GUAM PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
JULY 27, 2009
SUITE 207 GCIC BUILDING, HAGATNA

MINUTES

The Guam Public Utilities Commission [PUC] conducted a special business meeting commencing at 6:00 p.m. on July 27, 2009 pursuant to due and lawful notice. Commissioners Johnson, Perez, McDonald, and Pangelinan were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The Commission reviewed the minutes of the meeting conducted on May 28, 2009. Commissioner Pangelinan noted that he had abstained from deciding matters relative to the application of Guam Telecom LLC for a Certificate of Authority, as set forth in Item 3 of the minutes, as Guam Telecom is a client of his law firm. Commissioner Pangelinan asked that the minutes indicate that he had abstained from participating in that matter. Subject to the foregoing correction, upon motion duly made, seconded and unanimously carried, the Commission approved the minutes of the May 28, 2009 meeting.

2. Guam Power Authority

(a) GPA's Notice of Intent to Extend Existing PMC Contract for Cabras 1 & 2, Docket 94-04.

The Commission next considered GPA's Notice of Intent to Extend the Existing PMC Contract for Cabras 1 & 2. The Commissioners were provided with a PUC Legal Counsel Report on this matter and a proposed order. Counsel indicated that this matter arose under the Contract Review Protocol. This was the fourth contract extension requested by GPA. The reason for this extension given by GPA is that a bid protest had been filed in the procurement process. GPA's original bid award had been protested, and GPA was required by the Public Auditor to rebid the procurement for a PMC for Cabras 1 & 2. GPA sought to continue to use its existing PMC contractor TEMES until a contractor has been selected under the new procurement. GPA's Notice indicated that the existing PMC would be extended until no later than December 31, 2009; the final selection of the PMC was expected by September 2009 but GPA wishes to continue to use the existing PMC contractor until the entire procurement process is resolved.

Commissioner Perez asked whether it is anticipated that there will be any protests of the procurement process. GPA General Manager Joaquin Flores indicated that any bidder would have fourteen days after the bid was awarded to protest, but that GPA was not yet at that stage in the process. Commissioner Perez then asked whether the procurement was being protested by the current contractor. Randy Wiegand, CFO of GPA, indicated that there was a protest, but not by the current contractor. Upon motion duly made, seconded and unanimously carried, the Commission approved the fourth contract extension of the PMC Contract for Cabras 1 & 2, and adopted the ORDER made *Attachment "B"* hereto.

(b) Petition for Supply of Diesel Engine Cylinder Lubricating Oil, Docket 94-04

GPA seeks authority to procure a supplier of Diesel Engine Cylinder Lubricating Oil through the issuance of an invitation for bids. PUC Legal Counsel has submitted a Report in this matter and a proposed order. Counsel indicated that these are standard three year contracts for the supply of diesel engine cylinder lubricating oil to its generation plants. The present contract with Shell Guam terminates on September 30, 2009. Although there are extension provisions in the contract, GPA desires to go out on bid and procure diesel engine cylinder lubricating oil. GPA needs approximately 240,000 gallons per year of such oil for its Cabras 3 & 4 plants, and an additional 240,000 gallons of such oil for Piti units 8 & 9. According to GPA, such oil is essential for the continued operation of power plants. The cumulative cost of the present cylinder oil contract through March of the current fiscal year is $4,966,812. A draft IFB submitted by GPA indicates that the price submitted by suppliers is based upon the fixed cost of the cylinder lubrication oil and the service fee charged. Counsel recommends PUC approval of GPA's request to procure the supply of such oil, as it cannot operate without it. Once the contractor is selected, GPA should submit the final contract to the Commission for review (since the final price is unknown). Upon motion duly made, seconded, and unanimously carried, the Commission approved GPA's request to procure diesel engine cylinder lubricating oil and adopted the ORDER made *Attachment "C"* hereto.

(c) Petition for Approval to Procure PMC for Management Operation and Maintenance of GPA's Fuel Farm Bulk Storage Facility, Docket 94-04

GPA seeks approval of a procurement for a Performance Management Contract [PMC] for the management, operation, and maintenance of GPA Fuel Farm Bulk Storage Facility. PUC Legal Counsel has filed a Report herein. He reported that at present, GPA has a contractor, Peterra, Inc., that manages the facility through contractual arrangement. However, in addition to management and operation of the facility, GPA believes that it needs to hire a PMC to undertake responsibility for the operation, maintenance and refurbishment of the fuel lines. Due to the present condition of the fuel lines, upgrades and repairs will be needed. The expanded duties and responsibilities of the proposed PMC are stated in the procurement documents, which include preparation of the budget, provision of staffing, possible financing of CIP/PIP projects, as well as management and operation of the fuel farm facility. GPA submits that the hiring of a PMC will improve efficiency and cost effectiveness.

The initial project the PMC will work on is the installation and calibration of fuel meters at the fuel farm facility and plants in a capital improvement project. Computers will measure the flow of fuel into the fuel tank farm and the fuel received at each of the plants. The PMC will then be able to determine what amounts of fuel are lost at the facility plants, i.e. "fuel variance". These losses will be assessed against the PMC if it does not reach the Fuel Measurement Variance Percentage Target of 0.25%. Legal Counsel recommends approval of the procurement as the PMC concept has worked well with other plants and has been recognized by the PUC and its consultants as a mechanism for upgrading performance and efficiency.

Commissioner Perez asked if there would be an increase in cost for the PMC from the monthly amount presently paid to Peterra, Inc. GPA's General Manager Joaquin Flores indicated that there would likely be additional costs because of the need of the PMC to enhance maintenance on the pipelines, which is an additional duty beyond the scope of the present contractor. In addition, there will be a need for greater maintenance of the pipelines, which are over 40 years old. Commissioner Perez further asked whether GPA has done an assessment. John Benavente, General Manager of Consolidated Utility Services indicated that a maintenance plan was necessary due to prior oil spills. Chairman Johnson asked if the pipelines to the fuel farm and to the plants are presently metered. Mr. Benavente indicated that they were not. Upon motion duly made, seconded and unanimously carried, the Commission approved the petition of GPA to procure a PMC for the management, operation and maintenance of GPA's Fuel Farm Bulk Storage Facility, and adopted the ORDER made *Attachment "D"* hereto.

(d) <u>Applications of GPA to Procure the Supply of Diesel Fuel Oil</u>

Legal Counsel has submitted a report and proposed order. Counsel stated that GPA seeks approval from the PUC to issue procurements for the supply of diesel fuel oil. The first petition seeks approval for procurement of diesel fuel oil supply for the Dededo Diesel and Combustion Turbine units (CTs at Dededo, Macheche, Marbo and Yigo); the second petition seeks approval for procurement of diesel fuel oil supply for the Fast Track, Base Load, and TEMES & Tenjo Vista Combustion Turbine Units. The cumulative cost of diesel fuel for the fast track, diesel base load and other units is $29,983,598 through May of the current fiscal year. The cumulative cost for fuel oil supply for Dededo diesel and combustion turbine units is $4,335,582 through April of the current fiscal year. The procurement sought for the Dededo diesel and CT units is low sulfur diesel fuel no. 2.

The Consolidated Commission of Utilities has approved the procurements. There is a necessity for diesel fuel oil to maintain and keep generators running. Counsel recommends approval, as issuance of the RFPs is prudent and necessary. Commissioner Perez asked whether the current three year contract can be renewed for three years, or whether GPA is going out for a new contract. GPA officials indicated that the current contracts have not expired, but when they were negotiating for an extension, GPA thought that it could get a better price by going out to bid. Randy Wiegand indicated that GPA was not exercising the option to renew the three year contract. Upon motion duly made, seconded and unanimously carried, the Commission approved the issuance of two procurements for the supply of diesel fuel oil for the respective plants, and adopted the ORDER made *Attachment "E"* hereto.

(f) Levelized Energy Adjustment Clause, Docket 02-04

The Commission next proceeded to consider GPA's June 15, 2009 LEAC filing, which requested that the current LEAC Factor [$0.13645 per kWh] for its civilian customers be decreased to $0.12702 per kWh for meters read on and after August 1, 2009 and continuing until January 31, 2010. Legal Counsel reported that after such filing by GPA, there were changes in fuel oil prices. Discussions ensued between GPA and the Commission's Regulatory Consultant, Georgetown Consulting Group Inc. There was agreement between the parties that the fuel prices had increased more rapidly than previously expected. After conducting its review, GCG updated the total fuel costs for the six month period ending January 31, 2010. Based upon updated Morgan Stanley fuel price forecasts for both no. 2 and no. 6 oil, GCG recommended that the current LEAC factor be decreased to $0.12967 per kWh. This was a lesser reduction than that originally sought by GPA in its LEAC filing.

However, there was a dispute between the parties concerning the proper calculation of the "floor" relative to recovery by GPA on fuel inventory valuation. GPA filed a supplemental letter which indicated that, notwithstanding the dispute concerning fuel inventory valuation, it would agree to the LEAC reduction proposed by GCG. In its letter filing, however, GPA reserved the right to revisit the issue of fuel inventory valuation in subsequent proceedings and to request that it recover the inventory valuation cost based upon actual fuel cost. Legal Counsel submitted a proposed order which, in addition to establishing a new LEAC factor of $0.12967 kWh to be used by GPA for all civilian bills for meters read on and after August 1, 2009, GPA is also ordered to submit an updated report to the PUC on or before December 15, 2009 concerning its ongoing efforts to secure a standby letter of credit to address fuel hedging issues, and to file a petition for a "cash policy" if it intends to do so. GPA should also indicate the current status of its fuel hedging program. Finally, GPA is to submit a transmission study on its line loss proposal.

Chairman Johnson asked about the current status of GPA's fuel hedging program. Randy Wiegand indicated that GPA was looking at revising the program and was exercising calls in an effort to take advantage of market weakness. Chairman Johnson then asked if GPA would look at calls out beyond one year if it's feasible from a cost perspective. Mr. Wiegand indicated that GPA had been limited to one year on its calls by its hedge providers, when its credit rating had been reduced below investment grade. However, GPA was expecting to get investment grade credit rating within the next few months, which should enable GPA to go out beyond one year. GPA would be interested in such calls.

The Chairman also indicated that GPA was far behind on fuel inventory numbers for last year, but wondered if GPA was almost caught up. Mr. Wiegand indicated that GPA would be zeroed out from the loss for FY08. The Chairman asked if there was only one hedge left from the old program which expired on September 30th. Wiegand indicated that such was the case. Upon motion duly made, seconded and unanimously carried, the Commission approved a LEAC factor of $0.12967 kWh for use by GPA for all civilian bills for meters read on and after August 1, 2009 to recover its forecasted fuel and related expenses, and adopted the ORDER made *Attachment "F"* hereto. The Chairman asked additional questions on the progress of the renewables procurement and the wind study. GPA officials indicated that progress was being made with regard to both areas.

3. Guam Waterworks Authority

(a) GWA Docket 09-03, Base Rate Case and GWA Docket 09-05, Emergency Petition for Approval of Moratorium Project Contract and for Issuance of Revenue Finance Bonds

Legal Counsel Horecky was designated in this matter as Administrative Law Judge. He submitted an ALJ Report which detailed the procedural history of this proceeding and indicated that GWA has complied with the prefiling notice requirements and other notice requirements of the Ratepayer Bill of Rights. Horecky indicated that the rates originally requested by GWA provided for rate increases of 12.9% in FY2009, 2% in FY2010, 8% in FY2011, 2% in FY2012 and 8% in FY2013. After negotiations between GWA and the Georgetown Consulting Group, the Commission's consultant, the amount of rate increases requested were adjusted. In the joint stipulation submitted by GWA and GCG, the overall increases requested in customer bills for FY2010, FY2011, FY2012, and FY2013 were 14%, 8%, 4.9%, and 8% respectively. In the stipulation, the parties indicate that the changes to GWA's original rate increase request are necessary to maintain an adequate debt service coverage ratio of 1.75x over the rate plan period. Such DSCR is necessary to fund the construction of approximately $150 Million in bond funded capital improvement projects (part of plan to fund $209.4 Million in construction projects during the five year rate plan), which include the moratorium project and other projects indicated in the stipulation. The revenue increases are also necessary to fund reserves for GWA's bond indentures on certain internally generated capital improvement projects.

The rate increases apply to lifeline rates for 2010 and water and wastewater rates. The parties agreed that approximately $50 Million should be approved for the moratorium project. In addition, GWA would be authorized to issue revenue financed bonds in the principal amount of approximately $54 Million by the end of December 2009. The parties also request GWA be authorized to issue revenue financed bonds in a principal amount of not more than $126.1 Million on or about January 1, 2012. Finally, GWA would be authorized to incur short term debt of up to $30 Million in order to provide bridge financing for the moratorium project and fund certain bond reserve funds.

Existing surcharges established by the PUC to recover past amounts due to GPA and Navy would continue until paid. The debt service coverage ratio targets are stipulated to by the parties. GWA and GCG would further initiate Cost of Service study discussions by November 1, 2009. GWA will also provide a report to the PUC not later than November 12, 2009 relative to the status of its meter replacement program. The interim Tiyan rates are extended pending further PUC action, subject to the same percentage rate increases recommended by the stipulation.

On an annual basis, GWA is required to submit substantial information to the PUC on its actual costs and revenues. The process would be similar to that of a "true up" in LEAC. Here, the projected rates will go back to the PUC for review; annually the PUC will determine whether the rate increases are still appropriate for the upcoming year. There is a continuing review process and accountability. The ALJ recommended that the PUC adopt the stipulation of the parties. As pointed out in a report by R.W. Beck, if the rate plan were not adopted and the substantial improvements needed were not made by GWA, GWA would be placed in jeopardy of meeting its debt service coverage ratios and of not having money available to support the moratorium project and to meet the requirements of the Stipulated Order. The ALJ indicated that the proposed ORDER submitted makes the legal determinations required, as set forth in the ALJ report. In addition, the requirement of an annual staffing study for GWA has been satisfied. An updated study was prepared by GCG and submitted to the Commissioners for their consideration. GWA has not exceeded the staffing levels which GCG determined to be appropriate in 2003 (around 300 employees). The ORDER, if adopted, would keep this docket open for annual review by the

Commission. The ALJ recommends that the Commissioners adopt the determinations and ordering provisions in the ORDER.

Commissioner Perez asked why there is an approval now for a five year rate plan and whether that was because of the bonds that GWA intends to secure. The ALJ indicated the five year plan was needed to fund the projects under the stipulated order. Commissioner Perez asked whether it covers the moratorium project other than CIP projects. GWA officials indicated that the financing would cover moratorium projects and island wide projects needed for the upcoming military growth. Commissioner Perez indicated further that she was concerned about the point raised by Georgetown that GWA had procured the moratorium contract without following the proper protocol. There was a concern that the PUC could turn out to be an administrative formality for an agency to go out on a procurement and not follow what the PUC has structured. The ALJ indicated that these issues need to be addressed on contract review. Commissioner Perez asked whether GWA included the prioritization of the master plan projects referred to in the GCG Report. The ALJ indicated that that issue is one that needs to be examined.

Commissioner Perez indicated that there was a fourteen percent rate increase but that sample bills submitted by GWA refer to a 15.6% increase for high schools, commercial/hotels at 15.6% increase and residential at 14.8% increase. She requested an explanation of these sample bills. Greg Cruz, CFO of GWA, indicated that the sample bills reflected a combination of lifeline rates plus volumetric charges. As a combination of these two factors, the result is a higher increase than the effective rate. These are not across the board percentage increases.

Commissioner Pangelinan indicated that a 14% increase is not necessarily reflected in any particular bill; commercial bills do not vary and are at 15.6%. GWA officials indicated that is correct. Commissioner Pangelinan indicated that commercial bills would normally be higher than 14%, i.e. 15.6%. GWA confirmed that that was the overall impact of the rate increase. Chairman Johnson asked whether the rate increases in subsequent years are both for water and sewer. GWA indicated that the lifeline rates would not be affected in any year except 2010 and would be frozen until at least 2013. Wastewater rates will be raised in accordance with proposed rate increases. Commissioner Perez asked whether in this proceeding GWA would be authorized to get financing for $64 Million in addition to the moratorium project, which is $50 Million principal and interest by 2009. GWA indicated that such was the case. Commissioner Perez further indicated her understanding that in January 2012 PUC would give GWA authorization, if the stipulation were approved, to go out for financing for an additional $126 Million. GWA Legal Counsel Sam Taylor indicated that was correct.

Commissioner Perez further indicated that GWA was seeking short term debt of $30 Million which GWA would use to bridge the gap. Counsel Taylor indicated that $22 Million of that would be used to fill reserve funds, and $5-8 Million for the moratorium project. The General Manager of Consolidated Utility Services John Benavente indicated that GWA must get the $30 Million in place or they can't go out on the bond market. Commissioner Perez asked whether GWA has been talking to any financial institutions. Counsel Taylor indicated that GWA had.

Commissioner Pangelinan asked about the annual review process by PUC, and to what degree PUC is constrained now if it approves these rate increase percentages, what would be its ability to deviate on such increases during the review process. ALJ indicated that the PUC could deviate from these rate increases in the annual review process. Commissioner Pangelinan asked whether the PUC would just be verifying and matching up the numbers in the review process, or whether it had discretion in the review to revisit the percentages. The ALJ indicated that a review would be based upon an evaluation of the materials received from GWA, such as revenues and expenses; each review would be a "mini rate case" where the Commission would have the ability to change the amounts of the increases if warranted. Commissioner Pangelinan asked whether there would be a "just and reasonable" standard in the annual reviews. The ALJ indicated that that was correct.

