

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MAY 29, 2014
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:30 p.m. on May 29, 2014, pursuant to due and lawful notice. Commissioners Johnson, Perez, McDonald, Pangelinan, Montinola, Cantoria, and Niven were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The Chairman announced that the first item of business on the agenda was approval of the minutes of April 24, 2014. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the minutes subject to correction.

2. Guam Solid Waste Authority

The Chairman announced that the next order of business was GSWA Docket 12-02, Request for Disbursement of Reserve Host Community Premium Surcharge Fees to Host Communities, PUC Counsel Report, and Proposed Order. Counsel indicated that both Receiver's Representative David Manning and Mayor Jesse Gogue had requested that certain reserve surcharge fees be applied to the Host Community Premium. These are amounts that are paid to the villages of Ordot and Inarajan for the burden of having solid waste facilities in their communities. The request is that the current total of \$13,671.57 be divided and apportioned between the host communities.

Previously the Commission established the host community premium surcharge, in accordance with law, at \$150,000 per village per year. Pursuant to Public Law, the surcharge is required to be assessed from the opening of the landfill. The Layon landfill was opened on September 1, 2011. The host surcharge should begin to be assessed from that day. However, the surcharge did not actually begin to be assessed and billed against customers until October 1, 2012. Thus, there is a period from September 1, 2011 through September 30, 2012 when the premium was not assessed. It would be appropriate tonight for the Commissioners to approve the application of the reserve funds to the host community villages, and to assess the surcharge from the opening of the landfill. The assessment owing for the period of September 1, 2011 through September 30, 2012 is \$331,173.86.

In accordance with Public Law 32-21, the village of Ordot will be eligible for the host community premiums through the post-closure period, which will be at least for thirty years or until there is a significant reduction of adverse effects to human health and the landfill environment. The surcharge will stay with us for a long time. It will take as

much as twenty-four years to pay for the one year and one month period of the surcharge. This appears to be acceptable to the parties. Otherwise, it would be difficult to recalculate the existing surcharges to the system presently in effect. The Receiver is more comfortable with this approach. Furthermore, the PUC will again review this matter after five years.

Counsel recommends that the current reserve amounts be applied to the host villages and divided among them. The Proposed Order would assess the host community premium for the period of September 1, 2011 through September 30, 2012 in the amount of \$331,173.86. It would also provide that the current reserve funds held by the Receiver would be distributed to the host communities and that any subsequent surplus generated by the current surcharge would also be distributed to the villages.

The Chairman asked whether anyone from the villages of Inarajan or Ordot wished to make comments in regard to this matter. Mayor Gogue indicated that, in good faith, the Commission, as well as the Receiver, made every effort to try to implement the host community premium as quickly as possible. From my perspective as Mayor of Ordot-Chalan Pago, we are okay with this proposal. If the assessment were done in a shorter period of time, that would have a significant impact and burden to the Guam Solid Waste customers. That is not necessary. From the beginning it was anticipated that there would be residual assessment on an annual basis above the annual allotment of \$150,000. We understood that we would lobby for those amounts to be used to pay off the balance due under the existing law.

An attendee from Inarajan asked whether there was a "bracketed" amount that each village would have on a yearly basis. Mayor Gogue indicated that there would be the \$150,000 per village, but that the residual amount would fluctuate on a yearly basis. The residual amount will potentially increase as the island grows and the number of customers for Guam Solid Waste increases. Both Chairman Johnson and Mayor Gogue agreed that the PUC could review this matter every five years. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Order made *Attachment "B"* hereto.

