

BEFORE THE PUBLIC UTILITIES COMMISSION

PETITION OF JOSE D. LEON)	PAG DOCKET 18-02
GUERRERO COMMERCIAL PORT)	ALJ REPORT RE: ANNUAL
FOR RATE RELIEF)	TRUE UP FOR FY2017
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INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the PUC’s April 27, 2017 Order issued in PAG Docket 17-01 (the “Rate Decision”). Pursuant to the Rate Decision, Jose D. Leon Guerrero Commercial Port (“PAG” or the “Port”) is required to provide the PUC with certain updated information annually, specifically its annual “true up” report.

BACKGROUND

On October 31, 2017, PAG submitted its annual “true up” report (hereinafter referred to as the “Annual True Up” or “FY2017 True Up”). Pursuant to the Rate Decision, the PUC has authorized a rate increase of seven percent (7%) for the remainder of fiscal year 2018, beginning January 1, 2018.

DISCUSSION

A. Five Year Rate Plan and Rate Decision

In PAG Docket 17-01, the PUC approved a seven percent (7%) increase in PAG’s tariff rates effective June 1, 2017, as well as another seven percent (7%) increase on January 1, 2018. PAG was ordered by the Commission to submit actual data for FY2017 concerning its: (1) revenue and net income; (2) operating expenses; (3) debt service and capital costs; (4) any operating reserves; and (5) throughput cargo. In its submission, PAG

indicated that “[t]he approved 5 year tariff adjustment . . . was determined by revenue requirements of the Port considering projected operating and capital costs and debt service required”;¹ and that “[t]he five (5) years of tariff increase 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.”²

B. True Up Review

1. Revenue and Net Income

As indicated in PAG’s submission, PAG’s operating revenue for FY2017 was \$41,793,175, and \$9,080,195 in non-operating revenue, totaling \$50,873,370.00 in revenues. This total revenue was just \$1.5 million shy from the total revenue for FY2016. PAG further reported a \$5,945,514 in net income.

2. Operating Expenses

PAG indicated that its operating expenses for FY2017 totaled \$40,818,084. The bulk of its expenses were for salaries and wages, which totaled \$18,515,302.

3. Debt Service and Capital Costs

According to PAG, it currently has four (4) basic loan obligations. PAG has a \$3.5 million loan with ANZ, which PAG paid \$30,048.76 per month, totaling \$360,585.12 in FY2017. This loan allowed PAG to purchase ten (10) tractors and four (4) toplifters.

¹ FY2017 True Up, p. 1.

² FY2017 True Up, p. 1.

PAG's other loan with ANZ, for its purchase of the Port of Los Angeles cranes, which PAG paid \$101,426.79 per month, totaled \$1,217,121.48 for FY2017.

Next, PAG also has Service Life Extension ("SLE") loans from Bank of Guam, which helped fund PAG's Marine SLE project, purchased toplifters and PAG's Terminal Operating System. One SLE loan cost PAG \$73,530.00 per month, for a total of \$735,300.00 for FY2017; while the other SLE loan cost PAG \$27,000.00 per month, for a total of \$324,000.00 for FY2017.

Lastly, PAG has a \$2 million USDA Direct Loan, which PAG paid \$27,000.00 per month, for a total of \$324,000.00 for FY2017. This loan was used to purchase tractors, a street sweeper, and four (4) 5-ton forklifts, among other equipment.

4. Operating Reserves

According to PAG, it had about \$17 million in operating reserves for FY2017.

5. Throughput Cargo Volume

With respect to its volume of cargo, PAG submits that the Port handled a total of 96,055 containers during FY2017, which was 7,097 containers less than FY2016. However, the record is clear in PAG Docket 17-01 that the total number of containers handled in 2016 was unusually high and anomalous, and that the number of containers handled in 2015 appeared more on trend.³ In FY2015, PAG handled 90,762 containers. With respect to breakbulk, the Port handled a total of 170,408 revenue tons of breakbulk in FY2017.

³ Report of Tariff Investigation for the Port Authority of Guam, submitted by Slater Nakamura, L.L.C., pp. 15-16 (Mar. 7, 2017).

CONCLUSION AND RECOMMENDATION

Based on PAG's submission, the ALJ finds that PAG has duly filed the appropriate documentation required by the PUC's Rate Decision issued in PAG Docket 17-01. Further, based on the information provided by PAG, there appears to be no need to deviate from the multi-year rate plan already approved by the Commission. The ALJ hereby recommends that the PUC approve PAG's implementation of the seven percent (7%) rate increase for the remainder of FY2018. A proposed Order is submitted herewith for the Commissioners' consideration.

Respectfully submitted this 29th day of January, 2018.



JOEPHET R. ALCANTARA
Administrative Law Judge

P183001.JRA

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PETITION OF JOSE D. LEON)	PAG DOCKET 18-02
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INTRODUCTION

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On January 29, 2018, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

On October 31, 2017, PAG submitted its annual “true up” report (hereinafter referred to as the “Annual True Up” or “FY2017 True Up”). Pursuant to the Rate Decision, the PUC has authorized a rate increase of seven percent (7%) for the remainder of fiscal year 2018, beginning January 1, 2018.

A. Five Year Rate Plan and Rate Decision

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revenue and net income; (2) operating expenses; (3) debt service and capital costs; (4) any operating reserves; and (5) throughput cargo. In its submission, PAG indicated that “[t]he approved 5 year tariff adjustment . . . was determined by revenue requirements of the Port considering projected operating and capital costs and debt service required”;¹ and that “[t]he five (5) years of tariff increase 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.”²

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CONCLUSION

Based on PAG's submission, the ALJ found that PAG has duly filed the appropriate documentation required by the PUC's Rate Decision issued in PAG Docket 17-01. Further, based on the information provided by PAG, the ALJ further found that there appears to be no need to deviate from the multi-year rate plan already approved by the Commission. Accordingly, based on the record before the Commission, and for the reasons set forth therein, the ALJ recommended that the PUC approve PAG's implementation of the seven percent (7%) rate increase for the remainder of FY2018.

The Commission hereby adopts the findings made in the January 29, 2018 ALJ Report, and therefore, issues the following:

ORDERING PROVISIONS

Upon careful consideration of the record herein, 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. That PAG has satisfied the requirements concerning its Annual True Up set forth in the Rate Decision issued in PAG Docket 17-01, and therefore, the PUC hereby APPROVES PAG's implementation of the seven percent (7%) rate increase for the remainder of FY2018.

2. PAG is 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 matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 30th day of January, 2018.

JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner

JOSEPH M. MCDONALD
Commissioner

FILOMENA M. CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

ANDREW L. NIVEN
Commissioner

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