



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

MARINA USER FEE RATE CHANGE)
PETITION BY THE PORT)
AUTHORITY OF GUAM)
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PAG DOCKET 18-04

SUPPLEMENTAL ALJ REPORT

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “Commission” or the “PUC”) pursuant to the Marina User Fee Rate Change Petition filed by the Jose D. Leon Guerrero Commercial Port (“PAG” or the “Port”) on January 5, 2018 (hereinafter referred to as the “Petition”).

BACKGROUND

On November 6, 2017, PAG published its intent to revisit the fee schedule for its Marina User Fees.¹ On January 5, 2018, PAG filed its Marina User Fee Rate Change Petition. In the Petition, PAG indicated that it would not implement any new fee schedule during the current lease year, but was aiming to implement any such new fees the following calendar year.² On January 19, 2018, and March 19, 2018, PAG held outreach presentations at the Guam Fisherman’s Cooperative Association Facility in Hagåtña explaining the new proposed fee structure. Thereafter, the Administrative Law Judge of the PUC (the “ALJ”) transmitted a copy of the Petition to the firm of Slater Nakamura,

¹ Petition, Tab 1, p. 1 (Jan. 5, 2018).

² Petition, Tab 1, p. 1 (Jan. 5, 2018).

L.L.C. (“Slater Nakamura”), the PUC’s consultants for matters related to the port authority, and requested an independent review.

On August 13, 2018, Slater Nakamura provided the ALJ with its report on the marina user fees investigation, which detailed its findings and recommendations.³ Pursuant to the Ratepayers’ Bill of Rights, duly-noticed public hearings were held in the villages of Hagåtña, Agat, and Dededo, on August 20, 21, and 22, 2018, respectively.

On August 28, 2018, the ALJ assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record. The ALJ found that PAG’s marina user fee rate increases were “just” and “reasonable” because such adjustments appeared necessary in order to enable PAG to “finance its obligations, finance its capital improvement needs and cover all its operating expenses,”⁴ and for the reasons stated in the Slater Nakamura Report.

According to the ALJ, the record reflected that while the increases to the fees will allow “PAG to recover a greater proportion of its current and future operating expenses and capital improvement costs,” such increases are apparently insufficient to meet “the operating expenses and investment needs of the marinas.”⁵ Consequently, the ALJ recommended that the PUC approve the proposed increases to PAG’s Marina User Fees, as petitioned by PAG.

³ Report of the Marina User Fees Investigation for the Port Authority of Guam (“Slater Nakamura Report”), submitted by Slater Nakamura, L.L.C., p. 1 (Aug. 13, 2018).

⁴ 12 G.C.A. §12118.

⁵ Slater Nakamura Report, p. 21.

On August 30, 2018, at the monthly meeting of the PUC, the ALJ presented his findings and recommendations to the Commission. After some discussion, the Commission voted to table the matter so that a recommendation by the PUC's consultants could be made regarding whether the increases could be implemented in stages. On December 9, 2018, Slater Nakamura submitted a supplemental report to the Commission, recommending a three-year phased approach to PAG's implementation of the proposed marina fees.

DISCUSSION

A. PAG's Petition

PAG's original request to revise its marina fees included the following:

Mooring fees for recreational vessels based in Guam

| <u>Slip Length</u> | <u>Old Rate (\$/ft/mo)</u> | <u>Recommended New Rate (\$/ft/mo)</u> | <u>Change (\$/ft/mo)</u> |
|-----------------------------------|----------------------------|--|--------------------------|
| Agat Recreational Use | | | |
| 25' | \$5.50 | \$5.00 | (\$0.50) |
| 40' | \$5.50 | \$5.50 | \$0.00 |
| 60' | \$5.50 | \$6.00 | +\$0.50 |
| GDP Agana Recreational Use | | | |
| 20' | \$2.00 | \$5.50 | +\$3.50 |
| 30' | \$2.00 | \$6.00 | +\$4.00 |
| 40' | \$2.00 | \$6.50 | +\$4.50 |
| Outer Basin | \$1.50 | \$3.00 | +\$1.50 |
| Agat Commercial Use | | | |
| 25' | \$8.50 | \$8.00 | (\$0.50) |
| 40' | \$8.50 | \$8.50 | \$0.00 |
| 60' | \$8.50 | \$9.00 | +\$0.50 |
| GDP Agana Commercial Use | | | |
| 20' | \$3.50 | \$8.50 | +\$5.00 |
| 30' | \$3.50 | \$9.00 | +\$5.50 |
| 40' | \$3.50 | \$9.50 | +\$6.00 |
| Outer Basin | \$2.50 | \$4.25 | +\$1.75 |

With respect to the live-aboard fees, such fees would be revised as follows:

