

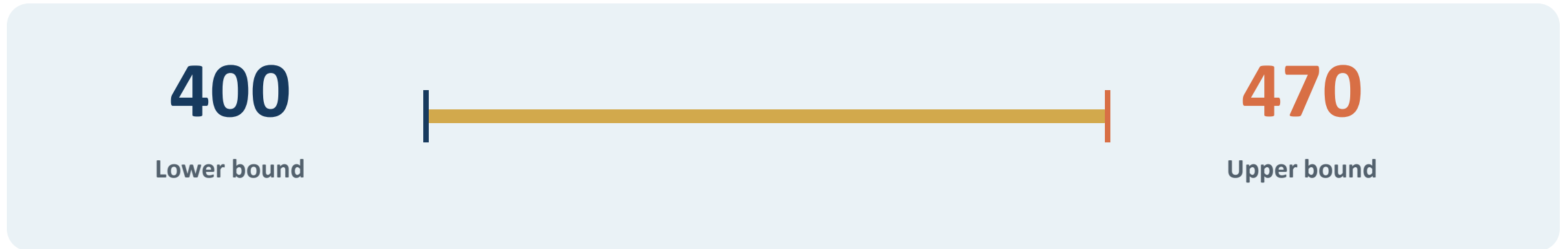
Prince William Sound Drift Gillnet Salmon Fishery

Optimum Numbers Study

Commission presentation

Recommended range: 400–470 permits

The study recommends a range of 400–470 permits



- 400 preserves the harvesting capacity ADF&G may need in strong or concentrated return years.
- 470 allows normal latency while keeping potential participation below the current 535 permits.
- The range is a regulatory target—not a promise of profitability in every season.

State law requires a reasonable balance—not a single-variable answer

AS 16.43.290

1

Economic health

Reasonable average economic return considering time fished and necessary investment.

2

Sound management

Enough permits to harvest the allowable take efficiently and consistently with management techniques.

