

# Cost Recovery Annual Report

March 2014

Trawl  
Rationalization  
Program

Fishing Year  
2013 and  
Calculation  
for 2014



**NOAA**  
**FISHERIES**



## Overview

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires NOAA's National Marine Fisheries Service (NMFS) to collect fees to recover the costs directly related to the management, data collection, and enforcement of a limited access privilege program (LAPP) (16 U.S.C. 1854(d)(2)), also called "cost recovery." The Pacific coast groundfish trawl rationalization program is a LAPP and consists of three sectors: the Shorebased Individual Fishing Quota (IFQ) Program, the Mothership (MS) Coop Program, and the Catcher/Processor (C/P) Coop Program.

In accordance with the Magnuson-Stevens Act and based on a recommended structure and methodology developed in coordination with the Council, NMFS collects mandatory fees of up to three percent of the ex-vessel value of groundfish by sector (Shorebased IFQ Program, MS Coop Program, and C/P Coop Program). NMFS collects the fees to recover the incremental costs of management, data collection, and enforcement of the trawl rationalization program.

Beginning in January 2014, NMFS implemented cost recovery for the trawl rationalization program. The details of cost recovery for the groundfish trawl rationalization program are in regulation at 50 CFR 660.115.

## What's in this annual report?

This annual report includes information on the fee percentage calculation, program costs, ex-vessel value by sector, and total cost recovery fees collected by NMFS from previous years.

This annual report is similar to those used by other Regions for cost recovery, including:

- Alaska Crab Rationalization - <http://www.fakr.noaa.gov/sustainablefisheries/crab/crfaq.htm>
- Alaska Halibut/Sablefish IFQ - <http://www.fakr.noaa.gov/ram/ifqfees.htm>
- Northeast Tilefish IFQ - <http://www.nero.noaa.gov/sfd/TileIFQDocs/2011%20Tilefish%20IFQ%20Cost%20Recovery%20Annual%20Report.pdf>

## Details on Cost Recovery Calculations

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For cost recovery, NMFS must make two calculations during the last quarter of every calendar year after each fiscal year ends and announce those values in a *Federal Register* notice before they would go in effect on January 1 of the following year. The calculations for these values and the

For 2014 -

Fee percentages are:

- Shorebased IFQ Program: 3.0%
- MS Coop Program: 2.4%
- C/P Coop Program: 1.1%

MS pricing for the C/P Coop Program is:

- \$0.14/lb

(announced in 78 FR 75268, 12/11/2013)

data used are described further in this report. The two calculations are:

1. Fee Percentage Calculation by Sector
2. MS Pricing for the C/P Coop Program

## Fee Percentage Calculation by Sector

NMFS calculates the actual fee percentage by sector using the best available information. Under the Magnuson-Stevens Act, the final fee percentage must not exceed three percent of the ex-vessel value. To calculate the fee percentage by sector, NMFS used the formula specified in regulation at § 660.115(b)(1), where the fee percentage by sector equals the lower of three percent or direct program costs (DPC) for that sector divided by total ex-vessel value (V) for that sector multiplied by 100.

$$\text{Fee percentage} = \text{the lower of 3\% or } (DPC/V) \times 100$$

“V” or ex-vessel value, specified in regulation at §660.115(b)(1)(ii), is the total ex-vessel value for each sector from the previous calendar year. The ex-vessel value for each sector is defined at §660.111 (see below) and includes the total ex-vessel value for all groundfish species.