3. Guam Power Authority

The Chairman indicated that the next item of business was GPA Docket 14-08, Petition for Approval of Procurement for Supply of Cylinder Lubricating Oil, PUC Counsel Report, and Proposed Order. Counsel stated that the present contract for the supply of cylinder oil for the baseload units expires on January 31, 2015. As the procurement takes some period of time, GPA is attempting to get a start now to go through the proper IFB process, submission and selection, etc. GPA seeks a new contract for the supply of cylinder lubricating oil. The contract requires review under the Contract Review Protocol; for the period of 2010 through 2013, the total contract cost exceeded \$5M. Consequently, 240,000 gallons per year of lubricating oil are used for Cabras 3&4, and 240,000 gallons for MEC 8&9. This oil is for lubrication of generators and

equipment, not fuel that the utility uses to generate electricity. The lubricating oil is essential to the continued operation of the slow speed diesels.

The Procurement will be a two-step process involving evaluation of technical bids in step 1 and then the evaluation of price proposals in step 2 of the process. GPA needs the cylinder oil to properly operate the slow-speed diesels. Its request to solicit a procurement is reasonable and prudent. Since the price of the contract is presently unknown, GPA will be required to come back to the PUC for approval once the contractor for cylinder lubricating oil is selected. Upon motion duly made, seconded and unanimously carried, the Commissioners approved GPA's procurement for cylinder lubricating oil and adopted the Order made *Attachment "C"* hereto.

The Chairman indicated that the next matter on the agenda was GPA Docket 14-02, Petition for Implementation of Additional Program Management Services under the PMO Contract, and Status Report. Counsel indicated that the students of Commissioner Cantoria at UOG were examining the invoices that were submitted to the PUC for the contractor R.W. Armstrong. The matters that will be examined are the billing totals for calendar years 2012 and 2013, the overall totals indicated by the statements, and billings categorized by project category such as media, DCS, administrative budget support, office facility, etc. There will be a determination as to whether the billing totals indicated on the invoices match the total amount that GPA has requested and has been authorized for, which is \$4.44M. Commissioner Cantoria stated that she anticipates that there will be a report for the Commission from the students by the next meeting.

4. Port Authority of Guam

The Chairman announced that the next item on the agenda was PAG Docket 12-02, Review of Transshipment Study. This matter is not ready for review, but the Chairman asked Counsel if he had comments regarding the matter. Counsel indicated that he had spoken with ALJ Alcantara; the ALJ had received a report from Consultant Slater, Nakamura. Then the Port filed additional comments. The ALJ felt that those comments should be referred to Slater, Nakamura for further review. For that reason, the ALJ suggested that this matter be continued to the next meeting.

The Chairman announced that there was one final matter for the Port this evening, PAG Docket 13-01, Status of PAG's 5-Year Rate Plan, ALJ Report, and Proposed Order. Counsel indicated that the major action the Commission was being requested to take is extending the reporting deadline for PAG on its possible plan to increase salaries of the employees to the 50th percentile level. The PUC January Order of this year approving the interim rate increase established a deadline of June 1, 2014, for PAG to report on its salary study and the possibility of raising salaries up to the 50th percentile for market purposes. The Port then asked for additional time to respond on this issue. As adjusted by the Order before the Commission in this matter, PAG's report on the impact on adjusting the salaries to the 50th percentile would not be due until August 29, 2014.

The ALJ report further indicates that the Port cannot determine its five-year rate plan until it has its master plan. The master plan was recently before the Legislature and then approved by the Governor. The Port is still working on its five-year rate plan and should submit the same by October 1, 2014. Upon motion duly made, seconded and unanimously carried, the Commissioners approved extending the deadline for the Port to submit its salary study from June 1, 2014 to August 29, 2014, and adopted the Order made *Attachment "D"* hereto. The Chairman asked the Port whether it intended to go directly to the 50th percentile or whether it would be done in a step-wise manner from 15th, 25th, 35th, etc. Port GM Joanne Brown indicated that this issue would have to be filtered back to the Port Board in terms of direction and costs. CFO Taitano indicated that this matter was a part of the master plan.

5. Administrative Matters

Counsel indicated that he has prepared Resolution 14-02, which would renew the consulting agreement of Lummus Consultants for water and power. This renewal would extend Lummus's services for another year, from February 22, 2014. The extension is under the five one year term periods of the contract that have been awarded to the Consultant. The contract requires annual renewal. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the extension of the Lummus Consultants agreement for water and power services for an additional year, and adopted Resolution 14-02.