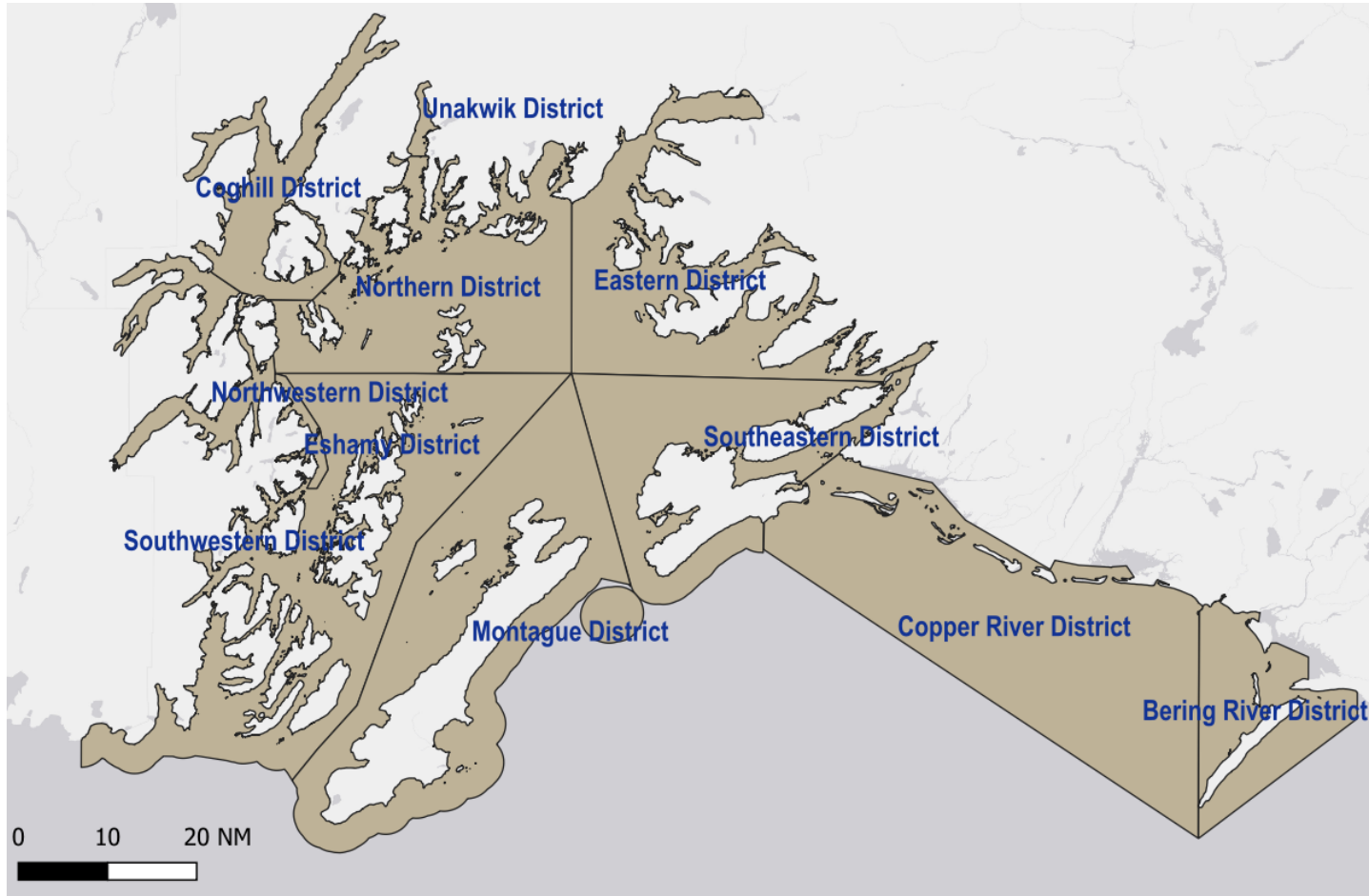
3

Avoid hardship

Sufficient participation to avoid serious economic hardship for those currently engaged.

The recommendation must work across all three standards.

The fleet operates across distinct districts under active in-season control



Management must balance

- Wild-stock escapement
- Hatchery broodstock and cost recovery
- Allocation among gear groups
- Run timing, concentration, and fleet capacity

