

**COMMENTS RECEIVED FROM INTERESTED PARTIES AND
COMMISSION CHANGES RESULTING FROM COMMENTS.**

The Commission added two pages to the report:

- An index page
- A Summary of Insurance schedule at page 13.

The Commission made revisions in response to requested / suggested changes that include the following:

1. Water carriers whose annual revenues are under \$1 million will have up to 120 days after their fiscal year end to file their annual reports. Others carriers will still have 90 days to file.
2. Page 3—disclosure of principal stockholders will be required for those owning 20% or greater of the company (formerly 10%).
3. Page 3—Compensation and benefits of highly compensated individuals will be reported for those whose wages exceed \$50,000 (formerly wages and fringe together totaling \$50,000 or more required disclosure).
4. Page 4—Item 1 relating to reporting changes in the services /operating schedule; this will be satisfied if the company files it current operating schedule.
5. Page 4—Item 2 relating to reporting acquisitions; officers/ owners/ directors will report acquisitions only where a majority of ownership is acquired in an entity that has a business relationship with the reporting entity.
6. Page 4—Item 5 requires the reporting of fines or penalties when they exceed \$500 (formerly all fines and penalties were to be reported).
7. Page 4—Item 8 now requires reporting on certain legal matters only when the legal action / proceeding resulted in, or may result in, a material adverse effect on the financial status or operations of the company . The specification of a ‘material mater’ was added.
8. Pages 5 and 5a—additional spacing and blank lines were added to the Balance Sheet.
9. Pages 6 and 6a—the Income Statement schedule was changes to ‘Income Statement and Changes in Retained Earnings’; also, some additional lines were added for specific expense accounts: Amortization, Property Taxes, Federal Income Tax, State Income tax, and Landing Fees.

10. Page 7—Notes to Financial Statements reporting was revised; reporting of footnote information is only required when footnotes have been prepared or if footnote data is available.
11. Page 11—Outside Profession Services schedule now requires listing vendors and services only when their services are in excess of \$5,000 (formerly (\$2,000)). Also, reporting the total paid for all professional services is now required on the schedule.
12. Page 11—Disclosure of transactions with affiliates is now required when transactions are \$1,000 or greater (formerly \$500).
13. Pages 11 and 12—Capital asset and depreciation information will not require an individual listing of assets; only summary asset information by category will be reported. This is now reportable on page 11.
14. Page 12—this page will be used for reporting information on vessels owned and leased; formerly, this was reported on page 11.
15. Page 13—A new ‘Summary of Insurance Schedule’ has been added.
16. Pages 14 and 14a—Monthly Statistical Information was formerly on pages 13 and 13a. Also, some additional blank lines were added.

There were other revisions requested or suggested to the Commission; revisions /changes sought that the Commission did not incorporate in the final report format included:

1. The Commission did not designate the report or any portion of it as confidential information, not subject to public disclosure. Information in the report will be used to assess financial operating results and financial stability of the companies in the same manner as when such information is filed in a general rate filing.
2. The Commission will have water carriers report monthly statistical information on ridership. We receive this information when general rate filings are made, and such information may also be valuable in helping the Commission to assess the vitality of life-line carrier services.
3. The Commission will require companies to report acquisitions of vessels and obligations for the construction of vessels. A water carrier’s rate base is changed significantly with any acquisition of vessels, and an acquisition generally results in increased rates to support the new vessel. It is important for the Commission to have timely reporting of such acquisitions.
4. The Commission will require companies to report on obligations resulting from the issuance of securities or the assumption of

liabilities of guarantees. It is important for the Commission to know if assets of water carriers are encumbered or pledged in any manner, especially if such assets are used to secure debt or provide guarantees related to non-water carrier operations. This information in the annual reports will ensure that the Commission has timely reporting of such information.

5. The Commission will require companies to report complete loan information annually. A company's debt issuances or restructurings are brought before the Division of Public Utilities and Carriers for approval. Providing this information in the annual report will inform the Commission on a timelier basis of the details of a company's capitalization and cost of capital.
6. Prior year and current year dividend information will be reported in each annual report. It should not create problems for companies to report prior year information. For smaller, privately held companies (as many of our water carriers are), dividend payments are often not regularly made or uniform in amount. Providing a short, two-year history on dividend payments will be helpful in assessing changes in capitalization.