*Ex-vessel value means, for the purposes of the cost recovery program specified at § 660.115, all compensation (based on an arm’s length transaction between a buyer and seller) that a fish buyer pays to a fish seller in exchange for groundfish species (as defined in § 660.11), and includes the value of all in-kind compensation and all other goods or services exchanged in lieu of cash. Ex-vessel value shall be determined before any deductions are made for transferred or leased allocation, or for any goods or services.*

*(1) For the Shorebased IFQ Program, the value of all groundfish species (as defined in § 660.11) from IFQ landings.*

*(2) For the MS Coop Program, the value of all groundfish species (as defined in § 660.11) delivered by a catcher vessel to an MS-permitted vessel.*

*(3) For the C/P Coop Program, the value as determined by the aggregate pounds of all groundfish species (as defined in § 660.11) harvested<sup>1</sup> by the vessel registered to a C/P-endorsed limited entry trawl permit, multiplied by the MS Coop Program average price per pound as announced pursuant to § 660.115(b)(2).*

“DPC” or direct program costs, defined in regulation at §660.115(b)(1)(i), are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector. Actual incremental costs means those net costs that would not have been incurred but for the implementation of the trawl rationalization program, including both increased costs for new requirements of the program and reduced costs resulting from any program efficiencies. If the amount of fees collected by NMFS is greater or less than the actual net incremental costs incurred, the DPC will be adjusted accordingly for calculation of the fee percentage in the following year.

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<sup>1</sup> While the regulations say “harvested,” NMFS has clarified through a public notice that the C/P ex-vessel value and fee amount due is based on retained catch.

For 2014 - The fee percentage is:

Shorebased IFQ Program:

3.0% = the lower of 3% or  $((\$1,877,752.00/\$48,182,167) \times 100)$

MS Coop Program:

2.4% = the lower of 3% or  $((\$274,936.05/\$11,453,663) \times 100)$

C/P Coop Program:

1.1% = the lower of 3% or  $((\$176,460.05/\$16,763,066) \times 100)$

*Table 3 shows the DPC, V, and resulting fee percentage by sector.*

***Cost of Management, Data Collection, and Enforcement (DPC)***

As described earlier, DPCs in the calculations are the actual incremental costs for the previous fiscal year directly related to the management, data collection, and enforcement of each sector. In other words, they are costs that would not have been incurred but for the implementation of the trawl rationalization program.

For 2014, the first year of cost recovery, NMFS only included the costs of employees' time (salary and benefits) spent working on the program in the calculation of DPC rather than all incremental costs of management, data collection, and enforcement. NMFS only included the costs of employees' time in the calculation for 2014 because of limited agency resources and time to calculate additional incremental costs. In addition to personnel costs, examples of additional cost categories used by NMFS in Alaska and up for consideration for the trawl rationalization program are: rent/utilities/overhead, travel, printing, contracts, supplies, equipment, and other expenses. NMFS also did not include any federal costs resulting from duties performed by the states of Washington, Oregon, or California in the calculation of DPC for the 2014 fee percentages. NMFS, in consultation with the Council and states, will evaluate what additional incremental costs<sup>2</sup> should be included. Because NMFS only included some costs, the DPC for 2014 is likely an underestimate of costs compared to all incremental costs of management, data collection, and enforcement.

The cost of employees' time spent working on the trawl rationalization program are the incremental costs NMFS is including as the DPCs in the 2014 fee percentage calculations. In other words, it is the

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<sup>2</sup> For additional incremental costs, NMFS will consider the Council guidance and motions for cost recovery, including considering the use of Appendix B of the Cost Recovery Committee (CRC) Report from the September 2011 Council meeting (Agenda Item G.6.b).

cost of employees' time spent working on tasks that would not have been incurred but for the implementation of the trawl rationalization program. In fiscal year 2013, NMFS employees coded and tracked their time spent working on the trawl rationalization program by sector (IFQ, MS, C/P)<sup>3</sup>. Accordingly, NMFS determined the incremental cost of employees' time by using those costs directly attributable to management, data collection, and enforcement of the trawl rationalization program. Before trawl rationalization, employees' time was not tracked and coded in their time card for work on the trawl fishery let alone by sector within the trawl fishery, making an accurate "with and without" trawl rationalization program assessment of employee costs challenging.

