

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
April 18, 2011
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:00 p.m. on April 18, 2011, pursuant to due and lawful notice. Commissioners Johnson, McDonald, Cantoria, and Perez were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The PUC reviewed the minutes of the meeting conducted on March 21, 2011. Upon motion duly made, seconded and unanimously carried, the minutes were approved, subject to needed changes.

2. Guam Waterworks Authority

The Chairman announced that the next matter on the Agenda was consideration of GWA Docket 11-01, ALJ opinion and Bond Funding Issues, P.L. 30-145. PUC Counsel reported that on April 12, 2011, the ALJ issued an opinion on certain bond funding issues; on April 12 GWA asked for an opportunity to make additional filings in response to the ALJ Opinion. Counsel also consulted with the ALJ, and he has no objection to giving GWA a continuance to respond. GWA Counsel Taylor indicated that he would be filing additional responses. Counsel recommends that the matter be tabled and continued until the next meeting.

The Chairman then announced that there were two other matters for GWA which would likely be tabled: GWA Docket 11-02, regarding the Contract Review Protocol, and GWA Docket 11-03, concerning GWA Reporting Requirements. PUC Counsel indicated that on both dockets, 11-02 and 11-03, ALJ Mair had proceeded far along, and that various position statements had been submitted on the issues; however, recently GWA had requested that the proceedings be suspended or halted at the present time. The ALJ agreed to that request, and issued a suspension Order.

3. Guam Power Authority

The Chairman stated that the next matter for consideration by the PUC was GPA Docket 10-11 [LEAC], Issues re: January 31, 2011 PUC Order [Review of possible offset of \$5.1M settlement proceeds and \$3.1M bond fund reallocation to offset impact of the LEAC Increase], and ALJ Report. Counsel indicated that a lengthy ALJ Report, which

addressed the issues concerning the possible offsets of funds against the LEAC increase, had been filed with the PUC; Counsel indicated that he would not repeat all of the issues stated therein, but that the Commissioners could review the opinion further in detail if they desired.

As to the possible reallocation of \$3.1M in bond funds to LEAC expense, the ALJ concluded that the law authorizing GWA to issue bonds specified specific uses for the bond funds, i.e. generation projects, transmission projects, and others. It is legally questionable whether the PUC would have the authority to allocate bond funds which had been specifically allocated for a purpose in the law and change the allocation for use of such funds to LEAC. LEAC expenditure was not a specific use authorized by the Legislature for bond funds. Furthermore, allocation of bond funds to LEAC would not be good policy: the Commission potentially would become involved in a never ending cycle where it would be continuously asked to allocate bond funds to LEAC instead of for their intended purposes. Also, the use of such funds for LEAC would prevent GPA from using bond funds for needed projects. Using GPA funds for customer fuel expense would send the wrong pricing signal to customers.

With regard to the \$5.1M settlement funds, GPA has proposed that such funds be an offset to the pending working capital fund surcharge, rather than an offset to LEAC. Using the settlement funds to offset LEAC would only give a temporary small rebate to customers [i.e. an average of \$1.83 per month] for a 6 month period. There would not be much bang for the buck. Applying the settlement funds to the WCF, the surcharge could be delayed for an additional year until April 2012.

The Chairman announced that the next matter for consideration by the PUC was GPA Docket 10-01, Petition for Use of 2010 Bond Proceeds on Projects [\$3M for CCU Approved Projects], PUC Counsel Report and Proposed Order. Counsel reported that the Commission had previously authorized GPA to expend this \$3M in excess bond funds for projects of its choosing; however GPA had been required to seek approval for such projects from the Commission.

GPA now proposes to use the \$3M for 5 projects: (1) payment card industry compliance project for new encryption software to enable GPA to implement the \$2.50 credit card charge that PUC had previously considered and approved; (2) an enterprise resource planning software implementation project to modernize and upgrade GPA software (GPA may either upgrade its existing software or purchase a new software program); (3) an enterprise resource planning consulting contract, which will provide a consultant to advise GPA as to what course of action it should take on the software implementation project; (4) a technology gap assessment and implementation study to advise GPA on the implementation of the Baker Tilly recommendations as to business process technology improvements; (5) the power plant auxiliary power reduction study and implementation, to determine methods for saving power consumption and usage at the power plants.

In each case GPA has presented a substantial justification for the project. The Order prepared by Counsel would approve the expenditure of \$3M for the 5 projects in the amounts specified. The CCU has approved these projects. The CCU has approved these projects. GPA needs the new software encryption software to implement customer charges on credit card transactions. GPA's current software was purchased in 1997 and needs substantial upgrades. Since this is a \$2M project, GPA will go out for bid and then back to the PUC for final approval of the enterprise software implementation project. The technology gap assessment is in line with the recommendations of Baker Tilly. Finally, the power plant auxiliary power reduction study could save as much as \$2.5M in a short period of time.

