

**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
FEBRUARY 1, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**



MINUTES

A special meeting of the Guam Public Utilities Commission was convened at 6:00 p.m. on February 1, 2005 pursuant to due and lawful notice. Commissioners McDonald, Lim, Perez, Crisostomo and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made *Attachment A*.

1. Approval of minutes.

After review and discussion of the minutes of the October 14, 2004 meeting and on motion duly made, seconded and unanimously carried, the Commission resolved to approve the minutes.

2. Guam Waterworks Authority.

GWA has requested PUC approval of two procurements, pursuant to PUC's December 16, 2003 contract review protocol:

- a. A procurement to construct a Santa Rita transmission line [\$1.95 million], which would be funded by \$1,450,000 in General Fund revenues and \$500,000 in GWA internal funds. The project would resolve the chronic Santa Rita water problems.
- b. A \$1.872 million equipment loan to fund the purchase of overflow prevention equipment, vehicles and generator equipment. MSG [the meter financier] has won the procurement bid for this loan, which would be made under the meter financing documentation at an interest rate of 6.05%. The overflow equipment and vehicles were reviewed and approved in the October 2004 rate proceeding. The generator equipment is required under EPA order.

Georgetown has reviewed the above procurements and by January 24, 2005 letter has recommended their approval. After discussion, and on motion duly made, seconded and unanimously carried, the Commissioners resolved to approve the procurements, subject to the requirements of its contract protocol order.

3. Guam Power Authority.

a. LEAC Housekeeping Order.

The Commissioners considered an administrative order, which would clarify that in the event a semi-annual LEAC Order is not entered prior to the end of an existing LEAC factor Order, then the existing LEAC factor would remain in force and effect until a new order is entered. After discussion and on motion duly made, seconded and unanimously carried, the Commissioners resolved to adopt the order made *Attachment B*.

b. Procurements.

GPA has requested PUC approval, pursuant to PUC's December 16, 2003 contract review protocol, of its FY05 CIP cap [\$13.5 million] and two procurements [\$4.6 million for internally funded vehicles and \$1.94 million for the *San Vitores to Macheche Underground Conversion Project* (90% FEMA funded)]. By December 30, 2004 letter, Georgetown reports that it has reviewed the proposed cap and procurements and recommends their approval. Commissioner Lim requested that GPA file a letter report on how the vehicle procurement squares with the privatization of GPA's transportation department [as approved by PUC on March 31, 2004]. After discussion and on motion duly made, seconded and unanimously carried, the Commissioners resolved to approve the GPA procurements and the FY05 CIP cap.

4. Guam Telecommunications Act of 2004.

a. Docket 05-01 [Order Instituting Regulatory Proceedings].

In furtherance of a January 25, 2005 workshop, the Commissioners again reviewed a January 24, 2005 ALJ report on PUC's new regulatory responsibilities under the Guam Telecommunications Act of 2004 [P.L. 27-110 - "Act"], P.L. 27-109 and under the Asset Purchase Agreement, by which TeleGuam Holdings LLC purchased Guam Telephone Authority.

After review and discussion of the ALJ Report, which recommends a course of regulatory action to implement the Act, the Commissioners on motion duly made, seconded and unanimously carried, resolved to adopt the Order, including each of the "determinations" stated therein, in form made *Attachment C*. With regard to paragraph 4 of the Order, it was decided that PUC Administrator would serve as interim PUC representative to the Territorial Transportation and Communications Coordinating Council. ALJ reported that

the rules, which he is directed by the Order to prepare, should be ready for public hearing during the April regulatory session.

b. Docket 05-03 [GRT Dispute]

The Commissioners next considered an ALJ Report dated January 31, 2005, which reviews and recommends regulatory action in response to TeleGuam's decision to assess its intrastate telecommunications services customers for its 4% GRT liability, without first complying with the requirements of 12 GCA 12106, and related issues. The Report contains the positions of Georgetown and TeleGuam on the subject. After careful review and discussion of the Report and of the proposed Order presented by ALJ, and on motion duly made, seconded and unanimously carried, the Commissioners resolved to adopt the Order, including the 12 determinations contained therein, in form made *Attachment D*.

5. E911 [Docket 99-10].

ALJ reported that collection agents' compliance with reporting requirements under PUC's June 24, 2002 Order, as amended, has deteriorated. Moreover, agent's refusal to collect and remit the 911 surcharge on prepaid cellular accounts in accordance with PUC's June 24, 2002 Order is a chronic problem. PUC's only current remedy in the face of these violations is to refer them to the Attorney General's Office. ALJ and Chairman Brooks plan a courtesy visit with Vice Speaker Brown, who has utility oversight, to review proposed legislation to enable PUC to enforce its 911 orders. This legislation has been recommended on three occasions by PUC for Legislative consideration.

6. Administrative Business.

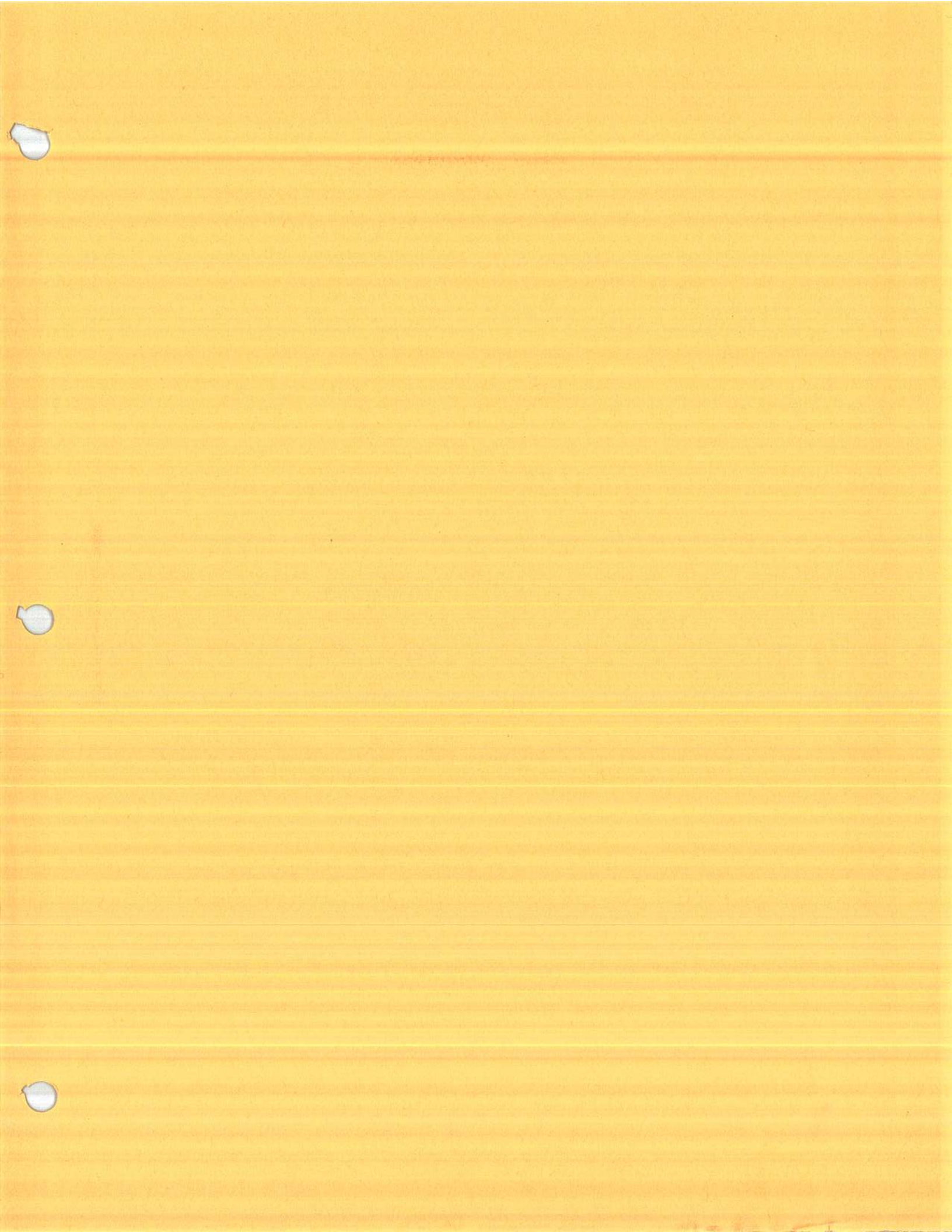
After discussion and on motion duly made, seconded and unanimously carried, the Commissioners resolved to make the following administrative decisions:

- a. PUC regretfully accepted Commissioner Woo's January 10, 2005 resignation and adopted a resolution in recognition of his community service, in form made *Attachment E*.
- b. Chairman Brooks is authorized: i] to purchase a new CP to replace the one being used by Georgetown, under budget not to exceed \$1,000; ii] to procure consulting services to create a PUC website under budget not to exceed \$5,000; and iii] to apply for Directors and Officers liability insurance for PUC.

- c. The January 12, 2005 report from CPA George Kim was accepted, with the understanding that it would be revised upon PUC receipt of cancelled checks for July and November 2004 from PacificBank.
- d. As a housekeeping matter, PUC confirmed that Administrator Palomo's contract term has been extended for another twelve month period, commencing December 13, 2004, which is consistent with its decision at the October 14, 2004 meeting to increase her compensation under the contract to \$32,000 per annum, commencing October 1, 2004.

There being no further business, the meeting was adjourned.

Terrence Brooks
Chairman



PUBLIC UTILITIES COMMISSION

**SPECIAL MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

6:00 p.m. February 1, 2005

AGENDA

- 1. Approval of minutes of October 14, 2004 special meeting**
- 2. Guam Waterworks Authority:**
 - . **Santa Rita transmission line [\$1.45 million]**
 - . **\$1.8 million equipment loan**
 - . **Privatization legislation [draft]**
- 3. Guam Power Authority**
 - . **LEAC housekeeping order**
 - . **Georgetown review of GPA procurement issues:**
 - . **FY05 CIP ceiling [\$13.7 million]**
 - . **San Vitores - Macheche conversion project [\$1.6 million]**
 - . **Vehicle procurement [\$4.5 million]**
- 4. Guam Telephone Authority [new]**
 - . **Order Instituting Regulatory Proceedings [Docket 05-01]**
 - . **GTA gross receipts tax dispute [Docket 05-03]**
ALJ report
- 5. E911 - Georgetown report**
- 6. Administrative business.**
 - . **Gerald Woo - resignation. Resolution commending service.**
 - . **Consulting services to establish PUC web-site**
 - . **Computer purchase - Madan letter**
 - . **Quarterly accounting review letter**
 - . **Directors and officers insurance**
 - . **PUC Administrator - contract extension**
- 7. Other Business**

**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
OCTOBER 14, 2004
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

MINUTES

A special meeting of the Guam Public Utilities Commission was convened at 6:00 p.m. on October 14, 2004 pursuant to due and lawful notice. Commissioners McDonald, Woo, Lim, Cantoria, Perez, Crisostomo and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made *Attachment A*.

1. Approval of minutes.

After review and discussion of the minutes of the July 20, 2004 meeting and on motion duly made, seconded and unanimously carried, the Commission resolved to approve the minutes.

2. Guam Waterworks Authority.

a. Water Meter Financing.

Guam Waterworks Authority [GWA] is required by section 14 of the District Court's June 5, 2003 *Stipulated Order For Preliminary Relief* in Civil Case 02-35 to implement a water meter improvement program, which will ensure that the water system has accurate and accessible water meters. GWA has petitioned PUC for approval of short-term financing for the \$14.7 million acquisition cost of water meters with radio frequency transmitters and drive-by reading system. PUC approval is required by 12 GCA 12004. As a condition for its approval, PUC requires comfort from GWA's financial advisor [*Banc of America Securities - BOA*] and PUC's regulatory consultant [*Georgetown - GCG*] that the transaction terms and issuance costs are reasonable.

In order to facilitate the prompt regulatory consideration of this transaction, PUC considered a Resolution [*Attachment B*], by which it would be approved, subject to the condition that comfort is provided by BOA and GCG to the reasonable satisfaction of PUC's administrative law judge [ALJ]. After discussion and on motion duly made, seconded and carried, PUC voted to adopt and implement the Resolution.

Commissioner Woo then excused himself and left the meeting.

b. GWA Rate Petition.

The commissioners next considered an order, in form made *Attachment C*, which addresses GWA's August 20, 2004 petition for a 10% rate increase. ALJ summarized the order and the joint GWA/GCG stipulation dated October 8 2004, on which the order is based. The order presents eleven determinations and fourteen order provisions, each of which were separately discussed and adopted by unanimous vote. Technical and clerical amendments were authorized. After this review and on motion duly made, seconded and unanimously carried, the commissioners resolved to adopt the order.

3. Guam Power Authority.

a. LEAC.

ALJ presented for the commissioners' consideration a proposed order, in form made *Attachment D*, which addressed the following regulatory matters:

- i. The establishment of the LEAC factor for the period October 1, 2004 through March 31, 2005. GPA has request that the current factor remain in place. Although the factor would produce \$2 million dollars more than forecasted to be necessary to cover fuel expenses during the cycle, GPA and GCG submit that the volatility in fuel prices and GPA's loss of its hedging contract in December justify leaving the rate in place as a cushion against these impending risks.
- ii. GPA and GCG urge PUC to defer consideration of GPA's comprehensive generation management plan, generation performance standards and the determination of GPA's entitlement to recover deferred fuel expenses in the current LEAC cycle until the January 2005 regulatory session.
- iii. GPA requests that the deadline for the commencement of Cabras 3 & 4 private management be delayed until December 1, 2004.
- iv. In its September 21, 2004 report GCG expresses concern over GPA's increased line losses. A three percent reduction in losses would result in fuel savings of about \$3 million per

year. GCG urges PUC to require GPA to create an action plan to address this problem and to issue regular reports to PUC.

- v. At the October 1 2004 public hearing, GPA and GCG adjudicated the question of whether GPA should be permitted to continue recovery of the expense of lubrication oil used in Cabras 3&4 combustion process under LEAC.

The commissioners addressed the above regulatory matters by review of the five determination and five order provisions contained in the order. After discussion, each of the determinations and order provisions were unanimously adopted, except determination five and order provision two [concerning lube oil], which were supported by all except Commissioner Lim, who asserted that lube oil should be funded through base rates.

b. Commercial Paper Program.

On September 28, 2004 GPA petitioned PUC for authorization to convert its tax-exempt commercial paper program into a taxable program to fund short-term cash requirements. The commissioners reviewed a proposed Resolution by which it would approve the transaction, subject to the resolution of concerns raised by GCG and GPA. After discussion and on motion duly made, seconded and unanimously carried, the commissioners resolved to adopt and implement the resolution in form made *Attachment E*.

4. Guam Telephone Authority.

The commissioners next reviewed an administrative resolution, in form made *Attachment F*, by which it would prepare for the enactment of Bill 367 [An Act To Promote Competition and Reduce Regulation In Order To Secure Lower Prices And Higher Quality Telecommunications Services.] Under the bill, PUC would assume new regulatory authority over GTA's purchaser and over Guam telephone companies. Chairman Brooks has assured Speaker Pangelinan that PUC is ready, willing and able to discharge its duties under the legislation. After discussion and on motion duly made, seconded and unanimously carried, the commissioners resolved to adopt the administrative resolution.

5. Other Business.

- a. Staffing studies [P.L. 26-23].

P.L. 26-23 requires PUC to conduct an annual comparative review of GPA, GTA and GWA's staffing patterns. By letter reports dated October 12, 2004, GCG advised PUC that the utilities' staffing patterns were comparable or lower than the levels, which it found to be reasonable in its FY03 studies. Accordingly, GCG has concluded that no useful purpose would be served by conducting the studies in FY05. After discussion, the commissioners adopted GCG's finding and recommendation. ALJ was directed to publish notice of this finding pursuant to the requirement of P.L. 26-23.

b. FY05 Administrative Budget.

The commissioners next considered PUC's FY05 administrative budget and the assessment order by which the budget would be allocated and assessed among GTA, GPA and GWA. After discussion, and on motion duly made, seconded and unanimously carried, the commissioners resolved to adopt the FY05 administrative budget in form made *Attachment G* and the assessment order in form made *Attachment H*.

c. GCG Restitution Balance.

The restitution balance, which is due GCG - the payment of which was frustrated by Ms. Leon Guerrero's embezzlement - stands at \$7,191.67. The commissioners recognize and appreciate GCG's patience in agreeing to recover this compensation [originally \$46,137.37] over time under the terms of a court approved restitution agreement. Given that PUC has cash reserves in its administrative account, it directed the administrator to pay off the \$7,191.67 balance due GCG. PUC will then retain the \$17,191.67 balance due from Ms. Leon Guerrero under her court approved restitution agreement with PUC.

There being no further business, the meeting was adjourned.

Terrence Brooks
Chairman

Harry M. Boertzel, ALJ
January 24, 2005
Page 1 of 2

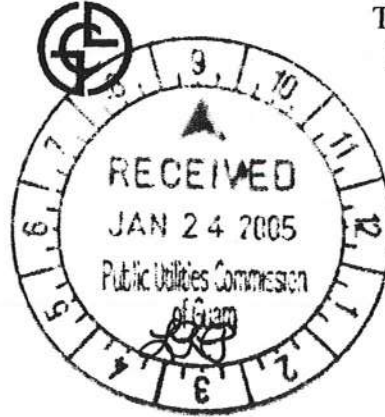
GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier

Edward R. Margerison
Jean Dorrell

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam96932

Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net



January 24, 2005

Re: FY 2005 GWA CIP and Short Term Loan Approvals – Docket 04-01

Dear Harry:

In a letter dated January 18, 2005, GWA through its General Manager, Mr. Craddick, requested that the PUC grant GWA the authority to move forward with two equipment loans of \$900,000 each for a total of \$1.8 Million for the following:

1. \$900,000 for the purchase of overflow prevention equipment and vehicles;
2. \$900,000 to purchase generator equipment.

The \$900,000 for overflow prevention equipment and vehicles was identified in the September 2004 rate investigation (interim Financial Plan) and was identified as a use of funds in the PUC's Order. The additional \$900,000 for generator equipment has become urgent because GWA has until the end of January 2005 to identify a source of financing and place an order for the generators in order to comply with the EPA's implementation schedule. A bond sale was originally identified as the source of funding for these generators and the issuance of the proposed bonds has been delayed until the summer of 2005. It is our understanding that GWA intends to use either a short-term loan for the acquisition of the generators or will use internal funds that will be replenished with the borrowing when it occurs.

We recommend that the PUC grant GWA the authority to acquire both of the loans requested. GWA has indicated that GEDCA has recently issued a RFP on behalf of GWA for these loans and has determined that the most responsive bidder was MSG – the company that has been awarded the meter financing contract. A review of their proposal indicates a proposed financing of \$1.872 Million at an interest rate of 6.05% and an amortization period of 10 years. MSG states that the loan documents for the meter financing constitutes a master lease that would permit the additional financing contemplated by GWA.

In addition to the above, GCG and GWA have had conferences to discuss the non- Stipulated Order projects that require PUC approval. GWA is in the process of providing GCG with

Harry M. Boertzel, ALJ

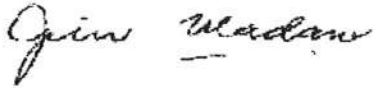
January 24, 2005

Page 2 of 2

requested responses to discovery and GCG will be in a position shortly to issue a report on its recommendations to the PUC. There is one specific project for which GWA has requested immediate PUC approval – the Santa Rita transmission line. GWA has represented that it has received approximately \$1.45 million from the legislature from unused funds from a prior bond issue to undertake a major piece of the overall project to bring a permanent solution to the water problems of Santa Rita (completion of a transmission line to the Ugum Reservoir). An additional \$500,000 of GWA funds will be required to complete the project. The original source of the \$500,000 was to be external financing by GWA that has now been delayed. GWA has requested that it be permitted to use internal funds, if necessary, that will be replenished with external financing when accomplished. We recommend that GWA's request for approval for its \$500,000 portion of the project be approved.

If you wish to discuss any and all of the above, please do not hesitate to call.

Cordially,



Jamshed K. Madan

Cc: William J. Blair, Esq
Sam Taylor, Esq.
David Craddick, Gen. Mgr. GWA
Randy Wiegand, CFO GWA
Ed Margerison, GCG

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN

2005 First Regular Session

Bill No. [•] (COR)

DRAFT

Introduced by: _____

**AN ACT AUTHORIZING A PUBLIC-PRIVATE PARTNERSHIP BY
CONCESSION OVER THE WATER AND WASTEWATER SYSTEMS
OF THE GUAM WATERWORKS AUTHORITY.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. Public Law 23-119:1 established the Guam Waterworks Authority ("GWA") as an autonomous government agency in 1996, which subsequently became a public corporation under Public Law 26-76 in 2002, to produce, treat, transmit, store, distribute and sell water within Guam as well as collect, treat and dispose of wastewater within Guam. As a result of repeated violations by GWA of the Clean Water Act (33 United States Code ("U.S.C.") §§ 1251 - 1387), the Safe Drinking Water Act (42 U.S.C. §§ 300f - 300j) and conditions under the National Pollution Discharge Elimination System Permits issued to GWA, the United States Government filed a civil action seeking injunctive relief and the assessment of civil penalties against GWA and the Government of Guam. To enforce compliance and mitigate the grave public health risks as well as the general endangerment of the People of Guam that such violations created, the United States Government sought in its complaint both a preliminary and permanent injunction as well as the appointment of a receiver. The United States Government, the Government of Guam and GWA subsequently agreed to enter into a Stipulated Order for Preliminary Relief, dated June 5, 2003, as the most appropriate way to ensure that GWA implemented short-term projects and initial planning measures, which begin to address the foregoing compliance issues (the "*Stipulated Order Issues*"). While GWA achieved many of the scheduled objectives of the Stipulated Order for Preliminary Relief, and notwithstanding the fine efforts to date by GWA's employees, the Consolidated Commission on Utilities ("CCU") decided to explore a public-private partnership as an appropriate way for GWA to

provide the level of service expected by its rate-payers and otherwise address the Stipulated Order Issues on a sustained, long-term basis. By resolution dated May 25, 2004, the CCU determined that a public-private partnership by concession may best serve the long-term interests of GWA's rate-payers. *I Liheslaturan Guåhan* finds that neither Public Law 24-37 nor Public Law 24-294 (authorizing private sector participation through the use of the Build-Operate-Transfer concept to design, construct and operate water and wastewater projects on Guam) provide the basis for the award of such concession. *I Liheslaturan Guåhan* further finds that a concession may provide GWA with the most effective means to resolve the Stipulated Order Issues, improve water and wastewater services for GWA's customers, introduce efficiency into GWA's operations, minimize the potential for unwarranted political interference with GWA's operations, protect the People of Guam's interest in Guam's water resources and reduce the long-term rate levels paid by GWA's customers. *I Liheslaturan Guåhan* desires to establish a legislative framework that may allow the private sector to operate, maintain, design, construct, improve, manage, rehabilitate, expand, finance, repair and refurbish all, or any part, of GWA's water production, treatment, transmission and distribution systems as well as its wastewater collection, treatment and discharge systems on a long term and economically viable basis through the award of a concession over GWA Systems and grant of a water and wastewater service franchise.

Section 2. Definition of Terms. The following terms used in the Act shall have the meaning stated below:

- (a) **"Concession"** shall have the meaning defined in Section 3 (*Public-Private Partnership by Concession*);
- (b) **"Concession Agreement"** means the agreement, as amended from time to time, between GWA and the Concessionaire that sets forth the terms and conditions under which GWA grants, and the Concessionaire accepts, the Concession over GWA Systems;
- (c) **"Concession Fee"** shall have the meaning defined in Section 3(f);

- (d) **"Concessionaire"** means the privately-held corporation or partnership, organized and existing under the laws of Guam and appointed by GWA as the concessionaire under the Concession Agreement;
- (e) **"CCU"** means the Consolidated Commission on Utilities, established under Public Law 26-76, and any successor or assignee of the CCU in respect of the rights and obligations of the CCU acquired and imposed pursuant to this Act;
- (f) **"Employee Coordinating Committee"** or **"ECC"** shall have the meaning defined in Section 5 (*Role of GWA Employees*);
- (g) **"Franchise"** shall have the meaning defined in Section 6 (*Water and Wastewater Service Franchise*);
- (h) **"GWA"** means Guam Waterworks Authority, established under Public Law 23-119:1, as amended from time to time;
- (i) **"G.C.A."** means the Guam Code Annotated;
- (j) **"Government"** means the Government of Guam;
- (k) **"GWA Employee Transfer Terms"** shall have the meaning defined in Section 3(c);
- (l) **"GWA Systems"** means all or substantially all of GWA's fixed and movable assets including GWA's real property interests, the water production, treatment, transmission and distribution systems as well as the wastewater collection, treatment and discharge systems owned by GWA whether now possessed or hereinafter acquired as further defined in the Concession Agreement;
- (m) **"PUC"** means the Guam Public Utilities Commission, established under Public Law 17:74, as amended;

- (n) **"Rate Stabilization Agreement"** means the rate agreement, as amended from time to time, between the PUC and the Concessionaire as further described in Section 7 (*Rate Stabilization*) and Section 8(c) (*Pledge and Agreement by Government*);
- (o) **"RFP"** shall have the meaning defined in Section 4(c) (*Request for Proposals*);
- (p) **"Stipulated Order"** means the Stipulated Order for Preliminary Relief, dated June 5, 2003, as amended from time to time, approving the agreement between United States Government and GWA under which GWA has agreed to implement short-term projects and initial planning measures that begin to address certain environmental compliance issues; and
- (q) **"Transaction Documents"** means the Concession Agreement and any other agreements/legal instruments (as each may be amended from time to time) deemed necessary by the CCU for the award of the Concession over GWA Systems other than the Rate Stabilization Agreement.

Section 3. Public-Private Partnership by Concession. GWA shall enter into a public-private-partnership by a concession that provides a private contractor with the right to operate, maintain, design, construct, improve, manage, rehabilitate, expand, finance, repair and refurbish the GWA Systems as further defined in a Concession Agreement (the "*Concession*") in accordance with the following guidelines and principles:

- (a) GWA shall (i) retain ownership over all of the real property assets and fixtures that comprise GWA Systems and lease such assets and fixtures to the Concessionaire during the Concession period, and (ii) continue to exist as a public corporation, which among other things administers the Concession Agreement as well as the other Transaction Documents during the Concession period;
- (b) The Concession shall uphold the principle that the water resources in Guam constitute a public asset and belong to the People of Guam. While the Concessionaire shall enjoy the same priority of use of such resources as GWA, the Concessionaire shall not receive any ownership interest in such water resources;

- (c) Subject to Section 13 (*Conflict of Interest*), the Concessionaire shall make a good faith offer of employment to each member of GWA's work force whose employment by GWA may be terminated as a consequence of the award of the Concession on terms and conditions (the "*GWA Employee Transfer Terms*") that meet or exceed the GWA compensation and benefits program, which applies to such member immediately prior to such award;
- (d) The Concession period shall extend for a period of up to 25 years with the option to extend for an additional period to be negotiated between GWA and the Concessionaire and based on satisfactory performance of the Concessionaire and the approval of the CCU;
- (e) The CCU shall select the Concessionaire through a transparent and competitive bidding procedure. Each bidder, or any number of members of a bidding consortium, (as the case may be) shall (i) satisfy minimum net asset value or market capitalization requirements, (ii) demonstrate substantial experience and expertise with the management, operation and maintenance of major water and wastewater projects, and (iii) possess a good reputation within, and/or outside, the United States market as a major independent water and wastewater service provider, in each case as further prescribed by the CCU in the pre-qualification and bidding rules;
- (f) The Concessionaire may be required to remit a fee (the "*Concession Fee*"), which among other things: (i) provides compensation for the grant of the Concession and lease over the GWA Systems; (ii) reimburses GWA for its transaction costs arising out of the preparation and award of the Concession, (iii) allows GWA to take out its outstanding indebtedness, (iv) funds GWA's operation costs during the Concession period, and (v) provides any other form of consideration for the award of the Concession that the CCU may deem appropriate, in each case as further described in the Transaction Documents;
- (g) The Concession Agreement shall obligate the Concessionaire to comply with the requirements of the Stipulated Order and all applicable Federal and local laws; and

- (h) To the extent required by applicable law, the United States Environmental Protection Agency shall have consented to the terms and conditions for the award of the Concession.

Section 4. Transaction Process

(a) **Management.** The CCU shall have the authority to develop a transaction structure, market the Concession opportunity to potential bidders, oversee the preparation of all bidding documents (including the request for proposal, information memorandum, and draft Transaction Documents), pre-qualify potential bidders, administer due diligence activities, negotiate terms of the Transaction Documents and otherwise manage the entire transaction process through the award of the Concession and subsequent turnover of GWA Systems to the Concessionaire. The CCU shall also formulate and prescribe rules for the pre-qualification of potential bidders as well as bidding rules for the selection of a preferred bidder consistent with this Act which shall not be subject to the Administrative Adjudication Law as provided in Chapter 9, Title 5 of the G.C.A. The CCU or its designee(s) shall serve as a single point of contact between the Government and potential offerors and subsequently with pre-qualified bidders as well as the preferred bidder.

(b) **Pre-Qualification.** The CCU shall pre-qualify potential bidders that express their interest based on objective selection criteria, which among other things shall (i) conform to the requirements established in Section 3(e) above, (ii) prohibit the participation of Ineligible Offerors described in Section 13 (*Conflict of Interest*) of this Act, and (iii) otherwise ensure that only world class private operators, or a bidding consortium with a world class private contractor as a member, qualify for the opportunity to bid for the Concession. To commence the pre-qualification process, the CCU shall arrange for the publication of an announcement requesting the submission of expressions of interest for the Concession from potential bidders in at least three major financial publications, one major trade magazine or journal, and one newspaper published in Guam.

(c) **Request for Proposals.** After the selection of pre-qualified bidders, the CCU shall prepare (to the maximum extent possible) a final set of terms and conditions for the Transaction Documents based on consultations with pre-qualified bidders prior to the issuance of the Request for Proposal ("RFP"). During such consultations, the CCU will seek to establish through an inter-active process the most favorable terms and conditions for GWA's rate-payers on all non-bid price terms, including, but not limited to, Stipulated Order compliance, GWA System performance, water and wastewater service targets, the GWA Employee Transfer Terms, protection of existing annuities and other benefits received by retired GWA employees, continuity of service during system turnover, responsibility for environmental liability and changes-in-law, reduction of non-revenue water, performance bond coverage, buy-out pricing, base rate adjustments, extra-ordinary rate adjustments, fixed rate periods, customer service levels, responsibility for bulk water supply, GWA's liability for default and any other requirement that the CCU may deem appropriate. The RFP may consist of among other things: (i) an invitation to submit a final bid for the Concession based (to the maximum extent possible) on financial criteria such as the lowest rate to be paid by rate-payers as well as any other criteria that the CCU may deem appropriate; and (ii) the Concession Agreement, other Transaction Documents (which shall include provisions that address the GWA Employee Transfer Terms) and a Rate Stabilization Agreement (approved by the PUC in accordance with Section 7(c) (*Regulatory Procedure*)). In addition to an order of the PUC that approves the Rate Stabilization Agreement, the CCU shall also obtain the Employee Coordinating Committee's approval of the GWA Employee Transfer Terms that form part of the Transaction Documents before the CCU issues the RFP to pre-qualified bidders; *provided, however*, that the ECC shall be deemed to have automatically given such approval if either (i) the ECC fails to take affirmative action on the GWA Employee Transfer Terms within 21 calendar days of the CCU's solicitation for approval, or (ii) the ECC by affirmative action withholds its approval of GWA Employee Transfer Terms that, in the reasonable opinion of the CCU, satisfy the criteria in Section 3(c).

(d) **Selection of Preferred Bidder.** The selection of the preferred bidder and the award of the Concession over GWA Systems shall not be subject to the

requirements of Chapter 5 of Division I, Title 5 of the G.C.A.,¹ or its companion rules and regulations. Upon its receipt of proposals from pre-qualified bidders, the CCU shall rank each responsive proposal and select a preferred bidder in accordance with the selection criteria set forth in the bidding rules prepared by the CCU.

(e) **Government Approval.** Upon the selection of a preferred bidder, the CCU shall obtain the Government's approval by statute of the Transaction Documents to be signed by the preferred bidder; *provided, however*, that the Government shall be deemed to have automatically given such approval if (i) the Government fails to enact legislation in response to the CCU's solicitation of approval within 45 calendar days of the date when the CCU transmits such solicitation to the Speaker of the Legislature, and (ii) the Governor approves such Transaction Documents.

(f) **Award.** Upon the Government's approval of the Transaction Documents, the CCU shall arrange for the satisfaction or waiver of all conditions precedent for the award of the Concession. Thereafter, GWA shall have the authority to award the Concession to the Concessionaire pursuant to the Concession Agreement. In the event that the preferred bidder cannot satisfy its conditions precedent within the time frame prescribed in the bidding documentation or the Transaction Documents (as the case may be), CCU may in its discretion cause GWA to terminate its relationship with the preferred bidder and repeat the process set forth in clause (e) above and this clause (f) with the next highest ranked bidder, and (if necessary) with each additional bidder according to their ranked status, until the award of the Concession.

Section 5. Role of GWA Employees.

(a) **Employee Coordinating Committee.** A coordinating committee (the "*Employee Coordinating Committee*" or "*ECC*") shall represent, and act for and on behalf of, GWA employees during the transaction process. The ECC shall consist of a minimum of five members and maximum of [•] members employed by GWA and elected by the GWA employees. As by-laws governing the ECC's deliberation, (i) the

¹ Guam procurement laws.

affirmative vote of at least a majority of members in attendance at any meeting shall be necessary for any action taken by the ECC, (ii) the ECC members shall appoint one member (the "Chairperson") to chair all meetings, (iii) the Chairperson (or his or her designee) shall have the authority to convene meetings of the ECC by providing each other member with at least 24 hour prior notice with an agenda of matters for resolution or discussion and delivering a copy of same to the CCU's Transaction Sub-Committee, and (iv) the Chairperson shall cause written minutes of all actions taken to be prepared and delivered to each ECC member with a copy delivered to the CCU's Transaction Sub-Committee. The ECC shall negotiate the GWA Employee Transfer Terms with the CCU for inclusion in the Transaction Documents.

(b) **Employee Financial Advisor.** GWA shall hire, and pay for, a financial advisor (the "Employee Financial Advisor") who shall advise the ECC on the development and approval of the GWA Employee Transfer Terms, which satisfy the criteria in Section 3(c). Neither the Guam Procurement Act as provided in Title 5 of the G.C.A. nor the Guam Administrative Regulations that govern procurement shall apply to the procurement by GWA of the Employee Financial Advisor. The ECC shall provide input into the request for proposal distributed by GWA for the procurement of services to be provided by the Employee Financial Advisor.

(c) **Transaction Participation.** Each member of the Employee Coordinating Committee shall have a right to participate in the transaction process by attending regular meetings of the Communications Sub-Committee, established by the CCU to promote transparency and solicit stakeholder input during the preparation and issuance of the RFP for the award of the Concession.

Section 6. Water and Wastewater Service Franchise.

(a) **Establishment.** Subject to the laws of Guam and the United States, *I Liheslaturan Guåhan* hereby constitutes and establishes a water and wastewater service franchise (the "Franchise") which shall confer upon the holder thereof the privilege and right to (i) produce, treat, transmit, store, distribute and sell water to, as well as collect, treat and dispose of wastewater within the Service Area as a regulated common water and wastewater service provider, (ii) establish, modify

from time to time (with the approval of the PUC) as well as bill and collect from customers within the Service Area, reasonable rates and charges for water and wastewater services at levels consistent with the PUC's rate-setting policy, (iii) construct necessary works along or across any street or public highway or watercourse or public utility easement, or over any lands owned by the Government, (iv) construct necessary works on United States lands to the same extent as the Government may perform such works, (v) alter and redesign the GWA Systems, and (vi) conduct exploratory drilling, install pumps and extract bulk water from groundwater sources, on and underneath property possessed by the Government. "Service Area" means the entire Island of Guam; *provided, however*, that the Franchise holder shall have obtained approval from the United States Government before exercising any of its Franchise rights within real estate possessed by the United States Government or any branch or subdivision thereof.

(b) **Exclusivity.** The Franchise shall confer exclusive rights on the holder thereof, *provided, however*, that such exclusivity shall not limit, or impair, the right of other parties to (i) produce, distribute and/or sell bottled drinking water, or (ii) provide sanitation or plumbing services on customers' premises, in each case within the Service Area.

(c) **Transfer and Term.** On the date that GWA awards the Concession to the Concessionaire in accordance with Section 4(f) (*Award*), the Franchise shall automatically transfer by operation of law to the Concessionaire, which shall enjoy all of the rights and privileges of a holder of such Franchise, and the Concessionaire shall acknowledge its acceptance of the Franchise in the Concession Agreement. The term of the Franchise shall commence on the date of such award and expire upon the expiration or early termination of the Concession period as defined in the Concession Agreement.

(d) **Suspension.** The powers conferred on GWA under Sections 14104 (a), (d), (f) and (k) of 12 G.C.A.² shall be suspended and cease to have legal effect during the term of the Franchise.

(e) **No Assignment / Change-in-Control.** Except as otherwise provided in any Transaction Document, the Concessionaire shall not assign, sell or otherwise transfer the Franchise, or any of the rights or privileges arising thereunder, to any other party, nor merge with any other party, nor shall a direct or indirect controlling interest in the Concessionaire be transferred in whole or part, to any other party without prior CCU approval during the term of the Franchise.

(f) **Franchise Fee.** In an effort to ensure that the Concessionaire may provide water and wastewater services to its customers at the lowest possible rates and subject to Section 3(f), *I Liheslaturan Guåhan* waives payment by the Concessionaire of any fee or other consideration for the transfer and grant of the Franchise.

(g) **Regulatory Oversight.** For so long as the Concessionaire holds the Franchise (i) the PUC shall have regulatory oversight supervision over the Concessionaire which shall have the status of a "Public Utility" under 12 G.C.A. §12000(a), and (ii) GWA shall remain as a Public Utility under such law to the extent required to effectuate the intention of this Act.

(h) **Indemnity.** Prior to the award of the Concession, the Concessionaire shall have entered into an agreement with the Government, acting through the Governor, to indemnify, defend and hold harmless, the Government and all of its agencies, political subdivisions and corporations and any of their officers, employees and other representatives against personal injury, property damage and death directly or indirectly arising out of the exercise by the Concessionaire of its rights and privileges under the Franchise.

(i) **Restricted Activities.** The Concessionaire shall not distribute and/or sell bottled drinking water produced from water resources within Guam without the prior approval of the CCU.

² Clauses (a), (d), (f) and (k) confer upon GWA the powers enumerated in Section 6(a)(i)-(vi) above.

Section 7. Rate Stabilization.

(a) **General.** On or prior to the Concession award date, the Concessionaire and PUC shall enter into an agreement (the "*Rate Stabilization Agreement*") that establishes the process by which rates and connection charges payable by customers for water and wastewater services provided by the Concessionaire during the Concession period are established and changed. The PUC shall have the authority to establish, sign, execute, deliver, perform and enforce, such agreement including all amendments thereto (regardless of whether this Act expressly contemplates the terms in such agreement) so long as such terms do not conflict with this Act. Upon its execution and delivery, the terms of such agreement shall govern any and all changes to rates, and bind the PUC, the Concessionaire and each of their respective successors in interest and assigns during the Concession period.

(b) **Rate-Setting Policy.** The Rate Stabilization Agreement shall implement a general rate-setting policy that allows the Concessionaire to petition for the recovery over specified portions of the period of the Concession of (i) its operating and maintenance expenses efficiently and prudently incurred, (ii) applicable Guam business taxes, including corporate income taxes, (iii) Concession Fee payments, if made on an annual basis, or the amortization of Concession Fee payments, if made as a one time up front payment, (iv) depreciation, if applicable, (v) debt service payments incurred to finance prudently made investments, (vi) any other expenditures that the PUC may find just and reasonable under 12 G.C.A. § 12015(a), and (vii) a rate of return on direct equity invested and retained earnings, including a return on any unamortized Concession Fee if financed by equity by the Concessionaire. The rate setting policy shall balance the People of Guam's need for affordable and reliable water and wastewater services against the Concessionaire's need for an economically viable Concession. All rates and change determinations by the PUC that further the foregoing policy shall be deemed just and reasonable under 12 G.C.A. § 12015(a).

(c) **Regulatory Procedure.** As soon as possible after the effective date of this Act, the CCU on behalf of GWA shall prepare and file with the PUC a petition

for a Rate Stabilization Agreement, and the first associated rate plan contemplated by such agreement, that will apply on and after the award date of the Concession. As the CCU will select a preferred bidder on the basis that the Concessionaire shall provide rate-payers with water and wastewater services at a rate discounted from a benchmark rate required for GWA to provide the same services with the same level of subsidies, the provisions of Public Law 26-23³ shall not apply to such petition. The Rate Stabilization Agreement and any such plan shall be subject to review and approval, approval with amendments or disapproval by the PUC after due notice and hearing in accordance with PUC rules and regulations and all other applicable law. The CCU shall obtain the PUC's approval of the Rate Stabilization Agreement prior to the distribution of the RFP. Each pre-qualified bidder shall have standing to participate under PUC rules and regulations in the foregoing proceedings prior to such issuance.

Section 8. Government Support.

(a) **Payment Guarantee.** The Governor shall have the authority for and on behalf of the Government to negotiate, execute and deliver, one or more instruments guaranteeing all payments by GWA arising under the Transaction Documents in favor of the Concessionaire and any other payee thereunder.

(b) **Exemption From Taxation.** In an effort to ensure that the Concessionaire may provide water and wastewater services to its customers at the lowest possible rates, the Concessionaire, all property acquired for the Concession and all revenues and income derived from the Franchise, shall be exempt from taxation by the Government or by any political subdivision or corporation thereof and from all taxes imposed under the authority of *I Liheslaturan Guðhan*, or with respect to which *I Liheslaturan Guðhan* is authorized to grant an exemption; *provided, however*, that the foregoing exemption shall (i) not apply to corporate income taxes payable by the Concessionaire under 48 U.S.C. § 1421i, and (ii) only apply to revenues and income derived from business activities expressly contemplated by the Concession Agreement.

³ The rate-payers' bill of rights, which imposes certain publication, notice and hearing requirements in addition to the PUC's own procedures for rate increases.

(c) **Pledge and Agreement by Government.** The Government hereby pledges to and agrees with the Concessionaire (for so long as the term of the Concession has not expired or terminated), and the holders of any notes or bonds issued by GWA or the Concessionaire (until such notes or bonds have been fully paid, met and discharged) and payable solely from revenues of the Concessionaire, that the Government shall not: (i) materially limit, restrict or otherwise impair the rights and powers of the Concessionaire arising under this Act (as of the award of the Concession), the Transaction Documents or the Rate Stabilization Agreement to establish, maintain, revise, invoice and collect rates, fees and other charges from its customers; (ii) repeal, amend or modify Chapter 12, Title 12 of the G.C.A. in any way that would materially impair the powers, duties or effectiveness of the PUC thereunder in relation to the Concessionaire and its rates; or (iii) limit, restrict or otherwise impair the powers vested in GWA and the Concessionaire under the following sentence. The Government hereby authorizes GWA and the Concessionaire to include this pledge and agreement in any agreement with the holders of such notes or bonds issued by GWA or the Concessionaire, respectively, for and on behalf of the Government.

Section 9. Security Interests. Subject to any restriction that may be contained in the Transaction Documents or the Rate Stabilization Agreement, the Concessionaire and its affiliates shall have the right to create security interests over any of its assets, rights or interests, as required to secure any financing needed for the purpose of fulfilling its obligations under the Concession Agreement, including, in particular (i) a pledge of payment receivables from the Concessionaire's rate-payers, (ii) a pledge of termination payments and any other remittances by GWA or any agency of the Government contemplated by the Transaction Documents, (iii) a pledge of any indirect ownership interest in the Concessionaire (*provided, however, that the CCU shall have the right to approve the documentation evidencing such ownership pledge*), and/or (iv) any security interest over new assets contributed to the GWA Systems by the Concessionaire to finance the acquisition or construction of such assets.

Section 10. Enforcement and Amendments of Transaction Documents. The CCU shall have the power and oversight authority to (i) enforce, and cause GWA to enforce,

the Transaction Documents, and (ii) amend, and cause GWA to enter into amendments of, the Transaction Documents; *provided, however*, that the CCU shall also obtain the approval of *I Liheslaturan Guåhan* for all material amendments. For the purpose of this section, "*material amendment*" means any amendment to a Transaction Document that either substantially conflicts with the principles and guidelines for the Concession defined in this Act, or substantially increases the Government's exposure under the payment guarantee described in Section 8(a) (*Payment Guarantee*).

Section 11. Protest Provisions.

(a) **Standing.** Only parties who have satisfied the pre-qualification criteria established by the CCU (as evidenced by the CCU's resolution confirming such satisfaction) and submitted a proposal in response to the RFP shall have standing to protest the CCU's selection of a preferred bidder or the CCU's ranking of the proposals submitted by each pre-qualified bidder (the "*CCU's Selection and Ranking Decision*").

(b) **Timing of Protest.** The CCU must receive a protest within five Guam business days of the date on which the CCU selects the preferred bidder.

(c) **Form and Content of Protests.** Protests shall be in writing and set forth the factual and legal basis(es) in support thereof. Protests shall be addressed to the CCU and one original, five copies and one electronic copy shall be included in the protest package. The protesting party shall also simultaneously forward the protest package with the same types and number of copies to the PUC.

(d) **CCU Review.** The protesting party and the CCU shall exercise reasonable efforts to resolve such protest on an amicable basis within ten Guam business days of the date on which the CCU receives the protest package. In the event the protesting party and the CCU cannot resolve such protest in accordance with the preceding sentence, the PUC shall review the protest in accordance with subsection (e) below.

(e) **PUC Review.** Within 60 calendar days of its receipt of the protest package, the PUC shall review each protest that cannot be resolved in accordance with subsection (d) above and prepare a written decision ("*PUC's Decision*") based

upon whether the CCU's Selection and Ranking Decision was 'arbitrary' or 'capricious', or whether there existed fraud in the evaluation process that had a material and demonstrable effect upon such decision. In conducting such review, the PUC may request and consider additional information submitted by the protesting party and shall request and consider the comments of the CCU on the protest. To the fullest extent permitted by applicable law, the PUC's Decision shall be final and *not* subject to review or appeal.

Section 12. Amendments

(a) **Priority of Water Uses.** Section 7 of Public Law 20-06 is hereby amended by deleting all references to "*Public Utility Agency of Guam*" and replacing such references with "*Guam Waterworks Authority and its concessionaire*".

(b) **Well Drilling Activities.** Section 2(d) of Public Law 22-18 is hereby amended by deleting all references to "*Public Utility Agency of Guam*" and replacing such references with "*Guam Waterworks Authority and its concessionaire*".

(c) **PUC's Rate-Setting Policy.** Section 12004 of 12 G.C.A. is hereby amended by inserting the following sentence after the second paragraph:

"Notwithstanding any other provision of this Act, the Commission will ensure that rates and connection charges for water and wastewater services rendered by the Guam Waterworks Authority's concessionaire during the period that such concessionaire holds the water and wastewater service franchise shall at all times be sufficient for the recovery over specified portions of the period of the concession of (i) its operating and maintenance expenses efficiently and prudently incurred, (ii) applicable Guam business taxes, including corporate income taxes; (iii) concession fee payments, if made on an annual basis, or the amortization of concession fee payments, if made as a one time up front payment, (iv) depreciation, if applicable, (v) debt service payments incurred to finance prudently made investments, (vi) any other expenditures that the Commission may find just and reasonable under 12 G.C.A. § 12015(a), and (vii) a rate of return on direct equity invested and retained

earnings, including a return on any unamortized concession fee if financed by equity by the concessionaire."

(d) **Charges for Water Use.** Section 12015.3 of 12 G.C.A. is hereby amended by inserting the following clause at the end of the section:

"(i) For the avoidance of doubt, Guam Waterworks Authority's concessionaire shall not qualify as a private water well operator, and such concessionaire shall not be required to pay monetary charges for water drawn by such concessionaire at anytime during the concession period."

(e) **Bond Issuance.** Section 50103(k) of 12 G.C.A. is hereby amended by inserting the following clause at the end of the section:

"Notwithstanding the foregoing or Article 2 of 12 Guam Code Annotated, the Guam Waterworks Authority shall have the authority to issue qualified private activity bonds or other instruments of indebtedness itself as a source of financing for capital improvements to be undertaken by the Guam Waterworks Authority's concessionaire without the approval of the Legislature or the Guam Economic Development & Commercial Authority on the conditions that (i) the concessionaire is not in default under the concession agreement with the Guam Waterworks Authority at the time of such issuance, (ii) the concessionaire fully and completely indemnifies the Guam Waterworks Authority against, and takes full responsibility for, all payments of principal and interest, contingency amounts and any other amounts of any kind arising out of such issuance, (iii) a pledge of, and lien upon, the rate revenue remitted by rate-payers for the provision of water and wastewater services secures the payment obligations arising out of such bonds or other instruments, and (iv) the Public Utilities Commission pre-approves such issuance."

(f) **Certification of Sewer Lines.** Section 5401(3) of 12 G.C.A. is hereby amended by deleting the reference to "Guam Waterworks Authority" and replacing such reference with "Guam Waterworks Authority (or, during any period in which the Guam Waterworks Authority has granted a concession, its concessionaire)".⁴

⁴ Section 5401(3) defines that certain plan for the development of the As-Tumbo subdivision, and provides that such plan shall require "adequate sewer lines, as certified in writing by Guam Waterworks Authority and the Guam Environmental Protection Agency."

(g) **GWA's Rule-Making Powers.** Section 14104(j) of 12 G.C.A.⁵ is hereby *amended* to read as follows:

“(j) to adopt such rules and regulations as may be necessary for the exercise of these enumerated powers; *provided, however,* that from the date of the award of the concession by the Authority through the expiration or termination thereof, to exercise such powers and to adopt such rules and regulations as may be required pursuant to the Authority's agreements with its concessionaire or otherwise necessary to give effect to such concessionaire's franchise, for so long as such franchise shall remain in effect together with its concessionaire through a joint rule-making committee established pursuant to and in accordance with the concession agreement;”

(h) **Guam Administrative Rules.** Section 2101(a) of Title 28 of the Guam Administrative Rules and Regulations is hereby *amended* to read as follows:

“(a) 12 GCA, Section 14104(j) authorizes the Guam Waterworks Authority to prescribe rules and regulations, including matters pertaining to business management, as may be necessary for the proper and efficient operation of the Agency, or as may be required pursuant to the Authority's agreements with its concessionaire or otherwise necessary to give effect to such concessionaire's franchise, so long as such franchise shall remain in effect, and to do so together with its concessionaire through a joint rule-making committee during the period from the date of the award of the concession to the termination or expiration thereof. Such rules and regulations shall include, but not be limited to, the manner in which charges for utility services and installation shall be paid to the Agency. During any period in which the Guam Waterworks Authority has granted a concession, each reference to the Guam Waterworks Authority, GWA or the Agency in the Rules and Regulations of this Article 1 (other than this Section 2101(a)) shall refer exclusively to the Guam Waterworks Authority's concessionaire.”⁶

⁵ Section 14104 of the GWA Act lists GWA's powers.

⁶ Confirm with Guam counsel that the GAR may be modified by legislative action, without GWA or public involvement.

(i) **Frank D. Perez Economic Revitalization and Enhancement Zone Act.**⁷

(i) Section 58104 of 12 G.C.A. is hereby *amended* to read as follows:

"11. producing water or disposing of wastewater, or both, jointly with, or pursuant to a concession granted by, the Guam Waterworks Authority;"⁸

(ii) Section 58128.7(a)(8) of 12 G.C.A. is hereby *amended* to read as follows:

"(8) Private Water Contractor. 'Private Water Contractor' means a corporate entity or partnership, including the Guam Waterworks Authority's concessionaire, which operates a community-wide water production and distribution system, a wastewater disposal system, or both such systems under a concession agreement or other form of joint operating agreement with the Guam Waterworks Authority."

(j) **Contractor Licenses.** Section 70116(a)(19) of 21 G.C.A. is hereby *amended* by deleting the reference to "*Guam Waterworks Authority*" and replacing such reference with "*Guam Waterworks Authority (or its concessionaire)*".⁹

(k) **Deep Well A-32.** Section 3 of Public Law 27-73 is hereby *amended* to read as follows:

"Section 3. Any interest of the Guam Waterworks Authority (GWA) in the lot identified as Lot No. 64-3, Agana Heights, containing an area of 5,120.23± square meters, as shown in Instrument No. MA11092, Department of Land Management, and Document No. 340078, Department of Land Management, with the exception of that area required by GWA or its concessionaire for the purpose of protection, development and production of ground water for the use or resale by GWA or its concessionaire, specifically Deep Well A-32, shall be conveyed from the Guam Waterworks Authority to the government of Guam for public recreation purposes.

⁷ The Act establishes the qualifying certificate program as an economic incentive tool to entice investors into Guam. This amendment allows the Concessionaire to qualify for an income tax rebate as a "private water contractor".

⁸ Section 58104 prescribes the eligibility requirements for a qualifying certificate.

⁹ Section 70116 deals with the revocation, suspension and non-renewal of licenses issued by the Contractors License Board. Section 70116(a)(19) describes the willful failure to pay when due a debt or penalty incurred for

The government of Guam hereby grants to the Guam Waterworks Authority an easement over Lot No. 64-3 in Agana Heights, required for GWA to use, maintain, operate, utilize, repair and access Deep Well A-32 for the purpose of protection, development and production of ground water for the use or resale by GWA in the interests of the public health and welfare of the people of Guam, with such rights taking effect upon the conveyance by GWA of Lot No. 64-3, Agana Heights, to the government of Guam. GWA shall have the right to lease its rights arising out of such easement to its concessionaire."¹⁰

Section 13. Conflict of Interest.

(a) **General.** No Restricted Person (as defined below) shall be eligible to acquire, directly or indirectly, an ownership interest in the Concessionaire for two years after the date of the award of the Concession. For the purpose of this Section 13, the term "*Restricted Person*" shall mean any:

(i) elected or appointed officials of the Government and members of *I Liheslaturan Guåhan* who hold office at any time during the period (the "*Restricted Period*") that commences on the date when the CCU first solicits expressions of interest from potential bidders under Section 4(b) (*Pre-Qualification*) hereof and expires on the date of the award of the Concession;

(ii) any GWA employee (including any unclassified manager of GWA), or any person under contract with the CCU, who participates as a member of the CCU's Transaction Sub-Committee at any time during the Restricted Period;

(iii) advisor or consultant who worked with the CCU or GWA to develop the Request for Proposal during the Restricted Period;

(iv) advisor, consultant or employee of *I Liheslaturan Guåhan* who advised or worked with *I Liheslaturan Guåhan* on matters related to the Concession during the Restricted Period;

damaging a public utility operated by GTA, GPA, GWA or the Department of Public Works as one of several causes for such revocation, suspension or non-renewal.

¹⁰ Public 27-73 transferred Lot 64-3, which the Government initially conveyed to GWA in 1997, back to the Government for recreation purposes, subject to GWA's rights to access and use Deep Well A-32.

(v) escrow agent that holds funds on deposit for any purpose related to the Concession during the Restricted Period, or any of its directors, officers or, *if* such escrow agent has *not* issued publicly-traded securities, owners of any percentage of such agent's outstanding beneficial interests;

(vi) offeror, or any legal entity comprising an offeror, with a director or officer (or, *if* such offeror has not issued publicly-traded securities, a person that directly or indirectly holds an ownership in such offeror) who is:

(1) related by consanguinity of the third degree, which, for the purposes of this Act, shall include all children, parents, grandchildren, siblings, grandparents, great-grandchildren, nieces, nephews, uncles, aunts and great-grandparents of a person, to any person described in §§ 13(a)(i), (a)(ii), (a)(iii), (a)(iv) or (a)(v) above;

(2) related by consanguinity of the third degree to the spouse of any person described in §§ 13(a)(i), (a)(ii), (a)(iii), (a)(iv) or (a)(v) above;

(3) the spouse of a person related by consanguinity of the third degree to any person described in §§ 13(a)(i), (a)(ii), (a)(iii), (a)(iv) or (a)(v) above; *or*

(4) the spouse of any person described in §§ 13(a)(i), (a)(ii), (a)(iii), (a)(iv) or (a)(v) above; *and*

(vii) offerors or any entity comprising an offeror or affiliated with an offeror, who has paid or agreed to pay any person described in §§ 13(a)(i), (a)(ii), (a)(iii) or (a)(iv) above, for the purpose of advising, consulting, representing, brokering or otherwise assisting such entity in its efforts to acquire the Concession.

In addition, the successful offeror shall *not* solicit for employment or employ any person described in §§ 13(a)(i), (a)(ii), (a)(iii) or (a)(iv) above, for the period *prior* to and two years *after* the award of the Concession, nor shall any subcontract or business arrangement be entered into between the successful offeror and any firm in which a Restricted Person has any financial

interest, for the period *prior* to and two years *after* the award of the Concession; *provided, however*, that such offeror may retain any unclassified manager of GWA who qualifies as a Restricted Person for a period *not to exceed* one year *after* the date of the award of the Concession for the sole purpose of providing post-closing transition assistance.

Also for the purpose of this Act, the term "*official of the Government*" means any person holding any elected office in Guam or any appointed member of the Government, including members of boards, commissions and task forces, as well as any person working directly for the office of *I Maga'lahaen Guåhan* or otherwise under contract to the office of *I Maga'lahaen Guåhan*.

(b) **Economic Benefit.** Subject to Sections 13(a) (*General*) and 13(c) (*Limitations on Employment*), no Restricted Person (as defined in Section 13(a) (*General*) above) shall receive any economic benefit from any offeror or entity comprising an offeror.

(c) **Limitations on Employment.** For the avoidance of doubt, nothing in this Act shall limit the ability of any person, including any employee of GWA or persons under contract with the CCU, (other than a Restricted Person) to obtain employment with, and/or receive or purchase an ownership interest (either as individual shares or as part of any employee stock purchase program) in, the Concessionaire or its parent company, subsidiaries or affiliates.

(d) **Publicly-traded Securities.** For the purposes of this Section, "*publicly traded securities*" means any securities traded on a recognized national market in the U.S. or comparable market exchange outside of the U.S.

Section 14. Procurement by Concessionaire. Neither the Concessionaire nor the expenditure of any funds received by the Concessionaire shall be subject to either the Guam Procurement Act as provided in 5 G.C.A. or the Guam Administrative Regulations that govern procurement. The Concessionaire shall procure goods and services in accordance

with the Concession Agreement. Section 14104.1 of 12 G.C.A. (Sec. 15 of P.L. 26-76)¹¹ is hereby *repealed* in furtherance of the objectives of this Section 14 and the intention of this Act.

Section 15. Repealing Clause. Except where this Act expressly suspends their legal effect, all laws or parts of any law inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

Section 16. Severability Clause. If any court or tribunal invalidates any provision of this Act, the other provisions not affected by such invalidation shall continue in operation.

Section 17. Effectiveness. This Act shall take effect upon enactment.

¹¹ Section 14104.1 imposes certain contractual restrictions on GWA, mainly with respect to maintenance services relative to sewage pumps, booster pumps, and all pumps and other facilities directly associated with water wells (responsibilities that the Concessionaire shall assume pursuant to this Act).

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**

**GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]**

DOCKET 99-12

ADMINISTRATIVE ORDER

After due consideration, PUC finds that:

1. PUC establishes a semi-annual LEAC Factor for a fixed six-month period.
2. There may be circumstances in which PUC does not establish a new LEAC Factor for a period of days after the technical end date of an existing LEAC Factor.
3. As a housekeeping action, it is appropriate for PUC to clarify its intent that a semi-annual LEAC Factor shall continue in full force and effect until a new LEAC Factor is established by PUC.
4. The purpose of this housekeeping order is to assure that GPA's revenue stream to cover fuel and related expenses under LEAC continues uninterrupted, notwithstanding the fact that PUC may establish a new LEAC Factor some days after the technical end date of an existing LEAC Factor.

NOW, THEREFORE, in consideration of the above findings and after discussion and on motion made, seconded and carried by the affirmative vote of the undersigned Commissioners, **IT IS HEREBY ORDERED THAT** a semi-annual LEAC Factor, which PUC establishes in this Docket, shall remain in full force and effect beyond its technical end date until a new LEAC Factor is established by PUC.

Dated this 1st day of February 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph M. McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier

Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net

Edward R. Margerison
Jean Dorrell

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

December 30, 2004

Re: FY 2005 Contract Review – Docket 94-04

Dear Harry:

This letter is in response to your December 1, 2004 letter requiring Georgetown Consulting Group (“GCG”) to review and file comments on the proposed Guam Power Authority’s (“GPA” or “Authority”) proposed “CIP” ceiling (capital improvement projects). The CIP ceiling is one of the requirements of the contract review protocol established by the Public Utilities Commission (“PUC” or “Commission”) and updated in Docket 00-04 and amended in December 2003. According to ¶1.f of the December 2003 protocol, the PUC is to establish a CIP expenditure ceiling on or before November 15, 2004. GPA filed a letter request for a CIP ceiling on November 26, 2004. This letter will address this issue as well as others related to paragraphs of the contract review protocol.

These are:

- All capital improvement projects in excess of \$1.5 million whether or not a project extends over a period of one year or several years; (¶1.a)
- All professional service procurements in excess of \$1.5 million; (¶1.c)
- Externally funded loan obligations and use of said funds; (¶1.d)
- All capital items by account group, which in any year exceed \$1.5 million (¶1.e)
- Any internally funded project in excess of a previously approved CIP ceiling (¶1.f);
- The construction budget for the current fiscal year beginning October 1, 2004 and estimates for the next two fiscal years; (¶5.a)
- The GPA report on the contracts and obligations approved by the PUC for the prior fiscal year.
(¶ 7)

During the September regulatory session, GCG was provided a list of vehicles to be purchased during Fiscal 2005. The purchase cost estimate for the vehicle capital account easily exceeded the threshold of \$1.5 million. The total cost estimate for these vehicles was \$4.6 million. A complete list of these vehicles is attached to this letter as **Exhibit A**.

During October 2004, GCG issued discovery requests related to the purchase of these vehicles as well as other items contained in the contract review protocol that GPA had not filed with the Commission. We received a complete response to all of the requests in early December. The following is based upon GPA's responses as well as discussions with GPA management.

1. **CAPITAL PROJECTS IN EXCESS OF \$1.5 MILLION**

While responding to our discovery regarding forecasts of capital projects for this and the subsequent two years, GPA noted that one project was anticipated to exceed the \$1.5 million threshold. The project is titled the "San Vitores to Macheche Underbuilt 13.8 kV Underground Conversion Project." This project will place 50,000 feet of conduit underground in order to avoid the removal of poles and re-stringing of aerial transmission and distribution lines in the likely event of another typhoon. This project is consistent with GPA's philosophy to underground as much of the system as reasonable.

This project will be 90% funded by FEMA with the residual cost of \$1.6 million to be paid from internal funds. As shown in **Exhibit B** of this report, this is the only internally funded capital project that exceeds the \$1.5 million threshold with expenditures in FY 2005. The project is currently scheduled to begin in January 2005 and anticipated completion will be August 2007. Since 90% of the funding comes from FEMA Hazard Mitigation funds we recommend that the PUC approve this project. As with all approvals, GPA should be reminded that should the actual costs exceed 20% of the estimated cost, it is required under ¶ 4.e of the contract review protocol to seek additional PUC approval. Progress reports on all CIP projects are required by the CIP protocol.

2. **ALL PROFESSIONAL CONTRACTS IN EXCESS OF \$1.5 MILLION**

GPA has not brought forward any new contracts in excess of \$1.5 million for FY2005 for PUC review and approval. We do note that there is approximately \$3.2 million for PMC contracts for Cabras 1, 2, 3 & 4 in the FY2005 budget. The PMC projects have been previously authorized.

GPA has not provided any information regarding extended long-term contracts. GPA should review the protocol (¶4) regarding contracts and submit information if required to comply with the protocol.

