



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: PETITION FOR TARIFF RATE )  
RELIEF BY THE PORT )  
AUTHORITY OF GUAM )

PAG DOCKET 11-01

ALJ REPORT

RECEIVED  
LAW OFFICES OF  
HOREC AND ASSOCIATES  
Date: 8/21/12  
Time: 10:40am By: [Signature]

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the "PUC") pursuant to a request by the Jose G. Leon Guerrero Commercial Port, Port Authority of Guam ("PAG"). The instant docket concerns PAG's June 28, 2011 Base Rate Case Petition, which sought to increase rates contained in PAG's terminal tariff.

DISCUSSION

On June 28, 2011, PAG filed a Base Rate Case Petition requesting an increase in rates contained in the terminal tariff. The PUC held a rate investigation, as well as public hearings. Thereafter, on January 11, 2012, the PUC issued an Order outlining its findings, conclusions, and approval of rates.

On July 24, 2012, PAG requested an extension of its reporting deadlines mandated under this docket, and which have been the subject of several PUC Orders. A copy of PAG's July 24, 2012 request is attached and incorporated hereto as "Exhibit A." In particular, PAG requests that the current deadlines be extended to October 22, 2012 for the following reports: (a) a five (5) year rate plan, which shall detail any tariff rate increases for the next five (5) years; (b) a plan for the upgrade of the marina facilities; (c) file a management audit; and (d) a financing plan for the completion of Phase I and Phase II of the 2007 Port Master Plan.

COPY

In its request, PAG indicates that it expects “the final deliverables to be submitted to Public Utilities Commission by October 22, 2012, after reviews of the draft documents have been completed by management and Board of Directors.” The request also indicates that PAG’s consultants have already initiated work related to the five (5) year rate plan, management audit, and financing report. In addition, PAG further indicates that its consultant tasked with preparing the marina upgrade report has also initiated work related to that project. Accordingly, the ALJ hereby finds that PAG has demonstrated good faith in ensuring the preparation and submission of these reports, and therefore recommends approval of the extension of the deadlines requested by PAG. However, since the deadline for the financing plan is presently due on November 22, 2012, this particular deadline requires no extension and shall remain in place. PAG may elect to submit the financing plan earlier than November 22, 2012 should it so desire.

**RECOMMENDATION**

The ALJ hereby recommends that the PUC adopt and execute the attached Order, which identifies PAG’s current reporting requirements and reflects an extension of the deadlines as requested by PAG.

Dated this 20<sup>th</sup> day of August, 2012

  
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**DAVID A. MAIR**  
Administrative Law Judge



**PORT OF GUAM**  
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Eddie Baza Calvo  
 Governor of Guam  
 Ray Tenorio  
 Lieutenant Governor

July 24, 2012

Mr. David Mair, ESQ.  
 Administrative Law Judge for Public Utilities Commission  
 MAIR, MAIR, SPADE & THOMPSON, L.L.C.  
 238 A.F.C. Flores Street  
 Suite 801, DNA Building  
 Hagåtña, Guam 96910

Hafa Adai Attorney Mair:

On January 11, 2012 and February 22, 2012, the Public Utilities Commission mandated the Port submit the following reports by dates indicated below:

Report	Due Date
5 Year Tariff Rate Plan	August 22, 2012
Management Review	August 22, 2012
Upgrade to the Marina Facilities	August 22, 2012
Financing Plan – Phase I-A & I-B of Port Modernization Program and all other Port operations	November 22, 2012

On July 16, 2012, our consultants have started the review for the 5 year tariff rate plan, management review and financing plan reports. The consultant, who is tasked to update the marina regime report, also began his review in the beginning of July.

Based on their scope of work for these reports, we expect the final deliverables to be submitted to Public Utilities Commission by October 22, 2012, after reviews of the draft documents have been completed by management and Board of Directors.

In light of the above, we are requesting that the deadline dates for reports be extended to October 22, 2012.

Your kind consideration of the above is greatly appreciated.

