



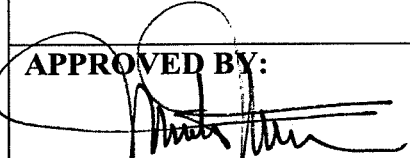
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BOARD POLICY MEMORANDUM NO. 10-02	Subject: Facility Maintenance Fee Policy and Guidelines
PUC Approval Date: February 25, 2010	Effective Date: March 1, 2010
REVISED POLICY PUC Approval Date:	REVISED POLICY Effective Date:
APPROVED BY:  MONTE MESA, Chairperson, Board of Directors	

FACILITY MAINTENANCE FEE POLICY AND GUIDELINES

Purpose:

The Jose D. Leon Guerrero Commercial Port (PAG) must refurbish and modernize its facilities. This is necessary to better serve its customers and prepare for substantial expansion of the Port's cargo handling terminal that is needed to handle the anticipated increase in cargo volumes resulting from the Guam Military Buildup. On January 29, 2010, the Guam Public Utilities Commission (PUC) approved the Port's interim tariff rates request. In doing so, one component of the approved interim tariff rates was to implement a facility maintenance fee of \$25.00 per container and \$1.35 per revenue ton for breakbulk subject to the establishment and implementation of a policy. This policy is to implement the \$25.00 facility maintenance fee per container and \$1.35 per revenue ton for breakbulk cargoes to provide funding for the maintenance, replacements, and repair of the port facilities.

Definition:

The "facility maintenance fee" is the fee assessed for use of port facilities to provide funding for the maintenance, replacement and repair of the port facilities. The fee will be assessed to port users utilizing the facilities in the receipt and delivery of cargo to and from vessel and/or in connection with the receipt, delivery, checking, care, custody and control of cargo as required in the transfer of cargo.

The foregoing does not include any services or facilities charge that is included in wharfage, dockage, wharf demurrage, wharf storage or any other individual charges. This fee does not include the handling of cargo, loading nor unloading operations, or any labor other than that which is essential to performing the service.

Facility Maintenance Fee

Facility Maintenance Fee	\$25.00 per Full Inbound, Outbound, and Inbound Transshipment Container
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\$ 1.35 *per revenue ton for Breakbulk

*Exemption = Bills of lading for Breakbulk cargo will be exempted from the facility maintenance fee when the cargo is valued less than \$2,500.

Guidelines:

1. Vessels, their owners, charterers and agents assigned the use of Port facilities in accordance with Section I of the Port Terminal Tariff shall be liable for and shall collect and pay to Port the Facility Maintenance Fee as provided for in this memorandum and the provisions of Item 3, section I of the Port Terminal Tariff shall apply.
2. The Port will bill the facility maintenance fee based on the total number of Full Inbound, Outbound, and Inbound Transshipment Containers on the Master Container Outturn (MCO).
3. Facility Maintenance Fee will be billed to the first carrier for all Inbound Transshipment containers.
4. Vessels, their owners, charterers and agents who are entitled to the Breakbulk bill of lading exemption are required to submit to the Finance division a copy of the cargo invoice for each bill of lading claimed to be below the threshold by vessel and within thirty (30) days of the invoice date. PAG will validate whether the cargo value is within the threshold amount.
5. PAG Finance Division will issue a credit to any vessels, their owners, charterer and agents who are determined to be, on case by case basis, exempt from the facility maintenance fee.
6. When the basis of the freight charges for breakbulk is not shown on the manifest, Port charges shall be assessed on the basis of weight or measurement, whichever will yield the greater revenue.

**PORT AUTHORITY OF GUAM
FACILITY MAINTENANCE PROJECTED REVENUE
BILL OF LADING VS. CONTAINER & TONNAGE CHARGE**

BILL OF LADING PROJECTION (ORIGINAL PROJECTION)

MONTHS	NUMBER OF BLs PROCESSED			AVERAGE
	FY 09	FY 08	FY 07	
OCT-DEC	12,200	13,059	12,428	12,562
JAN-SEP	35,952	37,316	36,444	36,571
TOTAL	48,152	50,375	48,872	49,133
PROPOSED FACILITY MAINTENANCE FEE PROJECTED REVENUE				\$ 25.00
				\$ 1,228,325

CONTAINER & TONNAGE PROJECTION (AMENDED RATE PROJECTION)

DESCRIPTION	FY 2009 CONTAINERS	FY 2009 REV. TON	Proposed Rate	Projected Revenue
Total Loaded & Transshipment Containers-FY09	38,443		25.00	961,075
Total Breakbulk tonnage in FY 09		92,530	1.35	124,916
TOTAL				\$ 1,085,991
 \$ VARIANCE FROM ORIGINAL PROJECTION				 \$ (142,335)
% VARIANCE FROM ORIGINAL PROJECTION				-12%

