



**PUBLIC UTILITIES COMMISSION
OF GUAM**

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January 20, 2016

VIA HAND DELIVERY

The Honorable Governor Eddie Baza Calvo
Governor of Guam
Ricardo J. Bordallo Governor's Complex
Adelup, Guam

Office of the Speaker
Judith T. Won Pat, Ed.D

The Honorable Judith T. Won Pat
Speaker, 33rd Guam Legislature
155 Hesler Street
Hagatna, Guam 96910

Date: 11/21/16
Time: 11:03A
Received By: [Signature]

Re: Guam Public Utilities Commission FY2015 Annual Report

Dear Governor Calvo and Speaker Won Pat:

In accordance with the mandate of 12 GCA § 12104, the Guam Public Utilities Commission respectfully submits its Annual Report for Fiscal Year 2015.

The Guam Public Utilities Commission ["GPUC"] has functioned well with its full complement of seven Commissioners. It has been able to address its workload with existing resources. The Commission has been successful in reducing its reliance on off-island consultants, and to rely more upon local resources.

**OFFICE OF THE GOVERNOR
CENTRAL FILES**

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TIME 10:56A DATE 1/21/2016

GPUC is still undergoing the process of assessing its internal staff resources and developing a plan for future operations.

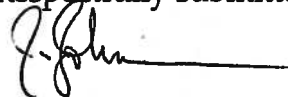
The GPUC has spent considerable time during the past year in addressing Guam Power Authority's Cabras 3 & 4 explosion and the future generation needs of GPA. GPUC has approved temporary fixes, such as the leased generation of 40MB. However, major issues to be resolved in the next few months involve determinations as to whether GPA needs new generation resources, what, if any, such resources are needed, and the appropriate cost of any necessary new resources GPA should be authorized to purchase. GPUC will seek to ensure that any new generation authorized will be at a price that does not jeopardize just and reasonable rates for ratepayers.

The GPUC has steadfastly required GPA to consider alternatives to reduce customer generation demand, such as Demand Side Management and Time of Use Rates. GPA will soon be proposing Time of Use Rates, which are designed to reduce peak load power utilization by ratepayers.

GPUC has no specific legislation to recommend at the present time. However, it has come to the attention of GPUC Staff that the Alternative Energy Plan of Guam, 12 GCA §8301 et seq., is extremely out of date. It was adopted in 1984 to establish a ten year alternative energy plan for Guam. The standards adopted therein for solar energy have no relevance to the current technology; three of the five GPA power plants referenced as standards for determining the appropriate price for alternative energy projects are no longer even in operation.

The GPUC will continue to examine the possibility of proposing new legislation regarding alternative energy. The GPUC looks forward to working with the Executive and Legislative Branches of our Government in enacting legislation that will improve the operations of the utilities. If you have any questions concerning the operations of the Guam Public Utilities Commission, please let us know.

Respectfully submitted,



Jeffrey C. Johnson
Chairman

Enclosure: Attachment A

Attachment A
Significant Regulatory Action – FY2015

Guam Power Authority

| <i>Date</i> | <i>Docket</i> | <i>Action</i> |
|-------------|---------------|--|
| 12/01/14 | GPA 15-01 | The PUC reviewed the GPA 2015 Budget, which was filed for informational purposes. |
| 12/01/14 | GPA 15-02 | PUC approved the GPA FY2015 Capital Improvement Project Ceiling Cap, which includes General Plant, in the amount of \$9,974,000. |
| 12/01/14 | GPA 15-03 | The PUC reviewed the GPA FY2015-2017 Construction Budget, which was filed for informational purposes. |
| 12/01/14 | GPA 14-01 | The PUC authorized GPA to expend up to \$3,340,000 in additional task orders for completion of the Customer Care & Billing (CC&B) software implementation. GPA was authorized to expend up to \$1,011,765 for additional change orders for Customer Care & Billing. However, before GPA expended additional amounts for certain aspects of the program (“Archival/Reporting, Application purchases, Miscellaneous Costs for hardware and features”) it was required to provide detailed explanations to the PUC concerning the specific equipment or items that it intended to purchase, the cost for each item, and the justifications therefore. |
| 12/01/14 | GPA 14-09 | GPA petitioned the PUC for approval of revenue bond funding for certain specific Capital Improvement Projects. Previously, in July of 2014, PUC had approved the 2014 GPA Revenue Bond Issuance. The major project for which GPA sought approval was Energy Storage Renewable Energy Mitigation. The storage system, involving 40MW battery storage, should improve system reliability and power quality, and reduce under frequency outages. Based upon the recommendation of its consultant Slater-Nakamura, the PUC approved the Energy Storage Project. In addition, PUC approved 25 of the 26 projects which GPA sought to fund from bond proceeds from the 2014 Revenue Bond Issue. However, the PUC did not approve any of the LNG (Liquefied Natural Gas) Initial Startup for about \$3M. The total use of bond funds approved was \$66,270,000. The projects approved included Cabras |