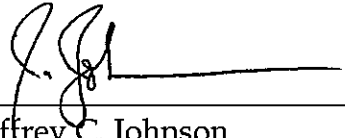
As a second matter, Counsel wished to bring to the attention of the Commissioners that Administrator Palomo has been working very hard over the last number of weeks to bring the PUC website up to date. She is now inputting matters herself and working with our consultant Ideal. She has done an excellent job in bringing the website up to date. The Dockets are now pretty much up to date as are the administrative matters. Our Administrator deserves thanks for her accomplishment [there was applause by the Commissioners].

As a third matter, Counsel indicated that he had been approached by a Consultant with the Commonwealth Utilities Commission on Saipan, Robert Young. Mr. Young indicated that Commissioners of the Commonwealth Utilities Commission may wish to meet with the Guam PUC. Counsel suggested that a meeting date be established. The Commissioners then discussed possible meeting dates. It was determined that the Commonwealth Utilities Commissioners could meet with PUC staff and a lunch or dinner could further be established. June 5, 2014 was suggested as an appropriate date.

As a final matter, Counsel mentioned that both GWA and GPA were filing bond issuances. GWA's seeks to refinance its 2005 bonds. GPA has a new bond issuance, which was approved by the Legislature, in the amount of \$94M. Counsel then proceeded to discuss certain aspects of the proposed GPA bond issuance. Discussion ensued between Counsel and the PUC Commissioners concerning the proposed GPA bond issuance. Commissioner Niven asked when the LNG report would be submitted.

Counsel indicated that it had been proposed to be submitted by the end of this month.
There is a draft report at present.

There being no further business, the Commissioners moved to adjourn the meeting.



Jeffrey C. Johnson
Chairman

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
SUITE 202, GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:30 p.m., May 29, 2014**

Agenda

- 1. Approval of Minutes of April 24, 2014**
- 2. Guam Solid Waste Authority**
 - GSWA Docket 12-02, Requests for Disbursement of Reserve Host Community Premium Surcharge Fees to the Host Communities, PUC Counsel Report and Proposed Order**
- 3. Guam Power Authority**
 - GPA Docket 14-08, Petition for Approval of Procurement for Supply of Cylinder Lubricating Oil, PUC Counsel Report, and Proposed Order**
 - GPA Docket 14-02, Petition for Implementation of Additional Program Management Services under the PMO Contract, and Status Report**
- 4. Port Authority of Guam**
 - PAG Docket 12-02, Review of Transshipment Study, ALJ Report, and Proposed Order**
 - PAG Docket 13-01, Status of PAG's Five Year Rate Plan, ALJ Report, and Proposed Order**
- 5. Administrative Matters**
- 6. Other Business**



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
ESTABLISHMENT OF HOST)
COMMUNITY PREMIUM FEES)
PURSUANT TO PUBLIC LAW 30-165)
GSWA DOCKET 12-02
ORDER

INTRODUCTION

- 1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Quarterly Reports of Guam Solid Waste Authority Receiver Representative David Manning and the e-mail communication of Chalan Pago-Ordot Mayor Jessy Gogue to the PUC.1
2. In the Quarterly Reports, the Receiver indicated that excess Host Community Premium Surcharge fees were being held in "reserve" in the GSWA Host Community Benefit Account. As of April 14, 2014, such reserve funds totaled \$13,671.57.2
3. Chalan Pago-Ordot Mayor Jessy Gogue requests that the Host Community Premium Surcharge Fees presently held in Reserve by the Receiver be dispersed in equal shares to the Ordot and Inarajan Mayors' Offices.3

BACKGROUND

- 4. In accordance with Public Law 30-165, the PUC established that there would be a "Host Community Premium Surcharge" added to each bill issued to Commercial and Residential Customers for trash/solid waste collection.4
5. The Host Community Premium Surcharges were designed by the Guam Legislature to compensate the villages of Inarajan and Ordot "where solid waste management facilities, such as sanitary landfills, are located."5

1 Quarterly Reports of GBB Receiver dated January 20, 2014 and April 14, 2014; email of Mayor Jessy Gogue to Frederick J. Horecky, PUC ALJ, dated April 28, 2014.