3. **EXTERNALLY FUNDED LOAN OBLIGATIONS AND USE OF SAID FUNDS**

GPA has provided a reconciliation of the sources and uses of funds from the Series A bonds and TECP. There are a few projects that appear to be slated for start-up in FY2005. Most of the projects that are due for start up have been approved by the PUC, There are, however, two projects that have not been brought before the PUC for its review and approval. One of the projects is relatively small, but the protocol requires that uses of all external funds be approved by the PUC. The two projects that have not been approved are the Cabras 4 boat ramp and the Bulk Storage Tank Life Extension. I have attached a summary of the projected uses of bond proceeds as Exhibit C. The exhibit also contains information regarding future projects for which GPA has neither sought additional funds nor PUC approval which will be required. These items are shown with the mark "****" at the end of the name of the project.

GPA's exhibit on bond funded projects has been modified as a result of our research into the regulatory history of some of these projects. The spreadsheet showing the cash flows of the Series A bonds indicated that some of the Cabras 1&2 projects were approved conditionally. We believe that in September 2001 these projects were approved as a result of our letter of September 11, 2001. We grouped all of the projects together and recommended approval of the Cabras projects at a combined level of \$10 million. GPA is required to notify the PUC if it has exceeded the budget by 120% or \$12 million. GPA should advise the PUC whether these projects (as described in the September 11, 2001 letter) have exceeded the approval by 20%.

Also at the December 17, 1999 PUC meeting the Agana Pole Hardening Project was approved, but subject to the condition that the Fuel Storage Tank Upgrade Project would not proceed without prior Commission order. We could not locate any such order. We have modified GPA's exhibit to show that the Cabras boat ramp and the Fuel Storage Tank Upgrade project have not been approved. GPA should request formal approval from the PUC for these projects.

GPA has not approached the PSC regarding another use of the approved Series "A" bonds. Shortly after Typhoon Paka, GPA released \$13.4 million from the bond proceeds into the revenue fund. These funds were used during the reconstruction of the system after the devastation following Typhoon Paka. GPA sought reimbursement of most of these funds from FEMA and carried a receivable of \$10.2 million on its books. It subsequently wrote down this receivable to bring the balance down to the level of its claim of \$8.5 million representing 90% of its claim. This resulted in a charge to earnings of \$1.7 million in Fiscal 2003 (twelve months ending September). GPA engaged a consultant to assist it in its claim and has paid the consultant approximately \$900 thousand (also charged to Fiscal 2003 earnings).

GPA received the \$8.5 million claim from FEMA in July 2004 and has placed this amount into the working capital fund in order to meet the requirements of the indenture.¹ The net effect of the above is a "use" of the bond proceeds including interest in the amount of \$4.9 million (\$13.4 less \$8.5 million), without seeking PUC approval. As a result, there are projects that were initially part of the Series A bonds (and TECP) for which funds will now not be available. However, those projects that are currently underway and have been approved by the PUC have sufficient funds to complete the projects, according to GPA. There are four projects that are being deferred that are now shown as financed with the next bond series.

In all a total of \$11 million was charged to earnings in Fiscal 2003 related to un-reimbursed Typhoon damages from both Paka and Pongsonga. This charge against earnings resulted in a debt service coverage ratio in FY2003 of 1.08x on a PSC basis (recording the IPP contracts as an operating lease) or 2.01x recording IPP contracts as a capitalized lease.

4. CAPITAL ACCOUNT GROUPS THAT ARE ABOVE \$1.5 MILLION

As indicated earlier in this letter, GPA budgeted approximately \$4.5 million for vehicles and trucks for purchase or major repair in Fiscal 2005. Of the 74 vehicles that are scheduled for purchase this year, 26 vehicles are budgeted items in the Fiscal 2004 budget that were not purchased. Also of the

¹ The requirement for the working capital fund is one-month of O&M, fuel and IPP payments. GPA must pay in 1/6th of the amount until full. However, GPA may use these funds as long as it replenishes the fund at the 1/6th rate.

74 vehicles, 53 of these are replacement vehicles. Some of the replacements are for vehicles going back as far as 1987 with almost all of the replaced vehicles purchased between 1987 and 1996. While age may not be the only criterion for judging the merit of replacements, GPA has provided a list of justifications indicating that most of the replacement vehicles were beyond economic repair. Each of these transportation items has gone through the CCU budget process and when viewed within the context of a total CIP budget for 2005, we would recommend that the PUC approve this item.

5. CIP CEILING APPROVALS

In 2003, the PUC approved a CIP ceiling of \$11.6 million based upon its FY2004 budget and GCG's recommendation. This amount did not include the Line Extension and Blanket Job order budget. The exclusion of this line item was consistent with the Contract Review Protocol that existed at the time. This exemption existed because GPA does not budget these items (Line Extensions and Blanket Job orders) with specificity and these items are growth or service quality related. GPA is required to come back to the PUC should it exceed the approved ceiling. The December 16, 2003 revised protocol does not have the language excluding the Line Extension and Blanket Job orders. We recommend that language exempting Line Extensions and Blanket Job Orders be put back into the protocol, but the amount budgeted and spent would be filed with the PUC for informational purposes only.

On November 26, 2004 GPA filed a request for a CIP ceiling of \$17.2 million including line extensions and blanket job orders. Without line extensions, the request would be for \$13.7 million. We did not perform a review of blanket job orders and line extension, since these items are rarely budgeted with specificity and are generally just a forecast.

The following table puts the FY2003 and FY2004 filings on an equivalent basis:

	FY04 (\$millions)	FY05 (\$millions)
Engineering Projects	\$ 2.25	\$ 2.70
General Plant	9.30	11.00
Total Ceiling Request	\$ 11.55	\$ 13.70

As indicated earlier a large portion of the General Plant for FY05 relates to the purchase and repair of GPA's vehicles. Moreover, a number of these purchases in FY05 represent an under spending of the FY04 General Plant budget. We recommend that the FY05 CIP ceiling be set at the current \$13.7 million.

GPA is required to seek PUC approval of any internally funded procurement in excess of the CIP ceiling that the PUC established for the year. For Fiscal 2004 the PUC ceiling (and GPA capital budget) was not reached and in fact considerably under spent its revised CIP budget (see **Exhibit D**). We would note that the FY2004 budget was apparently revised such that engineering projects were revised upward. The situation was such that the total ceiling was not exceeded, but GPA should be cautioned that if it adjusts its budget upward so that the total ceiling excluding line extensions and blanket job orders exceeds 120% of the ceiling it should seek PUC approval.

6. CONSTRUCTION BUDGET FOR THREE FISCAL YEARS

The PUC protocol requires that GPA provide a three-year view of its construction program. While GPA did not file this with the PUC, in its response to discovery GPA has provided a five-year view of construction, both internal and external. These are attached to this letter as Attachment B and Attachment C.

7. REPORT ON PRIOR APPROVED PROJECTS

The Contract Review Protocol requires that GPA provide the PUC an update of the approved projects and CIP ceiling at the end of the fiscal year. To the degree that it has exceeded 120% of the approved costs, it should also seek PUC approval of the overrun. GPA has not provided an update, but has through discovery provided the results of the CIP ceiling in FY04. The multi-year contract provisions of the contract review protocol require that no approval is required for multi-year contracts (e.g. insurance) after the initial review and approval. For those contracts with variable terms and costs, GPA is required to file a cost estimate on the anniversary date of the contract. If the revised cost estimate exceeds the 120% threshold, GPA must seek additional PUC approvals. These requisites also apply to fuel contracts. GPA has not filed any new information regarding the multi-year contracts.

If you wish to discuss any and all of the above, please do not hesitate to call.

Cordially,



Jamshed K. Madan

Cc: William J. Blair, Esq.
Randy Wiegand, GPA
Kin Flores, GPA
Ed Margerison, GCG

**Exhibit A
Fiscal 2005 Vehicle Budget**

ITEM	DESCRIPTION	SECTION/ DIVISION	FY 2005 CCU APPRV 8/17/04
	(392) TRANSPORTATION EQUIPMENT		
1	Comm. Utility Truck w/Tommy Lift, 4WD - (PRIOR YEAR - FY 2004)	Transportation	\$54,900
2	3-Ton Forklift w/Extension (PRIOR YEAR - 2004)	Transportation	\$38,999
3	Comm. Utility Truck w/Tommy Lift, 4WD - (PRIOR YEAR - FY 2004)	Transportation	\$54,900
4	Utility Pick Up w/Meter Storage Bin (PRIOR YEAR - FY 2004)	Transportation	\$46,820
5	5-Ton Forklift w/Extension (PRIOR YEAR - FY 2004)	Transportation	\$58,999
6	4 X 4 Truck (4-Packer) Crew Cab (PRIOR YEAR - FY 2004)	Transportation	\$39,900
7	Repair of 3 Bucket Trucks (PRIOR YEAR - FY 2004)	Transportation	\$84,443
8	Repair of Digger (PRIOR YEAR - FY 2004)	Transportation	\$14,204
9	4 Each Step Vans @\$54,900 ea. (PRIOR YEAR - FY 2004)	Transportation	\$219,600
10	16 Each - 1 Ton Regular Full Size Pick-Ups (PRIOR YEAR - FY 2004)	Transportation	\$366,400
11	7 Each Mini SUV	Transportation	\$140,000
12	10 Each Sedans	Transportation	\$200,000
13	9 Each 1/2 Ton Pick Up Trucks	Transportation	\$139,500
14	2 Each 3/4 Ton Pick Up Trucks	Transportation	\$42,000
15	1 Each 1 Ton Pick Up Truck	Transportation	\$28,000
16	3 Each - 35 Ft. Bucket Trucks @\$130,000.00	Transportation	\$390,000
17	4 Each - 45 Ft. Bucket Trucks @\$150,000.00	Transportation	\$600,000
18	7 Each - 55 Ft. Bucket Trucks @\$170,000.00	Transportation	\$1,190,000
19	1 Each - 65 Ft. Bucket Truck	Transportation	\$180,000
20	2 Each - Derrick	Transportation	\$300,000
21	1 Each - Digger	Transportation	\$190,000
22	1 Each - Crane	Transportation	\$220,000
	GRAND TOTAL FY05 VEHICLE BUDGET		\$4,598,665

Exhibit B
Internally Funded Projects
(\$000's)

Priority	Capital Improvement Project Name	FY05	FY06	FY07	FY08	FY09	Project Total
1	Agana T-9 18 MVA Power Transformer Upgrade	20					20
2	Harmon T-21 30 MVA Power Transformer Upgrade	20					20
3	Harmon to Tumon 34.5 kV Underground Conversion-GPA	109	148				257
4	Harmon to Tumon Underbuilt Conversion - Civil Work	140	389	554			1,083
5	Tamuning Tumon 34.5 Underground Conversion - GPA	60	154				214
6	Tamuning to Tumon Underbuilt Conversion - Civil Work	85	268	378			731
7	P401 Underground Conversion to Memorial Hospital - GPA	45	50				95
8	P003 Underground Conversion to Cabras-GPA	29	35				64
9	Underground Fuel Pipeline at NAS	250	450				700
10	Talofofu Power Plant Improvements	250					250
11	Substation and Distribution Capacitor Program	100	150	100			350
12	San Vitores to Rotunda Xtm & Dist Underground Lines	230	149				379
13	Relay Coordination Study	200					200
14	Merizo U/G Relocation	65					65
15	Islandwide Asset Assessment & Database Management	250	200				450
16	San Vitores to Macheche 34.5 kV Underground Conversion-GPA	71	105	176			352
17	San Vitores to Macheche Underbuilt Conversion- Civil Work	210	600	779			1,589
18	Harmon to Tanguisson 34.5 kV Underground Conversion-GPA		106	178			355
19	Harmon to Tanguisson Underbuilt Conversion - Civil Work	75	350	426			851
20	Macheche to GAA 34.5 kV Underground Conversion-GPA	31	45	75			151
21	Macheche to GAA Underbuilt Conversion - Civil Work	124	185	309			618
22	Agana to Tamuning and P202 Underground Conversion-GPA	65	97	162			324
23	Umatac Substation Drainage Modification -GPA	4	4				8
24	Pulantat Substation Grounding Transformer		200				200
25	Andersen Substation Control System Reconstruction		190	1,150			1,340
26	Hagatna 34.5 kV Protection Refurbishment and Upgrade		215	909			1,124
27	Substation Equipment Predictive Maintenance		20	130			150
28	Harmon to GIAT 34.5 kV Line Reconductoring		55	755			810
29	Orote Substation Control System Reconstruction		199	1,211			1,410
30	Hagatna 115 kV Protection Refurbishment and Upgrade		710				710
31	Harmon Substation Switchyard Reconstruction		60	340	600		1,000
32	Hagatna-Tamuning Protection System Upgrade		364	265	0		629
33	Piti-Anigua-Hagatna Protection System Upgrade		250	500	0		750
34	San Vitores to Agana 34.5 KV Line		100	741	0		841
35	P-27 U/G Reconstruction		50	150	142		342
36	Agat Village Pole Hardening		250	750			1,000
37	U/G Reconstruction Latte Heights Phase I		200				200
38	U/G Reconstruction - Sinajana Phase II		340	340			680
39	Marbo to Yigo 34.5 KV Line			80	178	178	436
40	Agana to Radio Barrigada Reconductoring			700			700
41	Hagatna 115 kV and 34.5 kV Breaker Replacement			872			872

Exhibit B
Internally Funded Projects
(\$000's)

Priority	Capital Improvement Project Name	FY05	FY06	FY07	FY08	FY09	Total
42	P-330 Hardening and Reconductoring			345			345
43	U/G Reconstruction Latte heights Phase II			200			200
44	U/G Reconstruction Sinajana - Phase III			301	301	301	903
45	Reconductor Harmon to Yigo 34.5 KV Line to 927 kcmil AL				500	712	1,212
46	Talofofo Substation 30 MVA Upgrade				31	902	933
47	Tamuning-Tumon Protection System Upgrade				227	132	359
48	X143-X123 Pulantat to Talofofo UG				1062	1594	2,656
49	X006-X015 Piti to Cabras UG				112	169	281
50	X022/X037-X190 Piti/Apra to Tenjo Tap UG				991	1487	2,478
51	X221-X150/X152 Dededo to Dededo CT UG				69	103	172
52	X039-X250 Apra to Umatac UG				2351	3527	5,878
53	P210 & P323 GCC/GW/UOG UG				716	1073	1,789
54	X045-X055 Agana to R. Barrigada UG					871	871
55	X054-X246 Agana to Barrigada UG					600	600
56	X070-X161 Andersen to Yigo UG					594	594
57	X110-X024 Anigua to Piti UG					679	679
58	X134-X180 Macheche to Pagat UG					803	803
59	P221 Mt. Carmel/Sablan/Ocean View/South Christian UG					1,713	1,713
60	P223 Truman/Southern UG					314	314
61	GPA Central Office	200	50				250
	Total Revenue Funded Projects	\$2,704	\$6,738	\$12,876	\$7,280	\$15,752	\$45,350

Exhibit C
Externally Funded Projects
(\$000's)

Priority	Status	PUC Approved	FY05	FY06	FY07	FY08	FY09	Total
1	Design	No	\$ 400					\$ 400
2	Construction	No	2,000	2,000	700			4,700
3	Construction	Yes	580					580
4	Construction	Yes	600					600
5	Design	Yes	50					50
6	Design	Yes	200	150				350
7	Planned	Yes	300	1,000				1,300
8	Design	Yes	248					248
9	Design	Yes	3,172					3,172
10	Construction	Yes	1,080					1,080
11	Construction	Yes	700					700
12	Design	Yes	735	245				980
13	Design	Yes	540	540	365			905
14	Design	Yes	700	700	372			1,072
15	Design	Yes	220	220	1,350			1,570
16	Design	Yes	19	19	1,444			1,463
17	Design	NA		6,057	15,142	4,542	4,542	30,283
18	Design	NA			1,090	1,435	2,462	4,987
19	Design	NA			333	1,515	3,531	5,379
20	Design	NA			405	2,022	1,576	4,003
21	Design	NA			500	683		1,183
22	Design	NA			500	8,288		8,788
23	Design	NA			421	582	3,500	4,503
24	Design	NA			360	540		900
25	Design	NA			200	1,295	860	2,355
26	Design	NA			523	250	250	1,023
27	Design	NA			80	1,532	1,532	3,144
28	Design	NA			150	1,892		2,042
29	Design	NA			400	892	500	1,792
			\$ 10,065	\$ 10,931	\$ 24,335	\$ 25,468	\$ 18,753	\$ 89,552

Exhibit D
CIP Variance Report

Capital Improvement Project Name	FY04 ADJ. BUDGET	FY04 ACTUALS	BUDGET BALANCE
LINE EXTENSIONS/BLANKET	\$4,432,601	\$2,654,136	\$1,778,465
GENERAL PLANT	\$9,305,009	\$6,059,318	\$3,245,691
ENGINEERING PROJECTS:			
Underground Fuel Pipeline at NAS	150,000	52,187	97,813
Tango Fuel Pipeline Improvement	58,057	58,057	0
Harmon to Tumon 34.5 kV Underground Conversion-GPA	27,659	0	27,659
Tamuning to Tumon 34.5 kV Underground Conversion-GPA	120,468	0	120,468
P401 Underground Conversion to Memorial Hospital-GPA	94,032	32,911	61,121
P003 Underground Conversion to Cabras-GPA	83,017	284	82,733
Agana T-9 18 MVA Power Transformer Upgrade	40,000	1,801	38,199
Harmon T-21 30 MVA Power Transformer Upgrade	29,400	0	29,400
Talofof Power Plant Improvements	250,000	37,266	212,735
Substation and Distribution Capacitor Program	630,000	526,152	103,848
Merizo U/G Relocation	134,473	32,253	102,220
U/G Reconstruction-Sinajana Phase I	137,500	59,572	77,928
Island-wide Pole Assessment (NEW PROJ FY04)	812,364	812,364	0
Emergency Reconstruction	1,127	1,127	0
Reliability Study	249,302	118,041	131,261
TOTAL ENGINEERING PROJECTS	\$2,817,399	\$1,732,013	\$1,085,386
GRAND TOTAL FY04 CIP	\$16,555,009	\$10,445,467	\$6,109,542

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM TELECOMMUNICATIONS
ACT OF 2004 -

DOCKET 05-01

ORDER INSTITUTING REGULATORY PROCEEDINGS

The Guam Telecommunications Act of 2004 [P.L. 27-110 - the "Act"] vests the Guam Public Utilities Commission ["PUC"] with regulatory authority over the provision of telecommunications services on Guam. The Act, which became effective December 31, 2004, creates a new regulatory environment upon the privatization of Guam Telephone Authority ["GTA"]. The Act encourages entry, competition, consumer protection, and reduced regulation under a framework consistent with Federal policies and practices in communications, including those found in the *Communications Act of 1934, as amended*.¹ The purpose of this Order is to commence regulatory proceedings, which are necessary to implement the Act.

By its *Administrative Resolution* dated October 14, 2004, PUC authorized its administrative law judge [ALJ] to plan, organize and commence the administrative work necessary to enable PUC to implement its regulatory duties under the Act. After considering ALJ's January 25, 2005 briefing and report, after deliberation and for good cause shown, PUC makes the following determinations:

Determinations

1. Rule Proceedings.

- a. The Act empowers PUC to establish rules regarding:
 1. Certification of new or additional intra-Guam telecommunications services².
 2. Tariff regulation, including the adoption of link-up and lifeline rates³.

¹ 12 GCA § 12101 (b).

² 12 GCA 12103[a]. Existing telecommunications services are grandfather certificated by the Act. Commercial mobile service is exempt from this certification requirement.

³ 12 GCA 12106. Commercial mobile services are exempt from tariff regulation.

3. Availability and quality of telecommunications services, including availability to hearing impaired⁴.
 4. Discovery and protection of trade secrets and confidential information in PUC proceedings⁵.
 5. Customer billing and customer selection of service provider⁶.
 6. Recovery of PUC expenses for regulatory activities under the Act⁷.
 7. Accounting, discrimination, structural separation, affiliate transaction and other safeguards⁸.
 8. Designation of public interest payphones and establishment of a competitively neutral funding mechanism⁹.
- b. PUC is authorized to promulgate these rules under a rulemaking process, which adheres to the principles of due process, reasonableness, fairness and non-discrimination¹⁰. PUC finds that its Rule 43¹¹ establishes a rulemaking process which is consistent with these principles.
- c. ALJ should be authorized and directed, with such assistance as he may require from PUC counsel and consultants, to craft and notice for public hearing and comment the rules described in subsection [a] above. ALJ should consider and recommend whether just cause exists for PUC to forbear in implementing any of these rules. ALJ should be authorized in his discretion to establish separate dockets for these rulemaking proceedings.

⁴ 12 GCA 12104[c][3&4].

⁵ 12 GCA 12104[c][5].

⁶ 12 GCA 12104[c][6].

⁷ 12 GCA 12104[c][7] and 12109.

⁸ 12 GCA 12104[c][8].

⁹ 12 GCA 12104[c][9].

¹⁰ 12 GCA 12104[b]

¹¹ PUC Rules were promulgated by PUC Order dated 2/25/2000 and filed with the Guam Legislature pursuant to 5 GCA 9303.

- d. Pending PUC consideration of a tariff rule under paragraph (a)(2) above and pursuant to its authority under 12 GCA 121006 and 12111, PUC should suspend tariff filing requirements for all telecommunications companies except Teleguam Holdings, LLC [TG], the successor of GTA¹². All telecommunications companies should be required to make their rates, charges, classifications and terms available to the public at a central office location and on a web-site.

2. Petitions and Complaints.

The Act requires PUC to adjudicate petitions and complaints from interested persons regarding acts or omissions by telecommunications companies in violation of the Act or PUC's rules and orders. 12 GCA 12107 establishes the procedure under which these proceedings will be conducted. PUC should publish public notice of the availability of this complaint process. ALJ should be authorized and directed to consider and make recommendations regarding whether supplemental rules are necessary for the effective implementation of this complaint process. ALJ or his authorized designee should be empowered to conduct the complaint hearing process and to prepare any such proceeding for PUC consideration and issuance of a final order under 12 GCA 12107[d].

3. Grandfather Certificates.

PUC is directed under 12 GCA 12103[a] to issue, upon appropriate application, "*Grandfather Certificates*" to all telecommunications companies who on the effective date of the Act were providing or reselling intra-Guam telecommunications services. TG is entitled to a certificate, without application. A certificate is not required to provide commercial mobile services. PUC finds that the notice, application and certification process established by ALJ for *Grandfather Certificates* should be ratified and adopted. PUC Chairman Brooks should be authorized to execute and issue *Grandfather Certificates* to companies, which ALJ has found have filed adequate applications.

4. CMS Registration.

Under 12 GCA 12103 telecommunications companies, which provide only commercial mobile service [CMS], are not required to obtain a certificate of authority from PUC in order to provide such service on Guam. They are also

¹² In making this determination, PUC has reviewed a draft *Tariff Forbearance Order* crafted by ALJ [Attachment A]. Without adopting the draft order, which will require public review and comment, PUC is persuaded by the determinations proposed therein, that it is reasonable and prudent to temporarily suspend the tariff filing requirement in 12 GCA 12106, except as to TG. PUC finds that the determinations set forth in the draft *Tariff Forbearance Order* constitute special circumstances and conditions within the meaning of 12 GCA 1206 (f).

exempt from tariff regulation under 12 GCA 12106. However, these companies are subject to PUC regulation under the Act with regard to the terms and conditions under which they provide service and under 12 GCA 12107 for complaints concerning compliance with applicable PUC regulations regarding service terms and conditions. In addition, these companies are responsible under 12 GCA 12109 for a reasonable portion of PUC's regulatory expenses. Accordingly, PUC finds that it is appropriate to require CMR providers to register with PUC. ALJ should be authorized to oversee this registration process.

5. Appointment.

Section 7 of the Act provides that PUC shall designate a representative involved with regulating TG to serve on the Territorial Transportation and Communications Coordinating Council. Commissioner _____ has offered to serve in this capacity.

Order

After due consideration of the above findings and determinations, in the exercise of its discretion for good cause shown, and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners at a duly noticed and convened public meeting, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. ALJ is authorized and directed to promptly undertake the following activities:
 - a. Craft and notice for PUC consideration and public comment the rules described in Determination section 1 above.
 - b. Publish notice of the petition and complaint process discussed in Determination section 2 above; consider and report to PUC on the need to establish additional rules to support this process; and administer the administrative hearing process regarding any petition and complaint in accordance with 12 GCA 12107.
 - c. Administer the CMS registration process, described in Determination section 4 above.
 - d. Take such additional action as is reasonably necessary and appropriate to effectuate the determinations made in this Order, including the use and assistance of PUC's consultants and counsel.

2. The application and certification process, which ALJ has developed for issuing Grandfather Certificates pursuant to 12 GCA 12103 is hereby ratified and approved. PUC Chairman Brooks is authorized to issue Grandfather Certificates to those companies, which ALJ has determined have filed adequate applications.
3. Pending the rulemaking proceeding required in Determination 1[d] above, the tariff filing requirement under 12 GCA 12106 is suspended for all telecommunications companies except Teleguam Holdings, LLC. All telecommunications companies shall make their rates, charges, classifications and terms available to the public at a central office location .
4. Commissioner _____ is appointed to serve on the Territorial Transportation and Communications Coordinating Council.

Dated this 1st day of February 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph M. McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

DRAFT

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**GUAM TELECOMMUNICATIONS
ACT OF 2004 -**

DOCKET 05-01

TARIFF FORBEARANCE ORDER

The Guam Telecommunications Act of 2004 [P.L. 27-110 - the "Act"] vests the Guam Public Utilities Commission ["PUC"] with regulatory authority over the provision of telecommunications services on Guam. In furtherance of this authority, after due consideration, for good cause shown and on its own initiative PUC finds and determines that:

Determinations

1. The Act creates a new regulatory environment upon the privatization of Guam Telephone Authority ("GTA"), which encourages entry, competition, consumer protection, and reduced regulation under a framework consistent with federal policies and practices in communications, including those found in the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Federal Act").¹ As a first practical step towards achieving these goals, PUC finds that it is not currently necessary for any telecommunications company to file a tariff indicating the rates and charges, classifications, terms and conditions of its telecommunications services, with the exception of TeleGuam Holdings, Inc., ["TGH"] the successor to GTA. This finding is consistent with the public interest and with the legislative intent expressed in the Act.
2. PUC is empowered under the Act to enforce the requirement that the rates, charges, classifications, terms and conditions of telecommunications companies are just and reasonable and not unreasonably discriminatory.² The Act provides that all

¹ See 12 GCA § 12101 (b).

² See 12 GCA 12105.

telecommunications companies, except commercial mobile service providers, shall file tariffs reflecting just and reasonable, non-discriminatory rates, charges, classifications, terms and conditions.³ However, section 12106 of the Act specifically empowers PUC to relieve telecommunications companies of this tariff filing requirement:

(f) The Commission may, in its discretion and for good cause shown, modify any requirement in this Section either in particular instances or by general order applicable to special circumstances or conditions, except that the Commission may not increase the notice period specified in subsection (b).⁴

This provision is in addition to, and different from the general forbearance power given to PUC under section 12111. Under section 12111, PUC is empowered to forbear from applying any provision of the Act if it determines that (1) enforcement is not necessary to ensure that the rates, charges, classifications, terms and conditions are just and reasonable and non-discriminatory; (2) enforcement is not necessary for the protection of consumers, and (3) forbearance is consistent with the public interest and legislative findings of the Act.

3. The fact that the Legislature provided PUC with two separate forbearance powers, one specifically relating to tariff regulation and the other more general, is viewed by PUC as legislative intent that PUC should exercise cautious restraint in exercising this authority. With the exception of GTA, no telecommunications company on Guam has provided service under regulated tariff. On the Federal level, telecommunications services have been detariffed, with the exception of exchange access service provided by incumbent local exchange carriers.⁵

³ See 12 GCA § 12106. While Federal law [47 USC 332[c][3]] prohibits PUC from regulating the entry or rates charged by any commercial mobile service, it provides that PUC can regulate other terms and conditions of commercial mobile service.

⁴ 12 GCA § 12106(f).

⁵ See *MCI WorldCom v. FCC*, 209 F.3d 760 (D.C. Cir. 2000).

4. In a competitive marketplace, where the consumer has the ability to choose among competitive telecommunications companies, regulatory tools such as tariff regulation should be used with caution and only after a clear finding of compelling need. PUC provisionally finds that most telecommunications services, other than basic telephone service provided by TGH, are provided by competing carriers. In this environment, tariff regulation can be viewed as anti-consumer as it may prevent a company from rapidly instituting a new service, or revising a term or condition in response to a competitor's actions.⁶
5. The communications marketplace on Guam includes a number of companies who provide satisfactory, in some cases, exemplary service, in the absence of tariff regulation. To add a tariff requirement would only serve to increase the cost of providing this service. Moreover, tariff review is not essential to protect consumers or to ensure that rates, charges, classifications, and terms and conditions are just and reasonable and non-discriminatory. PUC is empowered under the Act to hear complaints and to impose penalties. Any consumer may complain or petition PUC to consider whether a telecommunications company has violated any provision of the Act. The complaint process is a more effective regulator in a competitive environment than tariff regulation. For these reasons, PUC concludes that requiring tariffs of those companies that have never before filed them would be an unnecessary regulatory burden.
6. Under 12 GCA 12105[c], PUC is empowered to establish separate frameworks for the regulation of services provided by dominant and

⁶ Tariff regulation under 12 GCA 12105 and 12106 may also be anti-consumer to the extent that the Filed Rate Doctrine would apply to Guam. This doctrine is a long-standing, judicially created principle which holds that favoritism can be prevented if a tariff supercedes all other arrangements or contracts. Accordingly, under the doctrine contract terms are trumped by a tariff. The U.S. Supreme Court created and has consistently endorsed the doctrine, even though it has recognized that it may cause hardship in some cases. See *Louisville & Nashville Railroad Co. v. Maxwell*, 237 U.S. 94 (1915). See also *New York, New Haven & Hartford Railroad Company v. Interstate Commerce Commission*, 200 U.S. 361 (1906); *AT&T Co. v. Central Office Telephone, Inc.*, 524 U.S. 214 (1998). PUC will further examine the applicability of this doctrine to Guam. In the interim, as long as telecommunications companies are not required to file tariffs, there is no likelihood that the doctrine would be applied.

non-dominant telecommunications companies. In furtherance of this authority, PUC finds that the tariff forbearance policy established in this Order should not at this time be applicable to TGH. PUC recognizes that TGH will likely be providing some services in competition with detariffed companies and that a tariff requirement will be a competitive disadvantage. However, TGH is the monopoly provider of certain services and, as such, can theoretically charge monopoly rents to subsidize competitive services. Moreover, TGH, unlike all the other telecommunications companies, has an existing tariff on file with PUC, thereby greatly diminishing the burden of preparation and filing. Nevertheless, PUC will reconsider this finding after it gains more experience with the new competitive environment on Guam.

7. PUC recognizes that its experience in regulating a competitive environment on Guam is limited. Under separate dockets, PUC is instituting consumer interest rulemaking proceedings under 12 GCA 12104[c] and is establishing a petition, complaint and investigation procedure under 12 GCA 12107. As a result of these proceedings, PUC will gain insight regarding the level of regulatory action necessary to achieve the legislative intent of the Act. PUC specifically reserves the power and authority to reconsider this Order at anytime, upon its own motion or upon petition of any interested person.⁷ Further, PUC will require that telecommunications companies make their rates, charges, classifications and terms and conditions available either on their own Web site or at a central location, accessible by the public. This will enable a potential customer to assure that rates charged by a company are nondiscriminatory, as well as just and reasonable.⁸

After due consideration of the above findings and determinations and on motion duly made, seconded and carried by the affirmative vote of the

⁷ See 12 GCA 12111 (d). We may review this decision after we have reviewed the grandfathered certificates filed by the competing carriers to determine the actual level of competition on Guam.

⁸ We note that the tariff provisions of the Act, Section 12106, are separate and distinct from the requirement that a company provide service at just and reasonable rates and on a nondiscriminatory basis, section 12105. While we forbear from requiring the filing of tariffs, we do not forbear from requiring compliance with section 12105.

undersigned commissioners, the Guam Public Utilities Commission
HEREBY ORDERS THAT:

1. Until further notice, PUC shall forbear from requiring the filing of tariffs by telecommunications companies, except TGH. PUC takes this action pursuant to its authority under 12 GCA 12106[f] and 12111.
2. Telecommunications companies shall make their rates, charges, classifications, and terms and conditions available to the public at a central office location .
3. PUC reserves the power and authority to reconsider this Order at anytime, upon its own motion or upon petition of any interested person.

Dated this ___ day of January 2005.

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
emargerison@snet.net

Edward R. Margerison
Jean Dorrell

January 13, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Agents' Compliance Docket 99-10

Dear Harry,

This letter is being provided to you as an update to our earlier conversation regarding the E911 surcharge reporting from the collection agents. As you are aware, each of the agents are required by the Public Utilities Commission (PUC) to provide quarterly information concerning the billing, collection and transfer of E911 funds to the Department of Administration (DOA). The agents were required to file this information for the relevant activities for the quarter ending September 30, 2004. These reports were due no later than November 15, 2004 in hard and soft copy.

As of the date of this letter, Georgetown Consulting Group (GCG) has received information from only one of the agents (I-Connect).¹ This was received by GCG (in hard copy only) from your offices on December 1. We verified with your administrative assistant that this was the only information that had been filed with the PUC for the quarter ending September 30, 2004. In January 2005, we also received hardcopy from your office of I-Connect's request for PUC approval to withhold handling costs from the E911 funds.

As a result, we are unable to produce our quarterly compliance report and look to your guidance on subsequent steps. If we can be of further assistance, please let us know.

Yours truly,

Edward R. Margerison

Edward R. Margerison

C: Bill Blair, Esq.

C:\GUAM\GFD\Fiscal 2005\05 01 13 letter to HMB re Agent Compliance.doc

¹ I would note that it appears that I-Connect is now making monthly payments to the DOA. In prior reports, we noted that the lack of timely payments was a violation of Public Law.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**

RESOLUTION

WHEREAS, on January 10, 2005 Gerald M. Woo tendered his resignation as a Commissioner, which concluded three and 1/2 years of dedicated community service to the people of Guam.

WHEREAS, during his tenure as a Commissioner, Commissioner Woo served as the Commission's vice chair [6/03 to present]] and as the chairman of the Finance Committee [4-03 to present].

WHEREAS, Commissioner Woo's practical business experience, including expertise in accounting and telecommunications, made the Commission's regulatory practice more efficient and responsive to the regulatory needs of the public utilities under Commission jurisdiction.

WHEREAS, the Commission is saddened by the reality of losing Commissioner Woo's insight and guidance, but is grateful for his service during a challenging regulatory era.

NOW, THEREFORE, BE IT

RESOLVED, that the Guam Public Utilities Commission gratefully recognizes and commends the contribution that Commissioner Woo has made to the people of Guam by his service on the Commission and wishes him well in future endeavors.

RESOLVED, that a copy hereof be transmitted to the Governor of Guam and to the Speaker of the 28th Guam Legislature.

Dated this 1st day of February 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph M. McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim



January 10, 2005

Hand Delivered

Mr. Terrence M. Brooks, Chairman
The Public Utilities Commission of Guam
Suite 207, GCIC Building
Agana, Guam 96910

Dear Mr. Brooks:

Happy New Year!

The passage of P.L. 27-110 gives the PUC an expanding role in regulating telecommunications service providers in Guam. My association with investors in the industry at the very least may suggest the appearance of conflict. I hereby resign from the Commission. It has been an honor and pleasure to serve with you and the other commissioners. My resignation can take effect immediately or at a time more convenient to the commission, if that is preferred. In any case, I will be off-island from January 21 to February 4 and not participation in further commission deliberations.

Please do not hesitate to contact me at 888-1008 should I be of any assistance.

All the best,

A handwritten signature in dark ink, appearing to read "Gerald M. Woo".

Gerald M. Woo



Vermont Public Service Board

Michael H. Dworkin, Chairman
David C. Coen, Board Member
John D. Burke, Board Member

112 State Street (Chittenden Bank Building)
Drawer 20
Montpelier, VT 05620-2701

Phone: (802) 828-2358 | **Fax:** (802) 828-3351 | **TDD (VT Relay):** (800) 253-0191

[Main Menu](#)

[Hearing Calendar](#)

[PSB Orders](#)

[PSB Rules](#)

[Utility Listings](#)

[Application Forms and Publications](#)

[Vermont Statutes](#)

[Employment Opportunities](#)

[Mission Statement](#)

[Site Map](#)

[Other Sites of Interest](#)

[Department of Public Service](#)

[State of Vermont Home Page](#)

Search The PSB

Phone: (802) 828-2358

Fax: (802) 828-3351

TDD (VT Relay):
(800) 253-0191

Email: Clerk@psb.state.vt.us

Website copyright © 2000
Vermont Public Service Board
webdesign by [mike wickenden](#)
Maintained by Daniel MacWalters



Public Service Board Highlights

Intervention Deadlines for Dockets 7032, 7035, and 7038

Board files final Proposed Rule 5.300 (Re: Energy Efficiency Charge Methodology) with Vermont Secretary of State and Legislative Council on January 7, 2005. Contact Ann Bishop, Policy Analyst, at 828-2358 with questions. [More](#)

Board files final Proposed Amended Rule 8.000 (Re: cable television public, educational, and governmental access funding and groups) with Vermont Secretary of State and Legislative Council on December 14, 2004. Contact John Bentley, Staff Attorney, at 828-2358 with questions. [More](#)

Workshop held on July 22, 2004, Re: Draft Proposed Rules for Nondominant Telecommunications Carriers Memo Draft Rule Revisions Draft Rule 7.500 Draft Rule 7.600

Workshop held on July 6, 2004, Re: Draft Proposed Rule on Vermont Universal Service Fund Draft Rule 7.400

Info Re: VELCO/NW Reliability Project (Docket No. 6860) [More](#)

Vermont Universal Service Fund rate for the period July 1, 2004 through June 30, 2005, is 1.27% (unchanged from last year) - Docket No. 6948 - Order issued June 15, 2004. Word Perfect Adobe Acrobat

Customer Deposit Interest is 2.75% for Calendar Year 2005. [More](#)



Electricity Highlights

Board opens Investigation into CVPS' rates, Docket 6946

Board suspends CVPS' 5% rate increase, Docket 6988

Board suspends GMP rate design change, Docket 6958

Board opens Investigation into GMP rates, Docket 7030

Renewable Portfolio Standard (RPS) Collaborative [More](#)

Filings and position papers on federal and regional energy market issues: Standard Market Design(SMD), Regional Transmission Organization (RTO), and Independent System Operator (ISO) [More](#)

EEU - Energy Efficiency Utility, including Orders from Docket 5980. [More](#)

HOT TOPICS

● [Delaware Public Service Commission initiates FCC'S Triennial Review Order](#)

● [Hurricane Isabel Review and Report to the Commission](#)

SITE NAVIGATION

● [AGENDA/CALENDAR](#)

● [COMMISSIONERS](#)

● [CONSUMER COMPLAINT FORM](#)

● [CONSUMER ASSISTANCE](#)

● [ELECTRICITY INDUSTRY RESTRUCTURING IN DELAWARE](#)

● [EMPLOYMENT](#)

● [FINDINGS AND RECOMMENDATIONS](#)

MAJOR ISSUES

● [ELECTRIC](#)

● [TELEPHONE](#)

● [GAS](#)

● [WATER](#)

● [CABLE](#)

ORDERS

● [SEARCH ORDERS](#)

● [ELECTRIC](#)

● [MOTOR VEHICLE](#)

● [TELEPHONE](#)

● [GAS](#)

● [WASTEWATER](#)

● [WATER](#)

● [CABLE](#)

● [PAYPHONE RULE](#)

MODIFICATIONS

● [PRESS RELEASES](#)

● [PUBLIC NOTICE OF](#)



DELAWARE PUBLIC SERVICE COMMISSION



861 Silver Lake Boulevard
Cannon Building, Suite 100
DOVER, DELAWARE 19904
TEL: (302) 739-4247
FAX: (302) 739-4849
TDD: (302) 739-4333
IN-STATE (800) 282-8574

Serving the Business and Customers of Investor-Owned Utilities in
Delaware - the First State

The Public Service Commission is authorized by the Delaware General Assembly under Title 26, Delaware Code, to regulate investor-owned utilities and companies providing electric, natural gas, water, telecommunications and cable services for public use within the unincorporated areas of the State of Delaware. [Click Here](#) to view our **Privacy Policy**

Any new motor vehicle dealer may file a protest with the Commission if the dealer believes that the Commission's decision not to impose an assessment is improper ([Order No. 6350](#)) pdf format

The Commission Solicits Comments and Participation on Appropriate Calculation of Water Utility DSIC Rates ([Order No.6208](#))

Delaware Public Service Commission initiates [FCC's Triennial Review Order](#): All Local Exchange Carriers required to file to be included on "Service list" and all interested persons required to observe deadlines for filing petitions to request findings concerning unbundled network elements.

ELECTRICITY INDUSTRY RESTRUCTURING IN DELAWARE

For Information on Delaware Electric Supply Choice [CLICK HERE](#)

On March 31, 1999, Governor Tom Carper signed House Bill No. 10, which restructures Delaware's electricity industry beginning October 1, 1999. [Click Here](#) for selected highlights of H.B.10.

[PSC Home](#) | [FAQ](#) | [Contact Us](#) | [Site Map](#) | [News Flash](#):

[Who We Are...](#)

[Where We Are](#)

[e-Docket System...](#)

[Hot Topics](#)

[Office of the General Counsel's Corner](#)

[Contracting & Procurement](#)

[Hearing Transcripts & Testimony](#)

[Press Releases](#)

[Commission Formal Cases...](#)

[Commission Orders, Rules & Regulations...](#)

[Customer Choice...](#)

[Consumer Services...](#)

[Reports](#)

[Applications](#)

[Employee Information](#)

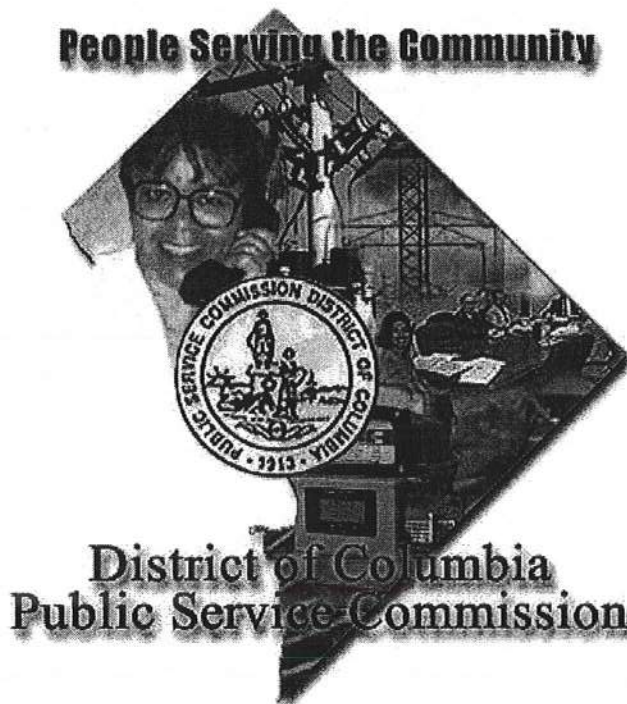
[Employment Opportunities](#)

[Pipeline Safety Program...](#)

[Requests...](#)

[Links to Other Sites](#)

People Serving the Community



District of Columbia Public Service Commission

The mission of the District of Columbia Public Service Commission is to serve the public interest by ensuring that financially healthy electric, gas and telecommunications companies provide safe, reliable and quality utility services at reasonable rates for District of Columbia residential, business and government customers.

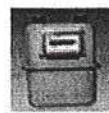
[Mission & Goals >>](#)

HOT TOPICS

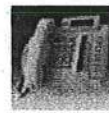
- **New Addition - Glossar**
Posted: January 25, 2005
- **Scrambling for a Slice of Phone Pie**
Posted: January 24, 2005
- **Consumer Advisory - R Electricity Prices**
Posted: January 10, 2005
[More Hot T](#)



Electric Customer Access
Electric Info Users, Suppliers, and Electric Competitors District.



Gas Customer Choice
How to choose a supplier in District, or review C Gas Prices.



Telecommunications Customer Choice
Become a CLEC, a service provider, or status of Local Tele Competition.

CONTACT INFORMATION **WEBSITE**
 District of Columbia Public Service Commission
 1333 H Street, NW
 Suite 200, West Tower;
 Washington, DC 20005

Phone: (202) 626-5100
Fax: (202) 393-1389



Visitor Count

Site Last Updated: 1/26/2005



[FAQ](#) | [Contact Us](#) | [Site Map](#) | [Accessibility](#) | [Disclaimer](#) | [Glossary](#)

Please mail your comments to support@dcpsc.org

All Contents Copyright © 2004 Public Service Commission, DC. All Rights Reserved.

Site Design and Maintenance by DataNet Systems Corp.



Public Utilities Commission

[B&F Home](#)

[Contact Us](#)

Regulates all franchised or certificated public service companies operating in Hawaii; prescribes rates, tariffs, charges and fees; determines the allowable rates; establishes rates; issues guidelines concerning the general management of certificated utility businesses; and acts on requests for the acquisition or exchange of utility properties, including mergers and consolidations.

- [PUC Forms](#)
- [Reports to the Legislature](#)
- [Press Releases](#)
- [Statutes, Administrative Rules and General Orders](#)

- [Decisions and Orders](#)
- [Telephone Directory](#)
- [Schedule of Hearings](#)
 - [Citation Hearings](#)
 - [Utility Hearings](#)

- [Telecommunications](#)
- [Transportation](#)

- [Energy](#)

DISCLAIMER NOTICE

The Hawaii Public Utilities Commission's web site, www.hawaii.gov/budget/puc/, including the information found on the web site, is provided as a public official government records. The information contained on the web site is dynamic and will change over time. Users of the web site are therefore fully responsible for the accuracy, completeness, and/or suitability of the information.

The Hawaii Public Utilities Commission including its employees and duly authorized agents, (1) disclaims any and all liability for any claims or damages arising from the use of the information found on the web site, (2) gives no warranty, expressed or implied, as to the accuracy, reliability, completeness, or usefulness of the information, and (3) does not assume any legal liability or responsibility for the accuracy, reliability, completeness, or usefulness of such information.

The web site contains links to information created and maintained by other public and private organizations. These links are provided for your convenience. The Commission does not control or guarantee the accuracy, relevance, timeliness or completeness of this outside information.

[B&F Home](#)

[Employees' Retirement System](#)

[Hawaii Employer-Union Health Benefits Trust](#)

[Office of the Public Defender](#)

Harry M. Boertzel, ALJ
January 26, 2005
Page 1 of 1

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net

Edward R. Margerison
Jean Dorrell

January 26, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Computer in Consultant Office

Dear Harry:

I am writing to inform you that the computer that has been set up for use in the consultant's room has become increasingly unstable. The machine is now quite old and operates on Windows 98 – a platform that is no longer supported by Microsoft. While some of our consultants do bring their laptop computers when they visit Guam, a computer in the consultant's office does greatly enhance productivity. If the PUC's budget does permit I would recommend that the current machine be replaced with a new one. If approval is received from the PUC we would be happy to discuss the specifications of the new machine and we believe that the price would be moderate.

If there are any questions please do not hesitate to call.

Cordially,

Jamshed K. Madan

GEORGE P.G. KIM, CPA, PC

A Professional Corporation

PACIFIC NEWS BUILDING, STE. 304A
POST OFFICE BOX CN
HAGATNA, GUAM 96932

TELEPHONE (671) 477-9677 or 9685

FACSIMILE (671) 477-6005

E-MAIL: gpgkim@hotmail.com

January 12, 2005

Mr. Terrance M. Brooks, Chairman
Public Utilities Commission of Guam
Suite 307, GCIC Building
Post Office Box 862
Hagatna, Guam 96932



Dear Mr. Brooks,

This letter is to report on my recently completed review of the Public Utilities Commission's (the "PUC") accounting records, policies and procedures. The period of review covered the fourth quarter ended September 30, 2004 and the months of October and November of 2004. The delay in completing this review was due to the late submission of a copy of the July 2004 bank statement of the PUC's regulatory checking account.

The following was done for the periods reviewed:

- Reviewed daily cash receipts and deposit slips and traced deposits to the bank statements.
- Reviewed cancelled checks and determined that signatures were authorized and payments were authorized, except for the months as noted below.
- Compared and confirmed that check amounts match those recorded by the bank on the bank statement.
- Determined that bank accounts were properly reconciled to the general ledger account balances.

Certain bank statements of the regulatory and administrative checking accounts did not include the customary cancelled checks. The accounts and months affected are as follows:

- ❖ Regulatory account – July and November 2004
- ❖ Administrative account – November 2004

GEORGE P.G. KIM, CPA, PC

Mr. Terrance M. Brooks, Chairman
Page two
January 12, 2005

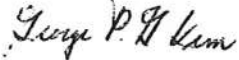
Accordingly, I was unable to complete my review of the cancelled checks of the affected months. The administrator has requested copies of the cancelled checks and will inform me when they are available for review.

In conclusion, except for the missing cancelled checks, I am pleased to report the PUC's accounting records have been consistently and accurately maintained for the periods reviewed.

* * * * *

I wish to express my appreciation for the assistance and courtesy extended by the administrator. If you should have any questions regarding this letter or other matters, I will be pleased to discuss them with you.

Sincerely yours,



George P.G. Kim, CPA

January 12, 2005

Public Utilities Commission
of Guam
Suite 207, GCIC Building
P.O. Box 862
Hagatna, Guam 96932

Services rendered in connection with review of accounting
records and checking accounts for the period July 1, 2004
to November 20, 2004 (see attached time sheet)

\$ 532.50

George P.G. Kim, CPA, PC

Public Utilities Commission
Time Sheet-GK

Date	Hours	Description	Amount
10/29/04	1.5	Reviewed cash receipts and disbursements as recorded in Quickbooks; reviewed reconciliation of admin account in BankPacific (regulatory account bank statement of July not received yet by PUC; they did receive Aug and Sept but cannot reconcile until they receive July statement); assist office manager in correcting employee receivable and payable to Georgetown	\$ 225.00
01/11/05	1.25	Reviewed regulatory account from July to Nov--unable to review checks of July and Nov as not submitted with bank statements; reviewed admin account from Oct to Nov--unable to review checks of Nov as not submitted with bank statement	187.50
01/12/05	0.8	Prepare letter report to PUC on findings	<u>120.00</u>
			\$ <u><u>532.50</u></u>

PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
APRIL 22, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM



MINUTES

A special meeting of the Guam Public Utilities Commission was convened at 6:00 p.m. on April 22, 2005 pursuant to due and lawful notice. Commissioners McDonald, Perez, Crisostomo, Cantoria and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made *Attachment A*.

1. Approval of minutes.

After review and discussion of the minutes of the February 1, 2005 meeting and on motion duly made, seconded and unanimously carried, the Commission *resolved* to approve the minutes.

2. Telecommunications regulatory matters:

a. GTA Amended General Exchange Tariff [Docket 05-03].

The Commission reviewed an April 13, 2005 stipulation between TeleGuam Holdings and Georgetown, which supports regulatory approval of a revised general tariff. The revisions correct technical and typographical errors and propose the following material tariff amendments: 1] updating of the 911 tariff provisions; 2] new terms and conditions for the ISDN tariff section; 3] the deletion of tariff provisions for services no longer provided; 4] deletion of tariff provisions relating to Federally deregulated services; 5] enhanced calling features price bundling flexibility; 6] directory assistance charge for off-island numbers; and 7] tariff increase for directory assistance and automatic connection. No public opposition to the amended general tariff was submitted during the public hearing process.

After discussion and on motion duly made, seconded and unanimously carried, the Commission *resolved* to adopt the Order, as made *Attachment B*.

b. GTA Assignment of Grandfather Certificate [Docket 05-03].

ALJ's April 22, 2005 report summarizes regulatory proceedings regarding TeleGuam Holding's March 7, 2005 petition for a declaratory ruling that it is

entitled to assign its certificate of authority to its wholly owned subsidiary [GTA Telecom] as a matter of contractual and statutory right. The report summarizes and analyzes the opposing positions of TeleGuam and Georgetown on whether: 1] the Asset Purchase Agreement vests TeleGuam with the contractual right to assign its certificate; and 2] section 12103[g], which exempts transfers of control that do not result in a substantial change in ultimate ownership" from regulatory review, is applicable to the proposed TeleGuam transfer.

After reviewing and discussing the ALJ report and the findings recommended therein and for good cause shown, the Commission on motion duly made, seconded and unanimously carried, *resolved* to adopt the Order, as made *Attachment C*.

c. Proposed Telecommunications Rules [Docket 05-01].

The Commission next considered a status report from ALJ regarding progress in the rulemaking proceeding *initiated by Order dated February 1, 2005* which will develop rules under 12 GCA 12104 concerning tariff forbearance, confidentiality, certificates of authority, payphones and regulatory fees. ALJ reported that although these proceedings will not be ready for Commission consideration until the July regulatory session, there is a need to adopt the draft certification and confidentiality rules on an interim basis pending the July proceedings.

After discussion and consideration of a proposed order [*Interim Adoption of Certification and Confidentiality Rules*] in form made *Attachment D*, and on motion made, seconded and unanimously carried, the Commission *resolved* to adopt the attached order.

d. Enforcement Order [Docket 05-01].

In response to the failure of a few CMRS companies to comply with the Commission's February 1, 2005 Order, which requires that they register with the Commission, a proposed order was considered to comply compliance.

After discussion and on motion duly made, seconded and unanimously carried, the Commission *resolved* to adopt the Enforcement Order in form made *Attachment E*.

e. Sine Digital Application - Docket 05-02].

On March 7, 2005, Sine Digital Incorporated petitioned the Commission for a grandfather certificate under 12 GCA 12103[a]. Commission staff has recommended that the Commission forbear from enforcing the certification

requirements on the company pending further rulings in relevant FCC proceedings. After discussion and on motion duly made, seconded and unanimously carried, the Commission *resolved* to adopt the Order made *Attachment F*.

3. Guam Power Authority - LEAC Order - [Docket 02-04].

GPA and Georgetown submitted for Commission consideration a stipulation dated March 31, 2005, which:

- a] Establishes the need to increase the LEAC factor for the period April 22, 2005 through September 30, 2005;
- b] Recommends standards which would be used by the Commission to evaluate the reasonableness of fuel expenses and if met would entitle GPA to recover the \$7 million dollars in deferred fuel expenses; and
- c] Defines semi-annual GPA reporting requirements regarding its generating assets.

After review of the stipulation and a proposed LEAC Order, after discussion and for good cause shown, the Commission on motion duly made, seconded and unanimously carried, *resolved* to adopt the Order made *Attachment G*.

4. E911 - Reimbursement Petition [Docket 99-10].

Pursuant to the Commission's April 11, 2003 *Reimbursement Protocol Order*, Choice Phone LLC has petitioned for reimbursement of \$27,764 in historic administrative expenses in serving as a collection agent and ongoing expenses in the sum of \$1,536 per month.

Georgetown supports the request. After review and discussion of a proposed Reimbursement Order, and on motion duly made, seconded and unanimously carried, the Commission *resolved* to adopt the Order made *Attachment H*.

5. Pending Legislation [Bills 76 and 77].

ALJ reviewed pending legislation, which would invest the Commission with new authority over E911 and tipping fees. In anticipation of the enactment of these bills, the Commission considered a proposed *Administrative Order*, which would empower ALJ to commence the administrative work to implement the new laws, if and when enacted.

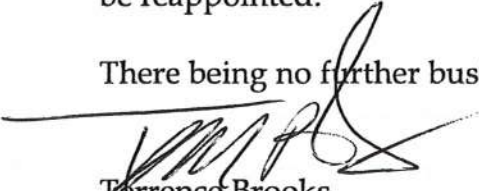
After review and discussion of the proposed order and on motion duly made, seconded and unanimously carried, the Commission *resolved* to adopt the Order made *Attachment I*.

6. Administrative business.

The Commission's FY04 Annual Report and Freedom of Information Annual Report were reviewed and approved. Proposed *FOIA Accessibility Guidelines* were also reviewed and approved. The Commission also reviewed and approved a request to replace the Administrator's CP [\$1,000 budget] and ratified the Commission's April 21, 2005 contract with Icon for the development of its website, as previously authorized by February 1, 2005 resolution.

With considerable regret, the Commission recognized the expiration of Commissioner Filomena Cantoria's term of service. In recognition of her dedicated service, the Commission adopted and presented a resolution to her, a copy of which is made *Attachment J*. The Commissioners directed that the transmittal letter to Governor Camacho recommend that Commissioner Cantoria be reappointed.

There being no further business, the meeting was adjourned.



Terrence Brooks
Chairman

PUBLIC UTILITIES COMMISSION

**SPECIAL MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA
6:00 p.m. April 22, 2005**

AGENDA

1. Approval of minutes of February 1, 2005 and March 1, 2005 special meetings.
2. Telecommunications regulatory matters:
 - a. Guam Telephone Authority [Docket 05-03].
 - . Amended General Exchange Tariff. PUC Order
 - . GTA Assignment of Grandfather Certificate
 - . ALJ Report
 - . Proposed Order
 - b. Proposed PUC Rules [Docket 05-01].
 - . ALJ Status Report
 - . Interim Order - Certificate and Confidentiality Rules
 - c. April 15, 2005 letter from Pacific Data Systems.
 - d. Enforcement Proceedings. Non-compliance with PUC 2/1/05 Order [Docket 05-01] re CMRS registration.
 - e. Sine Digital Application for Grandfather Certificate
3. Guam Power Authority - LEAC Order.
4. E911: IConnect reimbursement petition.
5. Pending legislation:
 - a. Bill 76 [E911].
 - b. Bill 77 [Tipping fees].
 - c. Administrative Order
6. Administrative business:
 - a. Commissioner Cantoria - Term expiration. Resolution.
 - b. PUC FY04 Annual Report.
 - c. Freedom of Information Act.
 - . Accessibility Guidelines
 - . Annual report [5 GCA 10107]
 - d. PUC Website
7. Other Business



**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
FEBRUARY 1, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

MINUTES

A special meeting of the Guam Public Utilities Commission was convened at 6:00 p.m. on February 1, 2005 pursuant to due and lawful notice. Commissioners McDonald, Lim, Perez, Crisostomo and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made *Attachment A*.

1. Approval of minutes.

After review and discussion of the minutes of the October 14, 2004 meeting and on motion duly made, seconded and unanimously carried, the Commission resolved to approve the minutes.

2. Guam Waterworks Authority.

GWA has requested PUC approval of two procurements, pursuant to PUC's December 16, 2003 contract review protocol:

- a. A procurement to construct a Santa Rita transmission line [\$1.95 million], which would be funded by \$1,450,000 in General Fund revenues and \$500,000 in GWA internal funds. The project would resolve the chronic Santa Rita water problems.
- b. A \$1.872 million equipment loan to fund the purchase of overflow prevention equipment, vehicles and generator equipment. MSG [the meter financier] has won the procurement bid for this loan, which would be made under the meter financing documentation at an interest rate of 6.05%. The overflow equipment and vehicles were reviewed and approved in the October 2004 rate proceeding. The generator equipment is required under EPA order.

Georgetown has reviewed the above procurements and by January 24, 2005 letter has recommended their approval. After discussion, and on motion duly made, seconded and unanimously carried, the Commissioners resolved to approve the procurements, subject to the requirements of its contract protocol order.

3. Guam Power Authority.

a. LEAC Housekeeping Order.

The Commissioners considered an administrative order, which would clarify that in the event a semi-annual LEAC Order is not entered prior to the end of an existing LEAC factor Order, then the existing LEAC factor would remain in force and effect until a new order is entered. After discussion and on motion duly made, seconded and unanimously carried, the Commissioners resolved to adopt the order made *Attachment B*.

b. Procurements.

GPA has requested PUC approval, pursuant to PUC's December 16, 2003 contract review protocol, of its FY05 CIP cap [\$13.5 million] and two procurements [\$4.6 million for internally funded vehicles and \$1.94 million for the *San Vitores to Macheche Underground Conversion Project* (90% FEMA funded)]. By December 30, 2004 letter, Georgetown reports that it has reviewed the proposed cap and procurements and recommends their approval. Commissioner Lim requested that GPA file a letter report on how the vehicle procurement squares with the privatization of GPA's transportation department [as approved by PUC on March 31, 2004]. After discussion and on motion duly made, seconded and unanimously carried, the Commissioners resolved to approve the GPA procurements and the FY05 CIP cap.

4. Guam Telecommunications Act of 2004.

a. Docket 05-01 [Order Instituting Regulatory Proceedings].

In furtherance of a January 25, 2005 workshop, the Commissioners again reviewed a January 24, 2005 ALJ report on PUC's new regulatory responsibilities under the Guam Telecommunications Act of 2004 [P.L. 27-110 - "Act"], P.L. 27-109 and under the Asset Purchase Agreement, by which TeleGuam Holdings LLC purchased Guam Telephone Authority.

After review and discussion of the ALJ Report, which recommends a course of regulatory action to implement the Act, the Commissioners on motion duly made, seconded and unanimously carried, resolved to adopt the Order, including each of the "determinations" stated therein, in form made *Attachment C*. With regard to paragraph 4 of the Order, it was decided that PUC Administrator would serve as interim PUC representative to the Territorial Transportation and Communications Coordinating Council. ALJ reported that

the rules, which he is directed by the Order to prepare, should be ready for public hearing during the April regulatory session.

b. Docket 05-03 [GRT Dispute]

The Commissioners next considered an ALJ Report dated January 31, 2005, which reviews and recommends regulatory action in response to TeleGuam's decision to assess its intrastate telecommunications services customers for its 4% GRT liability, without first complying with the requirements of 12 GCA 12106, and related issues. The Report contains the positions of Georgetown and TeleGuam on the subject. After careful review and discussion of the Report and of the proposed Order presented by ALJ, and on motion duly made, seconded and unanimously carried, the Commissioners resolved to adopt the Order, including the 12 determinations contained therein, in form made *Attachment D*.

5. E911 [Docket 99-10].

ALJ reported that collection agents' compliance with reporting requirements under PUC's June 24, 2002 Order, as amended, has deteriorated. Moreover, agent's refusal to collect and remit the 911 surcharge on prepaid cellular accounts in accordance with PUC's June 24, 2002 Order is a chronic problem. PUC's only current remedy in the face of these violations is to refer them to the Attorney General's Office. ALJ and Chairman Brooks plan a courtesy visit with Vice Speaker Brown, who has utility oversight, to review proposed legislation to enable PUC to enforce its 911 orders. This legislation has been recommended on three occasions by PUC for Legislative consideration.

6. Administrative Business.

After discussion and on motion duly made, seconded and unanimously carried, the Commissioners resolved to make the following administrative decisions:

- a. PUC regretfully accepted Commissioner Woo's January 10, 2005 resignation and adopted a resolution in recognition of his community service, in form made *Attachment E*.
- b. Chairman Brooks is authorized: i] to purchase a new CP to replace the one being used by Georgetown, under budget not to exceed \$1,000; ii] to procure consulting services to create a PUC website under budget not to exceed \$5,000; and iii] to apply for Directors and Officers liability insurance for PUC.

- c. The January 12, 2005 report from CPA George Kim was accepted, with the understanding that it would be revised upon PUC receipt of cancelled checks for July and November 2004 from PacificBank.
- d. As a housekeeping matter, PUC confirmed that Administrator Palomo's contract term has been extended for another twelve month period, commencing December 13, 2004, which is consistent with its decision at the October 14, 2004 meeting to increase her compensation under the contract to \$32,000 per annum, commencing October 1, 2004.

There being no further business, the meeting was adjourned.

Terrence Brooks
Chairman

**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
MARCH 1, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

MINUTES

A special meeting of the Guam Public Utilities Commission was convened at noon on March 1, 2005 pursuant to due and lawful notice. Commissioners McDonald, Lim, Perez, Cantoria and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made **Attachment A**.

1. GTA Wireless - ETC Designation.

The Commission reviewed the recommendation of Georgetown [GCG - letter dated February 17, 2005] and ALJ [Report dated February 24, 2005] that it decline jurisdiction over the determination of whether GTA Wireless should receive ETC Designation. This recommendation is based upon the importance of establishing a leveled telecom regulatory playing field and in deference to FCC's substantial experience in this area. After discussion and on motion duly made seconded and unanimously carried, it was *resolved* that Chairman Brooks is authorized to execute the letter in form attached to the GCG letter and further, in consultation with ALJ, to file comments, if deemed appropriate, to FCC regarding the GTA Wireless application.