*Some examples of new agency costs resulting from the trawl rationalization program:*

- Economic Data Collection Program*
- Online IFQ system (QS/vessel accounts)*
- Expanded Observer Program*
- Expanded Catch Monitor Program*
- Increased Rulemaking*

The majority of employees included in determining the DPC are either new employees directly hired to work on the trawl rationalization program or are existing employees whose time has been directed away from other agency duties to work on the trawl rationalization program (e.g. less time spent on grant work, recreational fisheries issues, open access issues). All of those employees' recorded and tracked time is an incremental cost attributable to the program. There are some employees whose time before implementation of the trawl rationalization program may have been spent working on the trawl fishery, and now is spent on the trawl rationalization program. The costs of those employees' time directly attributable to working on trawl rationalization program were included in the DPC. However, because NMFS is not including other categories of incremental costs in DPC (e.g., travel, rent/utilities/overhead, transportation, printing, supplies, equipment), NMFS believes that the cost of employees' time estimated from FY 2013 is an underestimate compared to what the DPC would be from all incremental costs of management, data collection, and enforcement.

Details of the incremental costs for management, data collection, and enforcement of the trawl rationalization program by sector are described below. The details are grouped by division within NMFS: West Coast Region, Northwest Fisheries Science Center, Office of Law Enforcement, and Northwest Section of General Counsel. Table 1 provides a summary of the incremental costs.

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<sup>3</sup> In addition to timecard codes by sector, some divisions in the WCR and NWFSC also have a general catch shares code in their timecard for work done that affects all three trawl sectors. The cost of time in that code is shared equally among sectors.

**Table 1. Incremental costs (DPC) associated with management, data collection, and enforcement of all sectors of the Trawl Rationalization Program, FY 2013 (October 1, 2012 to September 30, 2013).**

For FY 2013, NMFS only calculated incremental cost of personnel.

Cost Category	WCR	NWFSC	OLE	Total
Personnel <sup>a</sup>	\$ 1,015,314.09	\$ 1,098,243.77	\$ 215,590.23	\$ 2,329,148.09
IFQ	819,340.66	882,533.18	175,878.16	1,877,752.00
MS	116,319.26	126,433.59	32,183.20	274,936.05
C/P	79,654.18	89,277.00	7,528.87	176,460.05
Travel <sup>b</sup> /Transportation <sup>c</sup>	\$ -	\$ -	\$ -	\$ -
Printing	\$ -	\$ -	\$ -	\$ -
Contracts/Training	\$ -	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -
Rent/Utilities/Overhead <sup>d</sup>	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,015,314.09</b>	<b>\$ 1,098,243.77</b>	<b>\$ 215,590.23</b>	<b>\$ 2,329,148.09</b>

a Personnel costs include salary and benefits. PSMFC personnel costs are included in the WCR.

b Travel includes per diem payments.

c Transportation includes shipment of items.

d Rent/Utilities/Overhead includes costs of space and utilities and shared common space and services.

### West Coast Region (WCR)

The West Coast Region (WCR, formerly the Northwest Region before October 1, 2013) manages the trawl rationalization program by working on policy issues, drafting and implementing regulations, tracking the fishery, and issuing permits. This includes work done by WCR Groundfish Branch and Fisheries Permits Office. It also includes WCR costs for work done by the Northwest Fisheries Science Center's Scientific Data Management (SDM) and Information Technology (IT) groups for work on the online IFQ system, and for work done by the Pacific States Marine Fisheries Commission for the catch monitor program. WCR employees track their time in timecards for work done on the trawl rationalization program with project and task codes by sector. For many employees, only part of their time is for trawl rationalization. The cost of employees' time that was already included in the unit cost computation for the permit fees for first receiver site licenses (FRSL), MS permits, MS/CV endorsements, and C/P endorsements are not included in DPC. For QS permits, NMFS does not currently charge a permit fee. SDM/IT was provided \$300,000 from the WCR for tasks in FY 2013, applied toward eight contract employees (this cost is only for the Shorebased IFQ Program). PSMFC was provided \$145,000 from the WCR in FY 2013 for salaries and benefits for two catch monitor program coordinators (this cost is only for the Shorebased IFQ Program).

