

Transmittal 5
Revenue Sharing Breakpoint Example

As an example, for illustrative purposes, with respect to compensation obligations under Permit 963, in Calendar Year (CY) 2024, the Minimum Annual Guarantee (MAG) will be \$6,280,000 with breakpoints at \$5,024,000 and \$7,536,000.

Under this framework, the Harbor Department would receive 100% of Qualifying Tariff Charges invoiced to Pasha up to \$5,024,000. Then, the Harbor Department would receive 50% of the next \$2,512,000 in Qualifying Tariff Charges up to \$7,536,000. Beyond \$7,536,000 in Qualifying Tariff Charges, the Harbor Department would receive 25%.

The table below summarizes how this framework would be applied if CY 2024 Qualifying Tariff Charges are either \$7,000,000 or \$10,000,000:

A	MAG – CY 2024	\$6,280,000	
	100% Breakpoint – CY 2024	\$5,024,000	
	50% Breakpoint – CY 2024	\$7,536,000	
		CY 2024 – Low	CY 2024 – High
	Qualifying Tariff Charges	\$7,000,000	\$10,000,000
	100% Breakpoint Charges to POLA	\$5,024,000	\$5,024,000
	50% Breakpoint Charges to POLA	\$988,000	\$1,256,000
	25% Breakpoint Charges to POLA	\$-	\$616,000
B	Net Qualifying Tariff Charges, prior to MAG	\$6,012,000	\$6,896,000
	Qualifying Tariff Charges Payment to POLA (Greater of A or B)	\$6,280,000	\$6,896,000

* Note: Wharfage and dockage on items other than those included as “Qualifying Tariff Charges” will be remitted to POLA at 100% of the tariff rate and will be remitted in addition to the MAG.

As noted above, if CY 2024 Qualifying Tariff Charges are \$7,000,000, then Pasha would remit the MAG of \$6,280,000 to the Harbor Department because the CY 2024 MAG exceeds Net Qualifying Tariff Charges based upon the breakpoint framework described above.

Conversely, if CY 2024 Qualifying Tariff Charges are \$10,000,000, then Pasha would remit Net Qualifying Tariff Charges of \$6,896,000 because those charges exceed the CY 2024 MAG.