The Chairman asked the GPA Chief Financial Officer whether the auxiliary power reduction study and implementation would cost \$500,000 or \$250,000. There were inconsistent indications in the filing. GPA's CFO indicated that GPA had budgeted \$250,000, but then became aware that it would need an additional \$250,000 to fund the project. The Chairman also questioned whether the comprehensive information technology assessment would be \$200K. The CFO indicated that the project would be under \$200K.

Commissioner Perez asked whether these projects would go out to bid. GPA's CFO indicated that they already had a software consultant, but that the enterprise software implementation project could go out to bid. If GPA only upgrades its current software, it will just go with Oracle, its current provider. Commissioner Perez asked whether the new security software would also be applicable to a \$2.50 charge for people who use debit cards. GPA's CFO indicated that the problem with the current software is that it can't distinguish between debit and credit cards. If the current software were implemented, it would charge everyone with a debit card. However, GPA wants to encourage people to use debit cards, so it will not charge the \$2.50 on debit cards. Upon motion duly made, seconded and unanimously carried, the Commissioners approved GPA's use of 2010 bond proceeds in the total amount of \$3M for the 5 specified projects and in the amounts indicated for each specific project. The Order adopted by the Commission is made *Attachment "B"* hereto.

4. GTA Telecom LLC

The Chairman announced that the next matter on the agenda was GTA Docket 11-03, GTA Petition to define the appropriate Repair Time Interval for xDSL UNE, and Proposed Order Authorizing Rulemaking Proceeding. PUC Counsel indicated that the present interconnection implementation rules do not address the issue of the appropriate repair time interval for DSL unbundled network element. Counsel sent GTA's petition to the other Guam carriers; Pacific Data Systems, through John Day, requested an extension of time to respond to GTA's Petition. Counsel thought that such a request was reasonable and granted it.

The Order before the Commission would authorize a Rulemaking proceeding to establish the appropriate repair time interval for DSL. The Order would further authorize the ALJ to oversee proceedings, to cause notice to be issued requesting public comment, and to conduct a hearing. Counsel anticipates that this matter will be ready for consideration at the next PUC meeting. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Order authorizing Rulemaking Proceeding, which Order is made *Attachment "C"* hereto.

The Chairman indicated that the next matter for consideration by the PUC was Docket 99-10 [Pending Issues Regarding GTA and Docomo], GCG Report, PUC Counsel Report, Stipulation and Proposed Order. Counsel indicated that the pending matters before the PUC involve a resolution of certain E911 issues. A GCG Report issued in January 2011 indicated that GTA and Pulse Mobile had previously stated that they were unable, because of software issues, to report their numbers of "exempt lines" in their Collection Agent E911 Reports. According to Counsel, Public Law 25-55 requires that exempt lines be reported, as does the Commission's prior Order of June 24, 2002.

Georgetown suggested that the Commission order GTA and Pulse Mobile to comply with its reporting requirement in its E911 Reports to indicate the numbers of exempt lines. Recently, Eric Votaw of GTA indicated to Counsel that GTA and Pulse Mobile could now include the numbers of exempt lines in its E911 Reports. GTA and Pulse have now filed a Consent with the Commission agreeing to henceforth include numbers of exempt lines in their reports. The Proposed Order would order GTA and Pulse to file their quarterly Collection Agent Reports with the inclusion of the number of exempt wireline and wireless accounts and the basis for exemption.

In this Docket, the PUC regulatory fees will be assessed against the E911 Fund. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Order requiring GTA and Pulse Mobile to include the numbers of exempt wireline and wireless accounts in their Collection Agent Reports, and the basis for exemption. The Order adopted by the PUC is made *Attachment "D"* hereto.

The Chairman indicated that the next item of business for the PUC was GTA Docket 11-04, GTA Petition for Approval of Individual Case Basis, PUC Counsel Report and Proposed Order. Counsel indicated that individual case basis proceedings referred to certain circumstances under which GTA or other carrier can deviate from the normal tariffs charged in the filed tariffs. The proceedings conducted by the Commission in 2007 and 2008 established an "ICB" tariff for GTA. Such tariff is offered only to businesses or government customers having or ordering more than 10 access lines.

The rates for services provided under ICB for competitive bids shall not exceed the tariff prices where specific charges are provided in the tariff. The ICB prices contained in any contract should be available to any similarly situated customer. GTA's ICB tariff was filed in 2008 and appears to be in compliance with the requirements that the

Commission noted. The ICB filing must contain a "LRIC" study (i.e. long run incremental cost). The study must show the basic incremental cost for a service provided by GTA. Here, with regard to a bid for Centrex lines to the Guam Department of Education, GTA has met the requirements for an ICB filing. GDOE is a governmental entity with more than 10 lines.

The LRIC study filed by GTA indicates that the cost offered by GTA to GDOE per line is not lower than GTA's incremental cost. The price offered by GTA to GDOE does not exceed the tariff rate. The proposed Order would make these determinations and indicates that GTA has complied with the requirements here for an ICB filing. Upon motion duly made, seconded and unanimously carried, the Commissioners approved GTA's ICB tariff filing for GDOE, a copy of which Order is made *Attachment "E"* hereto.