The cost for FY 2013 is likely an underestimate of the incremental cost of employees' time on the trawl rationalization program because several employees that work on the program were not included. These employees should be considered for inclusion in future years if the cost of their time is an incremental cost of the trawl rationalization program. For example, the cost of SDM time for programming done for the Economic Data Collection Program was not included. In addition, the cost of electronic monitoring work should be included.

For FY 2013, the following contributed to the DPC for the WCR:

**Total cost from salaries + benefits = \$1,015,314.09**

IFQ - \$819,340.66

MS - \$116,319.26

C/P - \$79,654.18

**Total hours of all employees included in the total cost = 11,022.88**

(contractor hours not included in this estimate)

IFQ – 7,470.63 hours

MS – 2,161.88 hours

C/P – 1,390.38 hours

**# of employees included in the total cost = 21**

Northwest Fisheries Science Center (NWFSC)

The Northwest Fisheries Science Center (NWFSC) collects and analyzes data on the trawl rationalization program through observers on vessels and through economic and social surveys. This includes work done by the NWFSC Fishery Resource Assessment and Monitoring Program (FRAM) and additional employees paid through PSMFC contracts and grants. The values included in the NWFSC DPC do not include any of the costs paid by NMFS to PSMFC for reimbursing industry for part of the industry cost for observers.

For FRAM employees, timecards were coded with project and task codes by sector, in a manner similar to the WCR. Some employees' time was modified to account for certain circumstances. For example, because the mothership (processing vessels not the mothership catcher vessels) and C/P vessels had mandatory observers and corresponding ASHOP debriefers before the trawl rationalization program, ASHOP debriefer costs were not included. "ASHOP" is the observer program for the at-sea whiting processors, the motherships (not the catcher vessels) and the C/Ps. The West Coast Groundfish Observer Program (WCGOP) is the observer program for the shorebased catcher vessels (IFQ) and the catcher vessels fishing for and delivering to motherships. 24% of the costs attributed to the WCGOP for the Shorebased IFQ Program were deducted to account for coverage of the limited entry trawl program by the WCGOP prior to the implementation of the catch share program. This percentage was determined by using observer sea days from 2010 (pre catch shares) and observer sea days from 2012 (post catch shares) as representative years, resulting in 1658 and 6909 sea days respectively.

The PSMFC observer grant cost is only for the catch shares portion of the grant. The grant is only split catch shares and non-catch shares, however, the bulk of the catch shares portion of the grant is for the Shorebased IFQ Program. The PSMFC observer grant is for the salary and benefits (no gear) for PSMFC staff working off the West coast. The values for the PSMFC observer grant only cover staff time for observer program activities, not catch monitor program activities or any other PSMFC activities. In addition to the IFQ fishery, some of the cost is also attributable to the MS fishery for observers on MS/CVs. To determine how much of that money should be an incremental cost to the MS fishery, NMFS looked at the sea days spent on MS/CVs in 2012. Approximately 7% of observer sea days were spent on MS/CVs, so this value was used to split the cost between the IFQ and MS fisheries. As with the NWFSC estimates, 24% of the hours and costs were deducted from the IFQ amounts to account for the observer coverage levels of the limited entry trawl fishery prior to the implementation of catch shares.

The NWFSC cost for FY 2013 is likely an underestimate of the incremental cost of employees' time on the trawl rationalization program because several employees that work on the program were not included. These employees should be considered for inclusion in future years if the cost of their time is an incremental cost of the trawl rationalization program. These could include additional employees working on the Economic Data Collection Program and on Social Surveys.

