

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MAY 28, 2009
SUITE 207 GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular business meeting commencing at 6:00 p.m. on May 28, 2009 pursuant to due and lawful notice. Commissioners Johnson, Perez, McDonald, and Pangelinan were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The Commission reviewed the minutes of the meetings conducted on April 20 and May 14, 2009. With regard to the April 20 minutes, Chairman Johnson requested typographical corrections and the addition of the statement, with regard to the discussion of the Guam Power Authority's Request for Proposals under the Integrated Resource Plan, that there is a minimum of 5MW per renewable project sought to be procured. Subject to those corrections, upon motion duly made, seconded and unanimously carried, the Commission approved the minutes of the April 20, 2009 meeting.

With regard to the May 14 Minutes, Commissioner Pangelinan raised a clarification concerning his participation with regard to PUC Review of the Limited Obligation Bonds Series 2009A; since his law firm represents GEDA as general counsel, he would only participate "if necessary" to establish a quorum. Chairman Johnson noted that, upon the motion for approval and adoption of an ORDER authorizing the bond issuance, there were four votes in favor, with Commissioner Pangelinan abstaining. Commissioner Perez requested a review of the minutes to determine whether she had indicated that the PUC could "add" the amount of the landfill bonds to the current debt level of the Government of Guam without exceeding the current maximum debt level. Also, Commissioner Perez requested the addition of the statement that she had requested that GEDA provide a summary of the Government's outstanding debt, and that such summary had been received.

Subject to the foregoing corrections, upon motion duly made, seconded and unanimously carried, the Commission approved the minutes of the May 14, 2009 meeting.

2. PTI Pacifica Inc.

The Commission next considered the joint Application of ITE Overseas, Inc. [ITE] and PTI Pacific Inc. [PTI] for assignment of ITE's Certificate of Authority to PTI, Docket 08-12. PUC Legal Counsel issued a Report which recommended that the PUC approve the transfer of the Certificate of Authority from ITE to PTI. A copy of said Report is made *Attachment "B"* hereto. A Certificate of Authority cannot be transferred without the PUC's prior approval. 12 GCA §12103(g). Before approving a transfer of a Certificate, the Commission must make certain factual findings pursuant to 12 GCA §12103(c):

- (1) That the applicant possesses sufficient technical, financial and managerial resources and abilities to provide the telecommunication services in Guam for which it seeks a certificate of authority; and
- (2) That the granting of the certificate would not be contrary to the public interest.

In Counsel's opinion, as well as that of the PUC's Regulatory Consultant Georgetown Consulting Group Inc. [GCG], PTI did meet the applicable requirements. PTI is the incumbent local exchange carrier in the Commonwealth of the Northern Mariana Islands, and also provides wireless services at present in both Guam and the CNMI. PTI has purchased the assets of ITE, and at the same time is acquiring its technical expertise and resources in the provision of resold and CLEC telecommunications services in Guam. Allowing the transfer of ITE's CLEC operations will support the goal of the Guam Telecommunications Act in promoting modern, innovative, accessible and affordable telecommunications services through competition. GCG believe that the transfer is in the public interest.

Counsel further indicated that the notice requirements of the law under 12GCA §12103(e) had been satisfied; ITE had supplied notice to the sole customer of ITE local exchange carrier services on Guam, Guam Cable Vision Inc., that the sale of its assets to PTI would be taking place and that PTI would be assuming the performance of the service agreement between ITE & Guam Cable Vision Inc. Guam Cable Vision consented to the sale of assets from ITE to PTI.

On May 12, 2009, the Federal Communications Commission, in a Memorandum Opinion, had approved the transfer of assets, licenses and other authorizations from ITE to PTI. PUC Counsel further indicated that, if the Certificate were transferred to PTI, PTI would be required to continue to operate under the tariff filed by ITE in June 2007, or, if it desired, to file a new tariff. Commissioner Pangelinan raised a concern about his own participation in this matter, since Marianas Cable Vision, is involved; he asked whether there had been any objection by any party. PUC Counsel indicated that no objection was filed of record. Since there appeared to be no objection to the transfer of the Certificate

from ITE to PTI, and no adverse interests were asserted, Commissioner Pangelinan was comfortable with participating in the decision of this matter. Upon motion duly made, seconded and unanimously carried, and good cause appearing, the Commission approved the transfer of the Certificate of Authority from ITE to PTI, and adopted the ORDER made *Attachment "C"* hereto.