5. Pacific Data Systems Inc.

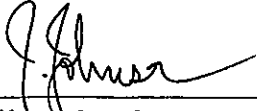
The Chairman stated that the next matter for consideration by the PUC was PDS Docket 10-04, Pacific Data System's [PDS] Petition for Reimbursement of E911 Collection Agent Costs. Counsel stated that in its E911 Report in January, Georgetown Consulting Group had indicated that PDS had been assessing and collecting E911 Surcharges from its customers, but not submitting such surcharge remittances to the Department of Administration. PDS's reason for not submitting the E911 surcharges to DOA was that the PDS administrative costs exceeded the amount of the remittances. PDS has many larger customers, such that the entire collection amount of the E911 surcharges for the 2 year period of 2008 - 2009 was approximately \$8 or \$9,000.

However, by law and prior PUC Order, PDS was required to remit the surcharges to DOA within 45 days of receipt. Furthermore, any administrative expenses charged by PDS must have the prior approval of the Commission. GCG found that the PDS violations were not willful. When PDS was issued a Certificate of Authority [in 2005] no mention was made of its E911 obligations. In addition, PDS was not listed as a collection agent on the June 24, 2002 PUC Order which set forth the duties of a collection agent. What's important here is to get PDS on the right footing with regard to its E911 duties, not to punish or sanction it.

PDS has requested approval of its administrative expenses regarding E911, as such expenses are in GCG's view "very modest". These charges should be approved by the Commission. The Proposed Order would recognize that there were violations by PDS of the statutory requirements, but that such violations were not willful. PDS should be allowed to keep the surcharges collected through January of 2011. That would reimburse them. Starting February 2011, PDS would remit surcharges to DOA, retaining \$469 per month as expenses. PDS must make its quarterly filings, that PDS' Petition for Reimbursement should be approved.

Commissioner Perez asked whether it should not be PDS, rather than GTA [as indicated in the Order] that pays the regulatory expenses. Counsel indicated that it should be GTA, because GTA pays all the expenses under E911 from the E911 Fund. Upon motion duly made, seconded and unanimously carried, the Commissioners adopted the Order approving the PDS Petition for Reimbursement of E911 Collection Agent costs. Said order is made in *Attachment "F"* hereto.

After some discussion regarding administrative matters, there being no further business, the Commissioners moved to adjourn the meeting.

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 202, GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:00 p.m. April 18, 2011**

Agenda

1. Approval of Minutes of March 21, 2011.
2. Guam Waterworks Authority
 - GWA Docket 11-01, ALJ Opinion on Bond Funding Issues, P.L. 30-145
 - Continued Consideration of GWA Docket 11-02, Petition to Revise Contract Review Protocol, GCG Report, Supplemental ALJ Report and Proposed Order
 - GWA Docket 11-03, Petition to Revise the Reports that GWA Currently is required to file with the PUC, GCG Report, ALJ Report and Proposed Order.
3. Guam Power Authority
 - GPA Docket 10-11 [LEAC], Issues re January 31, 2011 PUC Order [Review of possible offset of \$5.1M settlement proceeds and \$3.1M bond fund reallocation to offset impact of the LEAC Increase], ALJ Report, and Proposed Order
 - GPA Docket No. 10-01, Petition for Use of 2010 Bond Proceeds on Projects [\$3M for CCU Approved Projects], PUC Counsel Report, and Proposed Order
4. GTA Telecom LLC
 - Docket 05-01, GTA Petition to define the appropriate Repair Time Interval for xDSL UNE ("Unbundled Network Element"), ALJ Report, and Proposed Order
 - Docket 99-11 [E911], [Pending Issues regarding PDS and Docomo], PUC Counsel Report, and Proposed Order.
5. PUC Website
 - Update
6. Administrative Matters
8. Other Business

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA Docket 10-01)

The Application of the Guam Power Authority for Use of 2010 Bond Proceeds on Projects)

ORDER)

INTRODUCTION

- 1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for use of 2010 Bond Proceeds on Projects.¹

BACKGROUND

- 2. By order dated August 30, 2010, the Commission authorized GPA to draw down \$6M in excess bond funds. Such funds were reimbursement to the Authority with regard to the payoff of the Cathay Bank Loan. With regard to \$3M of such excess bond funds, PUC authorized GPA to determine the appropriate use or purpose for which it intended to use such funds; however, prior to expending the funds, GPA was required to petition the PUC for approval of the particular use of the funds, in accordance with the Contract Review Protocol.²
- 3. GPA now requests approval by the PUC to use bond funds for the following projects in the amounts indicated:
 - (a) Payment Card Industry Compliance Project (\$250,000);
 - (b) Enterprise Resource Planning Software Implementation Project (\$2,000,000);
 - (c) Enterprise Resource Planning Consulting Contract (\$300,000);
 - (d) Technology Gap Assessment and Implementation Study (\$200,000); and
 - (e) Power Plant Auxiliary Power Reduction Study and Implementation (\$250,000).
- 4. The Consolidated Commission on Utilities has approved all of the five above referenced projects and authorized the General Manager to seek authorization from the PUC to spend \$3M for such projects.³ The CCU indicates that the projects listed

¹ GPA Petition for Use of 2010 Bond Proceeds on Projects, GPA Docket 10-01, filed March 16, 2011.