Commissioner McDonald asked whether looking through GWA's revenue projections, did GWA factor in the reduction in the leak losses, or is this all increased revenue through rate increases. GWA indicated that a certain amount has been factored in. Commissioner Perez asked whether GWA was in conversation with the military and defense about the military contribution to our water system because of the load in upcoming years. The General Manager of Consolidated Utility Services indicated that there were ongoing discussions with the military and biweekly conference calls. Commissioner McDonald asked whether on GWA sample bills they were increasing the agriculture and resellers of water. GWA indicated that these are across the board increases. Commissioner McDonald also asked whether there were comments from agriculture or resellers at the public hearings. Chairman Johnson indicated no, that the only comments had been from village mayors. John Benavente of GWA indicated that there was impact on the increases for agriculture and resellers. Chairman Johnson asked whether there was any update on federal EPA with regard to secondary treatment. Mr. Benavente indicated that there was not. Commissioner Perez requested that GWA address the concerns raised by the two mayors. Mr. Benavente indicated that they were communicating with the Mayors about their concerns.

The Chairman then requested whether there was a motion. The ALJ suggested that the Commission should first adopt all of the determinations in the FY09 Rate

Decision, and secondly adopt the ordering provisions and the Order. Commissioner Perez indicated that she wished to address the contract review issues in GWA Docket 09-05. The ALJ indicated that initially two cases had been filed by GWA, the base rate case and an emergency petition under the contract review protocol for approval by the PUC of the moratorium project and the bond financing, and financing for master plan projects. The stipulation between the parties in the base rate case considered all issues including those regarding the moratorium contract. The ALJ indicated that he had also filed a PUC Legal Counsel Report in GWA Docket 09-05.

Georgetown Consulting Group had also filed a report in this docket which indicated that GWA did not comply with the contract review protocol with regard to the moratorium project. The ALJ indicated that the point was correct. The contract review protocol provides that procurements be approved by the PUC before the procurement process is commenced. With regard to the moratorium project procurements, the Guam Legislature has recognized that an emergency situation existed which was necessary to end the moratorium. However, the fact is that GWA did violate the protocol. The ALJ asked then what the remedy is. Disapproval of the contract would not be an appropriate remedy. However, GWA needs to be reminded to comply with the protocol. The ALJ suggests (1) the final moratorium project contract must be approved by the PUC; and (2) that any use of the bond finance funds for the projects financed must be approved by the PUC. The present protocol applies to any use of bond funds and requires that all such uses of bond funds be approved by the Commission. The proposed uses of funds by GWA for bond projects need to be further reviewed by the PUC.

Commissioner Perez indicated that she appreciated Georgetown's report to the PUC. GWA did not communicate to the PUC that there were bidders. It is a matter of mutual respect between the agency and the Commission that the agency should follow the proper procedure. GM Benavente apologized on behalf of GWA for not bringing this procurement matter before the PUC. He indicated that there was no intent to bypass the PUC. The ALJ then recommended that the PUC should keep the determinations in the rate case separate from those involving contract review. Should the Commission wish to make any orders regarding contract review, it should do so in Docket 09-05.

The Chairman then asked if there was a motion to accept the determinations in the proposed ORDER as written. Commissioner Pangelinan indicated that he had certain minor corrections and suggested revisions. He stated that at p. 6, item no. 7 Order, relative to Annual Review, it references the stipulation in par. 7 but does not pick up the detail as set forth in the stipulation. He suggested either brining paragraph 7 of the stipulation into paragraph 7 of the Order or referencing the "just and reasonable" standard in paragraph 7 of the Order. To par. 7 of the ORDER he would add the language "and to ensure that such rate increases are just and reasonable in accordance with 12 GCA §§12015 and 12017". Also, Commissioner Pangelinan requested that at p. 2, par. 3 of the ORDER, that the last sentence be changed to read as follows: "Based upon the information received by the PUC as of the date of this ORDER, these rates are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017." The PUC does not want to say here the rates are just and reasonable if it wants to tweak them later. Chairman Johnson requested that at p. 2 par. 3 of the ORDER it specify that its not only water rates but also wastewater rates that would be adjusted in accord with the percentages. He suggested the addition of the language "including water and wastewater rates across all customer classes (including the Navy)..." Commissioner Perez asked Attorney Taylor if he had mentioned that Lifeline rates would not be affected on 2013. Mr. Taylor indicated that they would be affected in 2010 and also possibly in 2013.

Upon motion duly made, seconded and unanimously carried, the Commission approved the determinations in the ORDER. Upon motion duly made, seconded and unanimously carried, the Commission approved the Ordering Provisions of the ORDER and adopted the ORDER made *Attachment "G"* hereto. Upon motion duly made, seconded and unanimously carried, Legal Counsel was directed to initiate discussions with GWA concerning moratorium project and contract review.

4. GTA Teleguam / PDS

Counsel indicated that this matter, Docket 08-11, arose as an arbitration dispute before former ALJ Boertzel. The parties [GTA and PDS] requested the arbitration. The Arbitration Order of Judge Boertzel found that certain dark fiber routes provided by GTA to PDS were not "in good working order." This was the standard that the parties had agreed to in their Interconnection Agreement.

The issue addressed by ALJ Mair in his July 20 Order concerned the "standard" agreed to by the parties: what did PDS and GTA mean by "guaranteed good working order?" Previously the ALJ had issued his Order on April 13, 2009. He found that the parties had a contract wherein GTA agreed to provide fibers to PDS that were "in good working order." Therefore, there was a contractual obligation of GTA. ALJ Mair upheld the arbitration award of prior judge Boertzel.

On April 20, 2009, the Commission had affirmed ALJ Mair's April 13 Order. The Commission found that GTA had a duty to provide fibers to PDS in guaranteed good working order. After that Order was issued, GTA had taken exception and requested a second motion for reconsideration of the Commission's Orders. Pursuant to Rule 37 of the Commission's Rules, GTA, in order to support a request for a rehearing by the Commission on a matter, must provide "newly discovered evidence." ALJ Mair found in his July 20 Order that GTA had not met the standard to obtain a rehearing. It had not provided new evidence which would serve as a basis to overturn the prior Order. According to ALJ Mair, GTA had agreed to the Limtiaco Report, and never questioned the standards for dark fiber routes set forth in that Report. Furthermore, by written letter, GTA had specifically agreed with the findings in the Limtiaco Report.

In his Order of July 20, ALJ Mair found that GTA failed to provide 7 dark fiber routes to PDS in good guaranteed working order. GTA claims that the PUC violated federal standards whereunder GTA is only required to provide the same quality of dark fibers to its customers that it provides to itself. According to Counsel, however, the Telecom Act provides that parties to an Arbitration Agreement are not limited to the standards in federal law, but can agree to higher standards. The right of the parties to include their own standards or to negotiate different standards is specifically provided for in the law. Thus, PUC did not force GTA to adopt any standard; GTA voluntarily adopted the standard of "guaranteed good working order." ALJ Mair found that the determination of the quality of the dark fibers provided by GTA is a question of fact. The parties had a history concerning the meaning of "good working order." GTA had made previous written representations to PDS that the dark fibers were in good working condition in accordance with the Interconnection Agreement and were within GTA's as well as IEEE/TIA Standards.

The parties had jointly submitted the issue of whether these fibers were in good working order to Mr. Limtiaco. Both GTA and PDS agreed to the selection of Mr. Limtiaco, and submitted the agreed upon issue to him. Mr. Limtiaco concluded that, based upon the IEEE/TIA Standards, the dark fibers were not in good working order. GTA has never provided any expert testimony or evidence that Mr. Limtiaco's conclusions were wrong. By letter dated July 8, 2008, GTA stated that it did not dispute the findings of Mr. Limtiaco. Despite that, GTA now says that it doesn't agree with Mr. Limtiaco's findings. However, the standards were agreed to in the record. GTA has already agreed that Mr. Limtiaco's conclusions were correct. Here the PUC has held that GTA is required to meet the contractual obligation that it has to PDS. An administrative body such as the Commission does not reconsider a decision where there are no new facts. Based upon prior communications of the parties, ALJ Mair found that communications between GTA and PDS reflected the intent of the parties regarding the quality of dark fiber to be provided by GTA to PDS. Whether the fibers provided by GTA to PDS were in good working order is a question of fact.

According to Legal Counsel, the ALJ's decision is a fair reading of the case and history of the proceedings.

Counsel indicated that the proposed Order which he has prepared for the Commission adopts ALJ Mair's Order of July 20, 2009. The holding is that GTA has not provided evidence to disturb or reconsider the findings that were already articulated in the April 20, 2009 Order of the Commission. In addition, all prior provisions of the April 20 Order remain in effect, including the injunction preventing GTA from terminating service to PDS for nonpayment on the disputed dark fiber lines. The ALJ would be authorized to schedule further proceedings, and payment of regulatory fees and expenses by GTA and PDS would be required. Finally, Counsel pointed out that the Order proposed to the Commission would attach the July 20 ALJ Order, the April 20 PUC Order [which approves the April 13 ALJ Order], and the administrative record attached to the April 13 Order. Those documents would constitute the record in this case. GTA's petition for rehearing/reconsideration would be denied.

Commissioner Perez asked whether the Commissioners would want to see the letters that had been referenced by Legal Counsel. Counsel indicated that those letters were included in the record of the proceeding but not in the materials provided to the Commissioners. The Order would include the entire administrative record which was a part of the ALJ's April 20 Order. Commissioner Pangelinan asked whether Counsel could address the *Qwest* 9th Cir. Case, and whether that case would raise anything that constitutes a new issue. Counsel indicated that, although he was not the ALJ, he did not believe that the *Qwest* decision applied at all to this case. *Qwest* dealt with what "unbundling" is required under Sec. 270 of the Telecommunications Act. That issue is unrelated to any issue in the case before the Commission. The PUC did not require GTA to adopt a standard. The *Qwest* facts and circumstances are different. Commissioner Pangelinan then asked whether if *Qwest* had dealt with exactly the same facts as in this case, would it have warranted reconsideration? Is the reason that *Qwest* would not affect anything in this case that the facts are not dealing with the same scenario? Counsel replied that *Qwest* just was not applicable. There a State Commission tried to force a party to accept bundling requirements that weren't required under federal law. We don't have that situation here where there was a consensual agreement, expressly provided for in §252 of the Telecommunications Act, pursuant to which parties are free to accept standards beyond those provided in law. *Qwest* involved a State Commission attempting to force requirements upon a party. Here the parties voluntarily agreed to adopt a standard for dark fibers.

Chairman Johnson asked whether there was a motion to adopt the Order and to include the historical body of the record with the Order. Commission McDonald asked whether GTA agreed that there are no new facts. The Chairman indicated that GTA presented *Qwest* as the "new facts." Dan Moffat of GTA indicated that any amendment had to be in writing. He felt that discussion of the Limtiaco testing was just that, discussion. Commissioner McDonald asked whether with Limtiaco, wasn't there a letter? Mr. Moffat replied that there was, and a discussion of IEEE Standards. He indicated that GTA did go through that process but did not agree to an amendment to the Interconnection Agreement. In terms of "just and reasonable", Mr. Moffat felt that this decision would cause

GTA to be the only company of its type in the country to adhere to this type of standard. Generally the industry standard means that you will give the CLEC fiber comparable to what you use yourself. Commissioner McDonald indicated that he would place the matter on Legal Counsel for his interpretation of GTA's letter. Counsel stated that we are not talking about amending the Interconnection Agreement. We are talking about a provision where GTA said it would provide dark fiber routes to PDS in guaranteed good working order. That was its agreement, and it negotiated the agreement with PDS. To determine the meaning of guaranteed good working order, the parties submitted the issue to Mr. Limtiaco. His Report said that the dark fibers were not in good working condition, because they did not comply with industry standards. GTA then indicated that it agreed with Mr. Limtiaco's Report. There is no question of amending the agreement, but holding GTA to its own agreement. The history of the relations between GTA and PDS is evidence of what the parties meant by the term "good working order."

Chairman Johnson asked whether there was a motion. Commissioner Perez made a motion to approve the Order, and the Chairman asked for a "second." Commissioner McDonald asked whether the letter would be attached to this Order? Counsel indicated that it would, that the whole administrative record will be made a part of the Order - - that includes the Limtiaco Report and the GTA letter. Chairman Johnson indicated that there was a motion on the floor to adopt the Order as written and asked whether there was a second. There was no response from the Commissioners. Chairman Johnson asked Legal Counsel where the Commission would go from here if they didn't uphold the ALJ's Order? Counsel indicated that would place the Commission in limbo on the issue, probably *status quo* without a decision. If the Commissioners took no action, it would neither approve the ALJ's Order or GTA's request for rehearing. The proceeding would be left in doubt. Chairman Johnson asked where the parties would go from here. Counsel indicated that he would have to examine that issue more as to what a lack of action by the Commission would mean, what options the parties would have. It is likely that the April Order of the Commission would stand, and the prior orders speak for enforcement. The issue would have to be looked at in more detail.

Mr. John Day of PDS asked whether he could speak. He stated that there may not be an appreciation of this docket. The dispute started in 2007. When the parties couldn't resolve the issue, it was taken to the PUC for mediation. Over an eight month period, the parties tried to mediate the issue with the Administrative Law Judge. Mediation was broken off by GTA. PDS was forced to file this action in August 2008, a year ago. Since then, the facilities are not complete, PDS can't serve six areas of the island. Having the matter continued before the Commission would perpetuate this situation. It would perpetuate a lack of competition, which is the mandate of the Commission. Under the Telecommunications Act, the primary function of the PUC is to ensure a competitive environment. Right now a competitive environment does not exist. This is a crucial issue and the facilities are crucial so that we can provide services. Since both parties feel strongly here, whatever the decision, it is likely the issue would go to a higher court. It is important that the PUC be done with this Docket so that the case can move to the next judicial level. A failure by the PUC to act will exasperate the existing situation and be a failure of the Commission's responsibility.

The Chairman indicated that we still have a motion on the table and asked for a second. Commissioner Pangelinan requested a short recess. After the recess the Commissioners came back on the record. Commissioner Perez moved to approve the ALJ Order of July 20. Commissioner McDonald clarified that approval would be with the attachments. Upon motion duly made, seconded and unanimously carried, the Commission approved the July 20, 2009 Order of ALJ Mair. A copy of the Order and relevant attachments is made *Attachment "H"* hereto.

5. Legislation Placing the Port Authority under the Jurisdiction of the PUC and Procurement for Consultant

Counsel indicated that, as a result of Public Law 30-52, signed by Acting Governor Michael Cruz on July 14, the Port Authority of Guam is now under the regulatory jurisdiction of the PUC. The law places the Port under the regulatory supervision of the PUC. The Port is now a "public utility" as defined in the law. All provisions in Title 12 Chapter 12 applicable to other utilities such as GWA and GPA are also applicable to the Port.

The notice requirements under the Rate Payer Bill of Rights are somewhat "watered down" with regard to the Port - - only a 60 day prefiling notice is required.

The question is how to commence the regulatory process between PUC and the Port. PUC has an obligation under the law to "begin proceedings" with the Port to review and modify or establish Port rates for the use of Port facilities or appliances. Until December 31, 2010, the Commission may establish interim rates and charges for use of Port facilities or appliances. Rates subject to regulation include rates for containers, dockage fees, and rental fees. PUC may be regulating rental rates charged to tenants of the Port. The Commission can establish interim rates for the Port. The procedure for establishing such interim rates may be similar to that utilized by the PUC for the PUC initiated rate case for GWA.

By December 31, 2010, the Port is required to submit a study of existing rates and cost of services. The Port must go out on a procurement to request a consultant to do the rate study. That contract is subject to prior review of the Commission.

Counsel indicated that the Commissioners have also been provided with a copy of a Briefing provided by the Port to Senators at the Guam Legislature. Under the law, the Port's Master Plan must be approved by the Legislature before the Port can proceed with necessary improvements. The Port is seeking various federal loans and forms of federal financing to fund its improvements. The legislation approving the Port's Master Plan is now pending before the Legislature. The Port has developed an aggressive program of rate increases that it seeks to fund its improvement projects. A major concern of the Port is the military buildup between 2010 and 2014. There will be a substantial increase in the number of containers coming through the Port. The Port has plans to improve the facilities needed to increase the capacity to handle a larger number of containers at the Port.

The Port is applying for a federal loan and ARRA funds on the improvements. Part of the Port's plan is tariff increases. The Port's plan is to increase tariffs by 2.6% per year over a twenty year period between 2010 - 2030. This doesn't mean that there will be annual rate proceedings but the Port will likely come to the PUC by November 2009 with its first proposed increase. According to its schedule, it hopes for final action by the PUC by March 2010.

The Port has done a significant amount of work on its improvement plans, which appear to be well thought out. The question is how the Commission will respond to its new obligation of overseeing the Port. As of yet, the existing PUC consultant has not been hired for Port matters. The first thing the PUC needs to do is to obtain a consultant to review rate proceedings when the Port comes before it. The "interim rates" may not need the full review of an ordinary rate proceeding. The Commission will need advice and consultation, hopefully from a consultant with experience with Port and regulatory matters.

Counsel indicated that he had submitted a draft RFP to the Commissioners, which RFP has a more detailed scope of work requesting consultant experience in Port matters, regulatory matters, accounting, financial analysis, etc. Counsel requests authority to finalize the RFP and, with the assistance of the Administrator, to publish notice so that the PUC will have a consultant. That's step one. Then there should also be a PUC Board to Port Board meeting. The PUC will need to implement an Assessment Order so that services to the Port by the PUC can be billed. At present the annual assessment fee for other utilities is $75,000. Also, a Contract Review Protocol is needed for the Port. In accordance with 12 GCA §12004, the PUC will review contracts of the Port which could increase rates. Certain Port contracts, such as one anticipated for a Performance Management Contractor, will need review by the PUC. Perhaps a meeting should be set up with the Port officials.

