

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

PAG DOCKET 17-01

PETITION OF )  
PORT AUTHORITY OF GUAM )  
FOR FIVE YEAR TARIFF INCREASE )  
\_\_\_\_\_)

ALJ REPORT



**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the “5 Year Tariff Petition” (hereinafter referred to as the “Rate Petition”), filed by the Jose D. Leon Guerrero Commercial Port (“PAG” or the “Port”) on November 16, 2016.

**BACKGROUND**

On September 12, 2016, PAG published its proposed rates reflecting increases to PAG’s Terminal Tariff.<sup>1</sup> On November 16, 2016, PAG filed its 2016 Rate Petition. Thereafter, the Administrative Law Judge of the PUC (the “ALJ”) transmitted a copy of the Rate Petition to the firm of Slater Nakamura, L.L.C. (“Slater Nakamura”), the PUC’s consultants for matters related to the port authority.

On March 7, 2017, Slater Nakamura provided the ALJ with its report on the rate investigation, which detailed its findings and recommendations. Pursuant to the Ratepayers’ Bill of Rights, duly-noticed public hearings were held in the villages of Hagåtña, Agat, and Dededo, on April 5, 6, and 7, 2017.

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<sup>1</sup> Report of the Tariff Investigation for the Port Authority of Guam (“Slater Nakamura Report”), submitted by Slater Nakamura, L.L.C., p. 1 (Mar. 7, 2017).

## DISCUSSION

### **A. PAG's Rate Petition**

The Rate Petition is based on the testimony submitted by PAG General Manager Joanne M.S. Brown, Felix R. Pangelinan, Felixberto A. Duenas, and Simeon S. Delos Santos; and is further based on Resolution No. 2016-05, issued by PAG's Board of Directors. The Rate Petition proposes a 7% general increase on PAG's Terminal Tariff rates, excluding its Crane Surcharge, for years 1 and 2, and a 1% increase for years 3 through 5.<sup>2</sup> PAG submits that the rate increase proposed in the Rate Petition "is vital for the generation of sufficient revenues to cover operating costs of the Port Authority, debt services and capital programs for modernization and sustainability."<sup>3</sup>

Specifically, PAG maintains that "[t]he primary objective is to maintain an economically sustainable tariff that is equitable and reasonable for the port as well as its users, consistent with the quality and level of service provided by the port."<sup>4</sup> The Rate Petition "is part of a long term plan that will allow the Port to keep pace with inflation and fund all necessary Port Modernization Program (PMP) investments, future crane replacements and all other sustainability investments needed to operate self-sufficiently as an efficient and solvent business through the 20-year planning horizon."<sup>5</sup>

#### **1. PAG's Written Testimony in Support of the Rate Petition**

Joanne M.S. Brown, PAG's General Manager, testified that "[t]he goal of the tariff adjustment is to ensure that sufficient revenues are available to support the ongoing PMP

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<sup>2</sup> Rate Petition, p. 1.

<sup>3</sup> Rate Petition, p. 1.

<sup>4</sup> Rate Petition, p. 1.

<sup>5</sup> Rate Petition, p. 1.

investments (gantry cranes, yard equipment, TOS, GOS, SLE for wharfs)” as well as “[i]nstitute structured maintenance programs”; replace aging facilities; implement salary and wage increases; retain buying power; and address depreciation of existing assets.<sup>6</sup> Ms. Brown further testified that the tariff adjustment will allow the Port to be “able to keep up with near-term modernization goals” as well as “begin the process of addressing additional infrastructure maintenance and improvements.”<sup>7</sup>

Ms. Brown added that PAG was awarded \$10 million grant from the U.S. Department of Transportation, which PAG intends to utilize as funding for rehabilitation of its Hotel Wharf.<sup>8</sup> However, based on this testimony, PAG will need an additional \$10 million in funding, by way of bond issues, in order to fully fund such rehabilitation.<sup>9</sup>

