,883	82,883
Total Income	193,654	82,883	278,537
Expense			
Advertstng and Martleting	1,911	0	1,911
Automotive Expense	6,529	0	8,529
Benefits • Retirement Plan	28,000	0	28,000
Contract Labor	0	14,100	14,100
Computer and Website	0	528	528
Credentialing and Education	150	0	150
Depreciation Expense	0	9,980	9,980
Dues and Subscriptions	3,695	0	3,695
Fees	0	190	190
Fuel	0	7,149	7,149
Insurance	964	6,525	7,489
Interest ExpenH	0	5,831	5,631
Meala	1,466	0	1,466
Office Expense	1,527	0	1,527
Professional Fees	5,000	1,260	6,260
Slip Rental	0	6,128	6,128
Supplies	0	2,681	2,881
Taxes and Licenses	241	288	529
Training	670	0	670
Travel	331	545	876
Total Expense	50,484	55,005	105,489
Net Income	\$143,170	\$27,878	\$171,048

Pensacola Pilots, LLC & Pensacola Launch Services, LLC
Projected Statement of Income & Expenses

For the Year **Ended** December 31, 2026

Current Rate

	Pilot Service Jan -Dec. 26	Launc'1 Service Jan - Dec: 26	Combined Jan-De;26
Ordinary Income/Expense			
Income			
Pilot Income	\$198,658		\$198,858
Launch Service Income	0	\$88,583	88,583
Total Income	198,658	88,583	287,241
Expense			
Advertising and Marketing	1,897	0	1,897
Automotive Expense	6,529	0	6,529
Benefits - Retirement Plan	30,000	0	30,000
Contract Labor	0	14,100	14,100
Computer and Website	0	549	549
CredentiaIng and Education	156	0	156
Depreciation Expense	0	10,313	10,313
Dues and Subscriptions	3,678	0	3,676
F-	0	198	198
Fuel	0	7,697	7,697
Insurance	1,003	6,786	7,789
Interest Expense	0	4,585	4,565
Meals	1,525	0	1,525
Office Expense	1,588	0	1,588
Professional Fees	2,000	1,020	3,020
Slip Rental	0	6,373	6,373
Supplies	0	2,788	2,788
Tues andLicenses	251	300	551
Training	0	0	0
Travel	6,344	567	5,911
Total Expense	53,971	55,276	109,247
Net Income	\$144,887	\$33,307	\$177,994

Pensacola Pliots, LLC & Pensacola Launch Services, LLC
Projected Statement of Cash Flows
For the Years Ended December 31, 2025 & 2026
Current Rate

	Combined	Combined
	<u>Jan - Dec 25</u>	<u>Jan - Dec 26</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$171,048	\$1,155,400
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	9,980	10,313
Amortization		
(Gain) loss on sale of property	0	0
Decrease (Increase) In:		
Accounts receivable	(3,162)	0
Prepaid expenses	(1,031)	(526)
Other assets	0	0
Increase (decrease) in:		
Accounts payable	0	0
Accrued expenses	(4,463)	2,000
Taxes payable	<u>0</u>	<u>0</u>
Net cash provided by operating activities	172,372	189,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset purchases	0	(10,000)
Sale of capital assets	0	0
Decrease (Increase) in notes receivable	<u>0</u>	<u>0</u>
Net cash used by investing activities	0	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid-in capital	0	0
New borrowings		
Long-term	0	0
Short-term	0	0
Long-term	0	0
Debt reduction		
Short-term	0	0
Long-term	(20,459)	(21,505)
Increase (decrease) in deferred revenue	0	0
Return of capital	<u>(152,277)</u>	<u>(158,276)</u>
Net cash used by financing activities	<u>(172,736)</u>	<u>(179,781)</u>
Net increase in cash	<u>(364)</u>	<u>0</u>
CASH AT BEGINNING OF YEAR	<u>10,364</u>	<u>10,000</u>
CASH AT END OF YEAR	W.QgQ	◆
	(1)	(2)

(1) The Pliot Service is 100% owned by M. Mellstrup. The Pliot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service was formed in 2024.

