





PORT OF ALASKA MODERNIZATION PROGRAM

Don Young Port of Alaska Comprehensive Plan of Finance

Appendix 4. The Tariffs and the Uniform Surcharge Concept

Timing

Generally, the Port will aim to have Tariff and the PAMP Surcharge adjustments related to the PAMP take effect January 1, to align with carriers' commercial agreements.

Further, to afford maximum time for the respective industry to react to PAMP Tariff and Surcharge Amount changes, the Port will endeavor to finalize changes to take effect January 1 by no later than August 31 of the prior year.



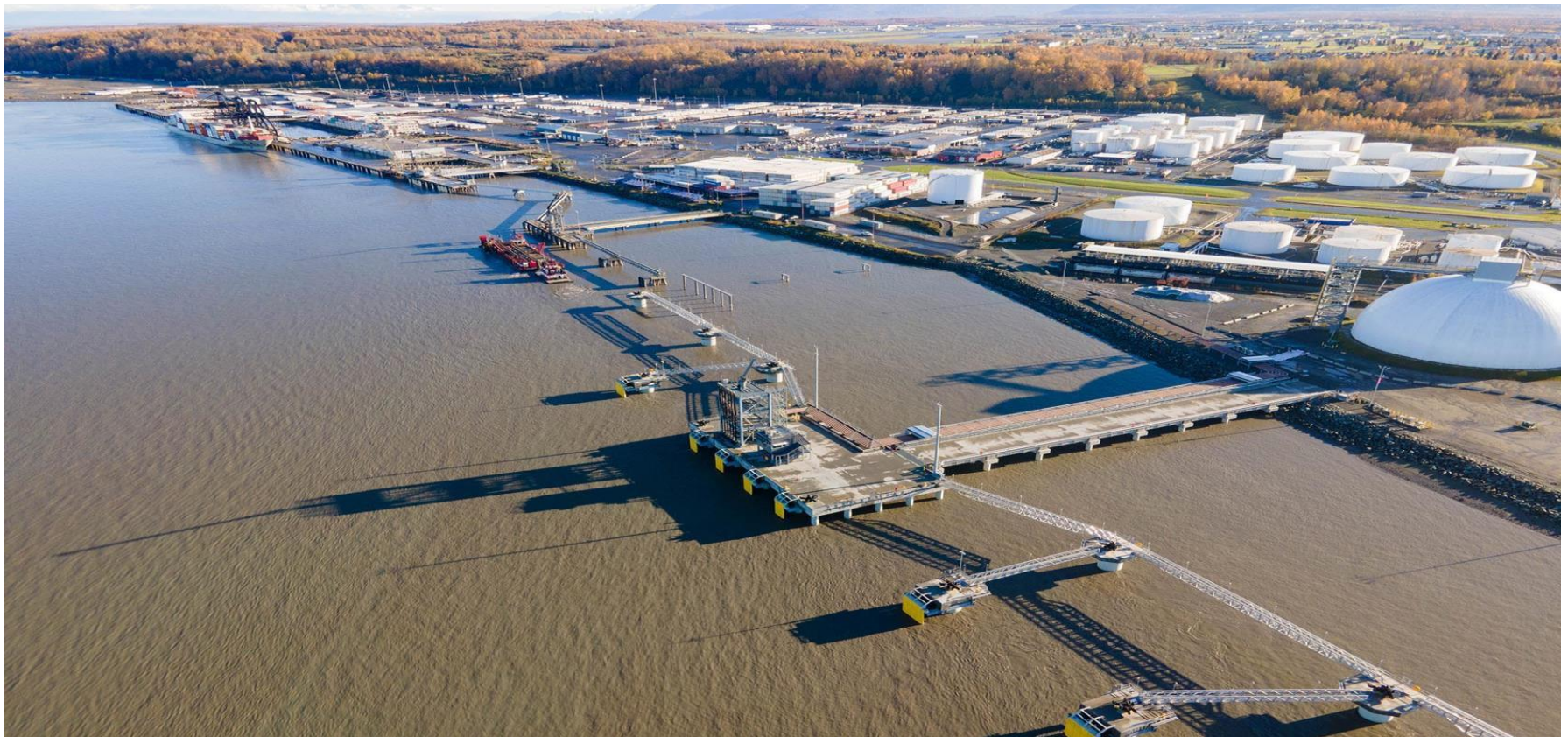
Prepared for
Don Young Port of Alaska

1871 Anchorage Port Road
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Municipality of Anchorage

The Don Young Port of Alaska Surcharge Concept Presentation to Municipal Assembly



General Philosophy

- Generally, this Plan anticipates that funds will be utilized to the degree available and in the manner that will result in the lowest overall total cost of funds for the PAMP.

Plan of Finance by Phase

- The PAMP is divided into five distinct Phases and includes an Initial Planning and Startup Phase, which is unnumbered. There is a financing plan for each Phase. Some funds are dedicated to specific projects. Other funds, such as revenue bond proceeds, may be used for projects related to more than one Phase or project of the PAMP.

Cross-Phase Benefits; Uniform Surcharge

- The Plan is structured so that, when calculating PAMP Surcharges, all Phases of the PAMP receive the benefit of low-interest-rate loans and grants. All Phases of the PAMP also receive the benefit of revenue bond proceeds and the associated required revenue requirements of the investors.