Felix R. Pangelinan, PAG’s Deputy General Manager of Operations, testified that “[t]here are critical facilities at the Port Authority that are in dire need of repair. The most immediate area of concern is H wharf [needing] to be upgraded to provide for operational efficiencies.”<sup>10</sup> Mr. Pangelinan added that “[t]he revenue generated from this 5 year tariff increase will help fund the port’s priority projects . . . and our debt service to the port’s current loans and future bond financing . . . .”<sup>11</sup>

Felixberto Alfred Duenas, PAG’s Deputy General Manager of Administration and Finance, testified that another goal of the rate plan “is to ensure that sufficient revenues are

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<sup>6</sup> Petition, Tab 2 (“Direct Testimony of Joanne M.S. Brown”), p. 3 (Nov. 16, 2016).

<sup>7</sup> Direct Testimony of Joanne M.S. Brown, p. 3.

<sup>8</sup> Direct Testimony of Joanne M.S. Brown, p. 3.

<sup>9</sup> Direct Testimony of Joanne M.S. Brown, p. 3.

<sup>10</sup> Petition, Tab 3 (“Direct Testimony of Felix R. Pangelinan”), p. 3 (Nov. 16, 2016).

<sup>11</sup> Direct Testimony of Felix R. Pangelinan, p. 3.

available to support a Bond indenture to include cash reserve requirements and debt service[ ] to sustain capital improvement[ ] projects[s] and salary structure.”<sup>12</sup>

Simeon S. Delos Santos, PAG’s Engineer Manager, testified that the “essential components” underlying the rate increases are the following: to finance the capital project outlined in PAG’s 2013 Master Plan Update; to satisfy debt service requirements; and for the Port to be “financially self sufficient.”<sup>13</sup>

**2. PAG’s Board Resolution Approving Rate Petition**

Resolution No. 2016-05, issued by PAG’s Board of Directors, found that, based on a financial analysis conducted by PAG’s Owner’s Agent/Engineer, “there should now be annual adjustments in the Port’s Terminal Tariff over the next five years in the amount of 7% for years 1 and 2, and a 1% increase for the years 3 through 5, followed by increases to subsequent years at the rate of 3.95% . . . .”<sup>14</sup> The Board further authorized PAG to petition the PUC for approval of the multi-year rate plan, which is the subject of these proceedings.<sup>15</sup>

**B. Rate Investigation by Slater Nakamura**

**1. Just and Reasonable**

Based on its investigation, Slater Nakamura found that PAG’s request is based on the need to “support operational costs, upgrade facilities and modernize its operating systems and equipment in order to meet projected demand for cargo throughput.”<sup>16</sup> Slater Nakamura noted that “[t]he approval of the Legislature of the 2007 Port Master Plan ratified a \$261 million

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<sup>12</sup> Petition, Tab 3 (“Direct Testimony of Felixberto Alfred Duenas”), p. 3 (Nov. 16, 2016).

<sup>13</sup> Petition, Tab 5 (“Direct Testimony of Simeon S. Delos Santos”), p. 2 (Nov. 16, 2016).

<sup>14</sup> Resolution No. 2016-05, p. 1 (Sept. 7, 2016).

<sup>15</sup> Resolution No. 2016-05, p. 1 (Sept. 7, 2016).

<sup>16</sup> Slater Nakamura Report, p. 8.

capital development plan needed to properly modernize and expand existing facilities to meet both near-term and long-term cargo demands.”<sup>17</sup>

The rate plan will support PAG’s continued payment on debt service on existing loans of about \$2.2 million per year, which include acquisition of cargo handling equipment, wharf repairs, acquisition of the Port of Los Angeles cranes, and top lifters.<sup>18</sup> From 2017 through 2021, PAG also plans to implement capital projects that total \$57.7 million, which include a gate operating system, replacement of PAG’s Administration Building, Hotel Wharf, and waterline.<sup>19</sup> PAG further intends on replacing Crane 3.<sup>20</sup>

For this investigation, Slater Nakamura examined the Rate Petition, PAG’s Master Plan Update 2013 Report, financial forecasts submitted by PAG, maintenance plans, along with other data.<sup>21</sup> Based on its review, Slater Nakamura determined that PAG’s request is “just and reasonable.”<sup>22</sup>

a. **Consumer Price Index**

Based on its analysis, Slater Nakamura determined that the proposed tariff increases were consistent with the Consumer Price Index, finding that the increases in the tariff had a “marginal impact on consumer prices.”<sup>23</sup> In fact, based on PAG’s data, the rate increase would result in the following for the first year.