2 Quarterly Report of GBB Receiver dated April 14, 2014, at p. 2.

3 Email from Mayor Jessy Gogue to Lou Palomo, PUC Administrator, dated January 21, 2014.

4 PUC Order, GSWA Docket 12-02, Ordering Provisions at par. 1, p. 4, issued July 30, 2012.

5 Id. at p. 1.

6. Public Law 30-165 provides that the aggregate Host Community Premium is \$150,000 per year for the village of Inarajan, and \$150,000 per year for the village of Ordot.⁶
7. The law expressly provides that the Host Community Premium shall be assessed “from the opening of the landfill until the closing of the landfill.”⁷
8. Mayor Gogue indicates that the Layon Landfill opened and began accepting trash on September 1, 2011.⁸ Receiver Representative David Manning confirmed that Layon Landfill opened on September 1, 2011.⁹
9. The PUC approved the implementation of the Host Community Benefit Premium and a Protocol on July 23, 2012; the Receiver was given 60 days to develop and implement the billing for the Host Community Premium surcharge fees. Said premium actually commenced to be billed to customers on or about October 1, 2012.¹⁰
10. The Host Community Premium surcharge fees only commenced to be assessed on October 1, 2012, which was for FY2013. However, Public Law 30-165 established that the Host Community Premium should be assessed upon the opening of the landfill, which was September 1, 2011. Thus, there is a period of one year and one month for which the Host Community Premium has not yet been assessed.
11. PUC Counsel has submitted his Report, which advises that the PUC must now determine the proper commencement date for the assessment of the Host Community Premium surcharge fees and whether the Receiver should disperse the “Reserve” funds in the GSWA Host Community Benefit Account to the Host Communities.¹¹

⁶ Public Law 30-165 enacted on July 22, 2010.

⁷ Id., 10 GCA §511005.

⁸ Email from Mayor Jessy Gogue to Lou Palomo, PUC Administrator, dated January 21, 2014.

⁹ Phone conversation between Receiver Representative David Manning and Frederick J. Horecky, PUC Counsel on April 29, 2014.

¹⁰ Email from Mayor Jessy Gogue to Lou Palomo, PUC Administrator, dated January 21, 2014.

¹¹ PUC Counsel Report, GSWA Docket 12-02, dated April 30, 2014.

DETERMINATIONS

12. Public Law 30-165 requires the assessment of the Host Community Premium commencing on the opening of the landfill, which was September 1, 2011. However, in accordance with the Protocol, and the time necessary to implement the surcharge, GSWA did not actually begin to charge the surcharge to Commercial and Residential Customers until October 1, 2012. Thus, for a period of one year and one month (September 1, 2011, to September 30, 2012), the PUC did not assess the Host Community Premium Surcharge or charge it to customers. In compliance with the intent of Public Law 30-165, the PUC must now do so.
13. The Receiver indicates that, presently, there is a "Reserve" in the HCPS Fund of \$13,671.57.¹² The Receiver further indicates that there is no present need to maintain a reserve in said fund. He further indicates that the estimated Host Community surcharge fee for the period of September 1, 2011, through September 30, 2012, is \$331,173.86.¹³
14. The Receiver should disperse the funds presently held in reserve in the GSWA Host Community Benefit Account, in equal shares, to the villages of Inarajan and Ordot. These reserve funds, and any subsequent reserve funds in such account, should be used by the Receiver to pay down the unpaid assessments for the period of September 1, 2011 to September 30, 2012.
15. The use of the reserve funds to pay down the unpaid assessment will promote the goal of ensuring that the host villages receive the benefits to which they are entitled under Public Law 30-165.
16. Public Law 32-21 also provided that the Village of Ordot is eligible for the host community premiums during the "post-closure period", which includes post-closure care and maintenance of the property after the closing of the landfill for thirty (30) years *or until such time that it is deemed by the Administrator of the Guam Environmental Protection Agency that there is a significant reduction of the adverse effects to human health and the environment*. Thus, it is likely that the Host Community Premium will continue to be assessed for the benefit of the Village of Ordot for many years; the application of the reserve funds to payment of the past due