Cash Flow

- While this Plan is structured so that the benefit of grants and other low-cost funds are shared among the phases, public interest has been expressed in how grants have been programmed to particular Phases of the PAMP for cash-flow purposes.

- The source of revenue to pay for the required revenue for debt service on debt related to the Cargo Terminals will be from a Uniform Surcharge per ton/barrel that crosses the wharf in either direction from Users of the cargo, cement, and petroleum terminals.
- To calculate the Uniform Surcharge:
 - 1. We first determine the required revenue needed to achieve a 1.35x coverage ratio on outstanding debt service.
 - 2. This required revenue is then allocated to Cement, Cargo, and Petro according to their respective liability shares. This determines each components proportionate revenue requirement.
 - 3. Each component's proportionate revenue requirement is divided by its most recent annual tonnage for Cement and Cargo, and barrels for Petro—to arrive at the final surcharge.
- The Surcharge Concept is reviewed once per year based upon:
 - New cost estimates by the Project Manager
 - Prior year actual activity, and
 - Additional debt issues in the prior year if any.

Liability Breakdown

- In order to fairly calculate the Surcharge, we first calculate the liability share for each terminal User.
- The liability share represents the percentage of the total PAMP cost attributed to each terminal.
- The table below outlines the current liability share for each terminal User:

Calculation of PAMP Current Debt Allocation / Liability Percentage					
<u>Terminal User</u>	<u>PCT 1</u> <u>User Allocation *</u>	<u>Petro & Cargo</u> <u>User Allocation</u>	<u>Total Cost of PCT 1</u>	<u>Allocated Cost</u>	<u>Liability</u> <u>Percentage</u>
Cement - PCT 1	7.00%		\$223,520,082	\$15,646,406	0.66%
Petro 1 - PCT 1	<u>93.00%</u>		\$223,520,082	\$207,873,676	8.72%
Petro 2		100.00%		\$180,700,000	7.58%
Cargo		100.00%		<u>\$1,980,385,639</u>	83.05%
Total Terminals	100.00%			\$2,384,605,721	100.00%
Petro 1 and Petro 2 are the same Users					
* The PCT 1 allocation is based on a previously determined calculation set forth in Tariff 9.1					

Surcharge Breakdown

- In October 2024 we forecasted the Surcharge for January 1, 2026 to be as follows:

Year ⁽¹⁾	Cement	Cargo	Petro
2026	\$0.76 per ton	\$8.03 per ton	\$0.18 per barrel

⁽¹⁾ Projected Surcharge

- Below are the Surcharges for 2025 and the proposed Surcharges effective January 1, 2026.

Year	Cement	Cargo	Petro
2025	\$0.46 per ton	\$4.80 per ton	\$0.11 per barrel
2026	\$0.92 per ton	\$8.05 per ton	\$0.14 per barrel

- The proposed January 1, 2026 Surcharges align with our October 2024 projections.
- Due to the increased cost of Terminal 1 and the potential need for a port revenue bond issuance in 2026 we expect further increases to the Surcharge in 2027.

DON YOUNG PORT OF ALASKA TEN YEAR DOCK TONNAGE REPORT 2015-2024

COMMODITIES ACROSS FACILITY	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Freight NOS	1	5	181	36	689	1,167	2,199	5,876	4,451	-
Dry Bulk Goods	107,641	154,516	117,837	87,692	101,853	109,956	105,326	97,223	122,006	126,737
Petroleum, NOS (vessel fueling)	51,058	17,268	42,262	47,888	58,728	222,536	129,828	1,467	893	5,013
Vans/Flats/Containers	1,682,585	1,659,727	1,642,100	1,638,486	1,642,547	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223
Petroleum, Shoreside	1,036,306	1,030,177	1,193,446	1,061,820	902,439	802,093	505,980	471,717	368,708	368,294
Petroleum, Bulk - Dockside	2,602,089	2,272,807	2,194,109	2,151,884	1,997,845	1,474,399	1,574,029	1,329,089	1,419,162	1,592,317
TOTAL TONS	5,479,680	5,134,500	5,189,935	4,987,806	4,704,101	4,265,763	3,948,665	3,497,845	3,498,171	3,773,584

Commodity Price Impact

- The table below shows the projected impact on selected commodities based on the proposed Surcharge to take effect on January 1, 2026.

Tariff 10.1 Surcharge Impact on Commodities			
Effective Jan 1, 2026			
Commodity	Weight (lbs)	Surcharge Per Ton	Impact
Gallon of Milk	8.6	\$8.05	\$0.035
Loaf of Bread	1	\$8.05	\$0.004
5,000 lb Pickup Truck	5,000	\$8.05	\$20.125
1/2 Inch Sheet of Plywood	40	\$8.05	\$0.161
8 foot 2 x 6	12	\$8.05	\$0.048
1/2" Standard Ultralight Drywall 4'x 8'	39.2	\$8.05	\$0.158
Bundle of Architectural Shingles	70	\$8.05	\$0.282
Commodity	Weight (lbs)	Surcharge Per Ton	Impact
40 lb Bag of Cement	40	\$0.92	\$0.018
Commodity	Unit	Surcharge Per Barrel	Impact
Gallon of Gasoline	1/42 of a Barrel	\$0.14	\$0.0033

Source: Municipality of Anchorage Public Finance Division & Masterson Advisors LLC.

Assumes surcharge is wholly passed on to consumers.

As of August 20, 2025.



