

# CITIZEN CENTRIC REPORT FY2019

## PUBLIC UTILITIES COMMISSION OF GUAM

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### About the Guam Public Utilities Commission

PUC is an independent regulatory commission, separate from the Executive and Legislative branches, which has been created by Guam law pursuant to requirements in Federal law. PUC is governed by seven commissioners who serve six-year terms under appointment by the Governor and confirmation by the Legislature. PUC's enabling legislation is contained in Title 12 Guam Code Annotated.

Under Guam law, PUC regulates the rates and rate impacting procurements of Guam Power Authority, Guam Waterworks Authority, the Guam Solid Waste Authority, the Port Authority of Guam and the Guam International Country Club (Guam Municipal Golf Course). PUC also has authority over certain aspects of the telecommunication companies that do business on Guam, including the E911 Surcharge.

The PUC is obligated by law to ensure that rates for each utility are sufficient to fund its necessary operations and to meet its contractual obligations, bond, and other financial obligations. The PUC must also ensure that rates for ratepayers are “just and reasonable,” which means that rates reflect the costs of providing such utility services.

### Ratepayer Bill of Rights

When a utility seeks a rate increase, the PUC must conduct proceedings in accordance with the rights of ratepayers under the Ratepayer Bill of Rights. The fundamental rights of the ratepayers include:

- the right to receive clear and adequate notice of any proposed rate increase;
- the right to be fully informed about and to fully evaluate any proposed rate increase, as well as the finances of a Public Utility; and
- the right to give input and participate in any proposed rate increase.

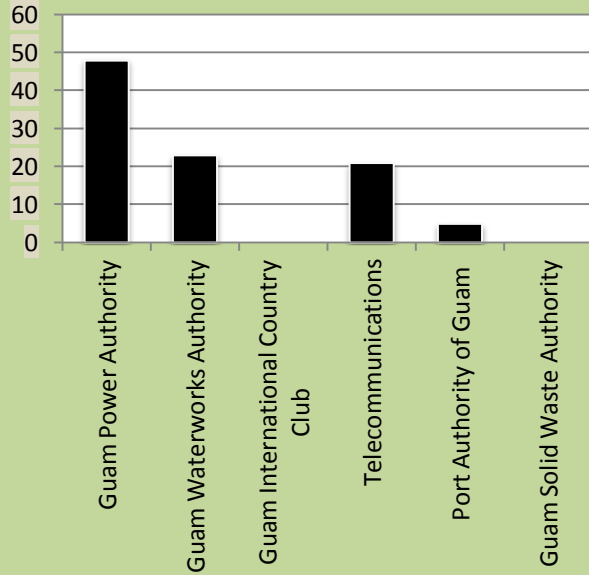
The PUC is required to conduct three public hearings for each rate increase. The PUC conducts various types of hearings on regulatory matters, including requests for rate increases, public opportunity to comment on proposed rulemaking, proposed agency action, and contested or disputed matters involving utilities or telecom companies.

<b>Mission</b>
The PUC is a regulatory body that sets rates for certain utilities and entities on Guam.
<b>Commissioners</b>
The Governor of Guam appoints, with the advice and consent of the Guam Legislature:
<ul style="list-style-type: none"> <li>• 2 members from the business community of Guam,</li> <li>• 1 member who is a certified public accountant,</li> <li>• 2 members (each of whom have training and experience in at least one of the following areas: power generation, telephone, water/sewer utilities, or marine terminal operations/transportation via ocean common carrier) with an additional requirement that the two members have training or experience in different areas, and</li> <li>• 2 members who are from the community at large.</li> </ul>
<b>The Commissioners during FY 2019 include:</b>
Filomena M. Cantoria
Jeffrey C. Johnson
Joseph M. McDonald
Michael A. Pangelinan
Peter B. Montinola
Rowena E. Perez
Mark Miller