¹² GBB Quarterly Report re, Host Community Premium Surcharge (HCPS) Fees, dated April 14, 2014, at p. 2.

¹³ Letter from Received Representative David Manning to Frederick J. Horecky, PUC Counsel, dated April 29, 2014, attached hereto as Exhibit "1".

assessment will help to ensure that such assessment is paid as expeditiously as possible.

ORDERING PROVISIONS

After careful consideration of the record herein, the Requests of the Representative of the Receiver for GSWA and the Mayor of the Village of Chalan Pago-Ordot, and the PUC Counsel Report dated April 30, 2014, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Public Utilities Commission hereby ORDERS that:

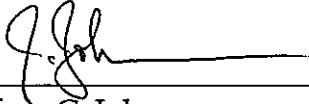
1. The Host Community Premium Surcharge Fee is assessed for the villages of Inarajan and Ordot-Chalan Pago for the period of September 1, 2011 through September 30, 2012, in the amount of \$331,173.86.
2. Reserve funds currently held by the Receiver, as well as any subsequent reserve funds in the GSWA Host Community Benefit Account obtained by the Receiver, should be applied to the past due assessment for the period of September 1, 2011, to September 30, 2012. Any surplus generated by the current surcharge, as assessed pursuant to the Commissions Orders, shall be applied to the amount that would have been collected if the charge had been established from the opening of the landfill.
3. In his Quarterly Reports regarding the Host Community Premium Surcharge Funds, the Receiver should provide a breakdown of total assessments, by fiscal year, of Host Community Premium Surcharge Fees from the opening of the landfill to present, and the total payments by fiscal year to the host villages. The Report should also indicate payments made to the host villages for the assessment for the period of September 1, 2011 through September 30, 2012.
4. Payments should be made by the Receiver to the host communities in accordance with the Protocol adopted by the PUC on July 30, 2013.¹⁴
5. GSWA 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 the 2009 Amended Assessment Order, 12 GCA

¹⁴ PUC Order, GSWA Docket 12-02, dated July 30, 2013, and the Protocol adopted thereto as Exhibit "A".

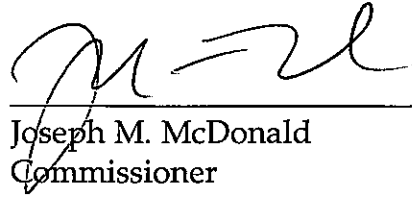
Order
Establishment of Host Community Premium
Fees Pursuant to Public Law 30-165
GSWA Docket 12-02
May 29, 2014

§12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public
Utilities Commission.

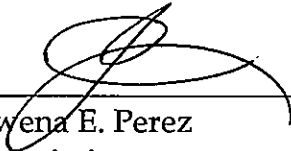
Dated this 29th day of May, 2014.



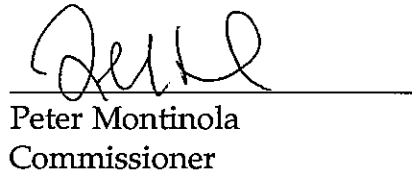
Jeffrey C. Johnson
Chairman



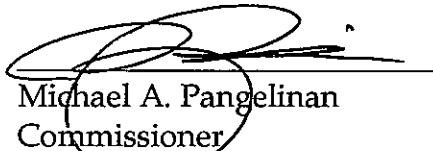
Joseph M. McDonald
Commissioner



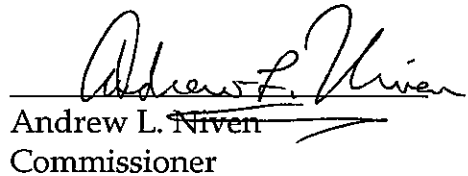
Rowena E. Perez
Commissioner



Peter Montinola
Commissioner



Michael A. Pangelinan
Commissioner



Andrew L. Niven
Commissioner



Filomena M. Cantoria
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 14-08
)
The Application of the Guam Power)
Authority for Approving the Procurement) ORDER
for Supply of Cylinder Lubricating Oil for)
GPA.)