2. GTA Grandfather Certificate.

For its information, the Commission was provided with a copy of the certificate, which Chairman Brooks will issue to GTA pursuant to authority under the February 1, 2005 Order in Docket 05-01. GTA has requested that it be permitted to transfer the certificate to GTA Telecom LLC, a wholly owned subsidiary. This request is currently

under administrative review and will be brought before the Commission for consideration during the April regulatory session.

3. GTA Pay Telephone Rate.

The Commission next considered a February 12, 2005 letter from ALJ to Vice Speaker Brown, which informed the Legislature of a clerical error in P.L. 27-109 and in the Asset Purchase Agreement. Both documents incorrectly state that the pay telephone rate, as approved by PUC and charged by GTA prior to sale, was \$36. The correct rate is \$44, which is confirmed by both GTA and GCG. After discussion and on motion duly made, seconded and unanimously carried, the Commission *resolved* to adopt the ALJ letter as the Commission position on this subject and to take no regulatory action to enforce the incorrect rate.

4. Docket 05-03 [GRT Dispute].

By its February 1, 2005 Order, ALJ was directed to oversee administrative proceedings in an effort to resolve the Dispute and to bring to Commission for adjudication any unresolved issues. The Commission reviewed ALJ's Report dated February 24, 2005 and his Addendum Report dated February 28, 2005. The Report presents a Stipulation from GCG and GTA, which makes joint recommendations in support of regulatory order that: a) GTA shall not assess GRT on the 4 basic rates protected by the APA and shall provide public notice of the Commission's ruling on this issue and shall credit or reimburse customers for any assessment made on these basic rates; b) PUC take no action regarding the application of the tariff amendment discussed below, to the Government of Guam; and c) GTA's proposed amendments to its General Exchange Tariff be developed for PUC review pursuant to Stipulation section 4. A single point of dispute between GTA and GCG [whether GTA should be permitted to increase its non-protected intrastate telecom service rates to obtain reimbursement of the GRT it incurs on the revenue derived from said rates and if so at a fixed 4% or at the rate established by law]. ALJ, in his Addendum Report, supports the

GTA position as stated in proposed tariff amendment, which is made Exhibit A to the Stipulation. After considering the Stipulation and the ALJ Report and Addendum Report and on motion duly made, seconded and unanimously carried, the Commission resolved to adopt the Order, in form made **Attachment B**. Under the terms of this Order, the proposed GTA tariff amendment to obtain reimbursement from customers of the GRT incurred by GTA on non-protected intrastate telecom rates will go into effect on March 3, 2005 and will be retroactive to January 1, 2005.

5. 12 GCA 12103(c) Certificates.

The Commission has received an inquiry from a telecom company, which asserts that it is entitled to a grandfather certificate for pre-December 31, 2004 services and has asked about the process by which it could obtain a general certificate for the same services. By its February 1, 2005 Order in Docket 05-01, Chairman Brooks was authorized to issue grandfather certificates to duly authorized applicants. After discussion, the Commission decided to expand his February 1, 2005 authority to include the issuance of general certificates under the above circumstances. This authorization is contained in section 5 of the Order made Attachment B to these minutes.

There being no further business, the meeting was adjourned.

Terrence Brooks
Chairman

PUBLIC UTILITIES COMMISSION

**SPECIAL MEETING
SUITE 207 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

Noon, February 28, 2005

**AGENDA
Regarding GTA**

- 1. Guam Wireless - Designation as eligible telecommunications carrier for access to federal universal service support.**
- 2. GTA grandfather certificate - 12 GCA 12103.**
- 3. Payphone line rate.**
- 4. Proposed GTA Amendment to General Exchange Tariff [Section 1, page 12: Recovery of Territorial fees, taxes, surcharges, charges and assessments *[excluding Territorial income tax or other taxes on net income]*.**
- 5. Other business.**

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF TELEGUAM
HOLDINGS LLC'S GENERAL
EXCHANGE TARIFF NO. 1

DOCKET 05-03

ORDER

On March 1, 2005, Teleguam Holdings LLC [dba "GTA"] filed its General Exchange Tariff No. 1 ["*Tariff*"] with the Guam Public Utilities Commission ["PUC"] for review pursuant to 12 GCA 12106. By stipulation and subsequent letter, GTA has agreed that the thirty-day regulatory review period, as established in 12 GCA 12106[b] shall be extended until April 23, 2005.

During the period March 1 to 25, 2005 PUC's regulatory consultant [Georgetown Consulting Group - "GCG"] undertook a thorough review of the tariff, which is memorialized in its letters dated March 25, 2005. Following this review, PUC's administrative law judge ["ALJ"] conducted regulatory conferences on April 8, 11 and 12, 2005, which resulted in an April 13, 2005 stipulation between GTA and GCG [*copy attached as Attachment A*], in which they make a joint recommendation for PUC approval of the Tariff, in form and content described in the Stipulation. On April 11, 2005 a Telecom Group, comprised of Guam Cellular and Paging, Inc., IT&E Overseas, Inc., Guam Wireless LLC, Choice Phone LLC and Isla Pacific Telecommunications, Inc., was granted leave to intervene in this proceeding.

On April 13, 2005, PUC conducted a noticed public hearing, at which it received the Stipulation for consideration and review. The Telecom Group participated in the hearing and registered no opposition to the Stipulation. GTA and GCG agree that *Attachment B* correctly identifies the evidentiary record in this proceeding. In addition, the record includes Telecom Group's April 8, 2005 petition to intervene and its April 11, 2005 *Brief Regarding Notice Issue*. PUC finds that the record evidences that GTA has complied with the public notice requirement mandated by 12 GCA 12106[b].

On April 22, 2005, PUC conducted a duly noticed and convened public meeting at which it considered the Stipulation, which describes the Tariff, with agreed amendments, which GTA and GCG recommend receive favorable consideration by PUC. After discussion, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners,

**IT IS HEREBY ORDERED BY THE GUAM PUBLIC UTILITIES
COMMISSION THAT:**

1. GTA's General Exchange Tariff No. 1, as amended by the Stipulation [the "*Stipulated Tariff*"], is hereby approved. GTA shall file a copy of the Stipulated Tariff with PUC for its records. GTA shall also electronically transmit a copy of the Stipulated Tariff to GCG, which shall review it and file with PUC a comfort letter that it complies with the Stipulation.
2. PUC finds that the Stipulated Tariff does not require special notice under either 12 GCA 12103[h] or 12111[c].
3. All rulings and orders of the ALJ during the course of this proceeding are confirmed and ratified. All motions not heretofore granted or denied are denied. No other matters currently require discussion.
4. PUC's administrator is authorized and directed, after she receives the GCG comfort letter described in paragraph 1 above, to stamp the Stipulated Tariff sheets with an effective date of April 22, 2005.
5. GTA shall pay for PUC's expenses, including, without limitation, consulting and counsel fees and expenses and the expenses of conducting the hearing process.

Dated this 22nd day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim



**BEFORE THE
PUBLIC UTILITIES COMMISSION OF GUAM**

**IN THE MATTER OF TELEGUAM)
HOLDINGS, LLC GENERAL EXCHANGE)
TARIFF NO. 1)**

DOCKET 05-03

**STIPULATION REGARDING
TELEGUAM HOLDINGS, LLC GENERAL EXCHANGE TARIFF NO. 1**

TELEGUAM HOLDINGS, LLC d/b/a GTA ("GTA") and GEORGETOWN CONSULTING GROUP, INC. ("GCG"), in its role as staff to the Public Utilities Commission of Guam (the "Commission"), through their authorized representatives, hereby stipulate and agree as follows:

- 1) On March 1, 2005, GTA submitted its General Exchange Tariff No. 1 ("GTA Tariff") to replace the tariff of the Guam Telephone Authority ("GET Tariff") that is currently on file with the Commission.
- 2) As required by the Commission, GTA published notice of the GTA Tariff in the Pacific Daily News on March 18, 2005 and March 28, 2005.
- 3) For the purposes of this stipulation, a "material change" is defined to mean a change to the GET Tariff that increases rates, materially changes an obligation of the customer, materially changes an obligation of the carrier, or removes a section of the GET Tariff.
- 4) The GTA Tariff adopted the rates, terms, and conditions of the GET Tariff except for certain technical and typographical revisions and the material changes discussed in this Stipulation. GTA attests that all material changes from the GET Tariff are described in this Stipulation.
- 5) The 911 Section of the GTA Tariff contains the same rates as the GET Tariff but contains new terms and conditions. (GET Tariff, Section 6, Pages 31-32; GTA Tariff, Section 5, Pages 27-46.) A copy of the 911 Section was provided by GTA to Acting Fire Chief George Aquino on April 1, 2005, and Chief Aquino was informed that comments were due to the Commission no later than April 8, 2005. GTA contacted Chief Aquino regarding the 911 Section on April 6, 2005, at which time he advised that the Fire Department did not have any comments on the revised language. After the April 8, 2005 regulatory session, GTA again contacted the Fire Department and confirmed that it had no questions or comments regarding the revised language. GCG has no objection to the proposed language of the 911 Section.

- 6) The ISDN Section of the GTA Tariff contains the same rates as the GET Tariff but contains new terms and conditions. (GET Tariff, Section 12, Pages 2-19; GTA Tariff, Section 5, Pages 58-64.) GCG has no objection to the proposed language of the ISDN Section.
- 7) GTA attests that it currently has no customers and had no customers as of the time of the sale of assets from Guam Telephone Authority to GTA for the following services contained in the GET Tariff: 1) Cellular Carrier Access; 2) Directory Publication; 3) Joint User Service; 4) Teen Service; 5) Foreign Exchange Service; 6) Vacation Service; 7) Rotary Service; and 8) Radio Common Carrier Service. (GET Tariff, Section 11; Section 6, Pages 3.1-7.1; Section 6, Pages 14-15; Section 6, Pages 24-26; Section 6, Page 22; Section 6, Page 21; Section 2, Pages 4-5; Section 10, Pages 2-17.) Accordingly, these services are not contained in the GTA Tariff. Because no customers exist for these services, individual customer notice is not required. As stated in Paragraph 2 above, GTA complied with the public notice requirement mandated by the Commission. GCG has no objection to the removal of these services from the GTA Tariff. GCG wishes to stress that its agreement on these removals in no way should be interpreted as any statement of the prudence of the business decision of GTA no longer to offer these services. GCG reserves the right in future rate proceedings to question the prudence of GTA's decision to forego the potential revenues that the offering of these services, or any of them, might have produced or could produce.
- 8) GTA and GCG agree that the following sections of the GET Tariff can be removed from the tariff because the subject services have been preemptively deregulated by the Federal Communications Commission ("FCC") or are subject to the exclusive jurisdiction of the FCC: 1) Customer Premises Equipment;¹ 2) International Services; 3) Inside Wiring and 4) Voice Mail Services.² (GET Tariff Section 5; Section 8; Section 3, Pages 3-9; Section 6, Pages 37-52.)
- 9) The Special Access section of the GET Tariff (GET Tariff, Section 9) shall continue in effect until such time that GTA submits a separate special access tariff or comparable document for review and approval by the Commission. Until such tariff is approved, GTA agrees that the services currently provided pursuant to the Special Access section of the GET Tariff shall continue to be provided in accordance with the terms of that section.

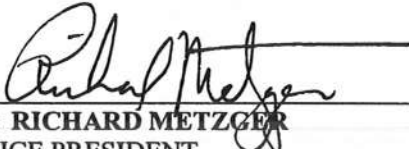
¹ See *Detariffing of Billing and Collection Services*, Report and Order, 102 FCC2d 1150 at 1176-1177 (1986).

² See *Amendment of Section 64.702 of the Commission's Rules and Regulations*, Memorandum Opinion and Order, 84 FCC 2d 50, 54-5 (1980).


- 10) GTA has requested flexibility to price bundles of its vertical calling features³ (referred to in the GET Tariff as "enhanced calling features"). (GET Tariff, Section 6, Pages 10-12.1; GTA Tariff, Section 5, Pages 13-20.) GTA and GCG agree that each vertical feature will be subject to a price cap (at the rate contained in the GET Tariff) and that GTA may price bundles of such features on an individual case basis, provided that in no case shall any bundle of features be priced at a rate that exceeds the sum of the rates for such services priced separately or the existing rate for the bundle under the GET Tariff. Features will be offered on a nondiscriminatory basis and customers will be automatically switched to a lower rate if a lower rate is offered to a customer with the identical bundled package of features.
- 11) GTA has requested that it be permitted to charge \$1.25 for directory assistance where the requesting caller seeks a telephone number outside of Guam. (GET Tariff, Section 6, Pages 2-3; GTA Tariff, Section 5, Pages 4-6.) GCG supports this request.
- 12) GTA has requested that it be permitted to increase its charge for directory assistance for Guam numbers from \$0.45 (with the first three per month free) to \$0.75 (with the first three per month free) (GET Tariff, Section 6, Pages 2-3; GTA Tariff, Section 5, Pages 4-6). In its original filing GTA requested to increase the charge to \$1.25. GCG supports the reduced request.
- 13) GTA has requested that it be permitted to increase its charge for automatic connection to a directory number (for both Guam on national numbers) from \$0.25 to \$0.30. (GET Tariff, Section 6, Pages 2-3; GTA Tariff, Section 5, Pages 4-6.) In its original filing GTA requested to increase the charge to \$1.25. GCG supports the reduced request.

DATED this 13 day of April, 2005.

TELEGUAM HOLDINGS, LLC.

BY: 
 NAME: RICHARD METZGER
 ITS: VICE PRESIDENT
 REGULATORY AFFAIRS

GEORGETOWN CONSULTING GROUP, INC.

BY: 
 NAME: WILLIAM J. BLAIR
 ITS: COUNSEL AND
 AUTHORIZED REPRESENTATIVE

³ Vertical Features includes Call Waiting; Call Forwarding; Call Forwarding - No Answer; Call Forwarding - Busy; Call Forwarding - No Answer and Busy; Call Forwarding, Busy, No Answer Fixed; Three way calling; Speed Dialing; Incoming Call Acceptance; Call Return; Priority Ringing; Repeat Dialing; Select Call Forwarding; Long Distance Alert; Caller I.D.; Incoming Call Block; Anonymous Call Block.

INDEX

<u>TAB</u>	<u>DESCRIPTION</u>
1	GTA's initial proposed General Exchange Tariff No. 1 w/transmittal letter explaining changes from the current-effective Tariff of Guam Telephone Authority ("GET tariff") (3/01/05).
2	Georgetown Consulting Group ("GCG") First Request for Information (3/03/05).
3	E-mail correspondence from P. Gagnier to H. Boertzel, J. Madan re 911 language (3/4/05).
4	E-mail correspondence from J. Madan to P. Gagnier re follow-up on tariff revisions (3/7/05).
5	Responses of GTA to the First Request for Information served by GCG (3/09/05).
6	Blackline version of GTA Tariff comparing tariff to GET tariff (3/09/05).
7	Supplemental Questions of GCG on the First Request for Information (3/14/05).
8	GCG mark-up of Blacklined tariff sent to them on 3/09/05 (3/15/05).
9	E-mail correspondence from B. McDermott to J. Madan re suggested changes in the blackline version that we agree with and changes that merit discussion, also transmits blackline of definitions section of tariffs (3/16/05).
10	Responses to Supplemental Questions submitted by GCG on 3/14/05 (3/18/05).
11	E-mail from P. Gagnier to H. Boertzel re TeleGuam's filing of a revised version of the Tariff (3/21/05).

TAB**DESCRIPTION**

- 12 Fax from GCG re materials from previous rate proceedings (3/18/05).
- 13 Revised tariff and a Blacklined version of tariff comparing new tariff to tariff submitted on 3/01/05 (3/21/05).
- 14 E-mail from P. Gagnier to J. Madan re Revised Tariff edits (3/22/05).
- 15 Supplemental responses in connection with the conference call (3/22/05).
- 16 Directory Assistance supplement in connection with the conference call (3/23/05).
- 17 Memorandum and Report from GCG to H. Boertzel on Revised Tariff (3/25/05).
- 18 Letter from TeleGuam to H. Boertzel responding to GCG Memorandum and Report of March 25 (4/5/05).
- 19 Email correspondence from P. Gagnier to H. Boertzel confirming March 18 and March 28 publication notice (4/6/05).
- 20 911 Section Reviewed by Fire Department (4/11/05)
- 21 Email correspondence from B. McDermott transmitting final version of tariff (4/11/05).
- 22 Chart of Charges for Local Directory Assistance and Call Connections for other rural ILECs (4/11/05)
- 23 Executive Summary of Tariff Changes (4/12/05)

GTA Assignment of Grandfather Certificate

Documents will be provided to the commissioners

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM TELECOMMUNICATIONS
ACT OF 2004

DOCKET 05-01

ORDER

Interim Adoption of Certification and Confidentiality Rules

By its February 1 2005 *Order Instituting Regulatory Proceedings*, the Guam Public Utilities Commission ["PUC"] authorized the commencement of a rulemaking proceeding under 12 GCA 12104. Pursuant to *PUC Procedural Rule 43*, PUC staff has drafted, noticed and obtained public comments on proposed rules regarding payphone service providers, the protection of confidential information, regulatory fees for telecommunications ["*telecom*"] regulation, certification and a draft tariff forbearance order. PUC will undertake another public comment cycle prior to considering the adoption of the rules during the July 2005 regulatory session.

Pending the July regulatory session, PUC finds that it is necessary and appropriate to adopt interim rules to govern the process under which telecom companies obtain certification under 12 GCA 12103 and protection for confidential information, which they may be required to provide PUC during the certification or any other regulatory process. Copies of these proposed rules are attached to this Order.

Having examined the proposed confidentiality rules, PUC finds that on an interim basis, they should be amended as follows:

1. The rules should apply to both docketed and undocketed regulatory proceedings [*Proposed Rule ["PR"] 1*].
2. A person seeking protection of information under the rules, should make a *prima facie* showing in its request that the information satisfies the following four part standard [*PR 3(a)*]:
 - a. It is not commonly known or available to the public, competitors or other persons engaged in the telecom industry.

- b. It derives economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use;
 - c. It is subject of efforts that are reasonable under the circumstances to maintain its secrecy; and
 - d. It has not been disclosed to others without restriction on disclosure.
3. Non-public financial information should be entitled to a rebuttable presumption of confidentiality [PR 3(a)].
4. Only a party in a proceeding should have standing to challenge a claim of confidentiality [PR 3(e)].
5. Information submitted with a request for confidentiality should be treated as confidential unless PUC affirmatively finds that it is not entitled to confidential treatment PR3(a)].
6. PUC's administrative law judge [ALJ] should be empowered to rule on whether request for confidentiality should be granted and should be authorized for good cause to establish or extend deadlines in the rules.
7. Release of confidential information under the rule should be on a "need to know" basis as determined by ALJ [PR 3(h) & (i)].

After discussion and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, **IT IS HEREBY ORDERED THAT:**

1. The proposed certification and confidentiality rules, in form attached hereto, are adopted on an interim basis pending their formal consideration by PUC during the July 2005 regulatory session; provided, however, that the confidentiality rules are amended, as discussed above.
2. PUC's ALJ is authorized and directed to administer the rules and to make the determinations and rulings discussed in paragraphs 6 and 7 above.

Dated this 22nd day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM TELECOMMUNICATIONS
ACT OF 2004

DOCKET 05-01

ENFORCEMENT ORDER

On February 1, 2005, the Guam Public Utilities Commission [PUC] issued an *Order Instituting Regulatory Proceedings*, which in section 4 requires that telecommunications companies, which provide commercial mobile service¹ on Guam, shall register with PUC. The Order authorized PUC's administrative law judge to oversee the registration process.

On February 23 and 27, 2005, PUC published public notice that CMRS providers are required to register with PUC on or before March 25, 2005, which deadline was subsequently extended to April 12, 2005. The following CMRS providers have complied with the registration requirement: Choice Phone LLC, GTA Wireless LLC, Guam Cellular and Paging and IT&E Overseas, Inc.

On March 28, 2005, PUC provided special notice to the following companies, which have failed to either comply with the registration requirement or to clarify why they are not subject to the requirement: GTA Wireless Telephone Co. LLC, Verizon, RadioCom, AAA Cellular and TNI.

By service of this Order, notice is being given, in accordance with 12 GCA 12108(a), that PUC will conduct a public hearing at 6:00 p.m. on July 14, 2005 in Suite 206 GCIC Building Hagatna to consider why any company identified in the above paragraph, who as of the hearing date has failed to either comply with the registration requirement or to document that it is not applicable, should not be penalized by PUC under said section, which penalty may be up to \$1,000 per day of violation.

Questions regarding this notice should be directed to PUC's administrator Lou Palomo at 472-1907.

¹ CMRS service is defined in PL 27-110 as the meaning set forth in 47 USC 332(d) and 153(27), which includes cellular, paging and personal communications services.

Dated this 22nd day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM TELECOMMUNICATIONS
ACT OF 2004 - GRANDFATHER
CERTIFICATES

DOCKET 05-02

ORDER

The Guam Public Utilities Commission [PUC], having examined the *Application for Grandfather Certificate*, as filed on March 7, 2005 by Sine Digital Incorporated regarding its voice over internet protocol [VOIP], internet access and other information services and the recommendation of its regulatory consultant, for good cause shown and pursuant to its authority under 12 GCA 12111(a) **HEREBY FINDS AND ORDERS THAT:**

1. PUC shall temporarily forbear from enforcing the certification requirements of 12 GCA 12103 on Sine Digital's current services, as described in its Application, pending further FCC proceedings¹ regarding the scope of federal preemption of state certification of VOIP and information services.
2. In issuing the above order, PUC finds that its forbearance in enforcing the certification requirements of 12 GCA 12103 with regard to Sine Digital's VOIP services is not necessary to either protect consumers or to ensure that rates, charges, classifications, terms and conditions regarding such services are just and reasonable and are not unjustly or unreasonably discriminatory. PUC further finds that its forbearance, given a recent Federal Communications Commission proceedings, which suggest that states may be preempted from certification of VOIP and information services, is consistent with the public interest and the findings and intent set forth in 12 GCA 12101. Prior to issuing the above order, PUC has also considered the availability of competing telecommunications services under 12 GCA 12111(b).
3. PUC reserves the right to conduct further proceedings on this regulatory matter. This Order shall not affect Sine Digital's right to a Grandfather

¹ See *In the Matter of IP-Enabled Services*, WC Docket No. 04-36, Notice of Proposed Rulemaking, FCC 04-28 [released March 10, 2004] and *In the Matter of Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission*, WC Docket No. 03-211, Memorandum Opinion and Order, FCC 04-267 [released November 12, 2004].

Certificate for the services described in its application, in the event PUC should subsequently determine that said services should be certified under 12 GCA 12103.

Dated April 22nd, 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**

**GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]**

DOCKET 02-04

ORDER

In accordance with the protocol established by Guam Public Utilities Commission [PUC] Order dated January 29 1996, as amended by Order dated March 14, 2002, Guam Power Authority [GPA] petitioned PUC on March 18, 2005 that the current LEAC factor [\$0.059753], which PUC established for the period October 1, 2004 until a new factor is established in April 2005, be increased to \$0.0730096 per kWh for meters read on and after April 22, 2005 and continuing through September 30, 2005. GPA seeks no recovery of deferred fuel expenses in its petition. The GPA request represents an increase in the average residential power bill of about 11%. The request is driven by rising fuel costs.

On April 8, 2005 PUC conducted a duly noticed public hearing to consider GPA's petition, an April 1, 2005 report from regulatory consultant, Georgetown Consulting Group (GCG), and a stipulation between GPA and GCG dated March 31, 2005 [*copy made Attachment A*]. The Stipulation proposes: a) a process under which GPA could recover its \$7 million dollar deferred fuel expense balance; b) a standard to determine the reasonableness of incurred fuel expenses; and c) semi-annual reporting requirements. PUC also received a briefing from GPA on: a) the process recommended in the Stipulation for enabling GPA to recover its deferred fuel expenses and b) performance standards; and c) GPA's oil hedging program.

After carefully reviewing the record in this proceeding and after discussion at a duly noticed public meeting held on April 22, 2005, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission hereby
ORDERS THAT:

1. A LEAC factor of \$0.0730096 per kWh shall be used by GPA for all civilian bills, for meters read on and after April 22, 2005 and through September 30, 2005 to recover its forecasted fuel and related expenses for that period.

2. The GPA - GCG Stipulation dated March 31, 2005 [*Attachment A*] is hereby approved. GPA is ordered to comply with its terms.
3. GPA is reminded of its duty under PUC Order dated October 14, 2004 to file quarterly reports regarding its plan and efforts to reduce line losses.
4. GPA's petition for the establishment of the next LEAC factor [October 1, 2005 through March 30, 2006] shall be filed with PUC not later than August 15, 2005.

Dated this 22nd day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**

**GUAM POWER AUTHORITY)
LEVELIZED ENERGY)
ADJUSTMENT CLAUSE [LEAC])**

DOCKET 02-04

STIPULATION

Guam Power Authority [GPA] and Georgetown Consulting Group, Inc. [GCG], through their authorized representatives hereby stipulate and agree that:

1. Fuel costs for GPA in the past have been higher than would be expected due in part to the inefficiencies resulting from reliance on the more costly diesel and combustion turbine units due to operational difficulties at the more cost-efficient Cabras units. Prior poor maintenance & operation of the Cabras units led to an unreasonable level of fuel costs. Some of the unreasonable costs were passed through to ratepayers in prior years. A balance of approximately \$13 million in deferred fuel expense remained at 9/30/2003.
2. As a result of the periodic reviews of fuel costs performed under the Levelized Energy Adjustment Clause (LEAC) the Public Utilities Commission (PUC) ruled that GPA's historic fuel costs were excessive. GPA and GCG entered into a Stipulation, dated September 17, 2003, which was adopted by the PUC that proposed a process for addressing the recovery of the approximately \$13 million in deferred fuel expenses. The Stipulation dated 9/17/2003 permitted approximately \$6 million of the deferred fuel costs to be passed through in FY 2004 through the LEAC. GPA's operations in FY 2004 brought the deferred fuel balance down to \$5.3 million which consists of \$7 million of deferred fuel that will be subject to the performance standards in the future and a current over-recovery of \$1.7 million that was passed through to ratepayers based on the current 6 month operations. This remaining balance of \$7 million in deferred fuel was to be recovered in FY 2005 through 2007 provided GPA maintained minimum standards to be determined by the PUC.
3. Through discussions of various proposals and a review of GPA generation performance over the last 6 years, GPA and GCG have arrived at a proposed procedure that is proposed in this Stipulation to deal with the process to provide GPA the opportunity to recover the remaining balance of \$7 million of deferred fuel. In arriving at the proposed Stipulation process, generation and fuel data provided by GPA for the last 6 years – from 10/01 2000 through 3/31/2005 were reviewed and analyzed. Data for baseload generation, CT/ Diesel generation and

ATTACHMENT A

total generation were reviewed and showed an improving trend under new GPA/CCU management. The data reviewed included for each type of generation:

- Total generation
 - % of total generation
 - Barrels of fuel consumed
 - Cost of fuel consumed
 - Gross Heat rate
 - \$/mWh
4. It is proposed that should GPA's generation perform at approximately the average efficiency of the last 18 months, it be permitted to recover the remaining \$7 million of deferred fuel with the methodology in the 9/24/03 PUC Order over the next three years beginning April 1, 2005.¹ Ratepayers will get the benefit of improved performance that results in reasonable levels of fuel costs.
5. The proposed benchmarks for GPA to achieve in each of the LEAC periods for the next three years beginning April 1, 2005 are as follows:
- For Baseload generation:
 - 90% of generation is assumed to come from the baseload generating plants (average for the last 18 months is 93%).
 - While the actual achieved gross heat rate on average was 9,200 for the last 18 months including this current LEAC's filed projection, the baseload plants should operate with a gross heat rate no worse than 9600. The "savings" with an operation of a 9200 gross heat rate (compared to a benchmark of 9600) is sufficient to permit GPA to recover its deferred fuel expenses.
 - For CT/Diesel generation
 - 10% of generation is assumed to come from this source (average for the last 18 months was 7%).
 - While the actual achieved gross heat rate on average was 13,200 for the last 18 months including this current LEAC's filed projection, the CT/Diesel plants should operate with a gross heat rate no worse than 13,600. The "savings" with an operation of a 13,200 gross heat rate (compared to a benchmark of 13,600) is sufficient to permit GPA to recover its deferred fuel expenses.

¹ Attachment E to the September 17, 2004 Stipulation, paragraph 5, says that GPA shall be entitled to keep (include in the LEAC) 50 percent of the fuel savings resulting from its prior performance in excess of the generation system performance standards set for the prior period. This will continue for three years beginning October 2004 or until that time that GPA has accumulated an amount equivalent to the deferred unrecovered fuel expense allocated to be recovered via a performance standard, whichever occurs first. In this Stipulation it is proposed that the October 2004 date be changed to April 1, 2005.

6. GPA and GCG have developed an Excel spreadsheet that determines the calculations that are to be made to determine whether any and the amount of deferred fuel that is to be recovered in any LEAC period. A sample of the output of the spreadsheet is Attachment A to this Stipulation. GPA's presentation as to its understanding of the stipulation is included in Attachment B to this Stipulation. To determine whether GPA has met the standard and the amount of dollars to be collected by GPA from the remaining deferred fuel balance, the actual generation (kWh) and the actual per barrel price of oil will be input into the spreadsheet for each LEAC period. The dollar amount of fuel cost for the LEAC period derived from the spreadsheet using the benchmark heat rates and the benchmark percentages of generation for baseload and diesel generation is compared to the actual cost of fuel for the LEAC period. To the degree that the actual fuel expense is less than the benchmark fuel expense GPA will be permitted to recover ½ of that difference through the LEAC for the LEAC period under consideration and reduce the deferred fuel expense on its books accordingly. Should GPA's actual fuel cost for the LEAC period exceed the benchmark fuel cost no recovery of the deferred fuel expense will be permitted for that LEAC period. GPA will have up to three years, beginning April 1, 2005, to recover the remaining deferred fuel balance (\$7 million).

7. For the next 3 years or the period of time over which the deferred fuel of \$7 million is recovered (beginning April 1, 2005) GPA and GCG agree that the standard for prima facie prudence for fuel cost to be recovered in the LEAC be based on the same standards used for the recovery of the prior deferred fuel balances. Namely:
 - 90% of generation to come from baseload plants.
 - An average gross heat rate of 9600 BTU/kWh for the baseload plants.
 - 10% of generation to come from CT/Diesel generation.
 - An average gross heat rate for the CT/Diesel plants of 13,600 BTU/kWh.

The decision for deferral or disallowance for not meeting these standards will be made on a LEAC by LEAC period. During this period GPA will continue to implement enhancements to its baseload and CT/diesel generating units. Improvements in gross heat rate and availability will be monitored and a recommended performance standard established on going forward basis at least six-months prior to the end of the three-year period or the earlier end to the deferred fuel recovery period.

During this period GPA shall adhere to economic dispatch principles unless under unusual circumstances the prudent operation of the utility system dictates otherwise. Any deviation from economic dispatch operations (i.e., typhoon) shall be fully explained in the next subsequent LEAC filing.

8 GPA and GCG have agreed that with each LEAC GPA provide the following information for each of its generating assets:

- Performance indicators for:
 - Availability factor
 - Forced outage rate
- A 3 year rolling history and average for (or as much history as is currently available and to be updated to 3 years when available):
 - Availability factor
 - Forced outage rate
- Maintenance outage schedule for the next twelve-months and summary of efficiency or availability enhancements to be undertaken during this period.
- A summary statement of compliance with Manufacturer's specifications for maintenance through the use of CMMS.
- A semi-annual summary listing of backlog of CMMS activities intentionally deferred or otherwise not accomplished in accordance with the CMMS schedule. These activities should be summarized by major components of each generating unit.
- A statement of compliance with the Quality Management Plan filed with the PUC.
- Listing of plants for which the maintenance is outsourced.

DATED this 31st day of March, 2005.

GUAM POWER AUTHORITY

By 

JOHN BENAVENTE
GENERAL MANAGER

GEORGETOWN CONSULTING GROUP, INC.

By 

WILLIAM J. BLAIR
COUNSEL AND AUTHORIZED REPRESENTATIVE

ATTACHMENTS

G49\24931-61
G:\WORD97\OFFICE\WORDDOC\GCG\PLD\117-DOCKET 02-04 RE 05 01 19 STIP
FUEL RECOVERY ADJUSTED FOR \$7 MILLION - JJC(WJB).DOC

GUAM POWER INCENTIVE PROGRAM
Scenarios of Inventive Amounts

Attachment A

Performance Benchmark Assumptions	Performance Benchmark Assumptions		Performance Benchmark Assumptions		Performance Benchmark Assumptions		Performance Benchmark Assumptions	
	Price Up	Price Down	Generation Up	Generation Down	Price Up	Price Down	Generation Up	Generation Down
Historic Average								
\$ 32.00	\$ 40.00	\$ 25.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 25.00	\$ 32.00	\$ 32.00
\$ 43.20	\$ 50.00	\$ 37.50	\$ 43.20	\$ 43.20	\$ 43.20	\$ 37.50	\$ 43.20	\$ 43.20
\$ 940,000	\$ 940,000	\$ 940,000	\$ 940,000	\$ 940,000	\$ 940,000	\$ 940,000	\$ 940,000	\$ 940,000
846,000	846,000	846,000	846,000	846,000	846,000	846,000	846,000	846,000
90%	90%	90%	90%	90%	90%	90%	90%	90%
1,331,410	1,331,410	1,331,410	1,331,410	1,331,410	1,331,410	1,331,410	1,331,410	1,331,410
\$ 42,605,115	\$ 53,256,393	\$ 33,285,246	\$ 44,418,098	\$ 44,418,098	\$ 33,285,246	\$ 44,418,098	\$ 40,792,131	\$ 1,274,754
\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600
\$ 50.36	\$ 62.95	\$ 39.34	\$ 50.36	\$ 50.36	\$ 39.34	\$ 50.36	\$ 50.36	\$ 50.36
94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000
10%	10%	10%	10%	10%	10%	10%	10%	10%
220,414	220,414	220,414	220,414	220,414	220,414	220,414	220,414	220,414
\$ 9,521,876	\$ 11,020,690	\$ 8,265,517	\$ 9,927,062	\$ 9,927,062	\$ 8,265,517	\$ 9,927,062	\$ 9,116,690	\$ 211,034
\$ 13,600	\$ 13,600	\$ 13,600	\$ 13,600	\$ 13,600	\$ 13,600	\$ 13,600	\$ 13,600	\$ 13,600
\$ 101.30	\$ 117.24	\$ 87.93	\$ 101.30	\$ 101.30	\$ 87.93	\$ 101.30	\$ 101.30	\$ 101.30
940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000
100%	100%	100%	100%	100%	100%	100%	100%	100%
\$ 1,551,824	\$ 1,551,824	\$ 1,551,824	\$ 1,551,824	\$ 1,551,824	\$ 1,551,824	\$ 1,551,824	\$ 1,485,789	\$ 1,428,828
\$ 52,126,991	\$ 64,277,083	\$ 41,550,763	\$ 54,345,160	\$ 54,345,160	\$ 41,550,763	\$ 54,345,160	\$ 49,908,821	\$ 44,204,326
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
\$ 55.45	\$ 68.38	\$ 44.20	\$ 55.45	\$ 55.45	\$ 44.20	\$ 55.45	\$ 55.45	\$ 55.45
\$ 865,497	\$ 865,497	\$ 865,497	\$ 865,497	\$ 865,497	\$ 865,497	\$ 865,497	\$ 865,497	\$ 865,497
100%	100%	100%	100%	100%	100%	100%	100%	100%
\$ 1,428,828	\$ 1,428,828	\$ 1,428,828	\$ 1,428,828	\$ 1,428,828	\$ 1,428,828	\$ 1,428,828	\$ 1,428,828	\$ 1,428,828
\$ 44,204,326	\$ 44,204,326	\$ 44,204,326	\$ 44,204,326	\$ 44,204,326	\$ 44,204,326	\$ 44,204,326	\$ 44,204,326	\$ 44,204,326
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
\$ 51.07	\$ 51.07	\$ 51.07	\$ 51.07	\$ 51.07	\$ 51.07	\$ 51.07	\$ 51.07	\$ 51.07

No. 6 Price/bbl
No. 2 Price/bbl
Generation (mWh)

Actual LEAC Costs¹ \$ 50,071,722 \$ 61,733,929 \$ 39,920,774 \$ 52,202,434 \$ 47,941,011 \$ 42,483,102
 Difference \$ 2,055,269 \$ 2,543,154 \$ 1,629,989 \$ 2,142,726 \$ 1,967,810 \$ 1,721,225
 50% Retention \$ 1,027,634 \$ 1,271,577 \$ 814,995 \$ 1,071,363 \$ 983,905 \$ 860,612
 Three Year Recovery \$ 6,165,806 \$ 7,629,462 \$ 4,889,967 \$ 6,428,179 \$ 5,903,429 \$ 5,163,674

¹ Excludes Fuel Handling and Other Charges to Fuel

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

E911 EMERGENCY SYSTEM

DOCKET 99-10

REIMBURSEMENT ORDER

On April 11, 2003, the Commission issued a Reimbursement Protocol Order, under which collection agents are authorized to petition for reimbursement of their actual administrative expenses in providing collection services for the 911 system. On December 10, 2004 Choice Phone LLC [*dba IConnect*] petitioned the Commission for reimbursement of \$22,764 in historic expenses [June 2002 - September 2004] and on a going forward basis for reimbursement of monthly recurring expenses of \$813.

After review, Georgetown Consulting Group by letter dated April 14, 2005 [*copy attached*] recommends that IConnect be authorized to retain \$813 per month commencing April 2005 as reimbursement of administrative costs. In addition, Georgetown supports IConnect's recovery of \$27,642 in historic administrative costs [*June 2002-March 2005*] over an 18-month period at the rate of \$1,536 per month commencing April 2005.

After review and consideration of the Georgetown report and on motion duly made, seconded and carried by vote of the undersigned Commissioners, the Commission **HEREBY ORDERS THAT:**

1. IConnect is hereby authorized to deduct from its 911 collection receipts, the sums described and according to the schedule set forth in this Order for the purpose of obtaining reimbursement for administrative costs, which it has incurred and will incur in serving as a collection agent.
2. I Connect shall keep full and accurate records of its reimbursements and its ongoing expenses in serving a collection agent. On or before December 1, 2006, it shall file with the Commission a full reconciliation report of these expenses and reimbursements, in such form as may be directed by the Commission's administrative law judge.

3. A copy of this Order shall be served on IConnect.

Dated this 22nd day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

BILL 76 [E911] AND BILL
77 [TIPPING FEES]

GENERAL DOCKET

ADMINISTRATIVE ORDER

In anticipation of the 28th Guam Legislature's favorable consideration of the attached Bills 76 and 77, which have been crafted in close consultation with the Guam Public Utilities Commission [PUC], PUC finds that it is necessary to empower its administrative law judge, upon their enactment into law, to commence regulatory proceedings to prepare for their implementation by appropriate PUC orders during the July 2005 regulatory session.

Accordingly, for good cause shown and after discussion at a duly noticed and convened meeting held on April 22, 2005, the undersigned Commissioners hereby **ORDER THAT** PUC's administrative law judge is empowered and directed, with such assistance as he may require from regulatory counsel and consultants, to initiate such regulatory activities as may be necessary to enable PUC during its July 2005 regulatory session to implement the requirements of the legislation.

Dated this 22nd day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph M. McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session

Bill No. 76 (EC)

*As substituted by the Committee on
Natural Resources, Utilities & Micronesian Affairs*

Introduced by:

J.M.S. Brown

AN ACT TO ADD SECTION SUBSECTIONS (g) AND (h) TO P.L. 25-55:3, AND TO AMEND SECTION 11 OF P.L. 25:55 TO PROVIDE THE PUBLIC UTILITIES COMMISSION WITH AUTHORITY TO ~~IMPOSE~~ ESTABLISH A SPECIAL SURCHARGE PROTOCOL ON COMMERCIAL MOBILE RADIO SERVICE (CMRS) PRE-PAID ACCOUNTS AND TO PERMIT AUTHORIZE THE PUBLIC UTILITIES COMMISSION TO MONITOR, ENFORCE AND COLLECT SUCH SURCHARGE ITSELF.

1 **BE ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1.** A new subsection (g) is added to Section 3 of P.L. 25:55 to read as
3 follows:

4 ~~(g) The Commission may establish a special surcharge protocol for CMRS~~
5 ~~accounts which are created under a prepaid calling card business~~
6 ~~arrangement. The Commission shall ensure that said protocol, which may for~~
7 ~~just cause be tailored to specific collection agents, will be equitable and fair~~
8 ~~to all collection agents who provide the CMRS service and will not provide~~
9 ~~any party with a competitive advantage.~~

10 **Legislative Findings and Intent.** *I Liheslaturan Guahan* finds
11 that Public Law No. 25-55 established a surcharge to be paid by Local Exchange
12 Telephone Service and Commercial Mobile Radio Service ("CMRS") to fund the
13 maintenance and upkeep of the Enhanced 911 Emergency System (hereafter
14 referred to as "E911 System") for the essential health, welfare and safety of our
15 community. Pursuant to Public Law 25-55, the Public Utilities Commission
16 (hereafter referred to as "Commission"), established a one dollar (\$1.00)
17 surcharge for Local Exchange Telephone Service and CMRS providers, but

1 several CMRS companies have since challenged an order issued by the
2 commission that determined that prepaid phone card shall be assessed the one
3 dollar (\$1.00) surcharge. Hence, the Commission despite its ratemaking authority
4 is unable to effectively enforce the collection of the E911 System-surcharge.

5 *I Liheslaturan Guahan* further finds it necessary for the funds to be collected for
6 the continued operations of the E911 System, which directly impacts the well
7 being of the community.

8 **Section 2.**— Section 11 of P.L. 25-55 is hereby amended to read:

9 ~~**11. Violations of this Act.** Any person or entity which the Commission~~
10 ~~determines has violated any provision of this Act or any Commission order shall~~
11 ~~be given proper notice and be allowed a reasonable opportunity to cure the~~
12 ~~violation. Thereafter, in the event of failure to cure, the Commission may refer~~
13 ~~the violation to the Attorney General for prosecution. Any person or entity that,~~
14 ~~having the responsibility of complying with this act or a Commission order, fails~~
15 ~~to cure such violation shall be fined a civil penalty not to exceed Ten Thousand~~
16 ~~Dollars (\$10,000.00) per infraction. Any such penalty shall be deposited into the~~
17 ~~Fund may exercise its enforcement powers under 12 G.C.A. Section 12108~~
18 ~~against the violator and may use its own attorney to do so.~~

19 A new subsection (g) is added to Section 3 of P.L. 25:55 to
20 read as follows:

21 (g) The Commission may establish a special surcharge protocol for CMRS
22 accounts which are created under a prepaid calling card business arrangement.
23 The Commission shall ensure that said protocol, which may for just cause be
24 tailored to specific collection agents, will be equitable and fair to all collection
25 agents who provide the CMRS service and will not provide any party with a
26 competitive advantage.

27 **Section 3.** A new subsection (h) is added to Section 3 of P.L. 25:55 to read:

28 (h) **Monitoring and Reporting.** The Commission shall monitor the collection of
29 the surcharge. The Commission shall prepare written reports detailing the
30 receipts, collections and amounts of the CMRS accounts, and the Enhanced 911
31 Emergency System surcharges. The Commission shall then provide *I*

1 Maga'lahaen Guahan, the Speaker of I Liheslaturan Guahan, and the Public
2 Auditor of Guam the reports within 60 days of the end of each Fiscal Year.

3 **Section 4.** Section 11 of P.L. 25-55 is hereby amended to read:

4 **11. Violations of this Act.** Any person or entity which the Commission
5 determines has violated any provision of this Act or any Commission order
6 shall be given proper notice and be allowed a reasonable opportunity to cure
7 the violation. Thereafter, in the event of failure to cure, the Commission may
8 refer the violation to the Attorney General for prosecution. Any person or
9 entity that, having the responsibility of complying with this act or a
10 Commission order, fails to cure such violation shall be fined a civil penalty
11 not to exceed Ten Thousand Dollars (\$10,000.00) per infraction. Any such
12 penalty shall be deposited into the Fund may exercise its enforcement powers
13 under 12 G.C.A. Section 12108 against the violator and may use its own
14 attorney to do so.

15 **Section 5.** Section 2(b) of P.L. 25-55 is hereby amended to read:

16 (b) The Commission may establish different rates for residential, government and
17 business subscribers and for good cause shown for different classifications within
18 these subscriber categories.

19 **Section 6.** Section 3(a) of P.L. 25-55 is hereby amended to read:

20 (a) Each Local Exchange Carrier ("LEC") and Commercial Mobile
21 Radio Service ("CMRS") provider shall collect the surcharge as established by
22 the Commission and identify such as a separate line item on its invoice. LEC
23 providers shall identify such as a separate line item on their invoices.

24

I MINA'BENTE OCHO NA LIHESLATURAN GUÁHAN
2005 (FIRST) Regular Session

Bill No. 77 (EC)

*As substituted on by the Committee on Natural Resources,
Utilities & Micronesian Affairs*

Introduced by:

J.M.S. Brown

**AN ACT TO AMEND SECTION 51118(f) OF TITLE 10 OF
GUAM CODE ANNOTATED TO AUTHORIZE THE PUBLIC
UTILITIES COMMISSION TO FUND THE COSTS OF ITS
FINANCIAL ANALYSIS FUNCTIONS.**

TO BE ENACTED BY THE PEOPLE OF GUAM:

**Section 1. Subsection (e) of Title 10 G.C.A. Section 51118 is hereby repealed
and reenacted to read as follows:**

(e) PUC Rate-making. The Public Utilities Commission of Guam ["PUC"] is hereby authorized to establish and amend commercial, government and residential tipping and user fees [including without limitation a self-drop fee, a variable residential tipping fee and a targeted lifeline rate for residential tipping fee, collectively referred to as "tipping fees", which when established shall replace those previously created by law or by the Department of Public Works ["DPW"]. Tipping fees established by PUC shall be based on volume and on an actuarial analysis of costs of service. Rate-making authority, which was previously given to the DPW under this section, is hereby revoked. PUC is empowered to undertake a focused management audit of the existing operations of the DPW Division of Solid Waste Management. In performing its duties under this section, PUC shall have the full authority and powers conferred upon it by its enabling legislation, 12 GCA 12000 et. sec., including the audit power conferred upon it by Public Laws 25-05:12 and 26-78:2.

Section 2. Subsection (f) of Title 10 G.C.A. Section 51118 is hereby amended to read as follows:

(f) Solid Waste Operations Fund. All tipping, user and other fees authorized under this Section and collected based on duly established rules and regulations or on a

1 PUC rate order shall be deposited in a special fund designated and hereby established as
2 the Solid Waste Operations Fund. All tipping/user fees in the Fund shall be used solely
3 for solid waste management practices and, pursuant to PUC order, for the payment of
4 regulatory costs and expenses as may be incurred by PUC in performing its regulatory
5 duties under subsection (e)

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**

RESOLUTION

WHEREAS, on March 24, 2005 Commissioner Filomena Cantoria's six year term of office expired, although under 4 GCA 2103.9 she will continue to serve the Commission in an acting holdover capacity.

WHEREAS, during her tenure as a Commissioner, Commissioner Cantoria filed the important Commission chair reserved for a certified public accountant and provided the Commission with significant expertise in complex rate proceedings involving Guam Power Authority and Guam Waterworks Authority.

WHEREAS, Commissioner Cantoria complimented her broad experience as a certified public accountant and as university professor [*University of Guam, University of the Philippines, Duquesne University*] by undertaking regulatory training sponsored by Michigan State University Institute of Public Utilities.

WHEREAS, the Commission is saddened by the reality of loosing Commissioner Cantoria's expertise and guidance, but is grateful for her service during a challenging regulatory era.

NOW, THEREFORE, BE IT

RESOLVED, that the Guam Public Utilities Commission gratefully recognizes and commends the contribution that Commissioner Cantoria has made to the people of Guam by her service on the Commission and wishes her well in future endeavors.

RESOLVED, that a copy hereof be transmitted to the Governor of Guam and to the Speaker of the 28th Guam Legislature.

Dated this __ day of April 2005.

Terrence M. Brooks

Filomena M. Cantoria

Joseph McDonald

Rowena E. Perez

Edward C. Crisostomo

Richie T. Lim

**PUBLIC UTILITIES COMMISSION
OF GUAM**

Terrence M. Brooks, Chairman
Joseph M. McDonald
Edward C. Crisostomo
Filomena M. Cantoria
Rowena E. Perez
Richie K.T. Lim

Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

Telephone: (671) 472-1907
Fax: (671) 472-1917
Email: guampuc@kuentos.guam.net

Harry M. Boertzel, Esq.
Administrative Law Judge

Lourdes R. Palomo
Administrator

April 18, 2005

VIA HAND DELIVERY

The Honorable Felix P. Camacho
Governor of Guam
Post Office Box 2950
Hagåtña, Guam 96932

The Honorable Mark C. Forbes
Speaker, Twenty Eighth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

RE: FY04 Annual Report.

Gentlemen:

In accordance with 12 GCA 12003, the Guam Public Utilities Commission [PUC] respectfully submits its report of regulatory activities for FY04.

Summary of Regulatory Activities

During FY04, PUC conducted three regulatory sessions. A copy of PUC minutes for meetings held on December 16, 2003, March 30 & 31, 2004 and on July 20, 2004 is enclosed, together with copies of orders adopted at those meetings. Major regulatory initiatives during the report period, included:

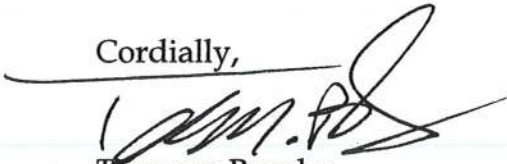
1. The semi-annual review of the fuel expense requirements of Guam Power Authority. As a result of this review process, PUC found that GPA's failure to adequately maintain and operate its generating facilities was causing millions of dollars in unreasonable fuel expenses being charged to GPA ratepayers. Under PUC oversight and directive, GPA has retained private management services to operate and maintain the Cabras baseload plants. GPA has also agreed to meet minimum performance standards for its generation facilities. These regulatory initiatives will substantially benefit GPA ratepayers.

2. PUC has worked closely with the Federal Environmental Protection Agency in providing local regulatory support to EPA's effort to require and enable GWA to comply with Federal water and wastewater treatment standards. Enclosed are PUC orders dated December 16, 2003 and July 20, 2004 on this subject.
3. Under a regulatory protocol established by PUC, PUC reviews any utility procurement or obligation, which could impact its rates. By Orders dated December 16, 2003, PUC amended the protocol, which governs this regulatory review process.

Summary of Recommended Legislation

12 GCA 12003 also requires the PUC to make recommendations for legislation, which would enable PUC to perform its statutory mission. PUC has worked closely with the Legislature in the development of Bills 76 and 77, which concern respectively the correction of administrative problems relating to the E911 program and the establishment of the statutory framework to enable PUC to regulate tipping fees under 10 GCA 51118. PUC renews the recommendation made in its Consolidated Annual Report for FY01-03 that the annual staffing study requirement contained in P.L. 26-23:2(d) be repealed.

Cordially,



Terrence Brooks
Chairman

**PUBLIC UTILITIES COMMISSION
OF GUAM**

Terrence M. Brooks, Chairman
Joseph M. McDonald
Edward C. Crisostomo
Filomena M. Cantoria
Rowena E. Perez
Richie K.T. Lim

Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

Telephone: (671) 472-1907
Fax: (671) 472-1917
Email: guampuc@kuentos.guam.net

Harry M. Boertzel, Esq.
Administrative Law Judge

Lourdes R. Palomo
Administrator

April 15, 2005

The Honorable Douglas Moylan
Attorney General of Guam
Office of the Attorney General
Pedro Plaza, Hagatna, Guam 96910

RE: Freedom of Information Act [FOIA] Annual Report [FY04]

Dear General Moylan:

Pursuant to the requirements of 5 GCA 10107, the Guam Public Utilities Commission [PUC] respectfully submits the following FOIA Annual Report for FY04:

1. During the fiscal year, PUC made no determination not to comply with an FOIA request for records.
2. As of September 30, 2004 there were no FOIA requests for records pending before PUC.
3. During the fiscal year, PUC received no formal FOIA request for records. PUC regularly receives informal requests to inspect or obtain copies of PUC records, which are normally processed within several business days of request.
4. PUC has only one staff person who is responsible for PUC's administration and day-to-day operations, including the task of responding to FOIA requests. The expense incurred by PUC for processing FOIA requests is nominal.

Cordially,



Lourdes R. Palomo
Administrator

Cc: Terrence Brooks, chairman

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**GUIDELINES FOR IMPLEMENTATION
OF SUNSHINE REFORM ACT OF 1999**

GENERAL DOCKET

GUIDELINES

These guidelines are established by the Guam Public Utilities Commission [PUC], pursuant to the requirement of 5 GCA 10106. The purpose of the guidelines, which shall be posted at the PUC office, is to assure the accessibility of PUC public records and to set forth the procedure by which the records can be reviewed and copied by the public.

A request for a PUC public record should be made in writing and may be transmitted to PUC in the following ways:

Hand Delivery	Suite 207 GCIC Building 414 W. Soledad Ave.
Mail	Hagatna Guam 96910
Fax	472-1917
Email	guampuc@kuentos.guam.net

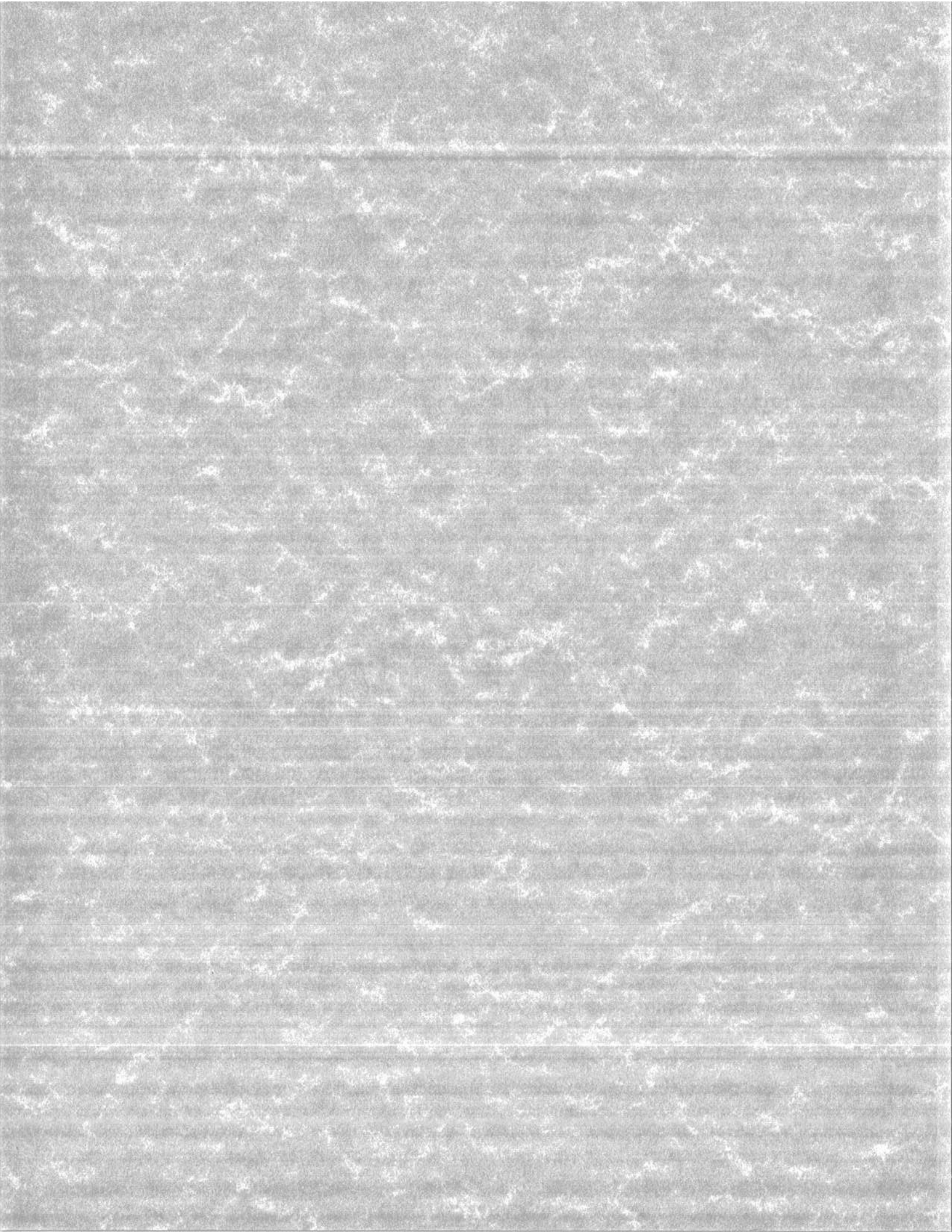
Requests for PUC public records should describe with as great detail as reasonably possible the specific document which are being sought.

No PUC public records are exempt from disclosure, except those which have been filed for protection under PUC's confidentiality rules [Docket 50-01]. A copy of these rules is available for public inspection.

PUC will respond to a request for documents in accordance with the timelines and procedures contained in the Sunshine Reform Act of 1999, a copy of which is available for review at PUC's office.

Questions regarding these Guidelines should be directed to PUC's administrator at 472-1907. A copy of these Guidelines is available from PUC upon request free of charge.

April 22, 2005



PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
7:30 p.m. JULY 27, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM



MINUTES

A special meeting of the Guam Public Utilities Commission was convened at 7:30 p.m. on July 27, 2005 pursuant to a *Certification of Emergency*, which is made *Attachment A*. Commissioners McDonald, Perez, Crisostomo, and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made *Attachment B*.

1. Approval of minutes.

After review and discussion of the minutes of the April 22, 2005 meeting and on motion duly made, seconded and unanimously carried, the Commission *resolved* to approve them.

2. Guam Power Authority.

a. GPA Petition for LEAC Interim Adjustment Order [Docket 02-04].

On July 25, 2005, GPA filed an emergency petition for adjustment of the LEAC factor, as established by PUC Order on April 22, 2005, for the period April 22, 2005 through September 30, 2005. The petition is driven by unforecasted fuel cost increases. Georgetown supports the GPA petition by stipulation filed on July 25. GPA interim general manager Kin Flores made a brief presentation regarding the circumstances, which have required the petition.

After considerable discussion and for good cause shown, on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the order in form made *Attachment C*.

b. Cabras 1&2 PMC Amendment.

The commissioners next considered GPA's July 13, 2005 request for PUC approval of the subject amendment. After considering a short briefing by Mr. Flores and the July 20, 2005 Georgetown report, which supports the amendment, on motion duly made, seconded and unanimously carried, the commissioners *resolved* to approve it.

3. Telecommunications Dockets.

a. Telecommunications Rules [Docket 05-01].

The commissioners considered the July 25, 2005 report from its administrative law judge [ALJ], which summarized regulatory activities, which had occurred pursuant to PUC's February 1, 2005 *Order Instituting Regulatory Proceedings*. The ALJ Report presents rules regarding confidentiality, payphones, certification and regulatory fees for consideration and adoption and reviews comments, which were filed by interested parties regarding the proposed rules.

After discussion and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to approve the rules by order made *Attachment D*.

b. TeleGuam Application to Assign Certificate of Authority [Docket 05-03].

The commissioners next considered the July 25, 2005 ALJ Report regarding TeleGuam Holdings, LLC's petition for authorization to assign its certificate of authority to its wholly owned subsidiary GTA Telecom, LLC. The ALJ Report presents a stipulation from Georgetown, TeleGuam and GTA Telecom filed July 25, 2005 which makes a joint recommendation for regulatory approval of the petition, subject to the imposition of the conditions described therein and subject to PUC resolution on two issues in dispute: a) the reasonableness of requiring PUC approval of draw-downs under TeleGuam's Credit Agreement [*Stipulation section 6*]; and b) the appropriate scope of TeleGuam's indemnification duty under *Stipulation section 12*. ALJ has recommended that PUC adopt the TeleGuam position on the drawdown dispute and the Georgetown position on the indemnification dispute.

After careful review and discussion of the ALJ Report, on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt ALJ's recommendations and to approve the order in form made *Attachment E*.

c. Pacific Data Systems [PDS] - Application for Certificate of Authority [Docket 05-06].

ALJ informed the commissioners that PDS' July 7, 2005 application is currently undergoing staff review. PDS has requested an expedited review to enable them to begin interconnection negotiations with GTA Telecom. ALJ has recommended that PUC delegate to Chairman Brooks the authority to issue the certificate,

provided that neither the staff review nor public comments create the need for public hearing on the application.

After discussion, on motion duly made, seconded and unanimously carried, the commissioners *resolved* to authorize Chairman Brooks to issue PDS a certificate of authority, provided that neither the staff review nor public comments create the need for public hearing on the application.

d. E911 Surcharge [Docket 99-0].

The commissioners next considered two orders relating to the E911 surcharge: a) an order which would require the recommencement of surcharge collections on CMRS prepaid accounts on August 1, 2005; and b) an order authorizing IT &E to obtain reimbursement for software expenses.

After considering ALJ's briefing on these topics, including his July 13, 2005 letter and Georgetown's July 14, 2005 report, and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the orders made Attachments F and G.

e. Lifeline Program Verification [Docket 05-07].

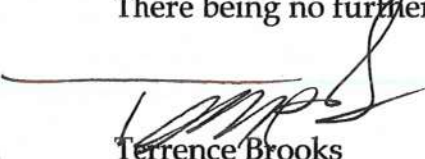
ALJ briefed the commissioners on an order of the Federal Communications Commission, which requires PUC to establish lifeline/link-up verification and certification procedures for Guam eligible telecommunications carriers.

After reviewing the Federal rules on this subject and after discussion, on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the order made *Attachment H.*

4. P.L. 28-58 - PUC Regulation of Tipping Fees [Docket 05-09].

The commissioners received a short report from ALJ regarding: a) Puc's duties under P.L. 28-58, including the establishment of tipping fees for DPW; and b) ALJ's July 27, 2005 meeting with the Department of Public Works on this subject in furtherance of the authority given him by Puc's April 22, 2005 *Administrative Order*. ALJ is working toward a first rate proceeding in this docket during the October regulatory session.

There being no further business, the meeting was adjourned.


Terrence Brooks
Chairman

ATTACHMENT A

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



CERTIFICATION OF EMERGENCY

Whereas, the Guam Public Utilities Commission [PUC] scheduled a special meeting for 6:00 p.m. July 28, 2005 at Suite 206 GCIC Building Hagatna and provided public notice thereof on July 20 and 25, 2005 pursuant to 5 GCA 8108.

Whereas, 12 GCA 12006 provides that four commissioners shall constitute a quorum and that the affirmative vote of at least four commissioners is required for PUC to act or issue a decision.

Whereas, PUC currently has only four commissioners available to attend PUC meetings as its fifth commission member Richie Lim is on an extended off-island stay.

Whereas, PUC commissioner Joe McDonald has been unexpectedly required to leave on July 28, 2005 for a one week business trip and would not, therefore, be able to attend the previously scheduled July 28 evening meeting.

Whereas, PUC has presently before it: a) TeleGuam Holdings LLC's petition to assign its certificate of authority to GTA Telecom, LLC, on which PUC is mandated by 12 GCA 12103[g] to rule within 120 days; and b) GPA's petition for expedited adjustment, effective August 1, 2005, of its LEAC factor to fund unforecasted fuel expense increases. PUC would not be able to either comply with the statutory deadline under 12 GCA 12103[g] or address GPA's expedited request for an August 1, 2005 LEAC factor adjustment unless the previously scheduled July 28 meeting is advanced to July 27, 2005 to assure Commissioner McDonald's attendance.

Whereas, PUC finds that the need to comply with the statutory deadline established in 12 GCA 12103[g] and GPA's need for an August 1, 2005 LEAC factor adjustment constitute an emergency event under 5 GCA 8108, which authorizes PUC upon the certification of such an event to advance the date of its previously noticed special meeting to July 27, 2005.

Whereas, 5 GCA 8108 permits a public agency to consider all necessary business in the event of the certification of an emergency event. Accordingly, it is reasonable and appropriate for PUC to consider its full meeting agenda at its July 27, 2005 meeting.


Whereas, when PUC determined the emergency need to advance its previously scheduled meeting to July 27, 2005, it issued public notice to the media of this decision on July 26, 2005 and also notified the public utilities, which have regulatory matters before PUC for consideration at the meeting.