² PUC Order, GPA Docket 10-01, issued August 30, 2010; see Ordering Provision No. 2.

³ Guam Consolidated Commission on Utilities Resolution No. 2011-14, adopted March 8, 2011.

were not included in GPA's budget but "are a part of GPA initiatives to become a best in class utility."⁴

5. GPA has submitted a detailed listing of justification for each project in Attachment "A" to the Petition and in separate attached project descriptions for each project.⁵
6. On April 6, PUC Counsel issued his Report recommending approval of the five above referenced projects.⁶

DETERMINATIONS

7. The Payment Card Industry Compliance Project should be approved. GPA should comply with industry encryption standards. Purchase of the required software will enable GPA to implement the customer charge previously approved by the PUC.
8. One of the findings of the Baker Tilly Report was that GPA has lagged in the application of technology to business practices. It is of critical long term importance that GPA upgrade its technological capabilities. GPA should be allowed to proceed with procurement of its Enterprise Resource Planning Software Implementation Project.
9. The Enterprise Resource Planning Consulting Contract and the Technology Gap Assessment will enhance its ability to make proper decisions concerning the implementation of new technology and to provide services to customers in as efficient and effective a manner as possible.
10. The Power Plant Auxiliary Power Reduction Study and Implementation study could improve the efficiency of the equipment drawing auxiliary power from GPA's Plants and should be approved.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GPA for Use of Bond Proceeds on Projects, the Report of PUC Counsel, and the record herein, for good cause shown, on motion duly made, seconded and carried by the

⁴ Id. at p. 2.

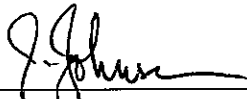
⁵ GPA Petition for Use of 2010 Bond Proceeds on Projects, GPA Docket 10-01, Attachment "A"; Appendix A.

⁶ PUC Counsel Report, GPA Docket 10-01, issued April 6, 2011.

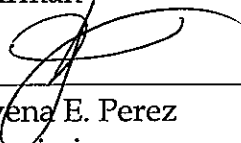
undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition for Use of 2010 Bond Proceeds on the Projects indicated in Attachment "A" and Appendices A-E is approved.
2. GPA is authorized to expend up to the total amount of \$3M in the amounts indicated for each project.
3. GPA is required to see final contract review approval for the Enterprise Resource Planning Software Implementation Project; GPA should present its business plan for the Power Plant Auxiliary Power Reduction Study when completed before proceeding with implementation thereof.
4. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

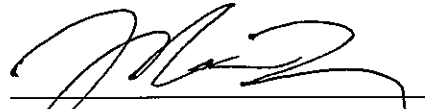
Dated this 18th day of April, 2011.




Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner

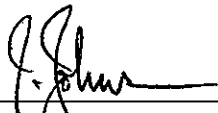


Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

2. PUC's Administrative Law Judge is hereby authorized and directed: a] to oversee proceedings to establish and define the repair time interval for xDSL UNE; b] to cause notice to be issued on behalf of the PUC requesting public comment on the appropriate repair time interval for xDSL UNE; and c] to schedule a public hearing for PUC's consideration of this matter.

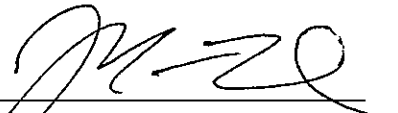
Dated this 18th day of April, 2011.



Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner

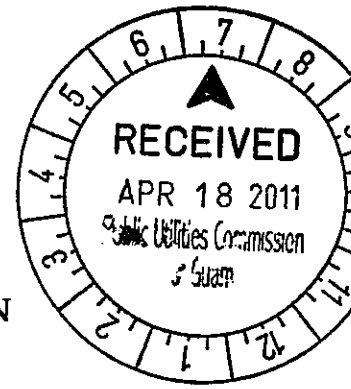


Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

E-911 EMERGENCY SYSTEM)
SURCHARGE) Docket 99-10

ORDER

This matter comes before the Guam Public Utilities Commission [GPUC] upon the January 13, 2011 Report of the Georgetown Consulting Group, Inc. Re: E911 Fiscal 2010 Surcharge Summary.¹ Therein GCG reported that GTA Telecom LLC and Pulse Mobile LLC had not, in their E911 Collection Agent Reports, been reported “the number of exempt lines” due to programming problems. The PUC has previously ordered that collection agents must provide reports to the PUC, which include by month: the number of exempt wireline and wireless accounts and the basis for exemption...²

GTA Telecom LLC and Pulse LLC have now filed a “CONSENT” with the PUC which indicates that said companies will henceforth agree to file the collection agent quarterly reports with “the number of exempt wireline and wireless accounts and the basis for exemption...”