INTRODUCTION

- 1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for Approval of GPA's request for the Procurement of the Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants.

BACKGROUND

- 2. GPA's present contract to supply cylinder oil for the baseload units will expire on January 31, 2015.
3. In Guam Consolidated Commission on Utilities Resolution No. 2014-13, the CCU authorized GPA to issue an invitation for bid for a new contract for the supply of Cylinder Lubricating Oil for the Slow-Speed Diesel Engines, subject to the approval of the PUC.
4. The cumulative cost of the current cylinder lubricating oil supply contract from FY2010 to FY2013 was \$5,124,869.20; the next contract will exceed the \$1,500,000 PUC contract review threshold. GPA is required to seek authorization for this procurement from the PUC.
5. The estimated total cylinder lubricating oil requirements are 240,000 gallons per year for Cabras Units 3&4, and 240,000 gallons per year for MEC 8&9.
6. The proposed procurement will involve a two-step process; technical bids will be evaluated in Step 1, and the acceptability of price proposals will be determined in

1 GPA Petition for Contract Review, GPA Docket 14-08, filed April 25, 2014.
2 Id. at p. 1; see PUC Order, GPA Docket 12-04, issued July 30, 2012, authorizing GPA to extend Cylinder Lubrication Oil Contract with IP&E for the period of February 1, 2013 until January 31, 2015.
3 CCU Resolution No. 2014-13, Authorizing the Management of the Guam Power Authority to Proceed with the Solicitation for the Supply of Cylinder Lubricating Oil for the GPA Slow Speed Diesel Engine Baseload Plants, adopted on April 8, 2014.
4 Id. at p.1
5 Vol. 1 Commercial Terms and Conditions at p. 3.

Step 2.⁶ Proposed contractors are required to provide supporting information showing extensive and reliable experience in the supply and/or distribution of cylinder lubricating oil for the slow-speed diesel engines.⁷

DETERMINATIONS

7. The Diesel Engine Cylinder Lubrication Oil Contract for the slow speed diesel units is necessary in order to provide a stable and uninterrupted supply of electricity to meet the island-wide utility power demand.⁸
8. GPA's request to solicit competitive bids for a new cylinder lubricating oil supply contract through a Multi-Step Bid process is reasonable, prudent and beneficial to its customers.⁹
9. The proposed contract submitted by GPA for the Supply of Cylinder Lubricating Oil for Slow-Speed Diesel Engines follows the format that has previously been used by GPA. It appears to contain adequate provisions to protect the interests of GPA.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval of GPA's request for the Procurement of the Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. GPA's Petition for Approval of GPA's request for the Procurement of the Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants is hereby granted.
2. GPA has demonstrated a clear need for Cylinder Lubricating Oil for the slow-speed diesel baseload plants, and such Oil is essential to the operation of the plants. It is reasonable, prudent, and necessary for GPA to proceed with the procurement for the supply of Cylinder Lubricating Oil.

⁶ Id. at p. 4.


⁷ Id. at p. 8.

⁸ See Exhibit "A" to CCU Resolution No. 2012-22, adopted April 10, 2012, at p. 3 of 7.

⁹ CCU Resolution No. 2014-13 at p. 2.

3. Once a final contract for the Supply of Cylinder Lubricating Oil has been negotiated, GPA should submit such contract to the PUC for final review and approval.
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.

