Núm. 6027
Fecha: 30 SEPTIEMBRE 1999
Aprobado: HON. NORMA BURGOS
Secretaria de Estado
Por: Raquel Mercado Vázquez
Secretario Auxiliar de Servicios

-133 **AUTORIDAD DE LOS PUERTOS**
JUNTA DE DIRECTORES

RESOLUCIÓN NUM. 99-38

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POR CUANTO: La Tarifa M-1-4 adoptada mediante la Resolución Núm. 97-39, establece las tarifas, derechos, cargos y rentas de las facilidades y servicios en los terminales, instalaciones en áreas marítimas y marítimo terrestre para el periodo hasta el 30 de junio de 1999,

POR CUANTO: la Autoridad de los Puertos de Puerto Rico ha revisado todas las tarifas, derechos, cargas y rentas de las facilidades y servicios en los terminales, instalaciones en áreas marítimas y marítimo terrestre para determinar si cumple con los requisitos de la Ley Núm. 125 del 7 de mayo de 1942, según enmendada y para determinar la necesidad de enmendar o extender la misma,

POR CUANTO: de acuerdo a dicha revisión, la Autoridad de los Puertos se propone cambiar las tarifas, derechos y cánones de arrendamiento de las facilidades y servicios en los terminales, instalaciones en áreas marítimas y marítimo terrestre,

POR CUANTO: la Autoridad de los Puertos publicó Avisos Públicos notificando la intención de la Autoridad de los Puertos de enmendar la Resolución Núm. 97-39 y la Tarifa M-1-4 y las tarifas allí establecidas para el periodo del 1ero de julio de 1999 hasta el 30 de junio de 1999. La tarifa revisada estuvo disponible al público en general para su revisión y se invitó al público a someter comentarios por escrito o solicitar vistas públicas sobre los cambios propuestos,

POR CUANTO: el periodo para someter comentarios por escrito o solicitudes para vistas públicas ha expirado y no se recibieron solicitudes adicionales para vistas públicas,

POR LO TANTO, RESUÉLVASE,

1. La Junta determina que los cambios propuestos a la Tarifa M-1-4 están en los mejores intereses de la Autoridad de los Puertos y el Estado Libre Asociado de Puerto Rico.

2. Por lo tanto, la Junta aprueba la Tarifa Núm. M-1-5 y el Informe del Oficial Examinador, Lic. Alberto Ferrer que acompaña esta Resolución, estableciendo la estructura general de tarifas, derechos y otros cargos para el periodo desde noviembre de 1999 hasta el 30 de junio del 2002.

3. En la fecha de efectividad de esta Resolución, todas las resoluciones estableciendo tarifas, derechos, cánones de arrendamientos y otros cargos por el uso de las facilidades y servicios en los terminales, instalaciones en áreas marítimas y marítimo terrestre cesaran de ser efectivas. Nada en esta Resolución afectará, de manera alguna, la efectividad de tarifas, derechos, cánones de arrendamiento, y otros cargos para periodos antes del mes de noviembre de 1999.

4. La Autoridad de los Puertos se reserva el derecho de enmendar las tarifas, derechos, cánones de arrendamiento y otros cargos aquí establecidos, si durante el periodo de efectividad de esta resolución ocurrieran cambios significativos que ameriten enmiendas a dichas tarifas, derechos, cánones de arrendamiento y otros cargos.

5. Esta Resolución estará vigente treinta (30) días después de haberse radicado en el Departamento de Estado.

En San Juan, Puerto Rico, hoy día 24 de Septiembre de 1999

Dr. Sergio González Quevedo
Presidente, Junta de Directores

José E. Veléz Colón
Secretario, Junta de Directores

REPORT AND RECOMMENDATIONS

In the matter of rates, fees, rentals and other charges for the use of space and exercise of privileges at marine terminal facilities of the Puerto Rico Ports Authority, and port services, for the period beginning July 1, 1999 and ending June 30, 2000.

submitted to

The Hon. Board of Directors of the Puerto Rico Ports Authority

and

The Hon. Executive Director of the Puerto Rico Ports Authority

by

Alberto Ferrer - Hearing Officer

September 9, 1999

CHAPTER I

Introductory Information

By means of a public notice published on May 1, 1999 in "El Vocero", a newspaper of general circulation in Puerto Rico, the Ports Authority of Puerto Rico informed the general public that in accordance with the provisions of Act # 170 enacted on August 12, 1988, as amended, and Article 6 of Act # 125, enacted on May 7, 1942, as amended, it intended to extend the period of effectiveness of Tariff M-1-4, and to establish a new rate structure for the use of the facilities and services in the marine area, effective from July 1, 1999 to June 30, 2000. The Notice also informed the public that the pertinent Resolution would be available for public inspection during the period of 30 days following the date of this publication, at the Office of Tariff Affairs, in the Ports Authority's Building at Isla Grande, San Juan. Puerto Rico. The proposed Resolution can be reviewed from Monday to Friday, from 7:30 to 11:30 A.M. and from 12:30 until 4:00 P.M., during working days. Any written commentary or request for an Oral Hearing should be addressed to Mr. Miguel Maldonado, Chief of the Tariff Affairs Office of the Ports Authority, P.O. Box 322829, San Juan, Puerto Rico, or personally at the Ports Authority's Building at Isla Grande,

San Juan, Puerto Rico. (Exhibit 1, supra).

By means of a subsequent Public Notice published in The San Juan Star on May 28, 1999 (Exhibit 2), the general public was informed by the Ports Authority as follows: "PUBLIC HEARING, By means of a notice published on May 1, 1999 in a newspaper of general information, the general public was informed that the Ports Authority of Puerto Rico contemplated revising the structure of rates, fees, rentals and other charges for the use of the facilities and services provided in the marine terminal facilities of the Puerto Rico Ports Authority to be applicable for the period from July 1st 1999 through June 30, 2000, pursuant to powers vested in the Authority by Section 6 of the Puerto Rico Ports Authority Enabling Act No. 125, enacted May 7, 1942, as amended. The general public was also informed that the revised tariffs and rates would be available for comments during the following 30 days at the Office of Mr. Miguel Maldonado, located at the Puerto Rico Ports Authority Building next to the Isla Grande Airport, in San Juan, Puerto Rico. The general public is now further informed that the Board of Directors of the Ports Authority of Puerto Rico has approved and adopted the new tariff M-1-5 pursuant to Resolution 99-09. The new Tariff M-1-5 will become effective 1999-2000."

"The general public is now further informed that a public hearing of an informative, quasi-legislative nature aimed at

receiving testimonies and comments concerning Resolution 99-09, including Tariff M-1-5, will be held commencing at 10.00 a.m. on June 29, 1999 at Pier No. 4 in Old San Juan. This public hearing will be conducted by Alberto Ferrer, Esq., acting as Hearing Officer appointed by the Board of Directors of the Authority. Interested parties who so wish may appear at the Hearing to give oral testimony or may submit written comments in lieu thereof to the Hearing Officer at his postal address, P.O. Box 8513, San Juan, Puerto Rico 00910, during a period of 30 days from the date of publication of this Notice. All related procedures will be in accordance with Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedures Act."

The Resolution approved by the Board of Directors of the Puerto Rico Ports Authority, to which the foregoing Public Notice makes reference, is Resolution # 99-09, approved on April 20th, 1999 (as attested by Certificate issued by Migdalia Santiago Fuentes, Esq., Under Secretary of the Board, dated April 27, 1999, Exhibit # 3, supra).

The title to Resolution # 99-09 (Exhibit 4, supra) reads as follows:

"Resolución para extender el periodo de vigencia de la Resolución de Tarifa Num. M-1-4 y autorizar al Director Ejecutivo a iniciar procedimiento para enmendar y/o establecer la estructura general de tarifas, derechos, cargos y ventas (sic)

durante el periodo comprendido desde el 1ro. de julio de 1999 hasta el 30 de junio del 2000 por el uso de las facilidades y servicios en los terminales, instalaciones en areas marítimas y marítimo-terrestre que son operadas y pertenecen a la Autoridad de los Puertos.

The Preamble to the above-cited Resolution 99-09 literally reads as follows:

"POR CUANTO, la Autoridad de los Puertos (la Autoridad) ha realizado un estudio económico para administrar la Autoridad de manera responsable y fiscalizadora;

POR CUANTO, es necesario un aumento en los cargos, tarifas y rentas por el uso de las facilidades y servicios en los terminales, instalaciones y áreas marítimo-terrestre propiedad de la Autoridad las cuales son administradas por ésta.

POR CUANTO, la Autoridad ha preparado un proyecto para establecer una nueva estructura de tarifas, derechos, cargos y rentas por el uso de las de las facilidades marítimas y marítimo-terrestre, que deberá ser efectiva el 1ro. de julio de 1999 por un periodo que expirará el 30 de junio del 2000.

POR CUANTO, es necesario extender el período de vigencia de la Resolución Tarifaria M-1-4 hasta que entre en vigor la nueva resolución tarifaria.

POR CUANTO, es necesario iniciar un proceso de revisión de la Tarifa M-1-4 conforme a la Ley 170 de Procedimiento

Administrativo Uniforme del 12 de agosto de 1988, según revisada.

POR TANTO, RESUELVASE POR LA JUNTA DE DIRECTORES DE LA AUTORIDAD DE LOS PUERTOS LO SIGUIENTE:

I. Se enmienda la Resolución que establece la Tarifa M-1-4 para extender el período de vigencia de la misma hasta tanto entre en vigor cualquier otra resolución tarifaria.

II. Autorizar al Director Ejecutivo iniciar un proceso de revision de la Tarifa actual M-1-4 conforme a las disposiciones de la Ley Número 170 del 12 de agosto de 1988, según enmendada, y conocida como la Ley de Procedimiento Adminitrativo Uniforme, a ser efectiva durante el periodo correspondiente al 1ro. de julio de 1999 hasta el 30 de junio del 2000.

III. La Autoridad se reserva el derecho de enmendar y extender el término de vigencia de la tarifa, renta y otros cargos establecidos en la Tarifa actual M-1-4 si tal medida es necesaria para proteger los intereses económicos y salud fiscal de la Autoridad de los Puertos."

The Public Hearing scheduled for June 29, 1999 was duly held on that date. (See Chapter II, infra).

CHAPTER II

The June 29, 1999 Public Hearing

The Public Hearing in this proceeding, announced by the Ports Authority by means of Public Notices, was held on schedule, on June 29, 1999. The Ports Authority was represented at the Hearing by Mr. Miguel Maldonado, Chief of the Authority's Office of Tariff Affairs, and by Attorney Francisco Fernández, a Senior Partner in the Law Firm of Fernández, Collins & Rivero-Vergne. The only other person in attendance at the Hearing who asked to be recognized for the purpose of submitting oral remarks was Mr. Fernando Luis Rivera, President of the Puerto Rico Shipping Association.

The Hearing Officer then called the meeting to order and made an opening statement intended to set forth, for the record of the proceedings, the date, time and place of the Hearing and the basic purpose for which it had been called.

Attorney Francisco Fernández was thereupon recognized. He stated that he was appearing on behalf of the Ports Authority and proceeded to submit, for inclusion in the record, several documents, to wit: a copy of the Public Notice published in El Vocero on May 1, 1999 (marked Exhibit 1); a copy of the Public

Notice published in The San Juan Star on May 28, 1999 (marked Exhibit 2); a copy of a Certificate issued by Migdalia Santiago Fuentes, Esq., Under Secretary for the Board of Directors of the Ports Authority, attesting to the approval of Resolution 99-09 (marked Exhibit 3); a copy of Resolution 99-09, approved by the Board of Directors of the Ports Authority on April 20, 1999 (marked Exhibit 4); a study entittled "Puerto Rico Ports Authority, Tariff M-1-5, Rates, Fees and Charges For The Use Of The Public Marine Facilities and Port Services, Effective July 1, 1999 through June 30, 2000" (marked Exhibit 5). All of the foregoing documents were accepted in evidence by the Hearing Officer and were included in the record.

The next person in attendance who asked to be recognized was Mr. Miguel A. Maldonado, representing the Ports Authority in his capacity as Chief of the Office of Tariff Affairs. He testified as follows: "Para efectos del record, mi nombre es Miguel Angel Maldonado Rodríguez, soy el Jefe de Tarifas de la Autoridad de los Puertos. Quiero entregarle una copia de la Posición de la Autoridad en relación a todo lo que hemos trabajado durante este periodo relacionado con las tarifas - en la cual nosotros presentamos un resúmen de todo lo que hemos realizado en conjunto con la Asociación de Navieros. En la misma hacemos mención al intercambio que hemos tenido - de acuerdo con el Informe del Oficial Examinador pasado, donde establecía unas pautas para la negociación de este tipo de tarifa, y a

la vez le indicamos que entre la Asociación de Navieros y los miembros de la Autoridad de los Puertos queremos solicitarle a usted, más tarde, que nos permita una nueva negociación - unas reuniones posteriores para obtener una tarifa real y en la cual estemos todos de acuerdo. Esto va a ser bueno para la Autoridad porque por primera vez hemos logrado una comunicación excelente - la aportación de la Asociación de Navieros y su Presidente Fernando Luis Rivera, excelente, y el Director Ejecutivo Hector Rivera está muy contento con toda esta negociación hasta el presente."

The document handed in by Mr, Maldonado entitled "Puerto Rico Ports Authority - Statement of Facts", was marked Exhibit 6, and admitted in evidence.

In response to Mr. Maldonado's remarks the Hearing Officer stated the following: " Entiendo señor Maldonado que usted está sugiriendo que se haga una pausa en la vista del día de hoy, que se decrete un receso para permitirle a la Autoridad y a los Navieros reunirse, continuar negociaciones y que luego volviésemos a reunirnos para considerar lo que pudiera acordarse entre ustedes."

Mr. Maldonado agreed, stating that: "Eso es cierto".

The Hearing Officer then stated that he had noticed that Mr. Fernando Luis Rivera was present at the Hearing, and addressing Mr. Rivera asked him if he agreed with Mr. Maldonado's suggestion.

Mr. Rivera was therupon recognized, and he stated the following: "Sí, estoy de acuerdo con las manifestaciones del señor Miguel Maldonado. Hemos negociado de muy buena fe durante los últimos meses. Estamos bien cerca de poder llegar a un acuerdo razonable para ambas partes. Por lo tanto solicito también, lo mismo que el señor Miguel Maldonado, que nos conceda un periodo adicional, que yo entiendo no debe ser mayor de siete días. Yo creo que para la semana que viene, para el jueves de la semana que viene nosotros debemos tener esto ya....y entonces reunirnos con su señoría"

Thereupon the Hearing Officer responded to the suggestion made to him, by ruling as follows:"Me parece que es una sugerencia muy razonable en aras de salvar tiempo y esfuerzo. Quizas entonces no debemos continuar con la Audiencia del día de hoy, para permitir entonces que se lleven a concreción estos acuerdos, en una forma más definitiva y que entonces, siendo yo debidamente informado a los efectos, pueda señalarse una nueva vista pública, y que en esa vista entonces consideremos ya en forma final la Tarifa M-1-5."

Mr. Fernando Luis Rivera was recognized once again, and he declared: "Quiero hacerme eco de las manifestaciones de don Miguel. Yo he estado negociando estas tarifas durante los últimos seis años y por primera vez me siento bien satisfecho de estar bregando con unas personas profesionales y con una visión muy distinta a lo que ha surgido en ocasiones anteriores. Confiamos

que vamos a poder seguir trabajando juntos por el bien de la Autoridad y de los Navieros durante los próximos años."

Thereupon the Hearing Officer granted the recess requested by the parties, and to that effect stated the following: "En vista de lo sugerido vamos entonces a decir que la Audiencia del día de hoy va a ser interrumpida por un receso. No quiero en este momento señalar una nueva fecha para la vista pública porque claramente debe haber cierta flexibilidad en las negociaciones que ustedes van a sostener, pero ya sería el público debidamente informado para la conclusión de la audiencia, y entonces, desde el punto de vista de lo que se ha pedido, que es un receso, lo vamos a decretar en este momento, y damos muchas gracias a los presentes por su comparecencia en el día de hoy."

The Hearing was thus adjourned sine die, pending a new call for the continuation of further proceedings.

CHAPTER III

Analysis of the Ports Authority's Rate Study

As previously indicated (supra p.1) by means of a timely public notice published in the Puerto Rico daily press, the Ports Authority informed the general public that it intended to extend the period of effectiveness of Tariff M-1-4, and to establish a new rate structure for the use of the facilities and services in the marine area, effective from July 1, 1999 to June 30, 2000. By means of a subsequent public notice the general public was informed that the Board of Directors of the Ports Authority of Puerto Rico had approved and adopted a new Tariff, designated Tariff M-1-5, pursuant to Resolution 99-09, and that a Public Hearing of an informative, quasi-legislative nature, aimed at receiving testimonies and comments concerning Resolution 99-09, including Tariff M-1-5, would be held on June 29, 1999, at Pier 4, in Old San Juan, conducted by Alberto Ferrer, Esq., acting as Hearing Officer appointed by the Board of Directors of the Authority.

Resolution 99-09, as approved by the Board of Directors of the Authority, (Exhibit 4) amended Tariff M-1-4 by extending its effectiveness until another rate Resolution is adopted, and also authorized the Executive Director to initiate a process

for the revision of Tariff M-1-4, the revised rates to be applied during the period July 1, 1999 until June 30, 2000.

The aforesaid revision, and the adoption by the Authority of a revised Tariff M-1-4 (which would evolve into Tariff M-1-5) was contingent on the application of a rate-setting methodology consonant with the following basic premise: compliance with the requirements of Article 6(1) of the Ports Authority's Enabling Act, Act # 125, enacted May 7, 1942, as amended.

Therefore, in order to examine and review the rate-setting methodology employed, it needs to be recalled that Paragraph 1 of Subsection 1 of Article 6 of the Ports Authority's Enabling Act (Act # 125, enacted May 7, 1942, as amended, 23 LPRA sec. 336 (1) (1)) provides that the Agency's rate-setting powers shall be exercised subject, in general, to the following norms:

(a) the rates, fees, rents and other charges shall be fair and reasonable, and shall be sufficient, at least, to:

(A) cover the expenses incurred by the Authority for the preservation, development, improvement, extension, repair, conservation and operation of its installations, facilities, properties, and services;

(B) Pay principal and interest on any of the Authority's bonds and to comply with the terms and provisions of the agreements made with, or for the benefit of

the purchasers or holders of said bonds; and

(C) Encourage the use of the Authority's facilities and services in the most ample and varied manner that is financially feasible.

Inasmuch as observance of, and compliance with the preceding norms is a legal requirement imposed by the provisions of the Authority's Enabling Act, a review of the Agency's rate-setting methodology must be initially tied to the presumption that the proposed rates are necessarily in conformity with the legislative mandate. Whether or not this presumption is substantiated by the ingredients of revised tariff M-1-4, namely Tariff M-1-5, is the essential concern on which we need to focus our attention.