Primary tools: time and area openings

One in five issued permits was latent in 2024

535

permits issued

423

permits with landings

21%

permit latency



\$31.7M

total estimated gross earnings

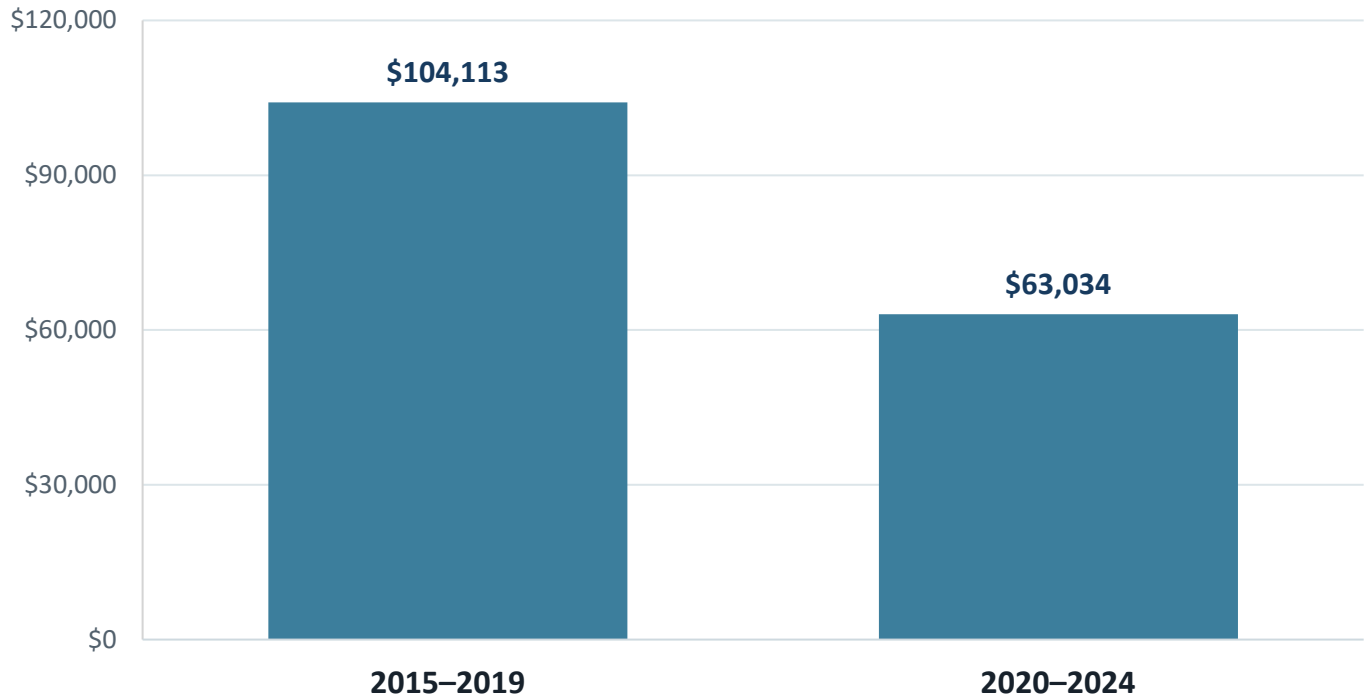
\$74,945

average real gross per active permit

Gross is not net

Costs and capital must be deducted.