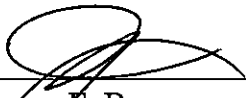
Dated this 29th day of May, 2014.



Jeffrey C. Johnson
Chairman




Joseph M. McDonald
Commissioner




Rowena E. Perez
Commissioner




Peter Montinola
Commissioner



Michael A. Pangelinan
Commissioner



Andrew L. Niven
Commissioner



Filomena M. Cantoria
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

)	PAG DOCKET 13-01
)	
PETITION OF)	
PORT AUTHORITY OF GUAM)	ORDER
FOR RATE RELIEF)	
)	
)	
_____)	

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the Interim Tariff Petition, filed by the Jose D. Leon Guerrero Commercial Port (“PAG” or the “Port”) on July 19, 2013.

DETERMINATIONS

In the May 15, 2014 report, PAG indicated that the forthcoming rate plan is dependent on approval of PAG’s Master Plan, the costs associated with its Service Life Extension projects, the Terminal Operating System, and any “compensation structural adjustment.” According to PAG, approval of the Port’s Master Plan is currently pending before the Governor of Guam as Bill No. 328-32.¹ Bill No. 328-32 approves and adopts the Capital Improvement Plan in the Jose D. Leon Guerrero Commercial Port of Guam Master Plan Update (MPU) 2013 Report, with certain conditions and recommendations. Bill No. 328-32 further contains approval and adoption of PAG’s Commercial Port and Vicinity Land Use Designation also contained in the Master Plan Update. The bill also explains that the 2013 update “supersedes and complements the previously approved”

¹ Bill No. 328-32 was signed into law on May 21, 2014 as Public Law 32-155.

2007 update. Bill No. 328-32 (COR), p. 2 (May 1, 2014). In conversations with the ALJ, PAG has indicated that it would likely file its Five Year Rate Plan by October 1, 2014.

With respect to this report, PAG has requested an August 29, 2014 extension of time to submit its report. In conversations with the ALJ, PAG has indicated that its management is currently reviewing the market baselines for PAG's salaries from its 2008 study and comparing it to the market environment of 2014. PAG has further indicated that its Board may reconsider updating PAG's compensation plan to baselines consistent with present-day market rates.

Based on the circumstances presented by PAG, the Administrative Law Judge of the PUC (the "ALJ") found the request reasonable and, therefore, recommended approval of PAG's request to extend the deadline for submission of PAG's report detailing its review of the impact of adjusting salaries to 50th market percentile on its financial stability.

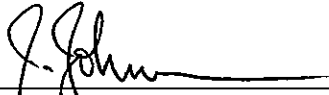
ORDERING PROVISIONS

Upon consideration of the record herein, the May 27, 2014 ALJ Report, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

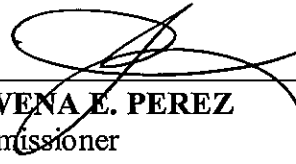
1. PAG's request to extend the deadline for submission of PAG's report detailing its review of the impact of adjusting salaries to 50th market percentile on its financial stability, as originally ordered in the January 30, 2014 PUC Order issued in this docket, is hereby GRANTED. Such submission by PAG shall be due on August 29, 2014.
2. PAG is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses

associated with this proceeding. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 29th day of May, 2014.



JEFFREY C. JOHNSON
Chairman



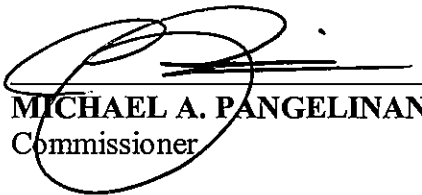
ROWENA E. PEREZ
Commissioner



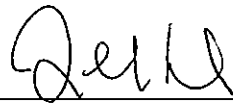
JOSEPH M. MCDONALD
Commissioner



FILOMENA M. CANTORIA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner



ANDREW L. NIVEN
Commissioner

**PUBLIC UTILITIES COMMISSION
OF GUAM**



Jeffrey C. Johnson

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Joseph R. Alcantara
Administrative Law Judge

