

**MEMORANDUM OF UNDERSTANDING**

**FOR THE PUGET SOUND PILOTAGE DISTRICT**

**BETWEEN**

(in alphabetical order)

**POLAR TANKERS, INC., PUGET SOUND PILOTS and**

**PUGET SOUND STEAMSHIP OPERATORS ASSOCIATION, INC.**

1 **MEMORANDUM OF UNDERSTANDING**  
2  
3 **FOR THE PUGET SOUND PILOTAGE DISTRICT**

4 **BETWEEN**  
5  
6 (in alphabetical order)  
7

8 **POLAR TANKERS, INC., PUGET SOUND PILOTS and**  
9  
10 **PUGET SOUND STEAMSHIP OPERATORS ASSOCIATION, INC.**

11  
12  
13 WHEREAS there exists a mutual desire to maintain the streamlined tariff setting  
14 process, the terms and conditions, as set forth below, constitute an agreement  
15 between Polar Tankers, Inc. (referred to hereinafter as POLAR), Puget Sound Pilots  
16 (referred to hereinafter as PSP) and the Puget Sound Steamship Operators  
17 Association, Inc. (referred to hereinafter as PSSOA) relating to the establishment and  
18 maintenance of a mechanism for tariff setting for the Puget Sound Pilotage District.  
19 (POLAR, PSP and PSSOA, as a body, referred to hereinafter as the Parties)  
20

21  
22 **SECTION ONE**  
23 **PURPOSE**  
24

25 The Parties wish to maintain the simplified method of adjusting the tariff. In doing so,  
26 such an agreement will enable the respective parties to jointly and individually focus  
27 more time and attention on issues which relate to the safe movement of vessels and  
28 the overall improvement and stability of the maritime industry in the region by  
29 accomplishing a multi-year solution to the tariff setting process.  
30

31 The Agreement intends to ensure that an adequate manning level is maintained for  
32 the requirements of the pilotage grounds, that the real value of pilot income is not  
33 eroded by inflationary pressures and that tariff adjustments are made in relation to  
34 actual income earned by a pilot, while at the time ensuring that adequate tariff  
35 funding is available to maintain the efficiencies of the pilotage service. To this end,  
36 it is also appropriate that the Agreement be sufficiently flexible to accommodate  
37 unanticipated future requirements and provide confidence that pilotage rates will not  
38 be in excess of those necessary to accomplish the stated purpose.  
39

40  
41 **SECTION TWO**  
42 **MANNING**  
43

44 The Parties accept and agree that the number of pilots required to maintain a safe,  
45 acceptable and equitable pilotage service is a cornerstone to streamlining the tariff  
46 process. Therefore, after due consideration of the potential circumstances which may

1 dictate a change in the number of pilots licensed for the Puget Sound Pilotage District  
 2 and funded through the applicable tariff, it is agreed that the application of the Vessel  
 3 Traffic Formula and the maximum Safe Assignment Level will be the basis for any  
 4 manning adjustments and to define the minimum number of pilots necessary to fulfill  
 5 the obligation of providing safe and efficient pilotage on Puget Sound.  
 6

7 The Vessel Traffic Formula is designed to assist the Board of Pilotage Commissioners  
 8 in determining the need for licensing of additional pilots in order to maintain service  
 9 efficiencies, it is mutually agreed to adopt and maintain the following formula to  
 10 annually forecast vessel traffic within the Puget Sound Pilotage District:  
 11

12 *The projected number of total pilotage assignments for any given year*  
 13 *is equal to the actual total number of pilotage assignments for the*  
 14 *previous year adjusted by fifty percent (50%) of the difference between*  
 15 *the projection for the previous year and the actual number of*  
 16 *assignments for that year.*  
 17

18 Specifically, the Vessel Traffic Formula is expected to assist the Board of Pilotage  
 19 Commissioners in determining the need for licensing of additional pilots in order to  
 20 maintain minimum service efficiencies when an increase in vessel traffic is expected.  
 21 Another application of the Vessel Traffic Formula, when combined with the maximum  
 22 Safe Assignment Level, is the evaluation of service requirements when an active pilot  
 23 retires and the Board of Pilotage Commissioners must undertake to determine if a  
 24 pilot candidate should be trained and licensed as a replacement for the pilot who is  
 25 retiring.  
 26

27 An example of the application of the Vessel Traffic Formula for projecting vessel traffic  
 28 during 2001 is as follows:  
 29