Mooring fees for live-aboard vessels based in Guam

| Slip Length | Current rates (\$/mo) | Proposed Live-aboard fees | | |
|--------------|-----------------------|---------------------------|-------------------------|---------------------|
| | | Slip fee (\$/mo) | Live aboard fee (\$/mo) | Total (\$/mo) |
| Agat | | | | |
| 25' | \$162.50 | \$125.00 | \$100.00 | \$225.00 |
| 40' | \$260.00 | \$220.00 | \$100.00 | \$320.00 |
| 60' | \$390.00 | \$360.00 | \$100.00 | \$460.00 |
| Agana | | | | |
| 20' | \$120.00 | \$110.00 | \$100.00 | \$210.00 |
| 30' | \$180.00 | \$180.00 | \$100.00 | \$280.00 |
| 40' | \$240.00 | \$260.00 | \$100.00 | \$360.00 |
| Outer Basin | \$5.00/ft/mo | Varies | \$100.00 | Slip fee + \$100.00 |

And finally, with respect to the transient mooring fees, these fees would also be revised as indicated below:

Mooring fees for transients

| Slip Length | Recommended Rate (\$/ft/mo) | Estimated Premium | Recommended Transient Rate | |
|---------------------|-----------------------------|-------------------|----------------------------|-------------|
| | | | (\$/ft/mo) | (\$/ft/day) |
| Agat | | | | |
| Recreational | | | | |
| 25' | \$5.00 | 100% | \$10.00 | \$0.33 |
| 40' | \$5.50 | 100% | \$11.00 | \$0.37 |
| 60' | \$6.00 | 100% | \$12.00 | \$0.40 |
| Commercial | | | | |
| 25' | \$8.00 | 100% | \$16.00 | \$0.53 |
| 40' | \$8.50 | 100% | \$17.00 | \$0.57 |
| 60' | \$9.00 | 100% | \$18.00 | \$0.60 |
| Agana | | | | |
| Recreational | | | | |
| 20' | \$5.50 | 100% | \$11.00 | \$0.37 |
| 30' | \$6.00 | 100% | \$12.00 | \$0.40 |
| 40' | \$6.50 | 100% | \$13.00 | \$0.43 |
| Commercial | | | | |
| 20' | \$8.00 | 100% | \$16.00 | \$0.53 |
| 30' | \$8.50 | 100% | \$17.00 | \$0.57 |
| 40' | \$9.00 | 100% | \$18.00 | \$0.60 |

B. December 9, 2018 Supplemental Report by Slater Nakamura

In a supplemental report to the Commission, Slater Nakamura noted that, based on its investigation back in August, PAG's marina fees: (1) were currently inconsistent between the two marinas; (2) had not been increased in many years; (3) were not based upon the cost of marina operations; and (4) were impactful to a small but vocal group of Guam citizens.⁶

As directed by the Commission, Slater Nakamura examined whether a staggered increase in the rates was possible. In its report, it ultimately recommended that the PUC "approve a three year (3) phased implementation approach for the marina fee increase that was requested in Port Docket 18-04," which was provided to the Commission as "Attachment A" to Slater Nakamura's report.⁷ A copy of "Attachment A" is appended hereto for the Commission's convenience.

In particular, for the Agat Marina, it recommended applying the proposed fees immediately; and to implement the greater of the slip or boat length in "Year Two" of its implementation of the new fees.⁸ For the Hagåtña GDP Marina, it recommended applying the proposed fees over two (2) years (half of the proposed increases and decreases each year); and to implement the greater of the slip or boat length in "Year Three."⁹

⁶ Slater Nakamura Supplemental Report, p. 1.

⁷ Slater Nakamura Supplemental Report, p. 1.

⁸ Slater Nakamura Supplemental Report, p. 2.

⁹ Slater Nakamura Supplemental Report, p. 2.

In addition, Slater Nakamura also recommended that PAG provide the PUC, within three (3) months, with a comprehensive plan regarding the marinas.¹⁰ It indicated that this plan should further include the following: (1) the cost of marina operations including salaries, annual expenses and planned capital improvement projects; and (2) an approach for generating additional revenue that could be used to offset the need for an increase in slip fees.¹¹ Slater Nakamura recommended that PAG include a discussion on: (1) charging a passenger fee for commercial vessels that embark passengers for water sports that use the marinas; and (2) establishing a parking fee for the parking lots at the marinas.¹² Slater Nakamura further recommended that PAG be directed to consider a separate fee structure for older citizens that are on a fixed income; for instance, citizens sixty-five (65) years or older be given a discounted rate.¹³

CONCLUSION AND RECOMMENDATION

The ALJ hereby incorporates by reference the findings made in the August 28, 2018 ALJ Report filed in this docket. Based on the administrative record before the Commission, the ALJ still recommends that the PUC approve the proposed increases to PAG's Marina User Fees, as petitioned by PAG, and which are indicated in "Appendix A" of the August 13, 2018 Slater Nakamura Report, titled "Proposed Marina User Fee Increases," but to implement such fees according to the three-year phased approach

¹⁰ Slater Nakamura Supplemental Report, p. 2.

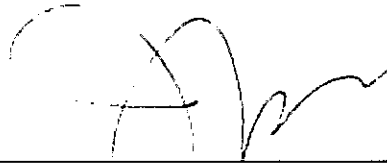
¹¹ Slater Nakamura Supplemental Report, p. 2.