NOW THEREFORE in consideration of the above findings and for just cause shown, the Guam Public Utilities Commission hereby certifies, pursuant to the requirements of 5 GCA 8108, that emergency circumstances, as described above, have required that its previously scheduled and noticed July 28, 2005 meeting be advanced to July 27, 2005.

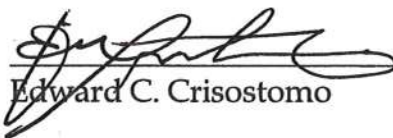
Dated this 27th day of July 2005.




Terrance M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Richie T. Lim

ATTACHMENT B

PUBLIC UTILITIES COMMISSION

**SPECIAL MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:00 p.m., JULY 28, 2005**

AGENDA

- 1. Approval of minutes of April 22, 2005 special meeting**
- 2. Guam Power Authority:**
 - a. GPA Petition for LEAC Interim Adjustment Order.
 - b. Cabras 1&2 Performance Management Contract Amendment
- 3. Telecommunications Dockets:**
 - a. Docket 05-01 - Telecommunications rulemaking proceeding ALJ Report
 - b. Docket 05-03 - GTA Telecom Application for Certificate of Authority
 - c. Docket 05-06 - Pacific Data Systems - Application for Certificate of Authority - Delegation of Authority
 - d. Docket 99-10 - E911 Surcharge - CMRS Prepaid Accounts.
 - e. Lifeline/Link-up Verification and Certification Procedures
- 4. Public Law 28-58: PUC regulation of tipping fees.**
- 5. Other Business**

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]**

DOCKET 02-04



INTERIM ADJUSTMENT ORDER

Under the levelized energy adjustment charge [LEAC] protocol, as established by Guam Public Utilities Commission [PUC] Order dated January 29, 1996, as amended by Order dated March 14, 2002, Guam Power Authority [GPA] has petitioned for an interim cycle adjustment to the LEAC factor, which PUC established by its April 22, 2005 Order for the period April 22, 2005 through September 30, 2005. Under the LEAC protocol, GPA is authorized to request an adjustment in its LEAC factor in the event that its projected under-recovery of fuel expenses will be greater than \$2 million dollars during the current six month LEAC period.

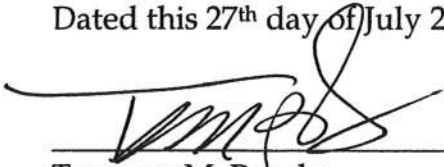
PUC's regulatory consultant [Georgetown Consulting Group] has examined GPA's July 22, 2005 petition for interim relief and has joined in a July 25, 2005 stipulation [Attachment A], which supports the GPA petition. The parties recommend that effective for meters read on and after August 1, 2005, the LEAC factor be increased from \$0.073009 per kWh to \$0.088918 per kWh to recover the projected \$3.845 million shortfall, which GPA will incur under the current LEAC factor due to increased fuel costs. This LEAC factor increase will result in an overall increase on the average residential bill of about 11.5%.

PUC finds that GPA is currently exceeding the efficiency and production benchmarks which PUC has established for GPA's generating plants. Accordingly, after careful review and consideration of the GPA petition, the stipulation and of a GPA briefing which was made at PUC's July 28, 2005 meeting, for good cause shown, and on motion duly made, seconded and carried by the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**


1. A LEAC factor of \$0.088918 per kWh shall be used by GPA for all civilian bills, for meters read on and after August 1, 2005 to recover its forecasted fuel and related expenses.

2. On or before August 15, 2005 GPA shall file a complete LEAC petition for the LEAC factor to be established for the period October 1, 2005 through March 31, 2006.

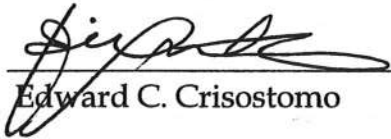
Dated this 27th day of July 2005.



Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Richie T. Lim

GEORGETOWN CONSULTING GROUP, INC.

716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net

Edward R. Margerison
Jean Dorrell

July 20, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Cabras Unit 1 & 2 PMC Amendment No. 1—Two Year Extension of Contract Term

Dear Harry:

This letter addresses the Guam Power Authority's (GPA) July 13, 2005 request for Public Utilities Commission (PUC) approval of Amendment No. 1 to the Cabras Units 1 & 2 Performance Management Contract (PMC) between GPA and Taiwan Electrical And Mechanical Engineering Services, Inc. (TEMES). We have had the opportunity to fully review the materials supplied by GPA in its July 13, 2005 request including Resolution No. 2005-019 adopted by the Consolidated Commission on Utilities (CCU) on July 6, 2005, Amendment No. 1 to the Cabras Units 1 & 2 PMC contract between GPA and TEMES which extends the term of the contract for two (2) additional years under specific contract guarantees, and the staff PowerPoint presentation of Amendment No. 1 to the CCU.

Based upon our understanding of the history of this matter as well as our review and analysis of the information submitted, we recommend Commission approval of Amendment No. 1 to the PMC contract between GPA and TEMES.

BACKGROUND

Over the course of 1997-2002, GPA's management of the operations and maintenance of the Cabras 1 & 2 units resulted in ratepayers incurring substantial penalties due to high unavailability and poor efficiency. In a February 2000 order the Commission expressed serious concern over the impact on customers. In recognition of the issues associated with poor efficiency and availability, GPA in March 2001 put into place a short-term arrangement with a private-sector interim management contractor (IMC) for Cabras 1 & 2 operations. This arrangement remained in place for a short period of time during which time Cabras performance improved. In March 2002 the IMC arrangement was allowed to elapse and once again Cabras performance declined. After strong encouragement from the Commission to retain a permanent PMC, GPA in late 2002 selected TEMES and entered into negotiations for Cabras 1 & 2 PMC services. A contract was finalized and approved by the Commission in December 2002. In January 2003 TEMES initiated its current PMC role for Cabras 1 & 2 operations and has served in that role since.

Since initiating its role as the Cabras 1 & 2 PMC improvements in performance have resulted to the benefit of GPA consumers. Improvements at Cabras 1 & 2 include completing a predetermined list of performance and construction improvement projects, supervision of plant staff, training of staff, inventory control and management, and most importantly the meeting of specific performance standards for operations of Cabras 1 & 2. Specifically, during the last three years TEMES:

- Completed a major overhaul of Unit 1 and a minor overhaul of Unit 2 as well as a major turbine overhaul of Unit 2 all in a timely manner.
- Accessed equipment and resources during the catastrophic turbine failure associated with Unit 1 in 2004 in a manner timelier than GPA is capable. Consumers benefited substantially from the ability of TEMES to take quick action and get Unit 1 back in service with the minimum of delay.
- Improved in each of the three years the combined equivalent availability of Cabras 1 & 2, benefiting ratepayers by having in service more efficient generating capacity.
- Lower the combined heat rate of Cabras 1 & 2 resulting in improved efficiency and lower costs to GPA consumers.

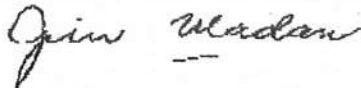
As a result of TEMES meeting the performance goals associated with the PMC contract over the last two and a half years, GPA consumers have experienced saving in excess of \$10 million annually. At current fuel costs levels consumers can reasonably expect to achieve even greater savings as a result of TEMES meeting the performance criteria required of the PMC.

GPA has requested the Commission approve the proposed amendment—a two-year extension to the existing contract—to the Cabras Unit 1 & 2 PMC contract. The amendment modifies certain terms and conditions contained in the existing contract. Specifically, the amendment changes the authorized O&M spending level in a manner consistent with the original contract, puts in place more favorable equivalent availability performance standards, reduces the authorized overtime spending levels, leaves unchanged the heat rate performance levels until the parties can review the matter further, but provides that the heat rate cannot exceed its current level, and requires TEMES to propose optimal staffing levels by December 31, 2005. All other terms and conditions of the contract remain unchanged. We find these changes to be reasonable and beneficial to GPA consumers.

GPA's arrangement with TEMES is an excellent example of an effective approach to structuring a public-private partnership benefiting Guam consumers. It should not go unnoticed and for this reason we both applaud and congratulate GPA on a job well done.

If you wish to discuss any and all of the above, please do not hesitate to call.

Cordially,



Jamshed K. Madan

Cc: William J. Blair, Esq.
Kin Flores, GPA
Larry Gawlik

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM TELECOMMUNICATIONS
ACT OF 2004 [P.L. 27-110]

DOCKET 05-01



ORDER

On February 1, 2005, the Guam Public Utilities Commission [PUC] issued an *Order Instituting Regulatory Proceedings*, which authorized and directed that the following regulatory activities occur to implement the provisions of the Guam Telecommunications Act of 2004 [P.L. 27-110]¹:

1. A rulemaking proceeding to establish rules pursuant to 12 GCA 12104 regarding: certification of local exchange services; tariff regulation; availability and quality of telecommunications services; confidentiality; customer billing; recovery of regulatory expenses; accounting, discrimination, structural separation and affiliate transactions; and public interest payphones.
2. A determination of whether additional rules are necessary to implement the petition and complaint process established in 12 GCA 12107.
3. The registration of CMRS providers and a determination of the scope of regulatory authority over them.

In furtherance of this order PUC's administrative law judge [ALJ] has overseen the regulatory proceedings, which are summarized in his July 25, 2005 report. After due consideration of the report, including without limitation its recommendations, attachments and the record in this docket, after discussion, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY FINDS AND ORDERS THAT:**

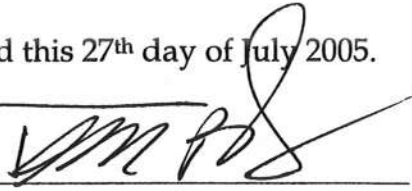
1. The rules regarding certificates of authority, confidentiality, payphone regulation and regulatory expenses, in form as attached hereto are hereby approved and adopted. ALJ is authorized and directed to monitor the effectiveness of the rules and to bring to PUC's attention any material concern regarding any of the rules. PUC notes that ALJ will commence a

¹ The Order also provided for the issuance of Grandfather Certificates of Authority under 12 GCA 12103[a] and the appointment of a PUC representative to the Territorial Transportation and Communications Coordinating Council, which are not relevant to this report.

phase two process on or about August 1, 2005 to craft and release for comment proposed rules regarding customer billing [12 GCA 12104[c][6]; availability and quality of service [12 GCA 12104[c][3]; and accounting, discrimination, structural separation and affiliate transactions [12 GCA 12104[c][8].

2. After review, PUC accepts the recommendation of TeleGuam and Georgetown Consulting Group and decides not to adopt the proposed *Tariff Forbearance Order*. Accordingly, the suspension of tariff filing requirement, as ordered in paragraph 1[d] of PUC's February 1, 2005 *Order Instituting Regulatory Proceedings* is hereby rescinded.
3. In recognition of the substantial contribution and expense which TeleGuam has incurred in participating in this docket, PUC approves ALJ's recommendation that regulatory expenses, which have been incurred to date shall be deemed an administrative expense and shall be funded through PUC's administrative account. This action should not be viewed as a precedent for the allocation of further regulatory expenses, which are incurred under P.L. 27-110.
4. PUC accepts ALJ's finding that additional rules are not necessary to enable PUC to effectively administer the complaint and petition process required by 12 GCA 12107.
5. ALJ is authorized and directed, in furtherance of paragraph 3 of his Report, to further examine and obtain comments regarding PUC's authority over CMRS carriers' terms and conditions of service, including whether these carriers would voluntarily adopt the Cellular Telecommunications and Internet Association's *Consumer Code for Wireless Service*.

Dated this 27th day of July 2005.



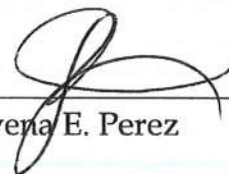
Terrence M. Brooks



Edward C. Crisostomo



Joseph M. McDonald



Rowena E. Perez

Richie T. Lim

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



**IN THE MATTER OF APPLICATION OF
TELEGUAM HOLDINGS, LLC AND
GTA TELECOM, LLC TO TRANSFER
CERTIFICATE OF AUTHORITY**

DOCKET 05-03

ORDER

By this Order, the Guam Public Utilities Commission [PUC] considers the application of GTA Telecom, LLC (GTA Telecom) for a certificate of authority, which would be transferred by TeleGuam Holdings, LLC [TeleGuam] pursuant to Section 12103(g) of the Guam Telecommunications Act of 2004 [Act].

Findings of Fact:

PUC hereby makes the following findings of fact:

A. TeleGuam is the dominant telecommunications company on Guam and was issued a certificate of authority by PUC on February 28, 2005.

B. On March 7, 2005, TeleGuam and GTA Telecom petitioned PUC to transfer TeleGuam's existing certificate of authority to GTA Telecom [Petition].

C. In furtherance of the Petition, GTA Telecom submitted an application to PUC on March 29, 2005 to demonstrate GTA Telecom's managerial, technical and financial resources in satisfaction of Section 12103(c) of the Act.

D. By letter dated May 3, 2005, PUC's Administrative Law Judge concluded that the transfer of TeleGuam's certificate of authority to GTA Telecom was in the public interest in accordance with Section 12103(c)(2) of the Act .

E. TeleGuam, GTA Telecom and Georgetown Consulting Group [GCG] have entered into a Stipulation dated July 22, 2005 [Stipulation], a copy of which is attached to this Order as *Exhibit 1*, pursuant to which (i) TeleGuam and GTA Telecom agreed to the imposition of certain conditions on the transfer of TeleGuam's certificate of authority to GTA Telecom and (ii) GCG agreed not to oppose the Petition, subject in each case to the resolution by PUC of the dispute between the parties referenced in paragraph F below.

F. GCG asserts that TeleGuam should indemnify GTA Telecom for any and all claims, liabilities, losses and expenses arising out the Credit Agreement, dated as of December 29, 2004 and as amended from time to time, among TeleGuam, GTA Services, GTA Telecom, GTA Wireless, CoBank, ACB and Bank of Hawaii [Credit Agreement] to the extent such claims, liabilities, losses and expenses arise from the actions or omissions of TeleGuam or its subsidiaries other than GTA Telecom. TeleGuam objects to the imposition of such condition. PUC agrees with the TeleGuam position on this issue.

G. The conditions identified in the Stipulation for the transfer of TeleGuam's certificate of authority are just and reasonable and are relevant to the managerial, technical and financial resources of GTA Telecom.

H. TeleGuam has submitted to PUC an officer's certificate, a copy of which is set forth in *Exhibit 2* of this Order, certifying that (a) GTA Telecom is a wholly-owned subsidiary of TeleGuam and providing a true and correct organizational chart for TeleGuam and its subsidiaries and (b) all of the assets of TeleGuam that are reasonably necessary to enable GTA Telecom to comply with the legal, regulatory, and contractual duties that apply to it under the Asset Purchase Agreement between TeleGuam and the former Guam Telephone Authority [APA], the Act, and applicable regulations, rules, and orders were assigned to GTA Telecom pursuant to the Contribution Agreement, dated as of January 10, 2005, by and among TeleGuam, GTA Telecom, GTA Services, LLC and GTA Wireless, LLC [Contribution Agreement] and providing a true and correct copy of the Contribution Agreement.

I. Claims, liabilities, losses and expenses arising out the Credit Agreement may adversely affect the financial condition of GTA Telecom, and GTA Telecom should be indemnified by TeleGuam to the extent such claims, liabilities, losses and expenses arise from the actions or omissions of TeleGuam or its subsidiaries other than GTA Telecom.

J. Subject to the satisfaction of the conditions provided in this Order, GTA Telecom possess the manager, technical and financial resources required under Section 12103(c) of the Act to justify the transfer of TeleGuam's certificate of authority to GTA Telecom.

Order

BASED ON THE FOREGOING FINDINGS OF FACT AND THE UNDERLYING RECORD IN THIS PROCEEDING, THE GUAM PUBLIC UTILITIES COMMISSION ORDERS:

A. Pursuant to Section 12103(g) of the Act, PUC hereby approves the Petition and the transfer of TeleGuam's certificate of authority to GTA Telecom subject to the following conditions:

1. To the extent that any assets reasonably necessary to enable GTA Telecom to comply with its legal, regulatory, and contractual duties were not assigned to GTA Telecom pursuant to the Contribution Agreement, TeleGuam shall make such assets available to GTA Telecom on commercially reasonable terms.

2. TeleGuam shall provide or to otherwise make available to GTA Telecom under commercially reasonable terms such funds as may reasonably be required by GTA Telecom to discharge its contractual, statutory and regulatory duties.

3. TeleGuam shall take necessary actions to ensure that GTA Telecom discharges its legal, regulatory, and contractual duties in a reasonable and timely manner.

4. GTA Telecom's assets will not be transferred, pledged or encumbered for any purpose other than the provision of regulated telecommunications services by GTA Telecom without prior PUC approval.

5. GTA Telecom shall not increase its rates or other charges, and shall not file any tariff or otherwise petition PUC for the increase of any existing or the imposition of any new rates or charges, for certificated services due to TeleGuam's internal restructuring and transfer of assets to its subsidiaries prior to the date of this Order, including by means of the Contribution Agreement. The foregoing shall apply notwithstanding the reasonableness of the terms and conditions pursuant to which any assets are leased or otherwise made available to GTA Telecom by TeleGuam and its other affiliates.

6. TeleGuam shall provide to PUC audited financial statements and consolidated tax returns for TeleGuam and its subsidiaries for each of the next three (3) years and unaudited financial statements for each quarter during such period.

7. TeleGuam shall cooperate with PUC and respond to all PUC requests seeking information or documents from TeleGuam or its affiliates, provided such requests are relevant to PUC's regulation of GTA Telecom and its telecommunications services.

8. TeleGuam shall indemnify GTA Telecom for any and all claims, liabilities, losses and expenses arising out the Credit Agreement to the extent such claims, liabilities, losses and expenses arise from the actions or omissions of TeleGuam or its subsidiaries other than GTA Telecom.

9. TeleGuam shall submit itself to PUC's regulatory authority in connection with the implementation and enforcement of the conditions imposed in this Order.

B. PUC has the authority under the Act to impose conditions upon the issuance or transfer of any certificate of authority.

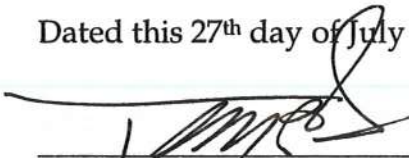
C. PUC has authority under the Act to review and consider the business terms under which GTA Telecom utilizes intrastate telecommunications assets and services provided by third parties, including TeleGuam and its subsidiaries, in assessing whether to approve rate changes requested by GTA Telecom.

E. In order to implement and enforce the conditions imposed in this Order, TeleGuam shall be subject to PUC's regulatory authority, including without limitation, PUC's enforcement and investigative authority.

E. The grant of the Petition and the ongoing validity of GTA Telecom's certificate is subject to (1) GTA Telecom's continuing possession of adequate technical, financial and managerial resources to provide telecommunications services in Guam and the continuing accuracy of the representations made both in the application for the assignment of TeleGuam's certificate of authority to GTA Telecom and in the Stipulation; (2) TeleGuam's and GTA Telecom's full and timely compliance with the commitments made in the Stipulation and with their respective contractual, statutory, and regulatory duties

F. Upon PUC's finding that either GTA Telecom or TeleGuam has violated any law, rule, regulation or regulatory order, after notice and opportunity for hearing by GTA Telecom and TeleGuam, PUC may restore the status quo by withdrawing the approval granted herein and re-assigning GTA Telecom's certificate of authority to TeleGuam. Such enforcement option shall not limit PUC's other enforcement options under 12 GCA 12103(f) or 12 GCA 12108.

Dated this 27th day of July 2005.




Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Richie T. Lim

EXHIBIT 1

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



IN THE MATTER OF APPLICATION OF)
TELEGUAM HOLDINGS, LLC AND)
GTA TELECOM, LLC TO TRANSFER)
CERTIFICATE OF AUTHORITY)

DOCKET 05-03

STIPULATION

TeleGuam Holdings, LLC ("TeleGuam"), GTA Telecom, LLC ("GTA Telecom") and Georgetown Consulting Group, Inc. ("GCG"), through their duly authorized representatives, hereby stipulate and agree as follows in connection with the above-referenced proceeding before the Public Utilities Commission of Guam (the "Commission"): :

1. TeleGuam and GTA Telecom shall submit to the Commission and GCG an officer's certificate, in the form of Exhibit A attached hereto, certifying that (a) GTA Telecom is a wholly-owned subsidiary of TeleGuam and providing a true and correct organizational chart for TeleGuam and its subsidiaries and (b) all of the assets of TeleGuam that are reasonably necessary to enable GTA Telecom to comply with the legal, regulatory, and contractual duties that apply to it under the Asset Purchase Agreement between TeleGuam and the former Guam Telephone Authority (the "APA"), the Guam Telecommunications Act of 2004 (the "Act"), and applicable regulations, rules, and orders were assigned to GTA Telecom pursuant to the Contribution Agreement, dated as of January 10, 2005, by and among TeleGuam, GTA Telecom, GTA Services, LLC and GTA Wireless, LLC (the "Contribution Agreement") and providing a true and correct copy of the Contribution Agreement as Exhibit B. GCG agrees to afford the Contribution Agreement confidential treatment in accordance with the Commission's rules in Docket No. 05-01.

2. To the extent that any assets not assigned to GTA Telecom pursuant to the Contribution Agreement are necessary or useful to enable GTA Telecom to comply with its legal, regulatory, and contractual duties, TeleGuam agrees to make such assets available to GTA Telecom on commercially reasonable terms.

3. TeleGuam further agrees to provide or to otherwise make available to GTA Telecom under commercially reasonable terms such funds as may reasonably be required by GTA Telecom to discharge its contractual, statutory and regulatory duties.

4. TeleGuam further agrees that it will take necessary actions to ensure that GTA Telecom discharges its legal, regulatory, and contractual duties in a reasonable and timely manner.

5. GTA Telecom commits to be bound by all of TeleGuam's obligations under the APA with respect to regulated intrastate telecommunications services.

6. As of the date hereof, TeleGuam and GTA Telecom agree that GTA Telecom's assets will not be transferred, pledged or encumbered for any purpose other than the provision of regulated telecommunications services by GTA Telecom without prior Commission approval. GCG seeks to specifically include and subject qualifying future drawdowns under the Credit Agreement dated as of December 29, 2004 as amended from time to time ("Credit Agreement") to the prior Commission approval requirements imposed by this provision. TeleGuam and GTA Telecom object to this condition, submitting that qualifying future advances under the Credit Agreement should be excluded from the prior Commission approval requirements imposed by this provision. In a good faith effort to resolve this dispute, the parties to this Stipulation have agreed to submit this issue to the Commission for determination in connection with the instant certificate assignment application.

7. TeleGuam and GTA Telecom acknowledge that, within the context of rate proceedings for intrastate telecommunications services, the Commission has authority under the Act to review and consider the business terms under which GTA Telecom utilizes intrastate telecommunications assets and services provided by third parties, including TeleGuam and its subsidiaries, in assessing whether to approve rate changes requested by GTA Telecom.

8. GTA Telecom agrees that it shall not increase its rates or other charges, and shall not file any tariff or otherwise petition the Commission for the increase of any existing or the imposition of any new rates or charges, for regulated intrastate telecommunications services as a result of the assignment of TeleGuam's assets, including its certificate of authority, to its subsidiaries. To further clarify the foregoing, for purposes of justifying or considering any increase in rates or charges by GTA Telecom, GTA Telecom's costs of leasing or otherwise accessing such assets shall not exceed the costs that would have been borne by GTA Telecom for such assets had GTA Telecom retained ownership of such assets.

9. TeleGuam agrees that it will cooperate with the Commission and respond to all reasonable requests from the Commission seeking information or documents (including consolidated tax returns and financial information) from TeleGuam or its affiliates, provided such requests are relevant to the Commission's regulation of GTA Telecom and its provision of regulated intrastate telecommunications services. GCG agrees to afford all such documents and other financial information submitted pursuant to this Stipulation confidential treatment in accordance with the Commission's rules in Docket No. 05-01.

10. Solely in order to implement and enforce the assurances and agreements made in this Stipulation and the Commission's orders in connection with the assignment of the certificate of authority from TeleGuam to GTA Telecom, TeleGuam agrees that it will submit to the regulatory authority of the Commission, including without limitation, the Commission's enforcement and investigative authority. TeleGuam and GTA Telecom further agree that the Commission has the lawful authority to assert this regulatory authority for the purpose of implementing and enforcing the assurances and agreements made in this Stipulation. TeleGuam submits that it has consulted with counsel who has advised that the foregoing assurances and agreements are valid and enforceable.

11. TeleGuam and GTA Telecom acknowledge that the Commission may condition both its approval and the ongoing validity of GTA Telecom's certificate on (1) GTA Telecom's

continuing possession of adequate technical, financial and managerial resources to provide telecommunications services in Guam and the continuing accuracy of the representations made both in the application for the assignment of TeleGuam's certificate of authority to GTA Telecom and in this Stipulation; (2) TeleGuam's and GTA Telecom's full and timely compliance with the commitments made in this Stipulation and with their respective contractual, statutory, and regulatory duties; and (3) upon the Commission's finding that either GTA Telecom or TeleGuam has violated any law, rule, regulation or regulatory order, after notice and opportunity for hearing by GTA Telecom and TeleGuam, the Commission may restore the status quo by assigning GTA Telecom's certificate of authority to TeleGuam. Notwithstanding the foregoing, the parties acknowledge and agree that the enforcement option in this paragraph 12 would not limit the Commission's other enforcement options under 12 GCA 12103(f) or 12 GCA 12108.

12. As part of the transfer of the certificate of authority from TeleGuam to GTA Telecom, GCG submits that TeleGuam must indemnify GTA Telecom for any and all claims, liabilities, losses and expenses arising out the Credit Agreement to the extent such claims, liabilities, losses and expenses arise from the actions or omissions of TeleGuam or its subsidiaries other than GTA Telecom. TeleGuam objects to the imposition of such condition as part of this Stipulation, and submits that TeleGuam shall indemnify GTA Telecom for claims, liabilities, losses and expenses arising out of the Credit Agreement only to the extent such indemnity is necessary to enable GTA Telecom to fulfill its obligations under this Stipulation, under the APA, or under Guam law. However, in a good faith effort to resolve such dispute, the parties to this Stipulation have agreed to submit such dispute to the Commission for determination in connection with the instant certificate assignment application.

13. In consideration of the commitments of TeleGuam and GTA Telecom in paragraphs 1 through 11 above, and subject to the parties' rights to assert their respective positions with respect to the issues identified in paragraphs 6 and 12 above, GCG agrees that it shall not oppose the instant petition to transfer TeleGuam's certificate of authority to GTA Telecom, provided the commitments in paragraphs 2 through 11 above also appear as conditions in the Commission's order granting the transfer of TeleGuam's certificate of authority to GTA Telecom.

14. Notwithstanding paragraphs 11 and 12 of this Stipulation, GCG has advised the Commission of its concerns regarding the Commission's assertion of jurisdiction upon TeleGuam after the transfer of its certificate to GTA Telecom, and GCG submits that the Commission must ultimately consider whether it believes the commitments of TeleGuam in paragraphs 11 and 12 are sufficient to protect the substance of the terms hereof. Neither the foregoing nor any other communications in this proceeding shall be deemed to be an admission by GCG or preclude GCG from asserting in any manner and in any proceeding that the Commission has the jurisdiction and authority to enforce the terms of this Stipulation against TeleGuam by means of paragraphs 11 and 12 or otherwise.

15. TeleGuam, GTA Telecom and GCG disagree whether the Commission has the authority to require that the terms and conditions of any agreement between GTA Telecom, on the one hand, and TeleGuam or any of its other subsidiaries, on the other hand, be negotiated on an arms-length basis and subject to the prior approval of the Commission. Each of the parties

hereto reserves its right to assert the existence or lack of existence of such authority in any future proceedings before the Commission.

16. TeleGuam, GTA Telecom and GCG further disagree whether the Commission has the authority to require that the transfer of any assets from GTA Telecom or the pledge or encumbrance of any assets of GTA Telecom be subject to the prior approval of the Commission. Each of the parties hereto reserves its right to assert the existence or lack of existence of such authority in any future proceedings before the Commission.

17. TeleGuam, GTA Telecom and GCG further disagree whether the public interest standard under Section 12103(c)(2) of the Act is satisfied by P.L. 27-109. Nevertheless, GCG understands that the Commission's Administrative Law Judge has concluded for purposes of this proceeding that the public interest standard has been satisfied by such legislation. GCG reserves the right to assert that such legislation does not satisfy the public interest standard, and that the APA and P.L. 27-109 do not affect the scope of the Commission's jurisdiction and authority, in any future proceedings before the Commission.

18. This Stipulation may be relied upon by the Commission, GCG, TeleGuam, and GTA Telecom in connection with TeleGuam's request to assign its certificate of authority to GTA Telecom. This Stipulation may be used for no other purpose.

The parties hereto have caused this Stipulation to be executed by their duly appointed officers as of the 22 day of July, 2005.

TELEGUAM HOLDINGS, LLC

GEORGETOWN CONSULTING GROUP

By: Robert C Taylor
Name: Robert C Taylor
Title: _____

By: _____
Name: _____
Title: _____

GTA TELECOM, LLC

By: Robert C Taylor
Name: Robert C Taylor
Title: _____

hereto reserves its right to assert the existence or lack of existence of such authority in any future proceedings before the Commission.

16. TeleGuam, GTA Telecom and GCG further disagree whether the Commission has the authority to require that the transfer of any assets from GTA Telecom or the pledge or encumbrance of any assets of GTA Telecom be subject to the prior approval of the Commission. Each of the parties hereto reserves its right to assert the existence or lack of existence of such authority in any future proceedings before the Commission.

17. TeleGuam, GTA Telecom and GCG further disagree whether the public interest standard under Section 12103(c)(2) of the Act is satisfied by P.L. 27 109. Nevertheless, GCG understands that the Commission's Administrative Law Judge has concluded for purposes of this proceeding that the public interest standard has been satisfied by such legislation. GCG reserves the right to assert that such legislation does not satisfy the public interest standard, and that the APA and P.L. 27-109 do not affect the scope of the Commission's jurisdiction and authority, in any future proceedings before the Commission.

18. This Stipulation may be relied upon by the Commission, GCG, TeleGuam, and GTA Telecom in connection with TeleGuam's request to assign its certificate of authority to GTA Telecom. This Stipulation may be used for no other purpose.

The parties hereto have caused this Stipulation to be executed by their duly appointed officers as of the 20 day of July, 2005.

TELEGUAM HOLDINGS, LLC

GEORGETOWN CONSULTING GROUP

By: _____
Name: _____
Title: _____

By: Jamshed K Madan
Name: JAMSHED K MADAN
Title: PRINCIPAL

GTA TELECOM, LLC

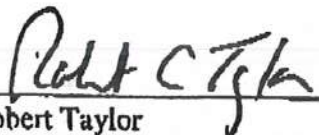
By: _____
Name: _____
Title: _____

EXHIBIT 2**EXHIBIT A****OFFICER'S CERTIFICATE**

I, Robert Taylor, in my capacity as Chief Executive Officer of TeleGuam Holdings, LLC ("TeleGuam") and GTA Telecom, LLC ("GTA Telecom") and not in my individual capacity, certify that:

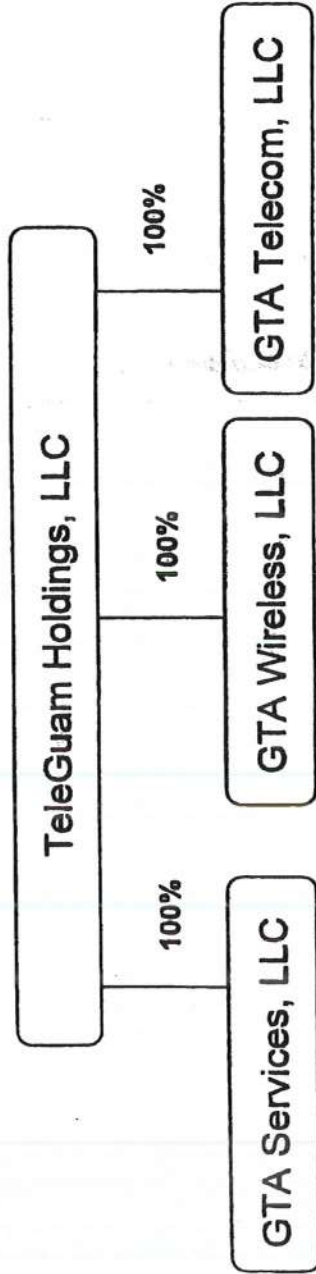
1. I am authorized to issue this Officer's Certificate on behalf of TeleGuam and GTA Telecom.
2. GTA Telecom is a wholly-owned subsidiary of TeleGuam and is controlled by TeleGuam. An organizational chart showing the corporate relationship between TeleGuam and its subsidiaries is attached as Attachment 1.
3. As contemplated by Section 14.7 of the Asset Purchase Agreement by and among the Guam Telephone Authority, the Government of Guam and TeleGuam Holdings, LLC, dated August 31, 2004 (the "APA"), TeleGuam and its subsidiaries GTA Telecom, GTA Services, LLC, and GTA Wireless, LLC entered into an Assignment and Contribution Agreement dated as of January 10, 2005 (the "Contribution Agreement"). Pursuant to the Contribution Agreement, all of the assets of TeleGuam that are reasonably necessary to enable GTA Telecom to comply with the legal, regulatory, and contractual duties that apply to it under the APA, the Guam Telecommunications Act of 2004 (the "Act"), and applicable regulations, rules, and orders were assigned to GTA Telecom. Specifically, the Contribution Agreement provided that all assets used for the provision of "Wireline Services" were assigned to GTA Telecom. The term "Wireline Services" is defined in the Contribution Agreement as "regulated wireline telecommunications services" and thus includes intrastate telecommunications services offered in Guam. GTA Telecom also assumed all liabilities of TeleGuam with respect to Wireline Services. The Contribution Agreement also describes the distribution of the assets purchased by TeleGuam from the Guam Telephone Authority among TeleGuam's subsidiaries.

This Officer's Certificate is given with the express understanding that it will be relied upon by the Commission and Georgetown Consulting Group in connection with TeleGuam's request to assign its Guam certificate of authority to GTA Telecom. This Officer's Certificate may be used for no other purpose.


Robert Taylor

Dated: July 22, 2005

TeleGuam Holdings, LLC Organizational Chart





July 6, 2005

Via Hand Delivery

Mr. Terrence Brooks
Chairman
Public Utilities Commission of Guam
Suite 207, GCIC Building
PO Box 862
Hagatna, GU 96932



Dear Chairman Brooks:

I am pleased to have this opportunity to file Pacific Data Systems' amended Application for Certificate of Authority to provide Intrastate Telecommunications Services on Guam. The attached application will amend/replace our previous filings with the PUC for these services. This filing is made in accordance with the PUC's interim rules governing a filing of this type.

Some information included with our filing is Confidential and has been prepared in according to PUC rules dealing with Confidential information.

We hope the PUC will expediate the review of our application and granting of our Certificate of Authority for the services we have requested. As you know, the existing PUC Grandfathered Certificate of Authority we hold is limited and has been ignored by GTA as a basis for negotiating an interconnection agreement under the rules of the Telecom Act of 1996.

Please feel free to contact me with any questions you or the PUC staff may have on our Application.

Sincerely,

John Day
President

Pacific Data Systems

185 Ilipog Drive, HBC Suite 204A, Tamuning, GU 96913

Main: (671) 648-4361 | Fax: (671) 648-4365 | www.pdsguam.com

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

E-911 EMERGENCY SYSTEM

DOCKET 99-10



ORDER

The Guam Public Utilities Commission [PUC] having reviewed the July 13, 2005 letter report of its administrative law judge and after discussion, on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, **HEREBY ORDERS THAT:**

1. Commencing August 1, 2005 the E-911 collection agents shall recommence the collection of the one dollar surcharge on prepaid CMRS accounts in accordance with the protocol established in section 2[c] of PUC's June 24, 2002 Order.
2. ALJ is authorized and directed to oversee administrative proceedings to review the reasonableness of the \$1.00 surcharge and to report to PUC at the next regulatory session.
3. PUC is aware that certain collection agents, in a protest of inconsistency in the collection of the surcharge on prepaid accounts, collected but did not remit the surcharge to the Department of Administration. P.L. 25-55:3[b] provides that each collection agent shall remit the surcharge amounts collected to the Department of Administration within 45 days after the end of the month in which the amount is collected. On or before August 15, 2005, each collection agent shall certify to PUC in writing that it is in compliance with this statutory duty.

Dated this 27th day of July 2005.



Terrence M. Brooks



Edward C. Crisostomo

Richie T. Lim



Joseph M. McDonald



Rowena E. Perez

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



E911 EMERGENCY SYSTEM

DOCKET 99-10

REIMBURSEMENT ORDER

On April 11, 2003, the Guam Public Utilities Commission [PUC] issued a Reimbursement Protocol Order, under which collection agents are authorized to petition for reimbursement of their actual expenses in providing collection services for the 911 system.

On May 13, 2005, IT&E Overseas Inc. petitioned PUC [*Attachment A*] for authorization to incur reimbursable expenses for software¹, which is necessary to enable it to collect the one-dollar surcharge on its CMRS prepaid accounts. IT&E has agreed to have this software in place not later than August 1, 2005. On this date, all collection agents have agreed to recommence the collection of the surcharge on CMRS prepaid accounts.

Georgetown has reviewed the IT&E reimbursement request and by letter dated July 14, 2005 [*Attachment B*] recommended that the \$97,000 software acquisition cost be recovered over a 36 month period and that annual maintenance fee be recovered commencing August 1, 2006.

After review and consideration of the Georgetown report and on motion duly made, seconded and carried by the vote of the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. IT&E is authorized, upon: a) certification to PUC that it has purchased and installed the prepaid account software [including paid invoice] and has commenced collection of the surcharge on its prepaid accounts; and b) filing the registration amendment discussed in paragraph 3 below, to deduct from its 911 collection receipts the following amounts:

August, 2005 through July, 2006	\$2,694 per month
August, 2006 through July 2008	\$4,149 per month ²

¹ IT&E reports that the initial cost of the software system will be \$97,000. In addition, after expiration of the one-year warranty, there will be an annual maintenance charge of 18% on the purchase price [\$17,460].


²This amount includes annual software reimbursement of \$2,694 per month and \$1,455 per month maintenance fee [annual maintenance fee of 18% x \$97,000 = \$17,460/12 = \$1,455].

August 2008 forward during software life


\$1,455 per month

2. IT&E shall keep full and accurate records of its reimbursement activities pursuant to this Order and shall file an annual report with PUC commencing August 1, 2006 which reports its reimbursements under this order and under PUC's June 23, 2003 Reimbursement Order.
3. The effectiveness of this reimbursement order is further conditioned on IT&E supplementing its March 24, 2005 CMRS Registration, which does not answer question number 5 [average gross operating revenues].
4. A copy of this order shall be served on IT&E.

Dated this day of July 2005.



Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Richie T. Lim



ATTACHMENT A

P.O. Box 24881 GMF, Guam 96921 • Tel: (671) 646-8886 • Fax: (671) 646-4723 • E-mail: genmgr@ite.net • www.ite.net

May 13, 2005

**VIA HAND-DELIVERY &
FACSIMILE TO:**
472-1917



Mr. Harry M. Boertzel
Administrative Law Judge
Public Utilities Commission of Guam
Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

RE: E911 Program

Dear Mr. Boertzel:

In reply to your April 20, 2005 letter regarding the cost of developing custom software to be able to assess a surcharge on our prepaid accounts, IT&E submits the following:

- a. Initial Cost of System: \$97,000.00
- b. At the end of the one-year warranty, an Annual Maintenance Charge is assessed at 18% of the total value of the contract.

This system can be completed and ready within 45 days in time for the anticipated start date of August 1, 2005.

Please let me know if you need additional information.

Sincerely,

JOHN M. BOLRAS, P.E.
President

ATTACHMENT B

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
emargerison@snet.net

Edward R. Margerison
Jean Dorrell

July 14, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: E-911 ITE Cost Recovery – Docket 99-10

Dear Harry,

At the July 13, 2005 workshop attended by all of the Collection Agents (GTA, GTA Wireless, IT&E, Guam Cellular, Choice Phone and Hafatel) there was a consensus reached that the collection Agents would agree to recommence the collection of the one dollar surcharge on their prepaid wireless accounts on August 1, 2005 in accordance with the protocol established in section 2 (c) of PUC's June 24, 2002 Order.

Currently all of the CMRS providers, with the exception of IT&E, have installed software that permits the collection of the dollar surcharge for prepaid accounts in accordance with the PUC's Order. IT&E has indicated that it will require installation of custom software to be able to collect that dollar surcharge on prepaid wireless accounts. It has requested complete reimbursement of the incremental cost of the software and has provided the following cost information:

1. Initial cost of the system: \$97,000.
2. At the end of a one year warranty, an Annual Maintenance charge is assessed at 18% of the total value of the contract.


IT&E's compliance with the requirement to collect the dollar surcharge on prepaid wireless accounts will result in a significant source of additional funding for the E-911 system. It is estimated that the number of prepaid wireless accounts are equal to or greater than the number of postpaid wireless accounts. Although we believe that it would have been less expensive had IT&E designed the requirement to collect a surcharge on prepaid wireless accounts into its initial software (as the other Collection Agents had done) it is important for IT&E to be integrated into the collection system so that the E-911 system begins to receive additional funds and that all prepaid accounts compete on a level playing field. We therefore recommend that IT&E be permitted to recover its costs over a three year period for the incremental costs associated with collection of the prepaid wireless surcharge. We recognize that this period for recovery is longer than the two year (or shorter) period permitted by the Commission in the past for recovery of historical administrative costs (the costs under consideration here are prospective and incrementally higher for the reasons mentioned above).

Based on the above figure the monthly cost recovery that should be permitted for the first three years will be \$3,6641. Beginning with the fourth year (September 1, 2008) the permitted cost recovery should drop to \$1,455.

At the meeting it was also agreed that PUC should undertake a review of the reasonableness of the overall surcharge recoveries amount given the anticipated increased surcharge revenues from prepaid wireless accounts. Vice Speaker Brown's office will be approached for assistance regarding issues relating to the E-911 budget. I would point out that it is also important for the Collection Agents to provide the financial information regarding collections and disbursements as required by PUC orders (currently this information is not up-to-date).

If there are any further questions we will be happy to respond.

Cordially,



Jamshed K. Madan

Cc: All Collection Agents (via fax or email)

1 This amount is in addition to the \$676 per month currently retained by IT&E for costs (effective January 2005).

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**ELIGIBLE TELECOMMUNICATIONS
CARRIERS - LIFELINE/LINK-UP
VERIFICATION AND CERTIFICATION
PROCEDURES**

DOCKET 05-07



ORDER

The Federal Communications Commission [FCC] in its April 29, 2004 Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 03-109, FCC 04-87 [Lifeline Order] adopted the Joint Board's recommendation that all states and territories, including those with their own Lifeline/Link-Up programs, implement verification and certification processes.

A new docket [05-07] will be initiated by the Guam Public Utilities Commission [PUC] to address the issues set forth in the Lifeline Order in an effort to refine its Lifeline/Link-Up program. PUC hereby adopts the federal default verification procedures for a statistically valid sample for the 2005 calendar year.¹ In addition, eligible telecommunications carriers are required to adhere to record-keeping rules set forth in the Lifeline Order.² Eligible telecommunications carriers shall use the attached sample letter to submit the results of their verification efforts. These results should be submitted on or before November 1, 2005. Carriers are also required to certify eligibility of Lifeline/Link-Up recipients in one of the qualifying programs by receipt of documentation of eligibility.

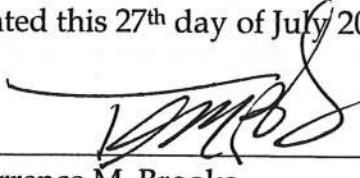
PUC further finds that TeleGuam Holdings, LLC's [TeleGuam] general tariff provisions regarding *Telephone Assistance Programs* [Section 5, Chapter XII] is inconsistent with the Lifeline Order. TeleGuam is directed to file tariff amendments consistent with the requirements of the Lifeline Order.

This Order shall be transmitted to all eligible telecommunications carriers, which do business on Guam and to FCC.

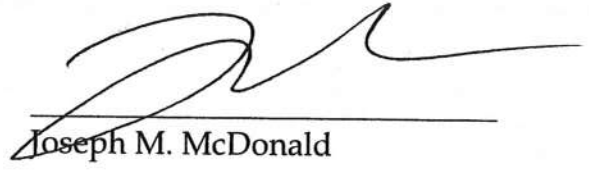
¹ FCC's Report and Order and Further Notice of Proposed Rulemaking, WC Docket 03-109, FCC 04-87 [released April 29, 2004] at paragraphs 33-36 and Appendix J.

²Id. at sections 37-39.

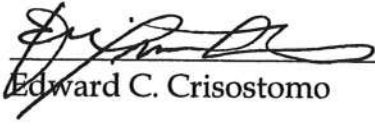
Dated this 27th day of July 2005.



Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena B. Perez

Richie T. Lim

Verification of Consumer's Continued Eligibility for Lifeline

Date: _____

To: Lou Palomo
Administrator
Guam Public Utilities Commission
Suite 207 GCIC Building
414 W. Soledad Ave.
Hagatna, Guam 96910

This letter is to certify that [company name] _____ has procedures in place to verify the continued eligibility of a statistically valid random sample of its Lifeline customers. The results are provided below.

I am the designated company representative of the company listed above. I am authorized to make this company certification for the results of the statistically valid random sample of its Lifeline customers.

*Number of Lifeline
customers surveyed*

*Number of Lifeline
customers found to be
ineligible*

Signed,

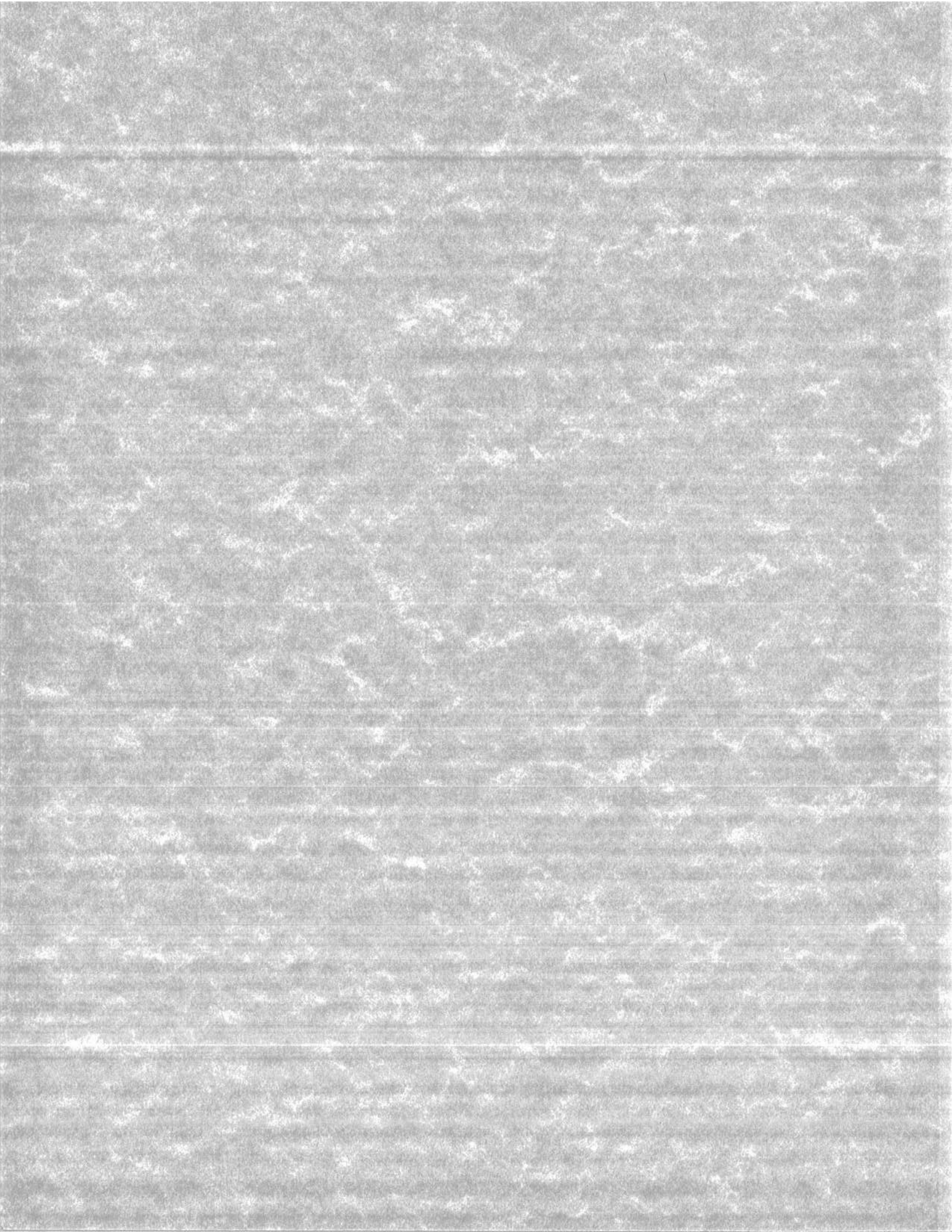
[Signature of company representative]

[Printed Name of company representative]

[Title of company representative]

[Company address]

[Company telephone number]



PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
6:00 p.m. OCTOBER 27, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM



MINUTES

A special meeting of the Guam Public Utilities Commission [PUC] was convened 6:00 p.m. on October 27, 2005 pursuant to due and lawful notice.

Commissioners McDonald, Perez, Crisostomo, and Brooks were in attendance. The following matters were considered at the meeting pursuant to the agenda made *Attachment A*.

1. Approval of minutes.

After review and discussion of the minutes of the July 27, 2005 meeting and on motion duly made, seconded and unanimously carried, the Commission *resolved* to approve them.

2. Guam Power Authority.

a. GPA August 15, 2005 LEAC Petition.

In furtherance of its review of the GPA petition and the October 11, 2005 report of its regulatory consultant [Georgetown Consulting Group - GCG], the commissioners considered an order [*Attachment B*], which would adopt GCG recommendations and GPA's position that no change in the existing LEAC factor is necessary for the six month cycle commencing on October 1, 2005 and ending March 31, 2006. After discussion and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the order.

b. GPA Procurements.

The commissioners next reviewed GCG's October 21, 2005 letter, which recommends approval of a 30% cost overrun in the Cabras water quality monitoring upgrade project. GCG advises that following GPA procurement approval requests are not ready for PUC consideration: 1] TEMES CIP procurement/financing; 2] FY06 CIP ceiling; 3] GPA hedging procurement; and 4] self-insurance fund amendments. After discussion and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to approve the Cabras water quality cost overrun and directed ALJ to oversee the preparation of the other four procurement requests for PUC consideration.

3. Telecommunications Dockets.

a. Docket 05-01 [Rulemaking].

Consideration of affiliate transaction rules and payphone rules revision was tabled until the January 2006 regulatory session.

b. Docket 05-3 [Minimum technical standards].

ALJ presented a proposed order, which recognizes that inconsistent statutory requirements direct regulatory action in establishing minimum technical standards for GTA Telecom. While 12 GCA 12110(a) directs PUC to have these standards in place by January 1, 2006, 12 GCA 12110(c) prohibits PUC for a period of three years [1/1/05 to 12/31/07] from establishing any standards more stringent than those set forth in Schedule 6.10(b) of the *Asset Purchase Agreement* between TeleGuam Holdings LLC and Guam Telephone Authority. After discussion, and on motion duly made, seconded, and unanimously carried, the commissioners *resolved* to adopt the order made *Attachment C* which authorizes ALJ to commence proceedings regarding the standards in January 2007.

c. Docket 05-8 [Wireless Interconnection Agreement].

The commissioners having reviewed TeleGuam Holdings, LLC's August 1, 2005 petition for approval of its interconnection agreement with GTA Wireless LLC, and related correspondence from the Telecom Group dated September 19, 2005, GCG's counsel dated September 20, 2005 and TeleGuam's counsel dated September 29, 2005, in consultation with ALJ and on motion duly made, seconded and unanimously carried, *resolved* to adopt an order approving the Agreement with conditions, in form made *Attachment D*.

d. Docket 05-11 [Pacific Data Services [PDS] - Interconnection Request]

A September 26, 2005 PDS request on GTA Telecom LLC [GTA] for interconnection pursuant to Federal law [47 USC 251 and 252] triggers the need for PUC to consider whether GTA's rural exemption from the duty to interconnect should be terminated under the provisions of 47 USC 251(f)(1)(B). PUC reviewed an October 17, 2005 letter from GTA, in which it requests PUC enter an order terminating its rural exemption. After discussion, on motion duly made, seconded and unanimously carried, *resolved* to adopt an order in form made *Attachment E* which terminates the rural exemption and establishes a framework under which interconnection activities will occur.

4. Guam Waterworks Authority.

a. Docket 05-10 [GWA Revenue Bonds].

By petition dated September 16, 2005, GWA requested regulatory approval of its issuance of up to \$110 million dollars in revenue bonds to finance capital projects necessary to restore and upgrade its water and wastewater systems. By reports dated September 28, 2005 and October 17, 2005, GCG has recommended approval of the bonds and the use of bond proceeds set forth in Attachment C to the bond projects order under review, subject to conditions stated therein. GCG also has expressed concern that GWA has not justified an increase in the authorized limit for defeasing the MSG loan from \$16.5 to \$19.5 million, although it concedes that it will cost what it costs under the loan documentation. After careful consideration of the GCG reports and the record herein, in consultation with ALJ, for good cause shown and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the orders made *Attachments F and G*.

b. Docket 98-01 [GPA loan and Access to Trust Funds]

The commissioners next reviewed a September 23, 2005 Order, which Chairman Brooks executed pursuant to his authority under PUC's April 11, 2003 *Administrative Resolution*. The Order authorizes GWA to enter into a \$4.7 million dollar bridge loan for essential capital projects, subject to repayment from revenue bond proceeds and further authorizes GWA to identify the Trust Fund established by PUC rate order dated October 14, 2004 as a source of funds to certify procurements related to the Hagatna Wastewater Treatment Facility. After discussion, on motion made, seconded and unanimously carried, the commissioners *resolved* to ratify and approve the Order.

c. Bill 220 - GWA Revenue Bond Act.

A copy of Chairman Brooks' October 21, 2005 testimony on Bill 220 was noted for the record.

5. Department of Public Works.

a. Docket 05-9 [DPW Tipping Fees]

PUC has conducted an October 17, 2005 public workshop, and three public hearings on October 25 and 26, 2005 regarding a DPW-GCG recommendation that DPW's solid waste tipping and service fees be increased on an interim basis

by 25%. After carefully considering GCG's September 2005 report, the DPW-GCG stipulation and the public comments received at the hearings, for good cause shown and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the order made *Attachment H*. Commissioner McDonald expressed an interest in making the targeted residential lifeline rate, once established in 2006, retroactive to November 1, 2005.

b. Docket 06-2 [DPW Management Audit].

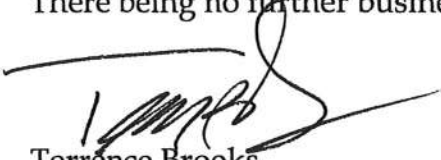
The Commissioners next reviewed a proposed order, by which it would commence a focused management audit of DPW's solid waste operations, as required by P.L. 28-56. The order would implement a process, which has been successful in earlier audits of GPA, GTA and GMHA. After discussion and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the order made *Attachment I*.

6. Administrative Business.

After discussion and on motion duly made, seconded and unanimously carried, the commissioners resolved that:

- a. PUC's FY06 administrative budget be set at \$160,000 and in form made *Attachment J*. Further, the Assessment Order, which would require regulated utilities to fund this budget, in form made *Attachment K* was adopted.
- b. Upon review of GCG's September 27, 2005 letter, no staffing studies would be conducted of GPA and GWA in FY06.
- c. An Administrative Order to require electronic filings and utility electronic posting of tariffs be adopted in form made *Attachment L*.
- d. Terrence Brooks be reappointed as chairman.
- e. An Administrative Order, in form made *Attachment M*, be adopted which reappoints Chairman Brooks as PUC's certifying officer and Lou Palomo as its disbursing officer.
- f. Sunshine Act compliance guidelines, in form made *Attachment N* be adopted and posted on PUC's website, which will launch during the week of October 31, 2005.

There being no further business, the meeting was adjourned.

A handwritten signature in black ink, appearing to read 'T. Brooks', written over a horizontal line.

Terrence Brooks
Chairman

ATTACHMENT A

GUAM PUBLIC UTILITIES COMMISSION

**SPECIAL MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

6:00 p.m. October 27, 2005

AGENDA

- 1. Approval of minutes of July 27, 2005 special meeting**
- 2. Guam Power Authority**
 - a. LEAC Order
 - b. GPA procurement matters:
 - . Cabras 1&2 water quality monitoring upgrade
 - . TEMES CIP procurements/financing
 - . FY06 CIP ceiling
- 3. Telecommunications Dockets**
 - a. Docket 05-11 – Pacific Data Services – Interconnection request – Termination of GTA Telecom’s rural company exemption
 - b. Docket 05-08 – Wireless Interconnection Agreement - GTA Telecom and GTA Wireless
 - c. Docket 05-03 - GTA Telecom minimum technical standards [12 GCA 12110(a)]
 - d. Docket 05-01 – Rulemaking.
 - . PUC affiliate transaction rules
 - . Payphone rules revision
- 4. Guam Waterworks Authority**
 - a. Docket 05-11 [GWA Revenue Bonds]

- . Order Approving Issuance of Revenue Bonds
- . Order Approving Bond Projects
- b. Docket 98-01 - Ratification of 9/25/05 Order authorizing GPA loan and utilization of Rate Stabilization Trust Funds
- c. Bill 220 - GWA Revenue Bond Act - PUC testimony

5. Department of Public Works

- a. Docket 05-09 - DPW tipping fees - Rate Order
- b. Docket 06-02 - DPW management audit

6. Other Business

- a. FY06 administrative budget - Assessment Order
- b. FY06 staffing studies of GWA and GPA
- c. PUC website
- d. FY05 FOIA annual report
- e. Administrative order - electronic filing
- f. Administrative order - utility electronic tariff posting
- g. Reappointments: chairman, certifying officer, disbursing officer

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**



**GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]**

DOCKET 02-04

ORDER

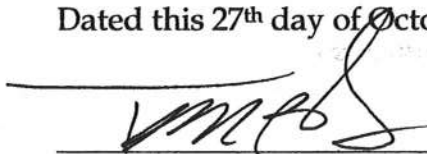
In accordance with the protocol established by Guam Public Utilities Commission [PUC] Order dated January 29 1996, as amended by Order dated March 14, 2002, Guam Power Authority [GPA] informed PUC by filing dated August 15, 2005 that the current LEAC factor [\$0.08892] per kWh, which PUC established on July 28, 2005 remain in place for the six month period ending March 31, 2006. GPA seeks no recovery of deferred fuel expenses in its petition. By report dated October 11, 2005 PUC's regulatory consultant [Georgetown Consulting Group] supports GPA's request, subject to the following recommendations:

1. GPA should closely monitor the balance of its deferred fuel costs. In the event the deferred fuel balance is forecasted to be \$2 million more than the \$8 million as currently projected for March 31, 2005, GPA shall promptly notify PUC and provide a revised filing for interim LEAC rate relief.
2. At the earliest possible date, GPA shall provide actual fuel cost and revenue data for the six month period ending September 30, 2005, including a calculation of the additional recovery of deferred fuel expense using the benchmark approved by PUC's April 22, 2005 Order [Docket 02-04].
3. GPA should identify in its LEAC petition all cost items for which it seeks recovery. With regard to any cost items for which recovery has not been previously requested, GPA should justify why they should be approved as "fuel expenses" under the tariff.
4. GPA should file with PUC an update its actual FY05 fuel expense and recovery results when its FY05 audit is completed.
5. GPA's next LEAC filing should be made on or before February 15, 2006.

After careful consideration of GPA's LEAC filing and Georgetown' report, after discussion, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. The current LEAC factor [\$0.08892] per kWh shall remain in place for the six-month period ending March 31, 2005.
2. GPA is ordered to comply with the Georgetown recommendations, as discussed above.
3. PUC will continue to monitor GPA's progress in reducing T&D energy losses.

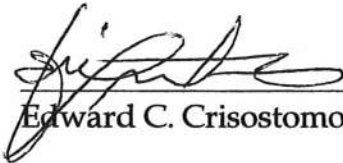
Dated this 27th day of October 2005.



Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

GEORGETOWN CONSULTING GROUP, INC.

716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
emargerison@snet.net

Edward R. Margerison
Jean Dorrell

October 21, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Outstanding GPA AND GWA Tasks for the October 2005 Regulatory Session

Dear Harry,

This letter responds to requests that you made to GCG to respond to several issues related to Open Items remaining for the October 2005 Regulatory Session. Specifically you identified:

1. GCG position on Cabras water quality monitoring upgrade.
2. GCG position on Temes CIP procurement/financing, which per Bill Blair's 10/17 letter requires PUC approval.
3. GCG position on proposed GPA \$17.3M FY06 CIP cap.
4. GWA order attachment identifying all uses of bond proceeds with cap for each use.

In addition you asked that we confirm your understanding that PUC consideration of the GPA hedging procurement and GPA petition regarding amendments to PUC's 12/30/92 order establishing the self-insurance fund will not be ready for PUC consideration at the October 2005 PUC meeting.

1. Cabras Water Quality Monitoring Upgrade

The Guam Power Authority ("GPA") petitioned the Guam Public Utilities Commission ("Commission") for approval of a 30% budget increase associated with the previously approved Cabras 1 & 2 Water Quality Monitoring Upgrade project (Monitoring Project). The Commission approved budget for the Monitoring Project upgrades that were to be implemented at Cabras 1 & 2 was \$850,000. This petition is brought about as a result of the Commission approved budget being exceeded by GPA. Pursuant to the criteria contained in the CIP review protocol applicable to GPA, any project incurring budget excesses of more than 20 percent requires Commission approval.

GPA identified the need for this project several years ago during an assessment of specific improvement projects that would improve overall Cabras plant performance. It also initiated activities required to implement the Monitoring Project several years ago. Early on activities included retaining consultants to perform feasibility studies, develop specific monitoring strategies, and the preparation of design drawings, engineering specifications, and procurement documents.

GPA's expenditures for front-end planning and engineering services were approximately \$500,250—a high value for these types of services—and leaving only \$349,750 to actually procure and install Monitoring Project hardware. While we do not have the benefit of GPA's detailed budget breakout for this project, it would appear GPA should have foreseen the potential need for a budget revision early in the implementation of the project based upon what appears to be a high value for support services.

To date GPA as part of the Monitoring Project has implemented two major improvements to the feed-water system associated with Unit 1 & 2 operations. It first installed a new chemical feed system to properly treat and insure that feed-water supplied to Units 1 & 2 meets power industry standards for efficient and safe operation of steam generators. These improvements offer GPA redundancy and cross-feed capabilities in the operations of Units 1 & 2. This phase of the Monitoring Project was completed on March 15, 2005. Total cost for this phase was \$232,000.

The second phase of the Monitoring Project included the addition of an automated sample cooling rack and laboratory instrumentation. This automated system allows GPA to remotely monitor the quality of the water in Unit 1 & 2 condensate, feed-water and steam generator systems. This phase of the Monitoring Project was completed on June 08, 2005 and cost \$372,750. With the completion of this phase, the overall Monitoring Project cost exceeded the \$850,000 authorized budget by \$255,000 bringing the total project cost to \$1,105,000.

Based upon the short amount of time we have been given to review this project overrun we have restricted our review to simply the facts presented in the GPA petition and our personal knowledge of facts pertaining to the Monitoring Project. Certainly the Monitoring Project is a critical improvement in GPA's Cabras operations. Over the years, GPA has suffered from countless water chemistry issues impacting unit availability. Given the importance of this improvement, we recommend the Commission approve, belatedly, the \$1,105,000 budget level. However, we believe the Commission should caution GPA concerning the approval of after-the-fact project overruns. In a situation where early in the project cycle it is clear that the approved budget is going to be exceeded, GPA should bring the matter to the attention of the Commission as soon as it has an assessment of the potential impact and not months after completion of the project.