Commissioner Pangelinan asked whether the $75,000 would also pay for consultants? Counsel indicated that yes, there are two types of charges for every regulated utility - - assessments, which cover administrative costs, notices, publication, etc.; a second charge is a separate fee for work done in specific dockets i.e. for consultant and other charges. Commissioner Pangelinan asked whether we need a consultant to help set up a regulatory relationship with the Port. Counsel indicated that for certain issues there was a need for a focused consultant, particularly to address rate issues, to provide financial analysis, etc. Counsel believes that a consultant could be retained to address specific projects requested by the Commission.

Commissioner Perez asked about staffing levels. Counsel indicated that, yes that is an area of possible regulation. It is not certain whether the annual staffing level review is applicable to the Port. That is an issue that needs to be examined. Commissioner Perez asked whether there could be a member with Port experience on the Commission. Counsel indicated that the law now provides for that and changes the makeup of the Commission. The law provides for two public members on the PUC, two members from the business community, one certified public accountant, and two other members. The two other members each have to be selected from one of four categories, including Port/Telecom/Power/Water. Each such member has to be selected from a different one of the four categories. The "Port" category was added. There doesn't have to be a member of the PUC with "Port" experience, but there can be such a member.

The Chairman indicated that there is now more flexibility for selection of members on the PUC than existed before. Chairman Johnson further requested that a motion that the PUC send out the RFP for a consultant for Port Authority matters. Upon motion duly made, seconded and unanimously carried, the Commission authorized the issuance of a Request for Proposals for a PUC Consultant for Port Authority matters. Chairman Johnson next requested a motion that a meeting between the PUC Commissioners and the Port Board members be scheduled for the second week of August, 2009. Upon motion duly made, seconded and unanimously carried, the Commission approved a meeting between the PUC Commissioners and the members of Port Authority Board for the second week of August, 2009.

6. Office Space for PUC

Chairman Johnson indicated that the GCIC Landlord is working with the Guam Election Commission; they are not freeing up the space yet. They may be interested in taking the middle space that we were looking at. If GEC does, I am going to stand back and let them have it because we would like them to stay since they're providing all these chairs and tables. So we're just in a holding pattern on that right now, based upon the outcome of what the GEC is going to do.

7. PUC Website

Chairman Johnson indicated that we sent out a call to AJ to update us and he's working on it right now. There's nothing to update, but the concept sheet has been approved. Legal counsel now needs to work with AJ on data input into the website. Counsel indicated that that was correct. Chairman Johnson stated that Mr. Rosario would contact Counsel on that matter.

8. Other Business

The Chairman mentioned that GBB, the Solid Waste Receiver, has implemented new solid waste rates. Mr. Manning of GBB had called the PUC and previously written a letter. Counsel indicated that Mr. Manning had written a letter perhaps in February of this year. Chairman Johnson indicated that that was the only communication by GBB with the PUC. The Chairman has suggested to Legal Counsel that PUC should send a courtesy letter to Mr. Manning, with a cc to the Governor, Legislature and the AG, that the PUC is available to help out with regard to the rate making process regarding the landfill, and that Mr. Manning can start the relationship with the PUC at any time. The PUC is available if he could reply to the PUC. Chairman Johnson asked for a discussion. He noted that the Legislature, the Attorney General and others have assumed that the PUC is involved with the rate making process for solid waste. He indicated that Counsel should prepare a letter for the Chairman's signature to GBB indicating that the PUC is available to GBB to assist with setting up the rate making process. Upon motion duly made, seconded and unanimously carried, the Commission requested that Counsel prepare a letter for the Chairman's signature to Mr. Manning of GBB indicating the availability of the PUC to work with GBB in establishing the rate making process.

Chairman Johnson also mentioned that the Administrator has provided copies of the accounts of expenses for the PUC. He stated that last year it was suggested that when the PUC retained Attorney Horecky as Legal Counsel and Attorney Mair as ALJ that such hiring would incur more expense compared to having one Administrative Law Judge previously. The Chairman indicated that he was happy to let the Commissioners know that after nine months, the PUC was actually under the budget that it had in previous years. Although the PUC previously was only having quarterly meetings and a smaller body of work, Counsel Horecky and ALJ Mair are coming under the monthly budget for a larger body of work than was done previously in the last fiscal year. The Chairman indicated that thanks be given to Mr. Horecky. Upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

J. Johnson

Jeffrey C. Johnson,
Chairman

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

SPECIAL MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:00 p.m. July 27, 2009

Agenda

1. Approval of Minutes of May 28, 2009.

2. Guam Power Authority

   - Docket 94-04, GPA's Notice of Intent to Extend Existing PMC Contract for Cabras No. 1 & No. 2; PUC Legal Counsel Report and Proposed Order
   - Docket 94-04, Petition for Supply of Diesel Engine Cylinder Lubricating Oil IFB; PUC Legal Counsel Report and Proposed Order
   - Docket 94-04, Petition for Approval to Procure PMC for Management Operation and Maintenance of GPA's Fuel Farm Bulk Storage Facility; PUC Legal Counsel Report and Proposed Order
   - Docket 02-04, GPA's June 15, 2009 LEAC Filing; Consideration of GCG Report and/or Stipulation, and Proposed Order

3. Guam Waterworks Authority

   - GWA Docket 09-03, Base Rate Case; ALJ Report on Evidentiary Hearing and Proposed Order
   - GWA Docket 09-05, Emergency Petition for Approval of the Moratorium Project Contract and for Approval to Issue approximately $168 million in Revenue Finance Bonds Fund GWA Master Plan Capital Projects and the Moratorium Project Master Plan Detection Contract; PUC Legal Counsel/GCG Reports and Proposed Order

4. GTA TeleGuam

Attachment A

- Docket 08-11, In RE: Arbitration Disputes, GTA/PDS; GTA Petition for Rehearing; ALJ Decision and Order on Petition for Rehearing, and Proposed PUC Order

5. Legislation placing the Port Authority under the jurisdiction of the PUC and Procurement for Consultant

6. Office Space for PUC

7. PUC Website

   - Update

8. Other Business

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF	)	
	)	
The Extension of the Performance	)	Docket No. 94-04
Management Contract (PMC) for	)	
Cabras Units 1 & 2	)	

ORDER

This matter comes before the Guam Public Utilities Commission upon GPA's Notice of Intent to extend the existing Performance Management Contract [PMC] for Cabras 1 & 2, dated May 29, 2009.[1] Taiwan Electrical & Mechanical Engineering Services [TEMES] is the Performance Management Contractor. This is the fourth proposed extension of the PMC for Cabras Units I & II. [2]

On December 29, 2008, the PUC previously approved the third extension of the existing PMC Contract with TEMES for an additional six month period ending June 30, 2009. [3]

The basis for the requested extension is the GPA has already issued a new procurement for the Cabras 1 & 2 PMC, with a bid closing date of June 11, 2009. GPA anticipates that the evaluation and award for the PMC Contract for Cabras 1 & 2 will be completed by September 2009. [4] The Consolidated Commission on Utilities has directed GPA Management to negotiate a fourth extension of the PMC with TEMES in order to provide ongoing management and operations for both plants, until a new PMC is selected, on a month to month basis not to exceed six months from July 1, 2009 through December 31, 2009. [5]

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[1] GPA Notice of Intent to Extend Existing PMC Contract for Cabras 1 & 2, filed May 29, 2009.

[2] Consolidated Commission on Utilities Resolution No. 2009-22, adopted May 26, 2009.

[3] PUC Decision and Order in Docket No. 94-04, issued December 29, 2008, a true and correct copy of which is attached hereto as Exhibit "A". The Decision fully explains the background and history of GPA's need to extend the PMC Contracts, as well as the basis for such extensions.

[4] GPA's Notice of Intent, p. 1.

[5] Consolidated Commission on Utilities Resolution No. 2009-22, adopted May 26, 2009.

After due consideration of the record herein, the prior Order of the PUC, and the Notice of Intent of GPA, for good cause shown, on motion duly made, seconded and unanimously carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. The May 29, 2009 GPA Notice, indicating an intent to extend the existing PMC Contract with TEMES for Cabras 1 & 2 on a month to month basis, not to exceed December 31, 2009, is hereby approved.

2. Since GPA expects to complete the evaluation and award of the PMC Contract for Cabras 1 & 2 by September 2009, it is prudent at the present time for GPA to continue to retain TEMES to carry out plant management until the pending procurement process is completed.

3. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 27th day of July, 2009.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald

Rowena E. Perez

Michael A. Pangelinan

RECEIVED
DEC 29 2008
Public Utilities Commission of Guam

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF The Extension of the Performance Management Contract (PMC) for Cabras Units 1 & 2	)	Docket No. 94-04

DECISION AND ORDER

This matter comes before the Guam Public Utilities Commission upon the Notice of Intent by Guam Power Authority (GPA) to extend the existing Performance Management Contract (PMC) for Cabras 1 & 2, dated November 28, 2008. TEMES is the existing PMC for Cabras Units 1 & 2. TEMES PMC Contract was to expire on December 31, 2007. By mutual agreement, GPA and TEMES entered into two previous extensions of the PMC Contract, for a six month period ending June 30, 2008 and for a second six month period ending December 31, 2008. [1]

GPA issued a multi step procurement bid for a new PMC Contract for Cabras 1 & 2 prior to the expiration of the original contract. However, due to a decision by the Office of Internal Auditor, GPA cancelled its notice of intent to award the contract to TEMES, and is now preparing a revised procurement package for the performance management contract for Cabras 1 & 2.

The Consolidated Commission on Utilities has now approved a third extension of the Performance Management Contract (PMC) for Cabras Units 1 & 2. [2] The cost of this contract over its multi-year term exceeds the $1.5million threshold contained in the PUC's Contract Review Protocol and requires PUC approval. [3]

The PUC's independent regulatory consultant, Georgetown Consulting Group, Inc. (GCG) recommends approval of GPA's November 28, 2008 Petition for a third extension of the existing PMC contract between GPA and TEMES. [4] GCG's approval

[1] Consolidated Commission on Utilities Resolution No. 2008-31.

[2] Id.

[3] Contract Review Protocol for Guam Power Authority, Administrative Docket, filed May 26, 2007, Par. 4

[4] Letter from L. Gawlick to Chairman Johnson dated December 19, 2008, re: Extension of Existing PMC Contract for Cabras 1 & 2 – Docket 94-04.

letter indicated that the PMC contracts have over the years saved Guam ratepayers well in excess of $60 million.

After careful consideration of the record herein, the Notice of GPA, and the report of GCG, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Commission hereby ORDERS that:

1. The November 28, 2008 GPA Notice seeking approval for a third extension of the existing PMC Contract with TEMES for an additional six month period ending June 30, 2009, is hereby approved.

2. Since GPA is now in the process of issuing a procurement package for the selection of a performance management contractor for Cabras 1 & 2, it is prudent at the present time for GPA to continue to retain TEMES to carry out the plant management of Cabras 1 & 2.

3. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 29th day of December, 2008.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald

Filomena M. Cantoria

Rowena E. Perez

Michael A. Pangelinan

RECEIVED
JUL 27 2009
Public Utilities Commission of Guam

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: The Application of the Guam Power Authority to Approve the Procurement of Supply of Diesel Engine Cylinder Lubricating Oil to GPA.	DOCKET 94-04

ORDER

This matter comes before the Guam Public Utilities Commission upon the Petition of the Guam Power Authority [GPA] to procure the supply of diesel engine cylinder lubricating oil. As indicated by the PUC Legal Counsel Report filed herein, the present contract for the supply of diesel engine cylinder oil with Shell Guam Inc. expires on September 30, 2009. GPA estimates that it need two hundred and forty thousand gallons of diesel engine cylinder lubrication oil per year for its Cabras Units No. 3 & 4, and an additional two hundred and forty thousand gallons per year for MEC Units No. 8 & 9. [1] Unless GPA is allowed to procure two diesel engine cylinder lubricating oil contracts, it will be unable to maintain the essential supply of cylinder lubricating oil for the operation of the Cabras and MEC power plants.

Upon consideration of the record herein, the Petition of GPA, the PUC Legal Counsel Report, and for good cause shown, upon motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. The June 18, 2009, Petition of GPA for Supply of Diesel Engine Cylinder Lubricating Oil IFB, is hereby approved.

2. Since GPA must maintain its supply of diesel engine cylinder lubricating oil for the operation of its power plants, it is reasonable, prudent and necessary for GPA to proceed with the procurement for the supply of diesel engine cylinder lubricating oil.

3. Since the final price for the cylinder lubricating oil contract will only be known after the contractor is selected and the contract executed, GPA shall submit the final contract to the PUC for review and approval.

[1] IFB No. GPA-019-09, Supply of Diesel Engine Cylinder Lubricating Oil, pgs. 24-25.

Attachment C

4. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 27th day of July, 2009.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald

Rowena E. Perez

Michael A. Pangelinan

D GRAHAM BOTHA, ESQ.
Legal Counsel
Guam Power Authority
1911 Route 16, Suite 227
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Ph: (671) 648-3203/3002
Fax: (671) 648-3290

RECEIVED
JUN 18 2009
Public Utilities Commission of Guam

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

The Application of the Guam Power Authority Requesting Approval of the Procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility.

DOCKET NO. 94-04

PETITION FOR CONTRACT REVIEW

COMES NOW, the GUAM POWER AUTHORITY (GPA), by and through its counsel of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities Commission of Guam to review and approve GPA's request for approval of the Procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility, as follows:

BACKGROUND

The Guam Power Authority awarded pursuant to IFB GPA-008-07 a contract to Peterra, Inc. for the Management, Operation, and Maintenance of the GPA Fuel Farm Bulk Storage Facility. The base period of the contract expired on April 30, 2009, and the parties agreed to extend the contract on a month-to-month basis for a period not to exceed one year, beginning May 1, 2009, and to conclude prior to April 30, 2010. The CCU in Resolution 2009-14 has approved GPA's request for approval of the procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility.

Attachment D

DISCUSSION

GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam Power Authority, approved by the PUC, to review and approve the procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility. In support of this Petition, GPA hereby provides the PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2009-14, which authorizes the General Manager to proceed with the procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility. Said resolution and its exhibits are attached herein as Exhibit A, and incorporated by reference herein as if fully set forth. The exhibits include a copy of the draft Invitation for Multi-Step Bid, together with two CDs setting forth additional information.

CONCLUSION

The PUC should approve GPA's request to proceed with the procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility for Supply. This PMC will contribute to the efficient operation of the Cabras power plants, and a PMC is reasonable, prudent, and necessary.

RESPECTFULLY SUBMITTED this 18th day of June, 2009.

D. GRAHAM BOTHA, ESQ.
GPA Legal Counsel

GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

RESOLUTION NO. 2009-14

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY (GPA) TO PROCEED WITH THE FIRST (1ST) YEAR EXTENSION OF THE EXISTING CONTRACT AND TO ISSUE AN RFP FOR A PERFORMANCE MANAGEMENT CONTRACT FOR THE MANAGEMENT, OPERATION AND MAINTENANCE OF THE GPA FUEL FARM BULK STORAGE FACILITY

WHEREAS, the Guam Power Authority (GPA) issued GPA-008-07 for the Management, Operation, and Maintenance of the GPA Fuel Farm Bulk Storage Facility; and

WHEREAS, GPA's management pursuant to GPA-IFB-008-07, awarded the contract to Peterra, Inc. as approved by the Consolidated Commission on Utilities on April 17, 2007 through adoption of Resolution No. 2007-12; and

WHEREAS, the base period for the contract commenced on May 01, 2007 and will expire on April 30, 2009; and

WHEREAS, pursuant to GPA-IFB-008-07 contract provisions, GPA and Peterra, Inc. have expressly agreed to extend the contract on a month-to-month basis but not to exceed one (1) year to commence on May 01, 2009, and conclude on or before April 30, 2010; and

WHEREAS, GPA and Peterra, Inc. have negotiated and agreed to waive any price escalation and the contract fixed service fee of $54,356.00 per month shall remain unchanged; and

WHEREAS, GPA management considers the price to be beneficial to the best interest of GPA and its ratepayers; and

WHEREAS, during the contract extension period GPA intends to issue an RFP for a Performance Management Contract (PMC) for the operation of the GPA Fuel Farm Bulk Storage Facility; and

NOW THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities, subject to the review and approval of the Guam Public Utilities Commission, as follows:

1. The Consolidated Commission on Utilities finds the negotiated contract price for the first (1st) year extension of the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility to be reasonable, prudent, and beneficial to GPA and its ratepayers.

2. GPA Management is hereby authorized to proceed with the first (1st) year extension of contract GPA-008-07 for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility with Peterra, Inc., for a period not to exceed one year, from May 1, 2009 to April 30, 2010, at a contract fixed service fee of $54,356.00 per month.

3. The General Manager is authorized to issue an RFP for a Performance Management Contract (PMC) for the operation of the GPA Fuel Farm Bulk Storage Facility.

4. The signature of GPA's General Manager, or his authorized designee, shall be sufficient to bind GPA for the purposes described in paragraph 2 above.

SO RESOLVED AND DULY AND REGULARLY ADOPTED this 14th day of April, 2009.

