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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9
10 IN RE: PETITION FOR APPROVAL OF
11 GWA'S THIRD FIVE-YEAR
12 FINANCIAL PLAN.

DOCKET NUMBER: 19-08

13 **AMENDMENT TO PETITION**
14 **FOR APPROVAL OF GUAM**
15 **WATERWORKS AUTHORITY'S**
16 **FIVE-YEAR FINANCIAL PLAN**
17 **AND RATE RELIEF**

18 Comes now, Guam Waterworks Authority ("GWA"), and hereby files this
19 Petition for Approval of the Guam Waterworks Authority's Five-Year Financial Plan as
20 previously approved by the Guam Consolidated Commission on Utilities ("CCU") on
21 June 5, 2019.

22 **I. JUSTIFICATION FOR APPROVAL**

23 On April 6, 2019, GWA published notice in a local paper of its intent to request
24 water and sewer rate increases over the existing tariffs last approved by the PUC in
25 2017. GWA conducted no less than seven public hearings over the subsequent
26 weeks, provided notice in the May customer billing cycle, and gave additional notice in
27 the paper on June 6, 2019. On June 5, 2019, by Resolution No. 36-FY2019, the
28 Consolidated Commission on Utilities ("CCU") under its budgetary authority in Public
29 Law 26-76, approved the filing of GWA's Five-Year Financial Plan ("Financial Plan").
30 Exhibit A. The primary reasons for the rate increases are: first, that they are
31 necessary to pay debt service on approximately \$134M in bonds to be issued by GWA
32 in 2019. This financing is required in part to comply with the November 2010 Order of

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1 the United States District Court in Civil Case No. 02-00035 ("Order") by funding the
2 upgrade and refurbishment of GWA's existing water and wastewater infrastructure as
3 required under the Clean Water Act and the Safe Drinking Water Act, and second, to
4 get started on the Twenty-Year Master Plan which will include capital projects
5 necessary to comply with the impending Consent Decree currently being negotiated
6 with the USEPA.

7 In Exhibits B through D, the Commission will find the supporting testimony of
8 the GWA General Manager, GWA's financial and utility management expert, Mr. Eric
9 Rothstein, and the supporting financial schedules. As allowed by 12 GCA §14206, the
10 CCU has determined that the bonds are scheduled to be issued in three series during
11 calendar years 2019, 2022 and 2023. Annual debt service on GWA's senior lien debt
12 obligations is expected to increase from the current level of \$31.4M today to \$47.2M
13 by FY2024.

14 GWA is also seeking increased rates and charges to cover the cost of internally
15 financed capital projects of approximately \$96M over the five-year period, which will
16 support the projected five-year Capital Improvement Program and reduce GWA's
17 need for more expensive long-term debt. Furthermore, GWA is also seeking
18 increased rates to cover additional operation and maintenance expenses as is
19 discussed by major line item in testimony and shown in detail in the supporting
20 schedules.

21 The proposed rate increases to cover the increased costs set out in the
22 Financial Plan approved by the CCU and the testimony and exhibits attached hereto
23 are as follows for GWA's basic charges and non-lifeline water and sewer rates:

- 24 i. 10% in FY2020;
- 25 ii. 8.5% in FY2021;
- 26 iii. 8% in FY2022;
- 27 iv. 6.5% in FY2023; and
- 28 v. 5% in FY2024. a total of 38% over the five-year period


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30 Lifeline water rate increases are limited to the 8% increase in FY 2022.

1 GWA believes these rate adjustments to be reasonable, necessary and in the
2 public interest so that the Authority may meet the requirements of the 2011 Court
3 Order, the adopted 2018 Water Resources Master Plan, and its upcoming Federal
4 Court Consent Decree requirements as well as continue meeting O&M needs.
5

6 **II. CONCLUSION**

7 Based upon the foregoing, as well as the exhibits and testimony attached
8 hereto, GWA requests the Guam Public Utilities Commission grant this Petition for
9 approval of the Guam Waterworks Authority's Five-Year Financial Plan and Rate
10 Relief as presented.
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12 Respectfully submitted this 8th day of July, 2019.
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16 Kelly O. Clark
17 GWA General Counsel
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