2. TEMES CIP Procurement/Financing

As you stated Bill Blair's letter did state our position that the TEMES CIP procurement and financing does come under the CIP protocol and therefore certain projects and uses of funds require PUC approval. In this case there are projects and uses of funds that do require PUC approval. We recommend that GPA provide this information on projects requiring approval to GCG as soon as possible. This would include all projects over the threshold and any request to enter into a financing arrangement with a description of the terms and conditions. It is our understanding that the amounts to be paid in FY 2006 are primarily for financing payments related to prior activities. Given that any CIP and PIP related to the PMC contract requires PUC approval if it meets the CIP protocol

thresholds, GPA should review these items and confirm that there are no additional items that should be submitted to the PUC for approval.

3. Position on GPA's Request for a FY 2006 \$17.3 Million CIP Cap

Our position on this point will depend on the information that GPA submits related to section 2 above. Given that the majority of the TEMES amounts are related to financing payments for the payments made by TEMES related to the repair after the catastrophic failure of the unit last year and that since that time the unit has performed well resulting in significant savings to consumers, we believe that once the information is received we can arrive at a recommendation in a short period of time. As previously stated, however, GPA should confirm that there are no further FY 2006 CIPs and PIPs related to any other PMC activities.

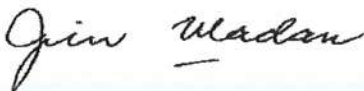
4. Order Attachment for Bond Proceeds

We are still working with GWA on the presentation and reconciliation of the use or bond proceeds. On the related issue of the cost of issuance, Randy Wiegand has requested that the Commission give consideration to permitting 3% as a cap for the costs of issuance and the underwriter's discount. The previous estimate was 2.5%. We recommend that the cap remain at the 2.5% and that if it appears for good reason that the cap needs to be raised that GWA request expedited treatment at that time.

We confirm your understanding that PUC consideration of the GPA hedging procurement and GPA petition regarding amendments to PUC's 12/30/92 order establishing the self-insurance fund will not be ready for PUC consideration at the PUC meeting.

If there are any further questions we will be happy to respond.

Cordially,



Jamshed K. Madan

Cc: Sam Taylor, Esq.
John Benevente, CCU
Dave Craddick, GM GWA
Randy Wiegand, CFO CCU
Kin Flores, GM GPA
Bill Blair, Esq.
Ed Margerison, GCG
Larry Gawlik, GCG
Simon Sanchez, Chairperson CCU
Terry Brooks, chairperson, PUC

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



**12 GCA 12110 RULEMAKING
ON GTA TELECOM LLC
MINIMUM TECHNICAL
STANDARDS**

DOCKET 05-03

ORDER

This Order addresses inconsistent requirements in Public Law 27-110 regarding Guam Public Utilities Commission's [PUC] duty to establish minimum technical standards for telecommunications services provided by GTA Telecom LLC¹. While 12 GCA 12110(a) requires PUC to establish these standards on or before January 1, 2006, section 12110(c) prohibits PUC, for a period of three years, from adopting technical standards more stringent than those contained in the Asset Purchase Agreement [APA].

By letter dated September 22, 2005, PUC's regulatory consultant Georgetown Consulting Group [GCG], through counsel, recommended that PUC immediately commence a rulemaking to adopt the technical standards established in the APA. GCG also recommends that PUC require GTA Telecom to provide periodic service quality reports. By letter dated October 6, 2005, GTA Telecom recommends that PUC defer any consideration of technical standards until after the expiration of the three year period established by section 12110(c) and it opposes any PUC requirement that it provide service quality reports more frequently than the annual report required under APA section 6.10(c).

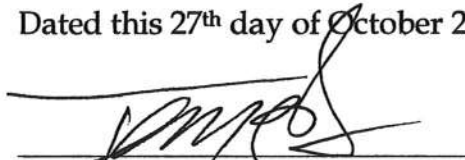
After due consideration of the positions of GCG and GTA Telecom, in consultation with its administrative law judge, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. ALJ is authorized and directed on or after January 1, 2007 to commence regulatory proceedings to consider the establishment of minimum technical service standards for telecommunications services provided by GTA Telecom, which would become effective on January 1, 2008.
2. GTA Telecom is required under APA section 6.10(c) to provide periodic annual audited reports to PUC in such form as PUC deems appropriate,

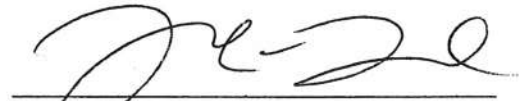
¹ By PUC Order dated July 27, 2005 in this Docket, TeleGuam Holdings, LLC's petition for authority to assign its certificate of authority to GTA Telecom LLC was granted.

related to its compliance with the service standards and rate commitments made in the APA. PUC finds that the first such annual report should be required for the calendar year ending December 31, 2005². ALJ is authorized and directed, in consultation with GTA Telecom and GCG, to establish the required form and content of this report. After considering this report, PUC will decide whether more frequent reports would be useful and necessary.


Dated this 27th day of October 2005.




Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

² TeleGuam is obligated under PUC's July 27, 2005 Order in Docket 05-03 to provide PUC with audited financial statements and consolidated tax returns for TeleGuam and its subsidiaries for a three year period commencing January 1, 2005 and unaudited financial statements for each quarter during this period.

Atlanta

Denver

Los Angeles

Philadelphia

**McKenna Long
& Aldridge**^{LLP}
Attorneys at Law

303 Peachtree Street, NE • Suite 5300 • Atlanta, GA 30308
Tel: 404.527.4000 • Fax: 404.527.4198
www.mckennalong.com

San Diego

San Francisco

Washington, D.C.

Brussels

JOHN N. INGRAM
(404) 527-8386

EMAIL ADDRESS
jingham@mckennalong.com

September 22, 2005

Harry M. Boertzel, Esq.
Public Utilities Commission of Guam
Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

Re: Rulemaking to Adopt Minimum Technical Standards for New GTA Pursuant to
Section 12110 of the Guam Telecommunications Act of 2004

Dear Harry:

On behalf of Georgetown Consulting Group ("GCG"), I am writing to provide GCG's comments in response to your request dated August 31, 2005 regarding Section 12110 of the Guam Telecommunications Act of 2004 (the "Act"). Specifically, you ask whether any useful purpose would be served by the Public Utilities Commission of Guam (the "Commission") conducting a rulemaking proceeding to adopt minimum technical standards for GTA Telecom under Section 12110(a) of the Act.

As an initial matter, GCG notes that Section 12110(a) of the Act specifically requires the Commission to conduct a rulemaking to adopt minimum technical standards for GTA Telecom. Accordingly, GCG believes that the Commission must open a docket and conduct a rulemaking concerning the adoption of minimum technical standards for GTA Telecom.

Notwithstanding the foregoing and pursuant to Section 12110(b) of the Act, the Commission's authority to adopt minimum technical standards for GTA Telecom is limited for a period of 36 months following the effective date of the Act. Specifically, during such time, the Commission may not, without the prior written consent of GTA Telecom, adopt technical standards for GTA Telecom that are "greater in scope of the commitments set forth in Schedule 6.10(b), (d) and (e) of that certain Asset Purchase Agreement by and among TeleGuam Holdings, LLC, GTA and the government of Guam, dated as of August 31, 2004, except as required by the Communications Act of 1934, as amended, and the rules, regulations and orders of the Federal Communications Commission."¹

¹ 12 GCA § 12110(b).

Harry M. Boertzel, Esq.
September 22, 2005
Page 2

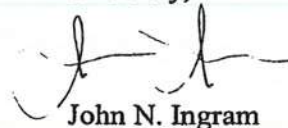
In light of the foregoing, GCG believes that the Commission's rulemaking should examine whether the service quality standards and other commitments set forth in Schedule 6.10(b), (d) and (e) of the Asset Purchase Agreement (the "APA") should be adopted as interim minimum technical standards by the Commission. In this regard, we note that, at this time, the provisions of the APS are merely contractual commitments and do not constitute rules or regulations that may be enforced by the Commission under the Act.

In addition, GCG believes that GTA Telecom should be required to submit periodic service quality reports to the Commission. The former Guam Telephone Authority was required to submit monthly quality of service reports to the Commission (see Guam Telephone Authority (GTA) Service Quality Standards, Docket 93-007), but GCG has not received any such reports from GTA Telecom.

Finally, after GTA Telecom has submitted such reports for a period of one year, GCG believes the Commission should examine GTA Telecom's compliance with the service quality standards adopted by the Commission (as already contemplated by the APA) and consider whether any modification to such service quality standards or the adoption of additional minimum technical standards is necessary or appropriate given the quality of service provided during the preceding year. At such time or thereafter, the Commission may also consider additional minimum technical standards for all of the other items referenced in Section 12110(a) of the Act (e.g., construction and maintenance practices) to the extent such additional minimum technical standards do not contravene Section 12110(b) of the Act.

If you have any questions concerning this report or require any additional information, please do not hesitate to contact us.

Sincerely,



John N. Ingram

cc: Paul O. Gagnier
Bob Taylor
Dick Metzger
Jim Madan

ATLANTA:4760875.2

October 6, 2005

VIA ELECTRONIC MAIL

Harry M. Boertzel, Esq.
Administrative Law Judge
Public Utilities Commission of Guam
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Section 12110 Rulemaking on Minimum Technical Standards

Dear Judge Boertzel:

TeleGuam Holdings, LLC ("TeleGuam") and GTA Telecom, LLC ("GTA Telecom"), by their counsel, submit these comments in response to your August 31, 2005 request concerning whether the Public Utilities Commission of Guam ("Commission") should initiate a proceeding to adopt minimum technical standards pursuant to Section 12110(a) of the Guam Telecommunications Act (the "Act"). TeleGuam and GTA Telecom submit that such a proceeding is not necessary. Because Section 12110(c) of the Act prevents the Commission from imposing technical standards on GTA Telecom that are more stringent than those set forth in the Asset Purchase Agreement ("APA"), there is no public interest in undertaking a rulemaking proceeding at this time. Instead, the Commission should postpone consideration of this matter until expiration of the three year period referenced in Section 12110(c).

The Commitments Made by GTA Telecom's in the APA and Section 12110(c) of the Act Make a Commission Rulemaking Unnecessary.

TeleGuam acknowledges that Sections 12110(a) and 12110(c) of the Act are inconsistent. Section 12110(a) directs the Commission to complete a rulemaking by January 1, 2006 to adopt minimum technical standards applicable for GTA Telecom. However, Section 12110(c) limits the Commission's authority with respect to such standards: "[n]otwithstanding anything to the contrary in this Act, for a period of thirty-six (36) months from the effective date hereof, the Commission shall not be authorized . . . to adopt financial, infrastructure, technical or performance standards or commitments for [GTA Telecom] that are greater than the scope of the commitments set forth in Schedule 6.10(b), (d) and (e)" of the APA." Thus, despite the apparent mandate of Section 12110(a), the Commission is effectively prohibited from changing the standards previously agreed to by TeleGuam, the Government of Guam, and the Guam Legislature until January 1, 2008. Because of this limitation, it would be an inefficient use of

Harry M. Boertzel, Esq.

October 6, 2005

Page 2

limited Commission resources to undertake a technical standards proceeding at this time. Moreover, the technical standards set forth in Schedules 6.10(b), (d) and (e) of the APA already provide substantial protection for the consumers and businesses of Guam and guarantee improved service quality by GTA Telecom. Significantly, there has been no increase in consumer complaints following privatization, indicating that consumers are satisfied with the telephone service being provided by GTA Telecom.

It Is Unnecessary to Incorporate the APA Standards into the Commission's Rules.

In comments dated September 22, 2005, Georgetown Consulting Group ("GCG") acknowledges the Commission's limited authority to adopt revised technical standards, but it nonetheless recommends that the Commission adopt the commitments contained in the APA as interim technical standards. TeleGuam submits that such a step is unnecessary. GCG appears to be concerned that the APA's standards are "merely contractual commitments" rather than rules or regulations of the Commission. TeleGuam reiterates its commitment to uphold its obligations under the APA. Moreover, the APA provides enforcement mechanisms if GTA Telecom fails to meet those obligations. Incorporating the APA's technical standards into the Commission's rules would not make them any more applicable to GTA Telecom or more enforceable. Accordingly, it is unnecessary for the Commission to take the action recommended by GCG.

The APA Provides for Annual Reporting on Technical Standards.

In its comments, GCG urges the Commission to require GTA Telecom to submit periodic service quality reports, noting that the Guam Telephone Authority filed monthly reports. However, Section 6.10(c) of the APA requires TeleGuam to submit annual audited reports to the Commission related to TeleGuam's compliance with the service standards and rate commitments made under the APA. TeleGuam and GTA Telecom submit that the Commission does not have the authority to modify TeleGuam's reporting obligations twelve-fold. Moreover, GCG has not submitted any evidence that increased reporting is necessary. As noted above, the absence of complaints post-privatization indicates that GTA Telecom's customers are satisfied with their service. The Commission should reject GCG's proposal.

Competition Likely Will Replace the Need for Commission-Mandated Standards.

Another reason for not imposing technical standards beyond those contained in the APA is that, as telecommunications competition develops in Guam, it likely will become unnecessary for the Commission to mandate minimum technical standards for telecommunications carriers. New entrants will need to meet the technical standards demanded by the marketplace in order to gain customers. GTA Telecom, in turn, will have an incentive to meet those same standards in response. By imposing standards, the Commission will effectively adopt a ceiling for quality of service, rather than the floor established by the APA. Therefore, the adoption of technical standards is not in the interest of the Commission or consumers.

* * * * *

Harry M. Boertzel, Esq.

October 6, 2005

Page 3

Should you have any questions regarding this matter, please do not hesitate to contact us.

Sincerely,



Paul O. Gagnier
Jeanne W. Stockman

Counsel for TeleGuam Holdings, LLC

cc: Bob Taylor
Richard Metzger
Public Utilities Commission of Guam

ATTACHMENT D

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



**WIRELESS INTERCONNECTION AND
RECIPROCOAL COMPENSATION
AGREEMENT BETWEEN GTA TELECOM
LLC AND GTA WIRELESS, LLC**

DOCKET 05-08

ORDER

On August 1, 2005, TeleGuam Holdings LLC [*TeleGuam*] filed with the Guam Public Utilities Commission [*PUC*] a request for approval of a wireless interconnection and reciprocal compensation agreement [*Agreement*], which had been negotiated between TeleGuam and GTA Wireless, LLC [*GTA Wireless*], [*copy made attachment A*]. PUC has the duty to review the agreement under 47 USC 252[e][1]. On October 21, 2005 TeleGuam confirmed to PUC that it had assigned and transferred its rights and interests in the Agreement to GTA Telecom LLC [*GTA*].

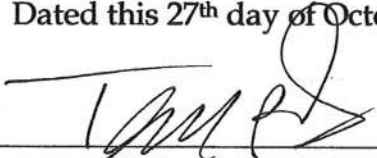
On August 3 and 8, 2005, PUC published public notice of the filing and invited comments regarding it. On September 19, 2005, PUC received comments from a "Telecom Group" comprised of Guam Cellular and Paging, Inc., IT&E Overseas, Inc., Guam Wireless LLC., Choice Phone LLC., and Isla Pacific Telecommunications Inc. The Telecom Group recommends that PUC defer action in this docket until the Federal Communications Commission makes a final ruling in CC Docket 01-92 [*Developing a Unified Intercarrier Compensation Regime*]. On September 20, 2005 PUC's regulatory consultant [Georgetown Consulting Group] filed a report in support of the Agreement subject to five conditions. By responsive comments, Guam Wireless and GTA oppose the Telecom Group recommendation and oppose conditions 1-3 of the Georgetown report.

After review of the above filings, in consultation with its administrative law judge, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**


1. PUC has the duty under 27 USC 252[e][1] to review and consider whether to approve the Agreement.
2. PUC finds that the implementation of the Agreement is consistent with the public interest, convenience and necessity and further that it will not discriminate against a telecommunications carrier not a party to the Agreement. The Agreement is hereby approved, subject to the conditions and requirements set forth in this Order.

3. PUC's approval of the Agreement does not constitute a determination that the rates and terms for interconnection, transport and termination in the Agreement satisfy the pricing standards under 47 USC 252[d]. Accordingly, such approval shall not constitute binding precedent with respect to the rates and terms for interconnection or reciprocal compensation in any arbitration against GTA by any other telecommunications carrier.
4. GTA shall immediately provide PUC with copies of any amendments or other modifications to the Agreement, including, without limitation, any proposed amendments or modifications adopted pursuant to sections 15.0 or 16.0 of the Agreement.
5. Nothing in this Order affects PUC's authority under 12 GCA 12104[c][8] or any rules or regulations subsequently adopted by PUC with respect to affiliate transactions.

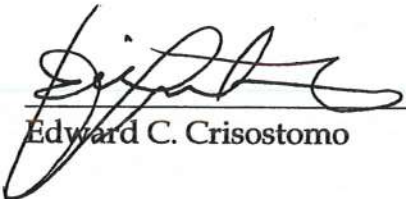
Dated this 27th day of October 2005.



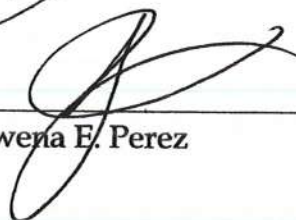
Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Management Communications Services

September 19, 2005

Public Utility Commission of Guam
Suite 207, GCIC Building
PO Box 862
Hagåtña, Guam 96910
Attn: Harry M. Boertzel, Administrative Law Judge

Via Electronic Mail

Re: Docket 05-08; GTA Wireless
Interconnection Agreement

Hafa Adai Yan Bueñas,

On behalf of Guam Cellular and Paging Inc., It&E Overseas Inc., Guam Wireless LLC., Choice Phone LLC., and Isla Pacific Telecommunications Inc. (Collectively referred to as "Telecom Group"); Management Communications Services ("MCS") requests that the Guam Public Utilities Commission ("GPUC") defer action on the Docket 05-08; GTA Wireless Interconnection Agreement until after the Federal Communications Commission makes its final ruling on CC Docket No. 01-92 Developing a Unified Intercarrier Compensation Regime, Further Notice of Proposed Rulemaking ("Further Notice").

On March 3, 2005, the Federal Communications Commission ("FCC") launched the second phase of its comprehensive rulemaking proceeding regarding intercarrier compensation. The importance of this proceeding cannot be understated; it is anticipated that the policies and regulations adopted as a result of this proceeding will affect intercarrier agreements of all modes of service including CMRS throughout the United States including Guam.

The FCC's Further Notice is intended to begin the process of replacing the existing myriad intercarrier compensation regimes with a fair and unified regime designed for today's marketplace. In its Further Notice, the FCC has sought comment on a range of proposals to comprehensively reform the existing intercarrier compensation process as well as the impact that they are likely to have upon competition and end user customers.

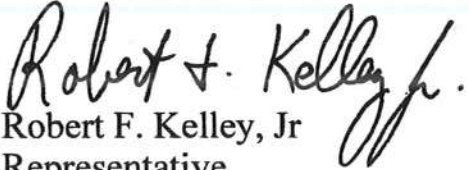
Under the FCC's so called "IntraMTA Rule", traffic to or from a CMRS network that originates and terminates within the same Major Trading Area ("MTA") is subject to reciprocal compensation obligations under Section 251(b)(5), rather than interstate or

intrastate access charges. Thus, the FCC's rules define telecommunications traffic between a LEC and a CMRS provider that are subject to reciprocal compensation as traffic that, at the beginning of the call, originates and terminates within the same MTA. The purpose of the IntraMTA Rule is to distinguish access traffic from Section 251(b)(5) reciprocal compensation traffic. The current proposals being considered by the FCC may eliminate the IntraMTA Rule and treat CMRS traffic the same as all other wireline traffic for compensation purposes.

This comprehensive reform effort may reduce or eliminate intrastate access charges and possibly replace them with additional SLC increases. The Further Notice is expected to address whether a federal mechanism to offset any lost intrastate revenues should be implemented or whether the states should be responsible for establishing alternative cost recovery mechanisms for LECs within the intrastate jurisdiction.

This reform effort will have a profound affect on intercarrier agreements and the federal rules and policies that may be adopted could trump any agreements made between carriers on Guam. Until the FCC completes the current rulemaking, further action of the GTA Wireless Interconnect Agreement may be a waste of GPUC and the carriers' resources.

Therefore the Telecom Group hereby requests that the GPUC suspend any further action on any intercarrier agreements for Guam carriers until the FCC concludes the Further Notice Rulemaking and that all Guam CMRS Carriers including GTA Wireless continue to use the IT&E Interconnection Agreement as a "Most Favored Nation" agreement until such time that the GPUC can review and approve interconnect agreements pursuant to the rules and polices issued as a result of the Further Notice.


Robert F. Kelley, Jr
Representative
Telecommunication Companies

Cc: Georgetown Consulting Group
Each participating carrier
Paul O. Gagnier, Counsel for TeleGuam Holdings, LLC

September 29, 2005

VIA ELECTRONIC MAIL

Harry M. Boertzel, Esq.
Administrative Law Judge
Public Utilities Commission of Guam
Suite 207, GCIC Building
Hagatna, Guam 96932

**Re: Wireless Interconnection and Reciprocal Compensation Agreement between
TeleGuam Holdings, LLC d/b/a GTA Telecom and GTA Wireless, LLC**

Dear Judge Boertzel:

TeleGuam Holdings, LLC ("TeleGuam"), by its counsel, submits these reply comments in response to issues raised by Georgetown Consulting Group ("GCG") and the Telecom Group regarding the Wireless Interconnection and Reciprocal Compensation Agreement (the "Interconnection Agreement") between TeleGuam d/b/a GTA Telecom and GTA Wireless, LLC.

GCG Comments

In a September 20, 2005 letter, GCG recommended that the Commission approve the Interconnection Agreement, but it urged the Commission to impose five conditions. TeleGuam has no objection to Proposed Conditions 4 and 5. However, Proposed Conditions 1 through 3 are unnecessary and inappropriate, and they should not be adopted.

Proposed Condition 1 would require TeleGuam to notify the Commission "in the event billing for reciprocal compensation is not based on the estimated usage" ratio described in Section 5.3.2 of the Interconnection Agreement. GCG appears to misunderstand the compensation mechanism to be used by the parties. Section 5.3.2 makes clear that compensation is to be based on "actual measured usage" when possible. Billing will be based on estimated usage *only* if actual usage is unavailable. The use of actual measured usage does not create any potential for discrimination (and GCG does not appear to assert that there is such a potential). Therefore, imposition of Proposed Condition 1 is unnecessary.¹

¹ In the event GCG seeks to require the parties to report actual usage on a monthly basis, TeleGuam objects to such a requirement as both inappropriate interference in the business of the parties and unnecessary to protect against GCG's concern regarding potential discrimination. TeleGuam has no objection to notifying the Commission if the parties adopt a different estimated traffic ratio under the Interconnection Agreement.

Proposed Condition 2 would require TeleGuam to "honor any existing interconnection and reciprocal compensation arrangements." Such a condition is unnecessary as TeleGuam is contractually and legally bound by its existing agreements. Moreover, TeleGuam is concerned that the proposed language could be construed to prevent TeleGuam from renegotiating agreements upon their expiration or at the agreement of the parties or from taking remedial action under such agreements in the event of breach. These restrictions would improperly interfere with TeleGuam's contractual relations. Accordingly, TeleGuam requests that this condition not be adopted. If it is, it should be revised to make clear that TeleGuam is not precluded from renegotiating or taking remedial action pursuant to the terms of the agreements.

The third condition proposed by GCG would require TeleGuam to notify the Commission if the rates or terms for reciprocal compensation "violate any future rules or regulations adopted by the FCC." Such a requirement is unnecessary in view of the terms of the Interconnection Agreement and GCG's other proposed conditions. Section 15 of the Interconnection Agreement details how the parties will proceed if applicable law, including the FCC's rules, changes. In addition, Proposed Condition 4 would require TeleGuam to advise the Commission of any modifications to the Interconnection Agreement, including changes resulting from the application of Section 15. Proposed Condition 4 thus renders Proposed Condition 3 duplicative and unnecessary.

Telecom Group Comments

In its September 19, 2005 submission, the Telecom Group asked the Commission to suspend action on the Interconnection Agreement pending conclusion of the FCC's intercarrier compensation proceeding. TeleGuam agrees with GCG that the Telecom Group's request is inconsistent with the Commission's statutory obligation to review the Interconnection Agreement. Moreover, as a practical matter, any changes to the intercarrier compensation regime that affect the Interconnection Agreement will be incorporated into it pursuant to Section 15. Accordingly, the Commission should reject the Telecom Group's request.

* * * * *

Should you have any further questions on this matter or require additional information from TeleGuam, please do not hesitate to contact us.

Sincerely,



Paul O. Gagnier
Jeanne W. Stockman

Counsel for TeleGuam Holdings, LLC

cc: Richard Metzger
John N. Ingram
Robert F. Kelley, Jr.

Atlanta
Denver
Los Angeles
Philadelphia

McKenna Long
& Aldridge^{LLP}
Attorneys at Law

303 Peachtree Street, NE • Suite 5300 • Atlanta, GA 30308
Tel: 404.527.4000 • Fax: 404.527.4198
www.mckennalong.com

San Diego
San Francisco
Washington, D.C.
Brussels

JOHN N. INGRAM
(404) 527-8386

EMAIL ADDRESS
jingham@mckennalong.com

September 20, 2005

Harry M. Boertzel, Esq.
Public Utilities Commission of Guam
Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

Re: Wireless Interconnection and Reciprocal Compensation Agreement (the "Interconnection Agreement") between TeleGuam Holdings, LLC d/b/a GTA Telecom ("GTA Telecom") and GTA Wireless, LLC ("GTA Wireless")

Dear Harry:

On behalf of Georgetown Consulting Group ("GCG"), I am writing to provide GCG's comments in response to the request by GTA Telecom and GTA Wireless for approval of the Interconnection Agreement by the Public Utilities Commission of Guam (the "Commission") pursuant to Section 252 of the Telecommunications Act of 1996 (47 U.S.C. § 252). As discussed further below, GCG recommends that the Interconnection Agreement be **APPROVED** by the Commission subject to certain additional recitations by the Commission in its order.

The Legal Standard

The Interconnection Agreement has been arrived at through voluntary negotiations between GTA Wireless and GTA Telecom and has been submitted to the Commission for approval in accordance with 47 U.S.C. § 252(a)(1) and § 252(e)(1). The Commission must approve or reject the Interconnection Agreement, with written findings as to any deficiencies.¹ Because the Interconnection Agreement was arrived at through voluntary negotiations and submitted in accordance with 47 U.S.C. § 252(a)(1), the Commission may only reject the Interconnection Agreement if the Commission finds that:

- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or

¹ 47 U.S.C. § 252(e)(1).

(ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.²

However, such requirements do not prohibit the Commission from establishing or enforcing other requirements of Guam law in its review of the Interconnection Agreement, including requiring compliance with intrastate telecommunications service quality standards or requirements.³ Finally, the Commission must generally approve or reject the Interconnection Agreement within ninety (90) days after submission of such Interconnection Agreement. If the Commission fails to approve or reject the Interconnection Agreement within such ninety (90) day period, the Interconnection Agreement will be deemed approved.⁴

Response to Comments from the Telecom Group

The Telecom Group has requested that the Commission indefinitely suspend action on the Interconnection Agreement pending the consideration by the Federal Communications Commission (the "FCC") of additional rules regarding reciprocal compensation, which rules may preempt or affect the terms regarding reciprocal compensation in the Interconnection Agreement.⁵ While GCG understands the desirability of having the Interconnection Agreement reflect reciprocal compensation terms that are consistent with any future FCC rules on reciprocal compensation, GCG does not believe that the Commission has the authority to suspend action on the Interconnection Agreement without the consent of GTA Wireless or GTA Telecom. As indicated above, federal law requires that the Commission must act to approve or reject the Interconnection Agreement within ninety (90) days of its submission and may only reject the Interconnection Agreement if (i) such agreement discriminates against a telecommunications carrier not a party to the agreement or (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity. Accordingly, GCG believes that the Commission must either approve or reject the Interconnection Agreement and may not suspend action on such agreement beyond ninety (90) days from its submission.

GCG's Analysis and Recommendation

GCG has reviewed the Interconnection Agreement in the context of the requirements of 47 U.S.C. § 252(e)(2). Based on its findings below, GCG recommends that the Commission **APPROVE** the Interconnection Agreement with the additional recitations and clarifications set forth in subsection (c) below.

² 47 U.S.C. § 252(e)(2).

³ 47 U.S.C. § 252(e)(3).

⁴ 47 U.S.C. § 252(e)(4).

⁵ See *In the Matter of Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking, FCC 05-33 (released March 3, 2005).

(A) Discrimination Against Another Telecommunications Carrier

Neither the Telecom Group nor any other person has filed responsive comments in this proceeding demonstrating that the Interconnection Agreement discriminates against another telecommunications carrier. GCG's review of the Interconnection Agreement does not indicate any current discrimination against another telecommunications carrier; however, GCG is concerned with terms of the Interconnection Agreement regarding reciprocal compensation and the potential for discrimination against other telecommunications carriers with respect to reciprocal compensation arrangements. Nevertheless, GCG believes that the recitations and clarifications set forth in subsection (c) below will mitigate such potential discrimination.

(B) Public Interest, Convenience and Necessity

Neither the Telecom Group nor any other person has filed responsive comments in this proceeding demonstrating that the implementation of the Interconnection Agreement is inconsistent with the public interest, convenience and necessity. GCG's review of the Interconnection Agreement does not indicate that its implementation would be inconsistent with the public interest, convenience and necessity if the recitations set forth in subsection (c) below are incorporated into the Commission's order approving the Interconnection Agreement.

(C) Recitations for Commission Order

Although GCG recommends that the Interconnection Agreement be approved by the Commission, GCG further recommends that the following provisions be adopted as part of the Commission's order for clarification and to mitigate any potential discrimination against other telecommunications carriers:

(1) In the event billing for reciprocal compensation is not based on the estimated usage set forth in Section 5.3.2 of the Interconnection Agreement (*i.e.*, 30% for Landline-to-Wireless and 70% for Wireless-to-Landline), GTA Telecom shall immediately inform the Commission by written notice of the actual or estimated usage upon which billing for reciprocal compensation is based.⁶

(2) The Commission's approval of the Interconnection Agreement does not constitute a determination by the Commission that the rates and terms for interconnection, transport and termination in the Interconnection Agreement satisfy the pricing standards under 47 U.S.C. § 252(d), and therefore such approval shall not constitute binding precedent with respect to the rates and terms for interconnection or reciprocal compensation in any arbitration against GTA Telecom by another telecommunications carrier. The Commission further expects

⁶ GCG is concerned that GTA Wireless and GTA Telecom could measure actual usage or agree to an alternative estimate that would discriminate against other telecommunications carriers. For example, GTA Wireless and GTA Telecom could change the estimate in a manner that would require substantial payments by GTA Telecom to GTA Wireless and that does not reflect actual usage. The Commission should monitor any changes in the billing for reciprocal compensation to determine whether such billing discriminates against other telecommunications carriers.

Harry M. Boertzel, Esq.
September 20, 2005
Page 4

that GTA Telecom will continue to honor any existing interconnection and reciprocal compensation arrangements with other telecommunications carriers, even if such arrangements are more favorable than the rates and terms for GTA Wireless set forth in the Interconnection Agreement.

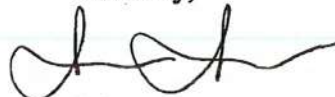
(3) In the event the rates and terms regarding reciprocal compensation in the Interconnection Agreement violate any future rules or regulations adopted by the FCC for reciprocal compensation, GTA Telecom shall promptly advise the Commission in writing of such violation, and the Commission may conduct such further investigation or proceeding as the Commission deems necessary or appropriate under its authority with respect to reciprocal compensation between GTA Telecom and GTA Wireless.

(4) GTA Telecom shall immediately provide the Commission with copies of any amendments or other modifications to the Interconnection Agreement, including, without limitation, any proposed amendments or modifications adopted pursuant to Sections 15.0 or 16.0 of the Interconnection Agreement.

(5) Nothing in the Commission order approving the Interconnection Agreement under 47 U.S.C. § 252(e) affects the Commission's authority under Section 12104(c)(8) of the Guam Telecommunications Act of 2004 or any rules or regulations subsequently adopted by the Commission with respect to affiliate transactions.

If you have any questions concerning this report or require any additional information, please do not hesitate to contact us.

Sincerely,



John N. Ingram

cc: Paul O. Gagnier
Bob Taylor
Dick Metzger
Bob Kelley
Jim Madan

ATLANTA:4763908.1

ATTACHMENT E

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



INTERCONNECTION REQUEST OF
PACIFIC DATA SYSTEMS

DOCKET 05-11

ORDER

On September 26, 2005, Pacific Data Systems [PDS], which holds a certificate of authority from the Guam Public Utilities Commission [PUC] dated September 23, 2005, submitted a formal request on GTA Telecom LLC [GTA] for interconnection pursuant to the provisions of 47 USC 251 and 252. A copy of the request was served on PUC on October 4, 2005.

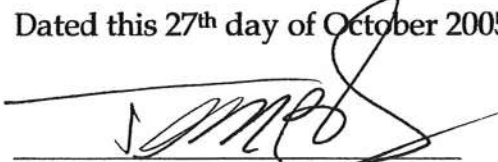
47 USC 251[f][1][B] provides that upon receipt of a *bona fide* request for interconnection with a rural telephone company, the state commission [PUC] shall conduct an inquiry for the purpose of determining whether to terminate the company's exemption under section 251[f][1][A] from the duty to enter into an interconnection agreement pursuant to section 252. There is no dispute that GTA is a rural telephone company. By letter dated October 17, 2005 GTA, subject to a reservation of rights, requested PUC to enter an order terminating its section 251[f][1][B] rural exemption. GTA further requests that PUC specify the manner and date by which PDS can commence its interconnection request with GTA pursuant to section 252.

In furtherance of the above facts, after due consideration and on motion duly made, seconded and carried by the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. GTA's rural telephone company exemption under 47 USC 251[f][1][A] is terminated.
2. The commencement date for the 135 day clock established in section 252[b] is ruled to have commenced on September 23, 2005 [the date PDS served its request on GTA].
3. PDS and GTA shall enter into negotiations in the manner prescribed in sections 251 and 252. PUC stands ready to provide mediation services under section 252[a][2].
4. PUC's administrative law judge is authorized and directed to; a) administer further activities in this docket; b) provide requested

mediation services under section 252; and c] in the event, a party files a request for arbitration, to serve as arbitrator pursuant to PUC's *Procedural Framework Order* in Docket 99-09 dated September 21, 1999 [copy enclosed].

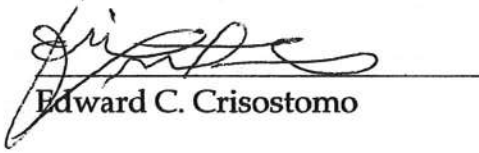
Dated this 27th day of October 2005.



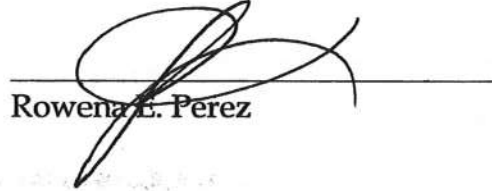
Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

RECEIVED
SEP 21 1999
mlg 6:45pm
PUBLIC UTILITIES
COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM

ESTABLISHMENT OF
ARBITRATION PROCEEDINGS)
)
)

DOCKET 99-09

PROCEDURAL FRAMEWORK ORDER

The Communications Act of 1934, as amended (the Act) in section 252 provides for the resolution of interconnection and other issues by negotiation between an incumbent local exchange carrier and other carriers. If the parties are unable to reach agreement, either party may request that the Guam Public Utilities Commission (Commission) arbitrate the dispute.

On July 27, 1999, the Commission received its first arbitration petition under Act section 252. In order to provide a framework for arbitration under the Act and to provide notice to interested parties, the Commission issues this order to specify the procedure it intends to follow, although the parties may, with the concurrence of the Commission's administrative law judge (ALJ), stipulate to a modification of this procedure. As set out below, the procedure is not mediation, which is also available to the parties, nor is it a contested case, which Congress could have specified, if it so intended.

The party requesting arbitration shall file a verified request with the Commission and serve it on the other party to the negotiations. The request shall specify the issues in dispute and the positions of the parties on each issue. The requesting party shall file with the request all information upon which it intends to rely. The other party shall file its verified response within 25 days, which shall also include all information upon which it intends to rely. The parties may end the arbitration process at any time by settling all matters in dispute.

The Commission's ALJ shall preside over the arbitration process and is empowered to issue communications to the parties, to issue protective orders, to the extent permitted by law, to rule on all procedural matters, to conduct prehearing and settlement conferences and to decide how best to conduct the arbitration proceeding. ALJ may order the parties to participate in further negotiations in his presence or with his assistance. The arbitration process will not be patterned after a contested case proceeding, but will be designed to inform the ALJ. Accordingly, the parties to the negotiation will be the only parties to the arbitration, although ALJ may request the Commission's regulatory consultant to file comments on any issue in dispute and to participate in settlement negotiations. The parties will not have a right to conduct discovery, although either may request that the ALJ order the production of additional information from the other party. Questioning will be done by the ALJ rather than by the parties. The ALJ will meet with the parties as necessary to enable him to prepare his

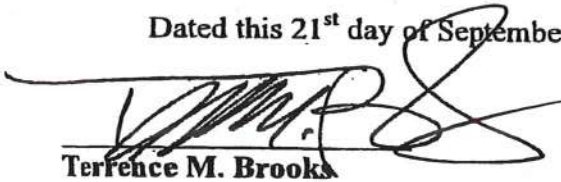
report and a recommended decision for the Commission's deliberation within the time required by the Act. The ALJ will serve his report and recommended decision on the parties, who will have 10 days to file objections thereto.

The Commission, after reviewing the ALJ report and recommended decision and the objections of the parties, will issue a decision on the merits of the parties' positions on each issue raised by the request for arbitration. Unless the result would be clearly unreasonable or contrary to the public interest, the Commission will limit its decision on each issue to selecting the position of one of the parties on that issue. The Commission's decision will also either approve or reject the agreement resulting from the arbitration.

The parties shall each be obligated to pay one half of the Commission's expenses in conducting an arbitration proceeding for their benefit under this order.

The Commission reserves jurisdiction, as conferred by the Act, and may issue further orders as necessary.

Dated this 21st day of September, 1999.


Terrence M. Brooks


Joseph D. Torres


Filomena M. Cantoria

Edward C. Crisostomo


Vicente D. Gumataotao


Joseph M. McDonald



624 North Marine Corps Drive
Tamuning, Guam 96913

202-256-6377
DMETZGER@GTA.NET

RICHARD J. METZGER
VICE PRESIDENT-REGULATORY

October 17, 2005

Harry M. Boertzel, Esq.
Administrative Law Judge
Public Utilities Commission of Guam
Suite 207, GCIC Building
P.O. Box 862
Hagatna, GU 96932



Re: Interconnection Request of PDS; GPUC Docket No. 05-11

Dear Judge Boertzel:

This proceeding was initiated on October 4, 2005, when Pacific Data Services ("PDS") filed its interconnection request of GTA Telecom with the Commission pursuant to Section 251(f)(1)(B) of the Telecommunications Act of 1996. Pursuant to your email message in this docket dated October 12, 2005, GTA Telecom hereby requests that the Commission enter an order removing GTA Telecom's rural exemption under Section 251(f)(1)(B). The reasons for this request are set forth below.

GTA Telecom purchased the assets of the Guam Telephone Authority ("GTA") on January 1, 2005. The Commission had earlier terminated GTA's rural exemption under Section 251(f)(1)(B) in an order dated June 29, 1999 (GPUC Docket No. 99-03: "IT&E Order"), because, among other reasons, GTA had not carried its burden of: "persuading the Commission that IT&E's request is ... unduly economically burdensome ..." (IT&E Order at p. 2).

GTA Telecom is not a corporate successor to GTA, and thus is not formally bound by the IT&E Order. Furthermore, there are important differences in each entity's economic situation, including, but not limited to:

- GTA Telecom's promise to freeze basic rates for five years in connection with the privatization process;
- GTA Telecom's service level assurances offered in connection with privatization, which are far more demanding than the service levels promised by PDS in its certificate application;
- The fact new entrants like PDS arguably enjoy greater pricing flexibility than the incumbent: and,



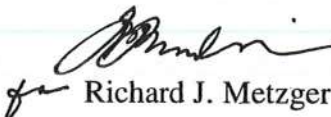
Harry M. Boertzel, Esq.
October 17, 2005
Page 2

- The fact it may become necessary to determine whether PDS has improperly used GTA Telecom's resources in order to offer service as a local carrier.

GTA Telecom believes each of the above issues is important and will ultimately need to be addressed by the Commission. However, given the high standard of proof imposed by the "unduly economically burdensome" test of the IT&E Order, and the limited time in which the Commission would have to act (120 days under Section 251(f)(1)(B)), GTA Telecom does not believe it would be a productive use of the Commission's resources, or those of the parties, to attempt to address these matters in the present proceeding.

Accordingly, and with the express understanding that no substantive issue is being waived, GTA Telecom respectfully asks that the Commission enter an order terminating its Section 251(f)(1)(B) rural exemption. GTA Telecom also asks that the order also specify the manner and date by which PDS can commence its interconnection request of GTA Telecom pursuant to Section 252.

Respectfully submitted,


for Richard J. Metzger

cc: John Day

ATTACHMENT F
BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



**APPLICATION OF THE GUAM WATERWORKS
AUTHORITY TO ISSUE WATER AND WASTEWATER
SYSTEM REVENUE BONDS**

ORDER APPROVING ISSUANCE OF REVENUE BONDS

Pursuant to Article 2 of Chapter 14, Title 12, Guam Code Annotated (the "Act"), Guam Waterworks Authority (the "Authority") is authorized by the issuance of revenue bonds to raise funds for the purpose of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the System, or any part thereof, and for the purpose of refunding any such bonds or any other prior obligations of the Authority, or for any combination of such purposes, in accordance with and subject to the requirements and limitations set forth in the Act. Pursuant to such authority, the Authority proposes to issue its Water and Wastewater System Revenue Bonds, Series 2005 (the "Series 2005 Bonds") in an aggregate principal amount not to exceed \$110,000,000 to finance capital improvements (collectively, the "Projects") to the System, to refund the Authority's Certificates of Participation, Series 2005 (the "Series 2005 Certificates") and the loan from Guam Power Authority (the "GPA loan"), and for certain other purposes in connection with the issuance of such bonds, including to pay costs incurred in connection with such issuance. The Authority's use of the revenue bond proceeds is subject to review and approval by the Guam Public Utilities Commission ("Commission") under 12GCA 12004. In connection with said issuance, the Authority proposes to enter into an indenture (the "General Indenture"), by and between the Authority, Bank of Guam, as trustee (the "Trustee"), and U.S. Bank National Association, as co-trustee (the "Co-Trustee"), and a supplemental indenture (the "Supplemental Indenture"), by and between the Authority, the Trustee and the Co-Trustee, and may enter into one or more reimbursement agreements, credit agreements, or similar agreements (each a "Credit Agreement") in connection with the provision of credit enhancement with respect to the Series 2005 Bonds.

The Authority has applied to the Commission for approval of the terms and conditions pursuant to which the Series 2005 Bonds in an aggregate principal amount not to exceed \$110,000,000 are to be issued for the purpose of paying the costs of the Projects and refunding the Series 2005 Certificates and the GPA loan.

The proposed form of General Indenture and Supplemental Indenture have been presented to the Commission and are attached hereto as Exhibit A and Exhibit B, respectively.

By order dated September 13, 2001 (the "2001 Order"), the Commission established a surcharge (now known as the "Navy/GPA surcharge") originally to produce revenues dedicated to the funding of the payment of the Authority's arrearages to Guam Power Authority ("GPA") and Guam Telephone Authority (GTA).

Pursuant to a Consent Decree filed in the United States District Court for the Territory of Guam on May 9, 2003 (the "Consent Decree") with respect to Civil Case No. 99-00102, the Authority has agreed to make certain payments to the United States Department of Justice as part of the settlement of such case. These payments are to be made monthly in increasing amounts with the final payment due in 2012. The Consent Decree establishes a lien for the benefit of the Navy on the Authority's revenues and assets.

By order dated June 23, 2003 (the "2003 Order"), the Commission authorized the use of Navy/GPA surcharge revenues to fund the payment of the Authority's obligations to the Navy under the Consent Decree, as well as the Authority's obligations to GPA and certain obligations to the Commission. In addition, the 2003 Order provided that the Navy/GPA surcharge "shall be assessed, collected, held, disbursed and reconciled in strict accordance with the 2001 Order" (GTA having been paid in full).

In connection with the issuance of the Series 2005 Bonds and the execution and delivery of the General Indenture and the Supplemental Indenture, because the Navy lien is prior to the lien for the benefit of the bondholders, the Authority has requested that this Commission confirm for the benefit of bondholders the imposition of the Navy/GPA surcharge to fund payments to the Navy and to GPA (as well as the Commission), and the mechanism by which the amount of the surcharge is established.

The Commission having duly considered the application of the Authority and the information presented on the Authority's behalf and having determined the issuance of the Series 2005 Bonds as described herein from time to time for the purpose of financing the Projects and the confirmation of the Navy/GPA surcharge are in the best interest of the Authority's ratepayers, **IT IS ORDERED AS FOLLOWS:**

1. The terms and conditions pursuant to which the Series 2005 Bonds are to be issued and included in Exhibit A and Exhibit B hereto are hereby approved; provided, however, that any material modification or amendment of any of those documents from the form of those exhibits shall be subject to prior Commission review and approval. The Authority shall have the responsibility of bringing any such material modification or amendment to the Commission's attention. The Commission's administrative law judge is hereby authorized to determine and confirm, by closing certificate or otherwise, that the forms of indenture and supplemental indenture executed and delivered by the Authority do not contain any material modification or amendment from the forms of such documents included as Exhibit A and Exhibit B hereto.

2. For the purpose of financing the Projects, the Authority is authorized to borrow funds through the issuance of the Series 2005 Bonds in an aggregate principal amount not to exceed \$110,000,000 and on the terms and conditions described in Exhibit A and Exhibit B hereto. The Series 2005 Bonds shall have maturities not later than 2040 and bear interest at rates not to exceed 6.5% per annum. The Series 2005 Bonds shall be sold at such price or prices as may be determined by the Authority.
3. The execution and delivery by the Authority of such Credit Agreements as are determined by the Authority to be necessary or appropriate in connection with the provision of credit enhancement with respect to the Series 2005 Bonds are hereby approved; provided that interest on any obligations payable pursuant to any such Credit Agreement shall be calculated at a rate that does not exceed the maximum rate set forth in the immediately preceding paragraph 2.
4. The imposition of the Navy/GPA surcharge is hereby confirmed for the benefit of bondholders. The surcharge amount shall be calculated for each fiscal year in accordance with the 2001 Order and the 2003 Order, provided, however, that the surcharge shall be in such amount as is necessary to produce revenues in each fiscal year approximately equal to \$2,750,000 with the following prioritization: 1) payments to Navy under the terms and conditions established by the Consent Decree and resultant payment plan; 2) Commission annual assessments and invoices in excess of sixty days; and 3) payments to GPA of any excess of funds collected from the surcharge after payments to Navy and Commission. Revenues and payment from the Navy/GPA surcharge shall not be included in any debt service coverage calculation or rate covenant adopted or approved by this Commission. In accordance with the 2003 Order, the surcharge shall remain in force and effect until the Authority's obligations to GPA and Navy have been paid in full, whereupon it shall expire.

Dated this 27th day of October 2005.


Terrence M. Brooks


Edward C. Crisostomo


Joseph M. McDonald

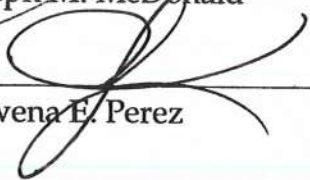

Rowena E. Perez

EXHIBIT A

FORM OF GENERAL INDENTURE

EXHIBIT B

FORM OF SUPPLEMENTAL INDENTURE

EXHIBIT C

CALCULATION OF SURCHARGE RATE

ATTACHMENT G

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



**PETITION OF GUAM WATERWORKS
AUTHORITY TO ISSUE GENERAL
REVENUE BONDS AND FOR RELATED
ACTIONS**

DOCKET 05-10

ORDER

Background

On September 16, 2005 Guam Waterworks Authority [GWA] petitioned the Guam Public Utilities Commission [PUC] for authorization to issue general revenue bonds in an aggregate principal amount not to exceed \$110,000,000 to finance capital improvements and for other purposes. This approval is required under 12 GCA 12004 and under PUC's contract review protocol order [Protocol] dated December 16, 2003. By Order dated April 11, 2003, PUC ruled that capital projects, which are required by the Stipulated Order in District Court Civil Case 02-02, are exempt from Protocol review. PUC also has the responsibility under 12 GCA 12004 and the Protocol to review and approve all uses of bond proceeds.

By reports dated September 28, 2005 and October 17, 2005, PUC's regulatory consultant [Georgetown Consulting Group [GCG]] has reviewed the proposed use of bond proceeds and the non-stipulated order [NSO] projects, which are subject to Protocol review. GCG recommends that the Barrigada tank, the Ugum tank and the Old Agat collection improvement NSO projects be conditional approved.

GCG and GWA have also discussed the concept of amending the Protocol to establish a common contract review standard for the Consolidated Commission on Utilities [CCU] and PUC. A copy of this proposed standard is made **Attachment A** to this Order. On October 18, 2005, CCU adopted this common review standard as a protocol to guide its review of GWA procurements and to facilitate an expedited and coordinated PUC review under the Protocol. The amended Protocol, which includes the common review standard, is made **Attachment B** to this Order.

After careful consideration of the GWA petition and GCG's report, in consultation with its administrative law judge [ALJ], for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. Bond Proceeds.

GWA is authorized to utilize revenue bond proceeds for the limited purposes set forth in *Attachment C* hereto, subject to conditions established in subsections [a] through [g]. ALJ is authorized and empowered to interpret and administer the conditions and authorizations set forth in this order section.

- a. The authorization for the *Schedule C* Barrigada tank and Ugum tank projects is conditioned on ALJ's review and approval of a GWA "alternatives analysis", as described in GCG's October 17, 2005 report.
- b. The authorization for the *Schedule C* Old Agat collection improvements is conditioned on ALJ's review and approval of a GWA cost estimate, as discussed in GCG's October 17, 2005 report.
- c. The authorization for the *Schedule C* Earth Tech buyout is limited to the purpose of negotiating and consummating the mutual termination of GWA's contract with Earth Tech, Inc. dated June 16, 1998, including the transfer to GWA under contract section 11.2 of ground water production facilities and other related assets.
- d. The \$4.7 million GPA loan to GWA, as approved by PUC Order dated September 23, 2005, shall be repaid with bond proceeds, pursuant to the instructions set forth in the footnote in *Attachment C*.
- e. Any funds authorized in *Attachment C* which are not used for the purpose stated therein, shall revert to the Contingency Reserve and shall be subject to the restriction set forth in subsection [f] below.
- f. GWA may utilize the Contingency Reserve, without PUC approval, for expense overruns on any fund use authorized in *Schedule A* up to a limit of 20%. Any use of the Contingency Reserve for a project expense overrun in excess of 20% of the authorized limit set in *Attachment C*, including SO projects, and any other use of the Contingency Reserve shall require prior PUC review and approval under the Protocol. The authority to grant such approval is delegated to PUC's chairman.

- g. GWA shall file with PUC quarterly reports commencing for the FY06 second quarter, which summarize the use of bond proceeds pursuant to this order. These reports shall be filed within 30 days after the end of the quarter.

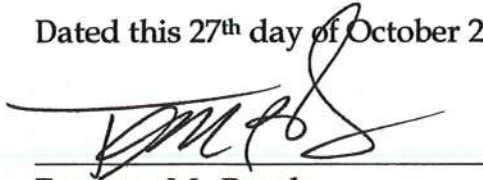
2. Common Review Standard.

PUC finds that the concept of establishing a common contract review standard with CCU is entirely consistent with the Regulatory Protocol, which PUC adopted on April 11, 2003. A common review standard will both enhance and expedite regulatory review of GWA contracts and obligations. Accordingly, the Protocol is amended in form made *Attachment B*, which in section 6 establishes a common review standard, which has been adopted by CCU.

3. Stipulated Order Procurement Review.

In its October 17, 2005 report, GCG recommends that for subsequent bond issues, PUC rescind its April 11, 2003 Order, which exempted Stipulated Order projects from review under the Protocol. PUC defers consideration of this matter for subsequent proceedings.


Dated this 27th day of October 2005.



Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Attachment A

6. With regard to any contract or obligation [*procurement*], which requires PUC approval under this Order, GWA shall initiate the regulatory review process through a petition, which shall be supported with the following:
- a. A resolution from the Consolidated Commission on Utilities [CCU], which confirms that after careful review of the documentation described in subparagraph (b) below and upon a finding that the proposed procurement is reasonable, prudent and necessary, CCU has authorized GWA to proceed with the procurement, subject to regulatory review and approval.
 - b. The documentation on which CCU based its approval under subparagraph (a) above, which shall include, at a minimum, a report from management or an independent third party, which contains the following:
 - i. A description of the project, including timeframes, time constraints and deadlines, and a justification of its need.
 - ii. An analysis from a technical and cost benefit perspective, of all reasonable alternatives for the procurement.
 - iii. A detailed review of the selected alternative, which establishes the basis of selection and that it is economically cost effective over its life.
 - iv. Cost estimates and supported milestones for the selected alternative.
 - v. The projected source of funding for the project with appropriate justification and documentation.
 - vi. A supporting finding that the procurement is necessary within the context of other utility priorities.

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



ADMINISTRATIVE DOCKET
CONTRACT REVIEW PORTOCOL FOR
GUAM WATERWORKS AUTHORITY

DOCKET 00-04

ORDER

Pursuant to its authority under 12 GCA Section 12004, the Guam Public Utilities Commission [PUC] establishes the following protocol to identify and review regulated contracts and obligations of Guam Waterworks Authority [GWA]:

1. The following GWA contracts and obligations shall require prior PUC approval under 12 GCA 12004, which shall be obtained before the procurement process is begun:
 - a) All capital improvement projects (CIP) in excess of \$1,000,000 whether or not a project extends over a period of one year or several years;
 - b) All capital items by account group, which in any year exceed \$1,000,000;
 - c) All professional service procurements in excess of \$1,000,000;
 - d) All externally funded loan obligations and other financial obligations such as lines of credit, bonds, etc. in the excess of \$1,000,000 and any use of said funds;
 - e) Any contract or obligation not specifically referenced above which exceeds \$1,000,000, not including individual contracts within an approved CIP or contract;
 - f) Any internally funded procurement in excess of a CIP expenditure ceiling, which PUC shall establish on or before November 15 of each fiscal year.
 - g) Any agreement to compromise or settle disputed charges for services by GW A, when the amount of the waived charges would exceed \$1,000,000.

2. For contract that involve the receipt by GWA of revenues or reimbursement of costs in excess \$1,000,000, the following procedure will apply:

- a) GWA is permitted to evaluate the contract without PUC approval;
- b) Prior to entering into the contract, GWA will provide the following to PUC:
 - i) GWA's governing body resolution authorizing the contract.
 - ii) An affidavit from GWA management stating that the contract does not produce an increased revenue requirement with supporting documentation.
 - iii) A narrative description of the contract.
- c) The contract will be deemed approved unless rejected by PUC within 30 days after an adequate filing [as determined by the ALJ] has been made by GWA pursuant to subparagraph (b).

3. Emergency procurements, which are made by GW A under 5 GCA section 5215, shall not require PUC approval; provided, however that GWA shall file its section 5215 declaration, the governor's written approval of same, and the procurement details, as set forth in paragraph 5(b) below, within 20 days of the declaration. Any emergency procurement funded by other than bond revenues shall be included in the CIP ceiling established under paragraph 1(f).

4. With regard to multi-year contracts:

- a) The term of a contract or obligation [*procurement*] will be the term stated therein, including all options for extension or renewal.
- b) The test to determine whether a procurement exceeds the \$1,000,000 threshold for PUC review and approval [*the review threshold*] is the total estimated cost of the procurement, including cost incurred in any renewal options.
- c) For a multi-year procurement with fixed terms and fixed annual costs, GW A must obtain PUC approval if the total costs over the entire procurement term exceed the review threshold. No additional PUC review shall be required after the initial review process.

d) For multi-year procurements with fixed terms and variable annual costs, GWA shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its review threshold. On each anniversary date during the term of the procurement, GWA will file a cost estimate for the coming year of the procurement. GWA shall seek PUC approval in the event a procurement subject to this paragraph should exceed 120% of the aggregate cost initially approved by PUC.

e) Unless for good cause shown, any petition for PUC approval of a multi-year procurement must be made sufficiently in advance of the commencement of the procurement process to provide PUC with reasonable time to conduct its review.

5. On or before September 15 of each year, GWA will use best efforts to file with PUC its construction budget for the coming fiscal year plus estimates for the subsequent two fiscal years. The filing shall contain a description of each CIP contained with the budget and estimates. Project descriptions should be sufficiently detailed to identify the specific location and type of equipment to be purchased, leased or installed. For capital items that are subject to review by account group, GWA shall file information equivalent to that submitted to its governing body for these items.

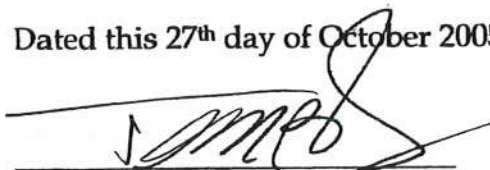
6. With regard to any contract or obligation [*procurement*], which requires PUC approval under this Order, GWA shall initiate the regulatory review process through a petition, which shall be supported with the following:

- a) A resolution from the Consolidated Commission on Utilities [CCU], which confirms that after careful review of the documentation described in subparagraph (b) below and upon finding that the proposed procurement is reasonable, prudent and necessary, CCU has authorized GWA to proceed with the procurement, subject to regulatory review and approval.
- b) The documentation on which CCU based its approval under subparagraph (a) above, which shall include, at a minimum, a report from management or an independent third party, which contains the following:
 - i. A description of the project, including timeframes, time constraints and deadlines, and a justification of its need.


- ii. An analysis from a technical and cost benefit perspective, of all reasonable alternatives for the procurement.
 - iii. A detailed review of the selected alternative, which establishes the basis of selection and that it is economically cost effective over its life.
 - iv. Cost estimates and supported milestones for the selected alternative.
 - v. The projected source of funding for the project with appropriate justification and documentation.
 - vi. A supporting finding that the procurement is necessary within the context of other utility priorities.
7. If during any fiscal year, GWA desires to undertake a contract or obligation covered by paragraph 1, for which approval has not otherwise been received, it may file an application with the PUC for approval of such contract or obligation, which shall contain the information required in paragraph 6 above. GWA shall obtain PUC approval thereof before the procurement process is begun.
8. GWA shall, on or before December 1 of each year, file a report on the contracts and obligations approved by PUC for the prior fiscal year pursuant to this Protocol. This report shall show the amount approved by PUC and the actual expenditures incurred during the preceding fiscal year for each such contract and obligation and other changes from the prior filing in cost estimates, start dates and inservice or completion dates.
9. GWA shall not incur expenses for PUC approved contracts and obligations in excess of 20% over the amount authorized by the Commission without prior PUC approval. In the event that GWA estimates that it will exceed the PUC approved level of expenditures by more than 20%, it shall submit to PUC the revised estimate and full explanation of all additional cost.
10. GWA shall file with PUC monthly financial reports within five working days of presentation of monthly financial reports to its governing body.

11. To the extent GW A submits a filing to PUC under this order which PUC staff believes is incomplete or deficient, it shall notify GWA and the PUC within 15 calendar days thereof with specific indication of the alleged incompleteness or deficiency.
12. PUC staff will use best efforts to be prepared for hearing within 45 days of a complete GW A filing under the terms of paragraph 6 above. PUC's administrative law judge, is authorized, in his judgment, to shorten the above 45 day period, for good cause shown by GWA.
13. Within the context of a rate or management audit proceeding, PUC staff may review the prudence of all procurement or obligations whether or not subject to review herein.
14. PUC's administrative law judge is authorized to interpret the meaning of any provision of this order, in furtherance of the contract review process.

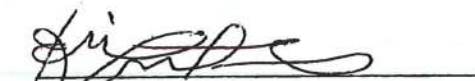
Dated this 27th day of October 2005.




Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

Attachment C
FY06 GWA Bond Issuance
Authorized Use of Funds

Schedule A
Summary

<i>Fund Use</i>	<i>Authorized limit [in millions]</i>
Stipulated Order [SO] projects	40.5
Non-stipulated Order [NSO] projects	17.9
MSG defeasance	19.5
Contingency Reserve	14.04
Capitalized interest	8.7
Debt service reserve fund	7.23
Underwriter's discount	1.26
Costs of issuance	.87
Total	110.0

Schedule B
SO projects

<i>Project</i>	<i>Authorized limit</i>
Agana	10.5
Agana outfall	5.1
Northern district outfall	4.7
Baza Gardens wastewater plant upgrade	.5
Interim disinfection facilities	.6
Electrical protection	1.0
Well vulnerability reduction	.6
Chaot pump station/collection system	.4
Leak detection/line replacement	8.2
"A" well transmission line	2.4
Santa Rita Springs - booster pump rehab	.7
Master plan*	4.9
Generators*	.9
Total	40.5

* By PUC Order dated 9/23/05 in Docket 98-01, GWA was authorized to borrow \$4.7 million from GPA for the following purposes: \$2.5 million for master plan [SO project]; \$900,000 for generators [SO project]; \$900,000 for equipment [NSO project]; and \$400,000 for general capital expenses. The Order required GWA to repay the loan with bond proceeds. Accordingly, \$2.5 million of the \$4.9 million authorized in Schedule B for master plan shall be used toward repayment of the GPA loan. In addition, the \$900,000 authorized in Schedule B for generators and the \$900,000 authorized in Schedule C for equipment shall also be used toward repayment of the GPA loan. GWA is authorized and directed to utilize \$400,000 from the Contingency Reserve to pay the remaining GPA loan balance.

Attachment C

*Schedule C
NSO projects*

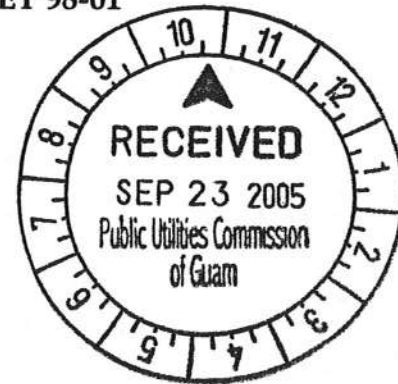
<i>Project</i>	<i>Authorized limit</i>
Old Agat wastewater collection	2.2
Lift station upgrades	.3
Collection line upgrades	.2
Storage additions	1.0
Booster pump upgrades	.4
Mangilao tank repair	.8
Ugum tank replacement	2.5
Barrigada tank repair/replacement	3.0
Earth Tech buyout	5.0
Laboratory modernization	.8
Land survey	.8
Equipment*	.9
Total	17.9

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM WATERWORKS AUTHORITY [GWA]
AND GUAM POWER AUTHORITY [GPA]
JOINT PETITION REGARDING \$4.7
MILLION GPA LOAN TO GWA.

DOCKET 98-01

GWA PETITION FOR AUTHORIZATION
TO UTILIZE RATE STABILIZATION
TRUST FUNDS.



ORDER

The Guam Public Utilities Commission [PUC] is in receipt of September 6 and 7, 2005 joint petitions from respectively GWA and GPA for expedited authorization to enter into a \$4.7 million dollar bridge loan, which would enable GWA to undertake remedial procurements required by the June 5, 2003 Consent Decree [Consent Decree] in Federal District Court Civil Case 02-35. On September 6, 2005 GWA also petitioned PUC for authority to utilize funds on deposit in the Rate Stabilization Trust Account [Trust Account], which was established by PUC's October 14, 2004 rate order. The funds would be used to enable GWA to certify procurements relating to the Hagatna Treatment Facility Refurbishment Project [Hagatna Project], which is mandated by the Consent Decree.

Under PUC's April 11, 2003 *Administrative Resolution*, Chairman Terrence Brooks is empowered with delegated authority to act on PUC's behalf, subject to the following conditions:

1. The requirement that the chairman certify that regulatory action on the petitions cannot await PUC action at the next regulatory session, which in this instance in mid-October, 2005. After careful review of the petitions and GWA's September 20, 2005 letter, the undersigned finds good and reasonable cause to issue this certification.
2. The utility, which requests expedited regulatory action, must waive the final determination exception established in 12 GCA 12004. GWA has made this waiver in its September 20, 2005 letter.
3. The utility's petition must be reviewed and supported by PUC's regulatory consultant. By its September 16, 2005 letter, Georgetown Consulting Group, which serves as PUC's independent regulatory consultant, supports regulatory approval of the petitions, subject to

conditions which have been accepted by GWA and are incorporated into this Order.