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<sup>17</sup> Slater Nakamura Report, p. 8.

<sup>18</sup> Slater Nakamura Report, p. 5.

<sup>19</sup> Slater Nakamura Report, p. 5.

<sup>20</sup> Slater Nakamura Report, p. 5.

<sup>21</sup> Slater Nakamura Report, p. 5.

<sup>22</sup> Slater Nakamura Report, p. 2.

<sup>23</sup> Slater Nakamura Report, p. 11.

Figure 2: 2015 PAG Analysis of Proposed Tariff Impact on Consumer Prices<sup>3</sup>

Item	Canned beverage	Canned Spam	Lettuce head	Rice – 20 lbs. bag	Lumber (2 x 4x 8)
Increase in Cost of Container	\$29.19	\$29.19	\$37.69	\$29.19	\$29.19
Increase in unit cost	\$0.0006	\$0.0006	\$0.0016	\$0.0128	\$0.0082

**b. Comparable Port**

Slater Nakamura’s analysis also included a comparison of Hawaii’s rate increases against the Port’s increases. Slater Nakamura indicated that Hawaii has increased its rates by over 80% within 2010 and 2016, and will continue to increase its rates yearly by 3%. Slater Nakamura found that given the adjustments implemented by Hawaii “are significantly higher than those proposed by PAG,” they conclude that the proposed multi-year rate plan is “just and reasonable.”<sup>24</sup>

**c. Financial Need**

Slater Nakamura further examined whether the multi-year rate plan will be sufficient to cover PAG’s operating costs, capital investments, and debt service. Looking at revenue from cargo, Slater Nakamura determined that “[t]he projected growth rates and baseline volumes for cargo throughput are extremely conservative and therefore the revenue projections developed from those projections are also conservative and achievable.”<sup>25</sup>

<sup>24</sup> Slater Nakamura Report, p. 13.

<sup>25</sup> Slater Nakamura Report, p. 17.

Slater Nakamura’s analysis additionally examined whether the projected cash flow will be sufficient to support operating costs plus \$47 million in new bonded debt. Based on its examination, Slater Nakamura found that “there would be sufficient cash flow to support operating and non-operating (includes debt service on existing and new debt) expenses, and funding of the CIP.”<sup>26</sup> Slater Nakamura also found that PAG would have sufficient cash flow to replace Crane 3 in 2018, which replacement would be funded by the sinking fund, as well as revenues and proceeds from bonded debt.<sup>27</sup> The consultants, however, note that PAG should provide the PUC with a detailed timeline for any debt issuance, as well as provide the PUC with progress reports regarding the status and efforts for such issuance.<sup>28</sup>

## 2. Findings

Based on its investigation, Slater Nakamura made the following findings: that the requested tariff increases are “just and reasonable” inasmuch as they “have minimal impact on the market basket of the average Guam consumer”; and that the increases are significantly less than the increases approved for the benchmark port, namely Hawaii—and so the request consistent.<sup>29</sup> In addition, Slater Nakamura further found that the tariff increases will allow PAG “to operate in a manner where its current and future obligations can be met.”<sup>30</sup>

The consultants also found that PAG continues to defer maintenance on critical equipment and infrastructure; and that Crane 3 must be replaced earlier than anticipated due to

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<sup>26</sup> Slater Nakamura Report, p. 18.

<sup>27</sup> Slater Nakamura Report, p. 18.

<sup>28</sup> Slater Nakamura Report, p. 19.

<sup>29</sup> Slater Nakamura Report, p. 23.