For FY 2013, the following contributed to the DPC for the NWFSC:

**Total cost from salaries + benefits = \$1,098,243.77**  
IFQ - \$882,533.18  
MS - \$126,433.59  
C/P - \$ 89,277.00

**Total hours of all employees included in the total cost = 25,795.61**  
(1 contractor not included in this estimate)  
IFQ – 21,536.31 hours  
MS – 2,725.30 hours  
C/P – 1,534.00 hours

**# of employees included in the total cost = 34**

Office of Law Enforcement (OLE)

NOAA's Office of Law Enforcement (OLE) enforces the requirements of the trawl rationalization program. OLE labor costs are tracked by one project/task code, but employees track their daily hours by activity codes on their timecards (1 for each sector – IFQ, MS, C/P).

The OLE estimate is likely an underestimate of the incremental cost of the trawl rationalization program because the cost of some trawl rationalization enforcement technicians' time was not included and additional technicians were added because of the trawl program. Enforcement technicians activities include, but are not limited to, tracking QS and vessel account balances, contacting vessel owners if an account is negative, assisting with fishery declarations, and tracking fishing status through the vessel monitoring system.

For FY 2013, the following contributed to DPC for OLE:

**Total cost from salaries + benefits = \$215,590**  
IFQ - \$175,878.16  
MS - \$32,183.20  
C/P - \$7,528.87

**Total hours of all employees included in the total cost = 3,099**  
IFQ - 2,660 hours  
MS - 345 hours  
C/P - 94 hours

**# of employees included in the total cost = 12**

Northwest Section of General Counsel

NMFS is not including the cost of employees from the Northwest Section of General Counsel in the determination of DPC by sector in 2014. This is consistent with how their time is treated for cost recovery purposes in other NMFS Regions.

## Determining the Value of the Fishery (V)

The cost recovery program regulations define ex-vessel value slightly differently for each sector (IFQ, MS, and C/P). This results in slightly different methods to calculate “V” for each sector. In addition, for the start of cost recovery, NMFS does not yet have information on ex-vessel value reported by the MS fleet. Because NMFS does not have these values available, NMFS used data from the IFQ fishery as a proxy in estimating “V” for the MS and C/P sectors. NMFS is using information on the average price per pound of whiting from the IFQ

fishery for all sectors in 2014. For 2014, NMFS used the ex-vessel value (defined at §660.111 and above in this report under “fee percentage calculation by sector”) for calendar year 2012 as reported in Pacific Fisheries Information Network (PacFIN) from electronic fish tickets to determine “V.” NMFS could not use ex-vessel value for calendar year 2013 because fishing in calendar year 2013 had not concluded at the time this report was generated. The

electronic fish ticket data in PacFIN is for the Shorebased IFQ Program. This means that the ex-vessel value for both the MS Coop Program and the C/P Coop Program is a proxy based on the Shorebased IFQ Program ex-vessel price and on the retained catch estimates (weight) from the observer data (as reported in PacFIN from NORPAC) for the MS and C/P Coop Programs. Table 2 provides the ex-vessel value by sector for calendar year 2012. NMFS is using data from PacFIN and not the ex-vessel values reported on buyback forms (IFQ and MS submit buyback forms), because those data are not readily available in an appropriate format.

While the DPC is calculated on the federal fiscal year (October 1, 20XX to September 30 of the following year, V is calculated on the calendar year. NMFS considered calculating V on the fiscal year, but had concerns that the data available right after the fiscal year ends may not be accurate. Ex-vessel value for the Shorebased IFQ Program is reported in PacFIN from fish ticket data. PacFIN reports often have a time delay, with data continuing to update in the PacFIN system for several months. Therefore, pulling data based on a fiscal year, right after the fiscal year has closed, may not result in the best available data. NMFS will calculate V using the previous calendar year’s ex-vessel value. There is no concern with calculating DPC on the fiscal year and V on the calendar year as long as it remains consistent among years (i.e., V doesn’t switch between 2 years from calendar year to fiscal year).

