



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

PETITION OF  
GUAM WATERWORKS AUTHORITY  
FOR RATE RELIEF: FY2011 RATE  
INCREASE

GWA DOCKET 09-03

FY2010 RATE DECISION

*Background*

This matter comes before the Guam Public Utilities Commission [PUC] pursuant to paragraph 7 of the PUC July 27, 2009 FY09 Rate Decision.<sup>1</sup> Said Decision provided a four year plan of rate increases which included a projected increase of 8% for FY2011. Pursuant thereto, by June 1, 2010, GWA was required to submit certain information relating to its revenues and expenses. Based upon the information provided to PUC, it can modify, if necessary, the initial estimates for future rate increases.<sup>2</sup> On June 15, 2010, GWA submitted the Annual Report and information required by the PUC Rate Decision dated July 27, 2009.<sup>3</sup>

In its "True-Up" petition, GWA asked that the 8% rate increase scheduled to take effect on October 1, 2010 remain unchanged. Certain discussion ensued between the PUC Consultant, Georgetown Consulting Group, Inc., and GWA. The parties filed a Stipulation on September 13, 2010.<sup>4</sup> The Commissioners met at the PUC conference room on September 15, 2010, to consider whether a rate increase should be scheduled to take effect on October 1, 2010, and whether any modification from the previously approved rate increase of 8% for FY2011 was required.<sup>5</sup>

<sup>1</sup> PUC FY09 Rate Decision, GWA Docket 09-03, filed July 27, 2009.

<sup>2</sup> Id. at par. 7, Ordering Provisions.

<sup>3</sup> GWA's Annual Report and Summary Required by PUC Rate Order dated July 27, 2009, GWA Docket 09-03, filed June 15, 2010.

<sup>4</sup> Stipulation - FY2010 Annual True Up for FY2011 Rates, GWA Docket 09-03, filed September 13, 2010.

<sup>5</sup> Agenda for PUC Special Meeting on September 15, 2010.

After carefully considering the Record herein, the Stipulation of GCG and GWA, the Presentations of the Chairman of the Consolidated Commission on Utilities, GWA and GCG during the meeting, filed Attachments A and B (as revised), and C, and reports of Financial Advisors for GWA on its upcoming Bond Issuance, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, PUC makes the following determinations.

*Determinations*

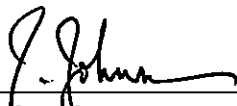
1. An 8% increase in customers' bills for FY2011 is approved, effective October 1, 2010. The 8% increase does not affect the lifeline rate. The impact of such rate increase upon sample customers' bills is set forth in *Attachment A* hereto.
2. The approved rate increase should be 8%, as originally established in the FY09 Rate Decision. At the PUC meeting, GWA presented evidence that the cost of its Health Insurance benefits for its employees would be an additional \$500,000 for FY2011, an increase of which it only became aware shortly before the hearing; in addition, GWA will be required to pay \$300,000 in COLA (Cost of Living Allowance) benefits and \$200,000 for Property Insurance, which result in additional total costs to GWA of \$1,000,000.00.
3. The Financial Advisors for the Government of Guam on the upcoming GWA bond issuance indicated that the failure of the PUC to approve the previously authorized rate increase could be a negative factor in the bond rating of the rating agencies. A change in outlook or downgrade could result in a potentially higher interest rate on the bonds which GWA intends to issue in October 2010. In light of the potential negative impact on bond interest rates, and the potential higher cost to rate payers, it is prudent for the Commissioners to proceed cautiously and not to deviate from the 8% rate increase previously approved for FY2011.
4. GWA's Financial Schedule, set forth in *Attachment B* hereto, supports the 8% rate increase and is adopted as GWA's test year budget for FY 2011. The documents included in *Attachment C* hereto demonstrate the additional costs which will be incurred by GWA for Health Insurance benefits, COLA, and Property Insurance. These additional costs are, therefore, recognized as revenue requirements of GWA for Fy2011 in *Attachment B*.