Upon consideration of the GCG Report, and the CONSENT of GTA Telecom LLC and Pulse Mobile LLC filed herein, and for good cause shown, and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. GTA Telecom LLC and Pulse Mobile LLC are hereby ordered, as agreed in the CONSENT, to file quarterly Collection Agent Reports which include, by month, those items specified in Section 3 of the PUC Order issued in this Docket on June 24, 2002.
2. The quarterly reports shall include “the number of exempt wireline and wireless accounts and the basis for exemption...”

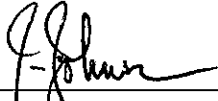
¹ GCG Report, Docket 99-10, Re: E911 Fiscal 2010 Surcharge Summary, filed January 13, 2011.

² PUC Order, Docket 99-10, Section 3b, issued June 24, 2002.

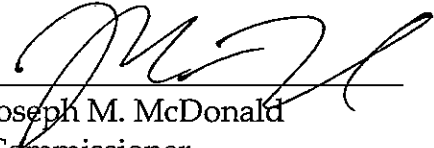
Order
E911 Surcharge
Docket 99-10
April 18, 2011

3. All regulatory expenses and fees incurred by the PUC in this docket shall be paid from the E911 Surcharge receipts, in accordance with the Order in this Docket dated June 24, 2002.

Dated this 18th day of April, 2011.



Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



Rowena E. Perez
Commissioner



Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

E-911 EMERGENCY SYSTEM)
SURCHARGE) Docket 99-10
_____)

CONSENT

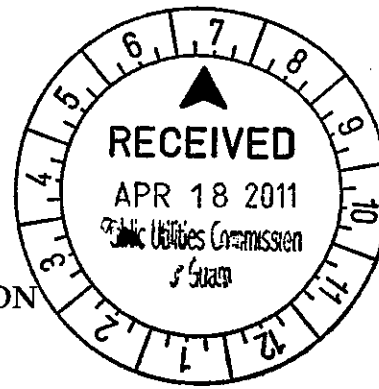
COMES NOW GTA Telecom LLC and Pulse Mobile LLC and agree as follows:

1. Previously GTA Telecom LLC and Pulse Mobile LLC had taken the position that, in their Collection Agent Reports, required pursuant to P.L. 25-55 and the PUC Order dated June 24, 2002 in Docket 99-10, they were unable to report the number of "exempt lines" "due to system migration issues."
2. However, GTA and Pulse Mobile have now devised an IT solution to this problem.
3. Henceforth, in subsequent Collection Agent Reports filed with the PUC pursuant to P.L. 25-55 and the June 24, 2002 PUC Order in Docket 99-10, GTA Telecom LLC and Pulse Mobile LLC will include "the number of exempt wire line and wireless accounts and the basis for exemption..."

SO AGREED this 12th day of April, 2011.

GTA Telecom LLC and
Pulse Mobile LLC

By: _____
Eric Votaw
Their Authorized Representative



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)

GTA DOCKET 11-04

GTA TELECOM LLC INDIVIDUAL)
CASE BASIS FILING)

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the filing of GTA Telecom LLC [GTA] to establish an Individual Case Basis arrangement [ICB] pursuant to its General Exchange Tariff No. 1.¹ A portion of the documentation, particularly that involving the GTA LRIC Methodology, has been filed under seal pursuant to a claim of confidentiality.
2. GTA's proposed tariff for ICB arrangements was approved by the PUC in Docket 05-3.² There the PUC established the conditions for the filing of an ICB arrangement and the required analysis.³

BACKGROUND

3. The background is set forth in the PUC Counsel Report dated April 13, 2011, which is adopted herein.
4. The PUC has adopted three conditions for the approval of an ICB Filing:
 - a] ICB pricing shall be offered only to business or government customers with more than 10 lines and shall not exceed the tariff prices, where specific charges are provided in GTA's tariff;
 - b] GTA should be consistent with PUC's confidentiality rules, file with PUC each ICB contract upon execution together with analysis, which establishes that the contract prices exceed incremental cost as determined using the long run incremental cost [LRIC] standard; and

¹ GTA Telecom LLC filing for an Individual Case Basis Arrangement, Docket No. 05-3 [Renamed GTA Docket 11-04] filed on March 31, 2011.

² See PUC Orders, Docket 05-3, dated February 15, 2008 and October 03, 2008.