4. The requirement that the chairman make a diligent effort to confer with other on-island commissioners and act only if a majority of said commissioners [*in this instance two commissioners*] do not oppose the petitions. The undersigned certifies that he made this effort and that the petitions were not so opposed.
5. The Resolution prohibits its use to approve a petition for rate relief. The undersigned finds that neither petition requests rate relief.

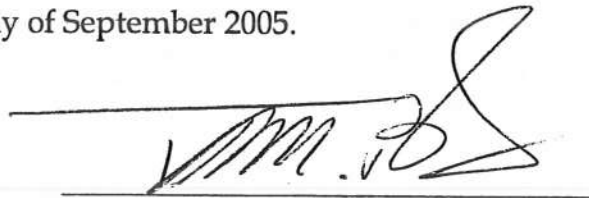
After reviewing the petitions, letters and email communications, which constitute the record of this proceeding, for good cause shown and in furtherance of the authority delegated by the *Administrative Resolution*, the undersigned on behalf of the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. GPA is authorized to loan to GWA and GWA is authorized to borrow from GPA the sum of \$4.7 million dollars under the following terms and conditions:
 - a. The loan term shall be the earlier of 364 days from the loan date or the date revenue bonds are issued to GWA. Interest on the loan shall accrue from the loan date until payment at the 90 day TCD rate plus 1%, which rate shall be adjusted on a quarterly basis. Until the loan funds are drawn down by GWA, GPA shall continue to hold them in TCDs, the interest thereon shall inure to GWA's benefit. The loan will be unsecured.
 - b. Without prior PUC authorization, GWA shall use the loan proceeds only for the following purposes: \$2.5 million for payments due for master planning; \$1.8 million for generator equipment, heavy equipment and vehicles; and \$400,000 for general capital expenses; provided, however, that with the approval of the Consolidated Commission on Utilities [*CCU*], GWA may reassign funds among these three categories by an amount not to exceed ten percent.
 - c. GWA's counsel shall file with PUC an opinion that the loan does not contravene 12 GCA 14201[b].
 - d. The loan documents shall be presented for PUC's administrative law judge's [ALJ] prior review and approval. ALJ is authorized to

approve non-material amendments and clarifications of the terms recited in subparagraph [a] above.

- e. CCU shall file with PUC a resolution, which makes a commitment to assure that GWA will comply with its obligations under the loan agreement.
2. GWA is authorized to identify deposits, not to exceed \$2 million dollars, in the Trust Account as a basis for certifying the availability of funds for procurements related to the Hagatna Project subject to the following conditions:
 - a. GWA may withdraw from the Trust Account an amount not to exceed \$2 million dollars for procurements related to the Hagatna Project in the event the revenue bond financing, which is subject to Docket 05-10, is not issued on or before April 1, 2005.
 - b. Any funds withdrawn by GWA pursuant to subparagraph [a] shall be refunded to the Trust Account from the revenue bond proceeds.
 3. ALJ is authorized and empowered to oversee the implementation of this order, including without limitation, the authority to interpret it in furtherance of its intent.
 4. GWA shall pay for the regulatory expenses which PUC has incurred in considering these petitions for expedited regulatory action.

Dated this 23rd day of September 2005.

A handwritten signature in black ink, appearing to read 'T. Brooks', is written over a horizontal line. The signature is stylized and cursive.

Terrence Brooks, Chairman

**PUBLIC UTILITIES COMMISSION
OF GUAM**

Terrence M. Brooks

Joseph M. McDonald
Edward C. Crisostomo
Rowena E. Perez

Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

Telephone: (671) 472-1907
Fax: (671) 472-1917
Email: guampuc@kuentos.guam.net

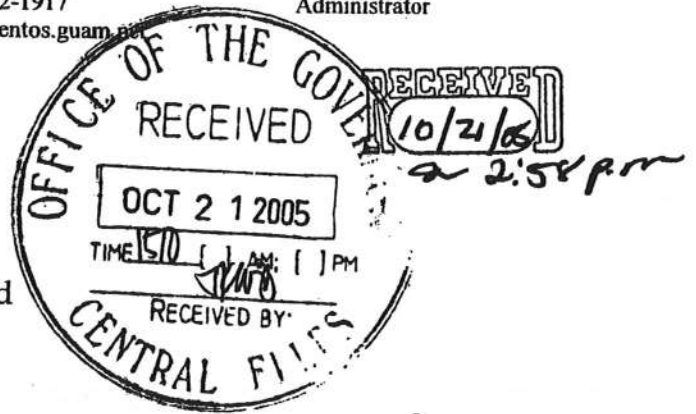
Harry M. Boertzel
Administrative Law Judge

Lourdes R. Palomo
Administrator

October 21, 2005

VIA HAND DELIVERY

The Honorable Joann Brown
Vice Speaker, 28th Guam Legislature
Chairman, Committee on Utilities and Land
155 Hesler Street
Hagatna, Guam 96910



RE: Bill 220 - Guam Waterworks Authority Revenue Bond Act

Dear Vice Speaker Brown:

Since its inception three years ago, the Consolidated Commission on Utilities has made dramatic progress in building the foundation for Guam Waterworks Authority's [GWA] transformation into an efficiently operated utility. Bill 220 will empower GWA to begin construction on this strong foundation. The Guam Public Utilities Commission [PUC] strongly endorses its enactment into law.

PUC proposes one technical amendment to the bill, which would explicitly confirm in section 14203 that GWA's authority to incur indebtedness is subject to regulatory review and approval under 12 GCA 12004. Accordingly, PUC recommends that line 10 on page 6 of the bill be amended to read:

**Chapter or by any law of Guam or of the United States, but
subject to the requirements of 12 GCA 12004, to exercise**

PUC renews its pledge to provide GWA with just and reasonable rates, which are adequate to enable it to meet its obligations under the revenue bonds, which will be authorized by the enactment of Bill 220 into law.

Respectfully submitted,


Terrence Brooks

cc: Governor Felix Camacho
Simon Sanchez, CCU chair

ATTACHMENT H

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**DEPARTMENT OF PUBLIC WORKS
ESTABLISHMENT OF TIPPING AND
USER FEES PURSUANT TO P.L. 28-56**

DOCKET 05-09



RATE ORDER

Public Law 28-56 directs the Guam Public Utilities Commission [PUC] to establish commercial, government and residential tipping and user fees to fund the activities of the Department of Public Works' [DPW] Division of Solid Waste Management [DSWM] in discharging its statutory duties and those imposed by Federal District Court of Guam Consent Decree [Consent Decree] in Civil Case No. 02-22.

On September 20, 2005 Georgetown Consulting Group [GCG - PUC's regulatory consultant] issued a Report, which recommends the following *interim* service fee increases:

Service Fee	Current	Proposed [Interim]
Residential pick-up	\$8 per month	\$10 per month
Tipping fee [compacted]	\$16/cubic yd.	\$20/cy
Tipping fee [uncompacted]	\$4/cy	\$5/cy
Self drop [under 3 cy]	\$2/pickup	\$2.50/pickup
Self drop [over 3 cy]	\$4/cy	\$5/cy

On October 17, 2005, GCG and DPW entered into a stipulation, which recommends that:

1. PUC adopt the above proposed fees as a first step toward volume and cost based rates.
2. The GCG report should be found to satisfy the requirement in 10 GCA 51118[e] that fees be based on an actuarial cost of service analysis.
3. The additional revenues created by the proposed fee increases, which are estimated to be \$1.3 million in FY06 [net of uncollectible allowance], should be restricted and spent only pursuant to PUC order.
4. PUC should await the management audit required under 10 GCA 51118[e] before establishing a variable residential tipping fee.

5. A targeted residential lifeline tipping fee should be established with other permanent fees during the April 2006 regulatory session.
6. DPW should provide PUC with quarterly reports, commencing with quarter beginning October 2005, on DSWM's revenues and expenses, including income statements and balance sheets. Reports should be filed within 21 days after the close of each quarter [*the first report due January 21, 2006*].
7. PUC should conduct a quarterly review of DPW's compliance with this rate order and of the adequacy of the proposed interim rates.
8. PUC should immediately undertake the focused management audit of DSWM operations as required by 10 GCA 51118[e].
9. Any DPW procurement or obligation relating to DSWM in excess of \$50,000 should require PUC's prior review and approval. The contract review protocol, which PUC established to regulate the procurements of Guam Power Authority and Guam Waterworks Authority should be adopted as the review protocol for these procurements and obligations.

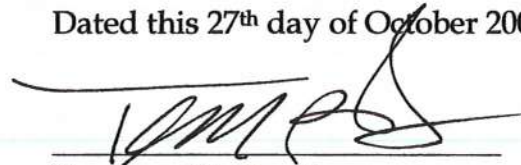
PUC conducted a public workshop at 6:00 p.m. on October 17, 2005 to receive a briefing on the GCG report and the Stipulation. In addition, PUC conducted public rate hearings at 6:00 p.m. October 25, 2005 in Hagatna, at 5:00 p.m. October 26, 2005 in Agat and at 6:30 p.m. October 26, 2005 in Dededo on the proposed interim fee increases.

After due consideration of the record in this docket, including public comments regarding the proposed interim fee increases, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY FINDS AND ORDERS THAT:**

1. DPW, including DSWM, is subject to PUC jurisdiction pursuant to 10 GCA 51118[e].
2. The stipulated recommendations from GCG and DPW, as discussed above, should be and are hereby adopted. DPW is ordered to comply with the recommendations, subject to instructions from PUC's administrative law judge [ALJ].

3. The proposed interim fee increases are hereby approved for services rendered on and after November 1, 2005. PUC recognizes that this is but the first of a series of rate increases, which will be necessary to support the \$93 million borrowing required to enable DPW to comply with the Consent Decree. The GCG Report satisfies the requirement in 10 GCA 51118[e] that fees shall be based on an actuarial cost of service analysis.
4. Under separate order, ALJ will be authorized to oversee the focused management audit of DSWM's existing operations.
5. The contract review protocol, in form attached hereto, shall govern the regulatory review of DSWM procurements and obligations.
6. ALJ is hereby authorized and directed to oversee regulatory proceedings, which will lead to PUC's consideration of a variable residential rate, including a lifeline component, and of the implementation of permanent fees.
7. PUC emphasizes that the revenue created by the interim fee increases shall be restricted funds and shall not be spent without prior PUC authorization.

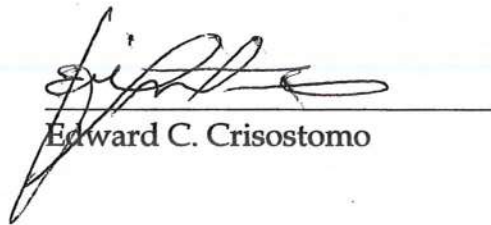
Dated this 27th day of October 2005.



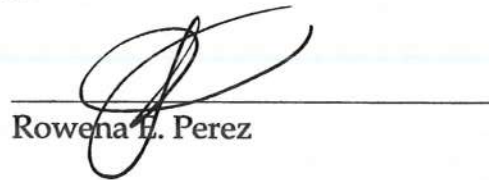
Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
OF GUAM



ADMINISTRATIVE DOCKET)
CONTRACT REVIEW PROTOCOL FOR)
DEPARTMENT OF PUBLIC WORKS)
DIVISION OF SOLID WASTE)
MANAGEMENT)

DOCKET 05-09

ORDER

Pursuant to its authority under 10 GCG Section 51118 (e), the Guam Public Utilities Commission [PUC] establishes the following protocol to identify and review regulated contracts and obligations of Department of Public Works' Division of Solid Waste Management [Division], which are funded by the Solid Waste Operations Fund.

1. The following Division contracts and obligations shall require prior PUC approval under 10 GCG Section 5118 (e), which shall be obtained before the procurement process is begun:
 - a) All capital improvement projects (CIP) in excess of \$50,000 whether or not a project extends over a period of one year or several years;
 - b) All capital items by account group, which in any year exceed \$50,000;
 - c) All professional service procurements in excess of \$50,000;
 - d) All externally funded loan obligations and other financial obligations such as lines of credit, bonds, etc. in the excess of \$50,000 and any use of said funds;
 - e) Any contract or obligation not specifically referenced above which exceeds \$50,000, not including individual contracts within an approved CIP or contract;
 - f) Any agreement to compromise or settle disputed charges for services by Division, when the amount of the waived charges would exceed \$50,000.

2. Emergency procurements, which are made by Division under 5 GCA section 5215, shall not require PUC approval; provided, however that Division shall file its section 5215 determination, the governor's written approval of same, and the procurement details, as set forth in paragraph 5(b) below, within 20 days of the declaration.

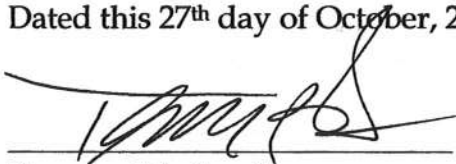
3. With regard to multi-year contracts:

- a) The term of a contract or obligation [*procurement*] will be the term stated therein, including all options for extension or renewal.
- b) The test to determine whether a procurement exceeds the \$50,000 threshold for PUC review and approval [*the review threshold*] is the total estimated cost of the procurement, including cost incurred in any renewal options.
- c) For a multi-year procurement with fixed terms and fixed annual costs, Division must obtain PUC approval if the total costs over the entire procurement term exceed the review threshold. No additional PUC review shall be required after the initial review process.
- d) For multi-year procurements with fixed terms and variable annual costs, Division shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its review threshold. On each anniversary date during the term of the procurement, Division will file a cost estimate for the coming year of the procurement. Division shall seek PUC approval in the event a procurement subject to this paragraph should exceed 120% of the aggregate cost initially approved by PUC.
- e) Unless for good cause shown, any petition for PUC approval of a multi-year procurement must be made sufficiently in advance of the commencement of the procurement process to provide PUC with reasonable time to conduct its review.

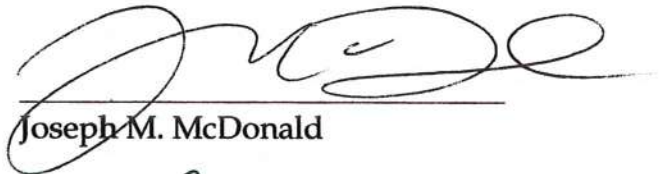
4. On or before September 15 of each year, Division will use best efforts to file with PUC:
 - a) Its budget for the coming fiscal year beginning October 1 plus estimates for the subsequent two fiscal years. The filing shall contain a description of each CIP contained with the budget and estimates. Project descriptions should be sufficiently detailed to identify the specific location and type of equipment to be purchased, leased or installed.
 - b) The following information should be provided with regard to each CIP project / contract or obligation requiring PUC approval under paragraph 1:
 - i) Scheduled start, completion and in service dates.
 - ii) Capital requirements by year of the expected expenditure and anticipated source of funding (i.e., bonds, internal, etc.)
 - iii) Impact on service of delaying or canceling the project, contract or obligation.
 - iv) Copies of all economic and engineering studies, where relevant.
5. If during any fiscal year, Division desires to undertake a contract or obligation covered by paragraph 1, for which approval has not otherwise been received, it may file an application with the PUC for approval of such contract or obligation, which shall contain the information required in paragraph 4(b) above. Division shall obtain PUC approval thereof before the procurement process is begun.
6. Division shall, on or before December 1 of each year, file a report on the contracts and obligations approved by PUC for the prior fiscal year pursuant to this stipulation. This report shall show the amount approved by PUC and the actual expenditures incurred during the preceding fiscal year for each such contract and obligation and other changes from the prior filing in cost estimateds, start dates and inservice or completion dates.
7. Division shall not incur expenses for PUC approved contracts and obligations in excess of 20% over the amount authorized by PUC without prior approval. In the event Division estimates that it will exceed the PUC approved level of expenditures by more than 20%, it shall submit to PUC the revised estimate and full explanation of all additional cost.

8. To the extent Division submits a filing to PUC under this order which PUC staff believes is incomplete or deficient, it shall notify Division and the PUC within 15 calendar days thereof with specific indication of the alleged incompleteness or deficiency.
9. PUC staff will use best efforts to be prepared for hearing within 45 days of a complete Division filing under the terms of paragraph 4 above. PUC's administrative law judge, in his judgment, is authorized to shorten the above 45 day period, for good cause shown by Division.
10. PUC's administrative law judge is authorized to interpret the meaning of any provision of this order, in furtherance of the contract review process.

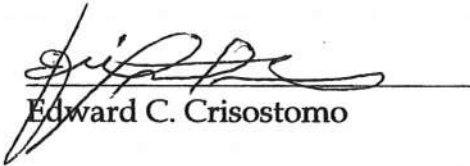
Dated this 27th day of October, 2005.



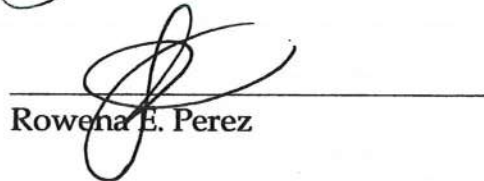
Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

ATTACHMENT I

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**FOCUSED MANAGEMENT AUDIT
OF DEPARTMENT OF PUBLIC
WORKS' SOLID WASTE MANAGEMENT
DIVISION**

DOCKET 06-02



ORDER

Public Law 28-56 authorizes and directs the Guam Public Utilities Commission [PUC] to undertake a focus management audit of the existing operations of the Department of Public Works' [DPW] Division of Solid Waste Management [DSWM]. The law provides that the audit will be funded by the *Solid Waste Operations Fund*.

In furtherance of this statutory duty, after review of the protocol used by PUC to conduct management audits of Guam Power Authority, Guam Telephone Authority and Guam Memorial Hospital Authority, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

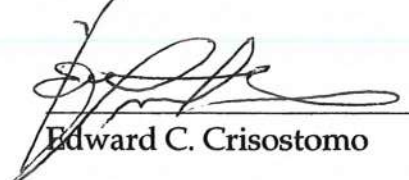
1. PUC's administrative law judge [ALJ] is authorized and directed to:
 - a. Conduct a competitive selection process for the procurement of a firm to perform the audit, using a request for proposal [RFP], which is crafted in consultation with the Committee created under subsection [b] below;
 - b. Organize and oversee the activities of a management audit committee [Committee], which shall be comprised of a DPW representative, ALJ as chair, and a representative from Georgetown Consulting Group; provided, however, that: i] DPW's failure to either appoint a Committee member or to attend Committee meetings, as scheduled by ALJ, shall not delay the Committee's business; and ii] the DPW representative shall be expected to have full authority to make recommendations on its behalf; and
 - c. After consulting with the Committee, make all decisions on behalf of the Committee as required herein and under the RFP, when a consensus among the Committee members is not reached.

2. The Committee is authorized and directed to:

- a. Review the proposals submitted in response to the RFP and establish an unranked list of the three best qualified offerors;
 - b. Interview the best qualified offers;
 - c. Rank the three offerors in order of their respective qualifications; and
 - d. Negotiate a contract with the best qualified offeror, in form as attached hereto, subject to such amendments as it may deem appropriate and necessary during the course of the negotiation, including the determination of the compensation which is deemed to be fair and reasonable, and thereafter to submit the negotiated contract to the PUC chairman for signature.
3. PUC authorizes and directs ALJ to under take the following:
- a. In his capacity as Committee chairman, to oversee the audit as the duly authorized PUC representative with delegated authority to take such action as may be reasonably necessary or appropriate in furtherance thereof.
 - b. To keep PUC fully advised on the audit's progress and to submit the final audit report to PUC for review and approval.
4. DPW is ordered and directed to:
- a. Pay for the auditor's fees and expenses from the Solid Waste Operations Fund in accordance with the contract terms and all other fees and expenses, which are incurred by PUC in this docket;
 - b. Provide the logistical and office support which the auditor may require during the course of the audit; and
 - c. Fully cooperate with the audit process under ALJ oversight.

Dated this 27th day of October 2005.


Terrence M. Brooks


Edward C. Crisostomo


Joseph M. McDonald


Rowena E. Perez

CONSULTANT AGREEMENT

This Agreement is made effective _____, 2006 by and between the Guam Public Utilities Commission, a public corporation [PUC] whose address is Suite 207 GCIC Building, 414 W. Soledad Ave., Hagatna, Guam 96910 and _____ [Consultant], whose address is _____.

Recitals

Whereas, PUC has been directed by Guam Public Law 28-56 to retain the services of a management auditing firm to conduct a focused audit of the existing operations of the Department of Public Works' [DPW] Division of Solid Waste Management [DSWM].

Whereas, PUC has determined through a competitive selection process, that Consultant is the best qualified offeror in response to PUC's request for proposals dated _____, a copy of which is attached hereto as *Appendix A* and incorporated herein by this reference as a material part of this agreement [RFP].

Whereas, Consultant is prepared to perform the services required by the RFP and PUC is prepared to retain Consultant for this purpose;

Agreement

NOW, THEREFORE, for and in consideration of the above recitals and the covenants and agreements hereinafter set forth, the parties agree as follows:

1. Scope of Services.

a. Consultant agrees to fully and completely perform the scope of services, which is set forth in Section II of Appendix A, in the manner set forth in Sections IV, V, XVIII, XIX and XX thereof, unless otherwise directed by the Audit Management Committee [Committee]. The Committee is established by PUC order dated October 27, 2005 and is delegated the responsibility and authority to oversee Consultant's performance of the scope of services. The scope of work shall be performed to the Committee's reasonable satisfaction.

b. Pursuant to PUC's October 27, 2005 order, DPW shall provide Consultant with such logistical and office support, which it may require while on Guam during the course of the audit.

c. The Committee may, at any time, by written notice, amend the

scope of services or prescribed manner in which they are to be performed. If such changes cause an increase or decrease in the compensation due herein, or in the time required for the performance of the services, then an equitable adjustment shall be negotiated between the parties and reflected by written amendment to this agreement.

d. Consultant shall periodically meet with the Committee to review its progress in performing the scope of work. Meetings will be scheduled at the reasonable convenience of the parties. Consultant shall not, without the Committee's prior approval, discuss any aspect of the audit with the media or with third parties.

e. Consultant's technical proposal to conduct the audit dated _____ is incorporated by this reference as *Appendix B*. Unless otherwise agreed by the Committee, the scope of work shall be performed by the personnel identified in the proposal. In any instance where Appendix B is inconsistent with the terms of Appendix A, Appendix A shall prevail.

2. *Term.*

a. Consultant shall perform and complete the scope of services, including the presentation of the final report to PUC in Guam, on or before _____, 2006; provided, that Consultant is given reasonable access to DSWM personnel and data. In this regard, Consultant agrees to provide DSWM with adequate written notice of its interview and data requirements and further to immediately advise the Committee chairman in writing of any instance in which it is denied such reasonable access.

b. If Consultant refuses or fails to perform any of the provisions of this Agreement or otherwise fails to timely satisfy its duties herein or commits any other substantial breach of this Agreement, Committee shall notify Consultant in writing of the delay or non-performance. If Consultant either fails to respond to this notice within 10 calendar days or fails to cure any such performance failure within 30 calendar days then PUC may terminate Consultant's right to proceed under the Agreement. In the event of such termination, PUC may procure substitute services, in which event Consultant shall be liable for any excess costs incurred in procuring such services.

3. *Compensation.*

a. PUC agrees to compensate Consultant for its reasonable costs, expenses and time in performing the services described in section 1[a]; provided, however, that:

- i. In no event shall the compensation, including payments to subcontractors which Consultant may be authorized to retain, exceed \$_____ unless pursuant to paragraph 1[c] above. Moreover, Consultant agrees that personnel costs for the completion of Stage I and for the completion of the approved Stage II proposal shall not exceed \$_____.
 - ii. Consultant shall bill for its time according to the schedule which is attached as *Appendix C* [Consultant's price proposal].
 - iii. Consultant shall invoice PUC on a monthly basis for the time and expenses which it incurs for the previous month, which, subject to subsection [iv] below, shall be paid by PUC within twenty business days of receipt.
 - iv. PUC may deduct and retain ten percent [10%] from each monthly payment for time services, which reserve will be paid to Consultant upon its successful completion of the scope of services; provided, however, that the reserve for Stage I services shall be released to Consultant upon PUC's approval of the Stage II scope of work. Prior to the final payment, and as a condition precedent thereto, Consultant shall execute and deliver to PUC a release, in form approved by PUC, of claims and PUC and the Committee arising under and by virtue of the Agreement.
 - v. Consultant's costs and expenses shall be subject to audit review by the Committee. Consultant's air travel shall be by economy fare. Consultant will accept special lodging accommodations on Guam in the event they are arranged by the Committee. Consultant shall not bill for travel time.
 - vi. PUC's review, approval and payment of compensation shall not constitute a waiver of any rights or cause of action arising from Consultant's failure to fully and completely perform the scope of work. Consultant shall remain liable to PUC for all damages, costs and attorney's fees which PUC may suffer or incur as a result of any such failure of performance.
- b. Consultant may retain by subcontract, such professional assistance as may be reasonably required in furtherance of its performance of the scope of services and which shall be a reimbursable expense; provided, however, that any such subcontract shall be expressly subject to the terms of this agreement,

including the ten percent reserve. A copy of any such subcontract shall be filed with the Committee.

4. *Independent Consultant Relationship.*

In performing under this agreement, Consultant is an independent consultant, PUC being interested only in the result obtained, and the manner and means of conducting such work will be under the sole control of Consultant. However, all work performed hereunder will be done in accordance with the provisions of this agreement.

5. *Compliance with Laws and Regulations.*

In the performance of work provided for herein, Consultant agrees that it shall be conducted in full compliance with any and all relevant applicable laws, rules and regulations adopted or promulgated by any governmental agency or regulatory body, both territorial and federal. Consultant assumes full responsibility for the payment of all contributions, payroll taxes or assessments, territorial or federal, as to all employees engaged in the performance of work hereunder. Consultant assumes and agrees to pay any and all gross receipt, workman's compensation or other taxes of whatever nature or kind levied or assessed as a consequence of the work to be performed or on the compensation to be paid under this agreement.

6. *Notice.*

Any notice to be given hereunder shall be deemed sufficiently given if in writing and delivered either in person, via email to Consultant at _____ and to PUC at guampuc@kuentos.guam.net, or via facsimile to Consultant at _____ and to PUC at 671-472-1915, or enclosed in an envelope properly stamped and addressed to the concerned party at the address above written.

7. *Amendment and Waiver.*

a. Neither the agreement nor any provision hereof may be changed, waived, altered, amended or discharged orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, alteration, amendment or discharge is sought.

b. Failure by either party to object to any failure of performance by the other party of any provision of the agreement shall not constitute a waiver of, or estoppel against the right of such party to require such performance by the

other. Nor shall any such failure to object constitute a waiver or estoppel with respect to any succeeding failure of performance.

8. Severability.

If any provision of this agreement is rendered invalid or of doubtful validity because of a) a judicial decision in Guam with respect to the same provision in another agreement, b) an official opinion or statement of any relevant federal or territorial official or regulatory agency, or c) law, the parties shall modify this agreement by deleting such provision and by negotiating in good faith a modification of the provision that retains insofar as possible the removed provision.

9. Attorney's Fees.

If any legal action, suit or other proceeding is brought for the enforcement of this agreement, or because of any alleged dispute, breach or default in connection with any of the provisions of this agreement, the successful or prevailing party shall be entitled to recover reasonable attorney's fees and court costs incurred in the action, suit or proceeding, in addition to any other remedy or relief to which it may be entitled.

10. Access to Records.

Consultant shall maintain all books, documents, papers, accounting records and other evidence concerning the expenses and costs incurred and its performance and shall make such material available to PUC for inspection and copying upon request during the contract term and for a period of three years thereafter.

11. Miscellaneous.

a. Any attempt to assign this agreement by Consultant without PUC's prior written consent shall constitute a default of this agreement and any such attempted assignment shall be null and void.

b. The descriptive headings of the several sections and subsections in this agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any provision hereof.

c. Time is of the essence concerning all provisions of this agreement.

d. This agreement is made under, and shall be governed and

construed in accordance with the laws, statutes and regulations of the Territory of Guam.

e. In furtherance of 10 GCA 51118[f] and its October 27, 2005 order, which direct that expenses incurred under this agreement shall be funded by the Solid Waste Operations Fund, PUC certifies that funds are available for this engagement.

f. Neither party shall be liable to the other for damages for any delay arising out of causes beyond its reasonable control and without its fault or negligence.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

GUAM PUBLIC UTILITIES COMMISSION

By: _____
Terrence Brooks, Chairman

CONSULTANT

By: _____



STIPULATION

GEORGETOWN CONSULTING GROUP ["GCG"] and the DEPARTMENT OF PUBLIC WORKS ["DPW"], through their authorized representatives and legal counsel, hereby stipulate and make the following recommendations to the Guam Public Utilities Commission ["Commission"]:

1. GCG serves as the Commission's independent regulatory consultant. DPW is a line agency within the Executive Branch of the Government of Guam [5 GCA § 3106]. The Guam Environmental Protection Agency ["Guam EPA"] is an agency of the Government of Guam operating under the direction of a nine member Board of Directors [10 GCA § 45103].
2. Guam EPA is mandated by 10 GCA § 51103(a) (3) to administer Guam's Solid Waste Management Plan ["Plan"] and by 10 GCA § 45105 to implement the provisions and purposes of 10 GCA Chapter 51. DPW is mandated under 10 GCA § 51103 (b) to implement the Plan; to privatize and administer contracts, within the policy guidelines of the Plan, for all solid waste facilities and operations other than those addressed in PL26-99 (which public law mandates the privatization of solid waste collection and disposal services in 2 of the 3 Solid Waste Collection Districts), including the closure and beneficial use of the Ordot Landfill site, source reduction, recycling, composting, resource recovery, waste reduction, new landfill and transfer stations (which responsibility shall also address the need for recycling facilities for scrap metals, including vehicles, white goods, tires and, via the Plan, green waste; as well as contracting with private entities for the development, financing, construction and operation of any such facilities); and to establish and administer procedures for the collection of fees for solid waste collection, processing, resource recovery and disposal.
3. On February 12, 2004, the District Court of Guam entered a Consent Decree in Civil Case No. 02-00022, which mandated the Government of Guam within specified time frames, to take the following actions ["Consent Decree Tasks"] : [1] closure of the Ordot Dump, including an interim permit or order from

Guam EPA for operations prior to closure, and cessation of pollutant discharges to waters of the United States, [2] site selection, design and construction of a permitted municipal solid waste landfill ["MSWLF"], [3] implementation of a household hazardous waste ["HHW"] collection program, including construction and operation of HHW receiving facility, and [4] adoption of a financial plan and the securing of financing for the above tasks. The Government of Guam is the party defendant in the federal case.

4. Pursuant to 5 GCA § 51118(e), the Commission is responsible for establishing the following tipping and user fees ["Fees"]: business and governmental tipping fees; a variable residential tipping fee, including a targeted residential lifeline rate; and a self-drop fee.
5. Pursuant to 5 GCA § 51118(a), the Fees provide a funding source for Government of Guam costs and expenses directly related to the development, design, construction, operation and/or closure plus post closure of (a) the MSWLF, (b) the Ordot dump, (c) other contracted solid waste management facilities, and (d) such other facilities as may be established under Chapter 51 and in accordance with the Plan. 5 GCA §51118(a) also provides that expenditures of the Fees shall be made in accordance with the annual fiscal year appropriation for DPW's Division of Solid Waste Management ["Division"].
6. The Division's FY06 budget of \$5,430,415 is attached as **Attachment A**, while the appropriation in PL28-68- for SWM operation in FY06 is \$5,822,582.
7. 10 GCA § 51118(e) directs that the Commission establish the Fees based on volume and an actuarial cost of service analysis, and requires a focused management audit ["Management Audit"] of existing operations. The parties agree that GCG's September 20, 2005 Analysis and Report ["GCG Report"] in this docket of the Division's historic operational costs and of its forecasted FY06 costs should serve as the "actuarial cost of service analysis" required under section 51118(e). The GCG Report is made **Attachment B**.

8. The parties recommend that the *Commission* adopt the *Fees* proposed in the *GCG Report* as a first step toward volume and cost based rates. The parties also accept the recommendations of *GCG* regarding depositing the revenues derived from the proposed rate recommendations of *GCG* into the Solid Waste Operations Fund established by 10 GCA § 51118(f) and to escrow the rate increase portion of these funds specifically for the purposes identified in the *GCG Report* as "debt service related" provided however that funds for the costs for the anticipated *Management Audit* may be released from said escrow upon order of the *Commission*. The remainder of the funds placed in escrow may be released upon order of the *Commission* in order to fund the *Consent Decree Tasks*. The parties further agree that a variable rate residential tipping fee is required by law. It is further agreed that the financial information required for the establishment of this variable fee is currently lacking. The parties agrees that one of the items to be reviewed by the *Management Audit* will be the proper recording of costs for all services rendered by the *Division*. At the end of the *Management Audit*, a recommendation for variable rate residential tipping fees will be presented to the *Commission*.
9. The parties further agree that a targeted lifeline rate will be established by the *Commission* once it sets the permanent rates (anticipated in the spring of 2006). In the meantime, the parties will discuss the level of discount and the bases for qualification for the discount.
10. Administration of the fund into which the fees are deposited shall be the overall responsibility of *DPW*, with the *Division* providing all necessary support services such as billing and collection
11. The Government of Guam, through the Guam Economic Development and Commerce Authority ["*GEDCA*"], is in the process of determining the best type of financial arrangement to provide funds that are necessary to enable it to complete the *Consent Decree Tasks*. The parties are awaiting recommendations from *GEDCA's* financial advisor, which recommendations will be useful and necessary to provide investors with comfort regarding the

adequacy and stability of Fees to be established by the *Commission*. The parties recommend that the *Commission* act promptly to review these recommendations and that the parties implement as many of the *Commission* approved recommendations as possible prior to April 2006.

12. In order to enable the *Commission* to monitor the adequacy of the rates proposed by this stipulation, *DPW* agrees to provide quarterly reports on the *Division's* revenues and expenses to the *Commission*. The reports shall contain the financial information required by *GCG's Report*, including but not limited to Income Statements and Balance Sheets for each quarter beginning October 2005 together with a statement of the amount of deposits that have actually been escrowed each month. The reports shall be due within 21 days after the close of each quarter.
13. 10 GCA 51118(e) empowers the *Commission* to undertake the *Management Audit* of the *Division*, including *HHW* operations that are under current law administered by the *Division*. The *GCG Report* finds that immediate remedial action by the *Division* is both reasonable and necessary to improve billing and collection and other practices. The parties recommend that the *Commission* initiate an independent *Management Audit* of the *Division's* operations as soon as possible.
14. The parties recommend that the *Commission* review on a quarterly basis the *Division's* compliance with the *Commission's* rate order and whether the interim rates have generated sufficient revenues to cover the costs of the *Division's* operations until such time as permanent rates are established, and whether and to what amount rates will need to be increased to cover the costs of other solid waste management practices.
15. The procurement of goods and services or the incurring of obligations above a threshold of \$50,000.00 shall require prior *Commission* approval. As part of any request for *Commission* approval of a planned procurement, *DPW* shall certify the availability of or the proposed source of funds necessary for said procurement. Should *DPW* be able to adequately justify the need for a higher

emergency threshold, the *Commission* shall determine the appropriate amount of such emergency threshold, including the conditions constituting an emergency, in setting permanent rates. The parties recommend that the *Commission* establish a clearly defined protocol governing the procedures for approval of procurements and any other matter requiring *Commission* approval as soon as possible.

DATED this 17th day of October, 2005.

DEPARTMENT OF PUBLIC WORKS

By: _____

LAWRENCE PEREZ
Director

DOUGLAS B. MOYLAN
ATTORNEY GENERAL
OFFICE OF THE ATTORNEY GENERAL
CIVIL DIVISION

By: _____

HELEN KENNEDY
Assistant Attorney General
Legal Counsel

GEORGETOWN CONSULTING GROUP

By: _____

JAMSHED MADAN
Principal

**KLEMM, BLAIR, STERLING &
JOHNSON, P.C.**

By: _____

JAMES F. BALDWIN
Legal Counsel

F56\24931-95

G:\WORD97\OFFICE\WORDDOC\GCG\DOC\015-STIPULATION RE DPW.DOC

SOLID WASTE MANAGEMENT
Proposed Fiscal 2006 Budget
PUC Docket 05-09

Appropriation Classification	FY 2004 Expenditures & Encumbrances	FY 2005 Authorized Level	FY 2006 Total Req.	FY 2006 Total Req. See Note	
PERSONNEL SERVICES					
Regular Salaries/Increments	\$ 2,454,115	\$ 2,766,766	\$ 2,184,134	\$ 2,950,656	
Overtime/Special Pay	122,829	-	-	-	
Benefits	680,981	881,000	687,072	912,879	
TOTAL PERSONNEL SERVICES	\$ 3,257,925	\$ 3,647,766	\$ 2,873,743	\$ 3,863,535	
OPERATIONS					
TRAVEL- Off-Island/Local Mileage Reimburs.	\$ 5,636	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES:	376,274	1,047,267	791,106	791,106	See Page 2
OFFICE SPACE RENTAL:	-	-	-	-	
SUPPLIES & MATERIALS:	305,705	214,415	296,352	296,352	See Page 2
EQUIPMENT:	5,532	20,000	10,000	10,000	See Page 2
SUB-RECIPIENT/SUBGRANT:	-	-	-	-	
MISCELLANEOUS:	-	-	-	-	
TOTAL OPERATIONS	\$ 693,147	\$ 1,281,682	\$ 1,097,458	\$ 1,097,458	
UTILITIES					
Power	\$ 15,000	\$ 26,348	\$ 26,348	\$ 26,348	
Water/ Sewer	6,564	6,564	6,564	6,564	
Telephone/ Toll	7,640	7,640	7,640	7,640	
TOTAL UTILITIES	\$ 29,204	\$ 40,552	\$ 40,552	\$ 40,552	
INDIRECT COST	-	-	-	-	
CAPITAL OUTLAY	\$ 134,575	\$ 200,000	\$ 428,870	\$ 428,870	See Page 2
TOTAL APPROPRIATIONS	\$ 4,114,851	\$ 5,170,000	\$ 4,440,623	\$ 5,430,415	
FULL TIME EQUIVALENCIES (FTEs)					
UNCLASSIFIED	-	-	-	-	
CLASSIFIED	108	112	90	114	
TOTAL FTEs	108	112	90	114	

Note: The "Final FY06 Budget" included labor related costs of the administrative division and transportation division.

SOLID WASTE MANAGEMENT
Proposed Fiscal 2006 Budget
PUC Docket 05-09

Item	Total Price
Equipment Rental for Collection	274,406
Equipment Rental-Ordot Landfill & Dededo Coral Pit	232,000
Tipping Fees Billing printer	50,000
Public Awareness Advertisement	50,000
Equipment Maintenance	20,000
Airtime Charges	14,700
Solid Waste Tipping Fee Data Mgmt System-Billing/Acctg	150,000
	-
Total Contractual	791,106

Schedule C - Supplies & Materials

Item	Total Price
Landfill Operations Materials/Supplies	25,000
Collection Operations Materials/Supplies	56,352
Transfer Stations Operations Materials/Supplies	25,000
Office Materials & Supplies	10,000
Fuel/Oil	180,000
	-
Total Supplies & Materials	296,352

Schedule D - Equipment

Item	Total Price
Tools for Operational Needs	10,000
	-
	-
	-
Total Equipment	10,000

Schedule E - Miscellaneous

Item	Total Price
	-
Total Miscellaneous	-

Schedule F - Capital Outlay

Item	Unit Quantity	Total Price
Roll Off Containers	2	40,000
Bulk Containers	13	66,870
Packer Trucks	2	240,000
Pick Up Trucks	2	32,000
Parts Light/Heavy Equips (over \$500)		50,000
		-
Total Capital Outlay		428,870



BEFORE THE PUBLIC UTILITIES COMMISSION OF GUAM
Report on Interim Tipping Fees for Solid Waste Management
PUC Docket 05-09
Jamshed K Madan

September 2005

TABLE OF CONTENTS

I. SCOPE, PURPOSE AND BACKGROUND1
A. Consent Decree – Civil Case No. 02-00022.....1
B. Public Law 28-562
C. Structure of DPW and SWM.....5
D. Legal Issues6
II. SUMMARY OF CONCLUSIONS.....8
III. CURRENT RATE STRUCTURE, REVENUES AND EXPENSE.....12
IV. COST OF SERVICE/REVENUE REQUIREMENT17
A. Test Year Revenues17
B. Test Year Expenses18
C. Regulatory Fees and Management Audit Costs18
D. Arrearage Collection19
E. Lifeline Customers19
D. Debt Service20
E. Revenue Deficiency21
V. RATE DESIGN22

1 I. SCOPE, PURPOSE AND BACKGROUND

2
3 A. Consent Decree – Civil Case No. 02-00022

4
5 On February 12, 2004, the District Court of Guam entered a Consent Decree in Civil Case
6 No. 02-22, which established a process for developing and implementing a federally
7 approved solid waste management plan for Guam [*“Consent Decree Plan” or “Decree”*].
8 The government of Guam is the defendant in the Consent Decree. The Decree required that
9 the Guam Department of Public Works (“DPW”) close the current operating landfill facility
10 at Ordot and perform appropriate mitigating wetland construction upon closure. A specific
11 timeline for completion of each of the tasks for closure of the Ordot facility is included in the
12 Decree. The Decree also provides a timeline and milestones for the construction of a new
13 Municipal Solid Waste Landfill (MSWLF). A site in the village of Inajaran has been
14 selected for the construction of the MSWLF. The Decree required the establishment of a
15 compliance team, submission of quarterly reports and the preparation and submission of a
16 Financial Plan to complete the closing of the Ordot facility and the opening of a new
17 municipal solid waste landfill (MSWLF).

18 In October 2004, DPW submitted a Financial Plan that was prepared by Duenas &
19 Associates and Ernst & Young. The Financial Plan provided preliminary estimates for the
20 costs of completing the closure of Ordot facility and construction of the new MSWLF
21 (“Projects”). In addition, the Financial Plan presented alternative financing options for
22 completing the Projects. The Financial Plan presents operating costs and revenues under
23 current operations, but did not incorporate that data into an overall view that included the
24 costs for the Consent Decree Projects. While there have been changes in the original cost
25 estimates for completing these Projects, there has been no update or revision of the Financial
26 Plan to incorporate these changes.

27 An initial option considered to comply with the Decree requirements was to seek an
28 entity to design, build, operate and transfer the facility to DPW at the end of the contract

1 (DBOT). To obtain estimates of the operating and capital costs for the new MSWLF and the
2 differences in these costs between a public and private operator, DPW retained the services
3 of TG Engineering to create a financial model that would be flexible enough to test various
4 operating and financing assumptions. This financing model was submitted to DPW on June
5 15, 2005. This model does project certain components of costs for the new MSWLF,
6 including some administrative overheads, but the study is incomplete for our purposes as it
7 does not include closure costs and routine operations and maintenance costs related to the
8 Ordot facility and residential pickup. Neither the Financial Plan nor the TG Engineering
9 model shows the impact of the requirements of the Decree on the rates of DPW's current
10 customers or the design of such rates.

11 DPW reports that it has for the most part been meeting the deadlines imposed by the
12 EPA in the Decree. DPW had been fined \$200,000 as part of the Consent Decree and has
13 since been fined only once for a total of \$7,500 DPW's compliance team reports that they
14 have prepared a "more realistic" time line and submitted the same to the EPA in support its
15 request to amend some of the time lines imposed by the Decree. We have requested a
16 crosswalk showing the original and proposed timeline and the amount of fines that may be
17 imposed should the EPA reject the proposed timeline and DPW nonetheless proceeds
18 forward under the new timeline. Under this scenario, we have been informally advised by
19 DPW that it may be subject to over \$6 million of penalties that have not been included in
20 this report. If EPA rejects DPW's suggested timeline, the timing of the rate increases
21 required as described in our report could change as described below.

22
23 B. Public Law 28-56

24
25 Recently the Guam Legislature passed PL28-56 which amended Title 10, subsections
26 51118(e & f). Pursuant to 5 GCA 51118[e] (PL 28-56), the Commission is responsible for
27 establishing the following tipping and user fees [*"Fees"*]: business and governmental tipping

1 fees; a variable residential tipping fee, including a targeted residential lifeline rate; and a
2 self-drop fee. Pursuant to 5 GCA 51118[a] the Fees provide a funding source for
3 government of Guam costs and expenses directly related to the closure of the Ordot facility,
4 the development, design, construction and operation of the new landfill, the final closure
5 Ordot facility and other solid waste management facilities in accordance with the Plan and
6 with the annual fiscal year appropriation for DPW's Division of Solid Waste Management
7 [*"Division" or "SWM"*]. PL28-56 also removed the ratemaking powers of DPW. 10 GCA
8 51118[e] directs that the Commission establish the Fees based on volume and an actuarial
9 cost of service analysis. Our Report in this docket of the Division's historic operational costs
10 and of its forecasted FY06 costs should serve as the "actuarial cost of service analysis"
11 required under section 51118[e]. Finally, 10 GCA 51118(e) as amended also states that the
12 PUC is empowered to undertake a focused management audit of the operations of the SWM
13 division of DPW.

14 DPW approached the Commission in July 2005 with a request that the PUC's
15 consultants, Georgetown Consulting Group ("GCG"), assist DPW in the preparation of an
16 "actuarial cost of service analysis" and make recommendations regarding the rates that
17 would be necessary to recover the costs identified during the course of GCG's study. The
18 normal PUC rate setting procedure, without such prior collaboration, would have been for
19 DPW to make a full submission of its proposed rate change (most likely using outside
20 contractors) that would comply with the PUCs procedures for such submissions. DPW
21 would also have been required to submit pre-filed testimony to support its filing, along with
22 a series of financial schedules that are required under the PUC rules and commonly referred
23 to as "MFRs" – Minimum Filing Requirements. This can be a time consuming process, but
24 is necessary in order to balance the needs of the regulated entity with such entity's customer
25 needs.

1 Since DPW was approaching the time when it would require funding for the decree
2 Projects and it was unclear whether the rate structure of SWM could support the
3 requirements of a significant amount of debt in its routine operations, GCG agreed to assist
4 DPW in presenting a cost of service study to be submitted to the PUC and to suggest
5 modifications to rates to reflect that cost of service, as may be required. The Commission's
6 Administrative Law Judge (ALJ) has set a deadline of September 20, 2005 for our Report
7 and rate recommendations.

8 DPW's management and GCG have agreed that the rates resulting from this cost of
9 service study should be viewed as interim. These interim rates will be monitored and
10 reserved (as will be described more fully in this report) with the expectation that sometime in
11 Fiscal 2006 more permanent rates will be set. It is also agreed that the cost of service for
12 SWM should be performed on a "stand alone" basis, i.e. as if SWM were an independent
13 enterprise. PL28-56 also requires that a Solid Waste Management Operations Fund
14 ("Fund") be established solely for the purpose of depositing tipping fees and disbursing these
15 funds for SWM operations and any other purpose ordered by the PUC related to SWM.
16 Management and GCG are currently working on a joint stipulation to present to the PUC
17 regarding the adoption of the recommendations of this report and future actions that should
18 be taken.

19 Later in fiscal 2006, SWM and the PUC will have a clearer picture of the costs of
20 the Consent Decree Projects and will have decided upon the method for financing the
21 Projects. In addition, the financial and reserve requirements of the bond investors to provide
22 the required financing for the Projects will become "known and measurable." Moreover, a
23 focused management audit of SWM could be completed within that time frame. The audit
24 may recommend changes in operations that may result in cost efficiencies and reduce the
25 current cost of service for ongoing services.

1 This report uses the best information currently available to derive an interim cost of
2 service. At present there are no monthly income statements, balance sheets and cash flow
3 statements for SWM's operations. This has serious implications from management,
4 regulatory and investing perspectives. Establishing a viable accounting system should be
5 one of SWM's highest priorities in order to have accurate, transparent and routine financial
6 records by the time the bond is issued.¹ Although DPW and thereby SWM² is audited, a
7 certain level of comfort is achieved for both the regulator and investor if interim financial
8 statements for SWM are provided and can be assumed reasonably accurate.

9
10 C. Structure of DPW and SWM

11 The DPW is one of several line agencies of the government of Guam. DPW has several
12 departments: Administration, Engineering, Bus Operations, Housing Management, Building
13 Maintenance, Highways, Solid Waste Management (SWM) and Transportation
14 Management. The operation of DPW is supported by the revenues derived from the services
15 it renders, fines and penalties it collects, grants it receives and appropriations from the
16 government of Guam's general fund ("General Fund").

17 SWM currently has four divisions: administration, customer service, landfill and
18 transfer stations. Support for SWM's operations comes from revenue streams derived from
19 SWM's charges for services. In addition, there have been infusions of cash from Federal
20 grants, Compact Impact funds and from the General Fund. According to the information
21 prepared by DOA and provided to us in late August 2005, DPW had a liability to the
22 General Fund of \$1.9 million as of July 2005. We have just received a cash flow analysis
23 for Fiscal 2003, Fiscal 2004 and Fiscal 2005 through July 2005 showing how that liability
24 was determined, but we have not had the time to fully review this newly provided

¹ During our investigation, we met with the Department Of Administration which indicated that it could begin to prepare monthly income statements, balances sheets, cash flow and budget variances for SWM.

² SWM is only a part of DPW.

1 information. We have assumed DPW has no liability to the General Fund as of October 1,
2 2005 for purposes of the development of rates. If the liability DOA identified will be
3 required to be paid back to the General Fund, the rates proposed by GCG will have to be
4 increased to provide for such repayment.

5 While we will recommend revised interim rates, information regarding specific costs
6 for each service provided by SWM is lacking and therefore we will defer our
7 recommendations on full cost-based rates until there is a better base of information. There
8 are costs within DPW for personnel who provide services to more than one division of
9 DPW, including SWM that should be included in the cost of service for SWM. For instance,
10 SWM does not budget for its share of the cost for DPW Director and his Staff. In addition,
11 there are billing and collection costs performed by DOA that are not recorded or budgeted by
12 SWM. On the other hand, SWM has maintenance personnel that provide maintenance on
13 equipment other than SWM equipment and no credit is received for their services outside
14 SWM. Within the timeframe provided to GCG by the ALJ, the magnitude and proper
15 allocation of these costs have not been determined. The sharing of expenses between DPW
16 and SWM should be reviewed during the management audit and perhaps employee transfers
17 may be required or alternatively an allocation of employee (and other) costs should be in
18 place and reviewed periodically. This audit should also review the billing and collection
19 options for SWM and make recommendations on a cost benefit basis, e.g. performing this
20 function "in house", using DOA for this function, arranging for joint billing with
21 GPA/GWA, etc.

22 23 D. Legal Issues

24 In our discussions with SWM and its Counsel, Assistant Attorney General Helen
25 Kennedy, it was determined that the recent passage of PL28-56 created certain
26 inconsistencies and roadblocks that need to be corrected so that the PUC may order SWM to

1 perform certain administrative tasks related to collection, lifeline rate design and cash
2 management without potential interference from other government entities. A copy of the
3 summary of legal impediments has been prepared by our legal Counsel has been attached to
4 this report as Attachment 1.

1 II. SUMMARY OF CONCLUSIONS

2 As a result of our preliminary review of the operations and data provided to us by SWM and
3 as a result of our agreement with management regarding the interim steps required to
4 respond to the need for sufficient rates to cover routine and prudent operational costs plus
5 the costs associated with the Consent Decree, the following summarizes our
6 recommendations:

7 1. For purposes of this report we have assumed that DPW will be required to issue new
8 debt of approximately \$93 million to fund the requirements of the Consent Decree in
9 approximately the July 2006 through September 2006 timeframe. Currently it is
10 anticipated that the additional bonds will create an additional revenue requirement of
11 at least \$6 million per year, plus a coverage premium that is yet to be determined
12 that will need to be funded through rates for services. Assuming that SWM collects
13 its billed revenues without writing off amounts as it has in the past, the increase in
14 rates associated with the increased debt service may more than double the current
15 level of revenues, which are approximately \$6 million, resulting in increased rates in
16 order to complete the tasks required by the Consent Decree.

17
18 2. A more than doubling of rates in the July through September 2006 timeframe will
19 cause a significant rate shock and disruption for ratepayers already struggling with
20 rate increases associated with electric and water services. While there are no options
21 that will avoid significant hardships to consumers, we recommend that the PUC
22 begin to phase in the anticipated rate increase at this time with appropriate
23 protections for the funds collected through an initial phased-in increase. We
24 recommend that effective November 1, 2005 SWM rates should be increase by 25%
25 from current levels as an interim measure as summarized in the following table:
26

Service Fees	Current	Proposed
Residential Pick-up	\$8/month	\$10/month
Tipping Fee (compacted)	\$16/cy	\$20/cy ³
Tipping Fee (un-compacted)	\$4/cy	\$5/cy
Self Drop < 3 cy	\$2/pickup	\$2.50/pickup
Self Drop > 3cy	\$4/cy	\$5/cy

1
2 These rates are viewed as interim rates subject to adjustments once the management
3 audit is complete and more definitive information regarding the bond issuance is
4 provided.

5
6 3. The proposed increases are based upon the cost of service for SWM only. For
7 ratemaking purposes this basic principle should continue and any legal impediment
8 to the accounting, segregation and use of funds for SWM purposes should be
9 addressed by the PUC and the appropriate actions be taken to remove any
10 impediments.

11
12 4. These increased rates proposed will result in approximately \$1.3 million of
13 additional revenues (net of uncollectible allowance). We recommend that these
14 additional revenues be escrowed in a separate account and that the funds from the
15 account be permitted to be used for the costs associated with the anticipated
16 management audit expense as well as debt service beginning in the fourth quarter of
17 Fiscal 2006. Application to use the funds for capital costs required by the Consent
18 Decree could also be made to the Commission for review and approval.

19
20 5. The PUC should require and monitor the progress and development of routine
21 financial and operational reports that should be provided to management. The

³ For comparative purposes the studies undertaken on behalf of GWA by Duenas Associates/E & Y indicate that an industry average of \$48 per ton as a tipping fee is within the normal range which translates to \$19.20 per cubic yard.

1 absence of these reports creates a significant problem to the regulator and eventually
2 the investor. There have been promises by the Department of Administration
3 (DOA) that it will begin to provide the SWM division monthly income statements,
4 balance sheets, cash flow and budget variance reports.

5
6 6. As a result of the above deficiency, the PUC cannot set permanent and cost-based
7 rates. Once data is provided from which a cost of service can be developed, the
8 interim rates should be replaced by permanent rates.

9
10 7. The PUC should immediately begin the procurement process for a complete
11 management audit as indicated in PL28-56. This audit is vital to review operations
12 and policies of SWM in order to determine at a minimum the following:

13 a. Costs of SWM are being properly recorded and where applicable allocated
14 to and from other divisions;

15 b. Ensure that SWM is applying best practices including but not limited to the
16 overall Staffing pattern and efficient operating procedures and practices;

17 c. To the degree that the Staffing pattern should be adjusted, describe how that
18 adjustment can be best achieved within the constraints of Civil Service
19 regulations;

20 d. To assure that billing and collection activities are resulting in more
21 satisfactory cash flow than has been experienced in the past and whether
22 SWM should undertake these functions or seek contracts with other entities
23 (private or public) to remove these functions from the SWM staff; and

24 e. To improve service for residential pickup and determine whether cost
25 savings are available and whether services should be contracted out in full
26 or in part.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

8. We do not believe that a targeted Lifeline Rate Program could be set up within the time constraints of this proceeding. We recommend that a separate process be initiated as soon as possible to set up the program. The goals of the proceeding should be to set up the eligibility criteria; to determine how many people would qualify for the program; to set up the level of discount; to determine the impact on other rates – i.e. who should pay for the discounts to keep DPW whole.

9. We do not believe that it would be possible to set up a variable residential rate within the time constraints of this proceeding. We recommend that a separate process be initiated as soon as possible to set up the program. Cost information regarding residential services should be quantified to determine the cost incurred by SWM for this particular service. After establishing the overall cost for residential service a process should be established to determine a variable residential rate program. SWM should develop proposals for a variable residential rate based upon customers having a choice of a variable fee based on the number of containers they elect to use for garbage pick up.

1 III. CURRENT RATE STRUCTURE, REVENUES AND EXPENSE

2 As indicated earlier in this report, there are no routine financial statements for the SWM
3 division of DPW. We have attached the Fiscal 2005 budget (**Exhibit 1**) and the Staffing
4 pattern used in that budget (**Exhibit 2**) to discuss the current operations of SWM and to form
5 the basis for the cost of service developed in this report. There was no revenue projection in
6 the SWM budget provided to us during our recent visit. This budget and staffing pattern for
7 FY 2006 has been approved by DPW management, but is currently before the legislature for
8 full approval.

9 Operations at the Ordot facility are seven days a week from 7 AM to 5 PM for
10 commercial haulers, residential hauling by SWM and self-haul customers. The Fiscal
11 Budget for 2006 indicates that there are eighteen (18) positions in the SWM budget for the
12 operations at the Ordot facility with all positions filled as of the date the budget was
13 prepared. The total landfill personnel cost for the Ordot facility is \$650,000. The landfill
14 operation provides a revenue stream resulting from charges of \$4 per cubic yard for un-
15 compacted refuse and \$16 per cubic yard for compacted refuse from commercial and self-
16 haulers. While there are smaller commercial haulers, most of the revenues from the above
17 charges come from five independent commercial operators. These five operators have been
18 billed an average of \$3 million over the past four years (**Exhibit 3**). On each drop, the
19 commercial operator is provided a copy of the charges incurred. Copies of these invoices
20 are forward to SWM's customer service. After recording the invoices, SWM forwards the
21 invoices to the Department of Administration (DOA), a separate line agency. DOA then
22 collates and compiles all invoices for each of the commercial haulers and issues bills.
23 Payment of the bills must be made by the twentieth of the month following service. There is
24 also a much smaller revenue stream that is derived from the same rates as are charged to the
25 five commercial haulers for generating invoices for Other Commercial Haulers (OCH).
26 OCH are infrequent haulers that are retained to haul refuse for specific customers, e.g.

1 construction waste from a builder. As also shown in Exhibit 3, the revenues from the self-
2 haul sites (other than at the landfill) have averaged only \$85,000 per year. Check payments
3 for services are made to the Treasurer of Guam rather than DOA or SWM. It is our
4 understanding that all payments to line agencies must be made to the Treasurer of Guam by
5 law. If SWM is to operate as a stand alone operation, new legislation may be required to
6 remove the requirement of payment to the Treasurer of Guam of tipping fees. This would be
7 more consistent with our stand alone view of SWM and future regulation of investments
8 reserves as may be required.

9 SWM also provides pick up services for residential customers. SWM has a total of
10 48 routes and a staff of 63 with a total labor cost of about \$2 million for this residential
11 operation. Collections are performed five days per week (Monday through Friday). SWM
12 has limitations on the size and contents of a customer's containers, but no limitation to the
13 number of containers that a customer can put out on the curb. This provides no incentive to
14 reduce the amount of waste generated by a household and also invites non-customers to
15 deposit garbage in the containers of rate paying customers(as there is no extra charge for
16 multiple garbage containers). This is why the legislature required that a variable rate for
17 residential service be created. In other words, rates should be established for residential
18 customers based upon the burden that customer places on the collection department. While it
19 is unlawful to dispose of solid waste in a container not his own, this restriction does not
20 seem to be enforceable unless different rules are devised (such as requiring all containers to
21 display a SWM-issued identifying number and imposing a variable charge based on the
22 number of containers used). This abuse of the system should be a focus of the management
23 audit. It is this service that needs a significant revision of the rules for collection of refuse,
24 billing and collection of cash. Management has conceded to us during our review that
25 service by SWM residential haulers has not been acceptable (delay or frequent missed pick
26 ups of garbage) and may be one of the causes for significant withholding of payments by

1 residential customers. We were informed that at any given point in time there may be as
2 many as 10 trucks in repair (with the age of some of these vehicles dating back to 1992).
3 There is a request in the Fiscal 2006 budget to purchase two new trucks as well as an
4 allowance for rental of additional trucks (see Exhibit 1, page 2). The maintenance and
5 condition of the vehicles should therefore also be a focus of the management audit.

6 DPW has recently issued booklets with twelve coupons for equal monthly payments
7 (currently \$8 per month) to all of its current Residential customers. Prior to this year, DOA
8 was responsible for preparing billing coupons for residential customers, while collection of
9 payments continues to be the responsibility of the Treasurer of Guam. As shown on Exhibit
10 3, billings to residential customers have averaged between \$2-3 million, with collections
11 averaging less than \$600,000 per year. Collection of billed residential revenues has been
12 abysmal, with a collection rate of only 20-30%. The difference between billings and
13 collections is more than the required first phase in of rates in this proceeding (\$1.2 million).⁴

14 Management is aware of the poor record keeping associated with the billing and
15 collection of past hauling fees from residential customers. The database used for billings has
16 not been fully reviewed to purge accounts no longer active and to check to see that all of the
17 active accounts are both in the database and being billed. SWM has recently taken the
18 billing tasks for residential customers away from DOA and has very recently mailed the
19 coupons for services for next fiscal year, beginning October 1, 2005 along with a request for
20 payment for prior years where data is available. SWM has issued these coupons with the
21 arrearage from prior years included in the request for payment on the first coupon. In other
22 words, SWM is attempting to collect all of the residential unpaid bills in October 2005. In
23 order to determine the customer base, SWM has informed all individuals that received the
24 coupons that they must come in (or mail in) a form in order to cancel service and remove

⁴ The average billed revenue for residential customers was \$2.3 million and the average collection of \$600,000 or an uncollected amount of \$1.7 million (see Exhibit 3).

1 their name from SWM's database. Customers that wish to continue receiving collection
2 services must re-apply for service by filling in a questionnaire and returning it to SWM.

3 SWM provides a rate for self haul service for those customers who wish to haul their
4 own refuse. For the Ordot self haul location, the customer is charged \$2 per cubic yard up to
5 three cubic yards and \$4 per cubic yard thereafter. For the other satellite locations the
6 customer is charged only the \$4 per cubic yard rate. SWM offers this service at the Ordot
7 facility and at three remote transfer stations. The remote stations are opened five days a
8 week (Thursday through Monday). According to the Fiscal 2006 budget, SWM requires 14
9 employees for this remote service. In addition to maintaining the transfer stations and
10 transferring the refuse to the Ordot facility from the transfer stations, the employees collect
11 the fees from the self-hauler. This is basically a cash service, although the hauler may write
12 a check to the Treasurer of Guam. As a cash service, there needs to be significant internal
13 controls to properly control the cash. Based on recent information, these controls may have
14 been inadequate and should be a subject of investigation during the management audit. It
15 also appears that the revenues from the remote transfer stations do not support the costs.
16 While there may be reasons other than economic to continue operating and maintaining these
17 transfer stations, this should also be investigated during the management audit.

18 A cost of service study should include an estimate of operating expenses that must
19 be recovered by rates. We have prepared an Exhibit showing the historic and projected
20 operating and labor costs of SWM (**Exhibit 4**). The Fiscal 2006 budget request
21 (unapproved) is \$5.4 million for these costs. Most of the budget is labor-related (\$3.9
22 million). The budget includes labor costs to fund 114 of the 119 positions shown in the
23 Staffing summary. The budget has been submitted to the legislature and is awaiting
24 approval. The budgeting process does not segregate what costs are to be funded by the
25 revenues of SWM and the extent to which these costs are to be subsidized with Federal
26 grants and appropriations from General Fund. There is no forecast of revenues

1 accompanying SWM's budget request, nor could we ascertain the amount of SWM costs that
2 will need to be subsidized from the General Fund for future fiscal years. It can be noted that
3 only in Fiscal 2005 does it appear that SWM will expend an amount greater than or equal to
4 the original budget. In all prior years, SWM did not expend its total operating budget.⁵

⁵ We note that in Fiscal 2005 there was a large amount budgeted and expended under the "contacts" category. We await a response to our request for further information.