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| | | Overhauls and Maintenance, Environmental Compliance Program, Fadian SCADA System, and other repairs and upgrades to the generation, transmission and distribution systems designed to improve the reliability of the Island Wide Power System. |
| 12/01/2014 | GPA 14-12 | PUC ratified the Order of the Chairman, which approved an "Interim" reduction of the LEAC factor, effective November 1, 2014, from \$0.17644/kWh to \$0.146666. The revised change reflected a 16.88% decrease in the LEAC factor (rather than the 15.68% initially recommended by GPA) and a total 10.99% decrease in the total bill. The savings to the average ratepayer were \$29.77 per month. |
| 12/01/2014 | GPA 14-05 | PUC approved GPA's awards of the Diesel Fuel Oil Contracts to IP&E Guam and Mobil Oil Guam. The annual fuel requirements include Base Load Plants, CT Plants and the Fast Track Plants at approximately 5.3M gallons per year. The cost of diesel was approximately \$17M per year for a 3-year contract period. |
| 12/01/2014 | GPA 15-04 | PUC authorized GPA to enter into its property insurance contract with AM Insurance with a policy period beginning November 1, 2014 through November 1, 2015 in a total amount not to exceed \$5,250,000; this represented a reduction in the cost of GPA's policy for the prior year which was \$5.4M. PUC also authorized GPA to finance the property insurance premiums at an interest rate of 4.00%. |
| 12/29/2014 | GPA 15-06 | PUC approved GPA's settlement with Pruvient Energy Guam Investment, Inc., to terminate the Energy Conversion Agreement for the operation of the Tanguisson Power Plants. Tanguisson Plants 1&2 have been in service since 1971/72. GPA determined that it would be prudent to mothball said plants, as the cost of bringing the plants into compliance with recent USEPA requirements would be too expensive. For the settlement, GPA would pay \$8.1M to buy out the remaining term of the ECA. The net savings were roughly \$20M. |
| 01/29/15 | GPA 15-05 | GPA filed a petition pursuant to the Contract Review Protocol, requesting that the PUC review and approve its petition to begin procurement for new generation combined cycle units at 120MWs, with an option for an additional 60MW. GPA's petition was extensively |

reviewed by PUC Consultants Lummus and Slater-Nakamura. Based upon the analysis of Lummus, PUC found that the information provided by GPA as justification for the combined cycle plants was not reliable or complete; it contained many unexplained anomalies. PUC determined that Guam's energy future should be focused on reducing fossil fuel dependence, not simply shifting from one fossil fuel to another. PUC indicated that it needed more information on GPA's ongoing actions related to minimizing the energy demand of its customer base, optimizing the use of renewables and the performance of the generation, transmission and distribution systems, prior to launching into any major capital investments for new generation that may not be necessary or required. Furthermore, GPA had not fully addressed alternatives to meeting existing and pending USEPA regulations that did not involve building new Combined Cycle generation. There were less expensive alternatives that GPA could consider. PUC rejected GPA's petition on the grounds that it does not present sufficient evidence that the proposed new generation is justified. Consideration was deferred pending provision by GPA of more specific and complete information as requested by the PUC in both the July, 2013 Order and this Order. The Administrative Law Judge was authorized to conduct further proceedings in this Docket. GPA was required to submit a revised analysis within 150 days including various elements (an increased emphasis on DSM, increased emphasis on renewable energy, updated financial model, potential impacts of electric grid measures to address reliability, and consideration of alternatives, such as continuing the operation of existing units.

1/29/15 GPA 15-08

PUC approved a decrease in the LEAC factor for the 6-month period commencing February 1, 2015 from \$0.14666/kWh to \$0.102054. The decrease was justified by the continuing decline in worldwide fuel prices. The Rate decrease represented \$44.61 per month, or 18.2% in the total bill, for a residential customer using an average of 1,000 kilowatt hours per month.