REQUESTED RATE

Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Projected Balance Sheets

As of December 31, 2025

Requested Rate

	Pilot Service <u>Dec 31, 26</u>	Launch Service <u>Dec 31, 26</u>	Combined <u>Dec 31, 26</u>
ASSETS			
Current Assets			
Checking/Savings	5,000	5,000	10,000
Accounts Receivable	15,000	5,700	20,700
Prepaid Expenses	0	13,159	13,159
Total Current Assets	20,000	23,859	43,859
Fixed Assets			
watercraft	0	132,699	132,699
Equipment	0	17,000	17,000
Less Accumulated Depreciation	0	(17,768)	(17,768)
Total Fixed Assets	0	131,931	131,931
TOTAL ASSETS	20,000	155,790	175,790
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	70,000	0	70,000
Cumint Portion of Notes Payable	0	21,505	21,505
Total Current Liabilities	70,000	21,505	91,505
Long Term Liabilities			
Loans from partner ⁽¹⁾	0	101,459	101,459
Cumint Portion Long Term Debt	0	(21,505)	(21,505)
Total Long Term Liabilities	0	79,954	79,954
Total Liabilities	70,000	101,459	171,459
Equity			
Owner/Partner, Capital	(50,000)	54,331	4,331
Total Capital	(50,000)	54,331	4,331
TOTAL LIABILITIES & EQUITY	20,000	155,790	175,790

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service was formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Projected Balance Sheets

As of December 31, 2028

Requested Rate

	Pilot Service Dec 31, 28	Launch Service Dec 31, 26	combined Dec31,26
ASSETS			
Current Assets			
Checking/Saving	5,000	5,000	10,000
Accounts Receivable	15,000	5,700	20,700
Prepaid Expenses	0	13,685	13,685
Total Current Assets	20,000	24,385	44,385
Fixed Assets			
Watercraft	0	142,699	142,699
Equipment	0	17,000	17,000
Less Accumulated Depreciation	0	(28,081)	(28,081)
Total Fixed Assets	0	131,616	131,616
TOTAL ASSETS	20,000	156,003	176,003
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	70,000	0	70,000
Current Portion of Notes Payable	0	22,606	22,606
Total Current Liabilities	70,000	22,606	92,606
Long Term Liabilities			
Loans from partners	0	79,954	79,954
Current Portion of Long Term Debt	0	(22,606)	(22,606)
Total Long Term Liabilities	0	57,348	57,348
Total Liabilities	70,000	79,954	149,954
Equity			
Owner/Partner Capital	(50,000)	76,049	26,049
Total Capital	(50,000)	76,049	26,049
TOTAL LIABILITIES & EQUITY	20,000	156,003	176,003

(1)

(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50% by M. Mellstrup. The Launch Service - formed in 2024.

Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Projected Statement of Income & Expenses

For the Year Ended December 31, 2025

Requested Rate

	Pilot Service Jan -Dec25	Launch Service Jan -Dec 26	Combined Jan - Dec 25
Ordinary Income/Expense			
Income			
Pilot Income	\$424,568		\$424,568
Launch Service Income	0	\$82,883	82,883
Total Income	424,568	82,883	507,451
Expense			
Advertising and Marketing	1,911	0	1,911
Automotive Expense	6,529	0	6,529
Benefits - Retirement Plan	70,000	0	70,000
Contract Labor	0	14,100	14,100
Computer and Website	0	528	528
Credentialing and Education	150	0	150
Depreciation Expense	0	9,980	9,980
Dues and Subscriptions	3,695	0	3,695
Fees	0	190	190
Fuel	0	7,149	7,149
Insurance	964	6,525	7,489
Interest Expense	0	5,631	5,631
Meals	1,466	0	1,466
Office Expense	1,527	0	1,527
Professional Fees	5,000	1,260	6,260
Slip Rental	0	6,128	6,128
Supplies	0	2,681	2,681
Taxes and Licenses	241	288	529
Training	670	0	670
Travel	331	545	876
Total Expense	92,484	55,005	147,489
Net Income	\$332,084	\$27,878	\$359,962

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Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Projected Statement of Income & Expenses

