



## ARCTIC STORM MANAGEMENT GROUP, LLC

2727 Alaskan Way, Pier 69  
Seattle, Washington 98121 U.S.A.

Mr. Philip Anderson, Chair  
Pacific Fishery Management Council  
7700 NE Ambassador Place, Suite 101  
Portland, Oregon 97220-1384

September 6, 2018

Dear Chair Anderson and Council Members,

In order to increase delivery opportunities and attainment of the Pacific whiting allocation in the mothership sector, we request that the Council consider increasing the 45% mothership processing cap<sup>1</sup> under Agenda Item I.7, Five-Year Catch Share Follow-On Action.

The five-year review demonstrated that the mothership sector has not performed as well as other sectors under catch shares. Thanks to rebuilding stocks, increased bycatch, and other measures the Council and NMFS have taken to improve the mothership sector, things are looking up, and we've put a significant investment into the fishery. However we are the only sector that currently has a processing cap, and the cap is limiting our company's opportunity to take additional deliveries from mothership catcher vessels, some of whom may continue to leave their offshore quota stranded in the water without a processor to deliver to.

At the urging of catcher vessels who needed a market, we decided to put Arctic Fjord out for two trips this fall, in addition to Arctic Storm's four annual trips. We currently have about 38% of the mothership quota obligated to our platforms and eight catcher vessels delivering. One of our options for next year is to take additional trips with Arctic Fjord, which would bring us closer to the cap (over 43%). With a replacement vessel for the Arctic Fjord under contract, we will have the opportunity for increased Pacific whiting processing capacity in the future, but we can't plan for that if the cap stays at 45%. We want to build a consistent market for our catcher vessels, and a consistent supply of high quality product for our customers, but there is no opportunity for us to grow under the current processing cap.

Raising the processing cap would be a positive step towards increasing efficiency and achieving optimum yield by allowing platforms with capacity in a given year to take additional deliveries and get more quota out

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<sup>1</sup> The mothership permit usage limit can be found in regulation at 50 CFR §660.150(f)(3)(i): "No person who owns an MS permit(s) may register the MS permit(s) to vessels that cumulatively process more than 45 percent of the annual mothership sector Pacific whiting allocation."

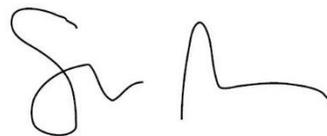
of the water. The Amendment 20 EIS states that, “A usage limit will restrict the amount of whiting that a single mothership can purchase in a year. This has the effect of ensuring a minimum number of motherships in a given year and restricting the degree of consolidation that could occur among motherships.”<sup>2</sup> However, the processing limit is a unique feature of the catch share program that applies only to the mothership sector, and has the unintended effect of restricting commerce when a willing market cannot receive deliveries from a willing catcher vessel whose quota would otherwise go uncaught. In addition to the processing limit, the mothership sector also has two other forms of accumulation limits that would serve to balance any increase to the 45% processing cap: a 20% quota ownership cap (catch history assignment), and a 30% vessel catch cap. We are not proposing changes to the quota ownership or vessel catch limits.

NMFS collects mothership ownership interest information through our annual permit renewals, and mothership catcher vessel processor obligations through the annual coop report. Any changes to the initial processor obligation must also be submitted to NMFS through a mutual exception agreement. Because this information is readily available, hopefully it would not be too great of a burden to analyze appropriate alternatives to the status quo as part of the five-year review follow-on actions.

The timing of this request reflects a series of recent changes, including changes to processor obligations, changes in the ownership structure of our company, and improvements in the fishery. These changes have both increased our capacity and commitment to Pacific whiting, and caused us to be constrained by the processing cap.

Thank you for your consideration of this important matter that would help with our business planning and support the Council’s vision for a sustainable mothership sector.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Nayani', with a stylized, cursive script.

Sarah Nayani  
Director of Compliance  
Arctic Storm Management Group, LLC

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<sup>2</sup> Excerpt from page 456, [PFMC & NMFS, June 2010. Rationalization of the Pacific Coast Groundfish Limited Entry Trawl Fishery, Final Environmental Impact Statement.](#)