3. Guam Telecom LLC

The Commission next considered the Application of Guam Telecom LLC [GT] for a Certificate of Authority, GT Docket 09-01. PUC Legal Counsel filed a Report, a copy of which is made *Attachment "D"* hereto.

Counsel reported that, on April 6, 2009, GT filed its application for a Certificate of Authority to provide certain intrastate telecom services in Guam, including facilities based local exchange services and resold local exchange telecom services. The application appeared to be fully supported by the required financial statements and documentation, indicating the financial strength of the applicant and the technical background and experience of its staff. GT is the sister company of the company that owns Marianas Cable Vision [MCV]. Thus, the existing financial and technical resources of MCV are available to GT. In Counsel's opinion, applicant GT satisfies the two criteria necessary for the issuance of a Certificate of Authority pursuant to 12 GCA §12103(c):

- (1) It possesses sufficient technical, financial, and managerial resources and abilities to provide the telecommunications services in Guam for which it seeks a Certificate of Authority; and
- (2) Granting of a Certificate of Authority would not be contrary to the public interest.

The Managers of GT have many years of technical experience, as indicated by their resumes. There is nothing in the background of Applicant or its Managers in any manner suggesting that issuance of a Certificate of Authority would be contrary to the public interest. Based upon these factors, Counsel recommends that a Certificate of Authority be granted to GT.

There was public notice of GT's application for the Certificate of Authority; although GTA Teleguam [GTA] filed certain comments regarding GT's application, GTA Teleguam indicated that it was not questioning the issuance of a Certificate of Authority to GT. Counsel indicated that the issues raised by GTA concerned GT's present operations, and the susceptibility of its operations, such as use of VoIP Telephony Service, to regulation by the PUC. Counsel further indicated that the issuance of a Certificate would be subject to the filing of a tariff by GT. Finally, Legal Counsel indicated that the Chairman is authorized to issue a Certificate of Authority upon his own signature, pursuant to 12 GCA §12004.

Commissioner Perez asked whether the quality of service standards referred to by GT in its tariff addressed the concerns that GTA Teleguam had raised about the applicable service standards. Counsel indicated that GTA takes the position that the standards referred to by GT in its tariff are not as stringent as those that GTA Teleguam is required to comply with as an incumbent local exchange carrier. Chairman Johnson asked his fellow Commissioners if they would approve his signing of the Certificate of Authority. Commissioners Perez and McDonald indicated that they did approve. For the record, Counsel indicated that Commissioner Cantoria had previously agreed, in writing, that Chairman Johnson could sign the Certificate of Authority. Commissioner Pangelinan abstained from participation in this matter since Guam Telecom LLC is his firm's client. The Chairman indicated that he would sign the Certificate of Authority for Guam Telecom LLC. The Certificate of Authority issued to Guam Telecom LLC is made *Attachment "E"* hereto.

4. Proposed Discovery Protocol

On May 28, 2009, Administrative Law Judge David A. Mair issued General Order No. 09-01, In the matter of: General Discovery Protocol. The Protocol establishes a procedure by which the parties to rate matters and regulatory proceedings exchange legally required information, such as interrogatories, requests for information, or other types of information gathering. PUC Legal Counsel explained to the Commissioners the basis for the adoption of a Discovery Protocol; such Protocol had received substantial input from the Legal Counsels for PUC, Georgetown Consulting Group, the Navy, and the Utilities.

Commissioner Perez indicated her belief that the Protocol would establish order in the process of how information is obtained or shared, and that such protocol brings about major accountability. Discovery does impose indirect costs upon the ratepayers, since the cost is paid for by the utilities. Chairman Johnson indicated that the Protocol would put the Commission back into the process of discovery.