Notwithstanding the presumption that the methodology employed is in accord with all of the foregoing basic premises, the Hearing Officer, by reason of the nature of his role as such, is called upon to make an independent general assessment of the economic soundness and legal validity of the new proposed rates.

The Ports Authority has historically applied the "annual break-even need" method for the development of tariffs. This is the method that was adopted, upon the advise of Consultant James P. Buckley, during the 1950's and 1960's, and which in essence has been favored consistently ever since. It is within the context of this historical background that the methodology applied for the setting of the new proposed rates needs to be

examined.

To begin with, it should be noted that Tariff M-1-5 utilizes three "rate bases" to capture maritime rate-recoverable costs from the users of the Authority's maritime facilities and services: (a) Passenger Piers; (b) Cargo Piers; (c) Harbors. The phrase 'rate-base', as applied herein, signifies a group of cost centers whose costs are to be recovered by means of a specific type of rate or fee. Costs attributable to a 'rate base' include operating expenses, allocated overhead, depreciation expenses, interest expenses, and opportunity costs associated with non-depreciable assets. It should also be noted that the legal obligation to recover costs imposed on the Authority by Article 6 of its Enabling Act has been historically interpreted to include an allocation of the expenses corresponding to the Central Office, the Maritime Department, Administration, and charges for non-depreciable specific use and general purpose facilities. This interpretation is in accord with discretionary guideline 2(C), included in Article 6(1) of the Authority's Enabling Act. While at first blush these discretionary guidelines could seem to apply only to rate making procedures for the Authority's airports, the fact of the matter is that, to the extent that they are deemed relevant, they have been consistently understood to apply, and have been formally adjudicated to apply, to other rate making procedures conducted by the Ports Authority (see Hearing Officer's Report dated

September 11, 1996).

The Ports Authority's rate study points out that the three maritime rate bases previously identified (i.e. Passenger Piers, Cargo Piers, and Harbors) capture both direct and allocated costs. Allocated costs in this context are defined as those costs that are not directly incurred by the rate bases, but are nonetheless necessary in operating and maintaining the facilities covered by the rate base.These allocated costs include overhead, depreciation, bond interest, and opportunity costs of non-depreciable assets that are allowed to be recovered through rates and fees; specifically rate based pier areas.

The costs associated with each 'rate base' are recovered through revenues derived from four types of maritime fees, namely: (a) Passenger Fees; (b) Dockage Fees; (c) Wharfage Fees; (d) Port Service Fees. In turn, the foregoing fees are directed to the recovery of costs from specific 'rate bases', as follows:

(a) Passenger Fees - These are set to recover 80% of total allowable Passenger Pier costs.

(b) Dockage Fees - These are set to recover 20% of total allowable Cargo Pier costs, as well as 20% of total allowable Passenger Pier costs.

(c) Wharfage Fees - These are set to recover 80% of total allowable Cargo Pier costs.

(d) Port Service Fees - These are set to recover all allowable Harbor costs.

A. Summary of Total Costs Projected For Each Cost Center

(a) Passenger Piers

The Passenger Piers rate base includes the cost centers for Piers 1 through 6 at the Old San Juan waterfront. The Ports Authority's rate study indicates that 80% of the net break-even need for Passenger Piers (total costs to recover) amount to

$13,390,000

(b) Dockage Fees

Dockage fees represent a charge per gross registered ton for each 24 hours or fraction thereof during which the ship is at the dock. Dockage fees for cargo and passenger ships are calculated separately based on separate costs and volumes, so as to avoid cross-subsidization of fees. The Ports Authority's rate study indicates that 20% of the break-even need for Passenger Piers (total costs to recover by means of Dockage Fees)) amounts to

$2,758,040

The rate study also indicates that 20% of the break even need for Cargo Piers (total costs to recover by means of Dockage Fees) amounts to

$3,970,813

(c) Wharfage

Wharfage fees are assessed against a ship's cargo based on the cargo's tonnage. The Ports Authority's rate study indicates that 80% of the break-even need for Cargo Piers (total costs to be recovered by means of Wharfage Fees) amounts to:

$15,883,252

(d) Port Service Fees

Port Service fees are assessed against the GRT of ships that enter the harbors in Puerto Rico that fall under the jurisdiction of the Ports Authority. Cruise ships have traditionally been exempt from paying Port Service fees . The rate study conducted by the Ports Authority indicates that this norm is being continued, and therefore the fee will be assessed only on cargo ships. The study also indicates that the break even need for Harbors (total cost to be recovered by means of Port Service Fees) is the sum of:

$3,344,612

Summary of Total Costs to be recovered in order to satisfy break-even needs

Passenger Piers	$13,390,000
	2,758,040
Cargo Piers	$ 3,970,813
	15,883,252
Harbors	$ 3,344,612
Total Costs	$39,346,717.00

B.Traffic Volume Projections

In order to determine the rates and fees needed to produce revenues sufficient to cover the rate-recoverable costs pertaining to its Maritime Facilities, the Ports Authority needs to make traffic volume projections. In turn these projections are broken down into four categories of volume, namely: passenger volume, dockage volume, wharfage volume, harbor volume.

Traffic volume projections are based on actual historic data, and also on the assumption that future traffic volumes will not deviate significantly from recent trends.

(a) Passenger Volume

The Passenger Volume projection is based on the historic data closely tracked by the Ports Authority's Economic Studies Department, which has compiled actual passenger traffic up to fiscal year 1998. The following table illustrates the number of passengers passing through the ports under the jurisdiction of the Ports Authority, and the projected volume for the year 1999.

PASSENGER VOLUME	
1997	1,100849
1998	1,273,011
1999	1.3

(b) Dockage Volume

As shown below, dockage volume is calculated broken down into two separate categories, namely: Passenger Ships, and Cargo Ships. In each case volume is based on a vessel's gross registered tonnage. The Ports Authority has compiled actual gross registered tonnage volume for each category, up to fiscal year 1998.

The following table illustrates the historic and projected dockage volume for years 1997, 1998, 1999.

Dockage Volume	Passenger Ships	Cargo Ships
1997	33,057,181	24,480,079
1998	34,392,691	25,469,074
1999	36,100,000	25,987,000

(c) Wharfage Volume

The wharfage volume projection contained in the Ports Authority's rate study is based on total Short Tonnage of cargo data. The actual historic tonnage of cargo is available up to 1998. The following table illustrates the trend in volume:

WHARFAGE VOLUME	
1997	8,849,319
1998	9,026,306
1999	9,133,800

The next table shows volume projections premised on the foregoing volume data. It should be noted that the volume figures do not include short tonnage for liquid cargo. Liquid cargo volume, as shown by the next table, is projected separately:

1999 – 2000	
Motor Vehicles	287,100
General Cargo	746,300
Container Cargo	7,320,400
Transshipments	780,000
Liquid Cargo (42 Gal.)	58,172,100

Because liquid cargo was not included in the total tonnage of cargo, in the foregoing table the 1999-2000 volume of approximately 58.1 million (42 gallon units) was used as the 1999-2000 projection for liquid cargo volume.

(d) Harbors Volume

The actual historic gross registered tonnage of ships required to pay Port Service charges is used to project future volume in the following table:

HARBOR VOLUME	
1997	70,158,493
1998	72,787,075
1999	74,324,700

CHAPTER IV

Development of Rates and Fees

In accordance with the requirements of Article 6 (1) of the Ports Authority's Enabling Act (supra p. 12) the rates, fees, and other charges proposed in the Authority's rate study, have been designed to allow the Authority to recover the expected net break-even need for the 1999-2000 fiscal year.

PASSENGER FEES

As has been previously set forth, the Passenger Fees assessed under Tariff M-1-5 are set to recover 80% of total Passenger Pier costs. The following table shows that 80% of $16,737,5000, which is the break-even need for Passenger Piers during FY 1999-2000, results in a 'total costs to recover' figure of $13,390,000. Given a projected passenger volume of 1,300,000 passengers, by dividing this volume into the cost recovery target, a $10.30 basic Passenger Fee is obtained. This fee is assessed per passenger embarking, disembarking, or in transit on Cruise Ships.

	1999 - 2000
Net Break-even Need for Passenger Piers	$16,737,500
	80%
TOTAL COSTS TO RECOVER	$13,390,000
PROJECTED PASSENGER VOLUME	1,300,000

DOCKAGE FEES

Dockage fees represent a charge per gross registered ton, for each 24 hours or fraction thereof, during which the ship is at the dock.

Dockage fees are set to recover 20 % of the total net break-even need of passenger piers and cargo piers.

As shown by the following table, 20 % of $13,700,200, which is the break-even need for Passenger Piers, yields a 'total cost to recover' figure of $2,758,040. The Ports Authority has projected passenger ship tonnage days during FY 1999-2000 at 36,100,000. By dividing the 'total cost to recover' figure by the 'projected passenger ship tonnage days', the yield for dockage fee rate is $0.0764.

	1999 - 2000
Net Break-even Need for Passenger Piers	$13,790,200
Percentage recovered through Dockage	20%
TOTAL COST TO RECOVER	$ 2,758,040
PROJECTED PASSENGER SHIP TONNAGE DAYS	36,100,000

Likewise, as previously stated, the Dockage Fee to be assessed under Tariff M-1-5 is set to recover 20% of the break-even need for cargo piers. 20% of $19,854,065, which is the net break-even need for Cargo Piers, yields a 'total cost to recover' figure of $3,970,813. The Ports Authority has projected cargo ship tonnage days during FY 1999-2000 at 25,987,000. By dividing the 'total cost to recover' figure by the projected Cargo Ship tonnage days, you arrive at a base

dockage fee of $0.1528. This fee applies to all vessels while berthed at dry cargo wharves, piers or bulkhead structures in connection with the trade with off-shore points.

	1999 - 2000
Net Break-even Need for Cargo Piers	$19,854,065
Percentage recovered through Dockage	20%
TOTAL COST TO RECOVER	$ 3,970,813
PROJECTED CARGO SHIP TONNAGE DAYS	25,987,000

Cargo ships with trade within Puerto Rico or the Virgin Islands are charged a rate that is set at 75% of the base dockage fee. Fees for tankers and tank barges are set equal to passenger ship fees. In addition, fees for vessels engaged in revenue producing activity and dockage NOS are grouped with cargo ships involved in off-shore trade and are charged the base dockage fee.

The complete schedule of dockage fees is shown in the following table:

	1999 - 2000 Fees
Passenger Ships	$0.0764
Cargo Ships (Off-shore Trade)	$0.1528
Cargo Ships (PR, VI Trade)	$0.1147
Tankers & Tank Barges	$0.1734
Vessels Engaged in Revenue Producing Activity	$0.1528
Dockage NOS	$0.1528

WHARFAGE FEES

Wharfage fees are assessed against a ship's cargo, based on the cargo's tonnage. As previously stated, the Wharfage Fee to be assessed under Tariff M-1-5 is set to recover 80% of the break-even need for Cargo Piers. 80 % of $19,834,065, which is the break-even need for Cargo Piers, yields a 'total cost to recover' figure of $15,883,252.

	1999 - 2000
Net Break-even Need for Cargo Piers	$19,854,065
	80%
TOTAL COSTS TO RECOVER	$15,883,252

However, the rate structure is based on five different categories of cargo, as shown by the next table:

	% Revenues	Projected Costs 1999 - 2000	Projected Volume 1999 - 2000
Motor Vehicles (per Ton)	11.27%	$ 1,827,679	287,100
General Cargo (per Ton)	5.70%	$ 924,367	746,300
Container Cargo (per Ton)	70.45%	$11,423,484	7,320,400
Transshipments (per Ton)	5.40%	$ 876,330	780,000
Liquid Cargo (per 42 gal.)	7.18%	$ 1,163,442	58,172,100
TOTAL	**100.00%**	**$16,215,302**	

***Volume units are in parentheses.**

On the basis of the foregoing five categories of cargo, the Wharfage Fee determined for the recovery of 80 % of the break-even need for cargo piers, is as follows:

	1999 - 2000 Fees
Motor Vehicles (per Ton)	$6.3660
General Cargo (per Ton)	$1.2386
Container Cargo (per Ton)	$1.5605
Empty Containers (per Containers)	$7.1216
Transshipments (per Ton)	$1.1235
Liquid Cargo (per 42 gallons	$0.02

PORT SERVICE FEES

Port Service fees are charged against the gross registered tonnage of a ship as it enters the harbors of Puerto Rico under the jurisdiction of the Ports Authority of Puerto Rico. Cruise ships have traditionally been exempt from paying Port Service fees, and thus the charge is assessed solely on cargo ships. The following table shows the amounts of Harbor costs the Authority is eligible to recover through Port Service Fees, and the projected harbor volume.

Account Description	1999 - 2000
TOTAL COST TO RECOVER	$ 3,344,612
PROJECTED HARBOR VOLUME	74,324,700

By dividing the projected harbor volume into the total net break-even cost to be recovered, a Port Service Fee in the amount of $0.05 is obtained.

+ + + + + + +

The foregoing rate review is a detailed analysis of the tariff structure previously proposed to the Board of Directors of the Ports Authority by Mr. Miguel A. Maldonado, Chief of the Authority's Tariffs and Rates Bureau, and as embodied in Tariff M-1-5 (Exhibit 5), adopted by the Board of Directors by means of Resolution 99-09 (Exhibits 2 and 4).

However, at the Public Hearing held on June 29, 1999, in response to an express request from the Ports Authority and the Puerto Rico Shipping Association (supra p. 8-10), the Hearing Officer agreed to adjourn the Hearing sine die in order to allow the parties the opportunity to conduct further negotiations, aimed at arriving at a mutually acceptable rate structure that would be the subject of a contractual stipulation.

The parties met subsequently and after extended further negotiations a consensus was reached and a stipulated rate structure was agreed to. The terms of this stipulation were submitted to the Hearing Officer on August 20, 1999. It is now admitted in evidence and inserted in the record, marked Exhibit 7.

CHAPTER IV

The Stipulation

The Stipulation entered into between the Executive Director of the Ports Authority and the President of the Puerto Rico Shipping Association (Exhibit 7), begins by declaring that "The Authority has reviewed the general structure of rates, fees, and other charges ("rates") for the use of marine terminal facilities and the Board of Directors of the Authority has adopted the Puerto Rico Ports Authority Tariff M-1-5 with the changes specify (sic) in Exhibit A, establishing such rates for the period beginning on September 1, 1999 and ending June 30, 2002 for the use of said facilities and services."

The second paragraph of the Stipulation specifies and provides that, subject to the conditions set forth therein, the Puerto Rico Shipping Association "accepts the rates established by the Puerto Rico Ports Authority Tariff M-1-5 with the changes specify (sic) in Exhibit A, establishing such rates for the period beginning on September 1, 1999 and ending June 30, 2002 for the use of said facilities and services."

EXHIBIT A

TARIFA MARÍTIMA M-1-5

AÑOS FISCALES

Concepto	*Descripción*	*96-26 Tarifa Actual*	*1999 2000*	*2000 2001*	*2001 2002*
100	Derecho de Puerto	.0428	.0441	.0450	.0459
101	Atraque Petroquímica	.0809	.0821	Idem	Idem
102	Atraque Países Extranjeros	.1455	.1477	Idem	Idem
103	Atraque PR e Islas Vírgenes	.1092	.1108	Idem	Idem
104	Atraque Barcos Turistas	.0728	.0739	Idem	Idem
107	Atraque NOS	.1651	.1675	.1675	.1675
124	Cargo NOS P/Ton G Cargo	1.1796	1.1796	Idem	Idem
124A	Cargo Facility Cargo (Por Vehículo)		.5000	.7500	1.00
124B	Cargo Facility Cargo (Pasajeros)		3.00	4.00	5.00
124C	Cargo Facility Cargo (Peatón)		.20	.25	.30
125	Carga Furgones	1.4862	1.4862	Idem	Idem
127	Carga Transhipment	1.0700	1.0860	Idem	Idem
129	Empty-Container & Chasis	6.7825	6.8842	Idem	Idem
160	Autos y Motoras	6.0629	6.0629	Idem	Idem
134	Cargo-Pasajeros	10.30	10.30	Idem	Idem
139	Cargo Ferries-Tres Viajes	1) 10.30	Idem	Ø*	Ø*
		2) 5.15	Idem	Ø*	Ø*
		3) 3.40	Idem	Ø*	Ø*
144	Cargo Demora	0.15 .03 pc	.16.04	Idem	Idem
145	Cargo Demora	.07 .04	.08.05	Idem	Idem
146	Cargo Demora Vehículos P/C	.03 .04 pc	.04	Idem	Idem
147	Cargo Demora Furgón Vacío	6.53	6.88	Idem	Idem
148	Cargo Agua M-3	1.52	1.60	1.70	1.75
149	Cargo Agua Toma	4.35	4.57	4.65	4.75
150	Cargo Agua Mangas	2.20	2.31	2.40	2.75
151	Cargo Agua Barril	2.56	2.70	2.80	2.90
152	Cargo Electricidad (KWH)	.19	.20	.21	.22
153	Cargo Uso Oficina	10.00	11.00	12.00	13.00
154	Cargo Uso Teléfono	5.00	5.25	5.50	5.75
155	Cargo Uso Grúa y Equipo	25.00	26.00	27.00	28.00
133	Muellaje Mín. Goletas	1 Ton. -99 = 200.00	210.00	Idem	Idem
		100 Ton.-199 = 350.00	368.00	Idem	Idem
		200 Ton.-299 = 500.00	525.00	Idem	Idem
		300 Ton.-399 = 650.00	682.00	Idem	Idem
	Muellaje Mín. Barcos		682.00	Idem	Idem
164	Muellaje Mín. Barcos sobre 400 to 650.00				
172	Penalidad = Después de 5 días libres: 10% Por cada día				
173	Consumo Energía Eléctrica Renta Fija				
174	Renta Adicional				
052	Over Time				
043	Descripsion = Totales				
163	Molasas BBLS	Ton. 2525	Ton. 2563	2601	2640

*La Compañía de Turismo se hará cargo del programa de incentivos tarifarios a Barcos Cruceros del año 2000 en adelante.

The third paragraph of the Stipulation sets forth the amended terms and conditions to which Tariff M-1-5 is made subject, as follows:

"The Association and the Authority have agreed, without prejudice or **(sic)** Article 6(1) of the Puerto Rico Ports Authority Act, upon the following terms and conditions:

A. Tariff period - The proposed tariff adopted by the Puerto Rico Ports Authority Board of Directors will be for a period of three (3) years beginning September 1, 1999 and ending June 30, 2002.

B. Dockage charges - A 1.5% increase will be adopted for fiscal year 2,000 for vessels berthed at the terminals owned and/or operated by the Authority, these rates will remain the same for the remaining period which includes 2001, 2002.

