PSP AUTOMATIC TARIFF ADJUSTER WORK PAPER

1. **Annual Traffic Adjuster.** On February 1, 2024 and continuing February 1 of each following year that this tariff is in force, tariff items 300, 310, 320, 330, 340, 350, 360 and 370 shall be adjusted by the percentage necessary in the following year to true up the actual level of Vessel Movements to the assumed level of 7442 Vessel Movements for 2023. For example, if the actual number of Vessel Movements in 2023 is 10% below the projected level of 7442, the above-referenced tariff items will each be increased by 10% for 2024. Likewise, if the actual number of Vessel Movements in 2023 is 10% above the projected level of 7442, these same tariff items will be reduced by 10% for 2024.

2. **Quarterly New Licensee/Retiree Adjuster.** At the beginning of the quarter immediately following the licensure of a new pilot, tariff items 300, 310, 320, 330, 340, 350, 360 and 370 shall be increased by the percentage that the new licensee's distributable net income (“DNI”), benefits and costs bear to the total revenue projected in the year of licensure from these tariff items. In addition, at the beginning of the quarter immediately following the retirement of an active licensee, tariff items 300, 310, 320, 330, 340, 350, 360 and 370 will be reduced by the same percentage that a PSP pilot’s DNI, benefits and cost bear to the total revenue projected in the year of retirement from these tariff items.

   For example, if the UTC approves PSP's request for a new DNI compensation level of $543,055 in early 2023, the cost per new licensee with benefits and other costs totaling $88,929 will total $631,984. Dividing the total cost per licensee of $631,984 into the projected revenue generated by the above tariff items based upon 7442 Vessel Movements set out in PSP's 2023 pro forma, which totals $43,088,165, the percentage increase in that revenue necessary to fund the new licensee equals 1.467%.

3. **Annual Cost-of-Living Adjuster.** An annual cost-of-living increase shall be applied to tariff items 300, 310, 320, 330, 340, 350, 360 and 370 on January 1 of each year that is based on the Consumer Price Index for All Urban Consumers in the Seattle-Tacoma-Bellevue area for the year ended September 30 issued by the Department of Labor on an annual basis.

4. **Annual Pay-As-You-Go Pension Adjuster.** On January 1 of each year beginning in 2024, tariff item 400 setting out a tonnage rate per Vessel Movement that funds the payment of retirement benefits to existing PSP retirees, will be adjusted to pay for the projected cost of those retirement benefits in the following 12 months. This adjustment will be based on report prepared by a qualified actuary projecting pay-as-you-go retirement costs for this 12-month period that will be submitted to the UTC by December 31 of the prior year base upon the best available information. To the extent tariff item 400 either over-collects or under-collects the funds necessary to pay retirement benefits in this 12-month period, the overage or deficit shall be carried forward and accounted for in the annual actuarial report.

5. **Annual Funded Pension Adjuster.** On January 1 of each year beginning in 2024, tariff item 410, which will fund the payment of retirement benefits for working PSP pilots as of January 1, 2024 (both past and future service accruals), will be adjusted to pay for the projected cost of those retirement benefits consistent with the legal obligation to fully fund the PSP Funded Defined-Benefit Pension Plan within 15 years. This tariff item will establish a
tonnage rate per Vessel Movement that will be based on a report prepared by qualified actuary projecting the necessary level of funding in calendar year 2024 based upon the best available information. The report shall be submitted to the UTC by November 30 of the prior year. To the extent tariff item 410 over-collects or under-collects the funds necessary to achieve the actuary's recommended funding level for a particular calendar year, that overage or deficit shall be carried forward and accounted for in the next annual report prepared by the actuary.

6. **Annual Pilot Station/Pilot Boat Expense Adjuster**: On January 1, 2026 and continuing each following year that this tariff is in force, the costs of PSP's pilot station in Port Angeles and pilot boat expenses shall be funded by a surcharge that funds the actual audited expenses for the pilot station and pilot boats on a trailing one year basis. For example, the 2024 expenses for the pilot station and pilot boats, as documented in an audit issued in 2025, shall be collected in the following calendar year 2026 pursuant to a tonnage surcharge per Vessel Movement that is tariff item 420. Any over-collection or under-collection of the audited amount shall be carried forward and accounted for in the surcharge established for the following calendar year.

7. **Periodic Pilot Station/Pilot Boat Capital Cost Adjuster**: For significant capital investments in PSP's pilot station in Port Angeles or its two pilot boats, PSP shall submit a proposed capital investment supported by a contract with the proposed builder or supplier and the proposed financing package with a financial institution requiring payments of principal and interest over a specified term. The UTC will act to approve or disapprove the capital expenditure within 30 days. Upon approval, the project capital costs will be collected pursuant to a tonnage surcharge per Vessel Movement that is tariff item 430. Any over-collection or under-collection of the specified sum in any 12-month period will be carried forward and accounted for in the surcharge established for the following 12-month period. The surcharge will end once the financed capital cost has been fully paid.