Certified by:	**Attested by:**
SIMON A. SANCHEZ II	**GLORIA B. NELSON**
Chairperson	Secretary
Consolidated Commission on Utilities	Consolidated Commission on Utilities

SECRETARY'S CERTIFICATE

I, Gloria B. Nelson, Secretary for the Consolidated Commission on Utilities do hereby certify that the foregoing is full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam's Consolidated Commission on Utilities, duly and legally held at the meeting place thereof on September 09, 2008, at which meeting of all said members had due notice and at which at least s majority thereof were present, and

At said meeting said resolution was adopted by the following vote:

Ayes:	3
Nays:	0
Absent:	2
Abstain:	0

As of the date of this certification, said original resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

SO CERTIFIED this 14th day of April, 2009.

GLORIA B. NELSON
Secretary
Consolidated Commission on Utilities

RECEIVED
JUL 27 2009
Public Utilities Commission of Guam

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
The Applications of the Guam Power Authority) GPA Docket 94-04
To Approve the Procurement for Supply of)
Diesel Fuel Oil to GPA.)
)

ORDER

This matter comes before the Guam Public Utilities Commission upon the Applications of the Guam Power Authority [GPA] to procure the supply of diesel fuel oil. The first Petition seeks the approval of procurement of diesel fuel oil supply for Fast-Track, Base Load, TEMES & Tenjo Vista Combustion Turbine Units. [1] The second Petition seeks to approve the procurement of diesel fuel oil supply for the Dededo Diesel and Combustion Turbine Units at Dededo, Macheche, Marbo and Yigo . [2]

As indicated by the PUC Legal Counsel Report filed herein, the present contracts for the supply of low sulfur diesel fuel oil #2 expire on September 30, 2009. GPA estimates that it needs 280,000 gallons of fuel for the fast track diesel generators, 200,000 gallons for the Base Load Plants [Cabras MEC and Tanguisson], 2.5 million gallons for the TEMES CT, and 1.4 million gallons for the Tenjo Vista Turbine Unit. [3] For the diesel oil fuel supply for the Dededo diesel and combustion turbine units, it is estimated that the total fuel requirement is approximately 3 million gallons per year (3,000,000 gal/yr). [4] Unless GPA is allowed to procure diesel fuel oil for the two procurements, it will be unable to maintain the operation of essential generators and plants.

Upon consideration of the record herein, the Petitions of GPA, the PUC Legal Counsel Report, and for good cause shown, upon motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. The July 20, 2009 Petition of GPA to approve the procurement for low sulfur diesel fuel oil supply for the Dededo Diesel Power Generating Unit, and the

[1] GPA's Petition to Approve Procurement of Diesel Fuel Oil Supply for Fast-Track Base Load, TEMES & Tenjo Vista Combustion Turbine Units, filed in Docket 94-04 on July 20, 2009.

[2] GPA's Petition to Approve Procurement for Diesel Fuel Oil Supply for Dededo Diesel and Combustion Turbine Units, filed in Docket 09-04 on July 20, 2009.

[3] IFB GPA-049-09 II, Fuel Oil Supply Contract, p. 2-3.

[4] IFB GPA-050-09 II Fuel Oil Supply Contract, p. 23.

Attachment E

Combustion Turbines at Dededo, Macheche, Marbo and Yigo is hereby approved.

2. The July 20, 2009 Petition of GPA for Supply of Low Sulfur Diesel Fuel Oil to approve the procurement of low sulfur diesel fuel oil supply for Fast-Track, Base Load (Cabras, MEC and Tanguisson Plants), TEMES & Tenjo Vista Combustion Turbine Units is hereby approved.

3. Since GPA must maintain its supply of sulfur diesel fuel oil for the generation of its fast tracks, power plants, and combustion turbines, it is reasonable, prudent and necessary for GPA to proceed with the procurements for the supply of diesel fuel oil requested herein.

4. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 27th day of July, 2009.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald

Rowena E. Perez

Michael A. Pangelinan

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

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JUL 27 2009
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], by Filing dated June 15, 2009, requested that the current LEAC factor [$0.13645 per kWh] for its civilian customers be decreased to $0.12702 per kWh for meters read on and after August 1, 2009 and continuing until January 31, 2010. [1]

Pursuant to the PUC ORDER of November 10, 2008 [2], GPA has also filed its Line Loss Reports as part of its LEAC filing. [3]

After conducting a review of GPA's Filing, PUC Regulatory Consultant Georgetown Consulting Group, Inc. [GCG] filed its Report Re: GPA Request for a LEAC Factor Effective August 1, 2009. [4] During GCG's investigation, GPA informally indicated that there have been recent upward pressures on oil prices since the filing of its Petition. [5] GPA further provided GCG with later updated energy price forecasts than the ones used in the June filing. [6] Based upon updated Morgan Stanley fuel price forecasts for both No. 2 and No. 6 oil, the most recent price forecasts are higher than those projected by GPA in its June Petition. [7]

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[1] The basis for GPA's LEAC filing is that fuel costs have deereased substantially in the last several months, and GPA desires to pass on the benefit of reduced fuel costs to its customers.

[2] PUC Order in Docket 02-04 issued on November 10, 2008; said order requested that GPA continue to file its semi-annual loss reduction compliance reports.

[3] GPA's Line Loss Report for December 2008 to May 2009 consists of a Progress Report, Gross Generation/Sales/Line Losses, Monthly Progress Report on Distribution System Improvements, and Feeder Analysis Summary, which are attached to the June 15, 2009 LEAC filing as Exhibit "B".

[4] GCG Report re GPA Request for a LEAC Factor Effective August 1, 2009, filed July 22, 2009.

[5] Id at p.1.

[6] Id.

[7] Id at p. 3-5.

Attachment F

Thus, in its Summary of LEAC Calculations [Table 1], GCG has updated the total fuel costs for the six month period ending January 31, 2010. [8] In addition, GCG, for purposes of determining inventory valuation, adjusted the floor for the six month period ending January 31, 2010 to $64.46 per barrel. [9] In sum, GCG recommends that in setting this LEAC factor, the PUC should not use the fuel price forecasts used by GPA in its June petition, but rather should use the updated fuel price forecast information as set forth in Tables 2 and 3 of the GCG report, and to correct the inventory valuation as described above. [10]

GPA questions the adjustment of a "floor" to $64.46, and asserts that the PUC LEAC Order issued on January 26,2009 clearly established that any assumptions concerning calculation of the LEAC factor relative to valuation of fuel inventory only apply to the prior LEAC period. For this and numerous other reasons, GPA does not agree with the utilization of $64.46/bbl as a threshold below which carrying cost adjustments cannot be recovered or paid out. It seeks to reserve the right to address the situation of the fuel inventory adjustment and petition for a true up of actual inventory carrying cost changes at a later date.[11]

Based upon the changes which it recommends to GPA's June 15, 2009 LEAC Filing, GCG recommends that the current LEAC factor [$0.13645 per kWh] for GPA's civilian customers be decreased to $0.12967 per kWh for meters read on and after August 1, 2009 and continuing until January 31, 2010. [12]

After carefully reviewing the record in this proceeding and the July 22, 2009 Report of GCG, and after discussion at a duly noticed public meeting held on July 27, 2009, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS THAT:**

1. A LEAC factor of $0.12967 kWh shall be used by GPA for all civilian bills, for meters read on and after August 1, 2009 to recover its forecasted fuel and related expenses, in accordance with the Tables

[8] Id at p. 2.

[9] According to GCG, GPA, in its June filing, used a lower opening price and not the floor. GCG asserts that, since GPA has taken the position that $64.46 is a floor below which valuation credits should not be taken, the same floor of $64.46 should be used for the opening price.

[10] Id at p. 8.

[11] Letter from Joaquin C. Flores, GPA General Manager, to PUC Legal Counsel re: August 1, 2009 Levelized Energy Adjustment Clause Factor dated July 24, 2009.

[12] Id at p. 8; this recommendation represents a lesser decrease than originally requested in GPA's June 15, 2009 Petition.

and Schedules set forth in the GCG Report dated July 22, 2009 which is made *Attachment* A hereto. This change reflects a 3.30% decrease in the total bill, or $6.78, for a residential customer utilizing an average of 1,000 kilowatt hours per month.

2. Given the holding of the PUC LEAC Order dated January 26, 2009, that any assumptions concerning the calculation of the LEAC factor relative to fuel inventory would only apply to the prior LEAC period, GPA will be allowed to reserve the right to address the situation of the fuel inventory adjustment and petition for a true up of actual inventory carrying cost changes at a later date.

3. GPA previously reported to the PUC on May 1, 2009 on actions taken by it in response to the volatility of oil prices and the impact of hedging programs on the financial liquidity of GPA. On or before December 15, 2009, GPA should submit an updated report to the PUC concerning its ongoing efforts to secure a standby letter of credit to address fuel hedging issues, and, if it intends to do so, to file a petition with the PUC for the establishment of a cash policy. In such report, GPA should indicate the current status of its fuel hedging program, and what fuel hedging contracts or policies it intends to enter into for the future.

4. The intent of the PUC, that any additional costs incurred by GPA in obtaining the standby letter of credit, and any interest incurred related to the use of LOC funds [if applicable], shall be included in the LEAC computation, is hereby reaffirmed.[13]

5. GPA should file its next LEAC adjustment filing on or before December 15, 2009.

6. GPA should submit its Transmission Study no later than December 31, 2009. The line loss target adopted in that study should be used in the December 15, 2009 LEAC filing. Such target line loss standard, if adopted by the PUC, can then be implemented in the LEAC factor for the period commencing February 1, 2010.[14]

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[13] In its January 26, 2009, Order in this Docket, the PUC held that additional costs incurred by GPA in establishing a standby letter of credit would be allowed to pass through the LEAC, as such costs are fuel related.

[14] Id; there the PUC adopted a 7% line loss factor as an "interim standard" until the GPA Transmission Study is completed. The previous timelines for GPA adoption of a line loss target indicated in the January 26, 2009 Order are revised as set forth herein.

7. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 27th day of July 2009.

Jeffrey C. Johnson
Chairman

Rowena E. Perez

Joseph M. McDonald

Michael A. Pangelinan

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*Attorneys for Independent Rate Consultant,
Georgetown Consulting Group, Inc.*

**BEFORE THE
GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:	)	**DOCKET 02-04**
	)	
GUAM POWER AUTHORITY LEVELIZED ENERGY ADJUSTMENT CLAUSE (LEAC)	)	**REPORT AND RECOMMENDATIONS OF GEORGETOWN CONSULTING GROUP, INC.'S ON LEAC FACTOR TO TAKE EFFECT AUGUST 1, 2009**

Attached hereto is a true and correct copy of Georgetown Consulting Group, Inc.'s letter of July 21, 2009 to Jeffrey Johnson, Chairman of the Guam Public Utilities Commission re GPA Request for a LEAC Factor Effective August 1, 2009.

Dated this 22nd day of July, 2009.

BLAIR STERLING JOHNSON
MARTINEZ & LEON GUERRERO
A PROFESSIONAL CORPORATION

By: WILLIAM J. BLAIR
Attorneys for Independent Rate Consultant, Georgetown Consulting Group, Inc.

ATTACHMENT

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G:\WORDDOC\GCG\PLD\151-GCG'S REPORT ON LEAC FACTOR EFFECTIVE 8-1-09 (DKT 02-D4).DOC

Exhibit "A"

GEORGETOWN CONSULTING GROUP, INC.
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July 21, 2009

Jeff Johnson, Chairman
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: GPA Request for a LEAC Factor Effective August 1, 2009

Dear Mr. Johnson:

This letter is in response to Guam Power Authority's ("GPA") request for a decrease in its Levelized Energy Adjustment Clause ("LEAC") factor for the six-month period commencing August 1, 2009. In its June 15, 2009 petition GPA requested that the current factor of \$0.13645 per kWh be reduced to \$0.12702 per kWh. This decrease would represent a decrease of 4.6% on a typical residential bill or about 6.9% on the fuel portion of that bill and equates to about \$9.43 per month for a typical residential ratepayer. In March 2009, GPA requested an interim decrease in the LEAC factor from \$0.157309 per kWh to the current \$0.13645 per kWh. The PUC approved this reduction by its April 20, 2009 order.

Since GPA's LEAC filing in June, there have been communications between GCG and GPA regarding the information contained in the filing. During GCG's investigation, GPA informally indicated that due primarily to the recent upward pressure on oil prices it might file an amended petition. As of the date of this report, however, there has been no formal update or re-filing, oil prices have come down from recent levels but not to the levels at the time of the filing of this petition and this report is based upon the assumption that there will be no formal updated request by GPA. Notwithstanding the fact that GPA has not formally filed an updated request, we did request from GPA an informal update and GPA provided one using later energy price forecasts than the ones used in the June filing. This report will address both the updated information and the original petition.

The following table summarizes the components of the LEAC factor proposed by GPA in June and the updated information based upon a fuel price forecast obtained from GPA's fuel consultant done on July 7, 2009, actual results for May 2009 and a correction for fuel inventory cost logic:

Table 1
Summary of LEAC Calculations

	As Filed Six Months End 31-Jan-10	Corrected Update Six Months End 31-Jan-10
Cost of Number 6 Oil	$ 83,044,679	$ 90,492,781
Cost of Number 2 Oil	1,859,983	2,006,439
Total Oil Costs	$ 84,904,662	$ 92,499,221
Fuel Handling Costs	12,290,911	10,937,003
Total Fuel Costs	$ 97,195,573	$ 103,436,224
Civilian Allocation	79.78%	79.78%
Total LEAC Costs	$ 77,539,828	$ 82,518,439
Under/(Over) Recovery	9,070,911	5,897,586
Net LEAC Costs	$ 86,610,739	$ 88,416,025
Civilian Sales (mWh)	681,851	681,851
Proposed LEAC Factor ($/kWh)	$ 0.12702	$ 0.12967
Current LEAC Factor	$ 0.13645	$ 0.13645
Decrease in Factor	$ (0.00943)	$ (0.00678)
Average Use-Res (kWh)	1,000	1,000
Monthly Decrease-Res.	$ (9.43)	$ (6.78)

Cost of Number 6 Oil

As can be seen in Table 1, the largest cost component used in the derivation of the LEAC factor is the cost of Number 6 oil. Ever since the PMCs have been in place there has been nothing but good news regarding the economic dispatch of the units available to GPA. In the projected six-month period ending January 2010, GPA is forecasting that 99% of the generation will come from the more cost-effective steam units and slow speed diesels.

In determining the LEAC factor, GPA uses the Morgan Stanley Energy Noon Call[1] ("MSENC") for the forecast of fuel prices for both Number 2 and Number 6 oil. This report is issued daily. Table 2 summarizes the projected prices of Number 6 oil (delivered) and compares the forecast as filed by GPA in May, a June 2009 MSENC report and the informal update provided by GPA which uses the July 7 MSENC report. It shows the price per barrel underpinning the cost of Number 6 oil in the above table.

[1] Morgan Stanley asserts that this report is confidential and cannot be distributed to the public.

Table 2
GPA Price Projections for Number 6 oil
$/Barrel

	5/18	6/29	7/07
Apr-09	45.71		
May-09	50.31		
Jun-09	56.33	69.00	
Jul-09	56.14	66.30	65.01
Aug-09	56.30	65.99	64.78
Sep-09	56.33	66.07	64.87
Oct-09	57.09	66.12	64.87
Nov-09	57.09	66.12	64.87
Dec-09	57.09	66.12	65.61
Jan-10	58.01	66.64	65.61

Table 2 shows the "delivered price," which includes the weighted average premiums for high and low sulfur (about $6.523 per barrel), using the May 18th, June 29th and July 7th MSENC reports.[2] Table 2 shows that the prices for Number 6 oil in the most recent forecast are higher than GPA projected in its June petition. In this regard, we would remind you that the price that GPA pays its supplier BP Singapore ("BP") is based upon the average for the prior month's Singapore spot prices causing a lag between these spot prices and the actual invoiced price from BP. Furthermore, the impact of increased or decreased spot prices is also "lagged" due to the "FIFO"[3] method of inventory valuation used by GPA.

As you are aware, the LEAC is a formula which can be updated with actual and revised assumptions every six months (or sooner if warranted by unanticipated swings in the price of oil). This process is intended to be as routine, seamless and transparent as possible and, therefore, does not take into account other variables such as cash flow other than the agreed-upon fuel inventory values.

[2] The premium for High Sulfur Oil is $5.30 per barrel and for Low Sulfur Oil is $8.79 per barrel.
[3] First in First Out ("FIFO") inventory uses the oldest price of supply in inventory before recognizing the more current price.

Unlike some prior GPA LEAC filings, GPA did not use any "multiplier" as a way to be conservative in its fuel price forecasts, i.e. using a fuel price different from the ones contained in the MSENC. In its January 26, 2009 LEAC order, the PUC permitted a "volatility factor" of 7%, as had been jointly recommended by GCG and GPA. Both GCG and GPA agreed at the time that such a volatility factor would be viewed as a "one-time" event, absent a demonstration of extraordinary circumstances.[4] No such extraordinary circumstances were asserted by GPA in its June filing and no volatility factor was requested.

GPA also previously indicated that it might wish to change the source or methodology used by it to forecast the price of Number 6 oil. GPA and GCG signed a stipulation in January 2009 on this and other matters. Regarding the source and technique of pricing forecasts, the stipulation stated:

> *GPA has indicated that it desires to evaluate the use of an alternate to the Morgan Stanley fuel price forecast which GPA has used for the last several LEAC filings. In the event that GPA decides to propose the use of a different forecast methodology in the next LEAC filing, GPA agrees to file the proposed alternate forecast not less than 90 days prior to the effective date of the next LEAC factor and to provide justification for the requested change. The material to be filed by GPA should include a comparison of prior forecasts of the proposed forecast model and comparable Morgan Stanley prior forecasts as compared to the actual fuel prices for the periods under review.*[5]

The current filing does not include any requested change and informal discussion indicates that GPA believes that the use of MSENC reports is acceptable to GPA in this filing.