C. Wharfage - Rates for these (sic) item as per exhibit I attached.

EXHIBIT I

MARITIME RATES
(FISCAL YEARS)

	2000	2001	2002
Motor Vehicles	6.0629	6.0629	6.0629
General Cargo	1.1796	1.1796	1.1796
Container Cargo	1.4862	1.4862	1.4862
Transshipments	1.0860	1.0860	1.0860
Liquid Cargo	.0178	.0178	.0178
Molasses	.2563	.2601	.2640
Empty Containers	6.8842	6.8842	6.8842
Cargo Facility Cargo (Per Vehicles)	.50	.75	1.00
Cargo Facility Cargo (Per Ton)	.20	.25	.30
Cargo Facility Cargo (Per Container)	3.00	4.00	5.00
Dockage Passenger Ships	.0739	.0739	.0739
Cargo Ships	.1477	.1477	.1477
Cargo Ships (P.R.)	.1108	.1108	.1108
Dockage NOS	.1734	.1734	.1734
Cargo Fuel	.0821	.0821	.0821
Passenger Fees	10.30	10.30	10.30
Harbor Dues	.0441	.0450	.0459

D. Passenger fees - Will remain as today ($10.30) for the 3 year period.

E. Cargo Facility Charges - (Motor Vehicles)

	Cargo Facility Charge
1. Per Vehicle	$0.50 -- $0.50 First Year
2. Per Vehicle	$0.25 -- $0.75 Second Year
3. Per Vehicle	$0.25 -- $1.00 Third Year

F. Cargo Facility Charge: (Container Cargo)

	Container Facility Charge
1. Per Container	$3.00 -- $3.00 First Year
2. Per Container	$1.00 -- $4.00 Second Year
3. Per Container	$1.00 -- $5.00 Third Year

G. Cargo Facility Charge (General Cargo)

	General Cargo Facility Charge
1. Per Ton of Cargo	$0.20 -- $0.00 First Year
2. Per Ton of Cargo	$0.05 -- $0.25 Second Year
3. Per Ton of Cargo	$0.05 -- $0.30 Third Year

H. Other Charges as Exhibit 1 attached"

EXHIBIT I

MARITIME RATES
(FISCAL YEARS)

	2000	2001	2002
Motor Vehicles	6.0629	6.0629	6.0629
General Cargo	1.1796	1.1796	1.1796
Container Cargo	1.4862	1.4862	1.4862
Transshipments	1.0860	1.0860	1.0860
Liquid Cargo	.0178	.0178	.0178
Molasses	.2563	.2601	.2640
Empty Containers	6.8842	6.8842	6.8842
Cargo Facility Cargo (Per Vehicles)	.50	.75	1.00
Cargo Facility Cargo (Per Ton)	.20	.25	.30
Cargo Facility Cargo (Per Container)	3.00	4.00	5.00
Dockage Passenger Ships	.0739	.0739	.0739
Cargo Ships	.1477	.1477	.1477
Cargo Ships (P.R.)	.1108	.1108	.1108
Dockage NOS	.1734	.1734	.1734
Cargo Fuel	.0821	.0821	.0821
Passenger Fees	10.30	10.30	10.30
Harbor Dues	.0441	.0450	.0459

"J. Puerto Rico Ports Authority will take care of the cruise ship incentive program in fiscal year 1999-2000 with the ceiling imposed by the Legislature of Puerto Rico. Tourism Department will take care of the incentive program from the fiscal year 2000-2001 henceforth."

CHAPTER V

Analysis of the Stipulated Changes

As shown hereinabove in Chapter IV, the Stipulation entered into between the Executive Director of the Ports Authority and the President of the Puerto Rico Shipping Association (subject to the approval of the Board of Directors of the Authority) provides for certain changes in connection with the original version of Tariff M-1-5, as initially proposed to the Board by Mr. Miguel Maldonado, Director of the Authority's Tariff Bureau. An analysis of those changes, by way of comparison, follows:

A significant feature of the amended version of Tariff M-1-5 is the extension of the term of its effectiveness, from a period of one year to a period of close to three years, namely, from September 1, 1999 until June 30, 2002. This change is significant because, among other reasons, it entails a modification in the maritime rate-setting methodology applied by the Ports Authority in recent years. The pros-and-cons of such a change are examined subsequently in this Report, at page 49, (infra).

As previously indicated (at page 14, supra), the methodology employed by the Ports Authority for the setting

of rates, fees, and other charges, in order to capture maritime recoverable costs from the users of the Authority's maritime facilities and services, utilizes three "rate bases", namely (a) Passenger Piers; (b) Cargo Piers; (c) Harbors. The costs associated with each 'rate base' are recovered through revenues derived from four types of maritime fees, namely: (a) Passenger Fees; (b) Dockage Fees; (c) Wharfage Fees; (d) Port Service Fees. In order to assess the effects of the stipulated rate structure, vis-a-vis the original Tariff M-1-5 version, a comparison of the aforesaid four types of maritime fees is pertinent:

(a) Passenger fee comparison

As originally proposed, Tariff M-1-5 provided that the fee for vessels carrying passengers on Cruise Ships, per passenger, embarking, disembarking, or in transit, would be $10.30.

This item remains essentially unchanged as a result of the Stipulation, which provides: "Passenger fees -- Will remain as today ($10.30) for the three year period.....Puerto Rico Ports Authority will take care of the cruise ship incentive program in fiscal year 1999-2000 with the ceiling imposed by the Legislature of Puerto Rico. Tourism Department will take care of the incentive program from the fiscal year 2000-2001 henceforth."

(b) Dockage fee comparison

As shown on Exhibits A and I, attached to the Stipulation, the stipulated dockage fees do not vary significantly from the fees proposed in the original version of Tariff M-1-5, to wit:

Item	Original Version	Stipulated Fee		
		FY 2000	2001	2002
Passenger Ships	$0.0764	$0.0739	.0739	.0739
Cargo Ships	$0.1528	$0.1477	.1477	.1477
Cargo Ships (PR)	$0.1147	$0.1108	.1108	.1108
Dockage NOS	$0.1734	$0.1734	.1734	.1734
Cargo fuel	$0.0850	$0.0821	.0821	.0821

It can thus be observed that the Dockage NOS item has remained unaltered, and that the Passenger Ships, Cargo Ships (PR), and Cargo fuel items show only a very slight diminution. The only appreciable reduction is seen in the "Cargo Ships" item, that is to say, in the fee applicable to "all vessels while berthed at dry cargo wharves, piers or bulkhead structures in connection with the trade **with off-shore points**", which has gained approximately a one half cent reduction, going from $0.1528 to $0.1477. The economic impact of this reduction appears to be minimal. (cf. the Maldonado rate study, Exhibit 5, at page 6 thereof.)

(c) Wharfage fee comparison

The Stipulation entered into between the Executive Director of the Ports Authority and the President of the Puerto Rico Shipping Association (Exhibit 7), provides at page 2 thereof, that "Wharfage - Rates for this item as per exhibit I attached." A perusal of Exhibit I shows that all of the stipulated wharfage fees have been subjected to appreciable deductions from the fees proposed in the original version of Tariff M-1-5, to wit:

Item	Original Version	Stipulated Fee		
		FY 2000	2001	2002
Motor Vehicles	$6.3660	$6.0629	6.0629	6.0629
General Cargo	$1.2386	$1.1796	1.1796	1.1796
Container Cargo	$1.5605	$1.4862	1.4862	1.4862
Transshipments	$1.1235	$1.0860	1.0860	1.0860
Liquid Cargo	$0.0200	$0.0178	0.0178	0.0178
Molasses	$0.2651	$0.2563	0.2601	0.2640
Empty Containers	$7.1216	$6.8842	6.8842	6.8842

It can thus be observed that none of the proposed wharfage fees, as originally considered, has remained unaltered. All have been reduced. The economic impact to the Ports Authority of these reductions can be gauged on the basis of the following information, rendered to the Board of Directors of the Authority

by Mr. Miguel A. Maldonado, in his Rate Study. (Exhibit 5, at page 7 thereof). Mr. Maldonado has estimated that the break-even need for Cargo Piers, in FY 1999-2000, is $19,854,065, and since wharfage rates are set to recover 80% of total Cargo Pier costs, the total 'costs-to-recover' figure becomes $15,883,252. However, it should be remembered (supra at page 16) that **Dockage Fees** are set to recover the remaining 20% of the the total net break-even need of passenger piers and cargo piers.

The projected volume of cargo, as calculated by Mr. Maldonado, for the five different categories of cargo, is as follows:

Cargo category	Projected volume
Motor Vehicles (per ton)	287,100
General Cargo (per ton)	746,300
Container Cargo (per ton)	7,320,400
Transshipments (per ton)	780,000
Liquid Cargo (per 42 gal.)	58,172,100

It is on the basis of these projected volumes of cargo that the Authority's recovery of its cargo and passenger piers break-even needs, by means of wharfage fees, has been determined. By applying to these volumes the new wharfage fees quoted in the Stipulation, an updated determination could easily be provided by Mr. Maldonado's Tariff bureau.

(d) Harbor Dues Comparison

As shown by Exhibit I, attached to the Stipulation, the stipulated Harbor Dues are as follows:

FY 2000	FY 2001	FY 2002
$0.0441	$0.0450	$0.0459

As originally proposed, Tariff M-1-5 assessed a Port Service Charge set at $0.05. According to the Rate Report prepared by Mr. Miguel Maldonado, the projected harbor volume for FY 1999-2000 is 74,324,700 and the total cost to recover is $3,344,612. By dividing the volume projection into the break-even cost calculation, the Port Service Fee for FY 1900-2000 yielded is $0.0500.

As shown above, the stipulated Harbor Dues rate will increase slightly during the three fiscal years to which Tariff M-1-5 applies, but it is nevertheless slightly lower than it was originally contemplated. However, on the basis of the harbor volume projected, the one half cent (1/2 c) reduction can be regarded as insignificant vis-a-vis the overall tariff structure.

(e) The New Surcharges

Subparagraphs E, F, and G of the Stipulation executed by the Executive Director of the Ports Authority and the President of the Puerto Rico Shipping Association provide for the assessment of three new cargo facility charges, not previously included as part of Tariff M-1-5. These new charges are as follows:

E. Cargo Facility Charge - (Motor Vehicles)

Per Vehicle	FY 1999-2000	FY 2000-2001	FY2001-2002
	$0.50	$0.75	$1.00

F. Cargo Facility Charge - (Container Cargo)

Per Container	FY 1999-2000	FY 2000-2001	FY2001-2002
	$3.00	$4.00	$5.00

G. Cargo Facility Charge - (General Cargo)

Per Ton of Cargo	FY 1999-2000	FY 2000-2001	FY 2001-2002
	$0.20	$0.25	$0.30

Close consideration of the foregoing rate increases immediately brings to mind the following question: What measure of economic benefit will the Ports Authority derive from the

imposition of these additional charges? The Ports Authority has not submitted to the Hearing Officer any ex post facto projection of additional income, aimed at answering the foregoing question. Nor is it possible to conjure up such a projection on the basis of the data contained in the Authority's previous rate study. For one thing, the new surcharges levied on 'motor vehicles' and on 'container cargo' are set based on the number of vehicles and containers shipped. The previous rate study's projections are based on "per ton" volume data. The only category of cargo for which data based on "per ton" figures has been made available is the volume projection for general cargo, i.e. 746,300 tons during Fiscal Year 1999-2000. Therefore, by assessing a $0.20 surcharge on General Cargo for FY 1999-2000, the Authority will presumably receive gross extra revenue in the amount of $149,000.

The amounts of gross extra revenue to be received by the Ports Authority as a result of the imposition during FY 1999-2000 of a surcharge on "motor vehicles" and on "container cargo", are not determinable by the Hearing Officer at this stage of the Rate Proceeding, given the absence of pertinent, actual statistical information due to him from the parties Signatories to the Stipulation. However, unverified information published by the daily press (Caribbean Business, 8/26/99) reveals that Tariff M-1-5 amounts to a 5.5% tariff increase over 1998 rates, and that 1.5% of the increase is derived

from the imposition of the above-stated surcharges.

Given the fact that the stipulated version of Tariff M-1-5 provides for some reduction (to a certain extent an insignificant reduction) of the fees originally proposed, the prospect of a very significant increase in the Authority's revenues as a result of the levy of the new surcharges, is indeed a welcome development that augurs well for the stabilization and enhancement of the Authority's financial well being. But that much having been said, the fact remains that the Ports Authority's Enabling Act mandates that the fees and charges imposed by the Authority must be fair and reasonable (supra at page 12). Has Tariff M-1-5 become an unfair and unreasonable exaction as a result of the assessment of the new surcharges? I believe that the ready answer to that hypothetical preoccupation must be a categorical no. The very fact that the imposition of the surcharges is the end result of a protracted negotiation and agreement between the Authority and the Shipping Association, is a clear indication that the shipping industry, after due consideration, has accepted the economic tenability of the increase, and has announced its deliberate acceptance of the terms of M-1-5. In the August 26, 1999 edition of "Caribbean Business", Mr. Fernando Luis Rivera, President of the Puerto Rico Shipping Association, has been cited as publicly stating that "We're very happy with the rates. They're very reasonable and they'll have a minimum effect on consumers."

CHAPTER VI

The Stipulated Consultation Process

Subparagraph I of Paragraph 3 of the Stipulation entered into between the Executive Director of the Puerto Rico Ports Authority and the President of the Puerto Rico Shipping Association provides as follows:

"I- Puerto Rico Ports Authority will commence consultations with the Association through the Joint Tariff Committee as to the need for any or (sic) change in the Maritime Tariff Rates, and, within three weeks after the start of such consultations, to report the results of such consultations to the Authority's Executive Director for his and the Authority (sic) Board of Director's (sic) consideration in connection with the Board's determination, in the exercise of its statutory powers, as to the amount of any Maritime Tariff Rate changes. So long as the Authority complies with the timetable set forth in this Subparagraph and the requirements of Puerto Rico law, the Signatories will not challenge the length of the notice of any Maritime Tariffs Rate change. For purposes of this stipulation consult ("Consult") shall mean to provide a reasonable opportunity for the Association, through the Join (sic) Tariff Committee, to examine and discuss with the Authority (i) the

Authority's audited Financial Statement, (ii) the report (whether prepared by the Authority's employees, agents or consultants) to the Authority, including the Executive Director and/or the Board of Directors, regarding any need to increase the Authority's maritime revenues through adjustment to the Authority's Maritime Tariff Rates, including any update to such report; and (iii) any non-privileged materials provided to the Authority's Board in connection with the Board's consideration of any proposed increases."

The foregoing Subparagraph I of the Stipulation has its roots in two corresponding Subparagraphs, that were initially included in the **Settlement Agreement**, dated March 8, 1996, as amended, entered into by the Ports Authority and the Puerto Rico Shipping Association, within the context of the 1994-1997 maritime rates proceeding. One of the provisions contained in that Settlement Agreement (Clause 10, Subparagraph A) was to the effect that:

"A. The Authority and the Association will establish the Joint Tariff Committee, consisting of up to nine (9) members appointed by the Association, of which two members shall represent the cruise sector of the industry and shall be mutually acceptable to the Association and the FCCA (Florida Caribbean Cruise Association), and up to an equivalent number of members appointed by the Authority, which Committee shall consider, draft, and, within four (4) months of the execution of this

agreement submit to the Authority's Executive Director a proposed regulation, and a supporting explanatory report, establishing the procedures to govern future maritime tariff ratemaking, by the Authority. To the extent that the Committee members cannot agree on any issue, the members shall submit their respective positions and proposed language with respect to each issue for the Board's consideration. The Authority's Board of Directors, in the exercise of its statutory powers, shall have the final decision as to the contents of any actual regulation (subject, of course, to any legal challenge thereto by any person, including the Association and the FCCA, and the final determination by a court or other entity with jurisdiction over the same)."

The Hearing Officer has not been made aware by the Signatories of the Stipulation hereto, of the existence of a Regulation drafted or approved in compliance with the foregoing provision of the Settlement Agreement, and my research of filings in the archives of the State Department has not revealed that any such Regulation has been officially filed thereat. Therefore, for my present purposes, I must assume that, to this date, no such Regulation has been adopted.

However, the mere fact that such a projected Regulation has not been ordained, does not encroach upon the legal validity of any tariff that has been approved by the Ports Authority in conformity with the requirements of the Uniform Administrative

Procedure Act (Act 170, enacted on August 12, 1988, as amended).

As a matter of fact, the foregoing issue is not a matter of first impression before me, in my capacity as a Hearing Officer. In a previous rate-setting proceeding that took place in 1995 in connection with the approval by the Ports Authority of new maritime rates, I handed down an administrative ruling that provided as follows:

"The Third assignment of procedural violation, made by the Puerto Rico Shipping Association, must be dismissed for lack of merit.

"Section 1.6 (a) and (b) of the Uniform Administrative Procedure Act provides as follows:

> "Within a term of one year from the date of approval of of this act each agency shall:
> (a) Prepare a diagram and summary describing its administrative and functional organization, the procedures for the approval of regulations, the manner of filing formal or informal petitions and the means by which the public can obtain information from the agency.
> (b) Adjust its rules or regulations that establish the formal regulation and adjudicatory procedures, in accordance with the provisions of this Act".

"Assuming, as alleged (but not actually shown) by the Association, that the Ports Authority has failed to prepare the "diagram and summary" required by Section 1.6, that failure, in and by itself, must be considered to be a **non-issue** in the light of the procedural path followed by the Authority in dealing with Resolution 95-16 and Tariff M-1-3.

"The basic premise for the approval by a governmental agency of the "diagram and summary" required by Section 1.6 is that it be patterned after, and literally drawn 'in accordance' with the norms set out in the parent statute. Any deviation therefrom would have to be ruled impeachable on constitutional grounds. I have already adjudicated hereinabove that, as pertains to the procedural requirements of the Uniform Administrative Procedure Act, the Authority has conducted the adoption of Resolution 95-16 in effective compliance with those requirements. It thus follows that by complying with the requirements of the parent statute the Authority has necessarily complied ipso facto with the due process exigencies of its own derivative preparation -- the "diagram and summary" called for by Section 1.6 -- whether or not such a "diagram and summary" does in fact exist.

"The Third assignment made by the Shipping Association is consequently declared to be irrelevant, a "non-issue", as pertains to the procedural validity of the Ports Authority's conduct in this matter"

Given the foregoing administrative adjudication by the Hearing Officer, handed down at a previous rate-setting proceeding, and in the interest of a fair appreciation of the negotiations leading up to the execution of the Stipulation herein, it needs to be noted that at no time has the Shipping Association reiterated its previous constitutional challenge

to the sufficiency of the procedural steps taken by the Authority.

The other Subparagraph of the Settlement Agreement that must be deemed a precursor of Subparagraph I of Paragraph 3 of the Stipulation (supra at page 43) is Subparagraph A(10) of Clause 4, Consideration. It provides that the Authority agrees as follows:

"(10) no later than March 1, 1997, commence consultations with the Association through the Joint Tariff Committee as to the need for any increase in the Maritime Tariff Rates for FY98, and, within three weeks after the start of such consultations, to report the results of such consultations to the Authority's Executive Director for his and the Authority's Board of Directors consideration in connection with the Board's determination, in the exercise of its statutory powers, as the amount of any Maritime Tariff Rate increase for FY98. So long as the Authority complies with the timetable set forth in this Subparagraph and the requirements of Puerto Rico law, the Signatories will not challenge the length of the notice of any Maritime Tariff Rate increase for FY98. For purposes of this Settlement Agreement, consult ("Consult") shall mean to provide a reasonable opportunity for the Association, through the Joint Tariff Committee, to examine and discuss with the Authority (i) the Authority's audited Financial Statements for FY95 and FY96,

(ii) the report (whether prepared by the Authority's employees, agents, or consultants) to the Authority, including the Executive Director and/or the Board of Directors, regarding any need to increase the Authority's maritime revenues through adjustment to the Authority's Maritime Tariff Rates, including any update to such report; and (iii) any non-privileged materials provided to the Authority's Board of Directors in connection with the Board's consideration of any such proposed increases;....."