Recent earnings and participation are below the pre-2020 period



Average annual participation

511

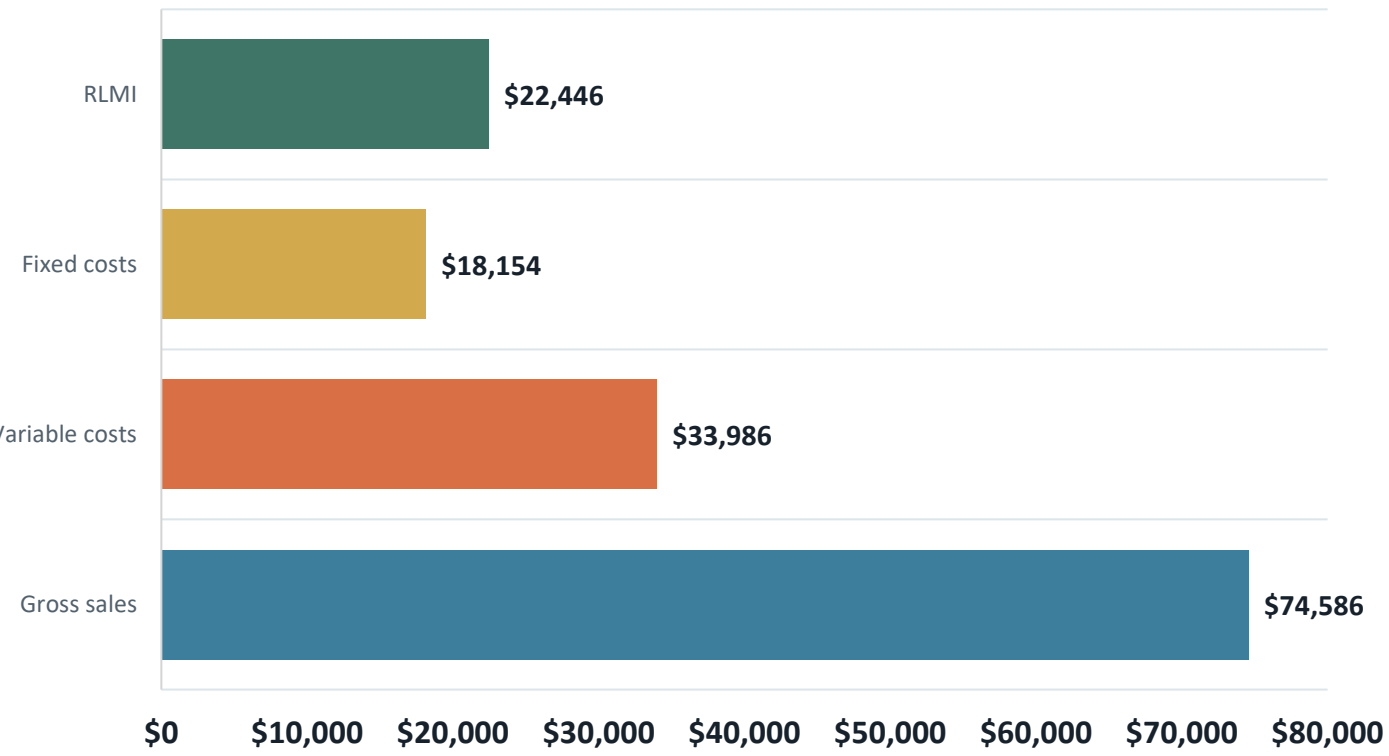
permits, 2015-2019

457

permits, 2020-2024

Lower earnings and lower participation point in the same direction.

A representative operation retains \$22,446 before the benchmark



Benchmark

\$49,938

labor + capital opportunity cost

Gap

-\$27,492

Source: Appendix B; estimates based on 2021–2025 earnings and the 2025 cost survey.

The permit sweep tests each operation under 700 participation levels

Data inputs

- 2021–2025 gross earnings
- 2025 permit-holder cost survey
- Vessel and permit values
- Local labor-income benchmark