<sup>30</sup> Slater Nakamura Report, p. 23.

such deferred maintenance.<sup>31</sup> Lastly, while Slater Nakamura found that PAG will be able to sustain operations and service existing and planned debt, the following would impact cash flow: (a) the Guam CPI exceeds 4% per annum; (b) cargo throughput exceeds or falls short of the current projected growth rate with more than a 5% variance; (c) PAG loses its appeal of an arbitration \$15 million award; and (d) the cranes require replacement 2 or more years sooner than currently planned.<sup>32</sup>

### 3. Recommendations

Based on its investigation, Slater Nakamura made the following recommendations: that the PUC approve the rate plan as petitioned by PAG; and that PAG provide the PUC with a detailed timeline for debt issuance, as well as provide the PUC with semi-annual reports to the Commission.<sup>33</sup> In addition, Slater Nakamura further recommended that the PUC reserve the right to request that PAG return to the Commission for possible revisions to the rate increases in the event of the following: Guam's CPI exceeds 4% per annum; the cargo throughput either exceeds or falls short of the projected growth rate by 5%; PAG loses an appeal against Guam YTK Corporation and is required to pay a \$15 million arbitration award; and any time the physical condition of PAG's cranes require replacement two (2) years sooner than presently planned.<sup>34</sup>

#### C. Public Testimony

At the public hearing held in Hagåtña on April 5, 2017, several members of PAG management testified in support of the multi-year rate plan. In addition, Catherine Castro,

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<sup>31</sup> Slater Nakamura Report, p. 23.

<sup>32</sup> Slater Nakamura Report, p. 23.

<sup>33</sup> Slater Nakamura Report, p. 25.

<sup>34</sup> Slater Nakamura Report, p. 25.



President of the Guam Chamber of Commerce, testified in opposition of the tariff increases, stating that “the best way for our government to expand revenues is to live within its means and increase our tax base (grow our economy).” Ms. Castro testified that the private sector is faced with an increase in the minimum wage, increased fees due to the TESS law and utility costs, as well as the H2-B crisis that has impacted the cost of construction.

Ms. Castro further testified that for families “living from paycheck to paycheck, a \$400 monthly grocery budget could be impacted by \$28, which essentially could result in whether or not a family can afford to purchase baby formula or some other necessity.” A copy of Ms. Castro’s testimony is attached hereto as “Exhibit A.”

At the public hearing held in the village of Agat on April 6, 2017, Mr. Frank Lujan questioned what the rate increases would fund. Again, PAG management testified in support of the multi-year rate plan, as well as offered testimony indicating how the rate increases would be utilized.

At the public hearing held in the village of Dededo on April 7, 2017, again, PAG management testified in support of the multi-year rate plan, as well as offered testimony indicating how the rate increases would be utilized. Mr. Thomas Hertslet, Mr. Hermie Queja from Micronesian Brokers, and Mr. Noli Cadag from J&G, were present at the hearing and also offered testimony.

Mr. Queja stated that he strongly opposed the rate increases, and that he concurs with the testimony submitted by the Guam Chamber of Commerce. He indicated that PAG should reconsider its five year rate plan, consider looking at ways to reduce its expenses, and live within its means. Mr. Cadag testified stated that “all these increases will drive prices up” and it will be the public who will have to bear these added costs. Mr. Hertslet testified that PAG could

lease more of its property, that PAG should streamline its disposal methods, as land that can be used for other purposes are being used to house “rotting” equipment. A copy of Mr. Hertslet’s testimony is attached hereto as “Exhibit B.”

On April 19, 2017, Dan Del Priore, from GFT, submitted a letter inquiring as to the ownership, or future ownership of Hotel Wharf. A copy of Mr. Del Priore’s April 19, 2017 letter is attached hereto as “Exhibit C.”

### **CONCLUSION AND RECOMMENDATION**

The ALJ hereby makes the following findings based on: the Rate Petition and supporting documents; Resolution No. 2016-05 issued by PAG’s Board of Directors approving the proposed terminal tariff rate increases; the written testimony from PAG management; the April 5, 2017, April 6, 2017, and April 7, 2017 public hearings; and the March 7, 2017 Report submitted by Slater Nakamura related to the instant rate investigation. The ALJ further adopts the findings contained in that Report.