1/29/15 GPA 14-01

The PUC approved an additional payment to Wi-Pro Technologies in the amount of \$155,000 for the

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| 2/26/15 | GPA 13-14 | <p>Customer Care & Billing software implementation. This expense resulted from changes in the overall project schedule and extension of the "Go-Live" date. GPA was now authorized to expend a total amount for this project not to exceed \$1,166,765.00.</p> <p>PUC and GPA have been working collaboratively to establish a "Demand Side Management" Program, which seeks to provide incentives to ratepayers to conserve energy. PUC approved GPA's implementation of four DSM programs [Central AC, Ductless AC, Washer & Dryer]. GPA was ordered to move forward expeditiously with the implementation of such programs. The ALJ was authorized to continue further proceedings in the Docket to develop a long term DSM and EE program. Within 180 days, GPA was ordered to submit a long term DSM & EE Plan and Report which includes further programs contemplated, proposed sources of funding, and a monitoring and verification plan.</p> |
| 2/26/15 | GPA 15-09 | <p>The Guam Renewable Energy Association ["GREA"] filed a complaint with GPA indicating that solar customers are unable to identify credits on their bills for excess generation from their systems that are subject to Net Energy Metering, and that GPA is not adequately tracking such information. PUC's Consultant Lummus, indicated that GPA will be implementing a new billing system that will better track and communicate NEM information to GPA customers. Lummus also recommended that GPA provide the Commission with more detailed and regular reporting of NEM credit information. PUC ordered that the ALJ work with Lummus and GPA to determine what further information should be reported to the PUC in regard to new and additional reporting requirements. The ALJ was ordered to conduct an analysis and investigation of whether the life of NEM credits to customers should extend for more than a year, rather than expiring at the end of each year. GPA was further required to provide the Commission with a sample NEM bill, showing metering credits from the new billing system, for review and comment before such billing format is finalized and implemented.</p> |
| 3/26/15 | GPA 15-10 | <p>GPA sought PUC approval for the extension for its</p> |

contract for the Supply of Residual Fuel Oil No.6 with Hyundai Corporation. GPA sought a three year contract extension. In exchange for a three year contract extension, Hyundai Corporation agreed to fee premium price reductions. According to GPA, there will be an estimated total savings of approximately \$46,226,415 for the three year term. PUC approved the contract extension, as this contract is essential for the operation of the Cabras Power Plants.

4/30/15 GPA 10-08

PUC approved GPA's petition for a two year contract extension of the Performance Management Contract [PMC] for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility with Vital Energy Inc. The cost of the extension is approximately \$680,000 per year. The PMC services provided by Vital are essential to the efficient operation of the Cabras Power Plants.

4/30/15 GPA 13-14

PUC approved the request of GPA to use 2014 Bond Funds ["LNG Initial Start Up"] for the payment of \$430,000 to Leidos Engineering, GPA's contractor under its existing DSM and EE Report Task Order. Leidos is GPA's contractor for the purpose of developing and implementing the DSM program. PUC found that it was appropriate to authorize funding for Leidos, as it has assisted GPA with implementation of the DSM program. However, GPA's request to reimburse the 2014 Bond Funds from LEAC was denied. LEAC is not an appropriate vehicle to fund GPA consulting fees. GPA, the PUC Consultants and the Administrative Law Judge were instructed to continue to work together toward developing an appropriate funding source for the DSM Program.

4/30/15 GPA 15-11

GPA requested that the PUC authorize it to issue a multi-step Invitation for Bids for a single performance management contractor at the Cabras 1&2 and 3&4 Base Load Plants. For many years GPA has had separate Performance Management Contractors for the Cabras 1&2 and 3&4 Plants. However, GPA believes a single performance Management Contract for all of the Cabras Base Load Plants will reduce PMC management fees by as much as \$1.5M per year over the next five years. PUC authorized GPA to issue the multi-step IFB for a single performance Management Contractor. However,

such approval was subject to review and approval of the final PMC Contract. PUC rejected any assertion by GPA or assumption that the Cabras Plants “will be deactivated by 2020”, or that there was any presumed date for the deactivation of said plants. GPA was not authorized to reduce the efficiency or reliability of any of the Cabras Plants such said they could not continue to operate at present levels.

