

**PORT OF GUAM**


ATURIDAT / PUETTON GUAHAN

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Governor of GuamRay Tenorio
Lieutenant Governor**POLICY MEMORANDUM NO. 2018-GM01**

To: Finance Division EQMR Division	Subject: Crane Surcharge Revenue and Expense Reporting
Effective Date: October 15, 2018	Revision Date:
Approved By:  JOANNE M.S. BROWN, General Manager	

I. MANDATEPAG Docket 12-02, *Amended Order*, Public Utilities Commission.

REF: Petition for Crane Surcharge by Port Authority of Guam.

II. PURPOSE

As stipulated in PAG Docket 12-02, the purpose is to establish General Ledger (GL) revenue and expense accounts that are in direct link to the crane surcharge monies for the Gantry Cranes loan payments, insurance, a sustainable structured maintenance program, a spare parts inventory, and to the crane replacement sinking fund.

The process will consistently determine the charges directly related to the gantry cranes, such as direct labor, repairs and maintenance, supplies, insurance, depreciation, professional services and others, to include other costs associated with various sections under the Equipment Maintenance Division that are directly linked to the crane surcharge revenue. The net result of the Crane Surcharge Revenue and Expense totals, not including depreciation, at the end of the reporting period is the balance used for the reduction of other crane related expenditures such as principal loan payments, crane parts inventory, crane assets, crane CIPs and crane replacement sinking fund.

III. SCOPE

Procedure:

1.0 Setup Revenue and Expense Accounts

Crane Maintenance (BU 411). The following transactions will be recorded under this business unit (BU) account:

- 1.1 Crane surcharge revenue account billed to shipping agents.
 - 1.2 Crane Maintenance Personnel Salary and Benefits
 - 1.3 Gantry cranes' repairs and maintenance.
 - 1.4 Operational Supplies used for gantry cranes
 - 1.5 Insurance expense for gantry cranes
 - 1.6 Depreciation expense for gantry cranes
 - 1.7 Professional services and other miscellaneous expenses intended for gantry cranes cost of maintenance
- 2.0 Cranes Cost Allocation Plan
- 2.1 Preventive Maintenance (BU 412) and Welding (BU 414) sections perform jobs that are directly linked to gantry cranes' repairs and maintenance. To capture these expenses under 411, the allocation process is established through a cost allocation by percentage. The percentages used for each type of expense are according to the recommendation of EQMR Management team based on Job Order information and their expert opinion.
 - 2.2 A contra/clearing overhead account is recommended to be created to allocate an amount from one business unit to another business unit to properly capture direct expenses on the crane maintenance. By creating this account, the transactions from the original business unit expense account does not change but the total expenses of the business units are either increased or decreased accordingly. The contra/clearing object account should be a zero-balance account. The credits in each business units' object account is offset by the debits in the same object account, thus the net result is zero.
 - 2.3 JD Edwards Financial System's Allocation module on Cost Allocations will be used to setup the cost allocation calculation, basis and G/L distribution. Once the setup has been completed, the allocation process will be done on a monthly basis.
 - 2.4 The assigned object account for Overhead Allocation is 8669. Business units' expenses affected by the cranes cost allocation will be booked under this object account. The entries in the overhead allocation account represents an operating expense costs of one business unit that will be allocated or transferred to another business unit where the expense is intended for. The expense from the original department will house the expense credit and the department receiving the cost allocation will house the expense debit.

IV. RESPONSIBLE PARTIES

Equipment Maintenance and Finance divisions' management team will meet every current fiscal year for the purpose of reviewing and analyzing actual data on crane maintenance and making a determination of next year's percentage allocation for each expense category by the departments related to cranes' repairs and maintenance operations.