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FACILITY MAINTENANCE FEE - REVENUE TONNAGE CALCULATION

<u>B/L No.</u>	<u>Weight</u>		<u>Revenue</u> <u>Ton</u>	<u>Description</u>	<u>Billing</u> <u>Code</u>	<u>Cntr Size</u>
1123892-000	43,328	LB	21.66		CINC	40
3093861-000	53,500	LB	26.75	Frozen Foodstuff	CINC	40R
3556201-000	57,451	LB	28.73	Construction Materials	CINC	40
4718948-000	11,004	LB	5.50	Limousine & Dodge Truck	CINC	40
4965270-000	59,069	LB	29.53	Beverages	CINC	40
5220909-000	6,767	LB	3.38	2 Vehicles	CINC	40
5650575-000	42,929	LB	21.46	Beer	CINC	40
7015579-000	46,475	LB	23.24	Rice	CINC	40
7056795-000	46,441	LB	23.22	Chilled Produce	CINC	40R
7202314-000	28,535	LB	14.27	General Cargo	CINC	40
7881592-000	21,871	LB	10.94	Construction Materials	CINC	40
9567873-000	45,650	LB	22.83	Rice	CINC	40
9632413-001	16,810	LB	8.41	Freight of all kinds	CINC	40
Total 13 B/L						
479,830			239.915			
Average R/T per cntr			18.455			
FMC per Container			\$ 25.00			
Recommended FMC						
per Rev. Tonnage			\$ 1.35			

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**The Port Authority of Guam
[PAG] Request for PUC Investigation
of Rates and Tariffs**

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Port Docket 09-02

PETITION TO AMEND FACILITY MAINTENANCE POLICY

The Port Authority of Guam [PAG], hereby request the Guam Public Utilities Commission's [PUC] review and approval of the first amendment of the Facility Maintenance Fee Policy.

On January 29, 2010, PUC approved the Port's interim tariff rates request of a facility maintenance fee of \$25.00 for each bill of lading subject to the establishment and implementation of a policy. The Facility Maintenance Fee policy was submitted on February 17, 2010 and approved by the PUC commission on February 25, 2010. The Facility maintenance fee will provide funding for the maintenance, repair and replacement of the Port cargo handling facilities.

The original intent of the policy was to charge by bill of lading (BL), since it has been a normal practice by the shippers to put one container or cargo for each BL. Since we have issued the facility maintenance policy and rate implementation, there have been concerns that were brought up by the Shipping Agents regarding the procedure. Some of the concerns addressed were:

1. The charge for each bill of lading is relatively complicated because there are instances that one container have several bill of ladings due to consolidation by various customers and some instances wherein one bill of lading includes more than 1 container.
2. There will be a tendency of customers to consolidate their containers or other cargos under one bill of lading to avoid the facility maintenance fee.
3. If this policy is not corrected with respect to container or revenue tonnage charges in the near future, this will further complicate customers understanding of the process once a change has been made to the recommended process for the assessment of the facility maintenance fee for each container or by revenue tonnage for non-containerized cargo.

On the Port Authority side, the following are issues on this policy:

1. The issuance of several bills of lading under one container and one bill of lading for several containers makes it difficult during our billing process to reconcile the accuracy of the billing for the facility maintenance charge with the number of containers or non-containerized cargoes handled.
2. The anticipated revenue for the facility maintenance fee may not be realized or accomplished if customers report more than one container in each bill of lading.

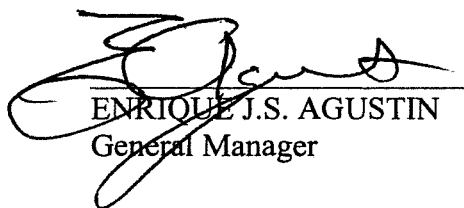
Due to the above concerns, it has been recommended that an amendment to the policy be submitted to the commission for their consideration and approval. It is further recommended that the facility maintenance charge will be \$25 for each container and \$1.35 by revenue tonnage for non-containerized or breakbulk cargoes.

The following supporting documentations are attached in this letter:

- a. Annual projected revenue based on Facility Maintenance fee charges by container and revenue tonnage, compared to the initial projection based on bill of ladings.
- b. Supporting calculation of recommended facility maintenance fee by revenue tonnage.

The Port will soon be working on projects identified in the Master Plan improvements, it is crucial that we are able to accomplish the essential funding needs for the Port's efficient operations and much needed capital improvement projects. We are looking forward to PUC's review of this amendment in the most expeditious manner as possible.

Dated this 20 day of April 2010.


ENRIQUE J.S. AGUSTIN
General Manager