1 IV. COST OF SERVICE/REVENUE REQUIREMENT

2 A revenue requirement analysis needs to be performed to determine the amount of additional
3 revenues needed to satisfy the operating and capital requirements of SWM. A revenue
4 requirement analysis is merely a study that determines the amount of revenues (and other
5 infusions of cash) that are required to pay operating expenses, purchase capital improvement
6 items, pay debt service, meet the standards of any bond covenant, pay down liabilities and
7 establish an operating reserve fund. The PUC generally regulates the entities under its
8 jurisdiction using a target ratio for debt service coverage. In the instance where there is no
9 debt coverage requirement or the cash required for a specific item is greater than the
10 coverage target, the PUC has set rates on a cash basis. For the purpose of interim rates, we
11 will use Fiscal 2006 to determine revenue requirements on a cash basis and calculate a pro
12 forma coverage on the small portion of debt service projected to occur in Fiscal 2006. We
13 expect, however, that prior to the issuance of a major bond issue there will be an additional
14 application for a rate increase to the PUC with an appropriate additional grant. A summary
15 of the revenue requirement is provided in **Exhibit 5**.

16
17 A. Test Year Revenues

18 For the estimate of revenues at current rates (Column A of Exhibit 5), we used the
19 average revenues from the past four years for each customer service classification. Using
20 these assumptions it can be seen that without adjustments or allowances for uncollected
21 revenues, SWM would be able to develop sufficient cash to cover operations and the capital
22 expenditures in its Fiscal 2006 budget. As we earlier described, SWM has had a history of
23 poor collections, particularly from the residential customers. Uncollectible allowances for
24 the other entities regulated by the PUC are considerably less than 10%. To project net
25 revenues for interim rates purposes, we have used an allowance of 5% from commercial
26 customers, although we do not believe that this particular class of customers should have this

1 large allowance. These companies are totally dependent upon the Ordot facility and
2 rejection of service at this facility for non payment would effectively put any such customer
3 out of business. We have used an allowance of 30% for residential customers even though
4 implementation of sound collection policies resulting from a management audit should be
5 able reduce this percentage to a more acceptable level. To the degree SWM can improve its
6 collections to a more acceptable level beyond our recommended allowance, additional cash
7 would accrue for future payments of capital improvements.

8
9 B. Test Year Expenses

10 As we indicated earlier, the Fiscal 2006 budget is still pending legislative approval.
11 Since the Fiscal 2006 budget is significantly above prior years (with the exception of Fiscal
12 2005), for the purposes of establishing interim rates we have assumed an operational budget
13 of about \$500,000 less than requested without making specific line item adjustments. We
14 also removed about \$400,000 from the capital expenditures until such time as the
15 management audit determines the appropriateness of including billing and accounting
16 software and whether additional rental and/or purchase of compactor trucks are best
17 practices. We were also recently informed that some of these vehicle costs may be defrayed
18 using Compact Impact funds that have been designated for this purpose. The level of the
19 adjustment for capital expenditure is derived by removing the solid waste Tipping Fee Data
20 Management System – Billing/Accounting (\$150,000) and removal of \$240,000 for the
21 purchase of packer trucks. This should not be interpreted that GCG disproves of these items,
22 but during the period of interim rates planning of operations using best practices may reveal
23 a better strategy for billing, collection and truck maintenance and purchases.

24
25 C. Regulatory Fees and Management Audit Costs

1 The SWM budget does not include costs related to the setting of rates or the cost of
2 the management audit. As a result we have upwardly revised the annual operating budget by
3 \$500,000 for these items. This represents only an estimate for interim rates. When
4 permanent rates are set and we have a better idea of the costs of regulation and the
5 management audit, we will make the appropriate adjustments at that time. It should be noted
6 that there may be sources to fund the management audit other than rates. SWM and the PUC
7 should review any possible option (such as a Federal grant).

8
9 D. Arrearage Collection

10 As we described earlier, SWM has recently sent billing coupons to all of its current the
11 residential customer, with the first coupon including the arrearages in their accounts.
12 Recovery of at least a portion of the arrearages would create additional cash for SWM,
13 although it will not impact earnings. As an estimate, we have used a total of \$150,000 of
14 additional cash as an initial estimate of the arrearages that will be collected from residential
15 customers.

16
17 E. Lifeline Customers

18 PL28-56 gave the PUC the authority to set lifeline rates. In 10GCA §51118, ¶ (h) (1).
19 Lifeline rates are to be set for residential customers that meet the eligibility requirement for
20 low income housing as established by the Guam Housing and Urban Renewal Agency
21 applicable to low income housing. As shown in the attached legal memorandum, the
22 qualification for low income housing in Guam for a single-person household is currently
23 \$35,300. Statistics regarding the number of customers potentially eligible should be
24 evaluated as soon as possible. As described earlier, the residential customer data base is still
25 in the process of purging and updating customer data so the impact of the lifeline discount
26 rate on other rates cannot be determined at this time. We recommend a process to

1 implement these rates be set at this time. The percentage discount to be determined
2 applicable to residential rates for lifeline services should take into account the magnitude of
3 discount for lifeline services implemented for utilities and other entities regulated by the
4 PUC. In the interim, DPW should issue a public notice regarding the institution of a lifeline
5 rate and request applications from citizens once the eligibility standards have been identified
6 by the PUC. We have requested our Counsel to provide a legal opinion as to whether the
7 GHURA public housing criteria is the sole basis for eligibility or whether establishing
8 alternative criteria is permissible. Once a better idea of the number of eligible customers is
9 known, a lifeline rate can be established and any shortfall in revenues can be determined and
10 spread among the other classifications of customers.

11 12 D. Debt Service

13 DPW is anticipating the issuance of bonds for the specific purpose of financing a portion of
14 the costs related to the consent decree. As shown on **Exhibit 6**, the current expectation is
15 that there will be about \$85 million of Consent Decree requirements covered by the Bond. It
16 should be noted that some of the proceeds of the bond are designed to reimburse SWM (or
17 DPW) for costs already incurred and already paid for through rates or the General Fund and
18 therefore there exists the possibility that the bond size could be reduced by a few million
19 dollars. To establish the \$85 million fund requires a bond size in excess of that amount. On
20 **Exhibit 7**, we show the estimated bond size based upon an assumption of issuance costs of
21 2% plus a requirement for a debt service reserve equal to one year of principal and interest.
22 Exhibit 7 also contains an amortization table showing level payments of debt service over 30
23 years. For purposes of the test year, we have assumed that the required debt service payment
24 is for $\frac{1}{4}$ of the year under the further assumption that the funds will become available for the
25 last quarter of Fiscal 2006. It should be noted that the most economic process for SWM (and
26 GEDCA) may be to capitalize (borrow) the interest incurred for the period of construction of

1 these Projects and make interest only payments. This is the current thinking of Guam
2 Waterworks Authority (GWA) for its proposed bond series. To be conservative, we have
3 assumed payments of principal and interest in this fiscal year. To the degree the Fiscal 2006
4 debt service assumptions are incorrect the additional cash will be reserved for future capital
5 outlays. Also we have not included three months of interest income on the unexpended
6 capital as a further conservative assumption.

7
8 E. Revenue Deficiency

9 As shown on **Exhibit 7**, SWM will not produce sufficient cash to operate and to pay the
10 upcoming debt service in Fiscal 2006 with current rates under the scenario that we have
11 depicted with no further rate increase. Even with a 10% overall increase in existing rates at
12 the current time, there still remains a deficiency if there is no further rate increase. In our
13 discussion with DPW (SWM) and its financial and legal advisors, DPW (SWM) indicated
14 that the most likely scenario would be for DPW to seek a further rate increase once a
15 Feasibility Study for the proposed financing is complete but before the sale of the bonds.
16 Without the financing requirements, there will be well sufficient cash to fund current
17 operations. We recommend that the PUC permit an overall increase of 25% on all rates of
18 SWM as an interim rate increase in order to phase in the large rate impact discussed
19 previously. Although the proposed 25% increase still creates a slight revenue deficiency
20 without a further rate increase, SWM will be seeking to establish permanent rates before the
21 issuance of bonds in the spring of 2006. Therefore, the payment of debt service of \$1.5
22 million will not occur before that time and we recommend that an amount of approximately
23 \$125,000 per month be reserved in a specifically identified interest bearing account for the
24 purpose of future capital outlays.

1 V. RATE DESIGN

2 As we indicated above, we are recommending an interim increase of 25% with such increase
3 being applied across the board. This 25% increase in rates is shown in the following table:

4

Service Fees	Current	Proposed
Residential Pick-up	\$8/month	\$10/month
Tipping Fee (compacted)	\$16/cy	\$20/cy
Tipping Fee (un-compacted)	\$4/cy	\$5/cy
Self Drop < 3 cy	\$2/pickup	\$2.50/pickup
Self Drop > 3cy	\$4/cy	\$5/cy

5
6 There are two issues that must be addressed regarding rate design-variable rates for
7 residential customers and lifeline rates.

8 Assuming that PL28-56 has transferred the requirement of a variable rate for
9 residential customers to the PUC, additional operational data is required to implement these
10 rates. We believe the concept of having SWM purchase receptacles ("cans") containing
11 individual identifying numbers and markings and renting these to SWM's residential
12 customers through the use of a refundable customer deposit should be examined in the
13 management audit. A residential customer would then be issued one container and charged a
14 deposit on such container equal to its full replacement cost. Residential pickup would then
15 be performed only if the driver sees the SWM container at curbside. Additional containers
16 could be provided should the customer desire at an additional charge. This would be the
17 most cost effective means to fulfill the mandate for variable rates. We would need cost data
18 from the audit to determine the cost of trash hauling services and the incremental cost an
19 additional container would cause in order to determine the appropriate monthly charge for
20 such additional container. This will be an item of review during the upcoming management
21 audit described earlier.

ATTACHMENT 1

MEMORANDUM

TO: ED MARGERISON & JAMSHED MADAN

FROM: JAMES F. BALDWIN

SUBJECT: LEGAL IMPEDIMENTS TO ESTABLISHING INTERIM TIPPING FEES

DATE: SEPTEMBER 21, 2005

The purpose of this memorandum is to highlight certain statutory provisions that could create legal impediments to ensuring:

- that solid waste revenues and expenses for Fiscal Year 2006 do not bypass the Solid Waste Operating Fund; and
- that all tipping fees are properly billed, collected and reserved in such a manner as to make the upcoming special revenue bond offering.

A. VARIABLE RATE VERSUS FLAT FEE

10 GCA §51118(h) tasked DPW with developing variable residential tipping fees. The initial residential tipping fee established by Public Law Number 24-272 is a flat fee of \$8 per household, which fee has never been changed to date. The Legislature recognized that a flat fee discourages trash reduction, penalizes smaller families and subsidizes large residential generators of waste. The sliding scale of residential tipping fees mandated by the Legislature must, at a minimum, charge residential generators based on the amount of waste produced and picked up by DPW.

The rate-making authority which was previously given to the DPW under 10 GCA §51118 was revoked by Public Law 28-56. Unfortunately, PL 28-56 only changed 10 GCA §51118(e) and not §51118(h).

Assuming the requirement in §51118(h) for a variable rate is still valid despite DPW's failure to meet the time deadlines in this subsection for submission of a plan to the Legislature, then the simplest way to effectuate the mandate for variable rates would be to set a tipping fee that is based on the number of trash cans set out for collection.

KLEMM, BLAIR, STERLING & JOHNSON
A Professional Corporation
1008 Pacific News Building
238 Archbishop F.C. Flores Street
Hagåtña, Guam 96910-5205

MEMORANDUM

TO:

FROM:

DATE: SEPTEMBER 21, 2005

PAGE: 2

Having the drivers count the actual number of trash cans set out by every customer each week does not appear feasible. On the other hand, DPW could purchase customized trash cans with the DPW logo and a serial number on each can. Each customer would be assigned one can and charged a deposit equal to the replacement cost plus an administrative fee. Any customers consistently generating in excess of 1 DPW approved trash can full of garbage per week will be required to apply with DPW for a second can. Some thought will need to be given as to whether the rate for a second can should be double the tipping for a single can or some lesser amount that recognizes the additional labor in picking up a second can is less than the labor involved in picking up single cans at separate locations.

B. TARGETED LIFELINE RATES

10 GCA §51118(h)(1) required DPW to establish Targeted Lifeline Rates for residential tipping fees covering pick-up and delivery of residential trash. The eligibility requirements for Lifeline Rates are required to be consistent with and meet the low income eligibility criteria, requirement, policies or procedures established by the Guam Housing and Urban Renewal Authority ("GHURA") applicable to their Low Income Public Housing Program. We are concerned that GHURA's low income housing limits for 2005 are quite high and may result in a significant number of households being exempt from tipping fees. These figures are:

#	<u>Household Income</u>
1	\$35,300
2	\$40,300
3	\$43,350
4	\$50,400
5	\$54,450
6	\$58,450
7	\$62,500
8	\$66,550

It may be necessary to change §51118(h)(1) to the very low income standards (50% of Guam median income) instead of the low income standards (80% of Guam median income).

KLEMM, BLAIR, STERLING & JOHNSON
A Professional Corporation
1008 Pacific News Building
238 Archbishop F.C. Flores Street
Hagåtña, Guam 96910

MEMORANDUM

TO:

FROM:

DATE: SEPTEMBER 21, 2005

PAGE: 3

Alternatively, the Lifeline Rate could be set at 80% of standard tipping fee for low income households and 50% of the standard tipping fee for very low income households.

C. WAIVER OF TIPPING FEES AFTER FORCE MAJEURE

10 GCA §51118(1) permits the Governor of Guam to impose a temporary exemption of tipping fees following a "force majeure" for all solid waste collected and transported to a landfill that is operated by DPW or a contractor for a period not to exceed sixty (60) days. If a special revenue bond is contemplated and the tipping fees will be the dedicated stream of income that is pledged for repayment of such bond, then this statutory provision will likely result in a higher debt reserve being required than the government of Guam would otherwise have to maintain. This statutory provision is likely to adversely affect any special revenue bond offering, as the suspension of tipping fees for up to 2 months would deprive the Solid Waste Operating Fund of the revenues it would need to meet the monthly bond payment. Furthermore, there is no restriction as to how often this waiver could be granted. Since the only requirement is that there be a force majeure prior to the Governor granting such waiver, there is the potential for several waivers to be granted in a single year.

D. ADMINISTRATION OF SOLID WASTE OPERATIONS FUND

The Solid Waste Operations Fund is currently administered in a fragmented manner. The Department of Administration ("DOA") relinquished the duty of printing tipping fee coupons to DPW for the October 2005 billings onward. Payments are made to the Treasurer of Guam, who deposits the tipping fees into a separate account known as the Solid Waste Operations Fund. While DOA relinquished the duty of printing payment coupons to DPW, DOA still is responsible for reconciling amounts billed with amounts paid and reporting any arrearages warranting suspension of service to DPW. Based on the comments of Mr. Cynthia Jackson of DPW, there appear to be delays and inconsistencies in DOA's reporting of these arrearages to DPW.

GEDCA believes that due to the government of Guam's poor bond rating, segregating the revenue pledged for repayment of the special revenue bond as far as possible from

*KLEMM, BLAIR, STERLING & JOHNSON
A Professional Corporation
1008 Pacific News Building
238 Archbishop F.C. Flores Street
Hagåtña, Guam 96910*

MEMORANDUM

TO:

FROM:

DATE: SEPTEMBER 21, 2005

PAGE: 4

the General Fund will make the bond offering more attractive to investors. One way to do this is to remove DOA and the Treasurer of Guam from the process of billing and collecting tipping fees. PUC should consider proposing legislation to establish a separate fund administered by GEPA that is similar to the Litter Control Revolving Fund in 10 GCA §51204. Our proposed wording for such legislation is:

There is established a fund to be known as the Solid Waste Operations Fund which shall be maintained separate and apart from any other fund of the Government of Guam and shall be administered by the Administrator. Independent records and accounts shall be maintained in connection therewith. All tipping fees collected or received pursuant to this Article shall be deposited in the Solid Waste Operations Fund and used for the administration and implementation of this Article. Funds may only be released from the Solid Waste Operations Fund pursuant to an order from the Public Utility Commission. The Department of Public Works shall submit requests for disbursement from the Solid Waste Operations Funds upon certification by the Director of Public Works or his designee that such funds are available in the current year's budget approved by the Public Utility Commission. In the event that a budget for the current fiscal year has not been approved by the Public Utility Commission at the time said certification is to be made, the prior year's budget shall carry forward into the next fiscal year until such time as a new budget is approved.

The reason for recommending that GEPA have the duty of administering the SWOF is that it already has a Board of Directors in place with the duty of administering the similar Litter Control Revolving Fund. Based on the comments of various GEDCA officials during the August 26 conference call with representatives from the Bank of America, having an independent board overseeing the SWOF instead of DOA and the Treasurer of Guam would make the planned bond offering more attractive.

F56\24931-95

C:\DOCUMENTS AND SETTINGS\BILL\LOCAL SETTINGS\TEMPORARY INTERNET FILES\OLK852\05 09 20 REPORT ON TIPPING

FEES.DOC

*KLEMM, BLAIR, STERLING & JOHNSON
A Professional Corporation
1008 Pacific News Building
238 Archbishop F.C. Flores Street
Hagåtña, Guam 96910*

SOLID WASTE MANAGEMENT
Proposed Fiscal 2006 Budget
PUC Docket 05-09

Appropriation Classification	FY 2004 Expenditures & Encumbrances	FY 2005 Authorized Level	FY 2006 Total Req.	FY 2006 Total Req. See Note	
PERSONNEL SERVICES					
Regular Salaries/Increments	\$ 2,454,115	\$ 2,766,766	\$ 2,184,134	\$ 2,950,656	
Overtime/Special Pay	122,829	-	-	-	
Benefits	680,981	881,000	687,072	912,879	
TOTAL PERSONNEL SERVICES	\$ 3,257,925	\$ 3,647,766	\$ 2,873,743	\$ 3,863,535	
OPERATIONS					
TRAVEL- Off-Island/Local Mileage Reimburs.	\$ 5,636	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES:	376,274	1,047,267	791,106	791,106	See Page 2
OFFICE SPACE RENTAL:	-	-	-	-	
SUPPLIES & MATERIALS:	305,705	214,415	296,352	296,352	See Page 2
EQUIPMENT:	5,532	20,000	10,000	10,000	See Page 2
SUB-RECIPIENT/SUBGRANT:	-	-	-	-	
MISCELLANEOUS:	-	-	-	-	
TOTAL OPERATIONS	\$ 693,147	\$ 1,281,682	\$ 1,097,458	\$ 1,097,458	
UTILITIES					
Power	\$ 15,000	\$ 26,348	\$ 26,348	\$ 26,348	
Water/ Sewer	6,564	6,564	6,564	6,564	
Telephone/ Toll	7,640	7,640	7,640	7,640	
TOTAL UTILITIES	\$ 29,204	\$ 40,552	\$ 40,552	\$ 40,552	
INDIRECT COST	-	-	-	-	
CAPITAL OUTLAY	\$ 134,575	\$ 200,000	\$ 428,870	\$ 428,870	See Page 2
TOTAL APPROPRIATIONS	\$ 4,114,851	\$ 5,170,000	\$ 4,440,623	\$ 5,430,415	
FULL TIME EQUIVALENCIES (FTEs)					
UNCLASSIFIED	-	-	-	-	
CLASSIFIED	108	112	90	114	
TOTAL FTEs	108	112	90	114	

Note: The "Final FY06 Budget" included labor related costs of the administrative division and transportation division.

SOLID WASTE MANAGEMENT
Proposed Fiscal 2006 Budget
PUC Docket 05-09

Item	Total Price
Equipment Rental for Collection	274,406
Equipment Rental-Ordot Landfill & Dededo Coral Pit	232,000
Tipping Fees Billing printer	50,000
Public Awareness Advertisement	50,000
Equipment Maintenance	20,000
Airtime Charges	14,700
Solid Waste Tipping Fee Data Mgmt System-Billing/Acctg	150,000
	-
Total Contractual	791,106

Schedule C - Supplies & Materials

Item	Total Price
Landfill Operations Materials/Supplies	25,000
Collection Operations Materials/Supplies	56,352
Transfer Stations Operations Materials/Supplies	25,000
Office Materials & Supplies	10,000
Fuel/Oil	180,000
	-
Total Supplies & Materials	296,352

Schedule D - Equipment

Item	Total Price
Tools for Operational Needs	10,000
	-
	-
	-
Total Equipment	10,000

Schedule E - Miscellaneous

Item	Total Price
	-
Total Miscellaneous	-

Schedule F - Capital Outlay

Item	Unit Quantity	Total Price
Roll Off Containers	2	40,000
Bulk Containers	13	66,870
Packer Trucks	2	240,000
Pick Up Trucks	2	32,000
Parts Light/Heavy Equips (over \$500)		50,000
		-
Total Capital Outlay		428,870

DPW - SOLID WASTE MANAGEMENT
 FY2006 Budgeted Staffing
 PUC Docket 05-09

No.	Position Number	Position Title	Grade/Step	Salary	Overtime	Special*	Increment		(J)	(K)	(L)	Benefits			(P)	(Q)	(R)	(S)
							(I) Annual	(H) Date				(M) Social Security (6.2%)	(N) Medicare (1.45%)	(O) Life (Premium)				
ADMINISTRATION																		
1	201	Management Analyst IV	N-09	45,043	0	0	816	03/26/06	45,859	9,543	188	0	665	153	0	10,549	36,408	
2	4001	Management Analyst IV	N-11	48,227	0	0	1,019	04/27/06	49,246	10,248	0	714	153	1,369	149	12,633	61,879	
3	4134	Buyer Supervisor I	H-09	28,963	0	0	28,963	02/15/06	0	0	0	420	153	3,947	446	10,993	39,956	
4	4157	Secretary II (Typist)	E-11	25,858	0	0	25,858	01/06/07	0	5,381	188	490	153	3,102	298	9,309	35,167	
5	4298	Supply Clerk	Q-01	33,811	0	0	33,811	01/00/00	33,811	7,036	188	490	153	3,102	298	11,267	45,078	
6	4425	Solid Waste Management Superintendent	N-14	53,470	0	0	1,205	02/19/06	54,675	11,378	188	0	526	153	1,369	149	13,049	67,724
7	5218	Solid Waste Mgmt. Asst. Superintendent	L-07	33,802	0	0	442	06/06/06	36,244	7,542	188	0	526	153	3,947	446	12,802	49,046
8	4430	Management Analyst II	L-09	33,265	0	0	33,265	07/07/07	0	6,922	188	0	153	153	0	7,075	40,340	
9	4763	Administrative Assistant	8	304,439	0	0	3,482	307/921	64,078	564	0	3,190	1,224	16,836	1,786	87,678	395,599	
SECURITY																		
1	4224	Guard	E-08	23,318	0	0	833	10/05/05	24,151	5,026	188	0	350	153	3,102	298	9,117	33,268
2	4363	Guard	E-13	27,700	0	0	27,700	05/10/07	0	5,764	188	402	153	0	0	6,319	34,019	
3	4365	Guard Supervisor	F-01	28,337	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	4685	Guard Supervisor	F-12	28,337	0	0	1,026	10/02/05	29,363	6,110	188	0	426	153	3,947	446	11,082	40,445
5	4902	Guard	E-01	16,656	0	0	16,656	03/23/06	16,656	3,466	188	242	153	3,102	298	7,449	24,105	
6	4978	Guard	E-01	16,656	0	0	16,656	03/23/06	16,656	3,466	188	242	153	3,102	298	7,449	24,105	
7	5222	Guard	E-01	16,656	0	0	16,656	03/23/06	16,656	3,466	188	242	153	3,102	298	7,449	24,105	
		Subtotal:	6	129,323	0	0	1,859	131,182	21,299	732	0	1,902	918	16,355	1,638	48,864	180,046	
TIPPING FEE CUSTOMER SERVICE																		
1	4003	Customer Service Representative	H-11	31,011	0	0	823/06	08/23/06	31,198	6,492	188	452	153	3,102	298	10,686	41,884	
2	4007	Customer Service Representative	H-09	21,223	0	0	21,431	08/30/06	4,460	188	311	153	0	0	0	5,112	26,543	
3	4016	Customer Service Representative	J-02	33,266	0	0	702	03/27/06	33,968	7,069	188	493	153	3,102	298	11,114	45,082	
4	4841	Customer Service Representative	H-05	24,968	0	0	167	08/30/06	25,135	5,231	188	364	153	3,947	446	10,329	35,464	
		Subtotal:	4	110,468	0	0	1,264	111,732	23,251	564	0	1,620	612	10,151	1,042	37,240	148,972	
ORDOT LANDFILL																		
1	4413	Equipment Operator II	G-12	30,085	0	0	121/06	12/15/06	30,993	6,450	188	449	153	3,102	298	10,640	41,633	
2	4427	Equipment Operator III	H-12	32,096	0	0	02/02/07	02/02/07	32,096	6,679	188	0	153	3,102	298	10,232	42,328	
3	4432	Equipment Operator II	G-07	27,149	0	0	06/15/07	06/15/07	27,149	5,650	188	394	153	3,102	298	9,784	36,933	
4	4435	Equipment Operator III	H-15	35,585	0	0	09/24/06	09/24/06	35,692	7,428	188	0	153	3,102	298	10,981	46,673	
5	4436	Solid Waste Technician	E-04	20,265	0	0	03/23/06	03/23/06	20,265	4,217	188	294	153	153	0	4,852	25,117	
6	4439	Equipment Operator III	H-12	32,096	0	0	02/02/07	02/02/07	32,096	6,679	188	0	153	3,102	298	10,232	42,328	
7	4441	Equipment Operator III	H-08	27,964	0	0	02/02/06	02/02/06	28,131	5,854	188	408	153	3,102	298	7,784	35,915	
8	4442	Solid Waste Technician	E-03	18,738	0	0	03/23/06	03/23/06	18,738	4,026	188	281	153	153	0	4,647	23,992	
9	4444	Equipment Operator Supervisor	L-04	31,493	0	0	11/29/05	11/29/05	32,711	6,807	188	0	153	0	0	7,148	39,859	
10	4461	Equipment Operator II	G-11	29,068	0	0	04/23/06	04/23/06	29,595	6,159	188	429	153	3,102	298	10,329	39,924	
11	4462	Solid Waste Technician	E-09	22,486	0	0	04/01/06	04/01/06	22,903	4,766	188	332	153	153	0	5,439	28,342	
12	4471	Solid Waste Technician	E-07	24,151	0	0	03/29/06	03/29/06	24,561	5,132	188	358	153	153	0	5,831	30,492	
13	4477	Solid Waste Technician	E-14	28,670	0	0	01/28/06	01/28/06	29,449	6,128	188	427	153	153	0	6,708	36,157	
14	4482	Solid Waste Technician	E-07	22,488	0	0	04/18/06	04/18/06	22,903	4,766	188	332	153	153	0	5,831	30,492	
15	5026	Equipment Operator III	H-12	32,096	0	0	05/17/07	05/17/07	32,096	6,679	188	0	153	3,102	298	8,499	40,595	
16	5030	Equipment Operator III	G-08	26,212	0	0	04/23/06	04/23/06	26,681	5,552	188	387	153	153	0	6,578	33,259	
17	5214	Equipment Operator III	H-10	29,962	0	0	12/07/05	12/07/05	30,866	6,433	188	448	153	3,102	298	10,424	41,290	
18	5217	Equipment Operator III	H-12	32,096	0	0	03/16/07	03/16/07	32,096	6,679	188	0	153	153	0	6,832	38,928	
		Subtotal:	18	502,214	0	0	7,516	509,730	106,075	1,880	0	4,538	2,754	25,821	2,831	143,898	653,628	
AGAT TRANSFER STATION																		
1	4467	Solid Waste Technician	E-14	28,670	0	0	02/16/06	02/16/06	29,363	6,110	188	426	153	3,102	298	10,089	39,452	
2	4493	Solid Waste Technician	E-07	22,486	0	0	03/01/06	03/01/06	22,972	4,780	188	333	153	1,369	149	6,785	29,757	
3	5205	Solid Waste Technician	E-11	25,858	0	0	12/18/06	12/18/06	25,858	5,381	188	0	153	3,102	298	7,278	33,136	
4	5209	Solid Waste Technician	E-09	24,151	0	0	04/30/07	04/30/07	24,151	5,026	188	350	153	1,369	149	7,235	31,386	
		Subtotal:	4	101,165	0	0	1,179	102,344	21,298	188	0	1,484	612	7,209	596	31,387	133,731	
DEDEDO TRANSFER STATION																		

DPW - SOLID WASTE MANAGEMENT
FY2006 Budgeted Staffing
PUC Docket 05-09

No.	(A) Position Number	(B) Position Title	(D) Grnd/Step	(E) Salary	(F) Overtime	(G) Special*	(H) Increment		(J) (E Im) Subtotal	(K) Retirement (7.20% of S)	(L) Retire (DD) (\$7.24*26PP-E)	(M) Social Security (6.2% of S)	(N) Medicare (1.45% of S)	(O) Life (Premium)	(P) Medical (Premium)	(Q) Dental (Premium)	(R) Total Benefits (K thru Q)	(S) TOTAL (L + R)
							Date	Amount										
ADMINISTRATION																		
1	4474	Solid Waste Technician	E-13	27,700	0	0	06/02/06	334	28,034	5,834	0	406	153	1,369	149	7,911	35,945	
2	4478	Solid Waste Technician	E-14	28,670	0	0	05/17/07	0	28,670	5,966	188	0	153	0	0	6,307	34,977	
3	4479	Solid Waste Technician	E-10	24,984	0	0	10/07/06	0	24,984	5,199	0	362	153	3,102	0	8,816	33,800	
4	5028	Solid Waste Technician	E-09	24,151	0	0	03/29/06	510	24,661	5,132	0	358	153	1,369	149	7,161	31,822	
5	5200	Solid Waste Technician	E-10	24,684	0	0	12/07/06	0	24,684	5,137	0	358	153	0	0	5,648	30,332	
6	5207	Solid Waste Technician	E-09	24,151	0	0	03/29/06	510	24,661	5,132	0	358	153	1,369	149	7,161	31,822	
7	5215	Equipment Operator III	H-10	29,962	0	0	08/02/07	0	29,962	6,235	0	434	153	0	0	6,823	36,785	
		Subtotal	7	184,302	0	0		1,354	185,656	38,635	188	0	2,276	1,071	7,209	447	49,826	235,482
MALOJOLI TRANSFER STATION																		
1	4455	Solid Waste Technician	E-04	19,779	0	0	03/23/06	486	20,265	4,217	188	0	294	153	0	0	4,852	25,117
2	4480	Solid Waste Technician	E-14	28,670	0	0	05/16/06	433	29,103	6,056	188	0	422	153	3,102	0	9,733	38,836
3	4487	Solid Waste Technician	E-07	22,486	0	0	04/21/06	0	22,486	4,679	188	0	326	153	1,369	149	6,864	29,350
4	5025	Solid Waste Technician	E-04	19,779	0	0	03/25/06	486	20,265	4,217	188	0	294	153	3,102	298	8,252	28,517
		Subtotal	4	90,714	0	0		1,405	92,119	19,170	564	0	1,336	612	7,573	447	29,702	121,821
COLLECTION																		
1	4231	Solid Waste Technician	E-04	19,779	0	0	03/23/06	486	20,265	4,217	188	0	294	153	1,369	149	6,370	26,635
2	4288	Heavy Equipment Mechanic II	L-07	28,875	0	0	04/01/06	535	29,410	6,120	188	0	419	153	0	0	6,880	36,290
3	4297	Heavy Equipment Mechanic II	L-17	40,819	0	0	07/01/07	0	40,819	8,494	188	0	0	153	3,946	446	13,039	53,858
4	4303	Automotive Body Worker	L-16	38,105	0	0	05/13/07	0	38,105	7,930	0	0	153	3,102	0	11,185	49,290	
5	4309	Welder II	L-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	4330	Automotive Body Worker	L-07	28,875	0	0	04/13/06	535	29,410	6,120	188	0	419	153	0	0	6,880	36,290
7	4332	Heavy Equipment Mechanic II	L-16	39,438	0	0	07/16/06	357	39,795	8,281	0	0	572	153	0	0	9,006	48,801
8	4375	Automotive Body Worker	L-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9	4381	Automotive Body Shop Supervisor	L-06	34,476	0	0	09/27/05	1,069	35,545	7,397	0	0	500	153	0	0	8,050	43,595
10	4382	Heavy Equipment Mechanic Supervisor	L-07	35,802	0	0	03/30/06	774	36,576	7,611	0	0	519	153	0	0	8,283	44,859
11	4386	Heavy Equipment Mechanic Leader	L-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12	4387	Transportation Supervisor	M-14	49,364	0	0	09/20/06	149	54,513	11,344	188	0	294	153	1,369	149	13,014	67,527
13	4431	Equipment Operator II	K-09	35,751	0	0	03/22/06	758	36,506	7,597	0	0	529	153	0	0	8,279	44,785
14	4433	Equipment Operator II	G-09	26,212	0	0	06/15/06	328	26,540	5,523	188	0	385	153	3,102	298	9,649	36,189
15	4434	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105
16	4437	Equipment Operator Leader I	J-03	25,810	0	0	LTA	0	25,810	5,371	188	0	374	153	3,102	298	9,486	35,296
17	4443	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	1,369	149	5,567	22,223
18	4445	Equipment Operator II	J-09	33,266	0	0	05/24/07	0	33,266	6,923	0	0	153	1,369	149	8,594	41,860	
19	4447	Equipment Operator II	G-06	24,340	0	0	04/23/06	488	24,808	5,163	188	0	360	153	3,102	298	9,263	34,071
20	4448	Solid Waste Technician	E-04	19,779	0	0	03/23/06	486	20,265	4,217	188	0	294	153	0	0	4,852	25,117
21	4449	Equipment Operator III	H-15	35,585	0	0	03/15/07	0	35,585	7,405	0	0	294	153	1,369	149	9,076	44,661
22	4450	Solid Waste Technician	E-04	19,779	0	0	03/23/06	486	20,265	4,217	188	0	294	153	0	0	4,852	25,117
23	4451	Equipment Operator III	H-12	32,096	0	0	02/02/07	0	32,096	6,679	0	0	465	153	3,102	298	10,698	42,794
24	4452	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105
25	4453	Equipment Operator II	G-07	25,276	0	0	06/15/07	0	25,276	5,260	188	0	367	153	3,102	298	9,367	34,643
26	4454	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	282	153	3,102	298	7,449	24,105
27	4458	Solid Waste Technician	E-04	19,779	0	0	07/17/06	208	19,987	4,159	188	0	290	153	3,102	298	8,190	28,177
28	4464	Equipment Operator Leader II	K-10	36,984	0	0	05/03/06	558	37,542	7,812	188	0	371	153	1,369	149	7,555	33,142
29	4465	Solid Waste Technician	E-01	16,656	0	0	02/21/06	603	25,587	5,325	188	0	242	153	3,102	298	7,449	24,105
30	4466	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105
31	4469	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	402	153	1,369	149	7,688	35,388
32	4470	Solid Waste Technician	E-13	27,700	0	0	01/12/07	0	27,700	5,764	0	0	242	153	3,102	298	7,449	24,105
33	4472	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105
34	4473	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	0	0	4,049	20,705
35	4475	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	0	0	4,049	20,705
36	4476	Solid Waste Technician	E-04	19,779	0	0	03/28/06	486	20,265	4,217	188	0	294	153	1,369	149	6,370	26,635
37	4481	Solid Waste Technician	E-07	22,488	0	0	04/21/06	417	22,905	4,767	188	0	332	153	3,102	298	8,840	31,745
38	4483	Solid Waste Technician	E-09	24,151	0	0	03/29/06	510	24,661	5,132	0	358	153	3,102	298	9,043	33,704	
39	4484	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	1,369	149	5,567	22,223
40	4485	Solid Waste Technician	E-09	24,151	0	0	03/29/06	510	24,661	5,132	0	358	153	3,102	298	9,043	33,704	
41	4486	Equipment Operator Leader I	J-05	28,678	0	0	06/27/06	0	28,678	5,968	188	0	416	153	0	0	6,725	35,403
42	4488	Equipment Operator II	G-01	18,723	0	0	0	0	18,723	3,896	188	0	271	153	3,102	298	7,909	26,632
43	4489	Solid Waste Technician	E-14	28,670	0	0	06/14/07	0	28,670	5,966	0	0	416	153	3,102	298	9,595	38,605

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)				
No.	Position Number	Position Title	Grade/Step	Salary	Overtime	Special*	Date	Amount	(E thru I) Subtotal	Retirement (1*20.81%)	Retire (DDI) (\$7.24*26P*E)	Benefits Social Security (6.2%*E)	Medicare (1.45%*I)	Life (Premium)	Medical (Premium)	Dental (Premium)	Total Benefits K thru Q	TOTAL (L+T)				
ADMINISTRATION																						
44	4490	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	1,369	149	5,567	22,223				
45	4491	Equipment Operator II	G-06	24,340	0	0	04/23/06	468	24,808	5,163	188	0	360	153	3,102	298	9,263	34,071				
46	4492	Solid Waste Technician	E-07	22,486	0	0	04/01/06	417	22,903	4,766	188	0	242	153	3,102	298	8,319	31,222				
47	4494	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
48	5021	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
49	5023	Solid Waste Technician	E-04	19,779	0	0	03/23/06	486	20,265	4,217	188	0	294	153	1,369	0	4,852	25,117				
50	5024	Solid Waste Technician	E-07	22,486	0	0	04/02/06	417	22,972	4,780	188	0	333	153	1,369	298	7,122	30,094				
51	5029	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	0	4,049	20,705				
52	5029	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
53	5031	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
54	5032	Equipment Operator II	G-10	28,085	0	0	04/23/06	509	28,594	5,950	0	0	415	153	1,369	0	6,816	35,410				
55	5201	Solid Waste Technician	E-04	19,779	0	0	03/28/06	486	20,265	4,217	188	0	294	153	1,369	0	4,852	25,117				
56	5202	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
57	5203	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
58	5204	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
59	5206	Solid Waste Technician	E-09	24,151	0	0	03/29/06	510	24,661	5,132	0	0	358	153	1,369	0	7,012	31,673				
60	5208	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
61	5210	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	149	5,567	22,223				
62	5211	Solid Waste Technician	E-10	24,984	0	0	12/07/05	754	25,738	5,356	0	0	373	153	3,102	298	9,282	35,020				
63	5212	Solid Waste Technician	E-10	24,984	0	0	12/03/05	754	25,738	5,356	0	0	373	153	3,102	0	5,882	31,620				
64	5213	Solid Waste Technician	E-01	16,656	0	0	LTA	0	16,656	3,466	188	0	242	153	3,102	298	7,449	24,105				
65	5216	Solid Waste Technician	E-04	19,779	0	0	09/30/06	69	19,848	4,130	188	0	288	153	3,102	298	8,159	28,007				
66	4426	Secretary II (Typist)	H-01	19,974	0	0	0	19,974	19,974	4,157	188	0	290	153	3,102	298	8,187	28,161				
		Subtotal	63	1,489,896	0	5,000		15,076	1,509,972	314,225	8,084	0	18,038	9,639	122,375	11,919	484,280	1,994,252				
119		GRAND TOTAL	114						\$2,912,521	\$0	\$5,000	\$33,135	\$2,950,656	\$614,032	\$17,784	\$0	\$34,383	\$17,442	\$213,529	\$20,706	\$912,876	\$3,863,532

SOLID WASTE MANAGEMENT
Revenue and Collections
GPUC Docket 05-09

Exhibit 3

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2005 Annual.	Four Year Avg (Rounded)
1 Commercial Billings	\$ 3,195,710	\$ 3,017,930	\$ 3,087,432	\$ 2,270,144	\$ 2,724,173	\$ 3,006,000
2 OCH Billings	70,960	110,952	59,486	73,660	88,392	82,000
3 Residential Billings	2,229,346	1,861,352	2,276,344	2,254,896	2,705,875	2,268,000
4 Total Billed Revenue	\$ 5,496,016	\$ 4,990,234	\$ 5,423,262	\$ 4,598,700	\$ 5,518,440	\$ 5,356,000
5 Self Haul Collections						
6 Ordot Landfill	\$ 428,088	\$ 592,159	\$ 688,608	\$ 560,499	\$ 672,599	\$ 595,000
7 Agat Transfer Station	13,564	12,416	18,083	14,770	17,724	15,000
8 Dededo Transfer Station	34,468	34,460	52,532	45,510	54,612	44,000
9 Malojloj Transfer Station	9,556	9,564	14,846	10,932	13,118	12,000
10 Total Revenues	\$ 5,981,692	\$ 5,638,833	\$ 6,197,331	\$ 5,230,411	\$ 6,276,493	\$ 6,022,000
11 Commercial Payments	\$ 2,425,362	\$ 2,605,554	\$ 2,853,587	\$ 2,651,080	\$ 3,181,296	\$ 2,766,000
12 OCH Payments	36,831	39,849	50,469	70,906	85,087	53,000
13 Residential Payments	691,575	608,286	477,978	509,368	611,242	597,000
14 Transfer Payments	485,676	648,599	774,069	631,711	758,053	667,000
15 Total Collections	\$ 3,639,444	\$ 3,902,288	\$ 4,156,103	\$ 3,863,065	\$ 4,635,678	\$ 4,083,000
Collection Success						
16 Commercial Haulers	75.9%	86.3%	92.4%	116.8%	116.8%	92%
17 Other Commercial Haulers	51.9%	35.9%	84.8%	96.3%	96.3%	65%
18 Residential Customers	31.0%	32.7%	21.0%	22.6%	22.6%	26%
19 Transfer Stations	100.0%	100.0%	100.0%	100.0%	100.0%	100%
20 Total Collection	66.2%	78.2%	76.6%	84.0%	84.0%	68%

SOLID WASTE MANAGEMENT
Historic Expenditures
PUC Docket 05-09

Exhibit 4

8/29/2005

Object Category	FY 2002		FY 2003		FY 2004		FY 2005		FY 2006
	(Auth. Budget)	(Actual Exp.)	(Auth. Budget)	(Actual Exp.)	(Auth. Budget)	(Actual Exp.)	(Auth. Budget)	(Exp.8/30/05)	(Request)
111 Salary	\$ 1,864,869	\$ 1,861,721	\$ 2,090,851	\$ 2,002,363	\$ 2,463,157	\$ 2,454,115	\$ 2,515,266	\$ 2,508,271	\$ 2,950,656
112 Overtime	75,000	73,984	50,000	45,957	134,000	122,829	27,871	19,905	-
113 Benefits	603,195	501,938	633,712	564,685	691,305	680,981	674,974	688,148	912,876
Total Personnel	\$ 2,543,064	\$ 2,437,643	\$ 2,774,563	\$ 2,613,005	\$ 3,288,462	\$ 3,257,925	\$ 3,218,111	\$ 3,216,324	\$ 3,863,532
220 Travel	\$ 18,000	\$ -	\$ 10,100	\$ 5,340	\$ 5,636	\$ 2,511	\$ -	\$ -	\$ -
230 Contractual Services	990,642	790,063	783,120	671,920	389,270	331,792	1,408,896	1,407,630	791,106
240 Supplies/Materials	326,667	211,002	263,362	204,072	328,875	278,327	214,415	231,356	296,352
250 Equipment (Under \$500)	20,000	3,055	14,000	12,229	5,544	5,532	84	84	10,000
Total Operating Costs	\$ 1,355,309	\$ 1,004,120	\$ 1,070,582	\$ 893,561	\$ 729,325	\$ 618,162	\$ 1,623,395	\$ 1,639,070	\$ 1,097,458
361 Power	\$ 26,348	\$ 6,484	\$ 92,848	\$ 92,848	\$ 15,000	\$ 9,263	\$ 15,000	\$ 15,000	\$ 26,348
362 Water	2,364	2,364	6,564	1,834	6,564	693	6,564	6,564	6,564
363 Telephone	7,140	7,132	10,640	7,743	7,640	6,967	7,640	7,640	7,640
Total Utilities	\$ 35,852	\$ 15,980	\$ 110,052	\$ 102,425	\$ 29,204	\$ 16,923	\$ 29,204	\$ 29,204	\$ 40,552
450 Capital Outlay (Over \$500)	\$ 205,000	\$ 21,808	\$ 205,000	\$ 59,463	\$ 148,595	\$ 77,417	\$ 299,290	\$ 299,290	\$ 428,870
Grand Total	\$ 4,139,225	\$ 3,479,551	\$ 4,160,197	\$ 3,668,454	\$ 4,195,586	\$ 3,970,427	\$ 5,170,000	\$ 5,183,888	\$ 5,430,412
Variance		\$ (659,674)		\$ (491,743)		\$ (225,159)		\$ 13,888	

SOLID WASTE MANAGEMENT
 Revenue Requirement
 GPUC Docket 05-09
 (\$000's)

	Test Year 2006 (A)	Collectible Allowance (B)	Budget Adjustment (C)	Regulatory/ Audit (D)	Arrearage Collection (E)	Lifeline (F)	Debt Svc (G)	Test Year Adjusted (H=sum(A-G))	Increase 10%	Increase 25%
1 Income at Current Rates										
2 Commercial Tipping Fees	\$ 3,088							\$ 3,088	\$ 3,397	\$ 3,860
3 Allowance For Bad Debt	5%	(154)						(154)	(170)	(193)
4 Residential Hauling Fees	30%	(680)						2,268	2,495	2,835
5 Allowance For Bad Debt								(680)	(748)	(851)
6 Self Hauling Fees	666							666	733	833
7 Total Revenues	\$ 6,022							\$ 5,187	\$ 5,706	\$ 6,484
8 Regular Salaries	\$ 2,951		(150)					\$ 2,801	\$ 2,801	\$ 2,801
9 Overtime	-							-	-	-
10 Fringes and Benefits	913		(50)					863	863	863
11 Contractual Services	791		(200)	500				1,091	1,091	1,091
12 Supplies and Materials	296		(100)					196	196	196
13 Utilities	41							41	41	41
14 Equipment	10							10	10	10
15 Total Expense	\$ 5,002		\$ (500)					\$ 5,002	\$ 5,002	\$ 5,002
16 Net Income From Operations	\$ 1,020							\$ 185	\$ 704	\$ 1,482
17 Interest Expense	-						\$ 1,210	-	-	-
18 Interest Income	-							-	-	-
19 Grants	-							-	-	-
20 Depreciation/Amortization	-							-	-	-
21 Other Revenue/Expense	-							-	-	-
22 Net Income	\$ 1,020							\$ 1,210	\$ 1,210	\$ 1,210
Coverage Calculations										
23 Interest	-						\$ 1,210	-	-	-
24 Principal	-						338	-	-	-
25 Total Debt Service	-						\$ 1,548	\$ 1,548	\$ 1,548	\$ 1,548
26 Coverage	-						0.12	0.12	0.45	0.96
Cash Flow										
27 Opening Balance of SWMF	\$ -							\$ -	\$ -	\$ -
28 Add: Cash From Operations	1,020						(1,024)	(506)	272	272
29 Add: A/R reduction	-				150		150	150	150	150
30 Subt. Capital Outlay	(429)		400				(29)	(29)	(29)	(29)
31 Subt. Principal Payments	-						(338)	(338)	(338)	(338)
32 Add: Grants and Other Contributions	-						-	-	-	-
33 Add: Arrearage	-						-	-	-	-
33 Closing Balance of SWMF	\$ 591						\$ (1,242)	\$ (723)	\$ 55	\$ 55

SOLID WASTE MANAGEMENT
 Bond Proceeds
 GPUC Docket 05-09

Exhibit 6

	<u>Status</u>	<u>Source</u>	<u>Amount</u>	<u>SWMF</u>	<u>DOI</u>	<u>Grants</u>	<u>Bonds</u>
1 Civil Penalties	Complete	SWMF	\$ 175	\$ 175			
2 CD Delay	Complete	SWMF	8	8			
3 Financial Plan	Complete	DOI	45		45		
3 40% Closure Plan	Complete	DOI	1,459		1,459		
4 90% Closure Plan	Complete	DOI	1,602		1,602		
5 Final Closure Plan		Bonds	23,865				23,865
		Grants/Bonds	500				500
6 Site Selection	Complete	Bonds	1,100				1,100
7 40% Plan for MSWLF	In Progress	SWMF	800	800			
		General Funds/Bonds	530				530
8 90% Plan for MSWLF		Bonds	6,432				6,432
9 New MSWLF Siting	Complete	DOI	60		60		
10 Cell 1		Bonds	38,000				38,000
11 Construction Management		Bonds	600				600
12 CD Manage & Engineering Staff	Ongoing	SWMF/DOI/Bonds	1,698	283	283		1,132
13 Training Post Closure		Bonds	2,000				2,000
14 Mitigation - Ordot		Bonds	3,000				3,000
15 Mitigation - MSWLF		Bonds	7,000				7,000
16 Total Costs			\$ 88,874	\$ 1,266	\$ 3,450	\$ -	\$ 84,159

Approx. Bond Size \$ 85,000

WASTE MANAGEMENT
 Derivation of Levelized Debt Service
 GPUC Docket 05-09

Exhibit 7

Project Costs		\$ 85,000
Issuance	2%	1,861
DS Reserve	1 Yr	6,192
Total Bond		<u>\$ 93,053</u>

Annual Debt Service

Bond		\$ 93,053
Interest Rate	%	5.2%
Term	yrs	30
Annual DS		\$ 6,192

Yr	Payment	Principal	Interest	Balance
				<u>\$ 93,053</u>
1	6,192	1,353	4,839	91,700
2	6,192	1,424	4,768	90,276
3	6,192	1,498	4,694	88,779
4	6,192	1,575	4,616	87,203
5	6,192	1,657	4,535	85,546
6	6,192	1,744	4,448	83,802
7	6,192	1,834	4,358	81,968
8	6,192	1,930	4,262	80,039
9	6,192	2,030	4,162	78,009
10	6,192	2,135	4,056	75,873
11	6,192	2,247	3,945	73,627
12	6,192	2,363	3,829	71,263
13	6,192	2,486	3,706	68,777
14	6,192	2,616	3,576	66,162
15	6,192	2,752	3,440	63,410
16	6,192	2,895	3,297	60,515
17	6,192	3,045	3,147	57,470
18	6,192	3,203	2,988	54,267
19	6,192	3,370	2,822	50,897
20	6,192	3,545	2,647	47,351
21	6,192	3,730	2,462	43,622
22	6,192	3,924	2,268	39,698
23	6,192	4,128	2,064	35,571
24	6,192	4,342	1,850	31,228
25	6,192	4,568	1,624	26,660
26	6,192	4,806	1,386	21,855
27	6,192	5,055	1,136	16,799
28	6,192	5,318	874	11,481
29	6,192	5,595	597	5,886
30	6,192	5,886	306	0

Note: Test Year (Three months)

Principal	338
Interest	1,210

ATTACHMENT J

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

COMMISSION ADMINISTRATIVE)
DOCKET)
)
)
_____)



ASSESSMENT ORDER

WHEREAS, the Commission's operational expenses can be divided into two categories and are budgeted and collected under the following protocols: i) general administrative expenses, which are budgeted each fiscal year by the Commission and divided and assessed among the regulated utilities; and ii) regulatory expenses, which are incurred pursuant to Commission resolution dated February 2, 1996. Regulatory expenses 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. This order addresses the Commission's FY06 budget of administrative expenses.

WHEREAS, the administrative budget covers the Commission's administrative expenses, including staff, office facilities, Commissioner stipends and training, professional fees and other operational expenses;

WHEREAS, at a duly noticed and convened Commission meeting held on October 27, 2005, the Commission considered and adopted its FY06 administrative budget in the amount of \$160,000.00;

WHEREAS, the utilities subject to Commission regulation include Guam Power Authority [GPA], Guam Waterworks Authority [GWA], Guam Telecom LLC [GTA] and Department of Public Works [DPW];

WHEREAS, after due consideration, the Commission has resolved that its' FY06 administrative budget of \$160,000.00 should be allocated among the regulated utilities, as follows:

GTA	\$ 40,000.00
GPA	\$ 40,000.00
GWA	\$ 40,000.00
<u>DPW</u>	<u>\$ 40,000.00</u>
Total	\$160,000.00

NOW, THEREFORE, in consideration of the above recitals and under authority invested by 12 GCA section 12024, the Commission hereby **ORDERS THAT**:

1. GTA, GPA , GWA and DPW shall pay the assessment allocated to them, as stated above, to the Commission not later than November 30, 2005. The regulated utilities are reminded that these assessed revenues are necessary to enable the Commission to have the staff and office facilities to entertain their requests for regulatory services. It is, therefore, essential that these assessments be paid in a timely manner.
2. A copy of this assessment order shall be served on each regulated utility.

Dated this 27th day of October, 2005.



Terrence M. Brooks



Edward C. Crisosotomo



Joseph M. McDonald



Rowena E. Perez

ATTACHMENT K**FY06 PUC ADMINISTRATIVE BUDGET**

October 1, 2005 - September 30, 2006

CATERGORY	FY2005 BUDGET	FY2005 ACTUAL <small>(rounded to the nearest 100)</small>	FY2006 BUDGET
EXECUTIVE DIRECTOR	\$32,000.00	\$32,000.00	\$32,000.00
OFFICE RENT	\$22,000.00	\$20,600.00	\$22,000.00
COMMISSIONER STIPENDS	\$0.00	\$0.00	\$0.00
NARUC MEMBERSHIP	\$2,700.00	\$1,400.00	\$2,700.00
COMMISSIONER TRAINING	\$20,000.00	\$0.00	\$28,000.00
OFFICE SUPPLIES	\$1,400.00	\$900.00	\$1,400.00
UTILITIES (power/phone/fax/internet)	\$4,900.00	\$4,300.00	\$4,900.00
POSTAGE	\$1,000.00	\$500.00	\$1,000.00
XEROX	\$4,000.00	\$3,500.00	\$4,000.00
PROFESSIONAL FEES	\$55,000.00	\$67,000.00	\$60,000.00
MISCELLANEOUS	\$3,000.00	\$4,000.00	\$3,000.00
EQUIPMENT	\$1,000.00	\$1,800.00	\$1,000.00
TOTAL	\$147,000.00	\$136,000.00	\$160,000.00

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



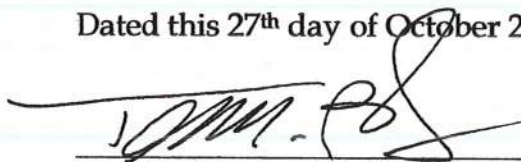
ADMINISTRATIVE ORDER

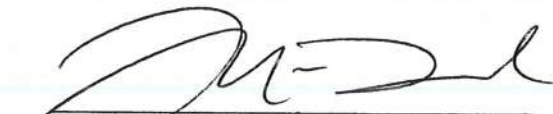
In furtherance of its mission of making the regulatory process transparent to utility ratepayers, the Guam Public Utilities Commission [PUC] has launched a website at guampuc.com to provide the public with convenient access to current and historic regulatory proceedings.


In furtherance of this mission, for good cause shown, after discussion and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

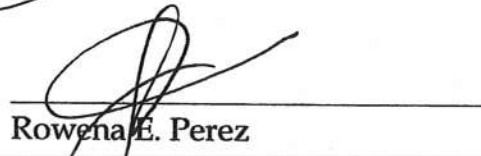
1. Commencing on the date of this Order, any document, which is filed for record in a regulatory proceeding before PUC shall be filed in hard copy [via mail, fax or delivery] and in electronic form via email to guampuc@kuentos.guam.net.
2. On or before December 1, 2005 Guam Power Authority, Guam Waterworks Authority and GTA Telecom LLC shall post and maintain on their website their current tariff, in form approved by PUC.
3. A copy of this Order shall be posted on PUC's website.

Dated this 27th day of October 2005.


Terrence M. Brooks


Joseph M. McDonald


Edward C. Crisostomo


Rowena E. Perez

ATTACHMENT M

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**GENERAL ADMINISTRATIVE
DOCKET - DESIGNATION OF
ACCOUNTABLE OFFICERS**



ADMINISTRATIVE ORDER

The Guam Public Utilities Commission [PUC] hereby finds that:

1. PUC is a public corporation and autonomous instrumentality created by Chapter 12 of Title 12 of the Guam Code Annotated within the Government of Guam and is separate from the Executive, Legislative and Judicial Branches.
2. 4 GCA 14107 requires that all government of Guam entities, including autonomous agencies designated a certifying officer.
3. As PUC is independent of the branches of government, no "Delegation of Authority" is required under 4 GCA 14107 to enable PUC to designate a Certifying Officer.

By reason of the above findings and on motion duly made, seconded and unanimously carried, the Guam Public Utilities Commission hereby **ORDERS THAT:**

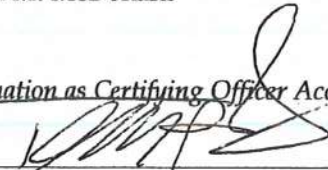
1. PUC chairman Terrence Brooks is hereby redesignated as PUC's Certifying Officer for a two-year term, effective October 1, 2005 by his signature below, Chairman Brooks has accepted this designation.
2. Pursuant to 4 GCA 14104(a) (2), PUC administrator Lourdes Palomo, who is responsible for the custody and disbursement of PUC funds, serves as its disbursing officer. By her signature below, Mrs. Palomo acknowledges this responsibility.
3. A copy of this Order shall be filed with the Treasurer of Guam pursuant to 4 GCA 14107.

Dated this 27th day of October 2005.

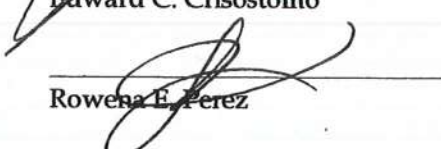

Terrence M. Brooks


Joseph M. McDonald

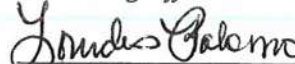
Designation as Certifying Officer Accepted


Terrence M. Brooks October 27, 2005


Edward C. Crisostomo


Rowena E. Perez

Disbursing Officer acknowledgement


Lourdes Palomo October 27, 2005

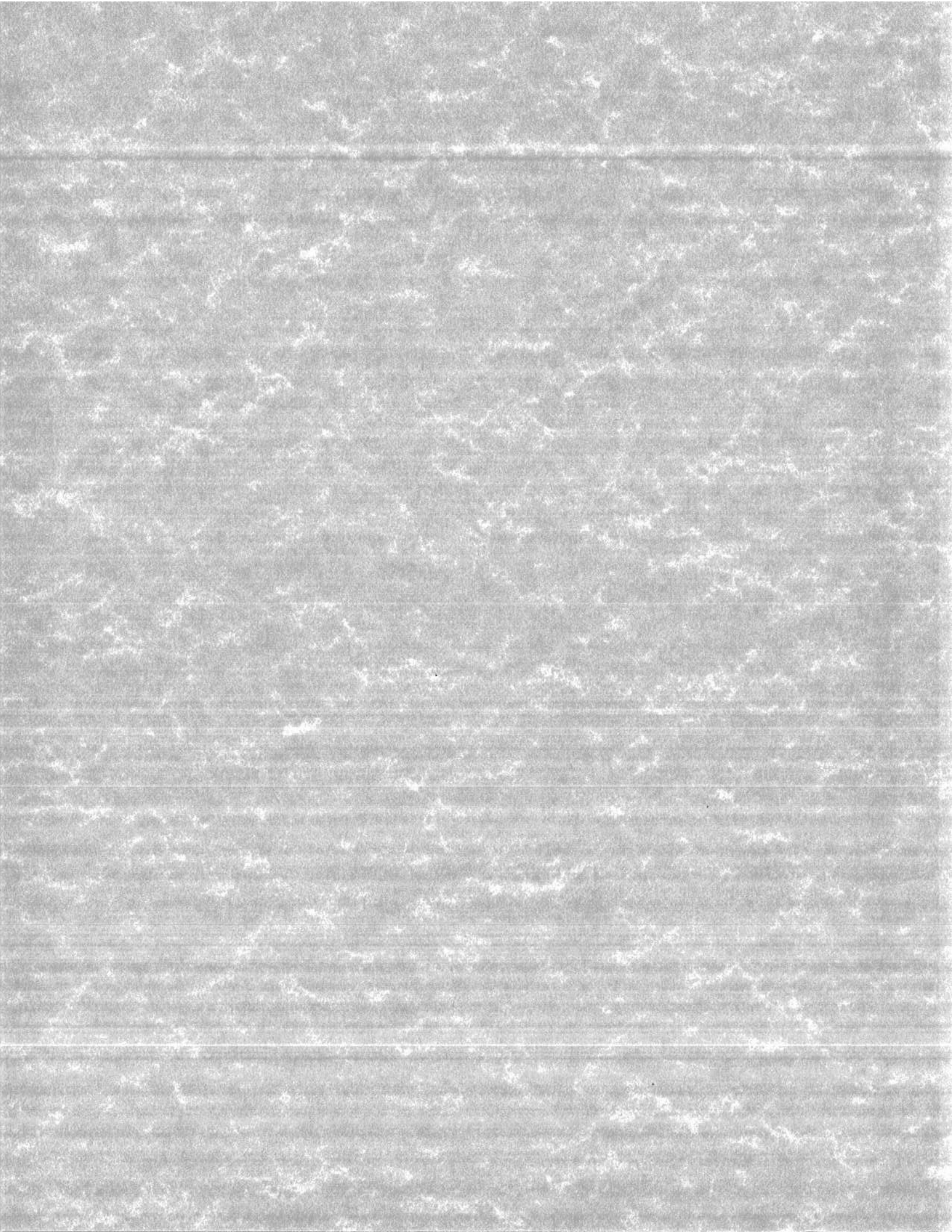
ATTACHMENT N

10/27/05

Guam Public Utilities Commission Sunshine Law Compliance Guidelines

The following guidelines are established by the Guam Public Utilities Commission [PUC] to comply with the requirements of the *Sunshine Reform Act of 1999* [5 GCA 10101 et. sec.].

1. These guidelines shall be posted in PUC's office and shall be available to interested persons, without charge.
2. All requests for the inspection or copy of a public document in PUC's possession must be in writing and shall reasonably identify and describe the document being sought. A request may be made by mail, fax or email. PUC's offices are located at Suite 207 GCIC Building, 414 W. Soledad Ave., Hagatna, Guam 96910. Phone number: 671-472-1907; fax: 671-472-1917; email: guampuc@kuentos.guam.net. The request must provide how the requesting party desires to receive the information.
3. PUC's office hours are 8:00 a.m. to noon and 1:00 p.m. to 5:00 p.m. Monday through Friday, excluding government holidays.
4. PUC has established a charge of 15 cents per page for copying public documents in excess of ten pages. This charge must be paid before release of the document. In accordance with 5 GCA 10203, PUC will not charge a government agency for copies of PUC public records.
5. PUC's executive director shall be responsible for responding to requests for public documents and shall keep a log of each request in accordance with 10 GCA 10107.
6. PUC shall produce a requested public document within four business days, unless its administrative law judge finds that unusual circumstances, as defined in section 10103(e) require up to ten business days to comply with the request, in which event the requesting party will be notified of the delay.
7. The only PUC records, which are confidential are those filed under PUC's *Confidentiality Rules* in Docket 05-01. A copy of these rules can be accessed through PUC's website *Resource Center, Telecommunications*.
8. PUC shall file an annual report with the Attorney General, on or before February 1 of each year, in compliance with 10 GCA 10107 and in accordance with Attorney General guidelines.



Attachment B



**BEFORE THE
PUBLIC UTILITIES COMMISSION OF GUAM**

**IN THE MATTER OF TELEGUAM)
HOLDINGS, LLC GENERAL EXCHANGE)
TARIFF NO. 1)**

DOCKET 05-03

**STIPULATION REGARDING
TELEGUAM HOLDINGS, LLC GENERAL EXCHANGE TARIFF NO. 1**

TELEGUAM HOLDINGS, LLC d/b/a GTA ("GTA") and GEORGETOWN CONSULTING GROUP, INC. ("GCG"), in its role as staff to the Public Utilities Commission of Guam (the "Commission"), through their authorized representatives, hereby stipulate and agree as follows:

- 1) On March 1, 2005, GTA submitted its General Exchange Tariff No. 1 ("GTA Tariff") to replace the tariff of the Guam Telephone Authority ("GET Tariff") that is currently on file with the Commission.
- 2) As required by the Commission, GTA published notice of the GTA Tariff in the Pacific Daily News on March 18, 2005 and March 28, 2005.
- 3) For the purposes of this stipulation, a "material change" is defined to mean a change to the GET Tariff that increases rates, materially changes an obligation of the customer, materially changes an obligation of the carrier, or removes a section of the GET Tariff.
- 4) The GTA Tariff adopted the rates, terms, and conditions of the GET Tariff except for certain technical and typographical revisions and the material changes discussed in this Stipulation. GTA attests that all material changes from the GET Tariff are described in this Stipulation.
- 5) The 911 Section of the GTA Tariff contains the same rates as the GET Tariff but contains new terms and conditions. (GET Tariff, Section 6, Pages 31-32; GTA Tariff, Section 5, Pages 27-46.) A copy of the 911 Section was provided by GTA to Acting Fire Chief George Aquino on April 1, 2005, and Chief Aquino was informed that comments were due to the Commission no later than April 8, 2005. GTA contacted Chief Aquino regarding the 911 Section on April 6, 2005, at which time he advised that the Fire Department did not have any comments on the revised language. After the April 8, 2005 regulatory session, GTA again contacted the Fire Department and confirmed that it had no questions or comments regarding the revised language. GCG has no objection to the proposed language of the 911 Section.