30	Step 1:	2000 Actual	8,254 assignments
31		LESS:	
32		2000 Projection	<u>-8,238</u> assignments
33		Subtotal	16 assignments
34		Divided by 2	8 assignments
35			
36	Step 2:	2000 Actual	8,254 assignments
37		PLUS:	
38		Adjustment	<u>+8</u> assignments
39			
40		<b>2001 Projection</b>	<b><u>8,262</u> assignments</b>
41			

42 The Vessel Traffic Formula is intended to be utilized in conjunction with a maximum  
 43 Safe Assignment Level. Therefore, in consideration of current state and federal  
 44 regulations, as well as other safety factors affecting the prudent utilization of pilots,  
 45 it is agreed the maximum Safe Assignment Level is 149 assignments per pilot. (The  
 46 establishment of this level corresponds with determinations made by the Board of  
 47 Pilotage Commissioners in 1995.)

1 The minimum number of pilots required shall be calculated annually by dividing the  
2 Vessel Traffic Formula by the maximum Safe Assignment Level and adding one (1)  
3 to include the President, PSP.  
4

5 An example of the application of the Vessel Traffic Formula and the maximum Safe  
6 Assignment level for establishing the minimum number of pilots required for 2001 is  
7 as follows:  
8

9 **8,262 projected assignments**

10 149 assignments = 55.45 pilots + 1 (President) = 56.45 pilots  
11

12  
13 Notwithstanding the above, for 2001 the Parties mutually agree the number of pilots  
14 for which tariff funding will be provided is 56 pilots, including the position of  
15 President, PSP.  
16

17 It is further agreed that:

18  
19 A) If vessel traffic is projected to increase in a subsequent year:

20  
21 The combined application of the Vessel Traffic Level and the maximum  
22 Safe Assignment Level will determine the minimum number of pilots  
23 required and for which tariff funding will be provided.  
24

25 B) If vessel traffic is projected to decrease in a subsequent year:

26  
27 Tariff funding will continue to be provided for the actual number of  
28 active PSP members. The number of active PSP members will  
29 ultimately be reduced, if required, through attrition (e.g. retirement).  
30  
31

32 **SECTION THREE**  
33 **ANNUAL TARIFF ADJUSTMENT**  
34

35 It is expressly understood and agreed by the Parties that the basis for annual  
36 adjustments in the Puget Sound Pilotage District Tariff shall be equal to the Seattle-  
37 Tacoma-Bremerton Area Consumer Price Index (CPI) for All Urban Consumers, as  
38 reported by the U. S. Department of Labor, Bureau of Labor Statistics, for the  
39 preceding calendar year, regardless of whether the adjustment is a plus (+) or minus  
40 (-) change in the CPI. The annual tariff change shall include, in addition to the  
41 foregoing, adjustments for the following:  
42

43 A) An adjustment to the tariff to compensate for any shortfall or overage  
44 in actual income per pilot when compared with the specified Target Net  
45 Income for the preceding year, regardless of whether the adjustment is  
46 a plus (+) or minus (-).  
47

- 1 B) An adjustment to compensate for any projected increase or decrease  
2 in the number of active PSP members or the minimum number of pilots  
3 which will be required for the pilotage grounds, as determined annually  
4 by application of the Vessel Traffic Formula and the maximum Safe  
5 Assignment Level, whichever is greater, regardless of whether the  
6 adjustment is a plus (+) or minus (-).  
7
- 8 C) An adjustment to compensate for PSP expenses related to  
9 Compensatory Duty Days accrued by pilots at the time of their  
10 retirement. (In the case of a pilot who has ceased piloting prior to the  
11 tariff setting, the adjustment shall be projected. In the case of a pilot  
12 who ceases piloting after the tariff setting, the adjustment shall be a  
13 retroactive recapture of the expense during the year following  
14 retirement.)  
15
- 16 D) An adjustment to compensate for retroactive recapture of PSP expenses  
17 previously approved by the Board of Pilotage Commissioners for tariff  
18 funding. The amount of each of these expenses subject to recapture  
19 shall be determined and reported by independent accountants  
20 responsible for PSP's annual audit.  
21
- 22 E) An adjustment to cover projected PSP expenses related to major capital  
23 expenditures or other extraordinary expenses. (A major capital  
24 expenditure is an acquisition of an asset for which the cost exceeds an  
25 amount equal to one percent (1%) of pilotage gross revenues for the  
26 preceding year.)  
27
- 28 F) An adjustment to cover any projected increase or decrease in expenses  
29 resulting from State fees and/or taxes regardless of whether the  
30 adjustment is a plus (+) or minus (-).  
31
- 32 G) An adjustment(s) to exclude specific PSP operating expenses from the  
33 calculation of actual income per pilot. Those operating expenses which  
34 are excluded are: 1) American Pilots' Association dues, 2) Master,  
35 Mates and Pilots dues and 3) lobbyist expenses. The amount of each  
36 of these expenses shall be determined and reported by independent  
37 accountants responsible for PSP's annual audit.  
38  
39