Cost of Number 2 Oil

As indicated above, the total cost of Number 2 oil ("diesel'), is very small compared to other costs used to derive the LEAC factor. Table 3 below shows the price of diesel fuel that was originally forecasted in the May 2009 filing and the prices that were used in the informal update:

Table 3
Price of Diesel Fuel- $/Bbl

	MS 5/18	MS 7/07
May-09	86.59	86.59
Jun-09	84.58	100.26
Jul-09	86.31	93.59
Aug-09	87.90	94.88
Sep-09	87.91	96.47
Oct-09	92.28	99.40
Nov-09	92.28	99.40
Dec-09	92.28	99.40
Jan-10	96.12	103.21

[4] Docket 02-04 Stipulation, January 2009, ¶ 2.b
[5] Docket 02-04, Stipulation, January 2009, ¶ 3.

As can be seen, as in the case of Number 6 oil, the most recent forecast shows diesel fuel as costing more than assumed by GPA in its June petition.

Fuel Handling Costs

The PUC has approved the inclusion of other fuel-related costs in the computation of the LEAC factor under the generic title of "fuel handling costs." The largest items within these costs are related to docking and storage ("Shell Management"), fuel hedging and inventory valuation. The following table shows the components of GPA's fuel handling costs both as filed and as updated:

Table 4
Fuel "Handling Costs"

Shell Management	$1,354,881	$1,354,881
PEDCO	326,136	326,136
Demurrage	87,000	87,000
Hedging Cost	5,809,435	4,680,446
Lube Oil	600,000	600,000
Miscellaneous Items	48,700	48,700
Sale to Matson	(389,884)	(389,884)
Inventory growth (FY2008)	3,268,039	3,268,039
Inventory growth (Six months ending Jan 2010)	642,259	384,444
SGS Inspection (FY 09 Budget)	115,065	115,065
TOTAL	$10,506,750	$9,119,946
Labor charges	62,500	62,500
L/C Charges,Bank Charges	366,781	399,676
TOTAL ADDITIONAL COST	$12,290,911	$10,937,003

The majority of the "handling costs" are related to two items (the hedging program and inventory growth). In its LEAC forecast, GPA is projecting prices that will fall well below the contract floor of its hedging program contracts in place at the time of the June filing. Even using the higher price forecasts in the informal July update, prices are still projected well below the floor for the six-month period ending January 2010. During the projected period, GPA showed only one contract in place with BP. The contract with BP expires in September and has a floor price of about $94 per barrel.

Since GPA filed the June LEAC request, it has entered into additional fuel hedging contracts with BP and Morgan Stanley. In its informal update, GPA indicated that it has established three new "no cost collar" hedges: one with BP and two with Morgan Stanley. The following table shows the new programs:

	Trade	Quantity	Period	Ceiling		Floor	
		MT		$/MT	$/Bbl	$/MT	$/Bbl
Morgan Stanley	5/27/2009	9969	07/01/09 - 09/30/09	390.00	59.09	343.00	51.97
BP Singapore	6/12/2009	9969	10/01/09 - 12/31/09	455.00	68.94	381.50	57.80
Morgan Stanley	7/6/2009	9969	10/01/09 - 12/31/09	428.00	64.85	360.75	54.66

From a supply standpoint, the hedged volumes for October 2009 through December 2009 represent about 50% of supply. The amounts shown as the floor and ceiling are spot prices and do not include the $6.53 per barrel premium that GPA pays its fuel supplier. The update in prices, while increasing the overall cost of Number 6 for the six-months ending January 2010, also decreases the difference between the market price and the ceiling price and thus the cost of the hedging program. The revised prices are within the floor and ceiling prices of the new hedging contracts.

GPA has indicated to us in conferences that it is still considering other possible options for hedging its fuel supply. Management has indicated that it is considering hedging some or all of GPA's volumes by using a call (or calls) on the supply, much the same as an investor uses calls for stock investment. This allows GPA to purchase fuel oil in the future at a fixed price for a premium. In informal discussion management advised that GPA has received an indication that to have a call or calls on the entire supply would cost about $7 million a year or about the same as when GPA last looked into this option several years ago. However, with the annual cost of fuel now approaching $200 million, the cost of such a program would not be as great when viewed as a percentage of total costs as it did in prior years. The risk would also be limited to the $7 million annually if the total fuel supply was subject to a call option (a 3.5% premium over the fuel costs) and the benefits could be significant. Management further indicated that it was still reviewing this type of approach and agreed that such a plan if recommended by management would further need CCU and PUC approvals. We will continue to discuss this with GPA management to expand the understanding of such a program and the underlying implications.

As you may recall, GPA has been required to reserve significant amounts of cash for margin calls from BP as a result of the current and projected market prices of fuel oil being lower than the floor prices of various hedges entered into, because it was unable to obtain a letter of credit to satisfy the margin call requirement In an effort to facilitate GPA's efforts to obtain a letter of credit facility, the PUC has approved the recovery of the costs of the facility through the LEAC were it to be obtained. However, GPA has still been unable to obtain such a facility. GPA had at times earlier this year reserved over $21 million to satisfy BP margin call requirements. Since the peak reserve, BP has released about $15 million back to the GPA working capital fund as actual and projected fuel oil prices have increased, which fund still remains under-funded. The contract under which this large reserve had been required expires in September 2009 and funding requirements associated with the prior hedges will expire.[6] The cost of the hedges will be passed on to ratepayers.

The other significant item of fuel handling expense is the inventory valuation costs. As you will recall, GCG recommended and the PUC approved recovery of the inventory valuation increase over the last fiscal year (the test year in the rate case). The value of the inventory during the test year increased from $31.5 million ($64.46 per barrel) as of September 30, 2007 to $56.5 million ($115.63 per barrel) as of September 30, 2008. This represented a total increase of $25 million, which was offset by $5.3 million from the payment by DPW for streetlight service arrearage leaving about $19.7 million to be recovered from ratepayers through the LEAC and from Navy. This valuation is being amortized through the LEAC ($1.6 million per month) over a period of one year. The last two months of that period is the first two months of the upcoming LEAC period - August and September 2009.

In addition to the amortization described above, GPA is projecting an increase in inventory valuation for the six-month period ending January 31, 2010 and is seeking recovery thereof. Since the update includes higher prices per barrel, the updated inventory valuation is also higher. While there was a significant decrease in valuation over the twelve months ending July 31, 2009, GPA has taken the position that the price per barrel as of September 30, 2007 ($64.46 per barrel) represents a floor below which valuation credits should not be taken. In its January order in Docket 02-04, the PUC accepted GPA's position, pending a base rate filing originally anticipated to be in 2009.

However, the floor should also be used in the determination of the increases in price and valuation and should start with $64.46 per barrel. In the June filing and in GPA's version of the update, it used a lower opening price and not the floor. We have corrected this calculation and have used the difference between the $64.46 per barrel and the ending inventory cost of $65.21 per barrel in the update and therefore additional costs are included in the update for this item.[7]

Line Losses

The projection for the six months ending January 2010 losses is that line losses will occur at a rate of 7%, which the PUC has established as interim until GPA completes the Transmission study. On an actual basis, these losses have occurred at about the 7% level using a twelve month trailing average.

GPA has significantly reduced the level of line losses, since this matter first came to the attention of the PUC in 2004. At that time, the line loss for civilian customers was between 10 and 11%. GPA on its own initiative began a program to reduce this level of losses. Since that time, GPA has successfully reduced that loss to less than 7%, using a six-month rolling

[6] All of the "hedging costs" in fuel handling cost exhibits relate to this contract.
[7] In the June filing, the additional inventory costs for the period ending January 2010 should have been $0.

average for these losses. This reduction in losses results in a lower fuel expense to be recovered through the LEAC process.

In its Order in this docket dated November 2, 2007, the PUC established certain standards or targets that it believed were achievable by GPA. For the six-month period ending July 2008 a standard of 7.3% was established; for the six-month period ending January 2009 a 7% standard was established; and for the six-month period ending July 2009 a 6.7% standard was established. All of these targets were to be measured based upon a twenty-four month rolling average basis.

In the January 2009 LEAC filing, GPA had achieved the 7% standard and was forecasting a line loss percentage of 6.7%, using a six month rolling average. In that proceeding GPA requested modification of the prior Order setting 6.7% as the line loss standard. GPA requested that an interim standard of 7% be adopted by the PUC, while GPA was still in the process of completing the Transmission Study and other activities with the intent of reducing this interim standard even further. GCG agreed to recommend that as an interim step until completion of the activities, that the PUC should adopt the 7% as an interim standard, with further review in connection with subsequent LEAC adjustments.

In its January 26, 2009 Order in Docket 02-04, the PUC accepted GPA's proposal and indicated that GPA should file this study no later than December 31, 2009 and include a proposal for a new line loss standard.

RECOMMENDATIONS

As a result of the review of the May 2009 request by GPA for a new fuel factor, updates to the fuel price forecasts since that filing and as a result of information discussion with GPA management, it is our recommendation that:

- In setting the next LEAC factor the PUC should not use the fuel price forecasts used by GPA in its June petition, but rather should use the updated fuel price forecast information as set forth in Tables 2 and 3 above and a correction to the inventory valuation described above.

- The PUC should approve a decrease in the current LEAC factor of GPA from $0.13645 per kWh to $0.12967 per kWh, as shown in the right column of Table 1 above, effective on all meters read on or after August 1, 2009;

- The PUC should require that GPA continue to seek a standby letter of credit related to future margin calls and submit any proposed letter of credit ("LOC") for expedited review;

- The PUC should reaffirm the intent to include any additional costs incurred by GPA in obtaining the standby LOC and any interest incurred related to use of the LOC funds (if applicable) in the LEAC computation;

- GPA should be required to file its next LEAC adjustment filing on or before December 15, 2009: and

- GPA should submit its Transmission Study no later than December 31, 2009 and use the line loss target in that study in the December 15, 2009 LEAC filing.

This concludes our report. If I can be of further assistance, please do not hesitate to contact us.

Yours truly,

Edward R. Margerison

Edward R Margerison

CC: William J Blair, Esq.
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Attachment A1

LEAC Projection August 2009 Through March 2010

GUAM POWER AUTHORITY
Fuel Clause Reconciliation

Schedule 1

					FY 09	FY 10	FY 09	FY 10		
1 Start Date		Total FY 09	Total FY 10		Civilian	Civilian	Navy	Navy		
2 Total Sales		1,700,099	1,700,099		1,358,290	1,356,290	343,809	343,809		
3 Daily Sales		4,657.81	4,645.08		3,705.71	3,705.71	939.37	939.37		
4 Plant Use		6.18%	6.18%		229.15	229.15	58.09	58.09		
5 Transmission Loss		3.40%	3.40%		126.07	126.07	31.96	31.96		
6 Distribution Loss		4.14%	4.14%		153.53	153.53	38.92	38.92		
7 Company Use		0.18%	0.18%		6.71	6.71	1.70	1.70		
8 Total Daily Demand					4,221.18	4,221.18	1,070.04	1,070.04		
									% To	
9 Month		Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	TOTALS	Total	
10 Days		31	30	31	30	31	31			
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast			
11 Required Generation-Civilian		130,857	126,635	130,857	126,635	130,857	130,657	776,697	79.777%	
12 Required Generation-Navy		33,171	32,101	33,171	32,101	33,171	33,171	196,887	20.223%	
13 TOTAL REQUIRED GENERATION		164,028	158,736	164,028	158,736	164,028	164,028	973,584		
14 Number 6 (HSFO/LSFO)		$ 12,683,635	$ 14,127,805	$ 16,145,479	$ 15,540,453	$ 16,041,142	$ 15,954,266	$ 90,492,781	Schedule 2	
15 Number 2 (GPA)		358,985	161,803	537,351	379,819	318,416	250,064	2,006,439	Schedule 3	
16 Number 2 (USN)		0	0	0	0	0	0	0	Schedule 4	
17 TOTAL COST		$ 13,042,620	$ 14,289,608	$ 16,682,831	$ 15,920,273	$ 16,359,558	$ 16,204,330	$ 92,499,221		
18 Handling Costs		4,454,308	4,475,505	502,825	500,060	502,351	501,953	10,937,003	Schedule 5	
19 TOTAL EXPENSE		$ 17,496,929	$ 18,765,114	$ 17,185,656	$ 16,420,332	$ 16,861,909	$ 16,706,283	$ 103,436,224		
Calculation of Civilian Factor										
20 Sales-Civilian		114,877	111,171	114,877	111,171	114,877	114,877	681,851	FY10 is based on FY09 Sales Forecast	
21 Fuel Cost Recovery	$129.67065	14,898,178	14,415,656	14,896,178	14,415,656	14,898,178	14,896,178	88,416,025		
22 Civilian Costs (Total Expense x %)	79.777%	13,958,546	14,970,267	13,710,221	13,099,668	13,451,946	13,327,791	82,518,439		
22a Deferred Fuel Amort.		0						0		
23 Under/(Over)		(937,632)	554,611	(1,185,957)	(1,315,988)	(1,444,233)	(1,568,387)	(5,897,586)		
24 Estimated Under/(Over)								5,897,586		
25 Net Recovery Under/(Over)								(0)		
26 Proposed Fuel Cost Recovery								$129.67065	Rate to fully recover in Six Mon	
Civilian Clause Reconciliation:								$ 136.45000	Current rate effective 05-01-09	
27 Opening Recovery Balance-July 31, 2009		5,897,586	4,959,954	5,514,565	4,328,608	3,012,620	1,568,387			
Under/(Over)		(937,632)	554,611	(1,185,957)	(1,315,988)	(1,444,233)	(1,568,387)			
29 Closing Recovery Balance		4,959,954	5,514,565	4,328,608	3,012,620	1,568,387	(0)	5,897,586	*Decrease/(Increase) In Deferred F*	

Bills Computed at 1000 kWh/month	Current Rates	Current Bill	Rate to fully recover	Increase (Decrease)
Customer Charge $/month	$ 5.53	$ 5.53	$ 5.53	$ -
Non Fuel Energy Charges ($/Kwh)				
Lifeline Usage (500 Kwh)	0.03354	$ 16.77	$ 16.77	$ -
Non Lifeline Usage	0.08439	$ 42.20	$ 42.20	$ -
Water/Well Charge				
Lifeline Usage (500 Kwh)	0.00000	$ -	$ -	$ -
Non Lifeline Usage	0.00257	$ 1.29	$ 1.29	$ -
Insurance Charge	0.0029	$ 2.90	$ 2.90	$ -
Fuel Recovery Charge		$ 138.45	$ 129.67	$ (6.78)
TOTAL Bill		$ 205.13	$ 198.35	$ (6.78)
Increase (Decrease) From Current Bill			$ (6.78)	
Percent Increase (Decrease)			-3.30%	
Decrease From Current Leac Factor			$ (6.78)	
Percent Increase (Decrease)			-4.97%	

Baseload Unit Forecast
Cost of Number 6 Oil

IWPS TOTAL GENERATION	164 028	158,736	164 028	158 736	164 028	164.028	973 584
	Aug-09	*Sep-09*	*Oct-09*	*Nov-09*	*Dec-09*	*Jan-10*	Total
Cabras #1							
Generation (Mwh)	25 593	29 871	30 942	27.439	25 029	25 517	164 192
Kwh/Barrel	602	602	602	602	602	602	
Barrels	*42,514*	*49 289*	*51,399*	45 579	41 576	42 388	272,744
Mmbtu/Kwh (Heat Rate)	10 133	10 133	10 133	10 133	10,133	10 133	
Cabras #2							
Generation (Mwh)	35,357	27 538	33 091	28 284	33,341	25 237	182 849
Kwh/Barrel	602	602	602	602	602	602	
Barrels	58 732	45.744	54 969	46 984	55 384	41 922	303 735
Mmbtu/Kwh (Heat Rate)	10 133	10 133	10 133	0	10 133	10 133	
Cabras #3							
Generation (Mwh)	20 659	19 836	22 866	18 498	20 921	21 452	124,233
Kwh/Barrel	765	765	765	765	765	765	
Barrels	*27 006*	25 929	29 890	24 180	27 348	28,042	162 396
Mmbtu/Kwh (Heat Rate)	7 974	7 974	7 974	7,974	7.974	7 974	
Cabras #4							
Generation (Mwh)	15 997	23,147	21 368	17,144	18 658	24 869	121 183
Kwh/Barrel	760	760	760	760	760	760	
Barrels	21,049	30 456	28 116	22 558	24,550	32 722	159 451
Mmbtu/Kwh (Heat Rate)	8 026	8 026	8 026	8 026	8 026	8 026	
Tanguisson #1							
Generation (Mwh)	8 553	3 857	8 703	8 218	7 210	8 346	44 886
Kwh/Barrel	491	491	491	491	491	491	
Barrels	17 419	7 856	17.725	16 738	14 685	16 998	91 421
Mmbtu/Kwh (Heat Rate)	12 424	12 424	12 424	12.424	12 424	12,424	
Tanguisson #2							
Generation (Mwh)	7,289	3,680	7 852	6 666	6 456	6 160	38 003
Kwh/Barrel	487	487	487	487	487	487	
Barrels	14,967	7 557	16 124	13 483	13,256	12 648	78 035
Mmbtu/Kwh (Heat Rate)	12 526	12 526	12 526	12,526	12 526	12,526	
Piti Power Plant 4 & 5							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	463	463	463	463	463	463	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	*0*	*0*	*0*	
Enron (IPP) Piti #8							
Generation (Mwh)	19 496	24 495	11 338	21 782	22 788	21,497	121 396
Kwh/Barrel	719	719	719	719	719	719	
Barrels	27,116	34 068	15 769	30 295	31,694	29 898	166,840
Mmbtu/Kwh (Heat Rate)	8 484	8,484	8 484	8 484	8 484	8,484	
Enron (IPP) Piti #9							
Generation (Mwh)	28 800	25 469	24,626	28 529	27 662	29 468	164 554
Kwh/Barrel	713	713	713	713	713	713	
Barrels	40 393	35 721	34 539	40 012	38.796	41.329	230,791
Mmbtu/Kwh (Heat Rate)	*8 555*	*8 555*	*8,555*	8 555	8,555	8 555	
Total Generation (Mwh)	161,745	157 693	160,787	156 460	162,064	162 547	961,296
Total Barrels	249,195	236,819	248,531	239,830	247,288	245,949	1 467 412
Price/Barrel	*$50.90*	*$59.71*	$64.96	$64.80	$64.87	$64.87	
Total Cost (Sch 6)	$12 683 635	$14.127 805	$16 145,479	$15.540 453	$16.041,142	$15 954 268	$90 492,781
% to Total MWH Generation	*99%*	*99%*	98%	99%	99%	99%	99%
% to Fuel Cost	97%	99%	97%	98%	98%	98%	98%