Although Legal Counsel explained that the Commissioners did not technically need to approve the Discovery Protocol, an Order of the Administrative Law Judge, Commissioner Perez indicated her belief that the Commission should go on record and approve the Protocol through an Order. Commissioner Pangelinan raised a concern that, under the Protocol, a party could obtain additional discovery from the ALJ, but would be required to seek a protective order from the PUC [i.e., the Commissioners sitting as a body]. The issue is whether the ALJ could issue a protective order. Legal Counsel indicated that the Protocol could be changed to provide that an application for a protective order would be made to the ALJ. Upon motion duly made, seconded and unanimously carried, subject to the change that a party could seek a protective

order from the ALJ, the GENERAL DISCOVERY PROTOCOL, General Order 09-01, was unanimously approved.

5. Office Space for PUC

The Chairman indicated that there was nothing further to report at the present time. The Chairman requested that Administrator Palomo seek additional information concerning the layout of office space; the Chairman indicated an interest in the larger space of 662 square feet. Discussion ensued among the Commissioners concerning possible changes in the configuration of the present space. Chairman also indicated that two new Dell computers were purchased for the Commission from Dimension Systems at a discount.

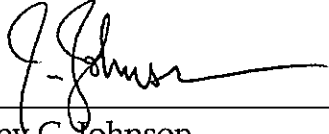
6. PUC Website

The Chairman indicated that there had not yet been a meeting with A.J. Rosario concerning the website. Discussions then ensued among the Commissioners concerning the scheduling of a meeting and the design of the website.

7. Other Business

The Chairman indicated that a letter has been drafted by the Commission's Legal Counsel for Consultant Georgetown Consulting Group establishing the procedure by which work assignments would be given to the Consultant by the Commission. The Commissioners took an opportunity to review the proposed letter, and the Chair asked whether there were comments. Commissioner Perez indicated work assignment procedures would bring more accountability. The Chairman indicated that the Commissioners are accountable and responsible, and should have a handle on exactly what amounts are being billed to the various utilities. Commissioner Pangelinan asked whether a provision could be included that would require PUC approval for the use of an attorney by the Consultant. Legal Counsel indicated such a provision could be difficult, as the contract for the Consultants specifically authorize it to utilize the services of its Legal Counsel. However, Commissioner Pangelinan indicated that, in determining the scope of services for projects which GCG would be engaged, PUC Legal Counsel could discuss the extent to which GCG would be authorized to use or employ Counsel in each particular matter. Legal Counsel agreed that such a discussion would be appropriate in determining the scope of services. Finally, Commissioner Pangelinan indicated that the letter should indicate that it was written in response to questions raised by GCG, and that the names of all Commissioners should be added at the bottom of the letter, since it comes from

the Public Utilities Commission. Upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

A handwritten signature in black ink, appearing to read "J. Johnson", written over a horizontal line.

Jeffrey C. Johnson,
Chairman

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**REGULAR MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:00 p.m. May 28, 2009**

Agenda

1. Approval of Minutes of April 20 and May 14, 2009.
2. PTI Pacifica Inc.
 - Docket 08-12, Application of IT&E Overseas, Inc. and PTI Pacifica Inc. for Assignment of Certificate of Authority, Docket 08-12; PUC Legal Counsel Report and Proposed Order
3. Guam Telecom LLC
 - GT Docket 09-01; Application for Certificate of Authority; PUC Legal Counsel Report and Proposed Order
4. Proposed Discovery Protocol
5. Office Space for PUC
6. PUC Website
 - Update
7. Other Business



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

APPLICATION OF IT&E OVERSEAS,
INC. AND PTI PACIFICA INC. FOR
ASSIGNMENT OF CERTIFICATE OF
AUTHORITY

DOCKET 08-12

ORDER APPROVING ASSIGNMENT AND TRANSFER OF IT&E OVERSEAS INC.
CERTIFICATE OF AUTHORITY TO PTI PACIFICA INC.