40 **SECTION FOUR**  
41 **ANNUAL ADJUSTMENT**  
42 **TARGET NET INCOME AND INDIVIDUAL BUSINESS EXPENSE ALLOWANCE**  
43

44 It is expressly understood and agreed by the Parties that the basis for annual  
45 adjustments in the Target Net Income per pilot and the tariff-allowed Individual  
46 Business Expense Allowance per pilot shall be equal to the Seattle-Tacoma-  
47 Bremerton Area Consumer Price Index (CPI) for All Urban Consumers, as reported

1 by the U. S. Department of Labor, Bureau of Labor Statistics, for the preceding  
2 calendar year.

3  
4 A specific Target Net Income amount shall be declared annually in order to facilitate  
5 evaluation, tariff setting and to comply with provisions of the *Amended Retirement*  
6 *Program of Puget Sound Pilots (Revised January 1, 1988)* which stipulate the  
7 procedures for calculating retirement benefits.

8  
9 In addition to the CPI adjustment in Target Net Income, it is agreed that during each  
10 year of this agreement (2001, 2002, 2003, 2004 and 2005) a special adjustment equal  
11 to one-point-zero-zero percent (1.00%) shall be added to the Target Net Income.

12  
13 Therefore, the Target Net Income for 2001 shall be calculated, and is hereby  
14 determined and agreed, to be as follows:

15 Adjustments:

16	2000 Consumer Price Index (CPI)	+ 4.10%
17	Special adjustment	+ 1.00%
18	TOTAL	<u>+ 5.10%</u>

19  
20  
21 2000 Target Net Income \$182,909.00

X 1.0510

22  
23 2001 Target Net Income \$192,237.00

24  
25 It is further agreed that the amount of the Individual Business Expense Allowance per  
26 pilot shall be specifically declared each year in order to provide the basis for financial  
27 reporting and subsequent adjustments. The expenses which are included in the lump-  
28 sum reimbursement amount consist of, without specific allocation:

- 29  
30 A) Medical insurance  
31 B) Disability insurance  
32 C) Professional insurance  
33 D) State license fees  
34 E) Annual physical examination expense  
35 F) Subsistence and lodging expenses  
36 G) Business communications  
37 H) Navigation/office supplies.

38  
39 In addition to the CPI adjustment in the Individual Business Expense Allowance per pilot,  
40 it is agreed that during the first year of this agreement that special adjustments in the  
41 amounts of \$500.00 and \$4,340.00 shall be added to the Individual Business Expense  
42 Allowance per pilot in order to compensate for an increase in the State license fee during  
43 2001 and the inordinate increase in medical insurance expenses since the inception of  
44 the lump sum allowance, respectively.

45  
46 Therefore, the lump-sum Individual Business Expense Allowance per pilot for 2001 shall  
47 be calculated, and is hereby determined and agreed, to be as follows:

1	Adjustment:	
2	2000 Consumer Price Index (CPI)	+ 4.10%
3		
4	2000 Lump-sum Allowance	\$16,769.00
5		<u>X 1.041</u>
6	Subtotal	\$17,457.00
7		
8	2001 One-time State License fee adjustment	\$ 500.00
9	2001 One-time Medical insurance adjustment	<u>\$ 4,340.00</u>
10		
11	2001 Lump-sum Allowance	<u>\$22,297.00</u>

SECTION FIVE  
DOCUMENTATION

17 By agreeing to streamline and to establish a multi-year solution to the tariff setting  
18 process, the Parties acknowledge the appropriateness of, as well as the legal  
19 requirements for, full financial disclosure.

20  
21 Therefore, the Parties agree that PSP shall continue to annually prepare and submit to  
22 the Board of Pilotage Commissioners, POLAR and the PSSOA a *5-Year Capital Spending*  
23 *Plan* covering any major capital expenditure which exceeds an amount equal to one  
24 percent (1%) of pilotage gross revenues for the immediately preceding calendar year.  
25 PSP shall also continue to furnish copies of annual audited Financial Statements to the  
26 Board of Pilotage Commissioners, POLAR and the PSSOA.