For the Year Ended December 31, 2026

Requested Rate

	Pilot Service	Launch Service	Combined
	<u>Jan -Dec26</u>	<u>Jan -Dec 26</u>	<u>Jan • Dec 26</u>
Ordinary Income/Expense			
Income			
Pilot Income	\$419,467		\$419,467
Launch Service Income	0	\$88,583	68,583
Total Income	419,467	88,583	508,050
Expense			
Advertising and Marketing	1,897	0	1,897
Automotive Expense	6,529	0	6,529
Benefits • Retirement Plan	70,000	0	70,000
Contract Labor	0	14,100	14,100
Computer and Website	0	549	549
Credentlallng and Education	156	0	156
Depreciation Expense	0	10,313	10,313
Dues and Subscriptions	3,678	0	3,678
Fees	0	198	198
Fuel	0	7,697	7,697
Insurance	1,003	6,786	7,789
Interest Expense	0	4,585	4,585
Meals	1,525	0	1,525
Office Expense	1,588	0	1,588
Professional Fees	2,000	1,020	3,020
Slip Rental	0	6,373	6,373
Supplies	0	2,788	2,788
Taxes and Licenses	251	300	551
Training	0	0	0
Travel	5,344	567	5,911
Total Expense	93,971	55,276	149,247
Net Income	<u>\$325,496</u>	<u>\$33,307</u>	<u>\$358,803</u>

Pensacola Pilots, LLC & Pensacola Launch Services, LLC

Projected Statement of Cash Flows

For the Years Ended December 31, 2026 & 2026

Requested Rate

	Combined	Combined
	<u>Jan - Dec: 25</u>	<u>Jan - Dec: 26</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$359,962	\$358,803
Adjustments to reconcile net income to net cash provided		
by operating activities		
Depreciation	9,980	10,313
Amortization		
(Gain) loss on sale of property	0	0
Decrease (increase) in:		
Accounts receivable	(3,162)	0
Prepaid expenses	(1,031)	(526)
Other assets	0	0
Increase (decrease) in:		
Accounts payable	0	0
Accrued expenses	37,537	0
Taxes payable	<u>0</u>	<u>0</u>
Net cash provided by operating activities	403,286	368,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset purchases	0	(10,000)
Sale of capital assets	0	0
Decrease (increase) in notes receivable	<u>0</u>	<u>0</u>
Net cash used by investing activities	0	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid-in capital	0	0
New borrowings		
Long-term	0	0
Short-term	0	0
Long-term	0	0
Debt reduction		
Short-term	0	0
Long-term	(20,459)	(21,505)
Increase (decrease) in deferred revenue	0	0
Return of capital	<u>(383,191)</u>	<u>(337,085)</u>
Net cash used by financing activities	<u>(403,650)</u>	<u>(358,590)</u>
Net increase in cash	<u>(364)</u>	<u>0</u>
CASH AT BEGINNING OF YEAR	<u>10,364</u>	<u>10,000</u>
CASH AT END OF YEAR	10,000	<u>\$10,000</u>
	(1)	(2)

(1) The Pilot Service is 100% owned by M. Mellstrup. The Pilot Service began service in July 2023.

(2) The Launch Service is owned 50%. by M. Mellstrup. The Launch Service was formed in 2024.

PENSACOLA PILOTS, LLC AND PENSACOLA LAUNCH SERVICES, LLC
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1. Nature and limitations of projections

These combined financial projections of Pensacola Pilots, LLC ("Pensacola Pilots") and Pensacola Launch Services, LLC ("PLS") (collectively, the "Company") present, to the best of management's knowledge and belief, the Company's expected combined financial position as of December 31, 2025 and 2026, and the related combined results and cash flows for the years then ended. Accordingly, these projections reflect management's judgements as of the report date, the date of these projections, expected conditions, and expected course of action given the assumptions.

The presentation is designed to assist the Company in its application for a pilotage rate increase to be filed with the Florida Department of Business and Professional Regulation, Board of Pilot Commissioners in accordance with Chapter 310 of the Florida Statutes, specifically section 310.151(2)(2). As such, these projections may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projections. Even if the pilot rate increase is granted, there will be differences between projected and actual results because events and circumstances rarely match expectations and those differences may be material.