#### **A. Operating Costs, Capital Investments, and Debt Service**

The ALJ finds that PAG’s request of a 7% general increase on PAG’s Terminal Tariff rates, excluding its Crane Surcharge, for years 1 and 2, and a 1% increase for years 3 through 5, is reasonable, prudent, and necessary in order to generate “sufficient revenues to cover operating costs of the Port Authority, debt services and capital programs for modernization and sustainability.”<sup>35</sup> The rate plan will support PAG’s continued payment on debt service on existing loans of about \$2.2 million per year, which include acquisition of cargo handling equipment, wharf repairs, acquisition of the Port of Los Angeles cranes, and top lifters,<sup>36</sup> as well

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<sup>35</sup> Rate Petition, p. 1.

<sup>36</sup> Slater Nakamura Report, p. 5.

as allow PAG to implement capital projects that total \$57.7 million, which include a gate operating system, replacement of PAG's Administration Building, Hotel Wharf, and waterline.<sup>37</sup> PAG further intends on replacing Crane 3.<sup>38</sup> The ALJ, therefore, finds that the tariff increases will help PAG "move forward and focus on facility improvement and long term sustainability."<sup>39</sup>

**B. Just and Reasonable Rates**

Section 12116 of Title 12 of the Guam Code Annotated provides that: "[a]ll rates, charges, assessments, and costs made or charged by any public utility shall be just and reasonable and in conformance with public law, and shall be filed with the Commission; and no rate, charge or assessment cost shall be established, abandoned, modified, departed from or changed without a public hearing and the prior approval of the Commission."<sup>40</sup> Additionally, Section 12118 of the same Title provides that: "[t]he term just and reasonable as used in this Article is defined as that rate, charge or assessment cost which enables the public utility to repay its debts, finance its obligations, finance its capital improvement needs and cover all its operating expenses."<sup>41</sup>

Based on the standard articulated above, the ALJ finds that PAG's tariff rate increases are "just" and "reasonable" because such adjustments are necessary in order to enable PAG to "repay its debts, finance its obligations, finance its capital improvement needs and cover

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<sup>37</sup> Slater Nakamura Report, p. 5.

<sup>38</sup> Slater Nakamura Report, p. 5.

<sup>39</sup> Direct Testimony of Simeon S. Delos Santos, p. 2.

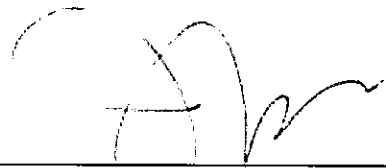
<sup>40</sup> 12 G.C.A. §12116(a).

<sup>41</sup> 12 G.C.A. §12118.

all its operating expenses,”<sup>42</sup> as well as for all the reasons stated in the Slater Nakamura Report, which are incorporated hereto by reference.

Accordingly, the ALJ hereby recommends that the PUC approve the proposed increases to PAG’s Terminal Tariff rates, as petitioned by PAG, and which are indicated in “Appendix B” of the Slater Nakamura Report, titled “Recommended PAG Tariff Rate Table.”

Respectfully submitted this 26<sup>th</sup> day of April, 2017.



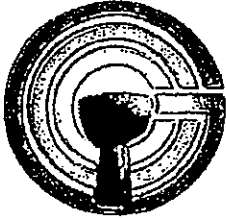
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**JOEPHET R. ALCANTARA**  
Administrative Law Judge

P173009.JRA

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<sup>42</sup> 12 G.C.A. §12118.



**GUAM CHAMBER OF COMMERCE**  
PARTNERS IN PROGRESS



*April 5, 2017*

**JEFFREY JOHNSON**  
Chairman  
*Guam Public Utilities Commission*  
414 West Soledad Avenue  
Hagåtña, Guam 96910

**RE: Petition of Port Authority of Guam for Five Year Tariff Increase**

Dear Chairman Johnson,

Thank you for the opportunity to express our strong opposition to the Port Authority of Guam's (PAG) petition to the Public Utilities Commission (PUC) seeking its approval of a Five-Year Tariff Increase. The Guam Chamber of Commerce membership generates over \$2 Billion in economic activity or approximately 70% of Guam's Gross Island Product. The organization has a long-standing position against tax increases. We believe that the best way for our government to expand revenues is to live within its means and increase our tax base (grow our economy).