³ Id.

c] ICB prices contained in any contract shall be available to any similarly situated customer.⁴

5. In addition, GTA is required to file, with each ICB contract, an analysis which is consistent with the guidelines set forth in the Report issued by the Georgetown Consulting Group on March 10, 2008.⁵

DETERMINATIONS

6. In this case, GTA seeks to offer ICB pricing to a government customer with more than 10 lines. GTA offers 1,032 Centrex lines to DOE. The per line cost offered by GTA to DOE does not exceed the tariff prices provided in GTA's General Exchange Tariff No. 1.
7. Consistent with the PUC's confidentiality rules, GTA is required to file with PUC each ICB contract an analysis which establishes that the contract prices exceed incremental cost as determined using the long-run incremental cost [LRIC] standard. In compliance with this requirement, GTA has filed Exhibit B to its Petition, the GTA LRIC methodology for GTA's offering of Centrex services to DOE.⁶
8. The LRIC study filed by GTA [Centrex Revenue Requirement Summary/School Proposal], and Exhibit 2B Supplemental to the Petition, indicate that the average cost per loop offered by GTA to DOE is above the average cost per line developed in the LRIC study. The offered contract prices exceed the incremental cost as determined using the LRIC standard.⁷
9. The GTA consultant that prepared the LRIC analysis certifies that it is in compliance with the formula set forth by GCG in its report filed March 10, 2008.⁸
10. GTA has certified that the Individual Case Basis Contracted Price with DOE "will be available to any similarly situated customer should that customer request a similar arrangement."⁹

⁴ PUC Order Docket 05-3, filed October 3, 2008, at p. 2.

⁵ Id. at p. 3.

⁶ GTA Petition for Individual Case Basis filing, GTA Docket 11-04, Exhibit B.

⁷ Id., Exhibit 2B Supplemental.

⁸ JSI Letter dated April 12, 2011, certifying compliance with GCG LRIC analysis.

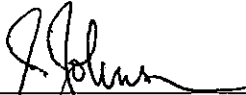
⁹ Id. at Exhibit A, Certification of Adherence with Docket 05-3.

ORDERING PROVISIONS

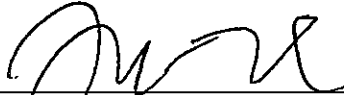
Upon consideration of the record herein, GTA's ICB filing for DOE, and the PUC Legal Counsel Report, for good cause shown and on motion duly made seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. GTA's Individual Case Basis Filing dated March 31, 2011, properly satisfies the three ICB tariff conditions set forth in the PUC Order dated February 15, 2008 and is hereby approved.
2. The findings and recommendations in the PUC Counsel Report dated April 11, 2011, are hereby approved.
3. GTA's ICB filing properly establishes, through its LRIC study, that the prices per line for Centrex services offered to DOE exceed incremental costs as determined using the LRIC study.
4. The ICB prices contained in the contract with the Guam Department of Education shall be available to any similarly situated customer.
5. This Order is conditioned upon filing by GTA of its final contract or purchase order with PUC, subject to any claim of confidentiality.
6. GTA is ordered to pay for the PUC's regulatory fees and expenses incurred in this Docket, including, without limitations, consulting and counsel fees and expenses. Assessments of the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), 12104, 12103, the Rules Governing Regulatory fees for Telecommunications Companies, and Rule 40 of the Rules of Practice and Procedure before the PUC.

Dated this 18th day of April, 2011.

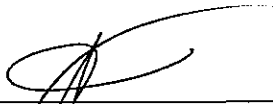


Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner

ORDER
GTA Individual Case Basis Filing
GTA Docket 11-04
April 18, 2011



Rowena E. Pérez
Commissioner



Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

5. On March 21, 2011, DOE issued a "Notice of Intent of Possible Award to GTA for Centrex Services."⁷
6. In prior Orders and proceedings, the PUC has established the criteria and conditions for the review of an ICB Filing. The PUC held as follows in its Order issued October 3, 2008: with regard to GTA Tariff Transmission #1 [Individual Case Basis Filings]:⁸ "After regulatory review, PUC issued an order on February 15, 2008, which approved the tariff, subject to the following conditions:
 - a] ICB pricing shall be offered only to business or government customers with more than 10 lines and shall not exceed the tariff prices, where specific charges are provided in GTA's tariff;
 - b] GTA should, consistent with PUC's confidentiality rules, file with PUC each ICB contract upon execution together with analysis, which establishes that the contract prices exceed incremental cost as determined using the long run incremental cost [LRIC] standard; and
 - c] ICB prices contained in any contract shall be available to any similarly situated customer.
7. In addition, GTA is required to file, with each ICB contract, an analysis which is consistent with the guidelines set forth in the Report issued by the Georgetown Consulting Group on March 10, 2008.⁹
8. In its Report dated March 10, 2008, GCG indicated the "Cost support" that would be necessary for Individual Case Basis (ICB) Contract Filings.¹⁰ Therein GCG recognized that "it is a long established regulatory principle that prices for telecommunications services must be set at or greater than their incremental cost.

thereto is a Certification of Adherence with the ICB filing requirements set forth in Docket 05-3 and the provision by GTA of the LRIC (Long Run Incremental Cost) analysis required under Docket 05-3 to establish the floor prices for the competitive services which it has offered to the Department of Education. This PUC Counsel Report will not make reference to specific price or cost data, as all such information has been filed under a claim of confidentiality. However, such cost data, as well as the LRIC (Centrex Revenue Requirement Summary) is fully available to the Commissioners for review.