IT&E Overseas, Inc. [ITE] currently holds a Certificate of Authority, issued by the PUC on September 28, 2006, to provide resold local exchange telecommunications services and facilities based local telecommunications services pursuant to 12 GCA §12103.¹ On September 18, 2008, ITE and PTI Pacifica Inc. [PTI] filed a joint petition for assignment of ITE's Certificate of Authority to PTI.² The Application, with supporting documentation, underwent review by PUC's independent consultant, Georgetown Consulting Group Inc. [GCG]. GCG reported that ITE and PTI had satisfied the standards set forth in 12 GCA §12103(c); however, the transfer of the certificate of authority from ITE to PTI could not be finally approved until ITE had satisfied the notice requirements of 12 GCA §12103(h), which required that a telecommunications company provide thirty days written notice to its customers and to the Commission before it could discontinue or abandon a telecommunications service.³

On May 14, 2009, PTI and ITE filed with the Commission a "Section 12103(h) Notice", indicating that notice had been provided to the sole customer of ITE's local exchange carrier services in Guam.⁴ Furthermore, on May 18, 2009, PUC Legal Counsel filed his Report with the Commission indicating that ITE & PTI have satisfied the statutory requirements of 12 GCA §12103 for the assignment and transfer of the certificate of

¹ ITE's Certificate of Authority is attached hereto as Exhibit "A".

² ITE and PTI Petition for Assignment of Various Certificates of Authority, filed September 18, 2008.

³ GCG Recommendations in response to joint petition of PTI and IT&E for assignment, filed November 17, 2008.

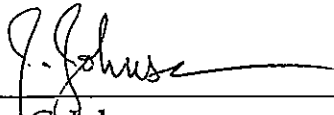
⁴ Section 12103(h) Notice, filed May 14, 2009.

authority from ITE to PTI. Counsel recommends that such assignment and transfer of the certificate of authority be approved.⁵ Furthermore, on May 12, 2009, the Federal Communications Commission approved the transfer of assets, licenses and other authorizations from ITE to PTI Pacifica Inc.⁶

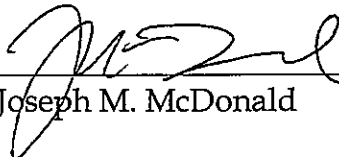
After careful review of the application, the GCG Report, PUC Legal Counsel Report, and the record in this docket, which also contains the Section 12103(h) Notice, and for good cause shown, IT IS HEREBY ORDERED THAT:

1. Assignment and transfer of the Certificate of Authority of IT&E Overseas, Inc., to PTI Pacifica Inc., which certificate was issued by the PUC on September 28, 2006 and is attached hereto as Exhibit "A", is hereby approved. Pursuant thereto, PTI Pacifica Inc. is authorized to provide resold and facilities based local exchange services within the Territory of Guam; provided, however, PTI shall offer resold and facilities based local telecommunications services in accordance with IT&E Telecom Tariff No. 1, which was filed by IT&E with the Commission in Docket No. 06-07 on June 19, 2007.
2. The Certificate of Authority of IT&E Overseas Inc. as assigned and transferred to PTI Pacifica Inc., shall be subject to the terms, conditions and requirements of 12 GCA §12103 and to all PUC rules, regulations and orders.

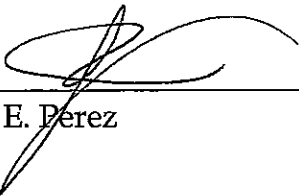
Dated this 28th day of May, 2009.



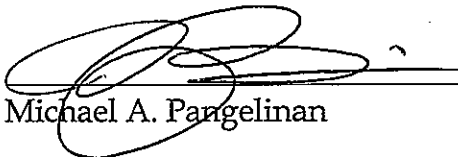
Jeffrey C. Johnson
Chairman



Joseph M. McDonald



Rowena E. Perez



Michael A. Pangelinan

⁵ PUC Legal Counsel Report filed May 18, 2009.

⁶ FCC Memorandum Opinion and Order and Declaratory Ruling, adopted May 12, 2009, WC Docket No. 08-54.