4/30/15 GPA 15-14 PUC approved GPA’s Diesel Engine Cylinder Lubrication Oil Contract with Pacific Petroleum Trading Corporation. Pacific Petroleum Trading Corporation was determined to be the most responsive and responsible bidder. PUC approved the three year contract for the provision of Diesel Engine Cylinder Oil byof the Pacific Petroleum Trading at an approved cost of \$1,749,654 per year.

5/28/15 GPA 15-05 GPA brought two funding requests to the PUC: (1) to procure New Engineering Technical Consulting Services related to 180MW of Combined Cycle Power Plants; and (2) to contract with MEC to perform a fuel conversion and catalyist Fuel Conversion Catalyst Retrofit Evaluation of Cabras 3&4 and MEC 8&9. GPA proposed that these projects be funded with 2014 Bond Funds. PUC declined to approve the consultant services for the proposed 180MW Combined Cycle Power Plants. Since PUC had not yet approved such plants, a decision on consulting services was premature. The PUC did authorize GPA to expend up to \$205,000 to MEC for a study to determine the feasibility of converting MEC 8&9 and Cabras 3&4 for use with Ultra Low Sulfur Diesel or LNG, and to undertake a Catalyst Retrofit Evaluation. USEPA had adopted the new RICE MACT regulations, which conceivably could require GPA to convert the fuel source for those plants to Ultra Low Sulfur Diesel.

7/16/15 GPA 15-15 GPA requested an increase in the LEAC factor, for the 6-month period commencing August 1, 2015, from \$0.10205/kWh to \$0.115688/kWh for meters read on or after August 1, 2015. PUC determined that the Morgan Stanley fuel price report forecast for July 6, 2015 should be utilized to determine the LEAC factor. Based upon the more recent Morgan Stanley forecast, PUC determined that fuel prices were in fact decreasing.

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| 7/16/15 | GPA 15-16 | <p>Thus, instead of concurring with GPA's request, the PUC determined that it would increase the LEAC factor, but to a lesser extent: effective August 1, 2015, the LEAC factor would be increased to \$0.104871, a 1.4% increase in the total bill for a residential customer utilizing an average of 1,000 kilowatt hours (\$2.82 per month). GPA requested approval of GPA's Procurement of an Energy Storage System. The system involved the design, procurement and installation of a 40MW Energy Battery Storage System at the GPA Agana Substation Compound and interconnection to the GPA power system. The purpose of this storage was to help alleviate existing under frequency load shedding issues. The cost was estimated at \$35M, to be paid from the 2014 Bond Funds. PUC had previously approved such expenditure of Bond Funds. Based upon the Report of its Consultant Slater-Nakamura, PUC had concerns that the ESS project cost could exceed the approved funding of \$35M. Nevertheless, the PUC did approve GPA's petition to procure an Energy Storage System at the authorized funding level of \$35M. PUC required GPA to submit its proposed contract with the selected Contractor for prior review and approval.</p> |
| 8/27/15 | GPA 13-14 | <p>GPA requested that the PUC approve the use of funds from the Working Capital Fund ["WCF"] to pay for certain expenses of GPA's Demand Side Management Program. Funds withdrawn from the WCF would be placed in a separate GPA fund known as "Energy Sense" Fund. PUC found that GPA had under-recovered its interest and debt service costs on the proceeds from the 2010 Subordinate Bond Issuance through the Working Capital Fund Surcharge. As a result, the PUC felt it was appropriate to allow GPA to use funds from GPA's WCF to reimburse it for the shortfall in recovery from ratepayers under the WCF surcharge. PUC authorized GPA to withdraw the sum of \$1,806,014 from the Working Capital Fund. It was further ordered that said sum would be placed in a separate account known as the Energy Sense Fund, and that such funds would be used by GPA only for the DSM Program and projects specifically approved by the PUC. GPA was also ordered to further implement the recommendations contained in the Letter Report.</p> |