⁷ GDOE Letter of Intent, GDOEIFB 020-2011, issued March 21, 2011.

⁸ PUC Order, Docket 05-3, filed October 3, 2008, at p. 2.

⁹ Id. at p. 3.

¹⁰ GCG Report in re: Cost Support for Tariff Revisions-Individual Case Basis (ICB) Contract Filings, Docket 05-3, filed March 10, 2008.

Below cost pricing is generally considered to be anti-competitive except in the context of short-run promotional sales.¹¹

9. Generally, studies are undertaken to determine the average unit cost of a larger incremental quantity taking into account the economies of scale achieved by large operators. These studies determine Long Run Incremental Cost (LRIC).¹²
10. While recognizing that LRIC studies could be very expensive, GCG indicated that “the Commission may be assured that prices are not anti-competitive if GTA performed a more simple LRIC-like study using historical accounting data. The calculation for each service offered as an ICB would be determined based upon the following calculation:
 - a.) Direct equipment and plant specific costs
 - + b.) Allocated plant non-specific costs
 - + c.) Depreciation related to direct equipment
 - = d.) Total increment plant related cost of the service.
 - + e.) Customer services costs directly related to the service being provided
 - = f.) Total incremental cost of the service (d+e)
 - ÷ g.) Total quantity of units produced
 - = h.) Incremental unit cost of service.¹³
11. GCG supported an approach using the above formula “for the limited purpose of demonstrating that competitive bidding prices are above LRIC.”¹⁴

ANALYSIS

12. In this case, GTA seeks to offer ICB pricing to a government customer with more than 10 lines. GTA offers 1,032 Centrex lines to DOE. The per line cost offered by GTA to DOE does not exceed the tariff prices provided in GTA’s General Exchange Tariff No. 1.
13. Consistent with the PUC’s confidentiality rules, GTA is required to file with PUC each ICB contract an analysis which establishes that the contract prices exceed incremental cost as determined using the long-run incremental cost [LRIC] standard. In compliance with this requirement, GTA has filed Exhibit B to

¹¹ Id. at p. 1.

¹² Id.

¹³ Id. at p. 2.

¹⁴ Id. at p. 3.

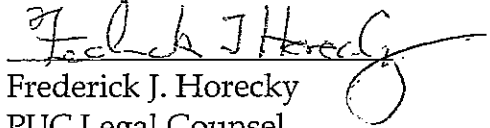
its Petition, the GTA LRIC methodology for GTA's offering of Centrex services to DOE.¹⁵

14. The LRIC study filed by GTA [Centrex Revenue Requirement Summary/School Proposal], and Exhibit 2B Supplemental to the Petition, indicates that the average cost per loop offered by GTA to DOE is above the average cost per line developed in the LRIC study. The offered contract prices exceed the incremental cost as determined using the LRIC standard.¹⁶
15. The GTA consultant that prepared the LRIC analysis certifies that it is in compliance with the formula set forth by GCG in its report filed March 10, 2008.¹⁷
16. GTA has certified that the Individual Case Basis Contracted Price with DOE "will be available to any similarly situated customer should that customer request a similar arrangement."¹⁸

RECOMMENDATION

17. The PUC should approve GTA's Individual Case Basis [ICB] filing dated March 31, 2011, which provides for a per line pricing for Centrex services to DOE which is above the average cost per line as determined by the LRIC study. GTA has satisfied the three conditions for approval of an ICB arrangement as set forth in the PUC Order issued on February 15, 2008.
18. The ICB pricing afforded by GTA to DOE should be in accordance with the price represented in Exhibit 2B Supplemental to its Petition.
19. A draft Order is submitted to the Commission for its consideration.

Dated this 13th day of April, 2011.


Frederick J. Horecky
PUC Legal Counsel

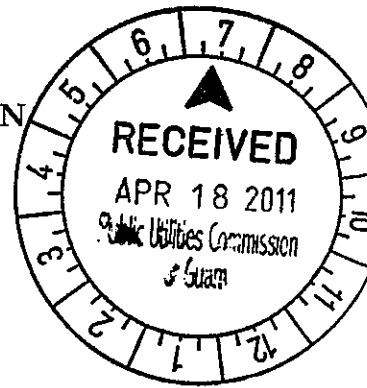
¹⁵ GTA Petition for Individual Case Basis filing, GTA Docket 11-04, Exhibit B.

¹⁶ Id., Exhibit 2B Supplemental.

¹⁷ JSI Letter dated April 11, 2011, certifying compliance with GCG LRIC analysis.

¹⁸ Id. at Exhibit A, Certification of Adherence with Docket 05-3.

