



**PORT AUTHORITY OF GUAM**  
**ATURIDAT I PUETTON GUAHAN**  
 Jose D. Leon Guerrero Commercial Port  
 Government of Guam  
 1026 Cabras Highway, Suite 201  
 Piti, Guam 96925



**Felix P. Camacho**  
 Governor of Guam

**Michael W. Cruz**  
 Lieutenant Governor

Telephone: (671) 477-5931/35  
 (671) 477-2683/83  
 Facsimile: (671) 477-2689/4445  
 Webpage: [www.portofguam.com](http://www.portofguam.com)

December 22, 2009

**TO:** Port Authority of Guam Customers  
**FROM:** General Manager  
**SUBJECT:** NOTICE TO PAG CUSTOMERS

The Port Authority of Guam (PAG, Port) wishes to advise its customers that on October 27, 2009, the PAG requested Guam Public Utilities Commission (PUC) to conduct an investigation and establish interim rates and tariffs of the Port. Pursuant to Public Law 30-52, the PUC is tasked with the duty to begin proceedings to review and modify, or establish rates and other charges, for the use of port facilities or appliances. "Until December 31, 2010, the Commission has the authority to establish interim rates and charges for the Port as may be necessary for estimated operations or maintenance costs, required capital improvements, or other reasonable costs."

PAG is requesting that the PUC consider the establishment of the following interim rates and tariffs: (1) 3.4% increase of Cargo Handling charges; (2) Fuel Throughput for Import, from Truck to vessels when serviced at Port piers and vessel to vessel at \$0.40 per barrel; (3) Fuel Throughput for Export at \$0.19 per barrel; (4) Bunkering at \$0.53; (5) Fuel Throughput Direct to or from Vessel through privately owned pipelines located on port property at \$0.35 per barrel; (6) Fuel storage on Tanks at \$1.00; (7) Wharfage Rates-Transshipment of Other Cargo utilizing Pipelines, and or Hoses- Inbound at \$8.75 and Outbound at \$4.38; (8) Pipeline Easement Lease Rates: a. Within Existing Right of Way- 25% of Fair Market Rent, b. Not Within Right of Way- 50% of Fair Market Rent; (9) Gregorio D. Perez (Hagatna) Marina Fees and (10) Facility Maintenance Fees at \$25.00 for each bill of lading.

This rate filing for the increase in cargo handling charges is consistent with the Port Master Plan Update 2007(Master Plan), Financial Feasibility Report and Report to Legislature on the Master Plan Update (Revised August 3, 2009). The rates for Fuel Throughput, Bunkering, Waste Oil Fees, Fuel Storage, Wharfage Rates-Transshipment of Other Cargo Utilizing Pipelines and/or Hoses, and Easement Lease Rates are consistent with the appraisal and consulting reports done by Captain, Hutapea & Associates from November of 2008 to November of 2009.

The justification for the need to increase rates is: (1) the Port needs to generate adequate revenues to fund an estimated Two Hundred Million Dollars (\$200,000,000) capital improvement undertaking in the implementation of the Port Modernization Master Plan (2) the need to begin paying debt service on PAG's \$4.5 million dollars in loan that will be used in

FY2010; (3) the increased cost of operations since the existing Terminal Tariff was established in 1993 and has not increased since then and other rates have been unchanged dating back to 1983 ; (4) From 1993 to 2002, the Port has been averaging an Operating Loss of \$3.5 million and a net loss, after non-operating income and expense, of \$5 million per year. Starting 2003 up to 2008, the Port averaged an operating income of \$900 thousand per year and a net income, after non-operating income and expense, of \$1.2 million each year; (5) financial data also shows that PAG has not been investing in facility improvements and modernization in recent years. The asset value of PAG's property, plant and equipment declined slightly between 2003 and 2007, with the exception of the purchase of the mobile harbor crane in 2007.

The filing was made in October of 2009. The PUC is now reviewing the petition with its supporting documentation. After its initial review is conducted, the PUC will schedule three public hearings (one in Hagatna and two in other villages) to receive public comment and written testimony. At that time all customers of PAG and members of the public will have a full opportunity to present oral or written testimony to the PUC. The PUC will notify the public, through written advertisement in the Pacific Daily News, approximately three weeks in advance, of the specific dates upon which the hearings will be scheduled.

Thereafter, the matter of the rate increases requested by PAG will be presented to the PUC Commissioners for a final determination. Please note that, during its review and decision making process, the Commission may decline to increase the rates as requested by PAG, or may increase or decrease the amount of the rate increases requested. There can be no rate change without the final approval of the PUC. PAG has attached hereto a schedule of the changes it seeks in the current rates and tariffs. The schedule indicates how the rate petition, if approved, would impact the rates of PAG customers. The PAG believes that the percentage increases indicated fairly represent the estimated impact on customer rates.



GLENN A. LEON GUERRERO  
General Manager