I have previously indicated (supra at page 44 et seq.) that apparently the original basic motivation for the creation of a Joint Tariff Committee was the resolve to draft and approve a Regulation that would thereafter govern the Ports Authority's rate-setting proceedings. A secondary motivation appears to have been the desire to create a mechanism for joint consultation concerning the need, if there be such a need, for revision of the Authority's maritime rates. The concomitant decision to utilize the Joint Tariff Committee for the performance of this significant task, led to the inclusion in the Settlement Agreement of Subparagraph A(10). As evidenced by the Stipulation executed by the Authority and the Shipping Association, this secondary motivation has now evolved into the principal role presently assigned to the Joint Tariff Committee. Whether the mechanism thus adopted might impede

the Ports Authority from exercising, to a full extent, the powers delegated to it by the Legislature to set maritime rates, is a matter that requires careful scrutiny. I address this subject matter in the next Chapter of this Report (infra, page 51).

CHAPTER VII

The Term Of Effectiveness Of Tariff M-1-5, For Almost Three Years

As has been previously indicated (supra, at page 34), a significant feature of Tariff M-1-5, as amended by the Stipulation executed by the Authority and the Shipping Association, is the extension of the period of effectiveness of the new rates, from a proposed and announced term of one year to a period of close to three years, namely, from September 1,1999 until June 30, 2002. This change is obviously of significance because, among other reasons, it entails a partial modification of the maritime rate-setting methodology applied by the Ports Authority in recent years.

While previous maritime tariff M-1-4 was made effective during Fiscal Years 1997-1998, and 1998-1999, and Tariff M-1-3 covered Fiscal Years 1996-1997 and 1997-1998, the feasibility and/or desirability of extending the term of effectiveness of the M-1-5 rate schedule from two years to almost three years is a new development.

Obviously, there are arguments that can be made both in favor and against the soundness of approving rates for a reasonably extended period. For example, the adoption of a three-year period of effectiveness is conducive to a period

of stability in the relations between the Ports Authority and the Shippers. Thereby the often protracted and sometimes acrimonious discussions that can take place in the midst of a proposal to increase rates, are temporarily laid to rest. Also, the Authority thereby gains assurance that during the three years it will receive an ascertainable level of revenue, sufficient to take care of its working day-to-day needs.

On the other hand, too long a period of effectiveness raises the specter of submission by the Ports Authority to a contractually locked-in period, that might prevent the Agency from taking opportune steps to adjust its rate patterns to unforeseen and unpredictable changes in the economic picture. Fortunately there are safeguards that can be availed of in order to prevent the extended term of effectiveness from becoming a contractually enforceable straight-jacket. The rigors of a stipulated extended term can thus be overcome and neutralized, by subjecting the length of its period of effectiveness to the recognition that, at all times, there remains an underlying legal capability, on the part of the Authority, to continue to exercise its delegated power to set rates, a power which the Agency cannot voluntarily relinquish.

I am pleased to call attention to the fact that the Stipulation executed in this proceeding, addresses this potentially disruptive dilemma by the insertion in the text of a 'safe-harbor' provision, in Paragraph 3 thereof, to the

effect that: "The Association and the Authority have agreed, without prejudice to Article 6(1) of the Puerto Rico Ports Authority Act, upon the following terms and conditions....." (Emphasis added).

Since Article 6(1) is the provision, contained in the Ports Authority's Enabling Act, whereby the Legislature has delegated to the Authority the constitutional power to set rates, fees and charges in connection with the use of its facilities and services, the insertion in the Stipulation of the foregoing 'safe-harbor' reservation, makes clear that the Authority has been cautious to give advanced warning that it has no intention of relinquishing, or otherwise conditioning its rate-setting faculties. A potential basis for future litigation is thereby averted.

CHAPTER VIII

One Final Recommendation: The Continuing Need For Timely and Methodical Planning

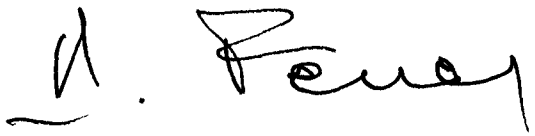
The Hearing Officer has been pleased to witness during the course of the present rate-setting proceeding the cordial and productive manner in which the discussion of the details of Tariff M-1-5 has developed. This has not always been the case during past negotiations concerning previous maritime tariffs. As commented by Mr. Fernando Luis Rivera, President of the Puerto Rico Shipping Association, during the course of the Public Hearing held on June 29, 1999, "yo he estado negociando estas tarifas durante los ultimos seis años y por primera vez me siento bien satisfecho de estar bregando con unas personas profesionales y con una visión muy distinta a lo que ha surgido en ocasiones anteriores. Confiamos que vamos a poder seguir trabajando juntos por el bien de la Autoridad y de los Navieros durante los próximos años."

In my opinion as a Hearing Officer, the final consensus achieved by the Authority and the Shipping Association has made it possible to arrive at a rate schedule for the next three years of operations (subject to opportune revisions if the circumstances should so indicate), that is just and fair for the users of the Authority's maritime facilities and services,

and that will at the same time provide the Authority with a level of income that is sufficient to take care of its working day-to-day needs and to comply with its statutory duties and to perform its debt service.

Concerning future maritime rate-setting proceedings, I have previously recommended, and I am once again pleased to exhort the Authority and the Shippers to continue to expedite these periodic negotiations by the adoption of realistic time-tables and by a continued willingness to carry on consultations and exchange of information in an atmosphere of great candor, and of reasonable accommodation of their concerns and interests.

Respectfully submitted,



Alberto Ferrer, Esq.

Hearing Officer

10/86

Exhibit 1

GOBIERNO DE PUERTO RICO

RECORTE DE NOTICIA
AMBOS LADOS

EL MUNDO
EL VOCERO
EL REPORTERO

☐ EL NUEVO DIA
☐ THE SAN JUAN STAR
☐ CARIBBEAN BUSINESS

☐ OTRO _____

FECHA DE EDICION _____ PAGINA NUMERO _____

EL VOCERO, San Juan — Sábado 1ro. de mayo de 1999 gc

PUERTO RICO

AVISO AL PÚBLICO

De acuerdo con las disposiciones de la Ley Núm. 170 del 12 de agosto de 1988, según enmendada y del Artículo 8 de la Ley Núm. 125 del 7 de mayo de 1942, según enmendada, la Autoridad de los Puertos se propone extender el período de vigencia de la Resolución de Tarifas M-1-4 y establecer una nueva estructura de tarifas por el uso de las instalaciones y servicios en el área marítima efectivo desde el 1ro. de julio de 1999 hasta el 30 de junio del 2000.

Copia de esta Resolución estará disponible al público durante los próximos treinta (30) días a partir de la publicación de este Aviso en la Oficina de Asuntos Tarifarios en el Edificio de la Autoridad de los Puertos en Isla Grande, San Juan, Puerto Rico.

La propuesta Resolución podrá ser revisada de lunes a viernes de 7:30 a 11:30 a.m. y de 12:30 a 4:00 p.m. en días laborables.

Cualquier comentario por escrito o solicitud de Vista Oral deberá ser dirigido al señor Miguel A. Maldonado, jefe de la Oficina de Asuntos Tarifarios, de la Autoridad de los Puertos, P. O. Box 362829, San Juan, Puerto Rico o personalmente en el Edificio de la Autoridad de los Puertos en Isla Grande, San Juan, Puerto Rico.

HECTOR R. RIVERA
Director Ejecutivo

Exhibit 2

The San Juan Star - Friday, May 28, 1999

PUBLIC HEARING

By means of a notice published on May 1, 1999 in a newspaper of general information, the general public was informed that the Ports Authority of Puerto Rico contemplated revising the structure of rates, fees, rentals and other charges for the use of the facilities and services provided in the marine terminal facilities of the Puerto Rico Ports Authority to be applicable for the period from July 1st 1999 through June 30, 2000, pursuant to powers vested in the Authority by Section 6 of the Puerto Rico Ports Authority enabling Act No. 125, enacted May 7, 1942, as an amended.

The general public was also informed that the revised tariffs and rates would be available for comments during the following 30 days at the Office of Mr. Miguel Maldonado, located at the Puerto Rico Ports Authority building next to the Isla Grande Airport, in San Juan, Puerto Rico.

The general public is now further informed that the Board of Director of the Ports Authority of Puerto Rico has approved and adopted the new tariff M-1-5 pursuant to Resolution 99-09. The new Tariff M-1- 5 will become effective 1999 - 2000.

The general public is now further informed that a public hearing of an informative, quasi-legislative nature aimed at receiving testimonies and comments concerning Resolution 99-09, including Tariff M-1-5, will be held commencing at 10:00 a.m. on June 29, 1999 at Pier No. 4 in Old San Juan. this public hearing will be conducted by Alberto Ferrer, Esq., Acting as Hearing Officer appointed by the Board of Director of the Authority. Interested parties who so wish may appear at the hearing to give oral testimony or may submit written comments, in lieu thereof to the Hearing Officer at his postal address P.O. Box 8513, San Juan, Puerto Rico 00910, during a period of 30 days from the date of publication of this Notice.

All relates procedures will be in accordance with Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedures Act.

HECTOR R. RIVERA
Executive Director

Exhibit 3

GOBIERNO DE PUERTO RICO

CERTIFICACION

YO, Migdalia Santiago Fuentes, mayor de edad, casada y vecina de San Juan, Puerto Rico, en mi carácter de Subsecretaria de la Junta de Directores de la Autoridad de los Puertos de Puerto Rico, una Corporación debidamente organizada y existente bajo las Leyes del Estado Libre Asociado de Puerto Rico, certifico que:

En reunión ordinaria de la Junta de Directores de la Autoridad de los Puertos celebrada el día 20 de abril de 1999, luego de haber sido debidamente convocada y habiéndose determinado Quórum, los miembros presentes ratificaron la siguiente resolución:

99-09 RESOLUCION PARA EXTENDER EL PERIODO DE VIGENCIA DE LA RESOLUCION DE TARIFAS M-1-4 Y ESTABLECER UNA NUEVA ESTRUCTURA DE TARIFAS POR EL USO DE LAS INSTALACIONES Y SERVICIOS EN EL AREA MARITIMA

PARA QUE ASI CONSTE, expido la presente, que firmo y estampo con el sello oficial de la Autoridad de los Puertos, en San Juan, Puerto Rico, hoy 27 de abril de 1999.

Lcda. Migdalia Santiago Fuentes
Subsecretaria
Junta de Directores

MSF/cbr

Exhibit 4

JUNTA DE DIRECTORES
AUTORIDAD DE LOS PUERTOS
SAN JUAN, PUERTO RICO

RESOLUCION NUM. 99-09

RESOLUCION PARA EXTENDER EL PERIODO DE VIGENCIA DE LA RESOLUCION DE TARIFA NUM. M-1-4 Y AUTORIZAR AL DIRECTOR EJECUTIVO A INICIAR PROCEDIMIENTO PARA ENMENDAR Y/ O ESTABLECER LA ESTRUCTURA GENERAL DE TARIFAS, DERECHOS, CARGOS Y VENTAS DURANTE EL PERIODO COMPRENDIDO DESDE EL 1RO. DE JULIO DE 1999 HASTA EL 30 DE JUNIO DEL 2000 POR EL USO DE LAS FACILIDADES Y SERVICIOS EN LOS TERMINALES, INSTALACIONES EN AREAS MARITIMAS Y MARITIMO-TERRESTRE QUE SON OPERADAS Y PERTENECEN A LA AUTORIDAD DE LOS PUERTOS.

POR CUANTO, la Autoridad de los Puertos ("la Autoridad") ha realizado un estudio económico para administrar la Autoridad de manera responsable y fiscalizadora.

POR CUANTO, es necesario un aumento en los cargos, tarifas y rentas por el uso de las facilidades y servicios en los terminales, instalaciones y áreas marítmo-terrestre, propiedad de la Autoridad las cuales son administradas por ésta.

POR CUANTO, la Autoridad ha preparado un proyecto para establecer una nueva estructura de tarifas, derechos, cargos y rentas por el uso de las facilidades marítimas y marítimo-terrestre, que deberá ser efectiva el 1ro. de julio de 1999 por un período que expirará el 30 de junio del 2000.

POR CUANTO, es necesario extender el período de vigencia de la Resolución Tarifaria M-1-4 hasta que entre en vigor la nueva resolución tarifaria.

POR CUANTO, es necesario iniciar un proceso de revisión de la Tarifa M-1-4 conforme a la Ley 170 de Procedimiento Administrativo Uniforme del 12 de agosto de 1988, según revisada.

POR TANTO RESUELVASE POR LA JUNTA DE DIRECTORES DE LA AUTORIDAD DE LOS PUERTOS LO SIGUIENTE:

I. Se enmienda la Resolución que establece la Tarifa M-1-4 para extender el período de vigencia de la misma hasta tanto entre en vigor cualquier otra resolución tarifaria.

II. Autorizar al Director Ejecutivo iniciar un proceso de revisión de la Tarifa actual M-1-4 conforme a las disposiciones de la Ley Número 170, del 12 de agosto de 1988, según enmendada, y conocida como la Ley de Procedimiento Administrativo Uniforme, a ser efectiva durante el período correspondiente al 1ro. de julio de 1999 hasta el 30 de junio del 2000.

III. La Autoridad se reserva el derecho de enmendar y extender el término de vigencia de la tarifa, renta y otros cargos establecidos en la Tarifa actual M-1-4 si tal medida es necesaria para proteger los intereses económicos y salud fiscal de la Autoridad de los Puertos.

Dada en San Juan, Puerto Rico, a 20 de abril de 1999.

Presidente
Junta de Directores

Secretario
Junta de Directores

Exhibit 5

PUERTO RICO PORTS AUTHORITY

TARIFF M-1-5

RATES, FEES AND CHARGES FOR THE USE OF THE PUBLIC MARINE FACILITIES AND PORT SERVICES

EFFECTIVE JULY 1, 1999 THROUGH JUNE 30, 2000

PREFACE

THIS REPORT SUMMARIZES THE RESULTS OF THE STUDY FOR THE DEVELOPMENT OF RATES, FEES AND OTHER CHARGES AT THE PORTS AUTHORITY MARINE TERMINAL FACILITIES AND PORT SERVICES, FOR THE PERIOD BEGINNING JULY 1, 1999 AND ENDING JUNE 30, 2000. THIS STUDY WAS PREPARED BY MR. MIGUEL A. MALDONADO, CHIEF OF TARIFFS AND RATES BUREAU. INFORMATION WAS PROVIDED BY THE BUDGET OFFICE, THE OFFICE OF ECONOMIC RESEARCH, PROPERTY SECTION, AND THE ELECTRONIC CENTER.

MIGUEL A. MALDONADO
CHIEF, TARIFFS & RATES OFFICE

INTRODUCTION

In accordance with its established procedures, the Puerto Rico Ports Authority (hereinafter called the PRPA) completed its annual reevaluation of the rates, fees, and other charges for the use of the maritime facilities of the PRPA. This reevaluation is based on cost analyses and cost recovery theories that were applied in previous evaluations by the PRPA, accepted by the hearing officer and adopted by the board of directors.

Maritime fees are designed to recover all rate-recoverable maritime costs from the users of the specific facilities. Maritime rate-recoverable costs have historically been captured in one of three "rate bases"; Passenger Piers, Cargo Piers and Harbors. A rate base can be defined as a group of cost centers whose costs are to be recovered through a specific type of rate or fee. The types of costs captured in these rate bases include all operating expenses, allocated overhead, depreciation, bond interest expenses and opportunity costs associated with non-depreciable assets. The costs associated with each rate base are recovered through revenues from four types of maritime fees; Passenger Fees, Dockage Fees, Wharfage Fees and Port Service Fees.

The various Maritime Fees are set to recover costs from specific rate bases.

- Passenger Fees - Set to recover 80% of total allowable Passenger Pier costs. Prior studies set fees to recover 75% of costs.
- Dockage Fees - Set to recover 20% of total allowable Cargo Pier costs and 20% of total allowable Passenger Pier costs. Prior studies set fees to recover 25% of these costs.
- Wharfage Fees - Set to recover 80% of total allowable Cargo Pier costs. Prior studies set fees to recover 75% of costs.
- Port Service Fees - Set to recover all allowable Harbor costs.

The rates, fees and other charges calculated in the following pages for the Maritime system were developed so that the PRPA could recovers the "annual break-even need". This term has been used in previous rate making periods to define: (A) the cost to provide, operate and maintain the facilities in each cost area, including an allocation of the expenses corresponding to Central Office, Service Department, the Maritime Department, Administration, charge for non-depreciable specific use and general purpose facilities; and (B) the expense related to the payment of principle and interest on its bonds and to the fulfillment of the terms and provisions of any related covenants. This method is also corroborated in Article 6(1) of Act No. 125 of the Legislature of Puerto Rico, approved May 7, 1942.

PART I - COST PROJECTIONS

Costs budgeted for maritime facilities and port services include all operating and administrative costs plus charges for the use of capital invested or to be invested in depreciable facilities of specific rate bases, depreciable general purpose facilities used for more than one rate base and non-depreciable facilities during the fiscal year. The rate bases have been established to determine the costs of maritime facilities which serve one type of user or provide one type of service, as well as for port services.

Allocated Costs

The maritime rate bases (Passenger Piers, Cargo Piers, and Harbors) capture both direct and allocated costs. Allocated costs consist of those costs that are not directly incurred by the rate bases but are necessary in operating and maintaining the facilities represented by the rate bases. The allocated costs consist of the following:

- Overhead expenses;
- Depreciation;
- Bond interest;
- Opportunity costs of non-depreciable assets that are allowed to be recovered through rates and fees.

PART II - TRAFFIC VOLUME PROJECTIONS

Traffic volume projections are based on actual historic data and assume that future traffic volumes will not deviate significantly from recent trends. Unlike expense projections which tended to grow at a steady rate, historic volume data showed a sharp growth trend in the last two years.

PASSENGER VOLUME

Passenger volume has historically been tracked very closely by the PRPA. The statistics department has compiled actual passenger traffic up to fiscal year 1998. The actual historic number of passengers passing through the ports and the expected volumes are as follows:

PASSENGER VOLUME	
1997	1,100849
1998	1,273,011
1999	1.3

DOCKAGE VOLUME

Dockage volume is tracked separately for passenger cruise ships and cargo ships by each vessel's gross registered tonnage (GRT). The PRPA has compiled actual volume up to fiscal 1998 for cargo and passenger ships.