THE GUAM POWER AUTHORITY
GPA Diesel Unit Forecast
Cost of Number 2 Oil

	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Total
Remaining Demand	2 283	1 043	3 240	2,276	1 984	1 481	12 287
Dededo CT #1							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	374	374	374	374	374	374	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Dededo CT #2							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	374	374	374	374	374	374	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Macheche CT							
Generation (Mwh)	28	0	47	19	0	0	93
Kwh/Barrel	472	472	472	472	472	472	
Barrels	58	0	99	40	0	0	198
Mmbtu/Kwh (Heat Rate)	12 288	#VALUE!	12 288	0	0	0	
Yigo CT							
Generation (Mwh)	157	0	279	243	76	73	827
Kwh/Barrel	446	446	446	446	446	446	
Barrels	353	0	625	544	171	163	1,855
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Tenjo Vista							
Generation (Mwh)	1,881	1 043	2 444	1,778	1 694	1 121	9 961
Kwh/Barrel	622	622	622	622	622	622	
Barrels	3 025	1 677	3 929	2 858	2 723	1 802	16 015
Mmbtu/Kwh (Heat Rate)	9.325	9 325	9,325	9 325	9 325	9 325	
TEMES							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	410	410	410	410	410	410	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	

	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Total
Manengon (MDI)							
Generation (Mwh)	37	0	112	53	46	95	344
Kwh/Barrel	647	647	647	647	647	647	
Barrels	57	0	174	82	71	147	532
Mmbtu/Kwh (Heat Rate)	8 964	0	8 964	8,964	8,964	8 964	
Talofofo							
Generation (Mwh)	180	0	358	183	147	192	1.061
Kwh/Barrel	619	619	619	619	619	619	
Barrels	291	0	579	298	238	310	1,715
Mmbtu/Kwh (Heat Rate)	9 370	0	9 370	9 370	9 370	9 370	
Marbo CT							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	293	293	293	293	293	293	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Dededo Diesel							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	521	521	521	521	521	521	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Total Generation (MWH) #2 Units	2,283	1 043	3 240	2 276	1 964	1,481	
Total Barrels	3,783	1,677	5,406	3,821	3,203	2,423	20,314
Price/Barrel-See Schedule 7	$ 94.88	$ 96.47	$ 99.40	$ 99.40	$ 99.40	$ 103.21	$ 98.77
Total Cost	$358 985	$161 803	$537 351	$379 819	$318,416	$250,064	$2 006 439
Total Gross Generation	164 028	158 736	164 028	158,736	164 028	164,028	
Total Barrels	252 979	238,296	253 937	243 651	250 492	248,372	
% to Total MWH Generation	1%	1%	2%	1%	1%	1%	
% to Fuel Cost	3%	1%	3%	2%	2%	2%	

GUAM POWER AUTHORITY
Navy Dispatch

Schedule 4

		Aug-09		Sep-09		Oct-09		Nov-09		Dec-09		Jan-10	Total
Remaining Demand		0		0		0		0		0		(0)	
New Orote Plant													
Generation (Mwh)		0		0		0		0		0		0	0
Kwh/Barrel		600		600		600		600		600		600	
Barrels		0		0		0		0		0		0	0
Radio Barrigada Muse													
Generation (Mwh)		0		0		0		0		0		0	0
Kwh/Barrel		550		550		550		550		550		550	
Barrels		0		0		0		0		0		0	0
Naval Hospital Muse													
Generation (Mwh)		0		0		0		0		0		0	0
Kwh/Barrel		550		550		550		550		550		550	
Barrels		0		0		0		0		0		0	0
Total Barrels		0		0		0		0		0		0	0
Price/Barrel	$	94.88	$	96.47	$	99.40	$	99.40	$	99.40	$	103.21	
Total Cost		$0		$0		$0		$0		$0		$0	$0
Remaining Demand		0		0		0		0		0		(0)	0

GUAM POWER AUTHORITY
Fuel Handling and Other Costs

Schedule 5

	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Total
Total Number Six Consumption	249,195	236,619	248,531	239,830	247,288	245,949	1 467 412
Dock Usage Fee/Barrel	$0.22	$0.23	$0.22	$0.23	$0.22	$0.23	
Total Dock Fee-Shell (FY09 Budget)	$55 472	$55,472	$55 472	$55 472	$55 472	$55 472	$332 832
A) Excess Laytime/Overtime-Shell	2 674	2 539	2 687	2,573	2 653	2,639	15 746
Storage Tank Rental-Shell (FY09 Budget)	115,560	115 560	115 560	115 560	115 560	115,560	693 360
Pipeline Fee-Shell (FY09 Budget)	52,157	52,157	52,157	52,157	52,157	52,157	312,943
TOTAL SHELL	$225 863	$225 728	$225 856	$225 763	$225,843	$225 828	$1,354,881
PEDCO Management Fee (actual monthly invoice)	$54 356	$54 356	$54 356	$54,356	$54 356	$54 356	$326 136
Ship Demurrage Cost (FY 09 Budget)	14,500	14 500	14,500	14,500	14 500	14,500	$87 000
D) Fuel Hedging loss/gain (estimated)	2 332 746	2,347 700	0	0	0	0	4 680 446
E) Lube Oil (FY09 1 2M)	100 000	100 000	100 000	100 000	100 000	100 000	600 000
Subscription Delivery fee Vacuum Rental Hauling (FY09 Budget)	8 117	8 117	8 117	8 117	8 117	8 117	48 700
F) Sale of fuel to Matson	(64 981)	(64 981)	(64 981)	(64 981)	(64,981)	(64 981)	(389,884)
G) Wind Study approved by PUC	0	0	0	0	0	0	0
H) Inventory growth to be recovered this period -09/30/07 vs 9/30/08	1 634 020	1 634 020	0	0	0	0	3 268 039
I) Inventory growth to be recovered this period -08/31/09 vs. 01/31/10	64,074	64 074	64 074	64 074	64 074	64 074	384 444
CCU Approved Offset of $2.5 million	0	0	0	0	0	0	0
SGS Inspection (FY 09 Budget)	19,177	19,177	19,177	19,177	19,177	19,177	115,065
TOTAL	$4 162 009	$4 178 963	$195 249	$195 243	$195 243	$195 243	$9 119 946
Property Insurance Assignable to fuel	0	0	0	0	0	0	$0
Excess & Pollution Liability Ins	0	0	0	0	0	0	0
	0	0	0	0	0	0	$0
C) Labor charges	$ 10 417	$ 10 417	$ 10 417	$ 10 417	$ 10 417	$ 10 417	$62 500
B) L/C Charges Bank Charges	56 019	62,398	71,309	68 637	70,848	70 465	$399 676
TOTAL ADDITIONAL COST	$4,454,308	$4,475,505	$502,825	$500,060	$502,351	$501,953	$10,937,003
							10 937 003

Notes:

(A) Total Excess Laytime & O/T Charges for period 10/07 thru 9/08 — $28 155
Total barrels offloaded FY 2008 — 2 623,897
Rate per barrel — $0.0107

(B) Total Bank Charges (commission issuance LC fees) — FY 08
LC charges rate per annum — 2.05%
# of months charged by ANZ Bank — 2

(c) Fiscal Year 09 budget for Labor — $ 125,000.00
Divided by 12 months — 12.00
Estimated labor charges fy09 — $ 10,416.67

(D) Fuel Hedging Gain/loss - Hedging Contract is in place from October 08 thru September 2009

(E) Lube oil is based on FY 09 Budget of ($1 200 000)

(F) Sale to Matson
Average No of Barrels for FY 2008 — 3 197
Multiplied by $1 69 for handling fee and $4 20 for bunker fee plus 15% markup

G) Wind study	$	400 000
6 Months amortization		6
Monthly recovery	$	66.667

H) Inventory Growth calculated as follows:
09/30/07 vs. 9/30/08

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 09/30/08	489,199	115.363	$ 56,435,590.73
Actual ending inventory as of 09/30/07	489,199	64.455	$ 31,531,354.20
Change in fuel inventory	-	50.908	$ 24,904,236.53
Less: Amount collected from gov. guam			$ 5,296,000.00
Amount recoverable for 12 months			$ 19,608,236.53
Divided by 12 months-to recover every month			$ 1,634,019.71

I) Inventory Growth calculated as follows:
07/31/09 vs. 01/31/10

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 01.31.10	489,199	65.241	$ 31,915,798.60
Estimated ending inventory as of 07.31.09	489,199	64.455	$ 31,531,354.20
Change in fuel inventory	-		384,444
Divided by 6 months-to recover every month			$ 64,074.07

Note: 7/31/09 ending inventory unit cost is $45.46 per barrel however GPA is using the unit cost of $64 55 in order for GPA to maintain the same level of reimbursement for fuel inventory cost change.

FY 07 vs. FY 08 Inventory Change	$	24,904,236.53
Less: Amount collected from gov guam	$	(5,296,000.00)
Additional fuel cost to ratepayers	$	19,608,236.53
Total Inventory Change 01/31/10 to FY 09	$	384,444.40
Add: Amount collected from gov guam	$	-
Additional credit to ratepayers	$	384,444.40

GUAM POWER AUTHORITY
Inventory Effect of Number Six Costs

		Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Ending
Layer 1	Inventory (bbls)	208,255	-	-	-	-	-	-
	Price/Bbl	49.29	49.29	49.29	49.29	49 29	49 29	49 29
Layer 2	Inventory (bbls)	240,000	197,059	-	-	0	0	0
	Price/Bbl	58.64	58.64	58.64	58.64	58.64	58.64	58.64
Layer 3	Inventory (bbls)	240,000	240,000	200,440	-	-	-	-
	Price/Bbl	65.01	65.01	65.01	65.01	65.01	65.01	65.01
Layer 4	Inventory (bbls)	240,000	240,000	240,000	191,909	-	-	0
	Price/Bbl	64.78	64.78	64.78	64.78	64.78	64 78	64 78
Layer 5	Inventory (bbls)	240,000	240,000	240,000	240,000	48,091	-	0
	Price/Bbl	64.87	64.87	64.87	64.87	64.87	64.87	64 87
Layer 6	Inventory (bbls)	240,000	240,000	240,000	240,000	240,000	40,603	0
	Price/Bbl	64.87	64.87	64.87	64.87	64.87	64.87	64.87
Layer 7	Inventory (bbls)	240,000	240,000	240,000	240,000	240,000	240,000	34,854
	Price/Bbl	64 87	64 87	64.87	64 87	64 87	64.87	64.87
Total Consumption (bbls)		249 195	236,619	248 531	239,830	247 288	245 949	
Total Barrels	Layer 1	208 255	0	0	0	0	0	
	Layer 2	42 941	197 059	0	0	0	0	
	Layer 3	0	39 560	200.440	0	0	0	
	Layer 4	0	0	48.091	191 909	0	0	
	Layer 5	0	0	0	47 921	48.091	0	
	Layer 6	0	0	0	0	199 197	40 603	
	Layer 7	0	0	0	0	0	205 146	
	Total	249 195	236 619	248 531	239 830	247 288	245,949	
Cost	Layer 1	$10 165 469	$0	$0	$0	$0	$0	
	Layer 2	2 510 156	11 556,112	-	-	-	-	
	Layer 3	-	2 571 693	13 030 130	-	-	-	
	Layer 4	-	-	3 115 349	12 431 929	-	-	
	Layer 5	-	-	-	3,108,525	3 119 576	-	
	Layer 6	-	-	-	-	12 921 567	2 648,802	
	Layer 7	-	-	-	-	-	13 307 464	
	Total	$12 683 835	$14 127 805	$16 145.479	$15 540.453	$16 041 142	$15 954 266	$90 482 781
	Price Per Barrel	$50 90	$59 71	$64 96	$64 80	$64 87	$64 87	

Apr-09	45 71	Actual			5.303	8 788	6.523	1.00	-	-	6 52
May-09	50 31	Actual			5.303	8 788	6.523	1.00	-	-	6 52
Jun-09	49 29	Actual			5303	8 788	6.523	1 00	-	-	8 52
Jul-09	58 64	Actual			5303	8 788	6.523	1 00	-	-	8 52
Aug-09	65 01	Forecast		386 00	5 303	8.788	6.523	1 00	386 00	58.48	65.01
Sep-09	64 78	Forecast		384 50	5 303	8.788	6.523	1 00	384 50	58.26	64 78
Oct-09	64 87	Forecast		385.08	5 303	8.788	6 523	1 00	385 08	58.35	64 87
Nov-09	64 87	Forecast		385.08	5 303	8 788	6 523	1 00	385 08	58 35	64 87
Dec-09	64 87	Forecast		385.08	5 303	8 788	6 523	1 00	385 08	58 35	64 87
Jan-10	65 61	Forecast		390 00	5.303	8 788	6 523	1.00	390 00	59 09	65 61
Feb-10	65 61	Forecast		390.00	5.303	8 788	6 523	1 00	390.00	59 09	65 61
Balance as of 03.31 09 LSFO/HSFO			413 217 23	45.71	18.888 762 52						

Note: Fuel forecast was based Morgan Stanley
Energy Noon Cob Asia on Sing HSFO 180CST
dated 07/07/09

Shipment for the month of May 2009				
LSFO	71 233	52 77	$	3 759,037
HSFO	171,858	49.29	$	8.470.095
Total	243,088	50.31	$	12,229,131
Shipment for the month of June 2009				
LSFO	-		$	-
HSFO	269,695	49.29	$	13,302,045
Total	269,695	49.29	$	13,302,045
Shipment for the month of July 2009				
LSFO	59 722	61 38	$	3.664 542
HSFO	211,344	57.88	$	12,231,534
Total	271,066	58.84	$	15,896,076

Schedule 7

Workpaper for Number 2 oil pricing:

	May-08
Actual Invoice	Shell
Temes	0 0000
Diesel	0.0000
Tenjo	0.0000
Cabras 1&2/Tango	0 0000
Total	0 0000
Average	0.0000
Multiplied by 42	$ -

Premium fee $ 14 20 Effective June 1, 2007

Forecast
Price dated 08/26/09

Note: Fuel forecast was based on Morgan Stanley
Gasoil swaps dated 07/07/09

Apr-09	$ 146.58	Actual			
May-09	$ 86 59	Forecast	*477.75*	*1*	*477.75*
Jun-09	$ 100 28	Forecast	568.00	1	568.00
Jul-09	$ 93 59	Forecast	524.00	1	524.00
Aug-09	$ 94.88	Forecast	532.50	1	532.50
Sep-09	$ 96 47	Forecast	542.99	1	542 99
Oct-09	$ 99 40	Forecast	562.31	1	562.31
Nov-09	$ 99.40	Forecast	562.31	1	562.31
Dec-09	$ 99.40	Forecast	562.31	1	562 31
Jan-10	$ 103 21	Forecast	587.46	1	587.46

Schedule 8a

FUEL HEDGING PROGRAM
GAIN/(LOSS)