To determine ex-vessel value (V) by sector for calendar year 2012, the PacFIN database was queried on October 31, 2013. Shorebased IFQ landings and revenue estimates (including all groundfish species) were taken from the Vessel Daily RockFish Distributed (VDRFD) table where nominal ticket species categories are distributed to individual rockfish species at the daily level (using area and species composition proportions supplied by the state sampling programs). For the MS and C/P fisheries, retained catch estimates and corresponding values (hake only) were taken from the NORPAC 4900 Species Composition table within PacFIN. The NORPAC 4900 Species Composition table in PacFIN

For 2014 -

“V,” or ex-vessel value, from calendar year 2012 is:

- Shorebased IFQ Program: \$48,182,167
- MS Coop Program: \$11,453,663
- C/P Coop Program: \$16,763,066

(announced in 78 FR 75268, 12/11/2013)

estimates at-sea (MS & C/P) hake value from shorebased prices, but at a finer level of aggregation by area and time, which should lead to more accurate overall estimates. While all groundfish species are included in the Shorebased IFQ ex-vessel value, only hake is included in "value" for the at-sea sectors, as other species are predominantly discarded or used for fish meal, with little to no revenue and specific information.

**Table 2. Retained catch estimates by month and sector. IFQ includes all landed species; at-sea sectors include only hake. Hake value estimates for at-sea sectors were queried from the NORPAC 4900 species comp. table in PacFIN.**

Year	Month	IFQ lbs.	IFQ rev.	CP lbs.	CP value	MS lbs.	MS value
2012	Jan	1,491,862	1,141,585	0	0	0	0
2012	Feb	2,395,897	1,639,885	0	0	0	0
2012	Mar	3,329,906	2,110,348	0	0	0	0
2012	Apr	4,954,879	2,844,151	0	0	0	0
2012	May	4,265,175	2,236,024	44,844,730	6,329,660	9,390,741	1,325,467
2012	Jun	13,934,687	3,411,107	0	0	6,049,386	922,719
2012	Jul	26,469,461	5,863,888	0	0	1,097,743	167,691
2012	Aug	36,519,674	7,520,641	8,223,969	1,251,804	4,642,409	744,548
2012	Sep	26,705,062	6,256,446	35,760,005	4,935,301	12,818,454	1,721,627
2012	Oct	35,277,242	7,111,834	32,687,073	4,246,301	47,645,273	6,213,841
2012	Nov	25,327,203	5,737,083	0	0	2,850,173	357,770
2012	Dec	4,049,970	2,309,175	0	0	0	0
<b>2012</b>	<b>Sum</b>	<b>184,721,018</b>	<b>48,182,167</b>	<b>121,515,776</b>	<b>16,763,066</b>	<b>84,494,178</b>	<b>11,453,663</b>

### *Calculating the Fee as a Percentage of Total Fishery Value*

Using the formula described above in "Fee Percentage Calculation by Sector" and the values for DPC and V, the 2014 fee percentage by sector is as follows:

$$\text{Fee percentage} = \text{the lower of 3\% or } (DPC/V) \times 100$$

- Shorebased IFQ Program: 3.0% = the lower of 3% or  $((\$1,877,752.00/\$48,182,167) \times 100)$
- MS Coop Program: 2.4% = the lower of 3% or  $((\$274,936.05/\$11,453,663) \times 100)$
- C/P Coop Program: 1.1% = the lower of 3% or  $((\$176,460.05/\$16,763,066) \times 100)$

For the MS and C/P Coop Programs, the resulting fee percentage is less than the possible upper limit fee percentage of 3.0 percent. Thus, NMFS should be able to recover all incremental costs from FY 2013 (assuming the ex-vessel value remains the same or increases). However, for the Shorebased IFQ Program, because the 3.0 percent ex-vessel value limits what the fee percentage would be otherwise (3.9 percent), NMFS will likely not be able to recover the documented incremental costs from FY 2013.