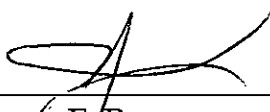
5. The PUC Surcharge recovers certain regulatory expenses and past due obligations to GPA and Navy. The existing rate of the PUC Surcharge (9.60%) shall remain in effect. The amount due to GPA is expected to be paid off by January 2011. After the amount due to GPA is paid off, the surcharge shall remain in effect at the same level. Any excess amounts received by GWA for payment of the prior GPA debt shall be applied to the expedited payoff of remaining amounts owed to Navy. The Payoff Schedule for such debts, as set forth in *Attachment C* hereto, is approved. The PUC should be able to eliminate the PUC Surcharge by the end of 2011. The status of the PUC Surcharge shall be reviewed by the PUC in the next annual GWA rate true-up proceeding.
6. Based upon the information received by the PUC as of the date of this Order, the rate increase set forth herein is "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.
7. GWA should implement the American Waterworks Association (AWWA) water audit standards contained in the revised (2008) AWWA M36 publication no later than January 1, 2012. GWA shall file with the PUC monthly reports thereafter that present GWA's water balance, including the identification of its apparent loss indicator, real loss indicator, and non-revenue water rate. This water balance report shall be provided together with the monthly financial reports provided to the PUC.
8. A Cost of Service ("COS") study should be implemented as soon as is practicable. GWA shall present a report to the PUC on or before December 31, 2010, concerning the approach and structure to the study, and the scope and nature of the professional consulting services it seeks to engage to prepare such study.
9. Under ordering paragraph 5 in the PUC's August 13, 2007 FY07 Rate Order in Docket 07-04 (the "FY07 Rate Order"), the interim Tiyan rates approved by the PUC in its September 28, 2006 order in Docket 05-05 were to be converted to permanent rates within two years of the date of the FY07 Rate Order. The process for reconciling interim Tiyan bills and usage has not yet taken place for a number of reasons beyond the control of GWA and the PUC, including, but not limited to, lack of resolution of land title and easement issues. The FY07 Rate Order is hereby amended to extend the interim Tiyan rates, pending further PUC action, provided, however, that such interim rates shall be subject to the same percentage


increases as set forth in paragraph 1, and as they may be annually adjusted by the PUC.

10. The Administrative Law Judge is authorized, should he deem necessary, to request submissions from GWA and/or GCG for a revised protocol for handling annual true-ups for GWA rates.
11. GWA 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.
12. PUC will keep this docket open in order to conduct the annual review and reconciliation process provided for in paragraph 7 of the Ordering Provisions of the FY09 Rate Decision. GWA shall continue to provide needed information for review and consideration by the PUC in connection with the annual true-ups required under the July 2009 Rate Order.


Dated this 29<sup>th</sup> day of September, 2010.

  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

  
\_\_\_\_\_  
Rowena E. Perez  
Commissioner

  
\_\_\_\_\_  
Michael A. Pangelinan  
Commissioner

\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

  
\_\_\_\_\_  
Filomena M. Cantoria  
Commissioner

# ATTACHMENT A

**Assumptions:**  
 Average Residential Bill  
 10,000 gal per month  
 With Sewer Service

**Existing Rates:**

**Water**  
 Basic Charge  
 Water Consumption  
 Lifeline \$/kGal  
 Non-Lifeline \$/kGal

**Surcharges:**  
 GPA/Navy/PUC  
 Retirement  
 Sub-Total Water

**Sewer Charge (Fixed/Lifeline)**

**Surcharges:**  
 GPA/Navy/PUC  
 Retirement  
 Sub-Total Wastewater

**TOTAL BILL**

|                               | Current Rates | Current Bill           | GWA Rates Proposed          | PUC Approved Bill      |
|-------------------------------|---------------|------------------------|-----------------------------|------------------------|
|                               |               |                        | <u>PUC APPROVED RATE 8%</u> |                        |
| Water                         |               |                        |                             |                        |
| Basic Charge                  | \$ 10.56      | \$ 10.56               | \$ 11.40                    | \$ 11.40               |
| Water Consumption             |               |                        |                             |                        |
| Lifeline \$/kGal              | 2.74          | 13.70                  | 2.74                        | 13.70                  |
| Non-Lifeline \$/kGal          | 5.03          | 25.15                  | 5.43                        | 27.16                  |
| Surcharges:                   |               |                        |                             |                        |
| GPA/Navy/PUC                  | 9.60%         | 3.43                   | 9.60%                       | 3.70                   |
| Retirement                    | 3.49%         | 1.25                   | 3.49%                       | 1.35                   |
| Sub-Total Water               |               | <u>\$ 54.08</u>        |                             | <u>\$ 57.32</u>        |
| Sewer Charge (Fixed/Lifeline) | 25.08         | \$ 25.08               | \$ 25.08                    | \$ 25.08               |
| Surcharges:                   |               |                        |                             |                        |
| GPA/Navy/PUC                  | 9.60%         | -                      | 9.60%                       | -                      |
| Retirement                    | 3.49%         | -                      | 3.49%                       | -                      |
| Sub-Total Wastewater          |               | <u>\$ 25.08</u>        |                             | <u>\$ 25.08</u>        |
| <b>TOTAL BILL</b>             |               | <u><u>\$ 79.16</u></u> |                             | <u><u>\$ 82.40</u></u> |
|                               |               |                        |                             | 0.0%                   |
|                               |               |                        |                             | 4.1%                   |

**Assumptions:**  
 Average Commercial Bill  
 90,000 gal per month  
 Sewer Service

Existing Rates:

Water  
 Basic Charge  
 Water Consumption  
 Lifeline  
 Non-Lifeline  
 Surcharges:  
 GPA/Navy/PUC  
 Retirement  
 Sub-Total Water

Sewer Charge First Block  
 Surcharges:  
 GPA/Navy/PUC  
 Retirement  
 Sub-Total Wastewater