27  
28 In addition to those documents mentioned above, annual tariff submissions by PSP shall  
29 also include:

- 30
- 31 A) An abstract of audited Financial Statements which provides a detailed  
32 listing of retirement benefits paid to PSP retirees during the preceding  
33 calendar year. (Appendix A, attached.)
  - 34
  - 35 B) A written statement by independent accountants responsible for PSP's  
36 annual audit listing the actual amount of specific PSP expenses, incurred  
37 during the preceding calendar year, which were previously approved by the  
38 Board of Pilotage Commissioners and which are subject to recapture  
39 through the calculation of an annual tariff adjustment, pursuant to Section  
40 Three, paragraph C, of this Agreement. (Appendix B, attached.)
  - 41
  - 42 C) A written statement by independent accountants responsible for PSP's  
43 annual audit listing the actual amount of specific PSP operating expenses,  
44 during the preceding calendar year, which are excluded from the  
45 calculation of an annual tariff adjustment, pursuant to Section Three,  
46 paragraph F, of this Agreement. (Appendix B, attached.)

47

- 1 D) An abstract of audited Financial Statements which provides a summary  
2 listing of PSP Operating Results during the preceding calendar year.  
3 (Appendix C, attached.)  
4  
5 E) A detailed calculation, jointly prepared and duly executed by the Parties,  
6 of the tariff adjustment pursuant to the terms and conditions of the  
7 Agreement. (Appendix D, attached.)  
8  
9

10 SECTION SIX  
11 TARIFF CHANGE CALCULATION  
12

13 The Parties stipulate that simplification of the tariff setting process is dependent upon  
14 utilization of a formula which consistently monitors the relationship between annual  
15 Target Net Income per pilot and actual income per pilot, in accordance with prescribed  
16 procedures.  
17

18 Accordingly, the Parties agree that adjustments shall be made, either plus (+) or minus  
19 (-) to ensure the tariff generates sufficient revenue to satisfy operating requirements,  
20 including maintenance of a level of actual income per pilot which is nearly identical to  
21 established amounts.  
22

23 To this end, the Parties agree to utilize a formula which consist of the following  
24 documented elements:  
25

26 **KEY**

- 27  
28 A = Target Net Income for preceding year  
29  
30 B = Total Pilotage Revenue  
31 (per audited Financial Statements, page 11, OPERATING RESULTS, line D.1.)  
32  
33 C = Operating expense  
34 (All divisions, include Seattle, Pilot Boats, Port Angeles and  
35 Retirement Payments)  
36 (per audited Financial Statements, page 11, OPERATING RESULTS, line D.2.)  
37  
38 D = Other Expense  
39 (Individual Out-Of-Pocket Allowance expense and Transportation  
40 expense)  
41 (per audited Financial Statements, page 11, OPERATING RESULTS, line D.7.)  
42  
43 E = Excluded expenses  
44 (American Pilots' Association dues expense, Master, Mates and  
45 Pilots dues expense and lobbyist expense)  
46 (per written statement by independent accountants.)  
47



- 1 F = Recapture amounts of previously-approved tariff expense
- 2 (per written statement by independent accountants.)
- 3
- 4 G = Amount of projected increase (+) or decrease (-) in State fees
- 5 and/or taxes, if any.
- 6
- 7 H = Amount of projected first year costs associated with major capital
- 8 expenditure or other extraordinary expenses, if any.
- 9
- 10 I = Number of active PSP members or the minimum number of pilots
- 11 required, as determined by application of the Vessel Traffic Formula
- 12 and the maximum Safe Assignment Level, whichever is greater.
- 13
- 14 J = Number of projected or retroactive Compensatory Duty Days
- 15 accrued by pilots at the time of their retirement divided 365 calendar
- 16 days.
- 17
- 18 K = Consumer Price Index (CPI) for preceding calendar year
- 19
- 20 L = Special Target Net Income adjustment (2001, 2002, 2003, 2004 and
- 21 2005).
- 22
- 23 M = Tariff adjustment
- 24

25 Based on the foregoing, the formula to determine the appropriate tariff adjustment  
 26 pursuant to the terms of this Agreement is as follows:

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 \end{array}$$

$$A - \frac{B - (C + D) + E - (F+G+H)}{(I+J)} + K + L = M$$

$$\frac{\phantom{A - \frac{B - (C + D) + E - (F+G+H)}{(I+J)} + K + L = M}}{A}$$

(A text based Tariff Adjustment Calculation for 2001 is detailed on Appendix D, attached.)