Dockage Volume	Passenger Ships	Cargo Ships
1997	33,057,181	24,480,079
1998	34,392,691	25,469,074
1999	36,100,000	25,987,000

WHARFAGE VOLUME

Wharfage volume is tracked by the PRPA on the basis of total short Tonnage of cargo. The actual historic tonnage of cargo is available up to 1998 and shows the following trend:

WHARFAGE VOLUME	
1997	8,849,319
1998	9,026,306
1999	9,133,800

Based on this premise, following volume projections are calculated:

1999 – 2000	
Motor Vehicles	287,100
General Cargo	746,300
Container Cargo	7,320,400
Transshipments	780,000
Liquid Cargo (42 Gal.)	58,172,100

Because liquid cargo was not included in the total tonnage of cargo, the 1999-2000 volume of approximately 58.1 million (42 gallon units) was used as the 1999-2000 projection for liquid cargo volume.

HARBORS VOLUME

The actual historic GRT of ships required to pay Port Services charges is used to project future volume as follows:

HARBOR VOLUME	
1997	70,158,493
1998	72,787,075
1999	74,324,700

PART III - DEVELOPMENT OF RATES AND FEES

The rates, fees and other charges were designed to allow the PRPA to recover the expected net break-even need for the 1999 - 2000 fiscal years. The cost and volume projections from Parts I and II formed the basis for determining the four types of fees. The rates have specifically been designed to charge the appropriate user for the usage of specific facilities or services with the specific intent of avoiding cross-subsidization.

PASSENGER FEES

Passenger fees are set to recover 80% of total Passenger Pier costs. The total cost to recover through Passenger Fees and the Projected passenger volume are as follows:

	1999 - 2000
Net Break-even Need for Passenger Piers	$16,737,500
	80%
TOTAL COSTS TO RECOVER	$13,390,000
PROJECTED PASSENGER VOLUME	$ 1,300,000

Dividing the volume projections into the cost recovery targets yield the following Passenger Fees:

	1999 – 2000 Fees
Passenger Fee	$10.30

The fee per passenger has met the break-even needed for recoup of the actual costs reflected in this study.

DOCKAGE FEES

Dockage fees represent a charge per gross registered ton for each 24 hours or fraction thereof during which the ship is at the dock. The following rules were established in calculating dockage fees:

- Dockage fees are set to cover 20% of the total net break-even need of passenger piers and cargo piers;
- Dockage fees for cargo and passenger ships are now calculated separately based on separate costs and volumes to avoid cross-subsidization of fees.

Accordingly, the calculation of the total cost to be recovered through dockage fees from Passenger Ships and the projected tonnage days are as follows:

	1999 - 2000
Net Break-even Need for Passenger Piers	$13,790,200
Percentage recovered through Dockage	20%
TOTAL COST TO RECOVER	$ 2,758,040
PROJECTED PASSENGER SHIP TONNAGE DAYS	36,100,000

Dividing the total cost to recover by the projected Passenger Ship tonnage days yield dockage fees of $0.0764

The methodology applies similarly to Cargo Ships. The calculation of the total cost to be recovered through dockage fees from Cargo Ships and the projected tonnage days are as follows:

	1999 - 2000
Net Break-even Need for Cargo Piers	$19,854,065
Percentage recovered through Dockage	20%
TOTAL COST TO RECOVER	$ 3,970,813
PROJECTED CARGO SHIP TONNAGE DAYS	25,987,000

Dividing the total cost to recover by the projected Cargo Ship tonnage days yield base dockage fees of $0.1528. Cargo ships with trade within Puerto Rico or the Virgin Islands are charged a rate that is set at 75% of the base dockage fee. This is consistent with the practice of prior rate studies. In an effort to simplify the unnecessary complexity in other dockage fees which govern light traffic areas, fees for tankers and tank barges have been set equal to passenger ship fees. In addition, fees for vesselss engaged in revenue producing activity and dockage NOS are grouped with cargo ships involved in off-shore trade and are charged the base dockage fees.

The complete schedule of dockage fees is as follows:

	1999 - 2000 Fees
Passenger Ships	$0.0764
Cargo Ships (Off-shore Trade)	$0.1528
Cargo Ships (PR, VI Trade)	$0.1147
Tankers & Tank Barges	$0.1734
Vessels Engaged in Revenue Producing Activity	$0.1528
Dockage NOS	$0.1528

WHARFAGE FEES

Wharfage fees are assessed against a ship's cargo based on the cargo's tonnage. Since wharfage rates are set to recover 80% of total Cargo Pier costs, the calculation of the amount to be recovered through wharfage fees is as follows:

	1999 - 2000
Net Break-even Need for Cargo Piers	$19,854,065
	80%
TOTAL COSTS TO RECOVER	$15,883,252

The Rate structure is based on five different categories of cargo as follows:

	% Revenues	Projected Costs 1999 - 2000	Projected Volume 1999 - 2000
Motor Vehicles (per Ton)	11.27%	$ 1,827,679	287,100
General Cargo (per Ton)	5.70%	$ 924,367	746,300
Container Cargo (per Ton)	70.45%	$11,423,484	7,320,400
Transshipments (per Ton)	5.40%	$ 876,330	780,000
Liquid Cargo (per 42 gal.)	7.18%	$ 1,163,442	58,172,100
TOTAL	**100.00%**	**$16,215,302**	

***Volume units are in parentheses.**

Dividing volume projections into the individual costs to be recovered through wharfage rates yields the following fee structure:

	1999 - 2000 Fees
Motor Vehicles (per Ton)	$6.3660
General Cargo (per Ton)	$1.2386
Container Cargo (per Ton)	$1.5605
Empty Containers (per Containers)	$7.1216
Transshipments (per Ton)	$1.1235
Liquid Cargo (per 42 gallons	$0.02

PORT SERVICE FEES

As in prior rate studies, Port Service charges were established for the system of all ports of Puerto Rico which, according to the Dock and Harbor Act of Puerto Rico No. 151 (June 28, 1968), fall under the PRPA jurisdiction. Port Service fees are charged against the GRT of a ship as it enters the harbors of Puerto Rico. Cruise ships have traditionally been exempt from paying Port Service fees and the current study continues to follow this norm by assessing the charge only on cargo ships. The amount of Harbor costs the PRPA is eligible to recover through Port Service fees and the projected harbor volume are as follows:

Account Description	1999 - 2000
TOTAL COST TO RECOVER	$ 3,344,612
PROJECTED HARBOR VOLUME	74,324,700

Dividing volume projections into the net break-even yields the following Port Service fees:

	1999 - 2000
Port Service Fees	$0.05

The PRPA has been assessing a single Port Service fee for all ships, regardless of size.

Item	Rules and Regulations
1.0	DEFINITIONS - For the purpose of this tariff and its Rules and Regulations, the following terms shall have the following meanings and the use of the term in singular shall include the plural and vice versa.
1.1	Adjacent Island - All the islands surrounding Puerto Rico and depending upon its government.
1.2	Calendar Day - The 24 hours from midnight to Midnight.
1.3	Cargo – The goods, merchandise, or whatever is loaded, transported or conveyed in a ship whether in liquid, solid or in any other form.
1.4	Consignee-Agent - The person representing the owner or captain vessel in a town or at the place where certain work is done or the person to whom the cargo is consigned.
1.5	Container - A permanent type cargo-carrying unit designed to be transported directly and mechanically between vessels and other forms of transportation which has minimun dimensions of eight (8) feet in width, eight (8) feet in height, and twenty (20) feet in length, which is used for the movement of cargo as a unit. All other containers will be considered as general cargo.
1.6	CWT – Abbreviation for hundred weight. When used with respect to computation of wharfage or demurrage, means (1) by weight, per cwt of 100 pounds; (2) by volume, per cwt of two cubic feet; or (3) board foot measurement in case of lumber, per 24 board feet being equivalent to a cwt. Of two cubic feet.
1.7	Dock - Any structure used for the mooring of vessels or for the loading or unloading of persons or things. Also to mean port facilities and vice versa.
1.8	Dockage - the charge assessed against a vessel for berthing at or making fast to a wharf, pier or bulkhead structure or for mooring to another vessel so berthed.
1.9	Free Time - The period of time prior to the commencement of loading of a vessel, and the period of time following the completion of discharge by a vessel, when outbound and inbound freight respectively, may be held in the transit area without payment of any fee except wharfage.
1.10	Gross Tonnage - (of a vessel) - This term is synonymous with Gross Register Tonnage. It is the cubic capacity in tons of 100 cubic feet of the various enclosed spaces of a vessel. It will normally be found in Lloyd's Register of Shipping in which the highest will be the official basis used in this tariff.

Item	Rules and Regulations
1.11	Landing Place - Any place where it is possible for a vessel to embark or disembark persons, or load and unload things, directly to or from land rather than by an intermediate water carrier.
1.12	Lighter - A barge, with no means of self-propulsion, used to transport cargo from point to point within a port. It is usually towed by a tug.
1.13	Marine Terminal - A development consisting of one or more piers, wharves, docks, bulkheads slips, basins vehicular roadways, railroad connections, sidetracks, sidings or other building structures facilities or improvements, necessary or convenient to the accommodation of steamships or other vessels and their cargo and passengers.
1.14	Off-Shore Points - Points not located in Puerto Rico or its adjacent islands, or in the American Virgin Islands.
1.15	Pier - A structure extending into navigable water for use as a landing place, for persons or things.
1.16	Ports Authority - The Puerto Rico Ports Authority as created by and existing under the Puerto Rico Ports Authority Act. Of 1942, as amended (23 L.P.R.A. 331-352).
1.17	Port Services Charges - The Charge assessed against a vessel for entering a port (whether or not it docks anchors, loads or unloads cargo) and receiving thereby the benefits of general services and regulation, which promote commerce and navigation and are unrelated to terminal facilities and services, that are provided by the Ports Authority pursuant to the Docks and Harbor Act of Puerto Rico. These include, by example and without limitation, contributions to the maintenance dredging of port and harbor navigation channels (not terminal or berthing areas) to the extent not performed by the Army Corps of Engineers; construction of dikes when and where needed; assistance and/or supervision of navigation when and as needed, including for example lookout stations, radio communications, and the regulation and control of pilots; clearance of debris from navigation channels; investigation of accidents; provision of Port Captains; and administration of the Docks and Harbors Act provided within port and harbor areas or though the Ports Authority's central offices.
1.18	Quay - Every structure, embankment or wall protecting from the sea and its waves that part of the waterfront which said structure, embankment or wall limits. Used interchangeably with "Dock".

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1.19	Ship, Vessel or Boat - any vehicle used for the transportation of persons or things on the water, to include the ship's owner, her Master and the agent or any of them.
1.20	Transit Area - the area covered or uncovered, bordering on the apron of a wharf, pier,or bulkhead structure within which a cargo is assembled for loading on a vessel, and on which it is discharged for delivery from a vessel.
1.21	Wharf - A structure built along or at an angle from the shore of navigable waters so that ships may lie alongside to receive and discharge cargo and passengers. Also piers, docks and bulkheads. Wharves, pier or bulkhead structures designed primarily for the loading or off-loading of liquid cargo by pipeline shall refer to Yabucoa, Guayanilla, Tallaboa, Las Mareas and other piers used for the loading or off-loading of petroleum related products. The rest shall be considered dry cargo wharves, pies or bulkheads.
1.22	Wharfage - The charge assessed against cargo for the passage of that cargo on, over, under, or through any wharf premise, pier or bulkhead structure, inward or outward. It also includes the charge assessed against cargo passing or conveyed between vessels (to or from barge, lighter or water) or by pipeline when berthed at wharf or when moored in a slip adjacent to the wharf.
1.23	Wharf Demurrage or Demurrage - Assessed against cargo which remains in the transit area related to a wharf, pier , or bulkhead structure after the termination of the free time. Actually a penalty intended to urge for the prompt removal of the cargo from the pier premises.
1.24	Cruise or Passenger Ships - Means ships engaged in the transportation of passengers, with cabins, (carrying twelve or more passengers), or conducting cruises or tour services and not carrying cargo.
1.25	Ferryboats or Ferry - Vessels used for transporting passengers and or merchandise in regular periodic and continuous sailing and which may at the same time render cargo services.
1.26	Explanation of Reference Marks or Abbreviations The following abbreviations or marks are intended to serve as reference of this Tariff: (R) = Reduction (I) = Increase (C) = Change in Wording or Expression (D) = Deletion

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	(A) = Addition to Tariff (N) = Change in Item number or Order
1.27	Ports Under the Jurisdiction of the Puerto Rico Ports Authority Ports under the jurisdiction of the Puerto Rico Ports Authority mean all the ports of Puerto Rico according to the Docks and Harbors Act of Puerto Rico, No. 151 of June 28, 1968 (23 L.P.R.A. 2101-2801). The berths which are part of piers or maritime terminals owned by private persons or entities and which are not owned by the Puerto Rico Ports Authority are included solely for general regulation benefits which might be applicable with safety objectives, but not for dredging responsibility objectives nor safeguarding of property or which belong to the particular terminal or pier operator watchmen services objectives. No terminal facilities at Ponce are under the control or administration of the Ports Authority.
2.0	CONVERSION FACTORS 1 kilogram = 2.2046 pounds 1 pound = 0.45 kilograms 1000 kilograms = 2,204.6 pounds = 1 metric ton 1 metric ton x 0.91 = 1 short ton 1 metric ton x 1.02 = 1 long ton 1 cubic meter = 35.315 cubic feet (cubic meters x 35.315 = cubic feet) (1 cubic meter x 1.13 = 40 cubic feet) (40 cubic feet x 0.88 = 1 cubic meter) 1 centimeter = 0.3937 inches (centimeters x 0.3937 = inches (inches x 2.54 = centimeters) 1 meter = 39.37 inches (meters x 3.281 = feet) (feet x 0.3048 = meters) 1 cubic meter = 423.78 feet board measure (1000 feet board measure (FMB) = 2.36 cubic meters) 1 liter = (0.264 gallons (0.0063 bbls.) 1 barrel (42 gallons) = 159.09 liters 1 short ton = 2000 pounds 1cwt = 100 pounds or 2 cubic feet or 24 board feet measurement of lumber 1 gallon fuel oil (Bunker "C") = 8.33 pounds; 6.40 barrels per ton of 2,240 pounds; 350 pounds per barrel of 42 gals.

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	1gallon lubricating oil = 7.69 pounds; 6.94 barrels per ton of 2,240 pounds; 322.8 pounds per barrel of 42 gals. 1 gallon diesel oil (Navy) = 6.96 pounds; 7.67 barrels per ton of 2,240 pounds; 292.2 pounds per barrel of 42 gals. 1 gallon diesel oil (Commercial) = 7.25 pounds; 7.36 barrels per ton of 2,240 pounds; 304.5 pounds per barrel of 42 gals. 1 gallon gasoline (Commercial) = 6.15 pounds; 8.66 barrels per ton of 2,240 pounds; 258.3 pounds per barrel of 42 gals. 1 gallon kerosene (Commercial) = 6.75 pounds; 7.91 barrels per ton of 2,240 pounds; 283 pounds per barrel of 42 gals.
3.0	APPLICATION OF RATES, RULES AND REGULATIONS The rates and regulations are applicable to the docks, landing places, marine terminals, quays, transit areas and wharves or any other facility used for loading and unloading and are property of the Ports Authority and to the ports under the jurisdiction of the Puerto Rico Ports Authority and shall apply equally to all users of the Ports Authority facilities and/or ports under its jurisdiction. This tariff does not apply to terminal facilities or provide terminal services, and has no wharves, piers or similar facilities.
3.0.1	Consent to Terms of Tariff The use of the docks, landing places, marine terminals, quays, transit areas and wharves and any other facility of the Ports Authority or under its jurisdiction shall constitute a consent by the interested parties to abide by all the terms, conditions, rules regulations, penalties, rates and charges set forth in this tariff.
3.0.2	Use of Facilities The Ports Authority reserves its rights at any time or times and without notice to deny use of its facilities to any user who or which is delinquent in payment of its accounts for more than (30) days; such denial may be continued until such accounts are fully paid up and maintained in current status.
3.0.3	General Restrictions and Limitations The Ports Authority is not obliged to provide storage or accommodation for property which has not been transported, nor is intended to be transported by water to or from the port; nor is it obligated to provide dockage, wharfage, storage or other services beyond reasonable capacity of the facilities; nor is it obliged to provide extended storage for any property in the course of normal operations, beyond a period of time determined by the Director of the Authority.

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	The Ports Authority is not obliged to accept any cargo, either inbound or outbound, which is not compatible with the accepted objectives of its facilities and the established assurances to the community. The refusal of any such cargo is discretionary with the Director of the Authority.
3.0.4.	Disclaimer for Loss or Damage The Ports Authority does not accomplish unloading, loading or manipulation of cargo, does not carry inventory of cargo, nor inspects any cargo to see that it matches the shipping documents, nor conducts accounting of cargo deposited in its piers or terminals. In this regard the Authority shall not be responsible for any damages to freight being loaded, unloaded, handled, stored, or otherwise present on its facilities, or for loss of any freight or for any delay to same, unless such cargo is receipted for or on its behalf except to the extent that such damages are accounted to result from its fault or negligence. The Ports Authority shall not be responsible for any loss or damage to freight on or in its facilities by reason of fire, leakage, evaporation, natural shrinkage, wastage, decay, animals, rats, mice, other rodents, moisture, the elements, discharge of water from sprinkler fire protection systems, or by or form any other cause, except to the extent that such loss or damage is accounted to result from its fault or negligence. The Ports Authority shall no be responsible for delays, losses, or damages arising from riots, strikes, or labor disturbances of any persons, or for any loss due to pilferage or thievery, or to any other cause, except that such delays losses or damages are accounted to result from its fault or negligence.
3.0.5	Access to Record All vessels, their owners and agents, and all other user of the facilities, shall be required to permit access to manifests of cargo, passengers, and all other document for the purpose of audit for ascertaining the correctness of reports filed, or for securing necessary data to permit correct estimate of charges.
3.0.6.	Indemnity Bond or a Letter of Credit Users of the Puerto Rico Ports Authority facilities are required to furnish the Authority with an Indemnity Bond or Letter of Credit, insuring the Authority against loss of any funds and indemnifying the Authority in full for the payment of bills that accrue as a result of dockage, cargo and passenger wharfage, water sales, storage, rentals leases, warehousing, demurrage, electric current and any other charges that

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	may accrue for services rendered by the Authority. The Ports Authority Director is authorized to determine and fix the amount of the required Bond or Letter of Credit.
3.0.7	Insurance All users of the Ports Authority terminal facilities are required to carry bodily injury liability insurance and property damage liability insurance and to furnish certificates of insurance to the Director. Such insurance shall be in amounts not less than $500,000 combined single limit and for contract terminal operators not less than $1,000,000.
3.0.8.	Pollution of Air, Water and Land It is unlawful for any person, firm or corporation to deposit, place or discharge into the waters of the port and facilities any ballast, dunnage, sanitary sewage butcher's offal, garbage, dead animals, gaseous liquid or solid matter, oil, gasoline, residium of gas, calcium carbide, tar or refuse, or any other matter which is capable of producing floating matter or scum on the surface of the water, sediment or obstruction on the bottom of the waters, or odors or gases or putrefaction, or land, or in water. All vessels and all persons using Ports Authority facilities shall take every precaution to avoid pollution of the air and land. Authority air pollution control procedures will be strictly enforced. In addition to these regulations, all appropriate federal, state and local laws, rules and regulations pertaining to air and water pollution shall be rigidly observed.
3.0.8.1.	Responsibility for Cleaning Facilities All users of Authority facilities shall be held responsible for cleaning the facilities after using them, including adjacent aprons and gutters. If the facilities are not properly cleaned, the Authority or the Chief of the Maritime Department shall order them cleaned and bill the responsible party at a minimum charge of $250.00 daily published in this tariff. Office areas under leases which provide for janitorial services by Puerto Rico Ports Authority and its Maintenance Department are exempt from this rule.