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

APPLICATION OF
GUAM TELECOM, LLC
FOR CERTIFICATE OF AUTHORITY
UNDER 12 G.C.A. §12103

GT Docket 09-01

PUC LEGAL COUNSEL REPORT ON
APPLICATION FOR CERTIFICATE
OF AUTHORITY

On April 6, 2009, Guam Telecom LLC ["GT"] filed its application for a Certificate of Authority, under 12 GCA §12103, with the Public Utilities Commission.¹ Applicant seeks to provide certain intrastate telecom services in Guam, including facilities based local exchange services and resold local exchange telecom services.² Guam Telecom is a duly registered as a foreign limited liability company in Guam.³

The Application contains the information requested in the standard form required by the Public Utilities Commission, which is *Attachment B* to the Rules Governing Certificates of Authority under 12 GCA §12103 (issued by the PUC on July 27, 2005). GT submitted the required corporate information, including applicable certificates of good standing, corporate documents, and a listing of corporate owners. GT indicates that its financial condition is excellent; it is the sister company of Guam Cablevision LLC d/b/a/Marianas Cable Vision ("MCV"). Both companies are wholly owned by MCV Guam Investments, LLC.⁴

Furthermore, Applicant has submitted certain confidential information, under seal, which contains financial statements of Applicant and information concerning its projected revenues and operating expenses.⁵

¹ Guam Telecom LLC Application for Certificate of Authority, filed April 6, 2009.

² Id. at p. 1.

³ Id. at p. 2.

⁴ Guam Telecom LLC Application for Certificate of Authority, p. 4.

⁵ GT Confidential Submission, filed April 5, 2009; in accordance with the PUC Rules governing certificates of authority and the PUC Rules Relating to the Protection of Confidential Information and Regulatory Proceedings under the Guam Telecommunications Act of 2004 (Docket 05-01, filed July 27, 2005), Applicant is entitled to file non-public financial information under a claim of confidentiality.

Applicant GT intends to purchase a carrier class soft switch to deliver VoIP Telephony Service to subscribers over its existing transmission facilities as a Cable Television and Internet Service Provider. Applicant also intends to seek an interconnection arrangement with the incumbent local exchange carrier if PUC approval for Applicant's Certificate of Authority is granted.⁶ Applicant presently does not have a resale agreement for resold local exchange telecom services.⁷ With regard to the technology that Applicant proposes to use for its facilities based local exchange services, it will continue to rely upon the VoIP technology which it presently provides through its existing transmission facilities in Guam.

The applicable requirements for issuance of a Certificate of Authority are set forth in 12 GCA §12103, Certificates of Authority [a provision within the Guam Telecommunications Act of 2004]. §12103 provides in pertinent part:

"No person shall provide or resell telecommunications services in Guam without a certificate of authority issued by the Commission...Any other person that seeks to offer telecommunication services or any certificated telecommunications company that seeks to provide new or additional telecommunications services shall first obtain a certificate or other authority as required by this Section 12103 and the rules and regulations adopted by the Commission pursuant hereto...After notice and opportunity for a hearing, the Commission shall approve an application for a certificate of authority if the Commission finds both of the following: (1) The applicant possesses sufficient technical, financial, and managerial resources and abilities to provide the telecommunications services in Guam for which it seeks a certificate of authority; and (2) The granting of a certificate of authority to the applicant would not be contrary to the public interest."

There are essentially two findings, both of which the Commission must make, before it issues a Certificate of Authority:

- (1) That the applicant possesses sufficient technical, financial, and managerial resources and abilities to provide the telecommunications services for which it seeks a certificate; and

⁶ Guam Telecom LLC Application for Certificate of Authority, p. 7.

⁷ Id. at p. 6.

- (2) That the granting of the certificate would not be “contrary to the public interest.”

As to the first requirement, Applicant has submitted substantial information in its application demonstrating that it has sufficient technical, financial, and managerial resources and abilities to provide the telecommunications services for which it seeks a certificate of authority. Initially, it appears that Applicant will use the same technology and transmission facilities which it currently utilizes to provide and deliver VoIP Telephony Services to subscribers.⁸

As to financial ability, Applicant indicates that it will rely upon the financial resources of its sister company, Marianas Cable Vision, to provide both capital and operations support for telephone operations. Marianas Cable Vision has been operating on Guam since 1993 and has consistently provided and developed services to Guam customers.⁹ The non-public financial information submitted by Applicant demonstrates that it does have the financial ability to provide telecommunications services in Guam for which it seeks a certificate of authority. With regard to managerial resources, Applicant’s current technical team is comprised of MCV managers who individually have over 25-years of experience in the industry. The resumes submitted indicate extensive technical experience in the Guam market.¹⁰