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| 9/24/15 | GPA 14-01 | GPA and GWA requested that the PUC extend Wi-Pro Technologies Contract for implementation of its Customer Care & Billing software package for one year. GPA indicated that the extension was necessary to provide required support to properly manage and maintain the CC&B application, its integrated applications and Database. PUC authorized GPA and GWA to each expend \$250,000 to extend the contract with Wi-Pro Technologies for continued services on Customer Care & Billing for an additional year. |
| 9/24/15 | GPA 15-18 | On August 31, 2015, GPA experienced a major failure of the Cabras Nos. 3&4 Power Plants when an explosion and fire occurred. The explosion resulted in the loss of 78MW of base load capacity, which meant that GPA did not have sufficient reserve generation. GPA sought to procure an additional generation capacity through the leasing of services for an additional 40MW of standby generation. GPA requested that the PUC approve a procurement for the Temporary Power Generation Services. PUC determined that there does need to be a thorough investigation and analysis of the causes of the explosion. There will need to be a determination of where responsibility lies for such explosion. Based upon this emergency situation, it appeared to the PUC that it would be prudent to allow GPA to issue a procurement to determine what temporary generation capacity is available for leasing, and at what cost. PUC authorized GPA to issue the procurement for temporary generation services. However, PUC did not approve any specific funding source. PUC required GPA to present a financial plan which addresses the cost of the proposed leasing of temporary generation services. GPA was also required to provide a detailed analysis of the cost and feasibility of reactivating the Tanguisson Plants. In addition, GPA was required to propose a Time of Use Rate Plan for peak hour rates, as a potentially feasible manner of reducing peak hour demand and possibly foregoing the need for at least some of the additional generation capacity. |
| 9/24/15 | GPA 15-19 | PUC approved the FY2016 Capital Improvement Project Ceiling Cap, which includes General Plant, in the amount of \$12,067,780. However, before GPA expended amounts for the bucket trucks at \$1.7M, it was required |

to seek prior approval from the PUC for procurement authority under the Contract Review Protocol.

Guam Waterworks Authority

| <i>Date</i> | <i>Docket</i> | <i>Action</i> |
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| 12/01/14 | GWA 13-01 | The five year rate plan approved by the PUC authorized a 14.5% rate increase for GWA for FY2015. However, since the rate increase could be implemented no sooner than December 1, 2014 for a 10-month period, GWA requested a "compressed" rate of 17.4%. The PUC's consultant Lummus only recommended a 15.82% rate increase over a compressed 10-month period. The PUC authorized GWA to increase its rates for FY2015 by 14.5%, to be compressed at a rate of 17.4% effective December 1, 2014, and to be recovered over the 10-month period ending September 30, 2015. GWA and Lummus were ordered to work together to develop an enhanced reporting frame work that will expedite the review process. |
| 12/01/14 | GWA 15-01 | GWA requested PUC approval of its fuel contract with IP&E. During the term of the contract, the amount expended had been increased by GWA, but without PUC approval. The PUC ordered that the fuel contract between GWA and IP&E be approved and ratified. |
| 12/29/14 | GWA 13-01 | GWA requested that the PUC approve a \$2.458M increase in the Program Management Office ("PMO") contract with Brown & Caldwell. GWA maintained that it continues to need the support of the PMO in order to meet Court Ordered requirements, PUC Stipulated Orders, Findings of Significant Deficiencies in the Water System, and USEPA Administrative Orders on the Umatac-Merizo WWTP. However, the PUC approved an increase in the amount of \$1,913,390 only; with regard to the State Revolving Fund Grant Project Support, the PUC would revisit approval of the second half of the project after an evaluation of eleven (11) months of progress and results. GWA was reminded of its duty to file early reports with the PUC providing the information required in the Lummus Report. GWA was also required to put plans and procedures in effect to eliminate the time lag which exists in which the PMO is beginning work on projects for which payment has not been approved by the PUC. GWA was required to |