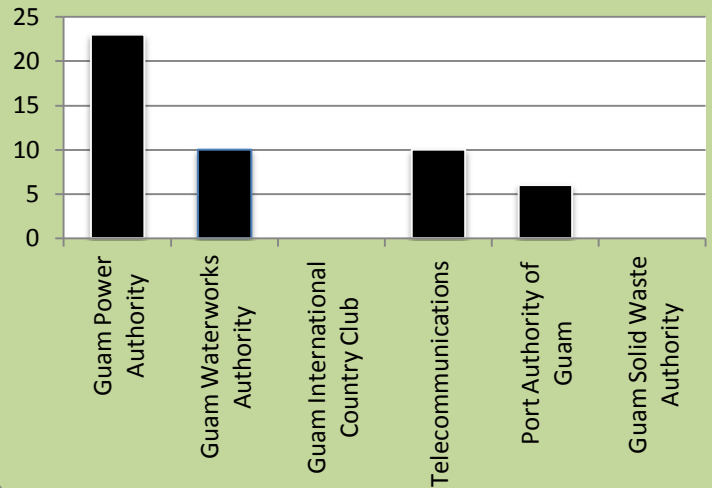
# HOW WE HAVE PROGRESSED

The Guam Public Utilities Commission strives for just and reasonable utility rates for the residents of Guam. Significant regulatory actions for FY 2019 are listed below. The following graphs show how the workload of the PUC for matters approved was apportioned between the utilities during the last three fiscal years:

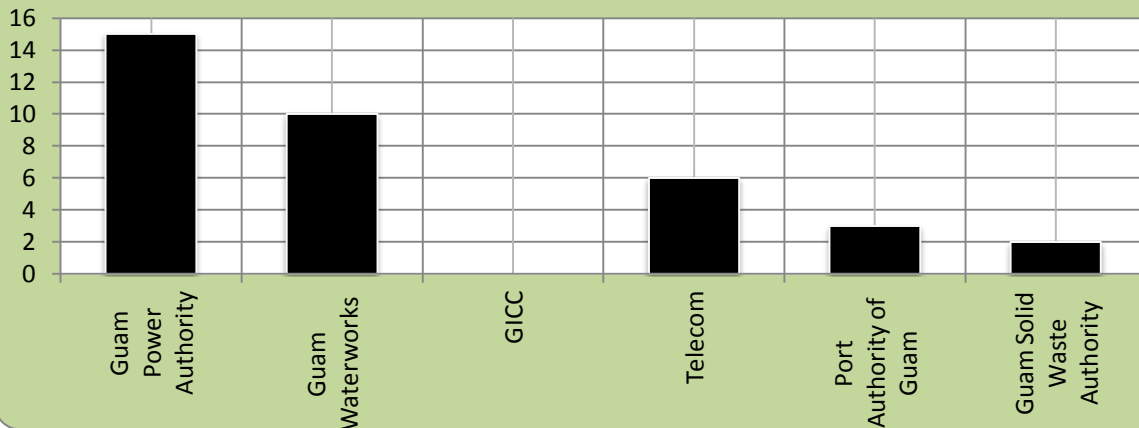
## FY2017 Matters Approved



## FY2018 Matters Approved



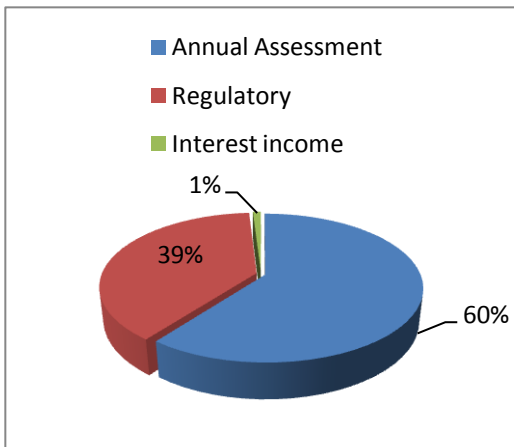
## FY2019 Matters Approved



FY2019	Numbers of matters heard	Number approved	Number denied	Number granted in part; denied in part
<a href="#">Guam Power Authority</a>	15	13	1	1
<a href="#">Guam Waterworks Authority</a>	10	10	0	0
<a href="#">Telecommunications</a>	6	6	0	0
<a href="#">Guam International Country Club</a>	0	0	0	0
<a href="#">Port Authority of Guam</a>	3	2	0	0
<a href="#">Guam Solid Waste Authority</a>	2	2	0	0

# Revenues and Expenses

For the Fiscal Years Ended September 30, 2019 and  
September 30, 2018



Revenues	2019	2018	% Change
<b>Annual assessment</b>	\$ 499,800	\$ 499,800	0%
<b>Regulatory fees</b>	\$ 322,835	\$ 345,582	-7%
<b>Interest income</b>	\$ 593	749	-21%
<b>Total*</b>	\$ 823,228	\$ 846,131	-3%

\*Amounts may not add due to rounding.