2. Nature of business and significant accounting policies and assumptions

Nature of business

Pensacola Pilots serve the Port of Pensacola, Florida as the sole state and federally licensed Harbor Pilot. Pensacola Pilots maintain close cooperation with the City and Port of Pensacola, the U.S. Coast Guard, the U.S. Navy, and federal and local law enforcement agencies to provide for the safe, secure and efficient management of ship traffic in the Port of Pensacola by boarding all inbound and outbound foreign-flagged ocean-going vessels, as well as U.S. flagged vessels on foreign and domestic voyages, and directing the movement of the vessels through Pensacola Bay and its approaches.

PLS operates as a launch service for waterways around Pensacola Bay. While its principal client is Pensacola Pilots, PLS has provided services to other waterway users. It is organized as a two-person partnership; one of whom is unaffiliated with Pensacola Pilots or its operations. The majority (88%) of PLS' operations directly supported Pensacola Pilots.

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Significant accounting policies and assumptions

Basis of accounting

The accompanying combined financial statements include the accounts of Pensacola Pilots and PLS which are related through common ownership and management by the sole Harbor Pilot. They are prepared using the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The U.S. GAAP accounting will differ from the annual tax basis.

Basis of presentation

The accompanying combined financial statements include the accounts of Pensacola Pilots and PLS which are related through common ownership and management by the sole Harbor Pilot. They are prepared using the accrual basis of accounting consistent with accounting principles generally accepted in the United State of America ("U.S. GAAP"). The U.S. GAAP accounting will differ from the annual tax basis.

Estimates

The combined financial statements include the accounts of Pensacola Pilots and PLS. These financial statements were combined as the Pensacola Pilot also exercised 50% ownership and management of PLS as of December 31, 2024. All material intercompany transactions have been eliminated in combinations.

Economic concentrations

Pensacola Pilots provide harbor pilot services in Pensacola, Florida. PLS provides transport harbor to and from vessels requiring pilot services. Future operations could be affected by changes in economic conditions, City of Pensacola decisions, or by changes in the demand for harbor pilot services in the area.

Concentration of credit risk

The Company maintains cash in depository accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

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Concentrations

Based on current rates, one customer accounted for 56% of Pensacola Pilots' revenue for the year ending December 31, 2023. This one customer plus one additional accounted for 29% and 21% of the combined revenues for the year ending on December 31, 2024. The Company expects the 2024 concentrations to continue through the years ending December 31, 2025 and 2026.

Cash

Cash includes all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less from the date of acquisition.

Accounts receivable

Accounts receivables are recorded at net realizable value. Management estimates the allowance based upon factors including the credit risk and activity of specific customers, the age of past due accounts, historical factors including the credit risk and activity of specific customers, the age of past due accounts, historical trends, market conditions, and consideration of any other current circumstances that could affect the collectability of amounts. The allowance is reviewed periodically and adjusted for accounts deemed uncollectable by management. In the opinion of management, no such allowance is expected in the years ending December 31, 2025 and 2026.

Property and equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is recorded to expense using the straight-line method over the estimated useful life of the depreciable asset, and begins when the depreciable asset is placed in service. Expenditures for maintenance and repairs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related depreciable asset. Upon retirement, sale or disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and the related gain or loss, if any, is reflected in the year of disposal. Asset depreciation expense was limited to PLS for the year ending December 31, 2024. In the estimation of management, upgrades to PLS equipment will be necessary in 2026.

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Impairment of long-lived assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset or asset group to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. No impairment loss was recognized during the year ending December 31, 2024. In the estimation of management, no impairment loss is expected for the years ending December 31, 2025 and 2026.

Revenue recognition

The Companies have adopted Accounting Standards Codification ("ASC") 606, *Revenues from Contracts with Customers*, and the related amendments. Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services, which is generally upon the completion of piloting services performed by the Company. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangement that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer, (ii) identifies the performance obligations with the contract, including whether they are distinct and capable of being distinct in the context of the contract, (iii) determines the transaction price, (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

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Additionally, Pensacola Pilots is party to a unique revenue guarantee with the City of Pensacola. To maintain a highly skilled harbor pilot despite low volume and unpredictable shipping traffic and the correlated low compensation relative to other pilot organizations, the City of Pensacola, Pensacola Pilots LLC, and the Florida Harbor Pilots Association updated the preexisting contract on 24 January 2024. The revenue guarantee within this contract provides up to \$10,000 per month with a declining payment option adjusted around monthly pilotage revenues. For the years ending December 31, 2023 and 2024, the total revenues received from the City of Pensacola under this contract were \$18,036.52 and \$46,714.37. This amounted to 42% and 24% of the total Pensacola Pilots' revenues respectively. Based on these historical percentages and expected vessel traffic, projections would equate to 25-30% of total revenue. Assuming similar vessel traffic, a rate increase should reduce the percentage of revenues under the City's revenue guarantee.