TOTAL BILL

**PUC APPROVED RATE 8%**

|                          | Current Rates | Current Bill | GWA Rates Proposed | PUC Approved Bill |
|--------------------------|---------------|--------------|--------------------|-------------------|
| Water                    | \$ 10.56      | \$ 10.56     | \$ 11.40           | \$ 11.40          |
| Basic Charge             |               |              |                    |                   |
| Water Consumption        | 6.26          | 563.40       | 6.76               | 608.47            |
| Lifeline                 |               |              |                    |                   |
| Non-Lifeline             |               |              |                    |                   |
| Surcharges:              |               |              |                    |                   |
| GPA/Navy/PUC             | 9.60%         | 55.10        | 9.60%              | 59.51             |
| Retirement               | 3.49%         | 20.03        | 3.49%              | 21.63             |
| Sub-Total Water          |               | \$ 648.09    |                    | \$ 701.02         |
|                          |               |              |                    | 8.0%              |
| Sewer Charge First Block | \$ 3.44       | \$ 247.68    | \$ 3.72            | \$ 267.49         |
| Surcharges:              |               |              |                    |                   |
| GPA/Navy/PUC             | 9.60%         | 23.78        | 9.60%              | 25.68             |
| Retirement               | 3.49%         | 8.64         | 3.49%              | 9.34              |
| Sub-Total Wastewater     |               | \$ 280.10    |                    | \$ 302.51         |
|                          |               |              |                    | 8.0%              |
| TOTAL BILL               |               | \$ 928.19    |                    | \$ 1,003.53       |
|                          |               |              |                    | 8.0%              |

**Assumptions:**  
 Average Government Bill  
 73,000 per month  
 Sewer Service

Existing Rates:

Water  
 Basic Charge  
 Water Consumption  
 Lifeline  
 Non-Lifeline  
 Surcharges:  
 GPA/Navy/PUC  
 Retirement  
 Sub-Total Water  
 Sewer Charge First Block  
 Surcharges:  
 GPA/Navy/PUC  
 Retirement  
 Sub-Total Wastewater  
 TOTAL BILL

PUC-APPROVED RATE 8%

|                            | Current Rates | Current Bill | GWA Rates Proposed | PUC Approved Bill |
|----------------------------|---------------|--------------|--------------------|-------------------|
| Water                      |               |              |                    |                   |
| Basic Charge               | \$ 61.64      | \$ 61.64     | \$ 66.57           | \$ 66.57          |
| Water Consumption Lifeline |               |              |                    |                   |
| Non-Lifeline               | 6.26          | 456.88       | 6.76               | 493.48            |
| Surcharges:                |               |              |                    |                   |
| GPA/Navy/PUC Retirement    | 9.60%         | 49.78        | 9.60%              | 53.76             |
|                            | 3.49%         | 18.10        | 3.49%              | 19.55             |
| Sub-Total Water            |               | \$ 586.40    |                    | \$ 633.36         |
|                            |               |              |                    | 8.0%              |
| Sewer Charge First Block   | \$ 4.92       | \$ 287.61    | \$ 5.31            | \$ 310.62         |
| Surcharges:                |               |              |                    |                   |
| GPA/Navy/PUC Retirement    | 9.60%         | 27.61        | 9.60%              | 29.82             |
|                            | 3.49%         | 10.04        | 3.49%              | 10.84             |
| Sub-Total Wastewater       |               | \$ 325.26    |                    | \$ 351.28         |
|                            |               |              |                    | 8.0%              |
| TOTAL BILL                 |               | \$ 911.66    |                    | \$ 984.64         |
|                            |               |              |                    | 8.0%              |

# ATTACHMENT B

|   | <u>FY2011</u>        |
|---|----------------------|
| Base Rate Increase                              | 8.00%                |
| Lifeline Increase                               | 0.00%                |
| GPA/Navy/PUC Surcharge % of bill                | 9.60%                |
| Legislative Surcharge % of bill                 | 3.49%                |
| Customer Growth                                 | 2.00%                |
| Consumption Growth                              | 2.00%                |
| <br>  |                      |
| 1. <b>OPERATING REVENUES</b>                    |                      |
| 2. Water Revenues                               | \$ 40,056,950        |
| 3. Wastewater Revenues                          | 23,484,381           |
| 4. GPA/Navy Surcharge                           | 4,900,523            |
| 5. Retiree Surcharge                            | 1,781,544            |
| 6. Other Revenues                               | 1,010,751            |
| 7. System Development Charge                    | 3,000,000            |
| 8. Additional Revenue Required                  | -                    |
| 9.  |                      |
| 10. <b>Total Operating Revenues</b>             | <u>\$ 74,234,149</u> |
| 11.   |                      |
| 12.   |                      |
| 13. <b>OPERATING &amp; MAINTENANCE EXPENSES</b> |                      |
| 14. Power Purchases                             | \$ 14,400,000        |
| 15. Water Purchases                             | 5,924,806            |
| 16.   | <u>\$ 20,324,807</u> |
| 17.   |                      |
| 18. Salaries and Wages                          | 18,777,183           |
| 20. Administrative and General Expenses         | 6,063,228            |
| 22. Bad debt expense                            | 1,066,601            |
| 23. Depreciation Expense                        | 12,327,197           |
| 24. Contractual Expense                         | 3,625,116            |
| 26. <b>Total Operating Expenses</b>             | <u>\$ 62,184,131</u> |
| 27.   |                      |
| 28. <b>Operating Net Income (Loss)</b>          | 12,050,017           |
| 29.   |                      |
| 30. Interest Income-Construction Fund           | 4,090                |
| 31. Interest Income-Other Funds                 | 231,834              |
| 32. Interest Expense-Bonds                      | (5,545,794)          |
| 33. Interest Expense-Others                     | (2,341,666)          |
| 34. AFUDC                                       | 4,761,523            |
| 35. Amortization of Issuance Costs              | 109,776              |
| 36. Grants                                      | 8,649,690            |
| 37. Other Expenses/Income                       | (311,851)            |
| 38. Supplemental/COLA Annuities                 | (1,781,544)          |
| 39. Recoveries of bad debts                     | -                    |
| 40. <b>Net Income (Loss)</b>                    | <u>\$ 15,826,076</u> |
| 41.   |                      |