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| 12/29/14 | GWA 15-02 | <p>provide the PUC with a detailed report providing plans related to staffing and project bidding. The report was required to detail plans regarding the provision of "more formal training of its technical management Staff by the PMO." Training days must be increased to at least thirty (30) per year, with at least five (5) per quarter and no more than ten (10) in any one quarter. The staffing report was required to detail GWA's plans to hire more professional staff, with the goal of hiring two (2) professional engineers during this current year and two (2) to four (4) more during the next year.</p> <p>GWA's Petition sought to reallocate \$9.7M of the 2013 Bond Funds to complete certain projects. GWA sought to take funds that were originally allocated for certain projects and shift those to other projects for which it has a more immediate need. GWA sought to use an additional \$1.5M for the meter replacement program, \$400,000 for hydraulic study efforts, \$2M for replacement of water pipes, \$1M for fire hydrant replacement, \$1M for the Baza Gardens sewage treatment plant replacement, \$1M for facility planning/improvement design for Umatac-Merizo Wastewater Treatment Plant, \$1.5M for the Hagatna Wastewater Treatment Plant, and \$700,000 for SCADA improvements. PUC approved GWA's petition to reprogram \$9.7M of the 2013 Bond Funds. GWA was further required to file a report concerning the status of the Meter Replacement Program.</p> |
| 5/28/15 | GWA 15-03 | <p>Initially, GWA had filed a request for the PUC to waive pre-procurement review for the Refinancing of its Bank of Guam \$30M short-term loan. However, thereafter GWA filed an expedited petition for approval of the extension of the \$22M loan with Bank of Guam. GWA was able to successfully negotiate with Bank of Guam for the extension of the loan. The loan was extended for another five years at a reduced interest rate of 5.25% (down from 7.75%). This extension would relieve GWA of approximately \$300,000 of the cost of issuance to renew financing. The PUC approved the five year extension of the Bank of Guam loan with an interest rate of 5.25% per annum. GWA was authorized to execute the Revision Agreement.</p> |
| 08/24/15 | GWA 15-05 | <p>GWA petitioned PUC to approve the proposed bid for</p> |

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| | | Chemicals regarding the Northern District Wastewater Treatment Plant and the Hagatna Wastewater Treatment Plant. PUC found that GWA's use of a multi-year contract for the purchase of inorganic coagulant, flocculent aid/coagulant aid, and sludge dewatering cationic polymer it was reasonable and necessary, as the chemicals are indispensable and required for GWA's daily wastewater operations. GWA was authorized by the PUC to proceed with the procurement related to the purchase of said chemicals as set forth in the proposed Invitation to Bid. |
| 08/27/15 | GWA 15-07 | GWA petitioned the PUC for approval of \$544,925 for State Revolving Fund Grant Project Support, and a \$5.3M increase in the Program Management Office contract with Brown & Caldwell. Projects for which PMO services are needed include water system upgrades, well rehabilitation projects, the Master Plan Update, meeting deadlines in GWA's Capital Management Plan and preparation of the Facility Plan for the Northern District and Hagatna Wastewater Treatment Plants. The ALJ found that additional funds for Consulting Engineer's Report for 2015 Series Revenue Bonds and Facility Plans were critical and necessary. The PUC approved GWA's petition, but only for an increase in the amount of \$1,718,100. Approval of the remaining amounts would be considered upon GWA's submission of work authorizations. |
| 9/24/15 | GWA 15-04 | Previously the PUC had adopted a five year rate plan for GWA. It was determined that there would be a 16.5% increase in rates for GWA for FY2016. The purpose of this "true-up" proceeding is to review the appropriateness of the rate increase without the need for an entire rate proceeding. The PUC approved the 16.5% rate increase rather than the 14.5% increase recommended by its Consultants. In light of the fact that GWA would soon seek a bond issuance, it was important that the PUC adhere to its original five year rate plan, indicating its willingness to approve proper rates for GWA. The PUC required that GWA utilize the additional rate funds of \$2.25M to improve the Unaccounted Water Loss problems and for fire hydrant maintenance. |
| 9/24/15 | GWA 15-07 | GWA requested that the PUC reprogram funding for |

projects funded by GWA's 2013 Bond Proceeds. In particular, GWA sought approval to reallocate \$48.2M of the 2013 Bond Proceeds to complete improvements to the Agat-Santa Rita Wastewater Treatment Plant. GWA was required to complete the improvements to Agat-Santa Rita Wastewater Treatment Plant in accordance with federal environmental requirements. The PUC approved the proposed Bond Reprogramming.

9/24/15 GWA 15-07 GWA filed a supplemental petition to further justify its request for \$5.3M in PMO Contract Funds for Brown & Caldwell. GWA submitted that such funds were necessary for the critical deadlines under GWA's Capital Improvement Program and engineering advice on critical issues. The PMO would undertake the update of GWA's Master Plan, which will evaluate GWA's water and wastewater systems and capacity. The cost is estimated at \$2.6M, but will be funded by GWA's SRF grant. Upon the ALJ's recommendation, PUC approved GWA's Petition for a \$5,303,145 increase in the Program Management Office contract with Brown & Caldwell. GWA was required to continue to provide PUC with monthly PMO reports generated by Brown & Caldwell to track project performance and progress.

