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PORT AUTHORITY OF GUAM

News Release

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FOR IMMEDIATE RELEASE

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PORT BOARD APPROVES 11 TARIFF POLICY MEMORANDUMS

The Port Authority of Guam Board of Directors today unanimously approved 11 Tariff Policy Memorandums, tightening up the Port's existing tariff so it can better capture revenues. None of the policy changes increase any of the charges in the Port's existing tariff, and in fact reduces some of those charges.

The first policy change will rescind the so-called 50 percent rule that allows carriers to qualify for the lower chassis container rate for all of their containers, if they can provide half the number of chassis as the total number of containers offloaded. The Port's original tariff contains separate chassis and grounded rates for containers: The grounded rate is \$70 more than the chassis rate. After the adoption of the tariff in 1993, the 50 percent rule was adopted to provide an additional incentive to carriers. It is estimated that this policy has caused the Port to lose out on \$3 to \$4 million in revenue a year. This change is not expected to impact the community since the two major carriers already charge their customers for the full grounded rate, although the Port has only charged the carriers the lower chassis rate.

Another policy change will eliminate the Matchback Policy. This policy allows carriers to store the empty containers for free in the Port compound if the Port fails to meet specified productivity quotas. This practice has led to millions of dollars in disputed billings. The new policy will charge a flat rate of \$3.50 per day for all empty containers left in the yard. This charge is reduced from the \$7 allowed for in the existing tariff.

Other policies will maintain existing discounts and practices including volume discounts for transshipment containers, discounted flat rates for fishing boats, discounted rates for heavy lift equipment and discounted rates for auto devanning services.

Another policy will require that all disputed bills be submitted for arbitration and that disputed bills will not be entertained until the undisputed portion of the bill is paid in full. The final policy will establish timeframes for abandoned cargo to be auctioned by the Port to recoup storage costs.

The Policy members are an interim measure to keep the Port viable until it can adopt its new tariff. The Port tabled the new tariff last month.

The new policies will take effect on May 12, 2002.