FY 2009	Trade Date	Month	Cap. Price	Floor Price	Platt's Posted Price HSFO 180 cst $/MT	GPA HEDGING CALCULATION Diff. between Platts Price vs. Cap/Floor $	Contract Quantity MT	GPA GAIN / (LOSS) ($)
J Aron	7/3/2008	February	$827.00	$726.50	257.588	($468.912)	9,969	$ (4,674,583.73)
BP Singapore	7/25/2008	February	$772.00	$669.85	257.588	($412.262)	9,969	$ (4,109,839.88)
	ACTUAL NET GPA GAIN/(LOSS)							$ (8,784,423.61)
J Aron	7/3/2008	March	$827.00	$726.50	246.107	($480.393)	9,969	$ (4,789,037.82)
BP Singapore	7/25/2008	March	$772.00	$669.85	246.107	($423.743)	9,969	$ (4,224,293.97)
	ACTUAL NET GPA GAIN/(LOSS)							$ (9,013,331.78)
BP Singapore	8/8/2008	April	$746.00	$635.00	290.280	($344.720)	9,969	$ (3,436,463.84)
Morgan Stanley	8/13/2008	April	$693.00	$616.75	290.280	($326.470)	9,969	$ (3,254,529.59)
	ACTUAL NET GPA GAIN/(LOSS)							$ (6,690,993.43)
BP Singapore	8/8/2008	May	$746.00	$635.00	289.014	($345.986)	9,969	$ (2,689,377.01)
Morgan Stanley	8/13/2008	May	$693.00	$616.75	289.014	($327.736)	9,969	$ (2,871,311.00)
	ACTUAL NET GPA GAIN/(LOSS)							$ (5,560,688.01)
BP Singapore	8/8/2008	June	$746.00	$635.00	$401.759	($233.241)	9,969	$ (2,325,179.53)
Morgan Stanley	8/13/2008	June	$693.00	$616.75	$401.759	($214.991)	9,969	$ (2,143,245.28)
	ACTUAL NET GPA GAIN/(LOSS)							$ (4,468,424.81)
BP Singapore	9/5/2008	July	$662.00	$620.00	$405.450	($214.550)	9,969	$ (2,138,848.95)
Morgan Stanley	5/27/2009	July	$390.00	$343.00	$405.450	$15.450	9,969	$ 154,021.05
	PROJECTED NET GPA GAIN/(LOSS)							$ (1,984,827.90)
	Total Hedging (loss)/Gain (Feb. 09 thru Jul.09)							$ (36,502,669.54)
BP Singapore	9/5/2008	August	$662.00	$620.00	$386.000	($234.000)	9,969	$ (2,332,746.00)
Morgan Stanley	5/27/2009	August	$390.00	$343.00	$386.000	$0.000	9,969	$ -
	PROJECTED NET GPA GAIN/(LOSS)							$ (2,332,746.00)
BP Singapore	9/5/2008	September	$662.00	$620.00	$384.500	($235.500)	9,969	$ (2,347,699.50)
Morgan Stanley	5/27/2009	September	$390.00	$343.00	$384.500	$0.000	9,969	$ -
	PROJECTED NET GPA GAIN/(LOSS)							$ (2,347,699.50)

Schedule 8b

GPA HEDGE CONTRACTS							
	Trade	Quantity	Period	Ceiling		Floor	
J Aron	12/5/2007	9969	01/02/2008 - 03/31/2008	$ 520.00			$ 440.00
Morgan Stanl	1/14/2008	9969	01/14-31/2008	519.00			457.00
Morgan Stanl	1/14/2008	9969	02/01-29/2008	519.00			450.75
Morgan Stanl	1/14/2008	9969	03/01-31/2008	519.00			454.50
J Aron	12/5/2007	9969	01/02/2008 - 03/31/2008	520.00			440.00
J Aron	1/17/2008	9969	04/01/2008 - 06/30/2008	522.00			438.75
Goldman	3/24/2008	9969	07/01/2008 - 09/30/2008	520.00			486.50
Morgan Stanl	5/23/2008	9969	07/01/2008 - 09/30/2008	710.00			618.25
BP Singapore	6/2/2008	9969	10/01/2008 - 12/31/2008	691.00			584.10
Morgan Stanl	6/20/2008	9969	10/01/2008 - 12/31/2008	733.00			633.50
J Aron	7/3/2008	9969	01/02/09 - 03/31/09	827.00			726.50
BP Singapore	7/25/2008	9969	01/02/09 - 03/31/09	772.00			669.85
BP Singapore	8/8/2008	9969	04/01/09 - 06/30/09	746.00			635.00
Morgan Stanl	8/13/2008	9969	04/01/09 - 06/30/09	693.00			616.75
BP Singapore	9/5/2008	9969	07/01/09 - 09/30/09	662.00			620.00
		MT		$/MT	$/Bbl	$/MT	$/Bbl
Morgan Stanley	5/27/2009	9969	07/01/09 - 09/30/09	$ 390.00	$ 59.09	$ 343.00	$ 51.97
BP Singapore	6/12/2009	9969	10/01/09 - 12/31/09	455.00	68.94	381.50	57.80
Morgan Stanley	7/6/2009	9969	10/01/09 - 12/31/09	428.00	64.85	360.75	54.66

Schedule 9

809,556

IWPS TOTAL GENERATION (MW

	Forecast by Generation	164,028	Forecast by Generation	158,736	Forecast by Generation	164,028	Forecast by Generation	158,736	Forecast by Generation	164,028	Forecast by Generation	164,028
	Aug-09	Aug-09	Sep-09	Sep-09	Oct-09	Oct-09	Nov-09	Nov-09	Dec-09	Dec-09	Jan-10	Jan-10
Cabras 1	27,861	25,593	30,831	29,671	33,017	30,942	28,833	27,439	26,007	25,029	25,676	25,517
Cabras 2	38,489	35,357	28,614	27,538	35,310	33,091	29,721	28,284	34,644	33,341	25,394	25,237
Cabras 3	22,490	20,659	20,611	19,836	24,399	22,866	19,437	18,498	21,739	20,921	21,585	21,452
Cabras 4	17,414	15,997	24,051	23,147	22,801	21,368	18,015	17,144	19,387	18,658	25,023	24,869
ENRON 1	21,224	19,496	25,452	24,495	12,099	11,338	22,888	21,782	23,679	22,788	21,630	21,497
ENRON 2	31,352	28,800	26,465	25,469	26,278	24,626	29,978	28,529	28,743	27,662	29,650	29,468
HEI 1	9,311	8,553	4,008	3,857	9,286	8,703	8,636	8,218	7,492	7,210	8,398	8,346
HEI 2	7,935	7,289	3,824	3,680	8,379	7,852	6,900	6,566	6,708	6,456	6,198	6,160
Dededo CT 1	0		0		-		-		-		-	
Dededo CT 2	0		0		-		-		-		-	
Macheche CT	30	28	0		50	47	20	19	-		-	
Marbo CT	0		0		-		-		-		-	
Yigo CT	171	157	0		297	279	255	243	79	76	73	73
TEMES CT	0		0		-		-		-		-	
Dededo Diesel 1	0		0		-		-		-		-	
Dededo Diesel 2	0		0		-		-		-		-	
Dededo Diesel 3	0		0		-		-		-		-	
Dededo Diesel 4	0		0		-		-		-		-	
Pulantat Diesel 1	12	11	0		64	60	28	27	28	27	48	48
Pulantat Diesel 2	28	26	0		56	52	28	27	20	19	48	48
Talofofo Diesel 1	112	103	0		205	192	97	92	73	70	89	88
Talofofo Diesel 2	84	77	0		177	166	96	92	81	78	105	104
Tenjo Diesel 1	400	367	140	135	460	431	304	289	340	327	248	246
Tenjo Diesel 2	376	345	116	112	456	427	276	263	284	273	188	187
Tenjo Diesel 3	368	338	144	139	424	397	288	274	300	289	160	159
Tenjo Diesel 4	296	272	124	119	408	382	288	274	284	273	144	143
Tenjo Diesel 5	280	257	252	243	440	412	328	312	272	262	168	167
Tenjo Diesel 6	328	301	308	296	420	394	384	365	280	269	220	219
	-		-		-		-		-		-	
	178,560	164,028	164,940	158,736	175,026	164,028	166,800	158,736	170,438	164,028	165,044	164,028

ASSUMPTIONS/ADD'L INFORMATION:
1 Total sales (Civilian & Navy) same as used in the Docket 98-002.
2. Plant use, losses and company use as a ratio to sales are calculated as follows.

	Mwh	Ratio to Sales
Total Mwh Sales -FY08	1,636,791	
Plant Use - (FY 08)	101,216	6.18%
Transmission Losses (Note A)	55,686	3.40%
Distribution losses (Note A)	67,815	4.14%
Company use (FY08)	2,963	0.18%

Ratio to net send out **
1,763,255
7.00%

**tie in to report GPA 318 as of 09 30.08

Note A:	Mwh	Ratio	Allocated FY08 T&D Losses	
Total T&D losses FY08	123,501		7.55%	(Ratio to sales)
Transmission losses-9/30/91	48,579	45.09%	55,686	
Distribution losses- 9/30/91	59,160	54.91%	67,815	
	107,739		123,501	

Net Plant Output	1,763,255
T&D Losses	123,501
Interim PUC adopted line loss standard	7.00%

Attachment A2
LEAC Projection February 2009 through July 2009

GUAM POWER AUTHORITY
Fuel Clause Reconciliation

Schedule 1

	Total	FY 09 Civilian	FY 09 Navy	
1 Start Date				
2 Total Sales	0	1,356,290	343,809	1,700,099
3 Daily Sales	0.00	3,705.71	939.37	
4 Plant Use	6.18%	229.15	58.09	
5 Transmission Loss	3.40%	126.07	31.96	
6 Distribution Loss	4.14%	153.53	38.92	
7 Company Use	0.18%	6.71	1.70	
8 Total Daily Demand		4,221.18	1,070.04	

9 Month		Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	TOTALS	% To Total
10 Days		28	31	30	31	30	31		
		Actual	Actual	Actual	Actual	Actual/Forecast	Forecast		
11 Required Generation-Civilian		116,306	117,798	121,756	130,857	126,635	130,857	744,209	79.826%
12 Required Generation-Navy		24,366	33,171	32,101	33,171	32,101	33,171	188,081	20.174%
13 TOTAL REQUIRED GENERATION		140,672	150,969	153,857	164,028	158,736	164,028	932,290	
14 Number 6 (HSFO/LSFO)		$ 15,685,595	$ 12,446,161	$ 9,640,883	$ 10,892,024	$ 10,766,654	$ 12,314,166	$ 71,745,484	Schedule 2
15 Number 2 (GPA)		423,982	43,545	1,937,531	244,100	989,883	190,173	3,829,214	Schedule 3
16 Number 2 (USN)		0	0	0	0	0	0	0	Schedule 4
17 TOTAL COST		$ 16,109,578	$ 12,489,706	$11,578,414	$ 11,136,124	$ 11,756,537	$ 12,504,339	$ 75,574,698	
18 Handling Costs		10,332,812	10,546,593	8,243,521	7,151,949	6,054,556	3,575,022	45,904,455	Schedule 5
19 TOTAL EXPENSE		$ 26,442,390	$ 23,036,299	$19,821,935	$ 18,288,074	$ 17,811,093	$ 16,079,361	$121,479,153	
Calculation of Civilian Factor									
20 Sales-Civilian		92,838	102,775	111,171	114,877	111,171	114,877	647,710	
21 Fuel Cost Recovery	$157.63000	14,634,054	16,200,423	17,523,934	15,674,970	15,169,325	15,674,970	94,877,676	
22 Civilian Costs (Total Expense x %)	79.826%	20,584,051	18,193,570	15,823,034	14,598,616	14,217,862	12,835,492	96,252,624	
22a Deferred Fuel Amort.		0						0	
23 Under/(Over)		5,949,997	1,993,147	(1,700,900)	(1,076,354)	(951,464)	(2,839,478)	1,374,949	
24 Estimated Under/(Over)								4,522,637	
25 Net Recovery Under/(Over)								5,897,586	
26 Proposed Fuel Cost Recovery								$155.58709	Rate to fully recover in Six Months
								$ 136.45000	Rate effective May 2009
Civilian Clause Reconciliation:								$157.63000	Current rate
27 Opening Recovery Balance-January 31, 2009		4,522,837	10,472,634	12,465,781	10,764,882	9,688,528	8,737,064		
Under/(Over)		5,949,997	1,993,147	(1,700,900)	(1,076,354)	(951,464)	(2,839,478)		
29 Closing Recovery Balance		10,472,634	12,465,781	10,764,882	9,688,528	8,737,064	5,897,586	(1,374,949)	Decrease/(Increase) In Deferred F

Bills Computed at 1000 kWh/month	Current Rates	Current Bill	Rate to fully recover	Increase (Decrease)
Customer Charge $/month	5.53000	$ 5.53	$ 5.53	$
Non Fuel Energy Charges ($/Kwh)				
Lifeline Usage (500 Kwh)	0.03354	16.77	16.77	$ -
Non Lifeline Usage	0.08439	42.195	42.195	$ -
WaterWel Charge				
Lifeline Usage (500 Kwh)	-	0	0	$ -
Non Lifeline Usage	0.00257	1.285	1.285	$ -
Insurance Charge	0.00290	2.9	2.9	$
Fuel Recovery Charge	136.45000	136.45	155.59	$ 19.14
TOTAL Bill		$ 205.13	$ 224.27	$ 19.14
Increase (Decrease) From Current Bill			$ 19.14	
Percent Increase (Decrease)			9.33%	
Decrease From Current Leac Factor			$ 19.14	
Percent Increase (Decrease)			14.02%	

Schedule 2

Baseload Unit Forecast
Cost of Number 6 Oil

	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Total
IWPS TOTAL GENERATION	140 672	150,969	153 857	184 028	158 736 0	164 028	932 290
Cabras #1							
Generation (Mwh)	23,296	25 952	28 727	32 673	24 149	28,769	161.467
Kwh/Barrel	610	611	615	604	602	602	
Barrels	38 209	42,496	43 448	53 940	50,711	47,790	276 693
Mmbtu/Kwh (Heat Rate)	10 005	9 989	9 916	10 101	12 809	10,133	
Cabras #2							
Generation (Mwh)	19 373	25 634	16,012	0	23 593	28,557	113 268
Kwh/Barrel	604	611	618	602	1 077	602	
Barrels	32,053	41 988	25,902	0	22 006	47 436	169,384
Mmbtu/Kwh (Heat Rate)	10 093	9 992	9 868	0	5 666	10 133	
Cabras #3							
Generation (Mwh)	17 245	21,745	12 355	23 146	24 179	20 745	119 415
Kwh/Barrel	748	793	780	794	810	765	
Barrels	23 040	27,412	15 844	29 140	29,847	27.118	152 401
Mmbtu/Kwh (Heat Rate)	8.150	7 690	7 823	7 680	7 530	7,974	
Cabras #4							
Generation (Mwh)	19 835	16 587	22 871	23 014	19 492	21,690	123 489
Kwh/Barrel	736	779	774	787	720	760	
Barrels	26 948	21,290	29 563	29,242	27 083	28 539	162 665
Mmbtu/Kwh (Heat Rate)	8 288	7 830	7 885	7 751	8.475	8,026	
Tanguisson #1							
Generation (Mwh)	1 210	1 514	7 143	10 298	6 656	6,794	33 615
Kwh/Barrel	543	474	492	485	389	491	
Barrels	2 227	3,194	14 527	21,232	17 099	13 838	72,117
Mmbtu/Kwh (Heat Rate)	11 227	12 869	12 406	12 577	15 670	12,424	
Tanguisson #2							
Generation (Mwh)	7 525	7 759	5 720	10 219	4 587	4,069	39 880
Kwh/Barrel	475	471	491	478	449	487	
Barrels	15 858	16 489	11 660	21,381	10 206	8 355	83 927
Mmbtu/Kwh (Heat Rate)	12 853	12,949	12 435	12 763	13 571	12 528	
Piti Power Plant 4 & 5							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	463	463	463	463	463	463	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Enron (IPP) Piti #8							
Generation (Mwh)	26 371	25,652	27 347	30 774	27.681	24 612	161 437
Kwh/Barrel	716	704	740	717	735	719	
Barrels	35 426	36 442	36 948	42 910	37 687	34 231	223 644
Mmbtu/Kwh (Heat Rate)	8.518	8,666	8 242	8 506	8,305	8 484	
Enron (IPP) Piti #9							
Generation (Mwh)	25 461	25 844	28,390	29 030	25 955	27 557	162 237
Kwh/Barrel	717	700	740	718	734	713	
Barrels	35 491	36 928	38 362	40 458	35,375	38,649	225 263
Mmbtu/Kwh (Heat Rate)	8,503	8 716	8,243	8 501	8,314	8 555	
Total Generation (Mwh)	139.316	150 687	146 665	159 054	156 394	162 793	914 809
Total Barrels	209,250	226,218	216,253	238,303	230,014	245,958	1 365,994
Price/Barrel	$74,96	$55 02	$44.58	$45.71	$46.81	$50.07	52.52
Total Cost (Sch. 6)	$15 685,595	12 446 161	$9 640,883	$10 892 024	$10 766,654	$12 314.166	$71 745 484
% to Total MWH Generation	99%	100%	95%	97%	99%	99%	98%
% to Fuel Cost	97%	100%	83%	98%	92%	98%	95%

THE GUAM POWER AUTHORITY
GPA Diesel Unit Forecast
Cost of Number 2 Oil

Schedule 3
Page 1 of 2

Remaining Demand	1,356	282	7 292	4 974	2 343	1 235	17 481
	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Total
Dededo CT #1							
Generation (Mwh)	0	0	501	0	0	0	501
Kwh/Barrel	374	374	365	374	374	374	
Barrels	0	0	1,373	0	0	0	1 373
Mmbtu/Kwh (Heat Rate)	0	0	15 895	0	0	0	
Dededo CT #2							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	374	374	374	374	374	374	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Macheche CT							
Generation (Mwh)	0	0	0	54	58	97	209
Kwh/Barrel	472	472	472	482	615	472	
Barrels	21	0	0	112	95	206	434
Mmbtu/Kwh (Heat Rate)	0	0	0	12 030	9 428	0	
Yigo CT							
Generation (Mwh)	65	54	281	0	132	0	532
Kwh/Barrel	546	403	434	0	1 039	446	
Barrels	119	134	647	22	127	0	1,049
Mmbtu/Kwh (Heat Rate)	10 618	14 393	13 354	0	5 583	0	
Tenjo Vista							
Generation (Mwh)	999	175	4 016	1 393	1 714	1 017	9 314
Kwh/Barrel	627	621	645	621	775	622	
Barrels	1 594	282	6 223	2 244	2 211	1 635	14 189
Mmbtu/Kwh (Heat Rate)	9,254	9 348	8 987	9 343	7 480	9 326	
TEMES							
Generation (Mwh)	214	54	1 135	684	0	0	2 087
Kwh/Barrel	437	331	421	413	0	410	
Barrels	490	163	2 694	1 656	1 570	0	6 573
Mmbtu/Kwh (Heat Rate)	13,280	17,507	13 767	14,042	0	0	