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**SECTION SEVEN  
TERM**

This Agreement shall be in full force and effective from April 10, 2001 to and including April 9, 2006. The effective five (5) year period shall include the respective tariff setting process which shall occur during 2001, 2002, 2003, 2004 and 2005.

Furthermore, the Agreement may be extended for an additional three (3) year period, through April 9, 2009, to include the respective tariff setting process which shall occur during 2006, 2007 and 2008, subject to mutual consent.

If either POLAR, PSP or PSSOA do not wish to extend the Agreement, the party desiring to terminate the Agreement at the expiration of the initial five (5) year period shall serve the other parties with written notice of termination one hundred twenty (120) days prior to the date of expiration.

**SECTION EIGHT  
MISCELLANEOUS**


In the event of any regulatory action which materially effects this Agreement, the Parties agree to meet and, in good faith, endeavor to modify the Agreement to mutual satisfaction. The Parties further agree to meet, in good faith, and endeavor to recommend and support modification of specific verbiage of WAC 363-116-300 in a manner which is deemed mutually satisfactory.

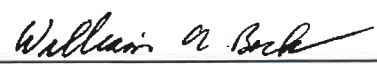
This Agreement is further subject to ratification and endorsement by the Board of Pilotage Commissioners.

IN WITNESS WHEREOF, the Parties hereto have caused the Agreement to be duly executed at Seattle, Washington on the 10th day of April, 2001 between:

**POLAR TANKERS, INC.**

**PUGET SOUND PILOTS**

By:   
J. Shaw, Port Captain

By:   
Capt. W. Bock, President


**PUGET SOUND STEAMSHIP OPERATORS  
ASSOCIATION, INC.**

  
Capt. D. Kelly, Chairman, Rate Committee

By:   
G. Benson, President

  
Capt. M. Flavel, Rate Committee

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\_\_\_\_\_  
J. Papp, Chairman, Pilotage Committee

  
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Capt. G. Larson, Rate Committee

  
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L. Kohls, Pilotage Committee

  
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Capt. D. Mayer, Rate Committee

  
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D. Timm, Pilotage Committee

  
\_\_\_\_\_  
Capt. D. Sanders, Rate Committee

## Appendix A

## PUGET SOUND PILOTS

SCHEDULE OF RETIREMENT INCOME FOR INACTIVE  
PILOTS AND WIDOWS OF DECEASED PILOTS

Year Ended December 31, 2000

1. Mrs. Esther Bock .....	\$ 5,271
2. Mrs. Shirley Carlson .....	10,177
3. Capt. J.L. Cox .....	30,213
4. Mrs. Carole Cramer .....	8,078
5. Mrs. Lenore Damon .....	10,695
6. Capt. R.O. Deschamps .....	21,744
7. Mrs. Edna Ekrem .....	1,920
8. Capt. K.L. Florian .....	36,433
9. Mrs. Patricia Grandy .....	16,043
10. Mrs. Shirley Griffiths .....	6,589
11. Capt. W.M. Grobschmit .....	25,697
12. Mrs. Katherine Hayes .....	9,225
13. Capt. J.F. Henshaw .....	34,263
14. Capt. W.W. Henshaw .....	17,280
15. Capt. B.C. Holmes .....	47,985
16. Capt. C.L. Johnson .....	30,531
17. Capt. B.E. Joyce .....	4,257
18. Capt. V. Kjeldtoft .....	24,676
19. Capt. N.C. Laine .....	5,760
20. Mrs. Sheila Lindholm .....	6,000
21. Capt. E.J. Lofquist .....	22,403
22. Capt. P.H. Luther .....	50,077
23. Capt. F. Michelson .....	21,137
24. Capt. R.A. Moss .....	14,496
25. Capt. J.P. Osnes .....	46,671
26. Capt. G. Olsborg .....	12,190
27. Capt. R.S. Peake .....	29,749
28. Capt. G.M. Poor .....	37,761
29. Capt. R.H. Quinn .....	7,200
30. Capt. A.H. Reeve .....	4,320
31. Capt. L.W. Sackett .....	17,132
32. Capt. A.S. Skucy .....	36,899
33. Capt. A. Soriano .....	44,147
34. Capt. D.A. Thornton .....	13,178
35. Capt. J.S. Thorsen .....	40,464
36. Capt. L.D. Thorsen .....	2,776
37. Capt. J.W. Trimmer .....	18,727
38. Capt. D.E. Turner .....	2,081
39. Capt. R.O. Watkins .....	3,509
40. Mrs. Marquita Watkins .....	<u>5,265</u>
41. TOTAL .....	<u>\$783,019</u>

See independent auditor's report on additional information.