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3.0.9	General The Ports Authority shall control the allocation of all space, covered or open on its properties. All persons using the Authority's property in any manner shall strictly coordinate with the Authority and comply with such allocation of space. The Authority may move freight or other articles, at owner's or agent's risk and expense, in order to enforce this Item. In all cases, the objective of space allocation is to insure maximum flexibility and utilization of available space, both covered and open, and the Authority shall be the sole judge in the matter.
3.0.10	Damages to Facilities All vessels, their owners or agents, and all other users of the facilities, shall be held responsible for all damage to the facilities caused by them. The Ports Authority might detain any vessel or other watercraft responsibility of the users of the facilities to report any damage caused by them to the Ports Authority immediately. It shall be unlawful for any person to willfully or carelessly destroy, damage disturb, deface, or interfere with any buoy, float life preserver, sign, notice or any other Ports Authority property whatsoever under the jurisdiction of the Authority. (A) Every person and every vessel responsible for any damage to any Authority's property of any kind or character under the jurisdiction of the Authority shall be held liable for any charges for the cost and expense of the replacement or repair of the property so damaged or destroyed. The expenses of repairing said damage shall be charged against the person or vessel, or both responsible thereof. (B) In the event any damage is done to any wharf, wharf premise, facility or other property owned by the Puerto Rico Ports Authority and in the possession of, or under the supervision, management or control of the Authority, the person or persons causing, responsible for, or in any way connected with such damage and the person or persons to whom the wharf, wharf premises, facility or other property owner, operator, or agent of any vessel, vehicle, or other instrumentality involved is such damage, shall promptly file a full report thereof with the Ports Authority Executive Director stating the date and hour the damage occurred, the names and address, or, if unknown, a description of witnesses and other persons, vessels or instrumentality

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	involved in the damage, as well as all other pertinent facts and information that may be available. It is unlawful for any person to refuse, neglect or fail to make or give any such report in the form and manner aforesaid, and, in addition to the general penalties prescribed in this Tariff, any such person who so refuses, neglects or fails, may be denied the use of wharf or other facility until the Authority has been fully reimbursed for any such damage.
3.0.11	Emergencies Anyone on the Authority's property a t any time who becomes aware of an emergency situation of any nature shall notify a responsible Ports Authority representative by the fastest means, while taking such immediate direct action as may be appropriate. In case of fire on board a vessel docked in a Ports Authority facility such vessel should sound five (5) prolonged blasts of its whistle or siren, each blast to be from four to six seconds duration, to indicate a fire on board, or on the wharf at which the vessel is berthed. Such signal should be repeated at intervals to attract attention and be used as an additional method for reporting a fire.
3.0.12	Explosives, Inflammables, and Other Hazardous Materials Explosives, inflammables and other hazardous commodities or materials will not be handled over or received on the wharves or other facilities of the Ports Authority until and unless approval is obtained from the United States Coast Guard and the Ports Authority. Such approval must be obtained by filing with the Authority and the United States Coast Guard the form Application and Permit to Handle Hazardous Materials within at least 48 hours in advance of ship's arrival. Ships transporting such materials not to be discharged but berthed at Ports Authority facilities shall also within at least 48 hours in advance notify the U.S. Coast Guard and the Ports Authority of such information regarding and included in the docking Application and Permit. The Ports Authority may refuse the use of its facilities or waterfront for the handling, stowing, loading, discharging or transportation of such explosives or dangerous articles which are considered by the Ports Authority Director as offering undue risk or exposure to risk. Wherever a ship transporting explosives, inflammables or other hazardous materials is berthed at a Puerto Rico Ports Authority facility a copy of the Hazardous Cargo manifest shall immediately or before ships arrival be filed with the Puerto Rico Ports Authority Maritime Bureau Operations Section.

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3.0.13	Loitering on Ports Properties It is unlawful for any person to loiter on the properties of the Puerto Rico Ports Authority. It is unlawful for unauthorized persons to enter cargo movement or handling areas. Persons using the pier facilities will do so at their own risk and the Puerto Rico Ports Authority will assume no responsibility for the occurrence of injuries or damages resulting herefrom.
3.0.14	Hot Work Hot work is any operation involving oxyacetylene or electric welding, burning, cutting or other heat producing activities. Hot work shall not be conducted on any waterfront facility or vessel moored there to when dangerous cargo is presented unless a properly executed and valid Coast Guard Welding and Hot work Permit (Form-CG-4201) is on file at the pier and advance notification has been given to the Captain of the Ports, U.S. Coast Guard and the Puerto Rico Ports Authority.
3.0.15	Signs Painting signs on structures or facilities belonging to the Puerto Rico Ports Authority is prohibited without prior approval. Signs to be erected on the ports facilities shall be furnished by the port users and erected or displayed by the user after the Executive Director shall have approved the design, material and size of said signs. All signs will be uniform.
3.0.16	Smoking It is unlawful for any person to smoke or to light a match upon, or in, at port facility when such act is prohibited by the Authority, the Commonwealth of Puerto Rico Fire Service or the U.S. Coast Guard.
3.0.17	Solicitation It is unlawful for any person to solicit or carry on any business on the Authority property without previously obtaining a permit from the Puerto Rico Ports Authority as required by this tariff or any other regulation.
3.0.18	Vehicles

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	It is unlawful to park automobiles in any prohibited area or to park any automobile, truck, trailer or any other vehicles in loading zones for any longer period than is necessary to load or discharge cargo or passengers. All vehicles entering the port facilities not engaged in the transportation of cargo shall park in the areas designated by the Puerto Rico Ports Authority Maritime Bureau. It is unlawful for any motor vehicle to be stored on any wharf unless such vehicle shall have been first drained of all gasoline or other liquid petroleum products, except at such places as the Authority may designate.
3.0.19	Security Puerto Rico Authority officer as well as those of the steamship companies, agents or stevedoring companies may inspect any vehicle at the entrance or exit of any of the pier facilities when they deem it pertinent. It is the responsibility of all Port users to furnish their own security when they have cargo, vessels, other property and/or responsibility on pier facilities. Watchmen so used must have identification from the Ports Authority Security office. Such identification will be requested through the Security chief who will maintain a list of all watchmen. All watchmen employed, whether armed or not, are required to understand and speak clearly understandable English. The personal safety provided by employed watchmen requires advance notice of such intended guard activity to the Dock Superintendent in charge of the applicable Transit Shed, the Duty Officer and the Ports Authority Security Chief or representative. The Ports Authority and its security personnel are not obliged in any manner for the custody of property, cargo, vehicles, vessels or facilities of the users in the premises of the Authority. Security watchmen and/or supervisors of the Authority will observe only for the security and protection of the Ports Authority properties and will cooperate in other aspects of law violations with the Puerto Rico Police. The Puerto Rico Police in a contract with the Ports Authority and through the Port Police will render a general police service like the one rendered to the community to prevent and avoid crimes and law violations as well as other general police actions.
3.0.20	Radioactive and/or Missile Materials

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	No person shall store, keep handle, use, dispense or transport at, in, or upon any facility or other property under the jurisdiction and control of the Puerto Rico Ports Authority, any special nuclear material, including, but not limited, to Uranium 233, Uranium 235, Plutonium 239, Plutonium 241; any source material, including, but not limited to, uranium and/or thorium; any irradiated fuel elements; any new reactor fuel or elements thereof; any radioactive material moving under special permit or escort without at least 48 hours prior written notice to and receipt of special permit from the United States Coast Guard and the Ports Authority Maritime Bureau provided, however, that only advance notice is required for the movement of medical or industrial isotopes other than those specifically included in the aforementioned, when packaged, marked, labeled and limited as to quantity and radiation emissions in accordance with the United States Coast Guard regulations relating to the transportation of explosives and other dangerous articles.
3.0.21	Empty Drums, Etc., Must Not Remain on Wharf Empty drums, tanks, barrels, and other containers, used for the storage or transportation of gasoline, distillate, kerosene, or other flammable products, shall not be allowed to remain on any wharf or landing area after sunset of the day received without securing special permission to do so from the Chief of the Puerto Rico Ports Authority Maritime Bureau, subject to the approval of the U.S. Coast Guard and Chief Industrial Security of the Authority.
3.0.22	Fire Fighting Apparatus It is unlawful for any person to obstruct or interfere with the free and easy access to, or to use, remove or in an manner disturb, any fire extinguisher, fire hose, fire hydrant, or any part of any fire sprinkler system, or any other fire fighting appliance or apparatus installed in or upon any wharf, warehouse or other building, structure or premises, under the jurisdiction of the Authority, except for the prevention of fire; provided, however, that nothing herein contained shall prevent making necessary repairs or tests by any person duly authorized to do so.
3.0.23	Spark Protector Necessary Every steam or spark producing engine when used upon any wharf or landing area, and every pile driver when working on or alongside any wharf, must have upon its smokestack a bonnet or spark catcher that will effectually prevent sparks from falling upon such wharf or upon the deck of any vessel. In operating any donkey or hoisting engine in or under any shed, there must be, provided by the owner or operator a bent or curved pipe, with spark arrestor, extending to the outside of the shed, and owners

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	or operators of such engines must clean and remove all ashes, cinders and waste coming out of engines.
3.0.24	Persons Not Allowed on Certain Premises It is unlawful that any person under the influence or apparently under the influence of intoxicating liquors to enter or be on any terminal or other premises where flammable or combustible liquid cargo is present or is being handled, and it is unlawful for any person on any such material or facilities to behave in a disorderly manner.
3.0.25	Sand for Absorbing Waste Oil Suitable sand shall be kept in buckets and used for absorbing waste oil which may fall upon the floors or wharves, and such sand, when saturated, shall be removed to a safe place outside the wharf and facilities. It shall be the duty of persons holding berth assignments to comply with and enforce this role in the wharves assigned to them.
3.0.26	Speed Limit on Wharves Any person operating or driving a motor vehicle or other vehicle upon any wharf, or within any transit shed, warehouse, or enclosed marine terminal area, or in any other area where cargo is actually being handle, shall operate or drive the same at a careful and prudent speed not greater than reasonable and proper, having due regard to the traffic, surface and use of the wharf, transit shed, warehouse, enclosed marine terminal area or cargo-handling area, and it shall be unlawful for any person to operate or drive a motor vehicle or any other vehicle upon such wharf, transit shed, warehouse, enclosed marine terminal area, or cargo-handling area at such a rate of speed or in any manner so as to endanger the life, limb or property of any person, or to operate or drive any motor vehicle or any other vehicle on any such wharf, transit shed, warehouse, enclosed marine terminal area or cargo-handling area at a greater rate of speed than ten (10) miles per hour.
3.0.27	Inside Fencing All fencing inside transit sheds, warehouses and terminals must be authorized by the Ports Authority Executive Direct. All original fencing or subsequent modifications will be installed at the expense of the applicable port user. After installation, the fencing becomes the property of the Puerto Rico Ports Authority, and the Authority reserves its rights to require its removal by the party installing it, in the event of vacating the facility or for any other just cause.

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3.0.28	Unlawful to Fish from or Use Any Berth, Wharf or Other Area Without Assignment or Other Permission. It is unlawful for any person to fish from or otherwise use in any manner, or for any vessel or any owner, agent or operator thereof use in any manner, any berth wharf, wharf premise, or other area under the jurisdiction of the Authority without first securing an assignment or other permission to do so.
3.0.29	Making Fast or Remaining at Wharf Without Consent of the Authority It is unlawful for any person to make any vessel fast, or to cause or permit any vessel to be made fast, to any wharf, or to cause or permit any vessel to remain fastened to any wharf, or to be or remain moored immediately in front thereof, without the consent of Puerto Rico Ports Authority Maritime Bureau and it is unlawful for any vessel to remain fastened to any wharf, or to remain moored immediately in front thereof, after the consent to so remain fastened or moored has been revoked or withdrawn by the Authority. For the purpose of this Item, each period of 24 hours, or fraction thereof, during which any violation exists or continues, shall be considered a separate offense and shall be subject to the penalties provided in this Tariff for each such separate offense. Any vessel made fast to or moored in front of any wharf, or remaining fastened to or moored in front of any wharf, in violation of this Item, shall be subject to removal by or at the orders of the Chief of the Puerto Rico Ports Authority Maritime Bureau and at the risk and cost of such vessel, its agent or owner, to such other place as the Chief of the Maritime Bureau may direct.
3.0.30	Vessels Extending Beyond a Pier or Occupying an Outside Berth Area Every vessel lying at any wharf whose stern or bow extends beyond the edge or end of any wharf, and every vessel lying alongside another vessel berthed at a wharf (outside berth), while occupying such position, shall be responsible for any and all damages to itself and to any other vessel
3.0.31	Unloading Garbage from Vessels Prohibited It is unlawful to unload, remove or discharge, or cause, suffer or permit to be unloaded, removed or discharged, from any vessel in the Ports Authority facilities any garbage or refuse matter of any kind; provided, however, that any garbage or any refuse matter may be unloaded, removed, or discharged from any vessel into such

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	other vessel or vessels or such other vehicle or vehicles as may be coordinated with the Chief of the Ports Authority Maritime Bureau and his approval for the collection or disposal of garbage or refuse matter and after due assurance of complying with the United States Department of Agriculture, United States Coast Guard and any other local or federal agency regulations or federal and local laws.
3.0.32	Responsibility for Payment All bills are due upon presentation and, unless other arrangements with the Ports Authority are made, are payable, in cash, by the user, vessel, their owners, agents, stevedores or others. The Ports Authority will not permit the movement of cargo from or across or through its facilities or may withhold permission to occupy or use, such facilities, appurtenances and equipment; until all tariff rates and charges have been paid except that the Ports Authority may voluntarily extend credit arrangement to give settlement of aforesaid rates and charges. Vessels or authorized agents will not permit the movement of cargo direct to or from ships tackle and land and water carrier until the permission of the Authority as specified in this has been obtained. Errors if any will be rectified by adjustment or amendment based on information received subsequent to the issuance of the original bill.
3.0.33	Time Limit for Filing Claims All claims against the Authority shall be filed with the Authority within a term of one year from the day the first bill or bills are presented. Claims against Puerto Rico Ports Authority will have a year prior to the filing of this Resolution to be rectified. No refunds or adjustments will be made on any claims filed after this established time limit.
3.1	<u>DOCKAGE</u>
3.1.1	Any vessel berthing at or making fast to a Ports Authority wharf, pier or bulkhead structure, or mooring to another vessel so berthed, shall pay dockage at the rates established herein.
3.1.2	Dockage rates shall apply per gross register ton of the vessel as ascertained from Lloyds Register, ship license or certificate and the highest will be used to assess the rate.

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3.1.3	The period of time for which dockage shall be assessed against a vessel shall commence when such vessel is made fast to a wharf, pier, or bulkhead structure, or to another vessel so berthed, and shall continue until such vessel is completely free from and has vacated such berth.
3.1.4	Dockage shall be assessed for each period of 24 hours or fraction thereof during which a vessel is at berth.
3.1.5	No dockage will be assessed against:
3.1.5.1	A vessel while actively engaged on service during docking or undocking maneuvers as a tugboat when made fast to another self-propelled vessel which is being charged dockage. This exemption will not apply if the tugboat stays fast to the other vessel beyond the time of rendering services.
3.1.5.2	Combat or training vessels, including vessels auxiliary thereof, of the United States of America, or of any other nation, or any vessels of the Commonwealth of Puerto Rico, when in the opinion of the Executive Director of the Ports Authority conditions warrant the temporary suspension of regular dockage charges.
3.1.5.3	Passengers or tourist ships starting or cruises using the pier facilities of the Puerto Rico Ports at San Juan are exempted from dockage in their maiden trip. This exception is granted to true maiden trips and is not applicable to ships changing agent, owner or name and already rendering or having rendered services to the Port of San Juan.
3.1.5.4	Vessels participating in regattas or maritime activities duly recognized by the Puerto Rico Ports Authority. In these cases the previous written approval by the Ports Authority Executive Director is required.
3.1.6	Any type of berthing not covered above will be assessed a fee of the Dockage NOS Rate (Item 5.1.6.), per gross registered ton per day or fraction thereof.
3.1.7	When a vessel shifts berth by request of the Ports Authority, dockage will be assessed starting at the time the ship is made fast to the first wharf, pier or bulkhead until the time it leaves the last pier. If a ship shifts berth for her benefit or that of her agent, dockage will be assessed separately at each wharf, pier or bulkhead.
3.1.8	Vessels regularly serving Puerto Rico while on repairs or scheduled maintenance when berthed at a Ports Authority facility will be assessed half dockage after proper arrangements for use of berth are made with Ports Authority Officers.

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	Vessels not regularly serving Puerto Rico will similarly be assessed 60% of the regular dockage.
3.1.8.1	When arrangements for a berth for maintenance or repairs are made, the vessels so authorized will be subject to shift berth as required by the Ports Authority if the berth is so needed.
3.2	WHARFAGE
3.2.0.1	Statements Required The owner, agent, master or other person in charge of a vessel or cargo must furnish to the Pier Superintendent at any Ports Authority pier facility where such vessel is discharging or loading or to the authority Billing Office, complete copies of the vessels manifest and/or bill of landings or waybills, freight bills showing names or consignees or consignors and the weight and measurements of all freight or other such information data or documents as may be necessary to develop statistical records and insure the proper assessment of charges. All users of the ports and facilities under the jurisdiction of the Puerto Rico Ports Authority shall be required to permit access to their files and transportation of documents necessary for the purpose of audit or ascertaining correctness of documents furnished.
3.2.0.2	Right to Refuse the Handling of Cargo The Puerto Rico Ports Authority reserves the right to deny the handling of any commodity through its facilities which is deemed unreasonable (commodities which may constitute a hazard or create situations affecting the operation or damaging or dirtying the facilities in an abnormal manner or creating pollution).
3.2.1	As established in this tariff wharfage rates shall apply either per weight or measurement of the cargo subject to wharfage charges so as to conform to the method used by the ocean carrier for its computation of freight charges (i.e. as freighted).
3.2.2	When freight charges are computed by the ocean carrier and own on the manifest or shipping documents on the basis of either weight or measurement, wharfage shall be assessed as so computed and manifested.
3.2.3	When the basis of the freight charge is not shown on a manifest or shipping documents or when the basis of the freight charge is a unit other than weight or measurement (i.e. per package, etc.), wharfage shall be assessed on the basis of weight or measurement, whichever will yield the greatest revenue.

