

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**GUAM WATERWORKS  
AUTHORITY [GWA] REQUEST FOR  
PUC INVESTIGATION OF COSTS** )  
 ) **GWA DOCKET 09-02**  
 )  
\_\_\_\_\_ )

**ORDER SCHEDULING PUBLIC HEARINGS ON PROPOSED  
GUAM WATERWORKS AUTHORITY RATE INCREASE**

On January 7, 2009, Guam Waterworks Authority [GWA] filed a written request that the Guam Public Utilities Commission [PUC] initiate and conduct an investigation into the adverse financial impact to GWA of significant rate hikes in power and Navy water costs.<sup>1</sup> The request indicated that in FY2008 GWA paid substantial additional amounts for power as a result of multiple LEAC rate adjustments. In addition, the Navy instituted two increases to the water rates charged to GWA. GWA experienced power and water cost increases in a total amount of \$4.3million.<sup>2</sup>

In addition, GWA's latest financial reports indicate that its financial stability is in a difficult and vulnerable position and that it has difficulty in meeting its mandated Debt Service Coverage.

At the request of the Chairman, the regulatory consultant to the PUC, Georgetown Consulting Group, Inc. [GCG], was requested to commence a review of GWA's request for investigation of its increased power and Navy water costs.<sup>3</sup> On February 11, 2009, GCG submitted its Report to the PUC concerning these increased GWA costs.<sup>4</sup> Despite finding some inconsistencies in the data presented by GWA, GCG believed that, based upon the present circumstances of GWA, that the PUC should, on its own initiative, consider authorizing an increase of 6.44% in base rates, without a compression adjustment.<sup>5</sup> GCG found that GWA has supported the existence of a real increase in purchased water costs in the amount \$1.68million; in addition, GCG found that GWA's power costs had increased in the amount of \$1,988,626. for a total cost increase from FY'07 to FY'09 of \$3,739, 825. Finally, when adding an additional 6% GPA rate increase scheduled to become effective March 1, 2009, the total recommended base rate increase for GWA is 6.60%.<sup>6</sup>

---

<sup>1</sup> Letter dated January 7, 2009 from Leonard Olive, General Manager, to Jeffrey C. Johnson, Chairman, PUC.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> Email from PUC Counsel to Jamshed K. Madan, dated January 13, 2009.

<sup>4</sup> Report of Georgetown Consulting Group, Inc. dated February 11, 2009, GWA Docket 09-02.

<sup>5</sup> Id. at p. 8.

<sup>6</sup> Id. at p. 12.

By letter dated February 27, 2009, Leonard Olive, General Manager of GWA, indicated that GWA stipulates to the GCG recommendation of a 6.6% rate increase to offset the increased costs of both Navy water and power purchases.<sup>7</sup>

Pursuant to 12 GCA 12004, the PUC has the duty to review the rates and charges for services of GWA, and to insure that such rates are adequate "to cover the full cost of such service or subject to any contractual agreements of the utilities to the holders of bonds." The PUC is required to increase such rates to enable utilities such as GWA to meet its contractual obligations.

In accordance with its aforementioned powers, and pursuant to 12 GCA §§12010 and 12015, the PUC hereby determines that the base rate increase proposed by GCG should be scheduled for public hearings, at which time public comment and testimony will be received on the recommended rate increase.

After careful consideration of the request of GWA for a PUC investigation of its increased power and Navy water costs, the Report of GCG, and for good cause shown and on motion duly made, seconded and carried by the by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. The recommendation of GCG that there be a 6.60% increase to the rates of GWA shall be scheduled for public hearings, pursuant to duly issued public notice.
2. Upon the conclusion of said public hearings, the Commission will initiate further proceedings and take such action as is appropriate in this matter.

Dated this 27<sup>th</sup> day of February, 2009.

---

Jeffrey C. Johnson  
Chairman

---

Joseph M. McDonald

---

Rowena R. Perez

---

Filomena M. Cantoria

---

Michael A. Pangelinan

---

<sup>7</sup> Letter from Leonard Olive, General Manager, Guam Waterworks Authority, to Jeffrey Johnson, Chairman, Guam Public Utilities Commission, Re: GWA Docket 09-02, Commission-Initiated Rate Investigation, dated February 27, 2009.