U.S. Department of Homeland Security
United States Coast Guard

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December 28, 2020

Stephanie Propsom, Esq.
Counsel
Fincantieri Bay Shipbuilding
605 North 3rd Avenue, P.O. Box 830
Sturgeon Bay, WI 54235

Dear Ms. Propsom:

I refer to your letter of December 9, 2020, and supporting exhibits which was received at our office as an attachment to an e-mail of the same date from Mr. Justin Slater, Product Development Manager for Fincantieri Bay Shipbuilding ("FBS"). You wrote on behalf of Polaris New Energy, LLC ("Polaris") with regard to the construction of a new vessel for Polaris, the CLEAN CANAVERAL (the "Vessel"), at the FBS shipyard in Sturgeon Bay, Wisconsin, and have requested a determination that, upon completion of the work described, the Vessel will be deemed to have been built in the United States within the meaning of 46 U.S.C. § 12112(a)(2)(A) and 46 C.F.R. § 67.97 and, as such, eligible to engage in the coastwise trades of the United States.

As described, the Vessel is an ATB bunkering barge of 5,400 cubic meters LNG capacity, 340' X 66' X 32' 10". It is intended to carry LNG at its saturated vapor pressure in IMO Type C tanks and to transport that LNG from the JAX LNG terminal in Jacksonville, Florida, to Port Canaveral, Florida, as a source of fuel for passenger vessels operating out of Port Canaveral.

The standards that must be met in order for a vessel to be deemed built in the United States are set forth at 46 C.F.R. § 67.97 as follows:

"To be considered built in the United States a vessel must meet both of the following criteria:

(a) All major components of its hull and superstructure are fabricated in the United States; and
(b) The vessel is assembled entirely in the United States."

In addition, the following definitions at 46 C.F.R. § 67.3 are pertinent to the application of those criteria:

"***'Hull'*** means the shell, or outer casing, and internal structure below the main deck which provide both the flotation envelope and structural integrity of the vessel in its normal operations…(portions omitted)"

and

"***'Superstructure'*** means the main deck and any other structural parts above the main deck."

As an aid to our review of your application and consistent with our established practice, we requested a review and analysis of the materials you submitted, by the Coast Guard's Naval Architecture Division ("NAD").

According to your application, the Vessel will be fully constructed at the FBS shipyard in Sturgeon Bay, Wisconsin. It will be built using the modular construction technique and erected and outfitted in the FBS graving dock. All final outfitting and testing will be conducted pier side at the FBS shipyard with sea trials conducted in the Bay of Green Bay and Lake Michigan. Based upon this I find that the standard set forth at 46 C.F.R. § 67.97(b), that to be considered built in the United States a vessel must be assembled entirely in the United States, will be met in this case.

That brings me to the standard set forth at 46 C.F.R. § 67.97(a), the so-called "major component" standard. In accordance with that standard, and the well-established precedent for its application and usage, the aggregate steel weight of foreign-fabricated components of the Hull or Superstructure cannot exceed 1.5% of the Vessel's discounted lightship steel weight. In this case the NAD has reviewed your calculation of the discounted steel weight of the Vessel and has concurred with your estimate of 1,753.1 Ltons, consisting of 1,652.4 Ltons for the structural weight of the hull (including the four LNG tank foundations and the lightering blocks), 92.6 Ltons for the deckhouses, and 8.1 Ltons for the domestic and foreign-sourced weather tight closures. Based upon application of the above-referenced 1.5% standard, the 1,753.1 Ltons discounted lightship steel weight of the Vessel would yield a limit on the permissible aggregate steel weight of foreign-fabricated components of the Hull or Superstructure of 26.3 Ltons.

With the aid of the NAD's review and analysis, I have come to the following findings as to foreign-sourced or foreign-fabricated components in this case:

**Bulb Flats**

The Vessel's hull design includes bulb flats which are unavailable from United States mills and consequently, will be sourced from foreign suppliers in original stock sizes, shapes and lengths and delivered to FBS' Sturgeon Bay shipyard in original and unworked condition. All subsequent work, such as marking, cutting, drilling, beveling, bending or otherwise preparing the bulb flats to make parts unique to the Vessel will be done by FBS at its Sturgeon Bay shipyard. In keeping with a long history of Coast Guard rulings, there is no statutory or regulatory limit on the amount of foreign materials, such as steel, which may be used in the construction of a vessel deemed to be built in the United States, provided that the steel has not been worked in any way and that it is imported in standard shapes and sizes as produced at the foreign steel mill. This material is, of course, counted toward the determination of the discounted lightship steel weight of the Vessel; however, I find that it does not count toward the 1.5% limitation on foreign-fabricated components.

**Exterior Watertight and Weather Tight Doors and Hatches**

You have estimated and, based upon the NAD analysis, I find as well, that the total weight of these foreign-fabricated components (manhole covers, doors and quick-acting hatches) is 3.5 Ltons (rounding up from your estimate of 3.46 Ltons).

**Tug/Barge Connection Blocks**

You have estimated and, based upon the NAD analysis I find as well, that the total weight of the pair of foreign-fabricated barge lightering blocks to be inset in the hull of the Vessel as part of the tug/barge connection system is 18.3 Ltons (rounding down from your estimate of 18.31 Ltons).

**LNG Cargo Tanks**

The Vessel will incorporate four independent prefabricated IMO Type C LNG cargo tanks that will be foreign-fabricated. These LNG cargo tanks will be structurally separated from the hull, primary hull stresses will not be transmitted to the tank structure, and the tank structure is designed only to meet the liquid loads and will not contribute to the overall strength of the hull. Consequently, they are not considered to be part of the Vessel's Hull, as that term is defined at 46 C.F.R. §67.3, and I find that their steel weight will not count toward the 1.5% limitation on foreign-fabricated components.

Based upon the foregoing, I find that the aggregate steel weight of foreign-fabricated components to be incorporated into the Hull and Superstructure of the Vessel will be 21.8 Ltons. This is less than the permissible limit in the case of this Vessel of 26.3 Ltons. Consequently, I find that the standard of 46 C.F.R. §67.97(a) has been met.

In conclusion, and based upon the information you have provided, I confirm that the Vessel, as proposed to be constructed at FBS' shipyard in Sturgeon Bay, Wisconsin, as described in your letter of December 9, 2020, and its supporting exhibits, will be deemed to have been built in the United States and as such, will be eligible to operate in the coastwise trades of the United States.

Sincerely,

Christina G. Washburn

Christina G. Washburn
Director