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3.2.4	In the case that no information is provided as to cargo weight or measurement and it is difficult to determine the basis to assess the wharfage charge, a factor of 25 lbs. per cubic ft., will be used by the Authority for such determination. In this case the wharfage will be assessed on the result yielding the highest revenue.
3.2.5	Containers or flat-bed trailers held on the container company's holding area originally manifested for transshipment to other destinations without change in form or content, including both loaded and empty containers, shall be assessed wharfage only on the inbound movement providing area. Those that exceed this period will be charged outbound wharfage at normal rates.
3.2.6	Cargo loaded on or discharged from a vessel while berthed at a Ports Authority facility, to or from a barge, scow, or lighter, or another vessel alongside shall be assessed wharfage at one half of the rates presented above.
3.2.7	Cargo transferred from one vessel to another at a Ports Authority facility without change in form or content, including both loaded and empty containers, shall be assessed wharfage only on the inbound movement
3.2.8	Wharfage Exemptions
3.2.8.1	Ship's supplies and repair materials and supplies provided they are intended for the vessel's own use, consumption or repairs not including fuel1.
3.2.8.2	Cargo handling and stevedores' tools, pallets, equipment, and appliances which are taken on a wharf, pier or bulkhead structures for the purpose of loading or discharging a vessel then berthed at the facility. If such tools, equipment and appliances are left or remain at the pier after conclusion of operations they will be subject to demurrage starting twelve (12) hours after the conclusion of operations.
3.2.8.3	Passenger's baggage, provided it be carried on the same vessel as the passenger, and no revenue for its transportation is collected by the water carrier.
3.2.8.4	Petroleum and petroleum products in bulk which are pumped back from vessel to a tank at the same facility as originally loaded, if they have paid one wharfage charge when loaded from the tank to the vessel in the first place.
3.2.8.5	Ballast in bulk, which is not manifested as cargo, has no commercial value, and is handled directly between the vessel and a barge or tank.

1 This exemption is limited to not more than eight(8) long ton,(2240 lbs.) per ship. Over this amount regular wharfage will be assessed.

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3.2.8.6	Dunnage and ship lining used in the stowage or bracing of cargo which is discharged from and reloaded to the same vessel within 30 days.
3.2.8.7	Scrap dunnage or scrap ship lining discharge from a vessel, provided it has no commercial value, has been used on the vessel for dunnage or bracing of cargo, and is not to be reused for these purposes.
3.2.8.8	Cargo which a vessel discharges and reloads prior to departure in order to load or discharge other cargo.
3.2.8.9	Merchandise or cargo, including liquid products which are received in Puerto Rico or are sent form Puerto Rico to other countries for assistance purposes to natural disaster cases or of any other nature which are recognized by the Ports Authority Executive Director will be exempted of paying wharfage when this is recognized in writing by the Executive Director of the Puerto Rico Ports Authority.[2]
3.2.9	The Puerto Rico Ports Authority may initiate, without a resolution approved by the Puerto Rico Ports Authority Board of Directors, the adoption of changes for clarifications, improvements or additions to this tariff, which do not represent substantial variations and file such changes directly with the Federal Maritime Commission.[3]
3.3	SERVICE OR WHARFAGE FEE FOR VESSELS CARRYING PASSENGERS OR CRUISE SHIPS
3.3.1	Vessels carrying more than 12 revenue passengers or cruise ships which berth at a Ports Authority wharf, pier, or bulkhead structure shall pay a per passenger fee based on the revenue passengers or tourists whose names appear in the passengers or tourist list upon arrival of the vessel, and on the number of revenue passengers or tourists who initiate or terminate a voyage on the vessel.
3.3.2	The passenger fee shall not apply to those passengers or tourists disembarking in Puerto Rico from the same voyage of the same vessel on which they began their trip, provided they began their trip at a Ports Authority facility and were included in the number of passengers used to determine the passenger fees paid by the vessel at that time.
3.3.3	The passenger fee shall be paid by the agent or representative of said ship in Puerto Rico within thirty days after date of invoice. In case of ships whose owners have no agent in Puerto Rico, the charge shall be paid by the captain of the ship before said ship has departed. Any sum due for the passenger fees prescribed above which is not

[2] Effective since September, 1989.

[3] Approved by the Secretary of Transportation and Public Works by Resolution No. 87-22 of May 20,1987.

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	paid within the term fixed will accrue interest at the maximum legal rate of interest allowable under the laws of Puerto Rico.
3.3.4	The executive Director of the Authority is empowered to establish such rules, standards, and procedures as he considers convenient and adequate to attain the highest efficiency and promptness in the collection of the fees prescribed above.
3.3.5	Passenger or cruise ships starting services or cruises using the pier facilities of the Puerto Rico ports at San Juan are exempted from passenger or wharfage fees on their maiden voyage. This exemption is granted to true maiden voyages and is not applicable to ships changing agent, owner or name and already rendering or having rendered services to the Port of San Juan. [4]
3.4	PORT SERVICE CHARGES Every vessel entering, navigating or otherwise using any port of Puerto Rico or adjacent islands will be assessed a charge for the purpose of contributing to the costs incurred by the Commonwealth in regulating and promoting navigation and maritime commerce under the Docks and Harbors Act of Puerto Rico, 23 L.P.R.A. Section 2201, et seq. Port service charges are not assessed connection with terminal facilities and services, and are payable whether or not such facilities are used by a vessel.
3.4.1	Port Services Charges shall not Apply to:
3.4.1.	Every ship exclusively engaged in marine trade between Puerto Rico ports when holding an annual license issued by the Puerto Rico Ports Authority. This exemption does not apply for any occasion in which the ship is used for services in other than Puerto Rico ports. In these occasions such vessels will be charged at least for a day when departing and a day for arriving or for the whole time when the vessel continues with the operations with other ports.
3.4.1.2	Every minor vessel exclusively engaged in trade in a same port when holding an annual license issued by the Puerto Rico Ports Authority. This exemption does not apply for any occasion in which the ship is used for services in other than Puerto Rico ports. In these occasions such vessels will be charge at least for day when departing and a day for arriving or for the whole time when the vessel continues with the operations with other ports.
3.4.1.3	Every ship bringing its own catch of fish to be unloaded in Puerto Rico.

[4] Effective as of November 1, 1985

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3.4.1.4	Every tourist ship known as cruise ship, passenger ship and ferryboat not carrying cargo. If carrying cargo exemption is limited to 50%.
3.4.1.5	Every ship entering port exclusively for taking the necessary water, provisions or fuel in order to continue its voyage.
3.4.1.6	Every ship entering port exclusively for making indispensable repairs in order to continue her particular voyage. Indispensable repairs mean those necessary to allow the normal seagoing movement of the ship such as repairs of the propellers, rudder, fuel or water supplies systems, generators, navigational lights, hull repairs which if not made will endanger the ship navigation. To qualify for this exemption the agent, master or owner the ship shall provide evidence of proof and certify beforehand the repairs to be made and estimate termination time of the repairs to the pier control officer, pier superintendent or the Authority Maritime Bureau.
3.4.1.7	Any ship the property or under the control of the governments of the United States, Puerto Rico or foreign countries, not engaged in marine trade.
3.4.1.8	Every ship entering port with the purpose of loading or unloading persons or things in aid of persons injured by disasters which have occurred in Puerto Rico or in any other country which may be exempted by the Executive Director of the Ports Authority.
3.4.1.9	Every vessel offering regular services at Puerto Rico ports while docked at a Ports Authority facility and conducting scheduled maintenance or repairs specially at these piers. Similarly vessels on irregular services and conducting maintenance will be assessed only 25% of the port service charge.
3.4.1.10	Every ship used for research and/or studies belonging to non-profit organizations and in non revenue operations at the port.
3.4.2	Payment of the port services charges and of any fines which may have been imposed pursuant to the provisions of law on the captain, consignee, agent or person, or master in charge thereof, shall be made at the corresponding offices of the Ports Authority although no request for payment is made.
3.4.3	The vessel's gross tonnage shall be ascertained from Lloyd's Register, the vessel's register, license or other official documents and, in the absence of such documents, upon a fair estimate made by the Ports Authority. Whenever there is more than one tonnage the Ports Authority will use the highest to apply the charges.

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3.4.4	No vessel may leave port without first having paid the amount of the port services charges prescribed above and of any fines which may have been imposed pursuant to the provisions of law on the captain, consignee, agent, or person, or master in charge thereof; but in case any vessel should do so, the owner thereof, if he resides in Puerto Rico, or his consignee, agent or person in charge at the port at which such fees have accrued, shall be liable for the payment of such fees and of the fines imposed.
3.4.5	The Authority or its representative may detain any outgoing vessel until payment has been made of the port service charges prescribed above and of any fines which may have been imposed pursuant to the provisions of law on the captain, consignee, agent, or person, or master in charge thereof.
3.5	FREE TIME AND DEMURRAGE
3.5.1	The payment of the wharfage rates prescribed in this tariff will entitle inbound cargo to the use of the transit area of a Ports Authority wharf, wharf premise, pier or bulkhead structure without additional charge during all or any part of the period during which the vessel on which it has moved is discharging cargo, and will entitle outbound cargo to the use of this area during all or any part of the period during which the vessel on which it is to move is loading cargo, plus a free-time period of five (5) working days, except for the Ports Authority facilities at Mayagüez, where the free-time period is ten (10) working days except for the following:
3.5.1.1	Shipments of one commodity or one consignee, imported as well as exported, in excess of 3,000 tons and up to 4,999 short tons, a free-time period of six (6) working days, in excess of 5,000 short tons of the same commodity or for the same shipper, a free-time period of seven (7) working days.
3.5.1.2	Cargo not in containers, or loose, originally manifested for transshipment to other ports without change in form or contents paying only incoming wharfage, a free-time period of fifteen (15) working days. Cargo for transshipment remaining in the pier in excess of fifteen (15) working days will pay demurrage according to the rate established in this Regulation and will pay in addition outgoing wharfage, if reembarked. If the cargo is not reembarked, it will be subject to the provisions of Items 3.5.8, and 6.2. If the cargo is lifted from the pier to a warehouse which does not belong to the Ports Authority during the period from the eleventh to the fifteenth days, it will not be considered as transshipment cargo and will pay demurrage as if it were inbound cargo over the regular free-time of five (5) working days.

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	The steamship line will have the responsibility to present all documents evidencing that the shipment concerns transshipment cargo so that it will have the right which in this connection is established.
3.5.1.3	Cargo in containers held in the pier (transit) and/or the company's holding area originally manifested for transshipment to other destinations without change in form or content, including both loaded and empty containers, a free-time period of fifteen (15) working days. Cargo remaining in the pier (transit area) in excess of fifteen (15) working days will pay demurrage according to the tariff in effect and will pay in addition outgoing wharfage for transshipment if reembarked as indicated in Item 5.2.4. The steamship line will have the responsibility to present all documents evidencing that the shipment concern is transshipment cargo so that it will have the right which in this connection is established.
3.5.1.4	Import cargo which requires clearance from Customs and the Departments of Health or Agriculture, a period of six (6) working days.
3.5.1.5	Export cargo to foreign countries, a period of six (6) working days. Cargo of federal or state government for purpose of education, health, public aid to attend emergency situation, when exceeding 1,000 tons a free time period of seven (7) working days.
3.5.1.6	Cargo consigned to or to be shipped by an embassy or members of foreign diplomatic corps which is considered as diplomatic cargo, particularly furniture and household appliances or effects, up to a maximum of 4,000 pounds, a free-time period of fifteen (15) working days.
3.5.1.7	All cargo to be moved through the San Juan Free Trade Zone disregarding its volume and whether it is loose or containerized cargo and disregarding if it is transshipment cargo or not which later is going to be processed or enter the local trade will have a free-time period of ten (10) working days. This cargo will be subject to wharfage for inbound cargo and wharfage for outbound cargo when it is correspondingly shipped.
3.5.2.	Commencement of Free-Time Period The free-time period for incoming cargo will commence at the first midnight after the vessel from which it has been landed finished unloading, or vacates her berth, whichever happens first, and the free-time for outgoing cargo will commence on the first midnight after the merchandise is placed on the pier or pier premises. Free-time for cargo unloaded from a ship starting pier operations at a pier and shifting to another

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	to finish, will commence on the first midnight the ship finished operations in the second pier.
3.5.3	Cargo remaining in the transit area of a Ports Authority wharf, wharf premises, pier, or bulkhead structure after the close of its free-time period shall, at the option of the Ports Authority, be placed in public storage at the risk and expense of the goods, or assessed demurrage rates.
3.5.4	Outbound empty containers delivered to the transit area of a Ports Authority wharf, wharf premise, pier, or bulkhead structure prior to the time the vessel on which they are to move commences loading, and inbound empty containers remaining in such area after the vessel on which they have moved completes discharging, shall at the option of the Ports Authority, be placed in storage at the risk and expense of the owner or assessed demurrage as prescribed in Item 6.2.5. of this Tariff.
3.5.5	Cargo originally manifested to be transferred from one vessel to another at a Ports Authority facility without change in form or content, including both loaded and empty containers, shall be considered as inbound cargo and containers from the standpoint of the right of the Ports Authority to place it in storage and/or to assess demurrage.
3.5.6	Any cargo or container which is received and deposited in a pier and is not shipped will. be subject to demurrage. This will be assessed demurrage commencing at the time the cargo or container is deposited until it is dispatched.
3.5.7	Any cargo for which the basis to ascertain demurrage is not shown in the manifest or shipping documents will pay demurrage either per hundredweight or cubic feet whichever yields the highest revenue to the Ports Authority, applying instead Article 3.2.4 to the demurrage, if necessary.
3.5.8	Cargo Left on Demurrage, Cargo Damaged or Cargo Abandoned at the Docks
3.5.8.1	All cargo remaining at the docks is the responsibility in the first instance of the steamship line or in turn of the consignee or the agent of any of them who will answer to the Authority for any charges accrued, should the cargo be sent to public warehouses or remain abandoned at the pier.
3.5.8.2	The rates or charges owed to the Authority for demurrage constitute a first lien upon the cargo.
3.5.8.3	Whenever the cargo accrue demurrage for twenty (20) days, the Authority will notify the consignee, steamship line and agents that if the cargo is not removed

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	within a period of ten (10) calendar days, the Authority will proceed to dispose of the cargo through public bids, sealed or by the procedure of voiced (auction) system which will be announced in the local press. The money proceeding from the auction will be credited against all charges owed to the Authority including all expenses incurred by the Authority. The steamship line or consignee or the agent of any of them will be held responsible for the payment of the charges not covered by the product of said auction. Any money in excess will be returned to the steamship line or consignee or the agent of any of them.
3.5.9	Demurrage on Cargo to Bonded Warehouse
3.5.9.1	All cargo imported from foreign countries subject to the payment of federal custom tariffs and to be sent to bonded warehouses after the coordination between the Customs Inspector, the Authority Pier Attendant and the steamship line or agent will be dispatched from the pier accompanied with the official Bureau of Customs form which will be prepared by the steamship line and the Authority will, in turn, proceed to bill the steamship line the demurrage accrued as the responsible party.
3.5.9.2	Through the official Bureau of Customs form, the shipping line or its agent, in accordance with the contract established by the Docking Permit will require payment of the demurrage charges accrued from the consignee and the bonded warehouse designated by the Bureau of Customs will make sure that said cargo is not dispatched from its warehouse until the shipping line has been duly paid.
3.5.9.3	The public warehouse will respond to the shipping line of charges for demurrage of cargo dispatched from their warehouses when the warehouse has allowed its dispatch without due reimbursement to the shipping line.
3.5.10	Extensions of Free-Time Period
3.5.10.1	The free-time period can be extended whenever there is a just cause as determined by the authorized official to grant the extension as provided in Item (a) of this Article to that effect. Examples of just cause are storms, torrential rains, floods, fires, earthquakes, accidents at the piers, works at the piers undertaken by the Authority and which may prevent or cause difficulties for the picking up or delivery of the cargo. If any extension of free-time period is granted, it will be extended for the same number of days in which cargo could not be hauled away in cases of import cargo and for the number of days in which the vessel was unable to work cargo in cases of exports only through an application in writing made by the consignee, the steamship line or the agent, or by any of them. The Application must be sent to the Authority as soon as there is knowledge that a just cause exists. a) In cases in which the

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	period does not exceed five (5) working days and after the corresponding justification, authorization is given to the Chief of the Maritime Bureau of the Authority to approve such extensions. In excess of five (5) working days and up to a maximum of twenty (20) working days, free-time can only be extended with the approval of the Executive Director and in excess of twenty (20) working days, with the approval of the Puerto Rico Ports Authority Board of Directors.
3.5.10.2	When the free-time period expires on a Friday, it will be extended until midnight of next Sunday. If it expires the day before a holiday it will be extended until midnight of such holiday.
3.6	RULES FOR SERVICES OR MISCELLANEOUS USES
3.6.1	Water
3.6.1.1	Fresh water will be supplied to vessels at Ports Authority facilities as per established rate to recover all costs of rendering such services depending on whether the vessel uses or not its own hoses. Such rates will be established by cubic meter, plus charges per outlet and number of hoses used.
3.6.1.2	Vessels not equipped to take water by hose will be assessed the rates on a per drum of 55 gallons basis, the drum to be provided by the vessel.
3.6.1.3	All water hoses made available by the vessel must be free of leaks or Ports Authority hoses must be used.
3.6.2	Electricity Electricity will be supplied for the lighting of transit sheds at Ports Authority facilities upon request by the users at the rates and using the formula prescribed by the Ports Authority in Item 5.6.1.
3.6.3	Use of Office and Telephone Any Captain, consignee, agent, person, shipping company, or owner of a vessel not having an office at a Ports Authority pier may use one to be assigned by the Pier Attendant or Ports Authority representative upon payment of the corresponding charges as stated in Item 5.6.2. Telephone use is limited exclusively to local calls.
3.6.4	Use of Cranes and Specialized Equipment