For each candidate permit count

Gross earnings

and variable costs
scale

Fixed costs

remain constant

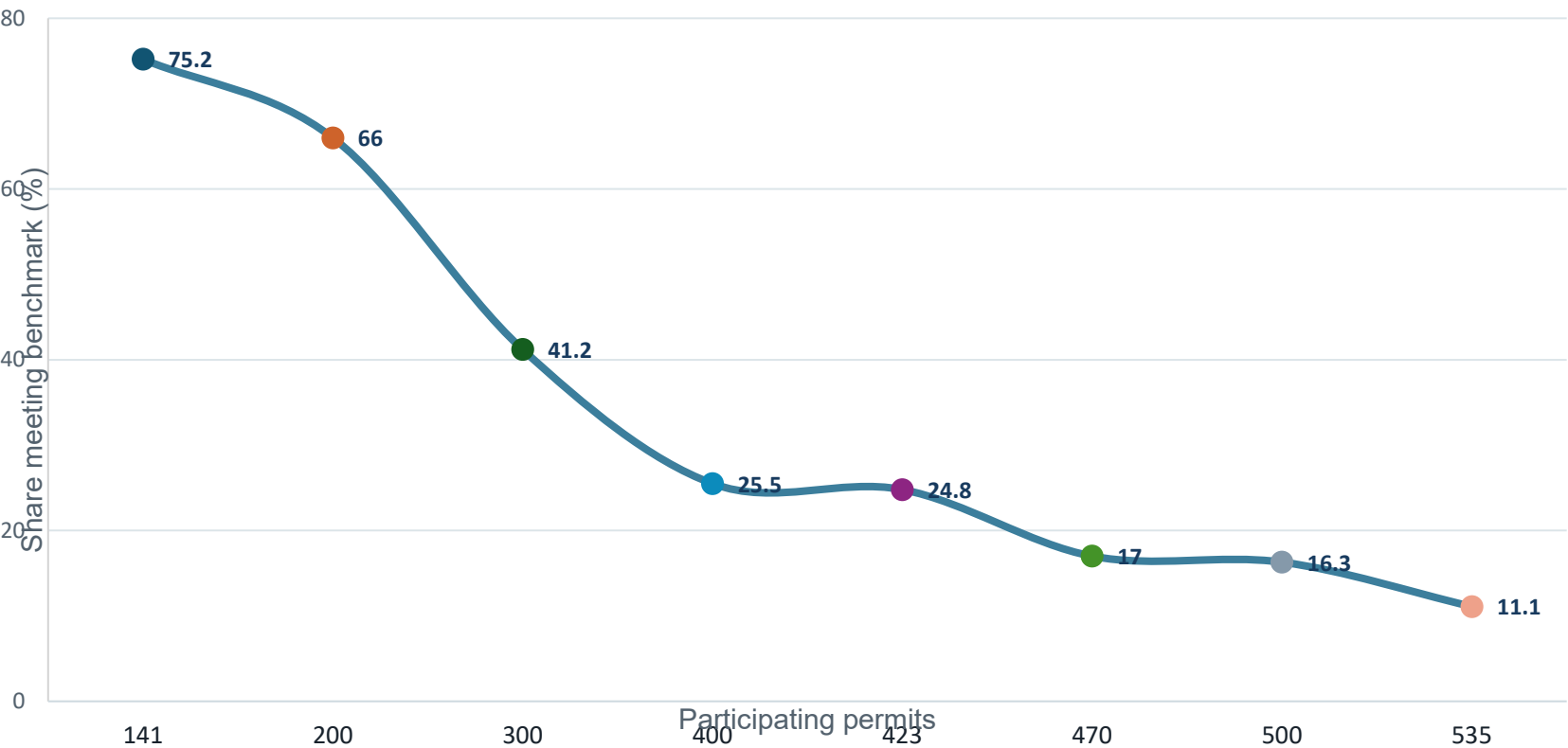
Benchmark

remains individual

Output: share of surveyed operations whose RLMI meets or exceeds their benchmark

Baseline active participation: 423 permits in 2024

Economic performance declines as participation rises



423 permits

24.8%

meet benchmark

535 permits

11.1%

meet benchmark

Source: Appendix C permit sweep. Selected points shown.

Economic analysis supports fewer permits than are currently issued

Economic range of active participants



- The economic optimum is estimated at 141–423 active permits.
- Recent latency has already moved active participation toward the upper end of that range.
- Issued permits remain potential participants; a regulatory ceiling must account for reentry.

ADF&G's practical range is 400–500 active permits

200–300

May be sufficient

when returns are dispersed and
broad time/area access is
available

400+

Needed in some years

for concentrated Copper River
pulses or strong Port Chalmers
chum returns

Up to 500

Still manageable

with short openings and precise
area controls

ADF&G's practical range: 400–500 participating permits

400 is the lower bound because undershooting creates management risk

Below 400

- Insufficient harvesting power in strong or concentrated return years
- Greater risk of failing to harvest surplus fish
- Potential pressure on escapement, hatchery, and allocation objectives

400 permits

A management-resilient floor

It is not the minimum fleet that can work in a favorable year. It is the lower bound that remains credible across the range of conditions managers face.

The lower bound is about resilience, not maximizing individual returns.

470 allows latency without preserving excess capacity

$$\begin{array}{ccccc} 470 & & \times & & 90\% & & \approx & & 423 \\ \text{issued permits} & & & & \text{active at 10\% latency} & & & & \text{active permits} \end{array}$$

-
- Creates room for ordinary nonparticipation and reentry.
 - Keeps the potential active fleet below the current 535-permit total.
 - Recognizes that 423 active permits still preserves management capacity.

The recommendation reconciles economic and management needs

Economic analysis



Management analysis



Recommended range



The final range is narrower than either analysis alone.

The range supports decisions; it does not forecast profit

- Cost data are a 2025 snapshot, not a time series.
- The model scales gross earnings and variable costs with participation.
- Fixed costs and individual opportunity-cost benchmarks remain constant.
- Missing vessel values are estimated using median imputation.

What the range does

Identifies participation levels more consistent with economic health and effective management.

What it does not do

Guarantee profitability for every operation or every salmon season.

Salmon returns, prices, costs, and operating strategies remain variable.

What questions should be resolved before setting the range?

- Is the 400-permit management floor sufficiently resilient across run conditions?
- Does 470 provide an appropriate allowance for ordinary latency and reentry?
- What implementation path best satisfies the statutory standards?