|     |  |    |                  |
|-----|--|----|------------------|
| 43. | <b>NET INCREASE (DECREASE) in Capital</b>                | \$ | 15,826,076       |
| 44. |  |    |                  |
| 45. |  |    |                  |
| 46. |  |    |                  |
| 47. |  |    |                  |
| 48. |  |    |                  |
| 49. |  |    |                  |
| 50. |  |    |                  |
| 51. |  |    |                  |
| 52. |  |    |                  |
| 53. |  |    |                  |
| 54. | <b>DEBT SERVICE COVERAGE CALCULATION</b>                 |    |                  |
| 55. |  |    |                  |
| 56. | <b>Earnings from Operations</b>                          | \$ | 12,050,017       |
| 57. | Investment Income-Other Funds                            |    | 231,834          |
| 58. | Unfunded Retirement Liability                            |    | -                |
| 59. | Recoveries   |    | 1,000            |
| 60. | PUC,GPA,Navy Surcharge                                   |    | (4,900,523)      |
| 61. | Legislative Surcharge                                    |    | (1,781,544)      |
| 62. | System Development Charge                                |    | (3,000,000)      |
| 63. | Depreciation & Amortization                              |    | 12,327,197       |
| 64. | Balance Available for Debt Service                       | \$ | 14,927,981       |
| 65. |  |    |                  |
| 66. | <b>Debt Service</b>                                      |    |                  |
| 67. | Interest   |    | 5,545,794        |
| 68. | Principal  |    | 2,160,000        |
| 69. |  | \$ | <u>7,705,794</u> |
| 70. |  |    |                  |
| 71. | <b>Debt Service Coverage (DSC)</b>                       |    | 1.94             |
| 72. | <b>Debt Service Coverage (DSC) incl subordinate debt</b> |    | 0.90             |
| 73. |  |    |                  |
| 74. | <b>CASH FLOW STATEMENT</b>                               |    |                  |
| 75. |  |    |                  |
| 76. | <b>Net Income (Loss)</b>                                 | \$ | 15,826,076       |
| 77. | Add: Depreciation & Amortization                         |    | 12,217,420       |
| 78. | Deduct: AFUDC  |    | (4,761,523)      |
| 79. | Deduct: Interest Income-Construction Fund                |    | (4,090)          |
| 80. | Subtract: Principal Payments Bonds/ST Debt/USDA          |    | (4,820,862)      |
| 81. | <b>Working Capital Change (Increase)Decrease</b>         |    | (953,319)        |
| 82. | Grants   |    | (8,649,690)      |
| 83. | PUC Surcharge - Principal portion of GPA/Navy Note       |    | (3,842,211)      |
| 84. | <b>Internal CIPs'</b>                                    |    | (500,000)        |
| 85. | Bond Proceeds  |    |                  |
| 86. | Bond Construction Fund                                   |    | -                |
| 87. | ST Debt Loan Loan proceeds ( A/P)                        |    | -                |
| 88. | ST Debt Loan proceeds (Moratorium)                       |    | -                |
| 89. | Moratorium Project                                       |    | -                |
| 90. | ST Debt Loan proceeds                                    |    | -                |
| 91. | O&M, Renovation, Repair, Replacement Reserve             |    | -                |
| 92. | USDA Loan proceeds                                       |    | -                |
| 93. | USDA Construction Fund                                   |    | -                |
| 94. | System Development Charge                                |    | (3,000,000)      |
| 95. | Self Insurance Funding                                   |    | <u>(375,000)</u> |

|     |                               |    |                  |
|-----|-------------------------------|----|------------------|
| 96. | <b>Cash Surplus (Deficit)</b> | \$ | 1,136,802        |
| 97. | Beginning Balance             |    | <u>2,650,980</u> |
| 98. | <b>Ending Balance</b>         | \$ | <b>3,787,782</b> |