Appendix B



CERTIFIED PUBLIC ACCOUNTANTS  
16300 CHRISTENSEN ROAD, SUITE 320  
SEATTLE, WA 98188-3421  
206-835-0200 FAX 206-835-7070  
WWW.SKPSCPA.COM

March 22, 2001

William Bock, President  
Puget Sound Pilots  
101 Stewart St, Ste 900  
Seattle, WA 98101

Dear Capt. Bock:

The following supplemental information is not specifically available in the December 31, 2000 audit report, and therefore is provided to you in this letter.

1. The ending balance on the line of credit for the new pilot boat, Juan de Fuca, was \$541,345.61 at December 31, 2000.
2. Lobbyists fees paid for the year ending December 31, 2000, was \$30,139.21.
3. Dues paid to the MM&P for the year ending December 31, 2000, was \$14,025.00.
4. Dues paid to the APA for the year ending December 31, 2000, was \$60,040.00.

Please let me know if you require any additional information.

Sincerely yours,

SCHNEIDER & KOBATA, PS

A handwritten signature in cursive script that reads "Jim Schneider".

Jimme Schneider, CPA

Appendix C

PUGET SOUND PILOTS  
COMMENTS ON 2000 OPERATIONS, Continued

C. FEATURES OF INDIVIDUAL DISTRIBUTIONS, Continued

	<u>2000</u>
1. Total annual duty days.....	19,537
2. Working Pilot roster (duty days divided by days in year).....	53.4
3. Piloting engagements.....	8,254
4. Total pilotage revenue per day per Pilot.....	\$911
5. Expense per day per Pilot.....	\$316
6. Balance of revenue pool per day per Pilot.....	\$595
7. Transportation fees per day per Pilot.....	\$45

D. OPERATING RESULTS, 2000

	<u>2000</u>
1. Total Pilotage Revenue.....	\$17,800,488
2. Operating expense - pooled.....	(4,414,676)
3. Seattle.....	\$1,522,098
4. Boats.....	1,739,745
5. Port Angeles.....	369,814
6. Retirement payments.....	<u>783,019</u>
7. Expense - other.....	<u>(1,766,624)</u>
8. Individual out of pocket allowances.....	\$ 895,126
9. Transportation.....	<u>871,498</u>
10. Balance of Pilotage Revenue Pooled.....	<u>\$11,619,188</u>
11. Working Pilot Roster.....	<u>53.4</u>
12. Balance of Pilotage Revenue Pooled Per Pilot.....	<u>\$217,588</u>

See independent auditor's report on additional information.

**Appendix D**

**TARIFF ADJUSTMENT CALCULATION - 2001**

<b>A</b>	Target Net Income for preceding year	\$182,909
	<u>MINUS:</u>	
<b>B</b>	Total Pilotage Revenue	\$17,800,488
	<u>MINUS:</u>	
<b>C</b>	Operating expenses	-\$4,414,676
<b>D</b>	Other expenses	-\$1,766,624
	<u>PLUS:</u>	
<b>E</b>	Excluded expenses	+\$104,204
	<u>MINUS:</u>	
<b>F</b>	Recapture previously-approved expenses	\$0
<b>G</b>	Projected change in State fees and/or taxes	-\$28,000
<b>H</b>	Projected Major Capital expenditures or extraordinary expenses	<u>-\$917,339</u>
	Subtotal (Net Pilotage Revenue)	\$10,778,053
	<u>DIVIDED BY:</u>	
<b>I</b>	Number of active PSP members or minimum number of pilots required for the grounds (VTF÷MSAL), whichever is greater	56.00 pilots
	<u>PLUS:</u>	
<b>J</b>	Compensatory Duty Days (as a decimal of a pilot)	<u>.78 pilots</u>
	Total pilots for tariff funding	56.78 pilots
	<u>DIVIDED BY:</u>	
<b>A</b>	Target Net Income for preceding year	\$182,909
	Subtotal	-3.78%
	<u>PLUS:</u>	
<b>K</b>	Consumer Price Index (CPI)(preceding year)	+4.10%
<b>L</b>	Special Target Net Income adjustment	<u>+1.00%</u>
<b>M</b>	<b>TARIFF ADJUSTMENT - 2001</b>	<b>+1.32%</b>

Initials:

POLAR



PSP



PSSOA

