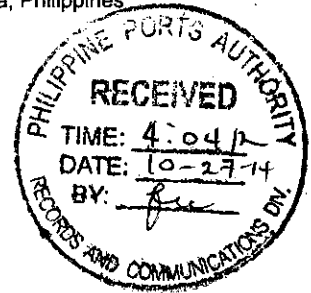




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OCT 24 2014



PPA MEMORANDUM CIRCULAR
NO. 14 - 2014

T O : All Port District Managers/Port Managers
Shipping Companies/Agents, Cargo Handling Operators
Harbor Pilots' Associations and Others Concerned

SUBJECT : **GUIDELINES ON THE COMPUTATION OF COST OF
OPPORTUNITY LOSS ON DAMAGED PORT FACILITIES
CAUSED BY VESSELS**

1. AUTHORITY

- 1.1 Sections 6 (a) (ii), 26 and 28 of P.D. 857, as amended.
- 1.2 PPA Administrative Order No. 05-79 entitled "Guidelines on the Action to be Taken Against Vessels Causing Damage to the Piers or Other Property, Private or Government"

2. SCOPE

This Circular shall apply on damage/s caused by any foreign or domestic vessels on the facility/ies at PPA-managed ports.

3. OBJECTIVES

- 3.1 To ensure safe maneuvering and berthing of vessels for the protection of port facilities within the jurisdiction of the Authority.
- 3.2 To recoup investment and cover revenue losses due to inoperability or non-availability of the damaged PPA piers/wharves or port facilities.

4. GUIDELINES

- 4.1 As a policy, where any vessel causes damage to the pier/wharf or physical port facility owned or maintained by the PPA, the Port Manager or his duly authorized representative shall, within twenty-four (24) hours from the time the incident occurred, file a sworn damage claim with the Vessel Master/Operator/Agent copy furnished the local office of the Philippine Coast Guard (PCG) if domestic vessel is involved, or the

VISION

By 2030, customers doing business in our ports shall experience full and sustained productivity, efficiency comfort, connectivity, safety and security.

MISSION

We commit to provide reliable and responsive services in our ports, sustain development of our port communities and environment and be a model corporate agency of the government.

Collector of Customs if foreign vessel, stating therein the following information:

- a. Name and voyage number of the vessel involved;
- b. Name of Master and owner or agent of the vessel;
- c. Exact date and time of the incident;
- d. Facility/ies damaged and the corresponding extent and estimated value of the damage;
- e. The locality, nature, probable cause of the circumstances surrounding the incident;
- f. Names of, nature and extent of injury to persons or loss of life, if any; and
- g. Other relevant information.

4.2 The procedures under Article II, Sections 5 to 10 of PPA Administrative Order No. 05-79 entitled "Guidelines on the Action to be Taken Against Vessels Causing Damage to the Piers or Other Property, Private or Government" shall apply insofar as filing of claims and proceedings are concerned.

4.3 In addition to the detailed estimate of the damage, the PMO Engineering Services Division Manager or his representative shall submit to the Port Manager a computation of the Cost of Opportunity Loss (COL) using the following formula:

$$\text{Net Ave. Gross Rev.} = \text{Ave. Gross Rev. (last 5 years)} - \text{Ave. Non-applicable Rev. (last 5 years)}$$

$$\text{Net Ave. Daily Rev. per Meter of Berth} = \frac{\text{Net Ave. Gross Rev.}}{\text{Total Effective Berth Length} \times 365 \text{ days}}$$

$$\text{COL} = \text{Net Ave. Daily Rev. per Meter of Berth} \times \text{Total Length of Damaged Berth} \times \text{Estimated Total Number of Days the Facility will be inoperable or unavailable}$$

4.4 For purposes of these guidelines, the Total Effective Berth Length refers to the overall measurement of the entire operational berthing facility within a given wharf or pier of which the damaged facility is part of it, as determined by the Port Manager.

4.5 The non-applicable revenue shall include but not limited to the following fees:

- a. Foreshore/Miscellaneous Lease Certification
- b. Admin/Port Police Clearance

- c. Permits to Operate/Occupy
- d. Filing Fees
- e. Space and Land Rentals
- f. Privilege Fees
- g. Sale of gate passes/Stickers

4.6 For clarity, hereunder is an Illustrative Example of COL computation:

Port of Dumaguete (Baseport)
 Date of Incident – 08 July 2009
 Total Effective Berth Length - 801 m.
 Total Berth Length of Damaged Port Facility – 165 m.

Average Gross Revenue for the last 5 years - (2009-2013 Port Dues, Usage, Wharfage)	₱ 29,866,422.00
Less: Average Non-applicable Revenue Sources for the last 5 years (2009-2013)	- 1,649,368.00
Net Average Gross Revenue	₱ 28,217,054.00

Net Average Gross Revenue	₱ 28,217,054.00
Divided by: Total Effective Berth Length	801 m. x 365 days
Net Average Daily Revenue Per Meter Berth =	₱ 96.51

Cost of Opportunity Loss as of EO April 2013 or 1,391 days since date of incident (08 July 2009)

₱ 96.51 x 165 m. x 1,391 days = ₱22,150,492.65

Add: 0.05 Factor to consider other expenses such as clean-up of oil spills, removal of derelicts, underwater surveys and any legal and administrative cost = ₱1,107,524.63

Total COL = ₱23,257,517.28
 =====

4.7 The above COL computation shall be included in the detailed estimates of damaged facility and shall form part of the total liability and amount of damages to be paid by the party found liable.

5. SEPARABILITY CLAUSE

If, for any reason, any section or part of this Circular is deemed invalid by competent Authority, the declared or invalid section or part thereof shall not

affect the other sections or parts to which such declaration or nullity does not apply or relate.

6. REPEALING CLAUSE

Any provision of existing PPA rules and regulations which are inconsistent herewith shall be deemed amended or modified accordingly.

7. EFFECTIVITY

This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

For compliance.


JUAN C. STA. ANA
General Manager

Published in the Philippine Star - October 30, 2014

Effectivity Date November 14, 2014