ATTACHMENT C

| GPA Note               |               |                  |                |                   |
|------------------------|---------------|------------------|----------------|-------------------|
| Interest %             | 4.33%         |                  |                |                   |
| Monthly DS             | \$ 221,876.08 |                  | (c)            |                   |
| Sum of FY2011 payments | \$ 1,081,097  |                  |                |                   |
|                        | Principal     | Interest         | Amt. Pd.       | Principal Balance |
| 9/30/2009              |               | PER FY2009 AUDIT |                | \$ 3,998,988      |
| 10/31/2009             | \$ 200,433    | \$ 14,430        | \$ 214,863 (a) | 3,788,535         |
| 11/30/2009             | 153,860       | 13,706           | 167,566 (a)    | 3,644,655         |
| 12/31/2009             | 205,837       | 13,151           | 218,988 (a)    | 3,438,618         |
| 1/31/2010              | 239,846       | 12,408           | 252,255 (a)    | 3,185,972         |
| 2/28/2010              | 259,560       | 11,543           | 271,103 (a)    | 2,939,412         |
| 3/31/2010              | 365,588       | 10,606           | 376,205 (a)    | 2,573,813         |
| 4/30/2010              | 183,726       | 9,287            | 193,013 (a)    | 2,390,088         |
| 5/30/2010              | 259,429       | 8,624            | 268,053 (a)    | 2,130,659         |
| 6/30/2010              | 257,780       | 7,688            | 265,468 (a)    | 1,872,879         |
| 7/31/2010              | 273,798       | 6,758            | 280,556 (a)    | 1,599,081         |
| 8/31/2010              | 310,322       | 5,770            | 316,092 (a)    | 1,288,759         |
| 9/30/2010              | 217,226       | 4,650            | 221,876 (b)    | 1,071,533         |
| 10/31/2010             | 271,966       | 3,866            | 275,832 (c)    | 799,587           |
| 11/30/2010             | 272,947       | 2,885            | 275,832 (c)    | 526,620           |
| 12/31/2010             | 273,932       | 1,900            | 275,832 (c)    | 252,689           |
| 1/31/2011              | 252,689       | 912              | 253,601 (d)    | (0)               |
| 2/28/2011              |               | (0)              | (0) (b)        | (0)               |
| 3/31/2011              | \$ -          | \$ (0)           | (0) (b)        | (0)               |

Total Debt Service  
FY2011 1,081,097

| Navy Note              |            |                  |                      |                   |
|------------------------|------------|------------------|----------------------|-------------------|
| Interest %             | 1.25%      |                  |                      |                   |
| Monthly DS             | \$ 132,545 |                  | thru March 2011      |                   |
|                        | \$ 264,853 |                  | Beginning April 2011 |                   |
| Sum of FY2011 payments | 3,543,594  |                  |                      |                   |
|                        | Principal  | Interest         | Amt. Pd.             | Principal Balance |
| 9/30/2009              |            | PER FY2009 AUDIT |                      | \$ 5,689,122      |
| 10/31/2009             | \$ 112,017 | \$20,528.25      | \$ 132,545 (a)       | 5,577,105         |
| 11/30/2009             | 112,421    | 20,124           | 132,545 (a)          | 5,464,684         |
| 12/31/2009             | 112,827    | 19,718           | 132,545 (a)          | 5,351,856         |
| 1/31/2010              | 113,234    | 19,311           | 132,545 (a)          | 5,238,624         |
| 2/28/2010              | 113,642    | 18,903           | 132,545 (a)          | 5,124,982         |
| 3/31/2010              | 114,052    | 18,493           | 132,545 (a)          | 5,010,929         |
| 4/30/2010              | 114,464    | 18,081           | 132,545 (a)          | 4,896,465         |
| 5/30/2010              | 114,877    | 17,668           | 132,545 (a)          | 4,781,589         |
| 6/30/2010              | 115,291    | 17,254           | 132,545 (a)          | 4,666,297         |
| 7/31/2010              | 115,707    | 16,838           | 132,545 (a)          | 4,550,590         |
| 8/31/2010              | 116,125    | 16,420           | 132,545 (b)          | 4,434,465         |
| 9/30/2010              | 116,544    | 16,001           | 132,545 (b)          | 4,317,921         |
| 10/31/2010             | 116,965    | 15,580           | 132,545 (b)          | 4,200,856         |
| 11/30/2010             | 117,387    | 15,158           | 132,545 (b)          | 4,083,570         |
| 12/31/2010             | 117,810    | 14,735           | 132,545 (b)          | 3,966,760         |
| 1/31/2011              | 118,235    | 14,310           | 132,545 (b)          | 3,847,524         |
| 2/28/2011              | 140,893    | 13,883           | 154,776 (c)          | 3,708,631         |
| 3/31/2011              | 395,002    | 13,375           | 408,377 (e)          | 3,311,629         |
| 4/30/2011              | 395,427    | 11,949           | 408,377 (e)          | 2,915,202         |
| 5/31/2011              | 397,858    | 10,519           | 408,377 (e)          | 2,517,344         |
| 6/30/2011              | 399,284    | 9,083            | 408,377 (e)          | 2,118,050         |
| 7/31/2011              | 400,734    | 7,643            | 408,377 (e)          | 1,717,318         |
| 8/31/2011              | 402,180    | 6,197            | 408,377 (e)          | 1,315,136         |
| 9/30/2011              | 403,631    | 4,745            | 408,377 (e)          | 911,504           |
| 10/31/2011             | 405,086    | 3,289            | 408,377 (e)          | 506,417           |
| 11/30/2011             | 406,550    | 1,827            | 408,377 (e)          | 99,867            |
| 12/31/2011             | 99,867     | 360              | 100,227 (e)          | -                 |
| 1/31/2012              |            | -                | - ( )                | -                 |

