

**BEFORE THE PUBLIC UTILITIES COMMISSION
FOR THE TERRITORY OF GUAM**

APPLICATION OF GUAM MUNICIPAL)
GOLF, INC. FOR APPROVAL OF)
RATES AND ACCESS FOR GUAM)
RESIDENTS.)

DOCKET NO. 93-009

DECISION AND ORDER

I
PROCEDURAL BACKGROUND

GMG filed its application with the Commission on September 10, 1993, pursuant to Public Law 19-34:23, requesting Commission approval of a proposed schedule of rates and access for residents of Guam to the Guam Municipal Golf Course. In support of its application, GMG filed the testimony of Gregorio S. Perez, a consultant's report entitled "Market, Comparable and Cost Analysis for the Guam Municipal Golf Course," prepared by Economics Research Associates, and copies of P.L. 19-34 and the Commercial Lease Agreement between GMG and the Government of Guam.

Prehearing conferences were held on November 18, 1993, January 12, 1994 and February 10, 1994.

Six separate sets of discovery were filed by GCG and responded to by GMG. Pursuant to the First Prehearing Order

filed November 24, 1993, GMG and GCG each submitted legal briefs on issues specified in said order.

A public hearing was held on February 11, 1994, at which 11 persons submitted written testimony and 8 testified during the public comment phase of the hearing. Neither GCG nor GMG produced witnesses at the hearing, nor did they present argument in support of, or in opposition to, GMG's application.

Instead, the parties submitted for the Commission's consideration a Stipulation dated February 11, 1994 (the "Stipulation"), proposing a schedule of interim resident rates, fees and charges pending completion of an audit, rate design and cost of service analysis to be completed within six months to one calendar year.

II DETERMINATIONS

1. The Commission has jurisdiction over GMG to establish a schedule of rates, fees and preferential course reservation periods for residents of Guam.

2. The Commission is authorized to establish a schedule of interim rates and preferential access for Guam residents pending audits and further discovery of relevant data in order to develop an adequate basis for final action on GMG's application.

3. The Commission determines that the interim resident rates and access arrangements set forth in its Orders in Part III hereinbelow, are a reasonable means of allowing (1) GMG to open its course without further delay; (2) the parties to generate

operational information relevant to any final determination of resident rates and the establishment of preferential course reservation periods for residents of Guam; and (3) a retrospective audit to be conducted prior to said determination.

4. No findings of fact or conclusions of law are reached at this time, except those set forth in the immediately preceding Paragraphs No. 1 and 2.

5. Neither the proposed interim rates and access arrangements set forth in the Stipulation, nor the Commission's approval thereof as set forth in the following Orders, shall have any precedential, collateral estoppel or res judicata effect.

6. GMG's proposed rules and regulations, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, are reasonable and appropriate as interim rules and regulations and shall not have any precedential, collateral estoppel or res judicata effect in any further proceedings.

7. GMG, GCG or the SALJ may request further proceedings for final action, or for modification of the interim rates, access arrangements or GMG's rules and regulations approved herein at any time. However, the Commission will not take any final action on GMG's application until sufficient accounting and other relevant data has been developed to provide the Commission with an adequate basis for such action.

8. The Commission has jurisdiction to order an audit for the purpose of reviewing investment and pre-opening expenses incurred by GMG, as well as ongoing course operational and maintenance expenses, in order to develop an appropriate muni-

cipal rate base for consideration together with the "comparable" and "affordable" components of the mandated rate methodology, the scope of such audits to be determined by the Commission after consultation with GCG and GMG.

9. GMG should be ordered to pay for the Commission's expenses, including, without limitation, consulting and counsel fees and expenses and the expenses of conducting and transcribing the record of its proceedings. Regulated utilities are mandated by 12 GCS § 12024(b) with covering Commission administrative and regulatory expenses. After review, the Commission determines that GMG should cover twenty percent of the Commission's administrative expenses (currently budgeted at \$120,000 for FY94). Accordingly, GMG should be ordered to pay the Commission, no later than March 3, 1994, the sum of \$14,000 ($120,000 \times .20 \times 7/12$) to cover its responsibility for FY94.

III

ORDERS

In furtherance of the above determinations, and in the exercise of our judgment, after considering the statements of the parties and the Stipulation, and for good cause shown, the Public Utilities Commission of Guam **HEREBY ORDERS THAT:**

1. All rulings and orders of the SALJ during the course of this proceeding are confirmed and ratified. All motions not heretofore granted or denied are denied. No other matters require discussion.

2. GCG in consultation with GMG shall develop an audit scope for a review of the investment and pre-opening expenses incurred by GMG and ongoing golf course operational and maintenance expenses. This audit may be utilized to provide the basis: (i) for developing an appropriate municipal rate base for the application of the "just and reasonable" and "comparable" components of the mandated rate methodology; and (ii) for conducting rate design and cost-of-service analysis. The scope of audit will be determined by the PUC after consultation with GCG and GMG, and such audit will be paid for by GMG.

