

BOARD OF DIRECTORS

Dorothy P. Harris, Chairperson

Conchita S.N. Taitano, Vice Chairperson

Fe R. Valencia-Ovalles, Board Secretary

Mark B.C. Mendiola, Board Member



Resolution No. 2025-42

RELATIVE TO ACKNOWLEDGING THE GUAM PUBLIC UTILITIES COMMISSION CONSULTANT'S RECOMMENDATION IN PORT DOCKET 25-03 AND AUTHORIZING MANAGEMENT TO CONDUCT A FULL TARIFF REVIEW WITHIN TWELVE (12) MONTHS.

BE IT RESOLVED BY BOARD OF DIRECTORS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT:

WHEREAS, the Port Authority of Guam ("PAG") operates as Guam's sole commercial seaport and primary gateway for the movement of goods essential to the island's economy, public welfare, and regional and military readiness; and

WHEREAS, pursuant to Public Law 30-52, PAG submitted a tariff petition to the Guam Public Utilities Commission ("PUC") under Port Docket 25-03, requesting approval of targeted tariff adjustments to align labor and equipment charge-out rates with actual operational costs; and

WHEREAS, the PUC's appointed consultant, Aslan Consulting, LLC, conducted an independent investigation of PAG's tariff petition and issued a Final Report of Investigation to the Commission in connection with Port Docket 25-03; and

WHEREAS, the Consultant concluded that PAG's proposed tariff adjustments are "just and reasonable", supported by cost-based analysis, prevailing labor benchmarks, inflationary pressures, and comparative port practices; and

WHEREAS, the Consultant further found that PAG has experienced sustained increases in labor, benefits, equipment maintenance, insurance, utilities, and overhead costs since the last tariff adjustment in 2020, while operating revenues have been pressured by reduced cargo throughput; and

WHEREAS, by Resolution No. 2025-09, adopted on February 26, 2025, the Board of Directors memorialized a structured revenue methodology intended to ensure continued revenue sustainability, including the use of inflationary benchmarks identified in prior Public Utilities Commission proceedings to maintain alignment between tariff rates and the cost of services provided by the Port Authority of Guam; and

WHEREAS, Resolution No. 2025-09 further request the use of Consumer Price Index thresholds as a basis for measured tariff adjustments, consistent with prior Public Utilities Commission guidance, while preserving Commission oversight of the tariff structure; and

WHEREAS, following the adoption of Resolution No. 2025-09 and in connection with Port Docket 25-03, the Guam Public Utilities Commission's consultant advised the Port Authority of Guam that the existing tariff request may be modified to include an annual automatic rate adjustment applicable solely to the labor category costs covered in the original tariff request and to equipment capital maintenance costs, consistent with the Board's previously adopted methodology; and

WHEREAS, the Guam Public Utilities Commission's consultant proposed specific implementing language for such an annual adjustment, recommending that the proposed annual rate increase be the higher of four percent or the increase in the Consumer Price Index for the most recent twelve-month period for the Guam Area, as determined by the United States Department of Commerce, US Department of Labor's Bureau of Labor Statistics, subject to approval by the Commission; and

WHEREAS, the Port Authority of Guam and its Board of Directors note that the revenue pressures described above are evaluated relative to prior assumptions, and that the labor cost increases identified by the PUC Consultant reflect wage, benefit, and contractual cost pressures rather than increases in staffing levels, occurring while overall personnel levels have generally remained consistent and PAG has continued to operate within the monthly allotment established by its trustee following the issuance of the 2018 Revenue Bonds; and

WHEREAS, the Consultant's report confirms that the tariff review triggers previously identified in PUC Docket 17-01 have been met, specifically:

1. The Guam Consumer Price Index (CPI) exceeding four percent (4%) per annum; and
2. Cargo throughput falling below projected levels by more than five percent (5%); and



WHEREAS, actual container throughput has averaged approximately 85,000 containers annually, materially below the forecasted level of approximately 105,000 containers, resulting in revenue shortfalls despite PAG maintaining full operational capacity and a stable workforce; and

WHEREAS, based on higher-than-planned inflation and revenues impacts resulting from reduced cargo throughput, the Consultant recommended that PAG execute a full tariff review within the next twelve (12) months to ensure long-term financial sustainability and appropriate cost-revenue alignment; and

WHEREAS, PAG management and the Board concur with the Consultant's recommendation and recognizes that a comprehensive tariff review is necessary to reassess cost recovery, address structural revenue risks, and support capital reinvestment and maintenance obligations; and

WHEREAS, the Board of Directors further finds that authorizing a full tariff review is consistent with its fiduciary responsibility to ensure the Port's financial stability, operational resilience, and continued ability to serve as Guam's economic and strategic lifeline;


NOW, THEREFORE, BE IT RESOLVED THAT:

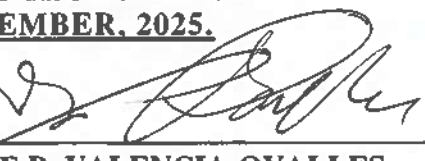
1. The Board of Directors hereby acknowledges and accepts the recommendation of the Guam Public Utilities Commission's Consultant, Aslan Consulting, LLC, as set forth in its Final Report for Port Docket 25-03, specifically the recommendation that the Port Authority of Guam conduct a full tariff review within twelve (12) months.
2. The Board authorizes the General Manager to initiate and execute a comprehensive tariff review within twelve (12) months, inclusive of funding authorization if such are to come from Port funds, consistent with the Consultant's recommendation, to evaluate and, if appropriate, update PAG's tariff structure based on actual costs, inflationary trends, cargo throughput performance, and capital and maintenance requirements.
3. The tariff review shall include, at a minimum:
 - A comprehensive cost-of-service analysis for labor, equipment, and overhead;
 - Review of historical and projected container throughput and revenue sensitivity;
 - Evaluation of tariff simplification measures and automatic adjustment mechanisms; and
 - Stakeholder outreach and coordination consistent with Public Utilities Commission requirements.
4. The General Manager is authorized to engage consultants, coordinate with the Guam Public Utilities Commission, and take all necessary administrative actions to complete the tariff review and, upon completion, present the results and any recommended actions to the Board of Directors for consideration and potential submission to the PUC; and

BE IT FURTHER RESOLVED, that the Board of Directors authorizes the General Manager to incorporate the Guam Public Utilities Commission consultant's proposed annual rate adjustment language into the tariff request in connection with Port Docket 25-03, providing that the proposed annual rate increase shall be the higher of four percent or the increase in the Consumer Price Index for the most recent twelve-month period for the Guam Area, as determined by the United States Department of Commerce, Bureau of Labor Statistics, applicable solely to the labor category costs covered in the original tariff request and to equipment capital maintenance costs, and subject to approval by the Guam Public Utilities Commission.

BE IT FURTHER RESOLVED, the Chairperson certify to, and the Secretary attest to, the adoption of this Resolution, and that copies thereof be transmitted to the Guam Public Utilities Commission and other appropriate oversight entities.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 30th DAY OF DECEMBER, 2025.**


DOROTHY P. HARRIS
Chairperson, Board of Directors
Port Authority of Guam


FE R. VALENCIA-OVALLES
Board Secretary, Board of Directors
Port Authority of Guam