¹² Slater Nakamura Supplemental Report, p. 2.

¹³ Slater Nakamura Supplemental Report, p. 2.

indicated in "Attachment A" of the December 9, 2018 Slater Nakamura Supplemental Report. A proposed Order is submitted herewith for the Commission's consideration.

Respectfully submitted this 24th day of December, 2018.



JOEPHET R. ALCANTARA
Administrative Law Judge

Attachment A – Proposed Incremental Marina Fee Increases as Part of Port Docket 18-04

| | Slip Length | Old Slip Fee | Fee Inc/(Dcr) | | New Slip Fee | | Implement Larger of Slip or Boat Feet |
|-----------------------------------|-------------|--------------|---------------|--------|--------------|--------|---------------------------------------|
| | | (\$/ft/mo) | Year 1 | Year 2 | \$/ft/mo | | |
| | | | | | Year 1 | Year 2 | |
| Agat Recreational Use | | | | | | | |
| | 25 | \$5.50 | (\$0.50) | \$0.00 | \$5.00 | \$5.00 | Year 2 |
| | 40 | \$5.50 | \$0.00 | \$0.00 | \$5.50 | \$5.50 | Year 2 |
| | 60 | \$5.50 | \$0.50 | \$0.00 | \$6.00 | \$6.00 | Year 2 |
| Agat Commercial Use | | | | | | | |
| | 25 | \$8.50 | (\$0.50) | \$0.00 | \$8.00 | \$8.00 | Year 2 |
| | 40 | \$8.50 | \$0.00 | \$0.00 | \$8.50 | \$8.50 | Year 2 |
| | 60 | \$8.50 | \$0.50 | \$0.00 | \$9.00 | \$9.00 | Year 2 |
| GDP/Agana Recreational Use | | | | | | | |
| | 20 | \$2.00 | \$1.75 | \$1.75 | \$3.75 | \$5.50 | Year 3 |
| | 25 | \$2.00 | \$2.00 | \$2.00 | \$4.00 | \$6.00 | Year 3 |
| | 40 | \$2.00 | \$2.25 | \$2.25 | \$4.25 | \$6.50 | Year 3 |
| | Outer Basin | \$1.50 | \$0.75 | \$0.75 | \$2.25 | \$3.00 | Year 3 |
| | Inner Wall | \$1.50 | \$0.75 | \$0.75 | \$2.25 | \$3.00 | Year 3 |
| GDP/Agana Commercial Use | | | | | | | |
| | 20 | \$3.50 | \$2.50 | \$2.50 | \$6.00 | \$8.50 | Year 3 |
| | 25 | \$3.50 | \$2.75 | \$2.75 | \$6.25 | \$9.00 | Year 3 |
| | 40 | \$3.50 | \$3.00 | \$3.00 | \$6.50 | \$9.50 | Year 3 |
| | Outer Basin | \$2.50 | \$0.88 | \$0.87 | \$3.38 | \$4.25 | Year 3 |
| | Inner Wall | \$2.50 | \$0.88 | \$0.87 | \$3.38 | \$4.25 | Year 3 |

| Live Aboard | Slip Length | Old Slip Fee (\$/ft/mo) | Fee Inc/(Dcr) | | New Slip Fee \$/ft/mo | | New Fixed Fee \$ Per Month | | Implement Larger of Boat or Slip Length |
|------------------|-------------|-------------------------|---------------|----------|-----------------------|--------|----------------------------|----------|---|
| | | | Year 1 | Year 2 | Year 1 | Year 2 | Year 1 | Year 2 | |
| | | | Agat | | | | | | |
| | 25 | \$6.50 | (\$1.50) | \$0.00 | \$5.00 | \$5.00 | \$100.00 | \$100.00 | Year 2 |
| | 40 | \$6.50 | (\$1.00) | \$0.00 | \$5.50 | \$5.50 | \$100.00 | \$100.00 | Year 2 |
| | 60 | \$6.50 | (\$0.50) | \$0.00 | \$6.00 | \$6.00 | \$100.00 | \$100.00 | Year 2 |
| GDP/Agana | | | | | | | | | |
| | 20 | \$6.00 | (\$0.25) | (\$0.25) | \$5.75 | \$5.50 | \$50.00 | \$100.00 | Year 3 |
| | 25 | \$6.00 | \$0.00 | \$0.00 | \$6.00 | \$6.00 | \$50.00 | \$100.00 | Year 3 |
| | 40 | \$6.00 | \$0.25 | \$0.25 | \$6.25 | \$6.50 | \$50.00 | \$100.00 | Year 3 |
| | Outer Basin | \$5.00 | (\$1.00) | (\$1.00) | \$4.00 | \$3.00 | \$50.00 | \$100.00 | Year 3 |
| | Inner Wall | \$5.00 | (\$1.00) | (\$1.00) | \$4.00 | \$3.00 | \$50.00 | \$100.00 | Year 3 |