3. The following interim resident rates, fees and charges are hereby approved and adopted:

	<u>18 Hole</u>	<u>9 Hole</u>
Greens fees:		
Weekday (w/o cart)	\$20.00	\$12.00
Saturdays, Sundays and Holidays (w/o cart)	25.00	15.00
Cart (riding)	7.00	5.00
Club rental	\$ 7.50	
Shoe rental	2.50	
Driving range golf ball use (std. bucket)	3.00	
Locker facility use	3.00	

4. The rate for juniors, who are residents below the age of 18, shall be \$10 per round (9 or 18 holes), provided, however, that this rate will be available only during the reservation periods for junior play set forth in sub-paragraph 5(b) hereinbelow. GMG may, in its discretion, provide further discounts to residents and juniors for 18 hole, 9 hole or twilight play. The above rate for junior play shall not go into effect until either the Guam Legislature amends Public Law 21-18 to permit discounted

rates for juniors, or until the Attorney General opines that such rates do not violate Public Law 21-18.

5. The following interim preferential course reservation periods are hereby approved and adopted:

(a) GMG shall reserve for resident play each day fifteen (15) tee times between course opening and about 9:00 a.m.

(b) GMG shall also reserve for resident play each day five (5) tee times in the afternoon, except that at least twice weekly, on at least two non-holiday weekdays, the five (5) afternoon tee times shall be reserved for junior play.

(c) GMG shall also permit resident 9 hole play, at the rates for such play hereinabove provided in paragraph 3, commencing after 11:00 a.m. each day, and shall accept reservations for tee times for such play after 2:00 p.m., provided such tee times are available within the five (5) afternoon tee times reserved for resident or junior play in sub-paragraph 5(b) hereinabove.

6. GMG shall comply with all other terms, conditions and provisions of the Stipulation.

7. GMG's proposed rules and regulations for resident play (Exhibit "A" attached hereto) are hereby approved on an interim basis only, and are subject to further revision and approval by SALJ and GCG to conform with these Orders.

8. GMG shall pay all the Commission's expenses, including, without limitation, consulting and counsel fees and expenses and the expenses of conducting and transcribing its proceedings.

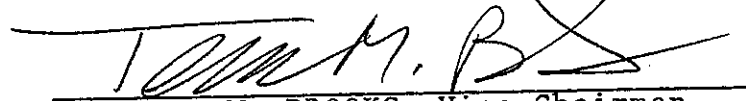
9. Regulated utilities are mandated by 12 GCS § 12024(b) with covering Commission administrative and regulatory expenses. After review, the Commission determines that GMG should cover twenty percent of the Commission's administrative expenses

(currently budgeted at \$120,000 for FY94). Accordingly, GMG is ordered to pay the Commission, no later than March 3, 1994, the sum of \$14,000 ($120,000 \times .20 \times 7/12$) to cover its responsibility for FY94.

10. This Decision and Order shall take effect on March 1, 1994 and shall remain in effect until further order of the Commission.

Entered this 25th day of February, 1994.

JOSEPH T. DUENAS, Chairman



TERRENCE M. BROOKS, Vice Chairman



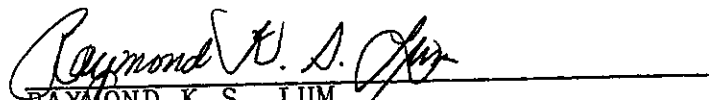
MARY LOUISE ANDERSON



VICENTE D. GUMATAOTAO



KATHLEEN M. PEREZ



RAYMOND K.S. LUM

D#2376U

GUAM MUNICIPAL GOLF, INC.

Service Rules And Regulations Governing Guam Resident
Access To And Rules For The Guam Municipal Golf Course.

PREFACE

The Rules reproduced herein have been regularly filed with the Public Utilities Commission of the territory of Guam and are the effective rules of Guam Municipal Golf, Inc. governing Guam resident access to and rates for the Guam Municipal Golf Course.

The Public Utilities Commission may amend or cancel these rules by formal procedure and Guam Municipal Golf, Inc. may amend or withdraw them after application to the Public Utilities Commission and receipt of authority for such action.

No officer, agent or employee of Guam Municipal Golf, Inc. has any authority to waive, alter or amend these rules, or any part thereof in any respect, except in the manner provided above.

Guam residents seeking access to, and utilizing, the Guam Municipal Golf Course must conform to and comply with these rules.

For information requesting interpretation or application of these rules, please call at the office of Guam Municipal Golf, Inc. or write to Guam Municipal Golf, Inc., Post Office Box 1701, Agana, Guam 96910.

EXHIBIT A

**GUAM MUNICIPAL GOLF, INC.
SERVICE RULES AND REGULATIONS
GOVERNING GUAM RESIDENT ACCESS AND RATES**

1. Definitions.

Juniors: Juniors are defined as Guam residents under the age of eighteen (18).