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3.6.4.1	The Ports Authority does not provide use of cranes and loading or unloading equipment. Cranes and equipment left at the pier after the end of operations, at designated or non designated areas will be subject to penalty charges on a per calendar day basis. (Article 5.6.3)
3.6.4.2	The assessment of the penalty will commence the midnight of the next day after the vessel finished the unloading operations and when the Pier Attendant observes that the crane is not being used in the receipt, delivery or moving of cargo in the pier. The penalty will be assessed to all cranes and equipment placed in the pier prior to 48 hour of ship loading operations unless such equipment is used for the relocation or receipt of cargo.
3.6.5	Collection of Overtime In all cases where Ports Authority personnel is used in periods over the regular working hours the Ports Authority shall be paid for the corresponding overtime in addition to the percentage of fringe benefits incurred by the Authority for the services of the pertinent employee.
3.7	ACCESS OF OFFICERS AND EMPLOYEES Every officer or employee of the Authority properly identified shall have the right of access to any vessel, wharf, or section of the Puerto Rico waterfront to conduct inspections and/or investigations to enforce the compliance with the provisions of this Regulation and no person shall obstruct or intervene in any form with such officers or employees in the performance of their duties of inspections, investigations or in their demand for the compliance with the provisions of the Law and this Regulations or in the discharge of any other duty or power vested by the Act and Regulations of the Authority.
4.0	LAND RENTALS AND LEASES
4.1	The Ports Authority may enter leases into on a monthly basis with steamships lines serving the ports of Puerto Rico for the preferential and exclusive use of certain outside storage areas. A sample of the lease is on file with the Federal Maritime Commission, and the same may be obtained at the Puerto Rico Ports Authority. All ship companies, agents or users will have equal access to these facilities, subject to availability and to the responsibility of the Puerto Rico Ports Authority to maximize the utilization and efficiency of its terminal facilities.
4.2	Land back of the berth and transit area at several Ports Authority marine terminals

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	can be made available through leases for acceptable uses such as public warehousing and water related industries. The determination as to the acceptability of a proposed use of such land rests the Executive Director of the Ports Authority.	
4.3	The precise rental rate applicable to a particular parcel of such land will depend at each facility at which land is available on assessments of land values and taking into consideration the size of the particular parcel under consideration, its location in relation to the waterfront, the service highways, the existing utilities, and similar factors which have a direct bearing on rental value.	
4.4	In accordance with Ports Authority policy, rental agreements, involving land at Ports Authority marine terminals, will provide for the re-establishment of the rental rate by the Ports Authority without limitation.	
5.0	RATES AND FEES	
5.1	Dockage - Dockage rate per Gross Register Ton per 24 hours or fraction thereof.	
		July 1, 1999 thru June 30, 2000
5.1.1	Tanker vessels and tank barges while berthed at wharves, piers or bulkhead structures designed primarily for the loading or off-loading of liquid cargo by pipeline.	$0.0850
5.1.2	All vessels while berthed at dry cargo wharves, piers or bulkhead structures in connection with the trade with off-shore points.	$0.1528
5.1.3	All vessels while berthed at dry cargo wharves, piers or bulkhead structures in connection with the trade with other Puerto Rico Ports or the American Virgin Islands.	$0.1147
5.1.4	Dockage rates for tourist vessels known as "Cruise Ships" and for combination cargo-passenger vessels carrying more than 100 revenue passengers.	$0.0764
5.1.5	Vessels including those of non-profit organizations engaged in revenue producing activities while berthed.	$0.1734
5.1.6	Dockage NOS	$0.1734
5.1.7	WHARFAGE	
5.2	Cargo which passes on, over, under or through any Ports Authority wharf, wharf premise, pier or bulkhead structure for loading to or after discharge from a vessel shall pay wharfage at the following rates:	

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5.2.1	Motorcycles and motor vehicles	Ton	$6.3660
5.2.2	Cargo moved in containers	Ton	$1.5605
5.2.3	Empty Containers or Chassis	Each	$7.1216
5.2.4	Transshipment cargo in containers	Ton	$1.1235
5.2.5	Liquid cargo (including petroleum) handled in bulk via pipeline at wharves, piers, or bulkhead structure designed primarily for the loading or off-loading of liquid cargo in bulk.	42 Gallon (barrel)	$0.0200
5.2.6	General Cargo or Cargo - NOS	Ton	$1.2386
5.2.7	Liquid Sugar and Molasses	Ton	$0.2651
5.2.8	Wharfage charges will be assessed to every cargo vessel under 400 short tons entering and using a port of Puerto Rico or adjacent island, as follows:		
	99 gross tons or less		$ 210.00
	100 to 199 gross tons		368.00
	200 to 299 gross tons		525.00
	300 to 399 gross tons		682.00**
5.2.9	Wharfage rate for cargo vessels under 400 short tons at Fajardo (Puerto Real) Dock facilities are as follows:		
	55 gross tons or less		$ 53.00
	56 to 99 gross tons		105.00
	100 to 199 gross tons		210.00
	200 to 299 gross tons		315.00
	300 to 399 gross tons		420.00***
5.3	Fees for Vessels Carrying Passenger on Cruise Ships* Per passenger, embarking, disembarking or in transit $10.30		

*The Incentive Program for Cruise Ships that includes Items 5.3 through 5.3.7 will be subject to the assignment of funds by the Puerto Rico Legislature. From 2000 Puerto Rico Tourism Department will be in charge of the Incentive Program.
**Minimum per ship $682.
***Minimum per ship $420.

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5.3.1	Embarking passengers returning in the same trip and in the same ship and disembarking at a Ports Authority facility will be charged only once.
5.3.2	Cruise or passenger ships using Pier No. 8 will be assessed only 50% of the charges provided in item 5.3.
5.3.3	In the case of passenger ferry services between the Port of San Juan and ports in the Virgin Islands the payment of a lump sum for passenger service charges may be agreed with the Authority of $264,285.00 annually, determined from the date the service is started, which will be paid quarterly in advance, disregarding the volume of passengers transported. In these cases the ship agent or ship company shall communicate in writing with the Ports Authority Executive Director as to agree and make use of this tariff. At all times in order to qualify for this tariff the ship agent or ship company will provide monthly to the Ports Authority the movement of passenger per outbound and inbound trip for statistical purposes.
5.3.4	Cruise ships scheduled for two (2) ports calls or more weekly (within a period of seven (7) consecutive days) to the Port of San Juan shall be charged the following per passenger rates: 1. Ships on their first port of call shall be assessed the normal per passenger charge . 2. Ships on their second port call during the same seven (7) day period shall pay seventy (70%) percent of the normal per passenger charge. 3. Ships on their third port call during the foregoing seven day period shall pay one third (1/3) of the prevailing passenger charge. 4. Ports calls in excess of three (3) in a seven (7) day period will be assessed the per passenger charge as indicated in Paragraph "c" above.
5.3.5	Cruise ships making more than (40) trips during twelve (12) consecutive months will be reimbursed the amount of $1.00 accumulated per passenger commencing from the first trip.

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5.3.5.1	When there are more than one tourist, passenger or cruise ship which belong to the same company (not agent) and jointly transport more than 120,000 passengers in the fiscal year commencing July 1st, the company will be exempted of the payment of $4.67 of the passenger fees for each passenger over 120,000 passengers who paid the passenger fee.
5.3.6	Passengers embarking by the Port of Mayagüez Pier facilities in ferryboats or ferries in round trip from the Dominican Republic when such vessels make more than three trips in a period of seven days. [5] U/M: Each; RATE: $1.95
5.3.7	No charge will be assessed to disembarking passengers in the return of a round trip which has started at the Port of Mayagüez, but the passengers embarking in the Dominican Republic in a round trip will be subject to the regular charge when departing from the Port of Mayagüez. The ship and/or agent will have to submit the official passenger list or manifest at all instances, at departure and/or arrivals.
5.4	Port Services Charges - Port Services Charges are assessed to every vessel entering and using a port of Puerto Rico or adjacent islands.
5.4.1	Port Facilities Charges- Will be assessed to every vessel per tone of cargo. This information will be for information purposes only. Charge: $0.43 July 1, 1999 thru June 30, 2000 Per gross registered ton per calendar day or fraction thereof. $.05
5.5	Water Charges
5.5.1	Fresh Water Services are as follows:
5.5.1.1	Vessels equipped to take water by hose at a rate of $1.60 per cubic meter with a minimum charge of $3.42 for each such vessel, plus a connection or outlet charge of $4.57. When the hose is supplied by the Ports Authority, an additional $2.31 charge per hose segment.
5.5.1.2	Vessels not equipped to take water by hose, a rate of $2.70 per drum of 55 gallons or less, the drum to be provided by the vessel.

[5] Return persons or passengers to the Dominican Republic by US Immigration and Naturalization Service for being undocumented and illegally having entered to Puerto Rico will be exempted of this charge after proper certified written notification by said federal agency.

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5.6	Miscellaneous
5.6.1	Electricity Electricity will be supplied for the lighting of transit shed and open areas at Ports Authority facilities when request by the users thereof. The charge for electricity thus supplied will be determined by applying a rate of $0.20 per kilowatt hour to the consumption as estimated by the Authority, which estimates will be controlling.
5.6.2	Use of Office and Telephone Any captain, consignee, agent, person, shipping company, or owner of a ship not having an office at a Ports Authority pier may use one to be assigned by the Pier Attendant or Ports Authority representative upon a charge of $11.00 for the office and $5.25 for the use of telephone per ship. The telephone is limited exclusively to local calls.
5.6.3	Use of Cranes and Specialized Equipment Cranes and equipment left at the pier after the end of operations, at designated or non-designated areas will be assessed a fee of $26.00 per calendar day or fraction thereof. Agents or representatives will in addition be held responsible for violations to any Ports Authority resolution or regulation concerning the leaving of equipment in the pier without the corresponding authorization
6.0	PENALTIES
6.1	General - For not Submitting Documents: All necessary billing documents must be filed either at the piers office or Authority Billing Office, not later than five (5) working days after completing loading or unloading. If these documents are not so filed, a 15 per cent charge for missing documents will be assessed for every additional 24 hours period or fraction thereof.
6.1.1	All necessary billing documents to be filed by ships entering port for fueling or for fuel supply to vessel, must be filed monthly, either at the piers office or Authority Billing Office not later than the fifth (5th) day of the following month. If these documents are not so filed, a 15 per cent charge for missing documents will be assessed for every additional 24 hours period or fraction thereof.

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6.2	Charges for Demurrage will be as Follows:	Per CWT	Per Cu. Ft.
6.2.1	For each of the five calendar days or fraction Thereof, after the free time as freighted.	$0.16	$0.04
6.2.2	For each calendar day or fraction thereof, after the first five days of paying the demurrage penalty.	$0.08	$0.05
6.2.3	Vehicles for each of the five calendar days or fraction thereof, after the free time.	--	$0.04
6.2.4	Vehicles for each calendar day or fraction thereof, after the first five days of paying the demurrage penalty	--	$0.05
6.2.5	Outbound empty containers delivered to the transit area of a Ports Authority wharf. Demurrage rate, Container per calendar day or per fraction thereof. (See Item 3.5.4 of rules and regulations.)	$6.88	Per
6.3	Penalty for not Shifting Berth or not Removing Sunken or Vessel Under Repairs		
6.3.1	In accordance and in conjunction with Regulation No.2 (Resolution No. 1060 of July 14, 1971 as amended) any sunk or vessel under repairs or which by any reason stays at any Puerto Rico Ports Authority berth after proper written notice for her removal has been given by the Authority to her owner, agent and or Master will be subject to a penalty of three (3) times the regular dockage assessed to such vessel. The penalty will be effective twenty four (24) hours after notice and for every day or fraction thereof the vessel is not shifted or is not removed. This penalty will be assessed in addition to any other recourse or damages action the Authority may take to arrange for the removal of the vessel at the cost, risk and expense of the vessel, her owner, agent or Master.		
6.4	Penalty for Unauthorized Use of Facilities No vessel, owner, agent or master of vessel is authorized the use of any berth, pier or facility without the corresponding approval of the Authority as expressed in the docking permit or any written authorization. Any vessel, owner, master or agent of vessel who uses a Ports Authority facility without the corresponding authorization will be subject to a penalty of two (2) times her dockage charges for every day or fraction the facility is used without the pertinent authorization.		

Item	Rules and Regulations
6.5	Overtime Payment For each Authority employee used by any user of facility in overtime periods payment will be made to the Authority of the regular working wage or salary at double time in addition to 65% for fringe benefits incurred by the Authority. These charges will be paid to the Authority through billing or evidence of the corresponding receipt. No user or company will pay directly to the employee and if this is done it will be a violation to this tariff.
8.0	ANNUAL LICENSE FEES License fees in accordance with Items 3.4.1.1 and 3.4.1.2 will be assessed as follows: Vessels up to 350 tons $ 1,039 Vessels from 351 tons to 1,000tons 1,386 Vessels from 1,001 to 1,1,500 tons 1,733 Vessels from 1,501 to 3,000 tons 2,079 Vessels from 3,001 tons and over 2,426

Exhibit 6

PUERTO RICO PORTS AUTHORITY

STATEMENT OF FACTS

Resolution No. 99-09 of April 1999 proposes to establish a new general structure of Rates, Fees, Rentals and other charges for the use of facilities and services rendered at the terminals owned and/or operated by the Puerto Rico Ports Authority and for the services rendered in the ports of Puerto Rico under it's jurisdiction.

The Puerto Rico Ports Authority conducted a tariff economic study to reevaluate the rates and costs situation of its maritime costs areas. These study was submitted to the Puerto Rico Shipping Association with sixs (6) months of advance according to Resolution 97-39 and conducted a series of meeting, which have been very professional and succesful. Afterwards Puerto Rico Ports Authority and the Puerto Rico Shipping Association will submit a joint petition to the Hearing Examiner. The reevaluation of the costs and rates that the Authority shall collect for the use by others of its maritime facilities and the services provided therein is a mandate of the Puerto Rico Ports Authority Act of May 7, 1942 and the Puerto Rico Ports Authority Bond Trust Agreement. By the same token if the Ports Authority fails in recovering its costs at the diferent operating areas it could lead the agency to reach to a point where it would not be possible for the agency to achieve its ojectives of planning, developing, operating and maintaining the facilities needed by those who operate and use them and thus provide the areas for the benefit of commerce, tourism, industry, and the people of Puerto Rico as a whole.

As a first principle which is stated in the law and the last stipulation signed by Puerto Rico Ports Authority and the Puerto Rico Shipping Association, it shall be clearly stated and emphasized that the Authority through its established rates shall just recover the break-even costs including the debt service for the specific costs areas. This same principle is applied to the cost area of port services charges which differently are a statutory mandate and are applicable to all the ports of Puerto Rico according to the Docks and Harbor Law of Puerto Rico, Act. No. 151 of June 28, 1968.

In fact, the economic study set forths and explains the aforementioned principles as well as the guidelines and detailed procedures followed in the determination of the specific rates.

We trust that with this introductory statement of position we have further clarify the principles and objectives of the Authority in instituting new rates as well as the intention to follow the applicable procedures and provide users and affected parties the opportunity to express regarding the study and the rates.

The proposed tariff or accordance is basic for the Puerto Rico Ports Authority relations with the maritime industry and to accomplish the ambitions maintenance program the Ports Authority is taking at its maritime facilities and at the different ports.

With this we stand to follow the established procedure.

FRANCISCO FERNANDEZ, ESQ.

MIGUEL A. MALDONADO

Exhibit 7

STIPULATION

This Stipulation by and between the Puerto Rico Ports Authority, hereinafter referred to as "the Authority" and the Puerto Rico Shipping Association, hereinafter referred to as the "Association" through the undersigned respective representatives provides:

1. The Authority has reviewed the general structure of rates, fees, and other charges ("rates") for the use of marine terminal facilities and the Board of Directors of the Authority has adopted the Puerto Rico Ports Authority Tariff M-1-5 with the changes specify in Exhibit A, establishing such rates for the period beginning on September 1, 1999 and ending June 30, 2002 for the use of said facilities and services.

2. Subject to the conditions hereinafter stated, the Association accept the rates established by the Puerto Rico Ports Authority Tariff M-1-5 with the changes specify in Exhibit A, establishing such rates for the period beginning on September 1, 1999 and ending June 30, 2002 for the use of said facilities and services.

3. The Association and the Authority have agreed, without prejudice or Article 6(1) of the Puerto Rico Ports Authority Act, upon the following terms and conditions:

A- Tariff period - The proposed tariff adopted by the Puerto Rico Ports Authority Board of Directors will be for a period of three (3) years beginning September 1, 1999 and ending June 30, 2002.

B- Dockage charges - A 1.5% increase will be adopted for fiscal year 2,000 for vessels berthed at the terminals owned and/or operated by the Authority, these rate will remain the same for the remaining period which includes 2001, 2002.

C- Wharfage - Rates for these item as per exhibit I attached.

D- Passenger fees - Will remain as today ($10.30) for the 3 year period.

E- Cargo Facility Charges - (Motor Vehicles)

		Cargo Facility Charge		
1.	Per Vehicle	$0.50	-- $0.50	First year
2.	Per Vehicle	0.25	-- 0.75	Second year
3.	Per Vehicle	0.25	-- 1.00	Third year

F- Cargo Facility Charge: - (Container Cargo)

		Container Facility Charge		
1.	Per Container	$3.00	-- $3.00	First year
2.	Per Container	1.00	-- 4.00	Second year
3.	Per Container	1.00	-- 5.00	Third year

G- Cargo Facility Charge: (General Cargo)

		General Cargo Facility Charge		
1.	Per Ton of Cargo	$0.20	-- 0.20	First year
2.	Per Ton of Cargo	0.05	-- 0.25	Second year
3.	Per Ton of Cargo	0.05	-- 0.30	Third year

H- Other Charges As Exhibit 1 attached.

I- Puerto Rico Ports Authority will commence consultations with the Association through the Joint Tariff Committee as to the need for any or change in the Maritime Tariff Rates, and, within three weeks after the start of such consultations, to report the results of such consultations to the Authority's Executive Director for his and the Authority Board of Director's consideration in connection with the Board's determination, in the exercise of its statutory powers, as to the amount of any Maritime Tariff Rate changes. So long as the Authority complies with the timetable set forth in this Subparagraph and the requirements of Puerto Rico law, the Signatories will not challenge the length of the notice of any

Maritime Tariffs Rate change. For purposes of this stipulation consult ("Consult") shall mean to provide a reasonable opportunity for the Association, through the Join Tariff Committee, to examine and discuss with the Authority (i) the Authority's audited Financial Statement, (ii) the report (whether prepared by the Authority's employees, agents or consultants) to the Authority, including the Executive Director and/or the Board of Directors, regarding any need to increase the Authority's maritime revenues through adjustment to the Authority's Maritime Tariff Rates, including any update to such report; and (iii) any non-privileged materials provided to the Authority's Board in connection with the Board's consideration of any such proposed increases.

J- Puerto Rico Ports Authority will take care of the cruise ship incentive program in fiscal year 1999 - 2000 with the ceiling imposed by the Legislature of Puerto Rico. Tourism Department will take care of the incentive program from the fiscal year 2000-2001 henceforth.

4. This Stipulation will be submitted to the Hearing Officer appointed by the Board of Directors of the Authority pursuant to Article 6(1) of the Puerto Rico Ports Authority Act. And the same is subject to the final approval of the Board of Directors of the Authority.

GIVEN at San Juan, Puerto Rico, on this ___ day of August, 1999.

PUERTO RICO PORTS AUTHORITY

By: _____
Héctor R. Rivera
Executive Director

PUERTO RICO SHIPPING ASSOCIATION

_____
Fernando L. Rivera
President