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In re:)
) PDS Docket 10-04
)
)
) Compliance Issues regarding E911
) and Petition for Reimbursement of
) Administrative Costs
)

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of Pacific Data Systems Inc. [PDS] for Reimbursement of E911 Collection Agent Costs.¹

BACKGROUND

2. On January 13, 2011, Georgetown Consulting Group Inc, the regulatory consultant of the PUC, issued Reports on PDS Petition for Reimbursement of the E911 Administrative Costs and on issues relative to PDS compliance with its E911 collection duties and responsibilities. ²
3. PUC Counsel has also filed his Report recommending that the PUC adopt the recommendations of GCG.³
4. The PUC adopts the recitation of the background facts set forth in the GCG and Legal Counsel Reports.

DETERMINATIONS

5. PDS violated the statutory requirement of Public Law 25-55 by not remitting the E911 surcharge amounts collected to the Department of Administration no later than forty-five (45) days *after* the end of the month in which the amount is collected.⁴

¹ Letter from PDS to PUC Legal Counsel dated September 14, 2010 re: Reimbursement of 911 Collection Agent Costs at p.1.

² GCG Report Re: E911 Fiscal 2010 Surcharge Summary, sub paragraph (3), PDS Docket 10-04, filed January 13, 2011; GCG Report Re: PDS Request for Reimbursement of E911 Administrative Costs, Docket 10-04, filed January 13, 2011.

³ PUC Counsel Report, PDS Docket 10-04, issued April 3, 2011.

⁴ Public Law 25-55, Section 3(b), enacted June 30, 1999.

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April 18, 2011

6. PDS violated the statutory procedure by deducting its expenses from the remittances [actual expenses incurred for collection services] without approval by the PUC.⁵
7. PDS also violated its duty under PUC Order to by failing to remit surcharge collections to DOA, by deducting administrative fees from said remittances without PUC approval, and by failing to comply with its quarterly reporting obligations.⁶
8. However, it does not appear that the violations of PDS were willful. PDS' obligations with respect to E911 surcharge collections may not have been adequately explained at the time it received a Certificate of Authority from the PUC. PDS' Certificate of Authority was issued by the PUC on March 16, 2005; it contained no references to E911 obligations. There is no indication in the PUC records that Collection Agent letters and notices were sent to PDS. The goal of the PUC should be to get PDS into compliance on a going forward basis.⁷
9. PDS has further indicated its good faith by the filing of its petition with the PUC for approval of its collection costs and expenses relative to the E911 surcharge.
10. PDS should be allowed to keep all surcharges collected through January 2011 in full satisfaction of all claims for reimbursement.
11. Starting February 2011, reimbursement to PDS should be \$469 per month. PDS should remit all amounts collected in excess of \$469 per month to the Department of Administration, as required by the E911 Law. In the required quarterly filings, PDS should positively affirm that it has fully collected the outstanding amounts.⁸

⁵ Id., Section 3(c)

⁶ PUC Order, Docket 99-10, issued June 24, 2002.

⁷ GCG Report Re: E911 Fiscal 2010 Surcharge Summary, Docket 99-10, filed January 13, 2011, at p.3.

⁸ Id.

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ORDERING PROVISIONS

After careful review and consideration of the Petition of PDS, the above determinations, the Reports of GCG and PUC Counsel, and the record herein, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The PDS Petition for Reimbursement of Collection Agent Costs is hereby approved.
2. PDS is hereby authorized to keep all surcharges collected through January 2011 in full satisfaction of all claims for reimbursement.
3. Starting February 2011, reimbursement to PDS for Collection Agent Costs shall be \$469 per month. PDS shall remit all amounts collected in excess of \$469 per month to the Department of Administration, as required by the E911 Law.
4. PDS shall make all quarterly filings and any other filings required by law or PUC Order. In the required quarterly filings, PDS should positively affirm that it has fully collected the outstanding amounts.⁹
5. All regulatory expenses and fees in this docket shall be paid in accordance with the PUC Order, Docket 99-10, dated February 25, 2000, and PUC Order, Docket 99-10, dated June 24, 2002: "Pursuant to Commission Order dated February 25, 2000, the Commission has designated GTA as the Collection Agent responsible for paying from its surcharge receipts, the Commission's regulatory expenses which are incurred under the E-911 Act. GTA shall pay any Commission invoice for expenses incurred under the E-911 within 30 days of receipt."¹⁰

Dated this 18th day of April, 2011.

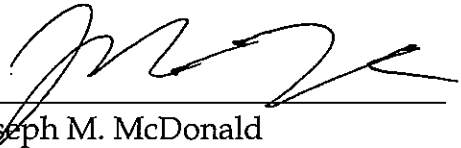
⁹ Id.

¹⁰ PUC Order, Docket 99-10, dated June 24, 2002, Section 2i at p. 2.

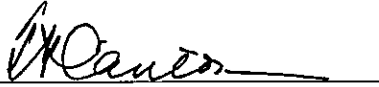
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Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Rowena E. Perez
Commissioner

Michael A. Pangelinan
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