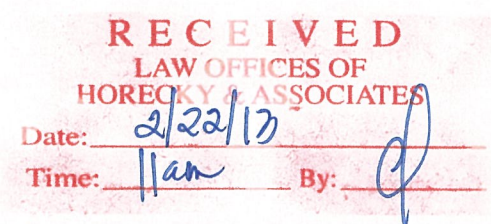


BEFORE THE PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF \$12 MILLION)
ANZ COMMERCIAL LOAN))
FOR PURCHASE OF THE)
POLA CRANES))

PAG DOCKET 12-01

ALJ REPORT



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the "PUC") pursuant to a Petition filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam ("PAG") on June 18, 2012, whereby PAG requested review and approval of the Sales Agreement, and the Interim Maintenance Agreement, related to the acquisition of the Port of Los Angeles ("PoLA") cranes. In its August 27, 2012 Order, the PUC preliminarily approved the Sales Agreement and the Interim Maintenance Agreement, but required PAG to file a report with the PUC, by February 15, 2013, regarding its plans for Gantry Crane #2 ("Gantry 2").

BACKGROUND

On August 27, 2012, the PUC preliminarily approved the Sales Agreement and the Interim Maintenance Agreement. On December 19, 2012, the Administrative Law Judge of the PUC (the "ALJ") authorized PAG to proceed with execution of the final commercial loan documents regarding PAG's purchase of the PoLA cranes.

Based on the recommendations contained in the August 27, 2012 Report of the Tariff Investigation by Slater Nakamura, L.L.C. ("Slater Nakamura Report"), as well as the August 27, 2012 ALJ Report, all filed in this docket, the PUC ordered PAG to complete the development of its Structured Maintenance Program for its cranes; begin repairs to the PoLA



cranes; develop a tariff that fully funds the acquisition, financing, maintenance, and eventual replacement of the cranes; develop a cargo throughput projection to forecast revenues from the tariff; and file a report regarding the status, future plans, or demolition of Gantry 2. On February 15, 2013, PAG transmitted to the ALJ its status report regarding Gantry 2. A copy of the report is attached herein as "Exhibit A."

DISCUSSION

In its February 15, 2013 Report, PAG advised that PAG's Board of Directors, its General Manager, as well as its staff are engaged in an "internal dialogue related to the future disposition of Gantry No 2." PAG further reported that "all efforts in this regard will be aimed to explore any/all alternatives available to PAG to include, but not be limited to, the decommissioning of the asset to the eventual removal of the asset from the waterfront." Part of the efforts will involve consideration of "the sensitivities and corresponding timelines associated with each of the proposed actions." PAG maintained that it "shall revert to the PUC at such time" when it has completed its "due diligence on the final disposition of Gantry No. 2 as well as obtained PAG Board approval of same." PAG estimated that "this effort may take about three months."

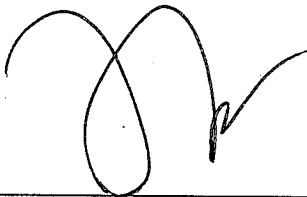
The ALJ recognizes that PAG has not yet made a determination on the final disposition of Gantry 2, and that it appears that PAG requires more time to make such a determination. The ALJ is also mindful that, based on the record, Gantry 2 must be decommissioned, which will require its demolition and physical removal from PAG's rails.¹ As

¹ Slater Nakamura Report, p. 6 (Aug. 27, 2012).

a result, the ALJ recommends that the PUC require PAG to transmit another report to the PUC, which shall detail PAG's ongoing efforts related to the removal of Gantry 2 from service.

RECOMMENDATION

Accordingly, based on the record established in the instant docket, and for the other reasons set forth herein, the ALJ recommends that the PUC require PAG to file another report with the PUC on the status of Gantry 2 by May 31, 2013. A proposed PUC Order is attached hereto for the PUC's consideration.


for _____
DAVID A. MAIR
Administrative Law Judge

P134015.JRA



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ATURIDATI PUETTON GUAHAN
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Eddie Baza Calvo
Governor of Guam
Ray Tenorio
Lieutenant Governor

February 14, 2013

Dr. Jeffrey C. Johnson
Chairman, Guam Public Utilities Commission
Suite 207 GCIC Building
414 West Soledad Avenue
Hagatna, Guam 96910

Hafa Adai Chairman Johnson:

This is in reference to PUC Docket PAG 12-01 dated October 26, 2012 requiring that PAG shall file a report with the PUC regarding the status, future plans, or demolition of Gantry Crane 2 by February 15, 2013.