**Table 3. 2014 fee percentage based on NMFS's costs for Pacific coast groundfish trawl catch share program by sector.**  
 (cost of employees' time (salary + benefits) from FY 2013 attributable to trawl rationalization ex-vessel value from calendar 2012)

Trawl Sector	WCR	NWFSC	OLE	Total	Total by sector	ex-vessel value	fee percentage by sector	fee percentage by sector (max 3%)
General Trawl Rationalization Program (all 3 sectors)	\$229,286.81	\$222,672.00	\$0.00	\$451,958.81				
Shorebased IFQ Program	\$742,911.72	\$808,309.18	\$175,878.16	\$1,727,099.06	\$1,877,752.00	\$48,182,167	3.9%	3.0%
MS Coop Program	\$39,890.32	\$52,209.59	\$32,183.20	\$124,283.11	\$274,936.05	\$11,453,663	2.4%	2.4%
C/P Coop Program	\$3,225.24	\$15,053.00	\$7,528.87	\$25,807.11	\$176,460.05	\$16,763,066	1.1%	1.1%
<b>Total</b>	<b>\$1,015,314.09</b>	<b>\$1,098,243.77</b>	<b>\$215,590.23</b>	<b>\$2,329,148.09</b>	<b>\$2,329,148.09</b>	<b>\$76,398,896</b>		
	11 employees	21 employees	12 employees					
	2 contractors (PSMFC)	12 grantees						
	8 contractors (SDM/IT)	1 contractor						

Notice that there are four trawl sectors listed in the table instead of three. In addition, to the Shorebased IFQ Program, MS Coop Program, and C/P Coop Program, DPC may be tracked as applying to all three sectors (IFQ, MS, C/P) combined. For example, work drafting regulations for a cost recovery program that applies to all sectors of the trawl rationalization program would be tracked as "general trawl rationalization program" costs and would be shared equally among all three sectors. The "total by sector" column of the table includes a formula to equally split the costs from the "general trawl rationalization program" row among the three sectors (IFQ, MS, C/P). The "total by sector" column of the table is divided by the values in the "ex-vessel value" column to determine the "fee percentage by sector." Finally, the fee percentage must not be greater than 3% as shown in the "fee percentage by sector (max 3%)" column.

## MS Pricing for the C/P Coop Program

“MS pricing” is the MS Coop Program’s average price per pound for Pacific whiting, also called hake. The MS pricing will be used by the C/P Coop Program to determine their ex-vessel value (MS pricing multiplied by the value of the aggregate pounds of all groundfish species retained by the vessel registered to a C/P-endorsed limited entry trawl permit) which is then multiplied by the C/P fee percentage to determine the fee amount due. However, because the MS Coop Program’s average price per pound as reported on the cost recovery form is not yet available, the MS pricing for the first year of cost recovery is based on the average price per pound of whiting as reported in PacFIN from the Shorebased IFQ Program. Only the value of Pacific whiting is used because the at-sea whiting fisheries (MS & C/P) target whiting and the value of non-whiting species is comparatively insignificant. For 2014, NMFS calculated the MS pricing from values reported in Table 2. NMFS calculated the average shorebased whiting price per pound for May-December 2012, the primary whiting season for the MS and C/P sectors, by dividing the revenue by the landings. The ex-vessel value for the MS and C/P sectors (in the NORPAC 4900 SP COMP table), and shown in Table 2, is the average shoreside whiting price applied to the retained catch at the finest possible level of area and time. In Table 2, a dash (-) represents months where there were no whiting landings. The resulting whiting price per pound in the table below is based on the price per pound of whiting as reported in PacFIN from the Shorebased IFQ Program. The average price per pound of Pacific whiting to be used by the C/P Coop Program to determine their fee amount is \$0.14/lb.

	hake price per lb (\$)	
	CP	MS
2012		
May	\$0.14	\$0.14
Jun	-	\$0.15
Jul	-	\$0.15
Aug	\$0.15	\$0.16
Sep	\$0.14	\$0.13
Oct	\$0.13	\$0.13
Nov	-	\$0.13
Dec	-	-
avg	<b>\$0.14</b>	<b>\$0.14</b>

## Fees Previously Collected

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Because cost recovery was first implemented in 2014, no fees were previously collected. In future years, this section will report fees collected from previous calendar years.