Residents: Guam residents or residents are defined as persons holding a valid Guam driver's license or a Guam resident identification card issued by the Guam Police Department or other duly authorized Government of Guam agency.

2. Preferential Tee Times. Guam Municipal Golf, Inc. shall reserve for resident play, subject to demand, twenty (20) tee times daily of which fifteen (15) shall be between opening in the morning and about two hours thereafter and of which five (5) shall be in the afternoon except that twice weekly, on at least two non-holiday weekdays, the five (5) afternoon tee times shall be reserved for juniors and will commence at about 2:00 p.m.

3. Reservations. The twenty (20) preferential tee times for residents shall be protected beginning the fourteenth (14th) day before the play date until 4:00 p.m. on the second (2nd) day before the play date except that preferential tee times for residents for Sunday play shall be protected until 4:00 p.m. the preceding Thursday.

Resident reservation bookings will be accepted daily, on a first come first served basis, by telephone or at the course in person, between the hours of 8:00 a.m. and 4:00 p.m. No resident may reserve more than one tee time (for a single, twosome, threesome, or foursome) for any day and only one reservation may be made by any one telephone call.

Tee times not reserved by 4:00 p.m. as above provided, will be released and made available for reservation by the general public, including non-residents, beginning at 8:00 a.m. the next day on a first come first served basis. If tee times are still available on the play day, walk-ons and standbys will be permitted to fill available slots on a first come, first served basis.

A reservation cancellation may be made without penalty up to 4:00 P.M. two days prior to play. A person making reservations without proper cancellation, or resulting in a no-show, may have his or her reservation privileges restricted for up to 30 days.

4. Resident Rates

*Green Fees:	
Weekday, Saturdays,	\$20.00
Sundays, Holidays	\$25.00
Junior Green Fee	
(Weekdays after 2:00 p.m.)	\$10.00
*Rental Cart	\$ 7.00
Club Rental	\$ 7.50
Shoe Rental	\$ 2.50
Locker Facility	\$ 3.00
Driving Range	\$ 3.00 per bucket

*18 holes

Residents, including juniors, are required to present their I. D. at check-in.

****NOTE:** Player will be charged for damage to or loss of carts, clubs, shoes or keys.

5. Conduct and Etiquette. Common sense and courtesy are the best assurance for a safe, enjoyable round.

A. Safety.

1. Cart Operations.

- a. Carts must be kept on the cart paths.
- b. Only two riders to a cart.
- c. Set brakes before leaving cart.
- d. Avoid quick, sharp turns.
- e. Feet and arms must be kept inside the cart when the cart is moving.
- f. Passenger should be safely seated before starting off.
- g. Persons under the age of sixteen (16) are not permitted to drive carts.
- h. Carts should be parked on cart paths behind or to the side of greens so that players finishing are walking away from the on-coming group. This approach will aid in safeguarding players and speeding up play.
- i. After finishing a hole, players should proceed immediately to the next hole, or the clubhouse if it's the finishing hole.

2. Traffic and safety signs must be obeyed.

3. A group following must ensure that the group in front is out of range before hitting their balls.

4. All juniors under the age of 16 must be accompanied by a supervising adult while on the course.

5. Smoking on the course will be restricted to inside carts.

B. Course Etiquette.

1. Divots must be replaced.

2. Ball marks on greens must be repaired.

3. Sand traps must be raked after use.

4. Slow play will not be tolerated. If the next hole is clear, the slow group may be directed to pick up its pace, or advance to the next hole, or allow the groups following to play through.

5. A group must have at least two (2) players, but no more than four (4), unless otherwise authorized by management.

C. Dress Code. Proper golf attire will be required. Sleeveless shirts, tank tops and swimwear are not permitted. Shirts must be worn at all times. Golf shoes or other suitable shoes will be required during play.

**NOTE: Metal-spiked shoes are not allowed on carpeted areas in the clubhouse.

Players disregarding any of the above or instructions

from the course marshal or management may be required to leave the course.

D. Course Closure. There may be times when players safety or course unplayability will force management to close the golf course. Rainchecks will not be given once a player commences play. Major construction or repair work may also be a reason to close the course if players' or workers' safety is at risk.

E. Tournament Play.

1. Island-Wide Tournaments. Guam Municipal Golf, Inc., during resident tee-time reservation periods, shall allow no less than two and no more than four island-wide tournaments a year. The organizing group must be a non-profit charitable organization registered as such with the Guam Department of Revenue and Taxation. Any such tournament to be considered must be open to all residents of Guam. GMG may set limits regarding number of participants, tournament format, time of day or any other item which GMG deems reasonable given course limitations and requirements. Such island-wide tournaments will be considered as part of GMG's resident access requirements.

2. Mini-Tournaments. In addition to the Island-wide Tournaments, GMG may consider smaller, or mini-tournaments. Such tournaments may include golf association membership tournaments. Such tournaments may be conducted as

long as GMG remains in compliance with PUC orders regarding rates and access.