9/24/15 GWA 15-08 GWA petitioned the PUC for approval of an increase in the contract with Sumitomo Mitsui Construction Co. for Energy Efficiency Upgrades to GWA's Windward Hills, Malojloj and Pago Bay Booster Pump Stations. The purpose of the contract was "right sizing" the pumps at the booster station so that they operate more efficiently and installing variable frequency drives thereby producing significant energy cost savings. GWA sought to increase the contract with Sumitomo by \$299,425.47, up to the total amount of \$1,439,531.12. The project will be funded by 2013 Bond Proceeds. The PUC approved the increase in the contract amount finding that the improvements would result in cost savings to ratepayers.

Port Authority of Guam

| <i>Date</i> | <i>Docket</i> | <i>Action</i> |
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| 5/28/15 | PAG 15-01 | PAG requested review and approval for its contract for legal services with the Law Offices of Phillips & Bordallo P.C. The firm was selected through a |

solicitation process for professional legal services. Its contract was for a term of one year, with three 1-year options for renewal. The monthly payment under the contract cannot exceed \$70,000 without the consent of the Board. The ALJ found that the contract was "commercially reasonable." The PUC approved the proposed Professional Service Agreement between PAG and Phillips & Bordallo.

5/28/15 PAG 15-02

PAG petitioned the PUC for review and approval of the G4S Security Systems (Guam) Inc. contract for the implementation and integration services for its Terminal Operating System. The 5-year service contract involves the tasking of work in phases through Task Orders. The initial task order was designed to produce a detailed business analysis that would include the proposal for a Terminal Operating System, a proposed financial approach, and implementation procedure. The Terminal Operating System is designed to track cargo from the vessel from the time it is unloaded to the time it is located in the yard. The system will address the gate operating system. The PAG would be able to electronically track the cargo coming in and going out, and to track the cargo on the vessel once it is unloaded at the Port. The PUC ratified PAG's contract with G4S, and approved Task Order No.2, at a cost of \$4,135,112.36. The PAG is required to request prior PUC approval for any remaining Task Orders that exceed \$1M under this particular contract.

5/28/15 PAG 15-03

The PAG requested review and approval by the PUC of a \$2M United States Department of Agriculture Rural Development Community Facility Direct Loan. The purpose of the loan was to purchase eight terminal yard tractors, a telescopic boom lift, a compact articulated boom lift, an industrial street sweeper, two portable dual operation welding machines, and four 5-ton forklifts. \$2M was the balance of a \$14M loan that PAG received from the USDA in 2006. Repayment of the loan was scheduled over a period of 7 years, with an interest rate of 3.5%, and monthly payments of \$26,880. The ALJ determined that the purchase of the cargo handling and maintenance equipment was essential to PAG's operations. The PUC authorized PAG to enter into the USDA Direct Loan Agreement for the amount of \$2M.

8/27/15 PAG 15-05

PAG requested review and approval of its contract for Owners/Agent Engineering Services with Parsons Brinckerhoff. Engineering and professional services sought included issuance of revenue bonds, implementation of a new Terminal Operating System contract and task order negotiations, assistance with studies related to rate adjustments and PUC petitions, and technical services during the construction phase of the Marine Service Life Extension Project at the Port's Wharfs. Services were also sought related to assisting with MARAD/PMT sponsored projects. The total projected cost in services over a two year period is \$1,380,000. Such funds are provided through a grant from the Federal Office of Economic Adjustment. The PUC approved PAG's Professional Services Agreement for Owners/Agent Engineering Services with Parsons Brinckerhoff at a cost of \$1,380,000.00.

Telecommunications

TeleGuam Holdings, LLC, dba GTA

| <i>Date</i> | <i>Docket</i> | <i>Action</i> |
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| 08/27/15 | GTA 15-02 | GTA sought PUC approval for the sale and transfer of control of Teleguam Holdings, LLC, to Telekomunikasi Indonesia International (USA) Inc. GTA sought to transfer its Certificates of Authority to Telekomunikasi , an Indonesian company. A public hearing was conducted and there was no opposition to the application. The two statutory requirements that the Applicants must satisfy are: (1) that they have sufficient financial, technical and managerial resources to be able run GTA; and (2) whether, after the sale, GTA would be able to continue running the telecom company and to provide services to the people of Guam. There must be a required finding that the sale would not be contrary to the public interest. The PUC found that GTA had satisfied the statutory requirements. The Applicants, including the parent company Telkom, should have sufficient financial resources to provide telecommunications services after the transfer of control of GTA. There is no evidence in the record that the transfer of control of GTA to the Telkom Group would be "contrary to the Public Interest." The PUC |

authorized the sale of GTA to Telekomunikasi Indonesia International (USA) Inc. subject to compliance by Applicants with all requirements of the Federal Communications Commission and completion of the sale in accordance with the Purchase and Merger Agreement.