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Frederick J. Horecky
Administrative Law Judge/Legal Counsel

Lourdes R. Palomo
Administrator

RESOLUTION NO. 14-02

**RE: EXTENSION OF PROFESSIONAL SERVICES AGREEMENT FOR
WATER AND POWER CONSULTANT FOR FY2014-15**

Whereas, the Guam Public Utilities Commission ("PUC") is an autonomous instrumentality within the Government of Guam;

Whereas, pursuant to 12 GCA §12002(a), the PUC has the authority to retain consultants;

Whereas, on or about February 22, 2012, the PUC approved a Professional Services Agreement with Shaw Consultants International Inc. for the purpose of advising the PUC with regard to regulatory oversight supervision of the Guam Waterworks Authority and the Guam Power Authority;

Whereas, the above-referenced Professional Services Agreement provided for a maximum total term of five years, with four one year options to extend;

Whereas, Shaw Consultants International has now provided consulting services to the PUC for two years;

Whereas, Shaw Consultants International has now been renamed as Lummus Consultants International;

Whereas, the Commission is satisfied with the services rendered by its Consultant on water and power matters; and

Whereas, the PUC hereby desires to exercise its option to extend the Professional Service Agreements of its water and power Consultant for an additional one year period;

NOW THEREFORE, in due consideration of the above recitals and for good cause shown, the PUC hereby resolves that:

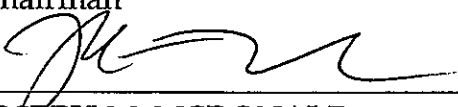
1. The Professional Services Agreement retaining Lummus Consultants International Inc., for the PUC is hereby extended for a period of one year;
2. During the period of the one year extension, all terms and conditions of said Agreement between the PUC and the above referenced Consultant shall fully remain in effect and shall govern the respective relations of the parties.
3. The Chairman is authorized to sign all documents necessary to effectuate the above referenced professional services agreement.

Dated: May 29, 2014



JEFFREY C. JOHNSON
PUBLIC UTILITIES COMMISSION
Chairman

Dated: May 29, 2014




JOSEPH M. MCDONALD
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: May 29, 2014



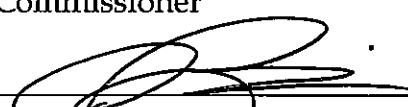
FILOMENA M. CANTORIA
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: May 29, 2014



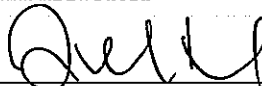
ROWENA E. PEREZ
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: May 29, 2014




MICHAEL A. PANGELINAN
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: May 29, 2014



PETER MONTINOLA
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: May 29, 2014



ANDREW L. NIVEN
PUBLIC UTILITIES COMMISSION
Commissioner

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Frederick J. Horecky
Administrative Law Judge/Legal Counsel

Lourdes R. Palomo
Administrator

May 30, 2014

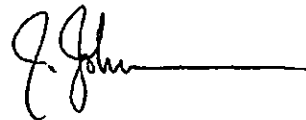
Kathy Kelly
Lummus Consultants International Inc.
1430 Enclave Parkway
Houston, Texas 77077

Re: Extension of the Professional Services Agreement between the Guam Public Utilities Commission

Dear Ms. Kelly:

On May 29, 2014, the Guam Public Utilities Commission, by Resolution (a copy of which is enclosed), exercised its option to extend the Professional Services Agreement between the PUC and Lummus Consultants. If you agree to such extension, and further agree to continue to abide by all other existing terms and conditions of such Agreement, please so indicate by signing below, and return a copy to the PUC office. This one year extension of the Professional Services Agreement will commence effective February 22, 2014. Thank you for your attention to this matter.

Sincerely,



Jeffrey C. Johnson
Chairman

Agreed to and understood:

LUMMUS CONTULTANTS INTERNATIONAL INC.

Kathleen A. Kelly

By: Kathy Kelly

Enclosure