- 6) The ISDN Section of the GTA Tariff contains the same rates as the GET Tariff but contains new terms and conditions. (GET Tariff, Section 12, Pages 2-19; GTA Tariff, Section 5, Pages 58-64.) GCG has no objection to the proposed language of the ISDN Section.
- 7) GTA attests that it currently has no customers and had no customers as of the time of the sale of assets from Guam Telephone Authority to GTA for the following services contained in the GET Tariff: 1) Cellular Carrier Access; 2) Directory Publication; 3) Joint User Service; 4) Teen Service; 5) Foreign Exchange Service; 6) Vacation Service; 7) Rotary Service; and 8) Radio Common Carrier Service. (GET Tariff, Section 11; Section 6, Pages 3.1-7.1; Section 6, Pages 14-15; Section 6, Pages 24-26; Section 6, Page 22; Section 6, Page 21; Section 2, Pages 4-5; Section 10, Pages 2-17.) Accordingly, these services are not contained in the GTA Tariff. Because no customers exist for these services, individual customer notice is not required. As stated in Paragraph 2 above, GTA complied with the public notice requirement mandated by the Commission. GCG has no objection to the removal of these services from the GTA Tariff. GCG wishes to stress that its agreement on these removals in no way should be interpreted as any statement of the prudence of the business decision of GTA no longer to offer these services. GCG reserves the right in future rate proceedings to question the prudence of GTA's decision to forego the potential revenues that the offering of these services, or any of them, might have produced or could produce.
- 8) GTA and GCG agree that the following sections of the GET Tariff can be removed from the tariff because the subject services have been preemptively deregulated by the Federal Communications Commission ("FCC") or are subject to the exclusive jurisdiction of the FCC: 1) Customer Premises Equipment;¹ 2) International Services; 3) Inside Wiring and 4) Voice Mail Services.² (GET Tariff Section 5; Section 8; Section 3, Pages 3-9; Section 6, Pages 37-52.)
- 9) The Special Access section of the GET Tariff (GET Tariff, Section 9) shall continue in effect until such time that GTA submits a separate special access tariff or comparable document for review and approval by the Commission. Until such tariff is approved, GTA agrees that the services currently provided pursuant to the Special Access section of the GET Tariff shall continue to be provided in accordance with the terms of that section.

¹ See *Detariffing of Billing and Collection Services*, Report and Order, 102 FCC2d 1150 at 1176-1177 (1986).

² See *Amendment of Section 64.702 of the Commission's Rules and Regulations*, Memorandum Opinion and Order, 84 FCC 2d 50, 54-5 (1980).

- 10) GTA has requested flexibility to price bundles of its vertical calling features³ (referred to in the GET Tariff as "enhanced calling features"). (GET Tariff, Section 6, Pages 10-12.1; GTA Tariff, Section 5, Pages 13-20.) GTA and GCG agree that each vertical feature will be subject to a price cap (at the rate contained in the GET Tariff) and that GTA may price bundles of such features on an individual case basis, provided that in no case shall any bundle of features be priced at a rate that exceeds the sum of the rates for such services priced separately or the existing rate for the bundle under the GET Tariff. Features will be offered on a nondiscriminatory basis and customers will be automatically switched to a lower rate if a lower rate is offered to a customer with the identical bundled package of features.

- 11) GTA has requested that it be permitted to charge \$1.25 for directory assistance where the requesting caller seeks a telephone number outside of Guam. (GET Tariff, Section 6, Pages 2-3; GTA Tariff, Section 5, Pages 4-6.) GCG supports this request.

- 12) GTA has requested that it be permitted to increase its charge for directory assistance for Guam numbers from \$0.45 (with the first three per month free) to \$0.75 (with the first three per month free) (GET Tariff, Section 6, Pages 2-3; GTA Tariff, Section 5, Pages 4-6). In its original filing GTA requested to increase the charge to \$1.25. GCG supports the reduced request.

- 13) GTA has requested that it be permitted to increase its charge for automatic connection to a directory number (for both Guam on national numbers) from \$0.25 to \$0.30. (GET Tariff, Section 6, Pages 2-3; GTA Tariff, Section 5, Pages 4-6.) In its original filing GTA requested to increase the charge to \$1.25. GCG supports the reduced request.

DATED this 13 day of April, 2005.

TELEGUAM HOLDINGS, LLC.

BY: 

NAME: RICHARD METZGER
 ITS: VICE PRESIDENT

REGULATORY AFFAIRS

GEORGETOWN CONSULTING GROUP, INC.

BY: 

NAME: WILLIAM J. BLAIR
 ITS: COUNSEL AND

AUTHORIZED REPRESENTATIVE

³ Vertical Features includes Call Waiting; Call Forwarding; Call Forwarding - No Answer; Call Forwarding - Busy; Call Forwarding - No Answer and Busy; Call Forwarding, Busy, No Answer Fixed; Three way calling; Speed Dialing; Incoming Call Acceptance; Call Return; Priority Ringing; Repeat Dialing; Select Call Forwarding; Long Distance Alert; Caller I.D.; Incoming Call Block; Anonymous Call Block.

PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
DECEMBER 20, 2005
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM



MINUTES

A special meeting of the Guam Public Utilities Commission was convened at 9:00 a.m. on December 20, 2005 pursuant to due and lawful notice. Commissioners McDonald, Perez, Crisostomo and Brooks were in attendance. ALJ Boertzel participated in the meeting via telephone. The following matters were considered at the meeting pursuant to the agenda made *Attachment A*.

1. Docket 06-01 [Interstate Telecommunications Inc. Certificate of Authority].

Upon the favorable recommendation of its regulatory consultant and a finding that the application of Interstate Telecommunications Inc. for a certificate of authority was duly noticed in accordance with PUC rules, on motion made, seconded and unanimously carried, the commissioners resolved to issue the Certificate of Authority, which is made *Attachment B*.

2. Docket 05-10 [GWA Guaranteed Investment Contracts].

The commissioners reviewed a December 19, 2005 Order, which was executed by Chairman Brooks pursuant to the authority delegated to him by PUC's April 11, 2003 *Administrative Resolution*. The Order authorizes GWA to invest bond proceeds into guaranteed investment contracts and increases the authorized ceilings for costs of issuance and underwriter's discount in Schedule A to Attachment C of PUC's October 27, 2005 Order. After review and discussion of the Order, on motion duly made, seconded and unanimously carried, the commissioners *resolved* to ratify the Order made *Attachment C*.

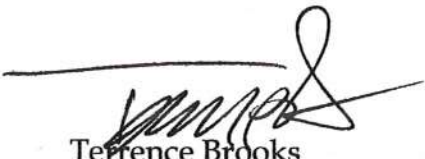
3. Docket 05-09 [DPW Procurement Advisor Contract].

On December 14, 2005, DPW petitioned PUC for expedited authorization to retain consulting services to assist in its procurement of a variety of private management services. After review, Georgetown recommended that the procurement be approved by letter dated December 19, 2005. After review and discussion of a proposed order, on motion duly made, seconded and unanimously carried the commissioners resolved to adopt the order made *Attachment D*.

4. Docket 06-3 [Pacific Data Systems v. GTA Telecom]

The commissioners next reviewed the December 19, 2005 report from its administrative law judge, which summarized and made recommendations regarding a complaint filed by Pacific Data Systems and other telecommunications companies against GTA Telecom, which alleged that GTA has violated PUC orders and Guam law by ceasing to provide metallic circuit provisioned voice grade special access service under section 7 of its tariff. After review and discussion of the ALJ Report and a proposed Decision, for good cause shown and on motion duly made, seconded and unanimously carried, the commissioners *resolved* to adopt the Decision made *Attachment E*.

There being no further business, the meeting was adjourned.



Terrence Brooks
Chairman

ATTACHMENT A

PUBLIC UTILITIES COMMISSION

**SPECIAL MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM**

9:00 A.M. December 20, 2005

AGENDA

- 1. Docket 06-1 - Interstate Telecommunications, Inc. Certificate of Authority. [Attachment A]**

- 2. Docket 05-10 - Guam Waterworks Authority - Guaranteed Investment Contracts. Ratification of Chairman's order [Attachment B]**

- 3. Docket 06-3 [PDS and Telecom Group Complaints against GTA]. Administrative Law Judge Report and Proposed Order. [Attachment C]**

- 4. DPW Procurement Advisor Contract [Attachment D]**

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**APPLICATION OF INTERSTATE
TELECOMMUNICATIONS, INC.
FOR CERTIFICATE OF
AUTHORITY UNDER 12 GCA 12103**

DOCKET 06-01



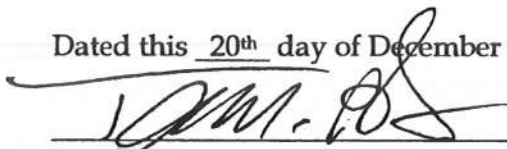
CERTIFICATE OF AUTHORITY

On October 17, 2005, Interstate Telecommunications, Inc. [ITI], which is a corporation licensed and authorized to do business within the Territory of Guam, filed an application with the Guam Public Utilities Commission [Commission] for issuance of a certificate of authority under 12 GCA 12103 to provide non-customer owned pay telephone services within the Territory of Guam. The application, with supporting documentation, underwent review by the Commission's independent consultant [Georgetown Consulting Group (GCG)], who found that ITI had satisfied the standards set forth in 12 GCA 12103[c] and should, therefore, be issued a certificate. GCG notes that pursuant to Federal law, ITI's proposed tariff, which was included in its application, is not subject to Commission review. Pursuant to Commission rules, ITI published notice of its application in the *Pacific Daily News* on November 28, 2005. No public comments regarding the application were filed with the Commission within the 14 day period provided for under Commission rules.

After careful review of the application, GCG's report and the record in this docket and on motion duly made, seconded and unanimously carried by the undersigned commissioners at a duly convened public meeting, the Commission **HEREBY ORDERS THAT:**

1. The Commission hereby issues to ITI a certificate of authority to provide non-customer owned pay telephone services within the Territory of Guam.
2. This certificate of authority is subject to the terms, conditions and requirements of 12 GCA 12103 and to all Commission rules, regulations and orders.
3. No Commission action is taken with regard to ITI's proposed tariff, which under Federal law is not subject to Commission review.


Dated this 20th day of December 2005.



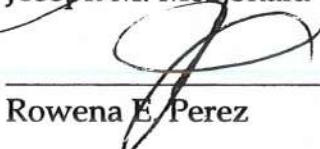
Terrence M. Brooks



Edward C. Crisostomo



Joseph M. McDonald



Rowena E. Perez

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net

Edward R. Margerison
Jean Dorrell

November 10, 2005

Deleted: March 25

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Interstate Telecommunications Inc. Certificate of Authority Application

Deleted: New GTA Proposed Tariff No.
Docket 05-03

Deleted: Dear Harry.

Dear Harry:

We are writing to provide our report and recommendations concerning the application of Interstate Telecommunications, Inc. ("ITI") for a certificate of authority. ITI filed an application for a certificate of authority on or about October 17, 2005. In its application, ITI seeks authorization to provide non-customer owned pay telecommunications services. On October 20, 2005, Georgetown Consulting Group ("GCG") sent a request to ITI asking for additional information concerning the application. GCG received the additional information from ITI on or about October 21, 2005.

Legal Requirements

Pursuant to Section 12103(c) of the Guam Telecommunications Act of 2004 (the "Act"), the Commission must approve an application for a certificate of authority if the Commission finds both of the following:

- (1) The applicant possesses sufficient technical, financial and managerial resources and abilities to provide the telecommunications services in Guam for which it seeks a certificate of authority; and
- (2) The granting of a certificate of authority to the applicant would not be contrary to the public interest.

In addition, the Commission has adopted rules governing certificate of authority under Section 12103(c) of the Act. The Commission's rules require that the applicant file a certification that public notice of the application has been made in accordance with Section 12103(b) of the Act.

Analysis and Findings

ITI's application and supplemental information includes a description of the managerial and technical resources that support ITI's application, including a description of ITI's experience in providing services. ITI has also submitted financial statements with its application. GCG has reviewed such information and believes that ITI has made a sufficient demonstration that it possesses sufficient technical, financial and managerial resources and abilities to provide the telecommunications services in Guam for which it seeks a certificate of authority.

In addition, GCG notes that the legislative intent expressed in Section 12101 of the Act includes encouraging the entry of new providers of telecommunication services. ITI's entry into the market may promote competition for telecommunications services. Accordingly, GCG believes that the granting of the certificate of authority to ITI would not be contrary to the public interest.

It is our understanding that ITI has not yet published notice of its application in accordance with Section 12103(b) of the Act. Accordingly, GCG believes that ITI should be directed to publish notice of the application in accordance with Section 12103(b) of the Act and provide the Commission with a certification of such publication in accordance with the Commission's rules on certificates of authority.

Finally, ITI's application includes a tariff for pay telephone services. However, GCG notes that pay telephone services have been detariffed and the Commission's rules indicate that no tariff must be filed for pay telephone services. Accordingly, GCG recommends that ITI be directed to withdraw its tariff for pay telephone services and that the Commission's order should not approve any tariff from ITI for pay telephone services.

Recommendation

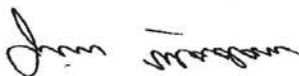
In light of the foregoing, GCG believes that ITI has satisfied the requirements under the Act for the issuance of a certificate of authority, and, accordingly, GCG recommends that the Commission grant ITI a certificate of authority to provide non-customer owned pay telecommunications services in the Territory of Guam subject to the conditions that (a) public notice is provided under Section 12103(b) of the Act and certification of such publication is filed with the Commission, and (b) ITI has withdrawn its tariff for such services.

Formatted: Font: 12 pt

Formatted: Tabs: 3.94", Left

If there are any questions please call.

Cordially,



Jamshed K. Madan

cc: Frank Zimmerer, President ITI
William J. Blair, Esq.
John N. Ingram Esq.
Ed Margerison

Deleted: On March 1, 2005, TeleGuam Holdings, LLC. d/b/a GTA ("GTA") filed with the Guam Public Utilities Commission ("PUC") for review and approval an initial local exchange tariff for GTA. The proposed tariff is to replace Guam Telephone Authority General Exchange Tariff #1 which was adopted by GTA effective January 1, 2005.¶

¶
In undertaking our review of the tariff, GCG issued discovery on March 2, 14 and 15, 2005 and held a teleconference with GTA personnel on March 18, 2005. Responses to the discovery were provided by GTA. During the process of review of the proposed tariff and the conduct of teleconferences GTA made and agreed to several modifications in the initial tariff as filed. Specifically:¶
<#>GTA proposes now to increase the returned check charge from \$25 to \$35, rather than a proposed increase to \$50 as originally filed.¶

¶
With regard to the specific language proposed in the tariff, the following initial accommodations have been reached:¶
<#>Section 1, Pages 17 & 20- Agree to adding "and". ¶
<#>Section 1, Page 26- Agree that reference to Centrex should have been deleted from Blackline.¶
<#>Section 1, Page 35- GTA agrees to keep directories at offices; ¶
<#>Section 2, Page 2- Agree to revisions proposed by GCG.¶
<#>Section 3, Page 4- Agree to change proposed by GCG.¶
<#>Section 3, Page 6- Agree that reference to directory listing should be removed.¶
<#>Section 4, Page 4- Agree to change proposed by GCG.¶
<#>Section 4, Page 5- Agree that word should be "charges"; ¶
<#>Section 4, Page 11- Agree to change proposed by GCG.¶
<#>Misc. Service changes- The rates for toll restriction service should not have been changed. They have been replaced with the old rates. We also agree to take out the reference to the subscriber line charge being capped at \$3.50.¶ ... [1]

Formatted: Font: 12 pt

Formatted: No underline

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Deleted: Paul O. Gagnier, esq.¶
. Brian McDermott¶
. Bob Taylor, President GTA¶
. William J. Blair, Esq.

On March 1, 2005, TeleGuam Holdings, LLC. d/b/a GTA ("GTA") filed with the Guam Public Utilities Commission ("PUC") for review and approval an initial local exchange tariff for GTA. The proposed tariff is to replace Guam Telephone Authority General Exchange Tariff #1 which was adopted by GTA effective January 1, 2005.

In undertaking our review of the tariff, GCG issued discovery on March 2, 14 and 15, 2005 and held a teleconference with GTA personnel on March 18, 2005. Responses to the discovery were provided by GTA. During the process of review of the proposed tariff and the conduct of teleconferences GTA made and agreed to several modifications in the initial tariff as filed. Specifically:

GTA proposes now to increase the returned check charge from \$25 to \$35, rather than a proposed increase to \$50 as originally filed.

With regard to the specific language proposed in the tariff, the following initial accommodations have been reached:

Section 1, Pages 17 & 20- Agree to adding "and".

Section 1, Page 26- Agreed that reference to Centrex should have been deleted from Blackline.

Section 1, Page 35- GTA agrees to keep directories at offices;

Section 2, Page 2- Agree to revisions proposed by GCG.

Section 3, Page 4- Agree to change proposed by GCG.

Section 3, Page 6- Agree that reference to directory listing should be removed.

Section 4, Page 4- Agree to change proposed by GCG.

Section 4, Page 5- Agree that word should be "charges";

Section 4, Page 11- Agree to change proposed by GCG.

Misc. Service changes- The rates for toll restriction service should not have been changed. They have been replaced with the old rates. We also agree to take out the reference to the subscriber line charge being capped at \$3.50.

We would point out that many of the initial changes above consisted of minor typographical errors. Later discussions with GTA have led to a resolution on most of the language issues in the tariff raised by our discovery of March 15, 2005. What remains are substantive issues that are the subject of the report below.

ORGANIZATION OF REPORT

We have organized this report into the following sections:

- Rate Increases proposed by GTA.
- Service Terminations proposed by GTA.
- Detariffing of Rates proposed by GTA.
- Deregulation of rates proposed by GTA.
- Directory listing issues
- E-911 issues.

Other tariff issues

Legal Issues Memorandum drafted by Counsel – Attachment I

Rate Increases proposed by GTA.

GTA has proposed rate increases for the following services:

Increase in the return check charge from \$25 per occurrence to \$35 per occurrence.

Directory assistance charges from \$0.45 per call to \$1.25 per call. Automatic number dialing charges from \$0.25 to \$1.25.

Return Check Charge

We recommend that the proposed increase for the return check charge be rejected for the following reasons:

The rate for this tariff element was last determined by the PUC in 2003. At that time Old GTA requested an increase to reflect current bank charges that had increased from \$20 to \$25 per check with the proviso that it could request higher increases if the bank increased such charges in the future. This was granted by the PUC. In addition, GTA had just recently concluded a rate increase and a review of future rate options and financial planning (2001 to 2003 timeframe). Administrative charges associated with the return check transaction were included as an expense covered by base rates in the rate proceeding and making the administrative charge an addition to the return check charge would provide for double recovery. There has been no increase in the bank charge since the prior rate was set.

GTA has provided no policy justification as to why this rate element should be increased outside the context of a recently concluded rate case. Limited information was provided as to the indirect costs above the \$25 bank charge. The total cost justification provided by GTA was \$33.50 (\$25 for the bank charge and \$8.50 for administrative purposes. Work paper support was limited and no description of the study was provided) – lower than the \$35 proposed.

Directory Assistance Charges

We recommend that the proposed increase for the directory assistance charges and the automatic dialing service charge be rejected for the following reasons:

The current tariff of \$0.45 per call¹ for directory assistance was implemented in the 1997 rate case (Docket 97-01). The current tariff was based on a cost study undertaken by Old GTA's consultants from PriceWaterhouseCoopers. It is our understanding the Old GTA offered directory assistance 24 hours a day prior to the sale to TeleGuam. The justification for a 277% increase in this rate – from \$0.45 per call to \$1.25 proposed - was only recently supplied to us without the required detailed work papers supporting an appropriate cost study. Although GTA now plans to offer directory

¹ After the first 3 calls which are free.

assistance for the entire country, and not just Guam, no information was provided regarding any additional costs of the expanded service. The detail provided by the study was insufficient to gain an understanding of the difference in cost from 1997 to today. Again, no policy justification was presented as to why this rate element should be adjusted outside a rate case. Although this rate element was based on cost in the last rate proceeding, there are many other tariff elements that would not match cost and by GTA's apparent logic that all rate elements that are below cost should be candidates for a rate adjustment to match the cost and price of a service. No rate increases were requested for these services.

The proposed tariff increase for automatic dialing service² from \$0.25 to \$1.25 is nothing short of extraordinary – a 500% increase. No justification has been provided for this increase and no supporting cost data provided. We believe the incremental cost of this service is very small and here no attempt has been made to match cost with price unlike directory assistance and the return check charge.

Service Terminations Proposed by GTA

GTA has proposed the termination of the following services on the basis that there is no demand for the services and that there have been no customers from the date of the sale to the current time:

- Rotary service
- Directory listing
- Joint User Service
- Vacation Service
- Foreign Exchange Service
- Teen Service

This issue is discussed in detail in the legal memorandum attached. The termination of these services requires PUC approval. GCG recommends that PUC approval for the termination of these services and their removal from the tariff be granted on the basis described in the legal memorandum.

Detariffing of Rates

GTA proposes that the following services be detariffed:

Enhanced calling services consisting of the following:

- Call waiting
- Call forwarding
- Call forwarding – no answer
- Call forwarding – busy
- Call forwarding – No answer and busy

² Automatic dialing is a service in which a customer is connected by operator equipment to the number obtained through directory assistance.

Call forwarding, Busy, No answer fixed
Call return
Priority ringing
Repeat dialing
Select Call forwarding
Long distance alert
Caller I.D.
Incoming call block
Anonymous call block
Incoming call acceptance

GTA's position for these services is as follows:

The services described are not basic telecommunications services and therefore do not require the same level of regulation as basic services. As such, many state public utility commissions do not regulate these services to the degree that basic services are regulated. Consistent with the pro-competitive policies underlying the Guam Telecommunications Act, GTA urges the PUC to adopt a deregulatory approach with respect to these enhanced services.

Allowing individual case basis rates for these enhanced services will allow GTA the flexibility to craft rates for bundles of features depending on the particular circumstances and needs of the customer. (Emphasis added)

GCG recommends that the PUC reject GTA's proposal on these services. The current tariff rates, terms and conditions should be continued. Further, GCG urges an abundance of caution in dealing with the issues and principles raised in GTA's proposal and argument. Many of the principles raised are discussed in detail in our legal memorandum and are briefly discussed further here. First of all GTA seems to imply that any service that is not a basic service should be detariffed "consistent with the pro-competitive policies of the Guam Telecommunications Act". Our legal memo discusses in detail that there is no requirement or good policy reason to detariff these services. On the contrary, the Guam Telecommunications Act requires the PUC to provide adequate protection for ratepayers. In addition we note that GTA's response above refers to "competition from wireless and wireline carriers". GCG is not aware of any competition from any wireline carrier as there are none on Guam other than GTA. As for wireless, GTA has not proven any competition to the wireline carrier and we do not believe that there is any meaningful competition given the vast price differentials for equivalent service between wire and wireless carriers. Finally, we note that there is nothing in Guam law or existing PUC regulations that distinguishes "basic" services from any other telecommunications services. GTA's attorneys have stated they relied on an old FCC distinction between "basic" and "enhanced" services that dates from the 1970s. Carried to its logical conclusion, GTA could propose that virtually all services other than line rates be detariffed.

With regard to the issue of the pro-competitive policies required by the Guam Telecommunications Act we offer the following:

Section 12101 of the Act, includes the following provisions with regard to the intent of the Act (a) "provide the people of Guam with modern, innovative, accessible and affordable telecommunications services and products," (b) "protect the consumers of Guam during the transition to a competitive telecommunications market and ensure that every person in Guam has access to basic telecommunications services at reasonable and affordable prices."

As stated before, there is no other provider of land line service in Guam other than GTA. Affording GTA pricing flexibility associated with a competitive marketplace while GTA is a monopoly would be bad regulatory policy. Encouraging competitive entry should be the regulatory policy, however, providing regulatory treatment based on competitive principles must await the establishment of a competitive marketplace. The Act does indeed contemplate a level playing field, however there is only one monopoly player on the field currently and should be regulated accordingly.

Our legal memorandum which is Attachment I to this report deals with this issue in depth and is part of our response to this issue.

In the interest of greater flexibility that GTA has requested and the possibility to respond to competitive pressures whenever they potentially arise in the future. GCG would make the proposal to modify the current tariff for the enhanced calling services listed to permit GTA to offer prices lower than those in the tariff and to treat the tariffed rates as a cap. Response to competition generally results in lower prices. Monopoly pricing and market power generally result in increased prices. Our proposal would offer the appropriate response to a potential competitive situation. The PUC could monitor GTA's actions for these services. In implementing our recommendations the PUC should indicate that the pricing flexibility provided should not violate the following 2 conditions: (a) the services should be priced above cost; and (b) GTA cannot discriminate between 2 similarly situated customers.

2 conditions

Deregulation of rates Proposed by GTA

GTA has proposed the elimination of the following sections of the existing tariff on the basis that the services have been deregulated or are regulated by the FCC:

- Connection of customer provided premises equipment
- Custom ring
- Remote call forwarding
- Voice mail services
- Enhanced central office based services
- International service

Radio common carrier interconnection service
Cellular carrier special access service

This issue for these services has been dealt with in detail in our legal memo. GCG concurs that connection of customer provided premises equipment, and voice mail services have been deregulated subject to certain clarifications as stated in our legal memo. GCG agrees that international service is regulated by the FCC and that, since the passage of the Telecom Act of 1996, radio common carrier interconnection is to be provided through negotiated agreements between the parties (subject to any PUC actions related to arbitration.)

GTA's arguments for custom ring, remote call forwarding and enhanced central office bases services are similar to the arguments for the detariffed services above – i.e. that they are not basic services and should therefore provided a lesser level of regulation. Our position on these services is that they be continued to be offered under tariff for essentially the same reasons offered above. Similar also to our proposal above we recommend that GTA be provided the flexibility to price these services subject to a cap based on the current tariffed rate. Again, we recommend that the pricing flexibility provided should not violate the same two conditions listed above: (a) the services should be priced above cost; and (b) GTA cannot discriminate between two similarly situated customers.

GTA's arguments to remove enhanced central office based services from the tariff are also based on the argument that these are not basic services and should be provided a lesser level of regulation. In this case as well as all of the other cases for services that GTA claims are not basic services, the "lesser level of regulation" proposed is essentially "no regulation" – i.e. that GTA can determine the price through a contract offered the customer without any PUC oversight. The services referred to here are CENTREX services. These are popular business multi-line services and provide dial tone to the end user in the same manner as single line service. We do not recommend deregulation of these services and recommend that the current tariff stay in place.

Directory Listing Issues

Based on our discussions with GTA there are two issues with regard to directory listing that needs discussion.

- Non- published numbers.
- Tariff for directory listings.

Non-Published Numbers

GTA agrees that it still has the responsibility to gather information for those individuals that prefer non-published numbers. This information should not be provided in the directory listing that is provided to directory publishers but does go into the Directory Assistance database with the proper identification. Consequently, GTA does incur some cost in connection with non-published numbers. The current tariff denotes a rate of \$2.50 monthly

for this service. GTA has indicated to us that it is unsure whether the current tariff is indeed not being applied and what its position is on the appropriateness to implement such a tariff. It is our recommendation that this tariff element continue to be offered in the tariff as a cap and therefore if GTA wishes to eliminate the charge it can withhold the charge or petition to remove it altogether to which we would have no objection.

Tariff for Directory Listings.

Currently the tariff has a rate for directory listings that are purchased by directory publishers. The current rate is \$0.25 per residential and \$0.27 per commercial listing. GTA wishes to detariff this element and has not provided adequate justification for its position. Since GTA is the only source for directory listings, it is required to provide them on a reasonable basis. We believe that the current tariff should remain in place.

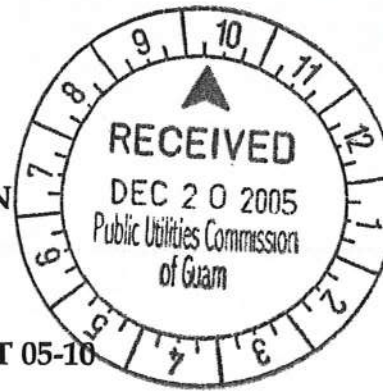
E-911 Issues

Our review of the revised E-911 tariff offering did not raise any major concerns. GTA has indicated that it would send a copy of the proposed revisions to the appropriate person in the Fire Department for review. We recommend that the PUC await those comments before making a decision on this portion of the tariff. We also point out that the FCC has recently apparently ruled on the billing requirements for Truth-in-Billing requirements for wireless phones (the full Order has not yet been published but the FCC has released a press release on the subject matter). We recommend that the PUC wait to determine whether there are any requirements in the Order that would be applicable to this tariff.

Other Issues

We believe that our conferences with GTA have resolved all language issues in the proposed tariff – other than the substantive and policy issues that have been discussed above. The most recent blacklined version of the tariff submitted to us on March 21, 2005 contains the changes agreed to.

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



DOCKET 05-10

APPLICATION OF GUAM WATERWORKS
AUTHORITY TO ISSUE WATER AND
WASTEWATER SYSTEM REVENUE BONDS

ORDER

On November 22, 2005, Guam Waterworks Authority [GWA] petitioned the Guam Public Utilities Commission [PUC] for: a) authorization to enter into a series of guaranteed investment contracts to invest certain proceeds from revenue bonds authorized by PUC's October 27, 2005 Order; and b) an increase in the authorized limit for costs of issuance, as established in PUC's October 27, 2005 Order in this docket from \$870,000 to \$1.25 million and an increase in the authorized limit for underwriter's discount from \$1.26 million to \$1.41 million. By letter dated December 5, 2005, Georgetown Consulting Group [GCG], which serves as PUC's independent regulatory consultant, recommended that the petition be approved¹. GWA's chief financial officer has advised that GWA's financial advisers urge that GWA obtain regulatory approval of the petition at the earliest possible date in order to secure investment contract rates as close as possible to the bond yield to minimize any negative or positive arbitrage².

Under PUC's April 11, 2003 *Administrative Resolution*, the undersigned as PUC chairman is empowered with delegated authority to act on PUC's behalf, subject to the following conditions:

1. The requirement that the chairman certify that regulatory action on the petition cannot await PUC action at the next regulatory session, which in this instance in mid-January, 2006. After careful review of the petition, the undersigned finds good and reasonable cause to issue this certification.

¹ The GWA petition and GCG letter both refer to a percentage increase in the authorization for costs of issuance from 2.5% to 2.75%. Both GWA and GCG failed to recognize that in PUC's October 27, 2005 order the authorized ceiling related to closing costs was segregated between "costs of issuance" and "underwriter's discount" and was set at dollar amounts not a percentage. Accordingly, in the instant order, increased ceilings are approved, based upon GCG's recommendation, but in dollar amounts for both costs of issuance and underwriter's discount.

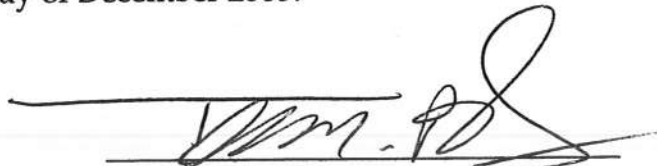
²December 5, 2005 email from CFO Wiegand to ALJ Boertzel.

2. The utility, which requests expedited regulatory action, must waive the final determination exception established in 12 GCA 12004. GWA has made this waiver in its December 8, 2005 email.
3. The utility's petition must be reviewed and supported by PUC's regulatory consultant. By its December 5, 2005 letter, GCG recommends approval of the petition.
4. The chairman must make a diligent effort to confer with other on-island commissioners and can act only if a majority of said commissioners do not oppose the petition. The undersigned certifies that he made this effort and that the petitions were not so opposed.
5. The Resolution prohibits its use to approve a petition for rate relief. The undersigned finds that neither petition requests rate relief.

After carefully reviewing the record in this proceeding, for good cause shown and in furtherance of the authority delegated by the *Administrative Resolution*, the undersigned, on behalf of the Guam Public Utilities Commission, **HEREBY ORDERS THAT:**

1. GWA is authorized to procure guaranteed investment contracts for the purpose of investing proceeds from the revenue bonds authorized under PUC's October 27, 2005 Order in this docket.
2. The authorized ceilings for costs of issuance and underwriter's discount in *Schedule A to Attachment C* of PUC's October 27, 2005 Order in this docket are increased respectively from \$870,000 to \$1.25 million and from \$1.26 million to \$1.41 million. GWA is authorized to utilize the contingency fund identified in the Order to fund these increased authorizations.

Dated this 19 day of December 2005.


Terrence Brooks, Chairman

ATTACHMENT B
Requests for Project Information

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net

Edward R. Margerison
Jean Dorrell

December 5, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: GWA Revenue Bonds – Docket 05-10

Dear Harry,

On November 22, 2005 GWA through its Counsel filed a petition with the accompanying testimony of its Chief Financial Officer, Randall Wiegand, to receive approval from the Public Utilities Commission (PUC) to enter into a series of Guaranteed Investment Contracts (GICs) and to request that the Cost of Issuance allowed by the PUC be increased from 2.5% to 2.75%. In support of its petition GWA filed a Memorandum from its Financial Advisor, Bank of America Securities (BAS), dated November 14, 2005 on the issue of investing in GICs.

In its Memorandum of November 14, 2005, BAS recommends as follows:

we recommend bidding out Guaranteed Investment Contracts ("GICs"), as we have done in the past with other GovGuam issuers.

What is a GIC? A GIC is a flexible, investment program designed to eliminate the market risk, reinvestment risk and administrative costs associated with the investment of bond-related monies. Advantages of GICs include:

- *A guaranteed fixed rate of return for the term of the investment with full flexibility to draw money for project expenditures at any time without cost or penalty;*
- *Elimination of the principal risk and reinvestment risk caused by the uncertainty of unanticipated changes in project schedules;*
- *Acceptance within local government investment statutes with straightforward industry standard documentation.*

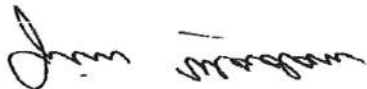
In the past, BAS has utilized Investment Management Advisory Group (IMAGE) as an independent bidding agent on Guam transactions. They are familiar with the island's credit and know the investor community that would be interested in bidding on GWA's funds. We will forward additional information regarding GIC performance vs. other investments tomorrow.

We have also reviewed the information provided on the cost of issuance. The information provided indicates that the current estimate for the cost of issuance is 2.74%. The increase from the prior estimate is reported to be caused by various delays encountered by GWA.

We recommend that the PUC approve GWA's petition to invest funds in GICs and to increase the approved cost of issuance not to exceed 2.75%.

If I can be of further assistance, please do not hesitate to call.

Cordially,



Jim Madan

Cc: Sam Taylor, Esq.

Randall Wiegand, CFO GWA
John Benevente, GM GWA
Simon Sanchez, CCU Board Chair
William Blair, Esq.
Ed Margerison
Larry Gawlik

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



DEPARTMENT OF PUBLIC WORKS -
PROCUREMENT ADVISOR
CONTRACT

DOCKET 05-9

ORDER

On December 14, 2005, the Department of Public Works [DPW] petitioned the Guam Public Utilities Commission [PUC] for expedited review of its procurement of a consultant to assist it in broad scope of work required under the February 11, 2004 Federal Consent Decree in Docket 02-22 and under Guam law. The contract scope would include: a] the development of plans and bid documents for the privatization of the operation and closure of the Ordot landfill; the operation of the transfer stations; and the construction and operation of the Layon landfill; b] planning and study necessary to create residential collection districts pursuant to P.L. 26-99; c] consultation regarding other solid waste management activities; and d] optional post-completion activities. As the fees paid under the proposed contract will exceed \$50,000, it requires prior PUC review and approval pursuant to PUC's October 27, 2005 Order in this docket [Contract Review Order].

DPW has requested expedited regulatory review of the proposed contract because it faces near term deadlines, under threat of substantial Consent Decree penalties, to commence procurement activities on the work product, which will be produced by the consultant. On December 19, 2005 PUC's consultant Georgetown Consulting Group [GCG] submitted its report on the proposed procurement, which recommends its approval subject to conditions.

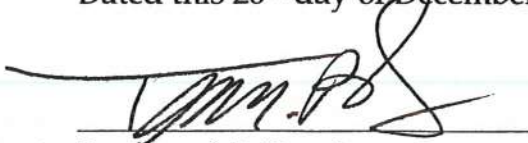
After review of the GCG report, in consultation with its administrative law judge, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT** the procurement is approved subject to the following conditions:

1. DPW shall file with PUC an executed copy of the contract, with all attachments and enclosures.
2. The consultant shall provide PUC with progress reports, in form and frequency established by PUC's administrative law judge, which will enable PUC: a] to monitor the potential impact of its work on DPW rates,


which are subject to PUC jurisdiction; and b] to enable PUC to conduct a timely review, under the Contract Review Order, of proposed procurements which result from its work and which require regulatory review.

3. The proposed contract shall be amended: a] to require consultant to participate, upon request, in regulatory and legislative proceedings related to its work scope; and b] to include a conflict of interest clause, which will prohibit consultant from participating or having an economic interest in any DPW procurement which results from its contractual services.
4. DPW is in serious default of its statutory duty under P.L. 26-99 to establish three residential collection districts and to privatize collection services in 2 of the 3 districts by October 2002. As a consequence, residential customers have suffered with poor collection service. The proposed contract shall be amended to accelerate the consulting work necessary to create these districts and to privatize collection service as required by P.L. 26-99.
5. ALJ is authorized and directed to oversee the administration and interpretation of this Order.

Dated this 20th day of December 2005.



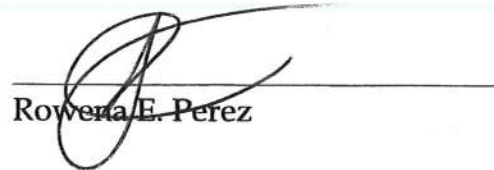
Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
jmadan@snet.net

Edward R. Margerison
Jean Dorrell

December 19, 2005

Harry Boertzel, Esq. ALJ
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: Contract Review – DPW Procurement Advisory Agreement—Docket 05-09

Dear Harry:

This letter is in response to your recent request that Georgetown Consulting Group, Inc. (GCG) review and comment on the Department of Public Works (DPW) Procurement Advisor for the Procurement and Construction of Guam's Solid Waste Facilities and Activities (Advisory Contract) pursuant to the requirements of the October 27, 2005 Order in Docket 05-09. DPW's contract review filing was received by the Public Utilities Commission (PUC or Commission) on or about December 14, 2005 for the purpose of approval on an expedited basis prior to the PUC regulatory conference scheduled for January 2006.

DPW is required to obtain Commission approval on all contracts or capital improvement projects (CIP) with budgets estimates exceeding \$50,000. The protocol for this approval process is similar to the process used for both the Guam Power and Guam Waterworks Authorities (see the attached September 29, 2005 memo from William Blair to Judge Boertzel outlining the applicable standard of review). In its current filing DPW has not disclosed the actual budget estimate for the Advisory Contractor; however, we assume that since DPW has requested approval of the Advisory Contract and the fact the extensive work scope of the Advisory Contract indicates the contract budget will exceed \$50,000.

Document Review

The proposed work scope contained in the Advisory Contract between DPW and Brown Vence Associates (BVA) includes developing a plan and bid documents for the closure and development of a privatization plan for the existing Ordot landfill, the development of a plan and bid documents for the construction and privatization for the new Layon landfill, and the development of a plan and bid documents for the potential privatization of certain DPW services. Other optional services covering post-completion activities appear to be contemplated. Our review of the proposed Advisory Contract was directed to the work activities and schedule proposed, and did not include a legal review, which is reserved to others.

In our review we directed our attention on the nature of the activities proposed by BVA and the interrelationship between the proposed activities. Our review indicates DPW and BVA have proposed

that many, if not most, activities be fast-tracked. This is understandable given the situation DPW finds itself relative to due dates contained in the Consent Order with the US Environmental Protection Agency (EPA). In spite of such fast-tracking, DPW may be placing itself into a situation where it may run the risk of potential fines associated with the violation of due dates contained in the Consent Order with the USEPA. Although we believe that this is a serious matter that DPW should review and determine whether a reallocation of BVA and DPW resources could minimize or avoid this potential, the extensive scope proposed by BVA and the subsequent review required by DPW should be undertaken in a deliberative fashion for the most favorable possible outcome. In our conferences DPW has indicated that it make require additional time that could result in a fine from EPA.

Our review of the work scope contained in the filing by DPW indicates that the scope is not only broad, but more importantly, comprehensive. BVA and DPW have done a very good job in developing the work scope and subject to the comments below we recommend that the Advisory Contract be approved.

1. The Commission must be provided with the contract budget prior to the final Commission consideration. The Advisory Contract should not be approved until the Commission as an opportunity to review the budget for the work scope contemplated. Specifically:
 - What is the fixed fee amount?
 - Can the fixed fee be changed during the term of the contract and, if so, absent a change in the work scope what are the circumstances that could lead to a change in the fixed fee amount?
 - What is the total budget estimate (including direct and out-of-pocket costs) associated with the scope as provided to the Commission for approval?
2. While the study of collection districts has long been the subject of concern by the legislature, other stakeholders, and now the Commission, we would recommend that DPW be required to allocate the resources necessary to accelerate the completion of this phase of the work. As a fact in consideration, the PUC has approved an interim rate increase for these services and further it is our understanding that the community is not satisfied with the services currently provided. We understand that the landfill issues loom large but nevertheless recommend that this issue move forward expeditiously.
3. There are tasks identified in the work scope wherein BVA will obtain stakeholder input. These tasks should also require BVA to seek input from the Commission's technical staff (i.e., GCG and/or the management consultant). For instance, it will be critical that those performing the potential upcoming management audit of certain future operating tasks have a thorough understanding of the direction being taken by DPW in the privatization of landfill operations and certain other services proposed for privatization. Provision should be made in the work scope of the Advisory Contract to allow for such potential coordination. It should also be recognized that there be an adequate information flow from BVA to GCG in order for us to comply with the 45 day review period contemplated in Section 9 of the PUC Order dated October 27, 2005 on Contract Review Protocol.
4. The BVA work scope should be modified to include its participation at regulatory proceedings and legislative proceedings, if required.
5. Subsequent Commission approval of activities resulting from BVA's work will be required. It should be made clear to DPW that the Commission's approval of the proposed Advisory Contract does not extend to the work products of BVA. In other words, the Commission expects that any requests for proposals (RFP) or final contracts for closure, construction, or privatization be presented to the Commission for review and prior approval.

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**PACIFIC DATA SYSTEMS
AND TELECOM GROUP,
"Complainants"**

v.

**GTA TELECOM LLC
"Respondent"**

DOCKET 06-03



Administrative Law Judge Report

Procedural Background

This report reviews and makes recommendations regarding regulatory proceedings under 12 GCA 12107¹, in response to complaints filed by Pacific Data Systems [PDS] and the Telecom Group² [TG] against GTA Telecom LLC [GTA] respectively on October 18 and 25, 2005 with the Guam Public Utilities Commission [PUC]. The complaints allege that GTA has unlawfully refused to fill new orders for metallic circuit³ provisioned voice grade special access service [Service]⁴ under Section 7 of its tariff in violation of 12 GCA sections 12103(h), 12105(d) and 12106(b) and in violation of PUC's April 22, 2005 Order in Docket 05-03 [Order]. The complaints seek an order from PUC, which directs GTA to fill any such new orders until GTA receives PUC authorization to do otherwise. The question of whether such authorization should be granted is not before PUC in this proceeding.

¹ 12 GCA 12107 provides that any interested person may complain to PUC that a telecommunications company is violating its duties under the Guam Telecommunications Act or any PUC order.

²The Telecom Group is comprised of Guam Cellular and Paging, Inc., IT&E Overseas, Inc., Guam Wireless, LLC, Choice Phone LLC and Isla Pacific Telecommunications Inc.

³In the parties' filings, numerous terms, such as *metallic service*, *metallic service channel*, *copper loops*, *dry copper*, *dry copper pair*, *metallic pair*, *dry copper circuit*, *unbundled dry copper loops*, *two wire and four wire*, have been used to describe a loose wire facility without electronics attached at either end, which is not terminated to any switching or transmit/receive devices. During the prehearing conference it was agreed that the term "*metallic circuit*" would be used to refer to this facility, which was used by GTA to provision voice grade special access service prior to September 16, 2005.

⁴Voice grade special access service is defined in GTA's tariff as a channel which provides voice frequency transmission capability in the nominal frequency range of 300 to 3000 Hz and which may be terminated two wire or four wire.

During the course of prehearing proceedings, the undersigned denied complainants' motion for preliminary relief and GTA's motion to dismiss the complaints. The evidentiary record is summarized in *Attachment A*. An adjudicative hearing was held by conference call on December 16, 2005. Under PUC Rule 5, the undersigned engaged Georgetown Consulting Group's [GCG] appearance and participation in the proceedings.

Issues Under Adjudication

In September 2005, GTA implemented a business decision, without regulatory approval, that it would not fill new Service orders with metallic circuits but rather with an alternative technology. The complaints assert that GTA is prohibited from taking this action without prior PUC approval for the following reasons:

1. Under 12 GCA 12103(h), GTA, as a carrier of last resort, is prohibited from discontinuing or abandoning a telecommunications service unless and until it has demonstrated and PUC has found that such discontinuation or abandonment will not deprive customers of any necessary or essential telecommunications service or access thereto.
2. Under 12105(d), GTA is prohibited from either giving unreasonable preference or advantage to any person or class of persons when providing telecommunications services or in engaging in any anti-competitive act or practice.
3. Under 12 GCA 12106(b), GTA is prohibited from making any change in any rate or charge or any classification, term or condition for any telecommunications service in its tariff without prior notice to PUC or unless PUC has authorized or approved the change.
4. Under paragraph 9 of its April 13, 2005 stipulation with Georgetown Consulting Group [GCG] in Docket 05-03 [Stipulation], GTA made a commitment that it would continue to provide the services then provided pursuant to the Special Access section of former Guam Telephone Authority's general exchange tariff and in accordance with the terms thereof until a new special access tariff was approved by PUC. By the Order, PUC required GTA to comply with the Stipulation terms.

The parties agree that the merit of the complaints centers on a resolution of the following issues:

1. Is the Service a "telecommunications service" within the meaning of 12 GCA 12102(i)?
2. Does the term "telecommunications service" encompass the classifications, terms and conditions for and in connection with that service as set forth in a company's tariff?
3. Do references to metallic circuits in section 7.III of GTA's tariff constitute a rate, classification, term or condition for and in connection with the Service provisioned under that section?
4. Does GTA's refusal to fill new orders for the Service constitute a change in a rate or charge or in any classification, term or condition for a telecommunications service in section 7.III of its tariff in violation of 12 GCA 12106(b)?
5. Does section 7.III of GTA's tariff authorize GTA to provision the Service, including its optional features, with facilities other than metallic circuits?
6. Assuming that PUC finds that the Service is a telecommunications service, does GTA's refusal to fill new orders for the service constitute:
a) a discontinuation of the service under 12 GCA 12103(h); or b) either an unreasonable preference/advantage or an anti-competitive act/practice under 12 GCA 12105(d)?
7. Did GTA agree in section 9 of the Stipulation to preserve the status quo for all special access services, including the Service, pending the filing of a new special access tariff with PUC under section 12106? Does its refusal to fill new Service orders violate this agreement and the Order, in which PUC approved the Stipulation?

After carefully reviewing the memoranda and argument, which the parties have submitted with regard to these issues, the undersigned has concluded that PUC need not examine any issue other than number 7 above, in order to grant the relief sought by complainants. This conclusion significantly simplifies the commissioners' deliberations and removes the need to consider complex legal issues involving statutory interpretation, rulings in other jurisdictions and Federal state jurisdictional issues, which are raised by the other issues. Accordingly, the focus of this Report will be on issue number 7 above.

Analysis

The following analysis examines whether GTA, by ceasing to accept new Service orders violated its duty under Stipulation section 9.⁵ The following determinations, which are supported by the record, establish that GTA has violated this duty.

1. GTA holds a certificate of authority from PUC to provide intrastate facilities-based and resold local exchange and interexchange telecommunications services in Guam. Under the terms of PUC's July 27, 2005 Certification Order in Docket 05-03, GTA is required to comply with all PUC orders. GTA is a carrier of last resort within the meaning of 12 GCA 12102(a).⁶
2. By the Order, PUC approved GTA's general exchange tariff, subject to the terms of the Stipulation, a copy of which is made *Attachment B*.
3. Stipulation section 9 provides that: a] the special access section of former Guam Telephone Authority's tariff shall continue in effect until such time that GTA submits a separate special access tariff for PUC review and approval; and b] until such new tariff is approved, GTA shall continue to provide services currently provided pursuant to the section in accordance with the terms of the section.
4. TG and GCG assert that the intent of Stipulation section 9 was to preserve the status quo for special access services provided by GTA pending PUC's receipt, review and action on a GTA petition to amend the tariff for these services. They further assert that GTA's unilateral action in ceasing to provide metallic circuit provisioned Service, which they have used for many years, has caused them economic injury and would require that they reconfigure their networks and purchase

⁵ Pursuant to PUC's July 27, 2005 Order in Docket 05-03, Teleguam Holdings LLC's grandfather certificate was assigned to its wholly owned subsidiary GTA, subject to the condition that GTA assume and fulfill Teleguam's obligations under law and PUC orders. One such inherited duty was that of complying with the Stipulation and PUC's April 22, 2005 Order in Docket 05-03.

⁶A "carrier of last resort" is defined in 12 GCA 12102(a) as a telecommunications company who is the sole provider of a telecommunications service or who has been designated by the Commission as a carrier of last resort. During the prehearing conference, GTA agreed that it was a carrier of last resort.

additional equipment to utilize the new provisioning method offered by GTA.

5. TG and GCG further assert that GTA's special access tariff establishes terms under which the customer, not GTA, is empowered to select the services which it needs to meet its specific communications requirements. They assert that following terms in the Service tariff support this assertion: a] GTA is obligated to provide customized technical specifications requested by a customer where technically feasible⁷; b] a customer has the right to order a basic channel and to select from a list of available transmission parameter and channel interfaces those that it desires in order to meet specific communications requirements⁸; and c] a customer is authorized to select whether the circuit it orders is provisioned with either carrier pairs or pairs of metallic conductors. They point to reference to metallic circuits in the definition of circuits⁹, sealing current conditioning and to reference to two wire and four wire in the tariff as evidence that they have the right to select metallic circuit provisioning for the Service they purchase from GTA.

In contrast, GTA asserts that how the Service is provisioned is an unregulated business decision. In support of this position, GTA points to the tariff definitions of "circuit" and "voice grade channel", which state that service "may" be terminated by metallic circuits. GTA asserts that the word "may" empowers it, not the customer, to unilaterally decide how the service will be provisioned.

The undersigned is persuaded by complainants' position that the tariff favors the customer's right to select available service options. This position is consistent with preserving the status quo, which was the underlying intent of Stipulation section 9. Moreover, sound principles of regulatory policy argue in favor of liberally construing the Service tariff and Stipulation section 9 in favor of assuring that an impartial

⁷ See GTA tariff section 7:III at page 8.

⁸Id. At page 5.

⁹The definition of "circuit" and reference to "sealing current conditioning" in the tariff, both of which were deleted by GTA from its April 2005 tariff, are material to PUC's deliberations herein.

framework¹⁰ exists to review a carrier of last resort's business decisions, which may impact service to customers who are also its competitors.

6. On April 13, 2005 [the Stipulation execution date] GTA was providing the Service to customers. Accordingly, PUC should find that Stipulation section 9 requires that this Service be continued, including not only for existing Service but also for new Service orders pending further PUC action.
7. In September 2005, GTA informed its Service customers, including complainants PDS and IT&E Overseas, Inc. that it would no longer provision new Service orders with metallic circuits. GTA has since refused to fill such new Service orders. In so doing, GTA has violated the Order.

Recommendation

The undersigned recommends that PUC review and consider the adoption of the proposed Order, which is made *Attachment C* as a fair and just response to the complaints. It should be emphasized that the regulatory consequence of the Order would be only to preserve the status quo, which existed when PUC approved GTA's revised tariff and to require only that special access customers continue to enjoy Service for existing and new orders until GTA petitions PUC for regulatory approval of amendments to the tariff. Such a decision would assure that a fair impartial forum exists in which GTA's customers, including complainants, can participate in the process by which material changes in the telecommunications service, which they purchase from Guam's dominant carrier and their competitor are reviewed.

Respectfully submitted this 19th day of December 2005.

Harry M. Boertzel
Administrative Law Judge

¹⁰ Under 12 GCA 12105(c), PUC is empowered to establish appropriate frameworks governing the rates, charges, classifications, terms and conditions of telecommunications services offered by dominant and non-dominant telecommunications companies. GTA is a dominant carrier.

Attachment A

Evidentiary record

<i>Document</i>	<i>Date filed</i>
PDS Complaint	10/18/05
Telecom Group complaint	10/25/05
ALJ letter	10/26/05
GTA letter	10/27/05
Telecom Group letter	11/2/05
GTA email [settlement offer]	11/3/05
PDS email response re GTA offer	11/4/05
PDS comments	11/8/05
Telecom Group letter	11/8/05
GTA memorandum	11/8/05
GTA memorandum	11/11/05
ALJ memorandum	11/12/05
Georgetown [GCG] memorandum	11/22/05
Telecom Group letter	11/23/05
PDS reply comments	11/23/05
ALJ memorandum	11/27/05
GTA, GCG, Telecom Group and PDS Memoranda	12/2/05
ALJ memorandum	12/3/05
ALJ Prehearing Order	12/11/05
GTA [Metzger] email	12/13/05

GTA general exchange tariff as approved by PUC on April 22, 2005.

General exchange tariff of Guam Telephone Authority, as in effect on December 31, 2004.

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



PACIFIC DATA SYSTEMS
AND TELECOM GROUP,
"Complainants"

v.
GTA TELECOM LLC
"Respondent"

DOCKET 06-03

DECISION

Procedural Background

This Order considers the Administrative Law Judge [ALJ] Report dated December 19, 2005 report, which reviews and makes recommendations regarding regulatory proceedings under 12 GCA 12107¹, in response to complaints filed by Pacific Data Systems [PDS] and the Telecom Group² [TG] against GTA Telecom LLC [GTA] respectively on October 18 and 25, 2005 with the Guam Public Utilities Commission [PUC]. The complaints allege that GTA has unlawfully refused to fill new orders for metallic circuit³ provisioned voice grade special access service⁴ [Service] under Section 7 of its tariff in violation of 12 GCA sections 12103(h), 12105(d) and 12106(b) and in violation of PUC's April 22, 2005 Order in Docket 05-03. The complaints seek an order from PUC, which directs GTA to fill any such new Service orders until GTA receives PUC authorization to do otherwise. The question of whether such authorization should be granted is not before PUC in this proceeding.

¹ 12 GCA 12107 provides that any interested person may complain to PUC that a telecommunications company is violating its duties under the Guam Telecommunications Act or under any PUC order.

²The Telecom Group is comprised of Guam Cellular and Paging, Inc., IT&E Overseas, Inc., Guam Wireless, LLC, Choice Phone LLC and Isla Pacific Telecommunications Inc.

³The parties have agreed that "metallic circuit" may be defined as a loose wire facility without electronics attached at either end, which is not terminated to any switching or transmit/receive devices and that metallic circuits were used by GTA to provision voice grade special access service prior to September 16, 2005.

⁴Voice grade special access service is defined in GTA's tariff as a channel which provides voice frequency transmission capability in the nominal frequency range of 300 to 3000 Hz and may be terminated two wire or four wire.

During the course of the prehearing process, ALJ denied complainants' motion for preliminary relief and GTA's motion to dismiss the complaints. The evidentiary record is summarized in the ALJ Report. An adjudicative hearing was held by conference call on December 16, 2005. Under PUC Rule 5, ALJ engaged Georgetown Consulting Group's [GCG] appearance and participation in the proceedings.

Issues Under Adjudication

It is undisputed that Guam Telephone Authority [the former public corporation] since the early 1990s and GTA until September 2005 filed requests for the Service under their respective tariffs. It is also undisputed that GTA is a carrier of last resort within the meaning of 12 GCA 12102(a).⁵

In September 2005, GTA implemented a business decision, without regulatory approval, that it would not provision new orders for the Service with metallic circuits but rather with an alternative technology. The complaints assert that GTA is prohibited from taking this action without prior PUC approval for the following reasons:

1. Under 12 GCA 12103(h), GTA, as a carrier of last resort, is prohibited from discontinuing or abandoning a telecommunications service unless and until it has demonstrated and PUC has found that such discontinuation or abandonment will not deprive customers of any necessary or essential telecommunications service or access thereto.
2. Under 12105(d), GTA is prohibited from either giving unreasonable preference or advantage to any person or class of persons when providing telecommunications services or in engaging in any anti-competitive act or practice.
3. Under 12 GCA 12106(b), GTA is prohibited from making any change in any rate or charge or any classification, term or condition for any telecommunications service in its tariff without prior notice to PUC or unless PUC has authorized or approved the change.
4. Under paragraph 9 of its April 13, 2005 stipulation in Docket 05-03, GTA made a commitment to PUC that it would continue to provide the services then provided pursuant to the Special Access section of former Guam

⁵A "carrier of last resort" is defined in 12 GCA 12102(a) as a telecommunications company who is the sole provider of a telecommunications service or who has been designated by the Commission as a carrier of last resort.



During the course of the prehearing process, ALJ denied complainants' motion for preliminary relief and GTA's motion to dismiss the complaints. The evidentiary record is summarized in the ALJ Report. An adjudicative hearing was held by conference call on December 16, 2005. Under PUC Rule 5, ALJ engaged Georgetown Consulting Group's [GCG] appearance and participation in the proceedings.

Issues Under Adjudication

It is undisputed that Guam Telephone Authority [the former public corporation] since the early 1990s and GTA until September 2005 filled requests for the Service under their respective tariffs. It is also undisputed that GTA is a carrier of last resort within the meaning of 12 GCA 12102(a).⁵

In September 2005, GTA implemented a business decision, without regulatory approval, that it would not provision new orders for the Service with metallic circuits but rather with an alternative technology. The complaints assert that GTA is prohibited from taking this action without prior PUC approval for the following reasons:

1. Under 12 GCA 12103(h), GTA, as a carrier of last resort, is prohibited from discontinuing or abandoning a telecommunications service unless and until it has demonstrated and PUC has found that such discontinuation or abandonment will not deprive customers of any necessary or essential telecommunications service or access thereto.
2. Under 12105(d), GTA is prohibited from either giving unreasonable preference or advantage to any person or class of persons when providing telecommunications services or in engaging in any anti-competitive act or practice.
3. Under 12 GCA 12106(b), GTA is prohibited from making any change in any rate or charge or any classification, term or condition for any telecommunications service in its tariff without prior notice to PUC or unless PUC has authorized or approved the change.
4. Under paragraph 9 of its April 13, 2005 stipulation in Docket 05-03, GTA made a commitment to PUC that it would continue to provide the services then provided pursuant to the Special Access section of former Guam

⁵A "carrier of last resort" is defined in 12 GCA 12102(a) as a telecommunications company who is the sole provider of a telecommunications service or who has been designated by the Commission as a carrier of last resort.

Telephone Authority's general exchange tariff and in accordance with the terms thereof until a new special access tariff was approved by PUC.

ALJ's Report finds and recommends that PUC may provide complainants with affirmative relief by deliberating solely on issue number 4 above. Accordingly, there would be no need to examine and make determinations on the various and more complex issues identified in the Report regarding GTA's alleged violation of statutory duties under 12 GCA 12103(a), 12105(d), and 12106(b). After careful review and consideration, for good cause shown and on motion duly made, seconded and unanimously carried, the undersigned adopt the following determinations, for which PUC finds persuasive support in the record:

Determinations

1. GTA holds a certificate of authority from PUC to provide intrastate facilities-based and resold local exchange and interexchange telecommunications services in Guam. Under the terms of PUC's July 27, 2005 Certification Order in Docket 05-03, GTA is required to comply with all PUC orders⁶.
2. By Order dated April 22, 2005 in Docket 05-03 [*Order*], PUC approved GTA's general exchange tariff, subject to the terms of the April 13, 2005 stipulation between GTA and GCG [*Stipulation*].
3. Stipulation section 9 provides that: a] the special access section of former Guam Telephone Authority's tariff shall continue in effect until such time that GTA submits a separate special access tariff for PUC review and approval; and b] until such new tariff is approved, GTA shall continue to provide services currently provided pursuant to the section in accordance with the terms of the section.
4. TG and GCG assert that: a] the intent of Stipulation section 9 was to preserve the status quo for special access services provided by GTA pending receipt, review and action on a GTA petition to amend the tariff for these services; and b] GTA's special access tariff establishes a protocol under which customer is empowered to select the technically feasible services it needs to meet its specific communications requirements. PUC finds that as a matter of sound regulatory policy, GTA's obligations under

⁶Under the Certification Order, GTA is required to assume and discharge the obligations of its parent Teleguam Holdings LLC, including obligations under the Stipulation and under PUC orders, including PUC's April 22, 2005 Order in Docket 05-03.

Stipulation section 9 should be liberally construed in favor of assuring that an impartial framework⁷ exists to review a carrier of last resort's business decisions, which may impact its service to customers with whom it competes.

5. On April 13, 2005 [the Stipulation execution date] GTA was providing the Service to customers. Accordingly, Stipulation section 9 requires that this Service be continued, including not only for existing Service but also for new Service orders.
6. Under the terms of the special access tariff section: a] GTA is obligated to provide customized technical specifications requested by a customer where technically feasible⁸; b] a customer has the right to order a basic channel and to select available transmission parameter and channel interfaces that it desires in order to meet specific communications requirements⁹; c] customers are authorized to select whether the circuit it orders is provisioned with either carrier pairs or pairs of metallic conductors¹⁰; and d] reference is made to metallic circuits in the definition of circuits¹¹, sealing current conditioning and by reference to two wire and four wire. These tariff terms establish a reasonable and adequate basis for requiring continuation of the Service pursuant to Stipulation section 9.
7. In September 2005, GTA informed its Service customers, including complainants Pacific Data Systems and IT&E Overseas, Inc. that it would no longer provision new Service orders with metallic circuits. GTA has

⁷ Under 12 GCA 12105(c), PUC is empowered to establish appropriate frameworks governing the rates, charges, classifications, terms and conditions of telecommunications services offered by dominant and non-dominant telecommunications companies.

⁸ See GTA tariff section 7:III at page 8.

⁹Id. At page 5.

¹⁰A central argument, in GTA's position that the decision of how to provision the Service is an unregulated business decision, is that in the tariff definitions of "circuit" and "voice grade channel", the word "may" empowers GTA and not the customer to decide how the circuit will be provisioned. After reviewing ALJ's analysis of this argument on page 5 of his Report, PUC finds that GTA's argument runs against the general spirit of the tariff section, which recognizes a customer's right to order the technical specifications it requires rather than empowering GTA to make an arbitrary and potentially anti-competitive selection for the customer.

¹¹PUC finds that the definition of "circuit" and reference to "sealing current conditioning" in the tariff, both of which were deleted by GTA from its April 2005 tariff, are material to PUC's deliberations herein.

since refused to fill such new Service orders. In so doing, GTA has violated the Order.

Order

After due consideration of the above determinations, the record herein, ALJ's recommendations, for good cause shown and upon motion duly made, seconded and supported by the affirmative vote of the undersigned commissioners, it is **HEREBY ORDERED BY THE GUAM PUBLIC UTILITIES COMMISSION THAT:**

1. GTA shall immediately fill customer applications for metallic circuit provisioned voice grade special access service under section 7:III of its tariff and shall continue to do so until otherwise authorized pursuant to 12 GCA 12106.
2. ALJ's rulings in denying GTA's motion to dismiss and TG's motion for preliminary relief are affirmed.
3. GTA shall pay for the regulatory fees and expenses, which PUC has incurred in this docket.

Dated this 20th day of December 2005.



Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena E. Perez