Si Yu'os Ma'ase,

MARY C. TORRES  
 General Manager

Cc: Board of Directors  
 Division Heads

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>IN RE:</b>	<b>PETITION FOR TARIFF RATE</b>	)	<b>PAG DOCKET 11-01</b>
	<b>RELIEF BY THE PORT</b>	)	<b>ORDER</b>
	<b>AUTHORITY OF GUAM</b>	)	
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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the "PUC") pursuant to a request by the Jose G. Leon Guerrero Commercial Port, Port Authority of Guam ("PAG"). The instant docket concerns PAG's June 28, 2011 Base Rate Case Petition, which sought to increase rates contained in PAG's terminal tariff.

**ORDERING PROVISIONS**

Upon consideration of the record herein, the August 20, 2012 ALJ Report, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. By October 22, 2012, PAG shall file a five (5) year rate plan, which shall detail any tariff rate increases for the next five (5) years.
2. By October 22, 2012, PAG shall file a plan for the upgrade of the marina facilities.
3. By October 22, 2012, PAG shall file a management audit, which shall include: (1) a staffing pattern analysis comparison with other ports of similar operations, including identification of required delegation of duties and procedural requirements (e.g., types of positions, number of personnel, job specifications and comparable salaries); (2) an evaluation of port and terminal functions and operations; (3) an analysis of terminal management techniques, warehousing system and purchasing and inventory control to include spare parts inventory control; (4) an analysis of all material handling equipment

operations including the training and certification requirements of personnel to operate the equipment and maintain it to the highest degree of reliability and dependability (preventative maintenance program); and, (5) recommendations with respect to improvement. The PUC reserves its right to require that PAG conduct a sensitivity analysis to determine the impact of the deferment of the U.S. military buildup, along with the current throughput of materials on the ability of PAG to generate the revenue it needs to service its debts, and thus file a report on such sensitivity analysis.

4. The deadline for PAG to file a financing plan for the completion of Phase I and Phase II of the 2007 Port Master Plan shall remain as November 22, 2012.

5. PAG is further ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this docket. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

**SO ORDERED** this 27<sup>th</sup> day of August, 2012.

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Jeffrey C. Johnson  
Chairman

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Joseph M. McDonald  
Commissioner

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Rowena E. Perez  
Commissioner

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Filomena M. Cantoria  
Commissioner

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Michael A. Pangelinan  
Commissioner

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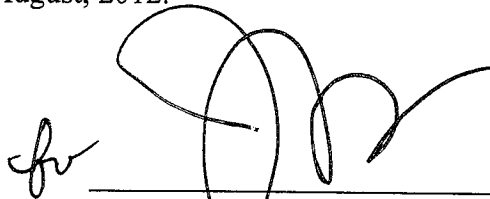
Peter Montinola  
Commissioner

P124063.JRA

## II. Approval of the Interim Maintenance Agreement

Finally, with respect to the Interim Maintenance Agreement, P.L. 31-145 clearly requires PAG to procure the services of “a Performance Management Contractor (PMC) to manage the performance, operation and maintenance of the newly acquired POLA Gantry Cranes, and other Gantry Cranes used in support of Port operations.” P.L. 31-145, Section 3, pp. 6-7. Significantly, the public law further clearly provides that “[d]uring the interim period that the Port is procuring the PMC contract, the previous owners of the Cranes *shall* continue to provide maintenance of the cranes, on account of the Port.” *Id.* (italics in original). Accordingly, Matson must provide such interim maintenance services under the law. The terms contained in the Interim Maintenance Agreement proposed by PAG and Matson appear fair and reasonable. Thus, based on the evidence submitted, the ALJ recommends that the PUC approve the form of the Interim Maintenance Agreement contained in PAG’s Petition.

Dated this 27<sup>th</sup> day of August, 2012.

A handwritten signature in black ink, appearing to read 'David A. Mair', is written over a horizontal line. The signature is stylized and cursive.

**DAVID A. MAIR**  
Administrative Law Judge

P124047.JRA