While we sympathize with the Port Authority's concern regarding possible cash shortfalls as it plans its CIP program moving into 2021, the private sector has faced various impediments to growth as well, including 2015's increase in the minimum wage, looming increased fees as a result of the TESS Law and increased utility costs - all have a direct effect on the increase of prices for products and services on Guam. As we contemplate the Port's request today, there is current legislation to increase the minimum wage again this year as well as legislation to create a health insurance premium tax. We are currently in the middle of an H2-B visa crises that has impacted the cost of construction and has dealt a serious blow to services in the medical community and various other service industries on island.

It should be noted that the Port Authority has increased its tariff over the last few years as follows:

- 2015: PUC approved a 7% tariff increase
- 2014: PUC approved a 5.65% increase
- 2013: Implementation of \$125 crane surcharge

How have the Port coffers been impacted by these increased fees?

We suggest that the Port Authority reconsider its request and review its internal operations to find ways to reduce expenses and live within its means. As much as we would like to support the Port Authority in its capital improvement goals as the private sector would benefit from the end result, we suggest that the Port re-evaluate its current 5-year plan for a more realistic one that is based on what it can bear financially. Perhaps it means taking a little longer to meet its CIP goals. As a government entity, the PAG may also wish to seek more aggressive support of the administration and the Guam Legislature for additional funds or available federal grants before pursuing this new 5-year tariff increase.

A 7% increase may not seem significant to some, but for families living from paycheck to paycheck, a \$400 monthly grocery budget could be impacted by \$28, which essentially could result in whether or not

## **EXHIBIT A**

173 Aspinall Avenue • Suite 101, Ada Plaza Center, Hagåtña • P.O. Box 283, Hagåtña, GU 96932  
Tel: (671) 472-6311/8001 • Fax: (671) 472-6202 • Website: [www.GuamChamber.com.gu](http://www.GuamChamber.com.gu) • E-mail: [info@GuamChamber.com.gu](mailto:info@GuamChamber.com.gu)

*Letter to PUC re: Petition of Port Authority of Guam for Five Year Tariff Increase*

*April 5, 2017*

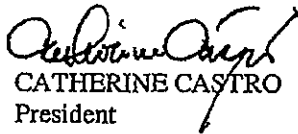
*Page 2*

a family can afford to purchase baby formula or some other necessity for the month. For a business bringing in goods, this 7% increase could be in the thousands of dollars, and could spread across the board from various consumable goods, to lumber and cement, to non-perishable items.

In closing, the Guam Chamber of Commerce opposes this recent petition by the Port Authority to the Public Utilities Commission (PUC) for a 5-year tariff increase. We urge the Commission to seriously consider the ramifications this potential increase will have on the people of Guam. Our organization is open to discussing this issue with the PAG, but we seek the support by the PUC in opposing this request.

Thank you for the opportunity to submit our concerns on this issue.

Sincerely,

  
CATHERINE CASTRO  
President

# THOMAS J. HERTSLET

PO BOX 8839 TAMUNING GUAM 96931  
Phone: 1 671 734 4205 • E-Mail: tjh16443@live.com

Date: April 7, 2017



Mr. Jeffrey Johnson  
Chairman  
Guam Public Utilities Commission  
414 West Soledad Ave.  
Hagatna GU 96910

## Testimony at PUC on PAG proposed Five Year Tariff Increase

While PAG has done a lot of improvements, the requested tariff increase is not truly warranted.