Total Debt Service  
FY2011 3,543,594  
FY2012 916,981

|   |                |                               |            |
|---|----------------|-------------------------------|------------|
| Total Surcharge FY2011                            | \$ 4,900,523   |                               |            |
| Monthly surcharge FY2011                          | \$ 408,377     |                               |            |
| Payment Schedule:                                 |                |                               |            |
| Navy Monthly Payment_Oct_09                       | (132,545)      | GPA monthly required payment  | 221,876    |
| GPA monthly Payment_Oct_09                        | (221,876)      | Add: Balance applied          | 53,958     |
| Monthly total payment GPA & Navy                  | (354,421)      |                               |            |
| Balance applied to GPA effective Oct_10 to Dec_10 | 53,958         | (c)                           | \$ 275,832 |
| Monthly surcharge                                 | 408,377        |                               |            |
| GPA Final payment Jan_11                          | (253,601)      |                               |            |
| Navy Monthly Payment_Feb                          | (132,545)      | Navy monthly required payment | 132,545    |
| Balance applied to Navy effective Feb_11          | (386,148)      | Add: Balance applied          | 22,231     |
|   | 22,231         | (d)                           | \$ 154,776 |
| Navy monthly Payment effective Feb_11             | \$ 408,377 (e) |                               |            |

- (a) actual payment
- (b) estimated payment
- (c) see above computation
- (d) see above computation
- (e) estimated monthly surcharge

**SUMMARY**

|                                    | <u>Amount</u>        |
|------------------------------------|----------------------|
| Amount From Med_Den_Benefit Tab    | \$ 500,000           |
| Amount From Insurance_Property Tab | 200,000              |
| Amount From COLA Tab               | <u>300,000</u>       |
|                                    | \$ 1,000,000 (a)     |
| <br>                               |                      |
| Original Attachment B              | \$ 61,184,132        |
| Per Adjustment Above               | <u>1,000,000 (a)</u> |
| Per Revised Attachment B           | \$ 62,184,132        |

Per GovGuam Rate Sheet (see below)

| Select 2000 | Class | MEDICAL   |           |
|-------------|-------|-----------|-----------|
|             |       | FY2010    | FY2011    |
|             | 1     | \$ 48.00  | \$ 79.38  |
|             | 2     | \$ 77.65  | \$ 114.30 |
|             | 3     | \$ 63.92  | \$ 96.00  |
|             | 4     | \$ 110.03 | \$ 159.90 |
|             | 5     | \$ 125.43 | \$ 167.92 |
| Select 1500 | 1     | \$ 60.00  | \$ 96.28  |
|             | 2     | \$ 97.06  | \$ 185.19 |
|             | 3     | \$ 79.89  | \$ 155.19 |
|             | 4     | \$ 137.54 | \$ 258.18 |
|             | 5     | \$ 156.78 | \$ 270.00 |

Average

| Class | DENTAL |        |
|-------|--------|--------|
|       | FY2010 | FY2011 |
| 1     | 6.46   | 7.68   |
| 2     | 9.68   | 9.97   |
| 3     | 8.29   | 8.03   |
| 4     | 13.82  | 13.43  |
| 5     | 14.85  | 15.67  |

Average

Composite Average

Source: Chief Budget Officer

|                  |                      |                 |                      |
|------------------|----------------------|-----------------|----------------------|
| Regular          | \$ 11,737,263        | 0               | \$ 11,737,263        |
| Overtime         | 650,000              | 0               | 650,000              |
| Increments/PFP   | 1,146,000            | 0               | 1,146,000            |
| Retirement       | 3,199,580 (b)        | 31,996 (b x c)  | 3,231,576            |
| Premium          | 600,000              | 0               | 600,000              |
| Employee Benef   | 1,040,399 (a)        | 468,180 (a x c) | 1,508,579            |
| Total Salaries & | \$ 18,373,242        | 500,175         | \$ 18,873,417        |
| Estimated Capti  | \$ (96,058.80)       | 0               | (96,059)             |
|                  | <b>\$ 18,277,183</b> | <b>500,175</b>  | <b>\$ 18,777,359</b> |