As a second requirement, the Commission must find that the granting of a certificate of authority to the applicant “would not be contrary to the public interest.” No information has come to the attention of PUC Legal Counsel which would suggest the granting of a certificate of authority to Guam Telecomm is contrary to the public interest. The application materials demonstrate that Applicant is an LLC “in good standing” under both the laws of its domicile state, Delaware, and in Guam. There are no known formal or informal complaint proceedings pending against Applicant, nor are Applicant, its officers, directors, partners or managers presently involved, or have they been involved, in civil matters, or judgments. Neither Applicant nor its officers or directors have been convicted of criminal acts within the last 10 years. There is no evidence to support any allegation that the granting of the certificate of authority to Applicant would be “contrary to the public interest.”

PUC Legal Counsel recommends that the Commission make specific findings that Guam Telecom LLC possesses sufficient technical, financial and managerial resources

⁸ Id. at p. 6.

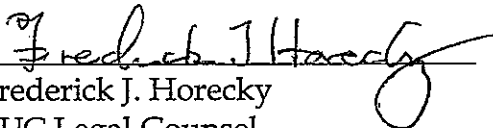
⁹ Guam Telecom LLC Application for Certificate of Authority, p. 4.

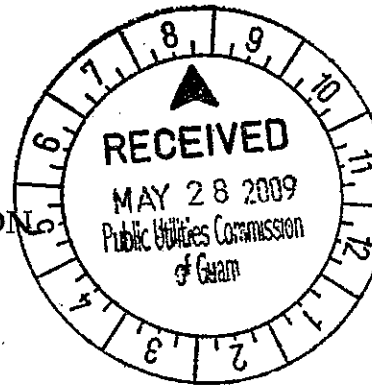
¹⁰ Id. at pg. 7 and ATTACHMENT 5.

and abilities to provide the telecommunications services in Guam for which it seeks a certificate of authority. Furthermore, the Commission should find that the granting of certificate of authority to Guam Telecomm LLC is not contrary to the public interest.

Counsel has prepared, for the review and approval of the Commissioners, a draft Certificate of Authority. The draft Order also requires that, before Guam Telecom LLC commences to provide services under its certificate of authority, it must file an appropriate tariff for such certificated services in accordance with 12 GCA 12106 and obtain PUC approval for such tariff(s). Please let me know if you have any further questions in this regard.

Sincerely,


Frederick J. Horecky
PUC Legal Counsel



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GT Docket 09-01

APPLICATION OF
GUAM TELECOM, LLC
FOR CERTIFICATE OF AUTHORITY
UNDER 12 G.C.A. §12103

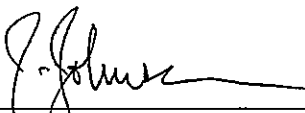
CERTIFICATE OF AUTHORITY

On April 6, 2009, Guam Telecom LLC, a foreign corporation licensed and authorized to do business within the Territory of Guam, filed an application with the Guam Public Utilities Commission [PUC] for issuance of a certificate of authority under 12 GCA 12103 to provide resold local exchange telecommunications services and facilities based local telecommunications services. The application, with supporting documentation, under went review by PUC's Legal Counsel, who reported that Guam Telecom LLC had satisfied the standards set forth in 12 GCA §12103[c] and should, therefore, be issued a certificate, subject to the condition that it files and PUC approves its tariff for these certificated services in accordance with 12 GCA §12106.

After careful review of the application, PUC Legal Counsel's Report, and the record in this docket, which contains Guam Telecom LLC's certificate of public notice of its application in accordance with section three of PUC's Certification Rules and for good cause shown, IT IS HEREBY ORDERED THAT:

1. PUC hereby issues to Guam Telecom LLC a certificate of authority to provide resold and facilities based local exchange services within the Territory of Guam; provided, however that no such service shall be provided until Guam Telecom LLC files and obtains PUC approval of its tariff for said services.
2. This certificate authority is subject to the terms, conditions and requirements of 12 GCA §12103 and to all PUC rules, regulations and orders.
3. All proceedings in this docket are hereby ratified and confirmed.

Dated this 28th day of May, 2009.



Jeffrey C. Johnson
Chairman

Attachment "E"