As a private citizen and tax payer of Guam, I feel the following must be accomplished first:

1. A definite explanation by PAG Board and management of how they want to finance the more than likely to be paid arbitration amount of \$14 Million ( YTK issue ) . This should not be settled through possible monetary gains via an approved tariff increase.
2. PAG must show more concern towards the people of Guam. 95% of all goods are imported through the PAG. In the 2007 PAG expansion project Parson's also had included an area for container inspection and partial devanning. The inspection area would be for Customs and Quarantine as well for Department of Agricultures' Invasive Species Section. The port has unused land and an area of not more than a 100,000 sqft should available in a location prior to TESS weigh-in point. PAG the lessor will have an agreement with Customs & Quarantine and Department of Agriculture (CQAG), who are the lessees. CQAG will finance the facility and establish a user fee.
3. PAG must streamline its equipment disposal timeline. August 19, 2011 DOA's Financial Management certified with report # 11-0009 that RTG Foxtrot and Echo are recommended for disposal. As of today's date both RTGs are still occupying space, which could be used for a better purpose. Soon it will be eight (8) years that this equipment is rotting away.
4. Wharfage: Wharfage is generally used in the shipping industry as a reserve fund for major site improvements and / or vital equipment purchases. However PAG uses it in it's accounting and reporting practices as operating income. Therefore, it is not showing a true picture of its operational self-sufficiency. This practice must be stopped, should you be inclined to approve PAG's tariff increase

## EXHIBIT B

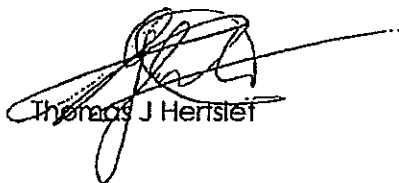
Mr. Chairman, I would like to point out that cost of living will certainly increase when TESS becomes active. When the seven month trial and fact gathering period ends, import cost of goods will certainly rise either through fines for excessive weight or container load reduction, which will require vendors to ship additional containers. For example: An importer brings in five (5) 40 FT containers each loaded up to 100,000 lbs when only 80,000 lbs are permitted, will have to ship now six (6) 40 ft containers. Shipment cost of a 40 FT container is between \$ 6,000. to \$ 10,000 depending on the contents. Also, this does not include hauling and insurance.

Additionally, the importers are already being charged \$.75 per 1,000 Lb. for Invasive Species Fund ( P.L. 31-43 )

I am urging you to keep the pocket book of the individual resident and taxpayer in mind by deferring PAG's tariff increase request. However should you decide to grant the increase please stipulate that aforementioned four (4) points are a condition of the rate increase approval.

May I thank you for having heard my concerns to keep our lovely Island economically viable.

Senseramente



Thomas J Hertstef





GFT, AFT Local 1581  
Together We Win!

Sanjay Sharma, President    Timothy Fedenko, Vice President  
Corazon Mucho, Secretary    James Lujan, Treasurer

19 April 2017

To: Attorney J. Alcantara  
PUC ALJ  
Suite 801 DNA Bldg.

Re, PAG Tariff Hearing

Via Hand Delivery

Dear Attorney Alcantara:

I attended the recent Public Hearing you held at the GCIC Building regarding the PAG Tariff Increase Request. I noted in the testimony from the PAG Management that emphasis was made that an important aspect justifying the need for the Tariff increase now, was to provide funding for what was called "Hotel Wharf".

I subsequently, after the Hearing, inquired of the Guam Chamber of Commerce Representative as to whether or not that was the Wharf involved in the ongoing Arbitration/Litigation Proceedings/controversy, as to PAG and a private corporation, but she did not know.

I wanted to suggest that as the ALJ for PUC it would perhaps be appropriate for inquiry to be made as to what is going to happen regarding this Hotel Wharf if indeed this is the Wharf involved in the ongoing controversy? Because, if it is this Wharf, then maybe PAG would not need so much of a Tariff increase if indeed this Hotel Wharf is not going to be coming back to PAG's use and control for sometime ?

Respectfully,

*Dan Del Priore*  
Dan Del Priore  
GFT Field Rep.

THOMPSON THOMPSON  
& ALCANTARA, P.C.

APR 20 2017

**EXHIBIT C**

TIME: 10:15 am  
RECD BY: [Signature]