**GOVGUAM HEALTH RATE SHEET**

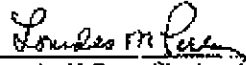
| GovGuam MEDICAL RATES         |                   |                  |                  |        |                         |                   |         |
|-------------------------------|-------------------|------------------|------------------|--------|-------------------------|-------------------|---------|
|                               |                   | MEDICAL 2010     |                  |        | MEDICAL 2011            |                   |         |
| CLASS                         |                   | GOV              | EMP              | TOTAL  | GOV                     | EMP               | TOTAL   |
| <b>SELECTCARE</b>             |                   | <b>2000 Plan</b> |                  |        | <b>HS&amp;D00K Plan</b> |                   |         |
| ACTIVE                        | 1                 | 46.00            | 0.00             | 46.00  | 78.38                   | 4.62              | 84.00   |
| BI-WEEKLY                     | 2                 | 77.65            | 28.73            | 103.38 | 154.3                   | 81.58             | 175.88  |
|                               | 3                 | 83.82            | 21.08            | 84.92  | 98.00                   | 51.88             | 147.69  |
|                               | 4                 | 110.09           | 34.45            | 144.46 | 189.8                   | 88.10             | 248.00  |
|                               | 5                 | 126.49           | 28.88            | 146.31 | 187.92                  | 80.85             | 248.77  |
|                               | RETIREE           | 1                | 146.00           | 0.00   | 146.00                  | 268.00            | 6.08    |
| SEMI-MONTHLY                  | 2                 | 283.12           | 27.88            | 321.00 | 515.33                  | 66.67             | 582.00  |
|                               | 3                 | 239.74           | 27.78            | 262.50 | 420.90                  | 85.09             | 479.50  |
|                               | 4                 | 407.73           | 37.30            | 446.00 | 714.73                  | 83.27             | 808.00  |
|                               | 5                 | 424.58           | 22.82            | 447.80 | 723.42                  | 87.58             | 811.00  |
|                               | <b>SELECTCARE</b> | <b>1500 Plan</b> |                  |        | <b>1500S Plan</b>       |                   |         |
| ACTIVE                        | 1                 | 80.00            | 14.54            | 71.54  | 86.28                   | 41.28             | 127.54  |
| BI-WEEKLY                     | 2                 | 87.06            | 63.83            | 102.89 | 166.19                  | 111.12            | 236.31  |
|                               | 3                 | 78.89            | 48.88            | 128.77 | 188.79                  | 85.12             | 268.31  |
|                               | 4                 | 137.34           | 77.08            | 214.62 | 258.18                  | 184.89            | 415.08  |
|                               | 5                 | 156.78           | 68.14            | 218.62 | 270.00                  | 148.88            | 418.38  |
|                               | RETIREE           | 1                | 218.00           | 12.00  | 228.50                  | 515.00            | 44.18   |
| SEMI-MONTHLY                  | 2                 | 441.14           | 81.35            | 502.50 | 873.13                  | 129.38            | 783.50  |
|                               | 3                 | 358.08           | 52.88            | 411.00 | 648.43                  | 108.88            | 649.00  |
|                               | 4                 | 613.51           | 83.49            | 687.00 | 931.89                  | 167.61            | 1089.50 |
|                               | 5                 | 634.85           | 85.14            | 690.50 | 944.50                  | 187.50            | 1102.00 |
|                               |                   |                  | <b>1000 Plan</b> |        |                         | <b>1000S Plan</b> |         |
| <b>NOT OFFERED FOR FY2011</b> |                   |                  |                  |        |                         |                   |         |

| GovGuam DENTAL RATES |         |             |       |       |             |       |       |
|----------------------|---------|-------------|-------|-------|-------------|-------|-------|
|                      |         | DENTAL 2010 |       |       | DENTAL 2011 |       |       |
| CLASS                |         | GOV         | EMP   | TOTAL | GOV         | EMP   | TOTAL |
| ACTIVE               | 1       | 0.46        | 8.23  | 10.89 | 7.38        | 7.18  | 14.78 |
| BI-WEEKLY            | 2       | 8.68        | 25.40 | 35.08 | 9.97        | 23.28 | 33.23 |
|                      | 3       | 8.29        | 20.23 | 28.82 | 8.08        | 18.74 | 28.77 |
|                      | 4       | 13.82       | 33.72 | 47.54 | 13.42       | 31.34 | 44.77 |
|                      | 5       | 14.85       | 32.89 | 47.34 | 15.87       | 28.16 | 44.77 |
|                      | RETIREE | 1           | 7.00  | 18.00 | 17.00       | 8.00  | 8.00  |
| SEMI-MONTHLY         | 2       | 10.48       | 27.51 | 38.00 | 10.80       | 25.20 | 36.00 |
|                      | 3       | 8.88        | 22.02 | 31.00 | 8.70        | 20.80 | 29.00 |
|                      | 4       | 14.97       | 36.53 | 51.80 | 14.55       | 33.85 | 44.50 |
|                      | 5       | 16.08       | 35.42 | 51.50 | 16.88       | 31.52 | 44.50 |

