

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM TELECOMMUNICATIONS
ACT OF 2004

DOCKET 05-01



RULES GOVERNING REGULATORY FEES FOR
TELECOMMUNICATIONS COMPANIES

1. General Provisions.

- a. The Guam Public Utilities Commission [*"PUC"*] is authorized under 12 GCA 12104(c)(7) to adopt reasonable rules to apportion its reasonable operating expenses among telecommunications companies, as that term is defined in 12 GCA 12101(h), including, without limitation companies providing commercial mobile service [*"carriers"*], for the regulation of such companies and for the administration of the Guam Telecommunications Act of 2004.
- b. PUC has three kinds of expenses, which shall be recovered under these rules:
 - i. Prior to the commencement of each fiscal year¹, PUC establishes an annual budget to cover its administrative expenses, which have averaged in the range of \$180,000. It has been PUC's practice to allocate one-third of these expenses amount the three regulated utilities: Guam Power Authority, Guam Waterworks Authority and Guam Telephone Authority [GTA]. The one-third assessment previously charged to GTA shall now be borne by carriers and shall be allocated, commencing FY06, in the manner described in section 2[a] below.
 - ii. From time to time, PUC will undertake regulatory activities, which in its judgment, are of material interest to some or all of the carriers, such as the crafting of the rules authorized by 12 GCA 12104. Regulatory expenses² in these proceedings will be allocated among the carriers in the manner described in section 2[b] below.

¹ PUC's fiscal year runs from October 1 through September 30.

² Regulatory expenses include, without limitation, consultant fees, counsel and administrative law judge fees, hearing reporter fees, hearing room rental fees and publication expenses.

- iii. From time to time, PUC will conduct regulatory proceedings, which involve one or more carriers as parties. PUC's regulatory expenses in such proceedings shall be allocated equally among the parties, unless otherwise ordered by PUC pursuant to 12 GCA 12107(d).

2. Allocation of Regulatory Expenses.

- a. The one third share of PUC's annual administrative expenses [*"annual expenses"*], which will be assessed on carriers pursuant to section 1 [b][i] above, shall be the responsibility of TeleGuam Holdings LLC, or its successor, as the dominant carrier; provided, however, that they shall be shared with all other carriers, which were assessed during the preceding fiscal year under section 1 [b][ii] in the following manner: 1. The total assessments on all carriers for the preceding year under section 1 [b][ii] shall be determined and a percentage shall be calculated of each carrier's assessments to the total assessments; and 3. A carrier shall be assessed for a portion of the annual assessment, which shall be determined by multiplying the above percentage by the annual expenses.³
- b. The regulatory expenses, which are incurred in a proceeding under section 1 [b][ii] shall be allocated proportionally among all carriers, which PUC determines have a material interest in the proceeding. This allocation shall be made in the following manner: 1. A percentage shall be calculated by dividing the gross revenue of each interested carrier⁴ by the

³ For example, if the total FY05 assessments under section 1 [b][ii] were \$50,000; if during that year company "A" were assessed \$1,000 under the section; and if the FY06 annual assessment were \$60,000; then company "A" would be responsible for \$1,200 of the annual assessment [$.2\% \times \$60,000 = \$1,200$].

⁴ Carriers have reported their gross annual revenues as part of their certification or registration with PUC. These reports identify, which range of income is applicable to the company [*less than \$250,000; between \$250,000 and \$1,000,000; between \$1,000,000 and \$2,500,000; and over 2,500,000.*] For purposes of calculations this section, PUC shall assign a revenue factor of \$250,000 for companies with gross revenues of less than \$250,000; a factor of \$625,000 for companies with revenue between \$250,000 and \$1,000,000; a factor of \$1,750,000 for companies with revenues between \$1,000,000 and \$2,500,000 and a factor of \$2,500,000 for companies with revenues in excess of \$2,500,000. The gross revenues assigned to TeleGuam shall be those reported in Guam Telephone Authority's FY04 audited financial report [excluding wireless revenues, which shall be attributed to GTA Wireless]. Carriers may elect to file with PUC an exact amount of their

total gross revenues of all interested carriers in the proceeding; and 2. This percentage shall be multiplied by the total regulatory expenses, which are incurred in the proceeding.⁵

3. Billing and Collection.

- a. The annual administrative assessment, which are described in section 1(b) (i), shall be invoiced on or about October first of each year. The regulatory fees and expenses, which are described in section 1(b) (iii) shall be assessed and invoiced on a monthly basis. PUC invoices shall be due and paid within 30 days of the date the invoice is sent to the carriers.
- b. Any PUC invoice not paid within 30 days of the date the invoice is sent shall subject a carrier to the penalties authorized in 12 GCA 12108. In a section 12108 enforcement hearing, a carrier may contest the reasonableness of an invoice. PUC's administrative law judge is authorized, with carrier's consent, to mediate any such dispute in advance of a hearing.

average gross revenues during their past two fiscal years, which will then be used in the above calculations. On a going forward basis, PUC shall require carriers, commencing FY07 to certify their average gross revenue for the preceding two fiscal years.

⁵ For example, if the gross revenues of Company "A", which PUC determines has a material interest in a proceeding, is \$250,000; if the gross revenues of all interested companies in the proceeding are \$50 million dollars; and if the total regulatory expenses in the proceeding are \$30,000, then Company "A" would be assessed \$150 [$.05\% \times \$30,000 = \150].