For the Fiscal Years Ended September 30, 2019 and  
September 30, 2018

Expenses	2019	2018	% Change
<b>Professional fees</b>	523,228	\$ 536,955	-3%
<b>Administrative expenses</b>	52,000	42,500	+22%
<b>Commissioner expenses</b>	156,128	\$ 109,515	+43%
<b>Depreciation expenses</b>	1,168	1,168	0%
<b>IT expenses</b>	3,570	3,600	- .84%
<b>Bad debts</b>	-	-	-
<b>Office rent</b>	29,550	29,471	+.26%
<b>Office expenses</b>	4,957	2,859	+73%
<b>Utilities</b>	4,578	4,403	+4%
<b>Publication expense</b>	39,493	43,864	-10%
<b>Naruc expenses</b>	1,836	1,802	+2%
<b>Xerox</b>	5,156	3,685	+40%
<b>Total*</b>	821,664	\$ 799,822	+3%

\*Amounts may not add due to rounding

## Operational Expenses

PUC's operational expenses can be divided into two categories and are budgeted and collected as follows:

General administrative expenses, which are budgeted each fiscal year by PUC and divided and assessed among the regulated utilities.

Regulatory expenses, which are incurred pursuant to a Commission resolution, dated August 13, 2007. This expense include professional and out-of-pocket expenses, which are billed to specific utilities under regulatory dockets assigned to them to cover the expense of handling specific regulatory proceedings related to them. FY2019 professional fee expenses decreased slightly, continuing a trend over the past number of years.

## Administrative Budget

The administrative budget covers the Commission's administrative expenses, including staff, office facilities, Commissioner Stipends and training, professional fees, and other operational expenses.

PUC is classified as another stand-alone governmental unit, not a component unit of GovGuam, and therefore is not included in the annual GovGuam audits. Most recent financial statements can be found at PUC's website at

<http://www.guampuc.com/about-us>. Previous financial statements can be found at the Guam Legislature's website at

<http://www.guamlegislature.com>.

# *Outlook and Challenges Ahead*



## **Commissioner Vacancies**

The Public Utilities Commission currently does not have any commissioner vacancies. PUC's enabling legislation mandates that any PUC action requires the affirmative vote of four commissioners at a meeting with a quorum of four commissioners.



## **PUC's Outlook**

The PUC has been able to carry out its regulatory duties with a full complement of seven Commissioners, all of whom have substantial experience in hearing and deciding regulatory matters, and a staff of two contractual employees. Some of the work of the Commission is done by outside regulatory consultants. In recent years the Commission has been successful in reducing its consulting and regulatory costs. It is anticipated that PUC's scope of work will increase in FY2020 due to the ending of the federal receivership of the Guam Solid Waste Authority and the return of full rate making responsibility to the PUC. During FY2019, PUC was able to handle its workload within budget and available regulatory resources.

## **Major PUC Actions in FY 2019**

For FY 2019, the PUC was able to maintain the Levelized Energy Adjustment Clause (fuel prices) without any increase to customers. PUC continued to allow net metering customers to be credited by GPA at the retail rate for solar energy produced; however, it indicated that net metering compensation would be reconsidered when the level of penetration for net metering customers reached an aggregate 10% MW cap of system peak demand. In anticipation of the procurement by GPA of 180MW of new generation capacity, PUC approved various GPA system improvements, including a new Ultra-Low Sulfur Diesel Pipeline and Bulk Storage Fuel Tanks Inspection and Refurbishment. There was no GWA rate increase during FY 2019. PUC also approved GWA system improvements, including the Route 1 Asan-Adelup-Hagatna Sewer Rehabilitation and Replacement Project, and the Phase 1 Fire Hydrant Replacement project. Although PAG initially sought a rate increase regarding its Marina User Fee Rates, it later withdrew such request. For GSWA, the PUC approved a Contract Review Protocol for the review of GSWA Contracts, and also authorized MSW Consultants to conduct a management audit of GSWA. Regarding the E911 surcharge, the PUC ordered the Government of Guam to reimburse the E911 Fund with nearly \$4M that had been withdrawn for other government purposes not in accordance with law.