Projections, based on current rates, depict a slightly declining rate of revenue. The assumption was derived from current approved rates and known changes in vessel traffic volume. Projections based on requested rates assume the rate increase requested was granted effective January 1, 2025.

Operating expenses

The 2024 compiled operating expenses have been used as a base line for projecting expenses for 2025 and beyond. The historical data was adjusted for known or expected events. Expenses projected based on current rates and based on proposed rates are consistent; the proposed rate change does not impact projected expenses, other than those described below.

The following discussions reflect significant assumptions where operating expenses do not approximate 2024 operating expenses, with nominal cost of living increases.

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Pilot compensation

Pilot compensation is projected to increase in correlation with the rates requested.

Professional fees

Professional fees expected to be incurred during 2025 include those required for the application and rate hearing process before the Pilotage Rate Committee.

Boat expenses and maintenance

Boat expenses include fuel, which is projected to remain approximately consistent in correlation with a decrease in traffic volume but slightly higher fuel costs in keeping with cost of living expenses. Barring an unexpected casualty, boat maintenance is expected to reduce in the immediate future years.

Income taxes

Both Pensacola Pilots and PLS were formed as Limited Liability Companies. They are unincorporated for federal and state income tax purposes and accordingly do not pay income taxes. Under these provisions, the owner(s) are liable for individual federal income taxes on the Companies' taxable income. Therefore, no provisions or liability for federal income taxes have been included in the combined financial statements.

The preparation of combined financial statements in accordance with U.S. GAAP requires the Companies to report information regarding its exposure to various tax positions taken by the Companies. Management has determined whether any tax positions have met the recognition threshold and have measured the Companies' exposure to those tax positions. Management believes that the Companies have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed onto the Companies is recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying combined financial statements.

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3. Property and equipment

The following is a summary of Pensacola Launch Service's property and equipment projections for the years ending December 31, 2025 and 2026.

	2025	2026
Pilot boat and equipment	\$149,699	\$159,699
Accumulated depreciation	<u>(17,768)</u>	<u>(28,081)</u>
Property and equipment, net	<u>\$131,931</u>	<u>\$131,618</u>

4. Loans payable

In January 2024, PLS was established a loan from its two partner owners. The loan payable agreement was for \$135,000 over a six-year period. Interest accrues at 5% per annum, on the outstanding balance, with payments to commence once PLS was in a financial position to make payments without causing undue hardships to PLS. As of December 31, 2024, the outstanding balance was \$121,918. For the year ending December 31, 2024, interest expense was \$4,310.

The following is a summary of principal maturities of long-term notes during the next five years ending on December 31:

2026	\$21,505
2027	22,606
2028	23,762
2029	24,978
2030	5,608

5. Cash Flow Information

Cash to be paid for interest and income taxes for the years ending December 31, 2025 and 2026 is projected as follows.

2025 Interest	\$5,631
2025 Income Taxes	\$0
2026 Interest	\$4,585
2026 Income Taxes	\$0

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6. Commitment and contingencies

The sole Harbor Pilot in Pensacola Pilots contributed to a discretionary Simplified Employee Pension plan. The contributions for the years ending December 31, 2023 and 2024 were **\$8,886** and \$32,463, respectively. Commensurate with an approved rate increase, the Company projects higher contributions for the years ending December 31, 2025 and 2026. The 2025 maximum SEP contribution limit is \$70,000. The 2026 maximum contribution limit has not been announced by the IRS as of the report date.

7. Related Party Transactions

As noted previously, PLS has a debtor/debtee relationship with the owners of PLS.

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PENSACOLA PILOTS, LLC

901 S. OLD CORRY FIELD DR.
BOX4435
PENSACOLA, FL 32507-9998

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DATE 28 Oct 2025



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