09/24/15 GTA 15-03

The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that Teleguam Holdings, LLC, is eligible to receive federal high-cost support for program year 2016. PUC certified that Teleguam Holdings, LLC, used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.

9/24/15 GTA 15-04

The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that Teleguam Holdings, LLC, f/k/a Pulse Holdings LLC, is eligible to receive federal high-cost support for program year 2016. PUC certified that Teleguam Holdings, LLC, f/k/a Pulse Holdings LLC used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.

Guam Telekom, LLC

09/24/15 GTA 15-01

The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that Guam Telekom, LLC, is eligible to receive federal high-cost support for program year 2016. PUC certified that Guam Telekom, LLC, used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.

PTI Pacifica Inc.

| <i>Date</i> | <i>Docket</i> | <i>Action</i> |
|---------------------------------------|---------------|---|
| 09/24/15 | PTI 15-01 | The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that PTI Pacifica Inc., is eligible to receive federal high-cost support for program year 2016. PUC certified that PTI Pacifica Inc., used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act. |
| Pacific Data Systems, Inc. 1/29/15 | PDS 14-02 | PDS' Formal Complaint alleged that GTA failed to respond to PDS' request for Fiber Layout Maps or to engage in dispute resolution as required by the Interconnection Agreement. GTA did provide the requested Fiber Layout Maps to PDS after PDS filed its Formal Complaint. The maps were finally provided 7 months after PDS' initial request. PDS indicated that it needed such maps so that it could gain access to GTA facilities and bring its fiber optic cables into the GTA central offices. GTA indicated that, under a "National Security Agreement" in affect between GTA and the United States Department of Justice and other federal authorities, GTA was required to submit such information requests (such as that for PDS of Fiber Layout Maps) for federal review. The Administrative Law Judge found that GTA had an obligation under Section 8.2.19.1 of the Network Elements Attachment of the PDS-GTA Interconnection Agreement to provide such field survey maps to PDS. The ALJ found that a 7 month delay in PDS' ability to exercise its interconnection rights was "substantial." However, the ALJ did not agree that the provisions or requirements of the Security Agreement provided an excuse to GTA, or a justification, for its failure to produce the Fiber Layout Maps. GTA should have taken prior proactive action to provide the maps to PDS. GTA should have brought this matter to the attention of the PUC for action earlier, or it could have released the maps to PDS when there was no federal response. The ALJ found that GTA had failed to act in good faith by failing to meet with PDS |

within the 60 day dispute resolution under the PUC Interconnection Implementation Rules and the ICA. The PUC approved the Findings of Fact and Conclusions of law issued by the ALJ. It determined that the review requirements of Security Agreement between GTA and federal authorities did not in any manner abrogate, affect, restrict, diminish or limit the duty of GTA to provide Fiber Layout Maps to PDS under the ICA, or other information required to be provided under the ICA or federal regulation. The PUC required GTA to pay the regulatory expenses of the preceding and awarded PDS its attorney's fees.

PUC Administrative Matters

| <i>Date</i> | <i>Action</i> |
|-------------|--|
| 03/26/15 | The PUC, with the assistance of its Administrator, had considered the possibility of purchasing Ipads so that the Commissioners could have on-line access for reports and documents filed with the Commission. For the present, the PUC concluded that Ipads were not a necessary expenditure. The PUC approved the Web Hosting Contract with Ideal Advertising, and also extended its Contract for Administrative and Bookkeeping Services. |
| 04/30/15 | The PUC reviewed the FY2014 Citizen Centric Report had been filed with the Office of Public Accountability. |
| 7/16/15 | The PUC reviewed the Final E-911 Fiscal 2014 Surcharge Summary GTA Docket 15-01, for submission to the Office of Public Accountability |
| 09/24/15 | The PUC approved its Administrative Budget for FY2016 and its Administrative Assessment Order for the utilities and telecom companies. PUC also approved Contracts for FY2016 for Legal Counsel, Administrative Law Judge, and PUC Consultant. The PUC renewed the contract for PUC Administrator. |