The PAG hereby provides this status report on the matter of Gantry No. 2. At the guidance of the Port's Board of Director's and General Manager, staff continues with internal dialogue related to the future disposition of Gantry No. 2. Incidentally, all efforts in this regard will be aimed to explore any/all alternatives available to PAG to include, but not be limited to, the decommissioning of the asset to the eventual removal of the asset from the waterfront. Also, within the parameters of the effort will be to consider the sensitivities and corresponding timelines associated with each of the proposed actions.

As such, the PAG hereby provides notice that we shall revert to the PUC at such time we have completed our due diligence on the final disposition of Gantry No. 2 as well as obtained PAG Board approval of same. We estimate that this effort may take about three months.

If you have any questions or may require further information, please feel free to contact Mr. Richard Quiambao at 477-5931 ext. 381. Thank you.

Sincerely,


JOANNE M.S. BROWN
General Manager

cc: Interim Deputy General Manager *zcp*
Operations Manager
Acting Corporate Services Manager
Acting Financial Affairs Controller
D. Mair, ALJ *dm*

EXHIBIT A

BEFORE THE PUBLIC UTILITIES COMMISSION

IN RE:	REVIEW OF \$12 MILLION) ANZ COMMERCIAL LOAN) FOR PURCHASE OF THE) POLA CRANES) _____)	PAG DOCKET 12-01 ORDER
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INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the "PUC") pursuant to a Petition filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam ("PAG") on June 18, 2012, whereby PAG requested review and approval of the Sales Agreement, and the Interim Maintenance Agreement, related to the acquisition of the Port of Los Angeles ("PoLA") cranes. In its August 27, 2012 Order, the PUC preliminarily approved the Sales Agreement and the Interim Maintenance Agreement, but required PAG to file a report with the PUC, by February 15, 2013, regarding its plans for Gantry Crane #2 ("Gantry 2").

BACKGROUND

On August 27, 2012, the PUC preliminarily approved the Sales Agreement and the Interim Maintenance Agreement. On December 19, 2012, the Administrative Law Judge of the PUC (the "ALJ") authorized PAG to proceed with execution of the final commercial loan documents regarding PAG's purchase of the PoLA cranes.

Based on the recommendations contained in the August 27, 2012 Report of the Tariff Investigation by Slater Nakamura, L.L.C. ("Slater Nakamura Report"), as well as the August 27, 2012 ALJ Report, all filed in this docket, the PUC ordered PAG to complete the development of its Structured Maintenance Program for its cranes; begin repairs to the PoLA cranes; develop a tariff that fully funds the acquisition, financing, maintenance, and eventual replacement of the cranes; develop a cargo throughput projection to forecast revenues from the

tariff; and file a report regarding the status, future plans, or demolition of Gantry 2. On February 15, 2013, PAG transmitted to the ALJ its status report regarding Gantry 2. On February 22, 2013, the ALJ issued an ALJ Report detailing his findings and recommendation with respect to PAG's status report on Gantry 2.

DETERMINATIONS

In its February 15, 2013 Report, PAG advised that PAG's Board of Directors, its General Manager, as well as its staff are engaged in an "internal dialogue related to the future disposition of Gantry No 2." PAG further reported that "all efforts in this regard will be aimed to explore any/all alternatives available to PAG to include, but not be limited to, the decommissioning of the asset to the eventual removal of the asset from the waterfront." PAG also submitted that part of the efforts will involve consideration of "the sensitivities and corresponding timelines associated with each of the proposed actions." PAG maintained that it "shall revert to the PUC at such time" when it has completed its "due diligence on the final disposition of Gantry No. 2 as well as obtained PAG Board approval of same." PAG estimated that "this effort may take about three months."

In his February 22, 2013 Report, the ALJ found that PAG had not yet made a determination on the final disposition of Gantry 2, and that it appears that PAG requires more time to make such a determination. The ALJ further found that, based on the record, Gantry 2 must be decommissioned, which will require its demolition and physical removal from PAG's rails.¹ Accordingly, the ALJ recommended that the PUC require PAG to transmit another report to the PUC, which shall detail PAG's ongoing efforts related to the removal of Gantry 2 from service.

¹ Slater Nakamura Report, p. 6 (Aug. 27, 2012).

The Commission hereby adopts the findings made in the February 22, 2013 ALJ Report and, therefore, issues the following.

ORDERING PROVISIONS

Upon careful consideration of the record herein, the February 22, 2013 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 the following:

1. By May 31, 2013, PAG shall file another status report with the PUC regarding the status, future plans, or demolition of Gantry Crane No. 2.
2. PAG is ordered to pay the PUC's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses associated with this docket. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 26th day of February, 2013.

JEFFREY C. JOHNSON
Chairman

JOSEPH M. MCDONALD
Commissioner

ROWENA E. PEREZ
Commissioner

FILOMENA M. CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

P134016.JRA