**CLASS**

- 1 - Employee/Retiree/Survivor
- 2 - Employee/Retiree/Survivor + Spouse Only
- 3 - Employee/Retiree/Survivor + Child (ren) NO SPOUSE
- 4 - Employee/Retiree/Survivor + Family (spouse or common law not employed in GovGuam)
- 5 - Employee/Retiree/Survivor + Family (both spouse or common law employed in GovGuam)

  
 August 16, 2010  
 Lourdes M. Perez, Director  
 Department of Administration

Increase (Decrease)

65%

47%

50%

45%

34%

60%

91%

94%

88%

72%

65%

Increase (Decrease)

19%

3%

-3%

-3%

6%

5%

45% (c)



**AM Insurance**

P. O. Box 2797, Hagatna, Guam 96932  
Tel: (671)477-2632/42 Fax: (671)477-2602

GUAM WATERWORKS AUTHORITY  
Proposal for PROPERTY INSURANCE  
Invitation For Bid No. GWA 2010-12

| OPTION | COVERAGE   | DEDUCTIBLE | TOTAL 14-MONTH PREMIUM<br>(including all costs, fees, etc) | TOTAL 12-MONTH PREMIUM<br>(including all costs, fees, etc) |
|--------|--|------------|--|--|
| 1      | \$50,000,000 each occurrence   | \$1 Mil    | \$1,771,738  | \$1,521,810  |
| 2      | \$30,000,000 each occurrence   | \$1 Mil    | \$1,415,774  | \$1,215,908  |
| 3      | \$50,000,000 each occurrence, \$20Mill sublimit in respect of Earthquake | \$1 Mil    | \$1,548,963  | \$1,330,200  |
| 4      | \$30,000,000 each occurrence, \$15Mill sublimit in respect of Earthquake | \$1 Mil    | \$1,353,946  | \$1,162,800  |

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|           |            |             |
|-----------|------------|-------------|
| INSURANCE | Per Filing | \$1,500,000 |
|           | Per Bid    | \$1,700,000 |
|           | Shortfall  | (\$200,000) |



|                         |            |
|-------------------------|------------|
| No. of retirees, per HR | 267        |
| COLA per retiree        | \$ 1,100   |
|                         | \$ 293,700 |
| say                     | \$300,000  |

P.L. 30-196: CHAPTER XI: Section 6

1 (ii) No retiree who is eligible for Retiree Supplemental Annuity  
 2 Benefits provided for in this Section shall receive such benefit if his regular  
 3 annual retirement annuity, excluding the supplemental amounts authorized herein  
 4 and survivor benefits, exceeds Forty Thousand Dollars (\$40,000). A retiree who  
 5 is eligible for Retiree Supplemental Annuity Benefits shall receive no more than  
 6 Forty Thousand Dollars (\$40,000) in combined retirement annuities and  
 7 supplemental retirement annuities.

8 (iii) Any retiree or survivor eligible to receive the supplemental annuity  
 9 may waive their supplemental annuity payment authorized herein by the filing of  
 10 a notarized affidavit waiving such payment with the Retirement Fund."

11 Section 6. Appropriation for Cost of Living Allowance (COLA).

12 (a) *I Mags'aken Guñhan shall provide, by a single lump sum payment, a Cost of*  
 13 *Living Allowance (COLA) of One Thousand One Hundred Dollars (\$1,100) to each retiree of*  
 14 *the GGRF who is retired as of September 30, 2010, or his survivor, no later than November 1,*  
 15 *2010, unless the applicant chooses in writing to receive bi-monthly payments from October 1,*  
 16 *2010 through September 30, 2011. The sum of Six Million Seven Hundred Seventy Thousand*  
 17 *Five Hundred Dollars (\$6,770,500) is appropriated from the General Fund to the Department of*  
 18 *Administration to pay said Cost of Living Allowance (COLA).*

19 (b) The Guam Power Authority, the A. B. Won Pat International Airport Authority,  
 20 the Guam Economic Development Authority, the Guam Housing Corporation, the Government  
 21 of Guam Retirement Fund, the Jose D. Leon Guerrero Commercial Port, the Guam Waterworks  
 22 Authority and the Guam Visitors Bureau shall pay a Cost of Living Allowance (COLA) in a  
 23 single payment of One Thousand One Hundred Dollars (\$1,100) to every Government of Guam  
 24 Retirement Fund retiree who retired from each respective aforementioned agency as of  
 25 September 30, 2010, or his survivor, no later than November 1, 2010, unless the applicant  
 26 chooses in writing to receive bi-monthly payments from October 1, 2010 through September 30,  
 27 2011.

28 (c) Each agency mentioned in Subsection (b) shall reimburse the General Fund for  
 29 any COLAs paid by the Fund in Fiscal Year 2011 to retirees who have retired from that agency  
 30 and their survivors, no later than December 31, 2010.