	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Total
Manengon (MDI)							
Generation (Mwh)	79	0	720	0	146	50	998
Kwh/Barrel	632	647	625	647	323	647	
Barrels	125	0	1,152	0	458	78	1 813
Mmbtu/Kwh (Heat Rate)	9 177	0	9 280	0	17.941	8 964	
Talofofo							
Generation (Mwh)	0	0	638	17	290	70	1,015
Kwh/Barrel	619	619	596	472	474	619	
Barrels	212	0	1 071	36	612	114	2 045
Mmbtu/Kwh (Heat Rate)	0	0	9 736	12 262	12.245	9 370	
Marbo CT							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	293	293	293	293	293	293	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Dededo Diesel							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	521	521	521	521	521	521	
Barrels	0	0	0	0	14	0	14
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Total Generation (MWH) #2 Units	1 357	283	7 291	2 148	2,343	1,235	
Total Barrels	2,581	579	13,160	4,070	5,087	2,032	27,489
Price/Barrel-See Schedule 7	$ 165.55	$ 75.21	$ 147.23	$ 59.98	$ 194.59	$ 93.59	$ 139.30
Total Cost	$423 982	43 545	$1 937 531	$244 100	$989 883	$190 173	$3 829 214
Total Gross Generation	140 673	150 970	153 856	161 202	158 736	164 028	
Total Barrels	211 811	226,797	229 413	242 373	235,101	247 988	
% to Total MWH Generation	1%	0%	5%	1%	1%	1%	
% to Fuel Cost	3%	0%	17%	2%	8%	2%	

GUAM POWER AUTHORITY
Navy Dispatch

Schedule 4

		Feb-09		Mar-09		Apr-09		May-09		Jun-09		Jul-09	Total
Remaining Demand		(1)		(1)		1		2,826		(0)		0	
New Orote Plant													
Generation (Mwh)		0		0		0		0		0		0	0
Kwh/Barrel		600		600		600		600		600		600	
Barrels		0		0		0		0		0		0	0
Radio Barrigada Muse													
Generation (Mwh)		0		0		0		0		0		0	0
Kwh/Barrel		550		550		550		550		550		550	
Barrels		0		0		0		0		0		0	0
Naval Hospital Muse													
Generation (Mwh)		0		0		0		0		0		0	0
Kwh/Barrel		550		550		550		550		550		550	
Barrels		0		0		0		0		0		0	0
Total Barrels		0		0		0		0		0		0	0
Price/Barrel	$	165.55	$	75.21	$	147.23	$	59.98	$	194.59	$	93.59	
Total Cost		$0		$0		$0		$0		$0		$0	$0
Remaining Demand		(1)		(1)		1		2,826		(0)		0	0

GUAM POWER AUTHORITY
Fuel Handling and Other Costs

	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Total
Total Number Six Consumption	209,250	226,218	218,253	238,303	230,014	245,958	1,365 994
Dock Usage Fee/Barrel	$0.19	$0.17	$0.17	$0.23	$0.24	$0.23	
Total Dock Fee-Shell (FY09 Budget)	$39 326	$39,428	$36 067	$55,472	$55,472	$55,472	$281 236
A) Excess Laytime/Overtime-Shell	3 390	3 972	2 347	2 557	2,468	2 639	17 373
Storage Tank Rental-Shell (FY09 Budget)	115 560	115 560	115 560	115,560	115 560	115,560	693 360
Pipeline Fee-Shell (FY09 Budget)	38,514	38,311	38,114	52 157	52 167	52 157	271,409
TOTAL SHELL	$196 788	$197 270	$182 088	$225,746	$225 657	$225,828	$1 263 378
PEOCO Management Fee (actual monthly invoice)	$54 356	$54,356	$54 356	$54 356	$54 356	$54 356	$326 136
Repair of diesel pipeline	$45 000						
Medium Range Study			$18,837				
Ship Demurrage Cost (FY 09 Budget)	-	-	-	14 500	14 500	14 500	$43,500
D) Fuel Hedging loss/gain (estimated)	8 784,424	9 013 332	6,690 993	5 560,688	4 458 425	1 994 828	36 502,690
E) Lube Oil (FY09 1.2M)	74,309	111 525	68,131	100,000	100 000	100 000	551 965
Subscription Delivery fee Vacuum Rental Hauling (FY09 Budget)	860	6,851	1 999	8 117	8 117	8 117	34 080
F) Sale of fuel to Matson	(58 627)	(68 283)	0	(42 465)	(46 952)	(49,896)	(264 224)
G) Wind Study approved by PUC	0	0	0	0	0	0	0
H) Inventory growth to be recovered this period -09/30/07 vs 9/30/08	1,634,020	1,634,020	1,634,020	1,634 020	1,634,020	1,634,020	9,804 118
I) Inventory growth to be recovered this period -07/31/09 vs 01/31/09	(480 712)	(480 712)	(480 712)	(480 712)	(480 712)	(480 712)	(2,884 274)
SGS Inspection (FY 09 Budget)	17 783	14 230	3,603	19,177	19,177	19,177	93 148
TOTAL	$10,073,482	$10 285,318	$7 969,026	$6,887,680	$6 770 930	$3 284 380	$44 207 135
Property Insurance Assignable to fuel	0	0	0	0	0	0	$0
Excess & Pollution Liability Ins	0	0	0	0	0	0	0
	0	0	0	0	0	0	$0
C) Labor charges	$ 10 558	$ 10,837	$ 9,017	$ 10,417	$ 10 417	$ 10 417	$61,663
B) L/C Charges Bank Charges	52 034	53,168	53 390	48 108	47 553	54 388	$308,639
TOTAL ADDITIONAL COST	$10,332,812	$10,546,693	$8,243,621	$7 151 849	$8,054,558	$3,575,022	$45,840,818
	1 153 308	1 153 308	7 090 214				
	1 153,307	1 153 307	1 153 307				45,840,818
	0	0	0				

Notes:

(A) Total Excess Laytime & O/T Charges for period 10/07 thru 9/08 — $28 155
Total barrels offloaded FY 2008 — 2,629,897
Rate per barrel — $0.0107

(B) Total Bank Charges (commission issuance LC fee) — FY 09
LC charges rate per annum — 2.95%
# of months charged by ANZ Bank — 2

(c) Fiscal Year 09 budget for Labor — $ 125,000.00
Divided by 12 months — 12.00
Estimated labor charges fy09 — $ 10,416.67

(D) Fuel Hedging Gain/loss - Hedging Contract is in place from October 08 thru September 2009

(E) Lube oil is based on FY 07 Budget of ($1 200 000)

(F) Sale to Matson
Average No. of Barrels for FY 2008 — 3,197
Multiplied by $1.69 for handling fee and $4.20 for bunker fee plus 15% markup

G) Wind study	$	400,000
6 Months amortization		6
Monthly recovery	$	66,667

H) Inventory Growth calculated as follows:
09/30/07 vs. 9/30/08

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 09/30/08	489,199	115.363	$ 56,435,590.73
Actual ending inventory as of 09/30/07	489,199	64.455	$ 31,531,354.20
Change in fuel inventory	-	50.908	$ 24,904,236.53
Less Amount collected from gov. guam			$ 5,296,000.00
Amount recoverable for 12 months			$ 19,608,236.53
Divided by 12 months to recover every month			$ 1,634,019.71

I) Inventory Growth calculated as follows:
01/31/09 vs. 07/31/09

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 07.31.09	489,199	64.455	$ 31,531,354.20
Actual ending inventory as of 01.31.09	489,199	70.351	$ 34,415,628.48
Change in fuel inventory	489,199	(5.896)	$ (2,884,274.28)
Add Amount collected from gov. guam			$ -
Amount recoverable for 6 months			$ (2,884,274.28)
Divided by 6 months to recover every month			$ (480,712.38)

09/30/08 vs. 01/31/09

Description	Barrels	Unit cost	Amount
Actual ending inventory as of 01.31.09	489,199	70.351	$ 34,415,628.48
Actual ending inventory as of 09.30.08	489,199	115.363	$ 56,435,590.73
Change in fuel inventory	489,199	(45.012)	$ (22,019,962.24)
Add Amount collected from gov. guam			$ 5,296,000.00
Amount recoverable for 4 months			$ (16,723,962.24)
Divided by 4 months to recover every month			$ (4,180,990.56)

Note: 7/31/09 ending inventory unit cost is $46.46 per barrel however GPA is using the unit cost of $64.55 in order for GPA to maintain the same level of reimbursement for fuel inventory cost charge

FY 07 vs. FY 08 Inventory Change	$	24,904,236.53
Less: Amount collected from gov guam	$	(5,296,000.00)
Additional Fuel cost to ratepayers	$	19,608,236.53
Oct. 2008 vs. January 09 Inventory Change	$	(16,723,962.21)
Jan. 2009 vs. July 09 Inventory Change	$	(2,884,274.28)
Total Inventory Change in FY 09	$	(19,608,236.49)
Add: Amount collected from gov guam	$	-
Additional credit to ratepayers	$	(19,608,236.49)

Schedule 6

GUAM POWER AUTHORITY
Inventory Effect of Number Six Costs

			May-09	Jun-09	Jul-09	Ending
Layer 1	Inventory (bbls)		413,217	174,914	-	-
	Price/Bbl		45.71	45.71	45.71	45 71
Layer 2	Inventory (bbls)		243,089	243,089	187,989	0
	Price/Bbl		50.31	50.31	50.31	50 31
Layer 3	Inventory (bbls)		269,895	269,895	269,895	211 928.22
	Price/Bbl		49.29	49.29	49.29	49.29
Layer 4	Inventory (bbls)		240,000	240,000	240,000	240,000
	Price/Bbl		58.64	58.64	58.64	58.64
Layer 5	Inventory (bbls)		240,000	240,000	240,000	240,000
	Price/Bbl		64.78	64.78	64.78	64.78
Layer 6	Inventory (bbls)		240,000	240,000	240,000	240,000
	Price/Bbl		64.87	64.87	64.87	64.87
Layer 7	Inventory (bbls)		240,000	240,000	240,000	240,000
	Price/Bbl		64.87	64.87	64.87	64.87
Total Consumption (bbls)			238.303	230.014	245,958	714 273.01
		238293 72				
Total Barrels	Layer 1		238,303	174 914	0	
	Layer 2		0	55,100	187 989	
	Layer 3		0	0	57 967	
	Layer 4		0	0	0	
	Layer 5		0	0	0	
	Layer 6		0	0	0	
	Layer 7		0	0	0	
	Total		238,303	230.014	245,958	
Cost	Layer 1		$10,892,024	$7 994 738	$0	
	Layer 2		-	2 771 916	9,457 215	
	Layer 3		-	-	2 856 951	
	Layer 4		-	-	-	
	Layer 5		-	-	-	
	Layer 6		-	-	-	
	Layer 7		-	-	-	
	Total		$10 892 024	$10 766 654	$12 314 166	$33 972 845
	Price Per Barrel		$45.71	$48.61	$50.07	$47.56

Note: Fuel forecast was based Morgan Stanley Energy Noon Call Asia on Sing HSFO 180CST dated 07/07/09

Apr-09	45 71	Actual		5.303	8.768	6 523	1.00	-	-	6 62
May-09	50 31	Actual		6.303	8.768	6 523	1.00	-	-	6 52
Jun-09	49.29	Actual		5.303	8.768	6 523	1 00	-	-	6 52
Jul-09	58.84	Actual	386.00	5.303	8 768	6.523	1 00	386.00	58 48	65.01
Aug-09	64 78	Forecast	384.50	5.303	8 768	6.523	1 00	384.50	58.26	64 78
Sep-09	64.87	Forecast	385.08	5 303	8 768	6.523	1.00	385.08	58.35	64.87
Oct-09	64.87	Forecast	385.06	5 303	8.768	6.523	1.00	385.08	58.35	64 87
Nov-09	64 87	Forecast	385.06	5.303	8.768	6 523	1.00	385 08	58.35	64 87
Dec-09	65.61	Forecast	390.00	5.303	8.768	6 523	1.00	390 00	59.09	65.61
Jan-10	65.61	Forecast	390.00	5 303	8.768	6 523	1 00	390 00	59 09	65.61

Balance as of 04.30 09 LSFO/HSFO	413 217 23	45 71	16,886,762 52

Shipment for the month of May 2009			
LSFO	71 233	52 77	$ 3 759,037
HSFO	171,856	49.29	$ 8,470,095
Total	243,089	50.31	$ 12,229,131
Shipment for the month of June 2009			
LSFO	-		$ -
HSFO	269,895	49.29	$ 13,302,045
Total	269,895	49.29	$ 13,302,045
Shipment for the month of July 2008			
LSFO	59,722	61 38	$ 3,664 542
HSFO	211,344	57.88	$ 12231,534
Total	271,066	58.64	$ 15,896,076

Workpaper for Number 2 oil pricing:

	May-08
Actual Invoice	Shell
Temes	0 0000
Diesel	0.0000
Tenjo	0.0000
Cabras 1&2/Tango	0 0000
Total	0 0000
Average	0 0000
Multiplied by 42	$ -

Premium fee $ 14 20 Effective June 1, 2007

Forecast
Price dated 06/26/09

Note: Fuel forecast was based on Morgan Stanley
Gasoil swaps dated 07/07/09

Apr-09	$ 147.23	Actual			
May-09	[redacted]	update	477.75	1	477.75
Jun-09	[redacted]	update	568.00	1	568.00
Jul-09	$ 93 59	Forecast	524.00	1	524.00
Aug-09	$ 94 88	Forecast	532.50	1	532.50
Sep-09	$ 96.47	Forecast	542.99	1	542 99
Oct-09	$ 99.40	Forecast	562.31	1	562 31
Nov-09	$ 99.40	Forecast	562.31	1	562.31
Dec-09	$ 99.40	Forecast	562.31	1	562.31
Jan-10	$ 103 21	Forecast	587.46	1	587.46

Schedule 8a

FUEL HEDGING PROGRAM
GAIN/(LOSS)

FY 2009	Trade Date	Month	Cap. Price	Floor Price	Platt's Posted Price HSFO 180 cst $/MT	GPA HEDGING CALCULATION Diff. between Platts Price vs. Cap/Floor $	Contract Quantity MT	GPA GAIN / (LOSS) ($)
J Aron	7/3/2008	February	$827.00	$726.50	257.588	($468.912)	9,969	$ (4,674,583.73)
BP Singapore	7/25/2008	February	$772.00	$669.85	257.588	($412.262)	9,969	$ (4,109,839.88)
	ACTUAL NET GPA GAIN/(LOSS)							$ (8,784,423.61)
J Aron	7/3/2008	March	$827.00	$726.50	246.107	($480.393)	9,969	$ (4,789,037.82)
BP Singapore	7/25/2008	March	$772.00	$669.85	246.107	($423.743)	9,969	$ (4,224,293.97)
	ACTUAL NET GPA GAIN/(LOSS)							$ (9,013,331.78)
BP Singapore	8/8/2008	April	$746.00	$635.00	290.280	($344.720)	9,969	$ (3,436,463.84)
Morgan Stanle	8/13/2008	April	$693.00	$616.75	290.280	($326.470)	9,969	$ (3,254,529.59)
	ACTUAL NET GPA GAIN/(LOSS)							$ (6,690,993.43)
BP Singapore	8/8/2008	May	$746.00	$635.00	289.014	($345.986)	9,969	$ (2,689,377.01)
Morgan Stanle	8/13/2008	May	$693.00	$616.75	289.014	($327.736)	9,969	$ (2,871,311.00)
	ACTUAL NET GPA GAIN/(LOSS)							$ (5,560,688.01)
BP Singapore	8/8/2008	June	$746.00	$635.00	$401.759	($233.241)	9,969	$ (2,325,179.53)
Morgan Stanle	8/13/2008	June	$693.00	$616.75	$401.759	($214.991)	9,969	$ (2,143,245.28)
	ACTUAL NET GPA GAIN/(LOSS)							$ (4,468,424.81)
BP Singapore	9/5/2008	July	$662.00	$620.00	$405.450	($214.550)	9,969	$ (2,138,848.95)
Morgan Stanle	5/27/2009	July	$390.00	$343.00	$405.450	$15.450	9,969	$ 154,021.05
	PROJECTED NET GPA GAIN/(LOSS)							$ (1,984,827.90)
	Total Hedging (loss)/Gain (Feb. 09 thru Jul.09)							$ (36,502,689.54)

Schedule 8b

GPA HEDGE CONTRACTS					
	Trade Date	Quantity	Period	Call Strike $	Put Strike $
J Aron	12/5/2007	9969	01/02/2008 - 03/31/2008	520.00	440.00
Morgan Stanley	1/14/2008	9969	01/14-31/2008	519.00	457.00
Morgan Stanley	1/14/2008	9969	02/01-29/2008	519.00	450.75
Morgan Stanley	1/14/2008	9969	03/01-31/2008	519.00	454.50
J Aron	12/5/2007	9969	01/02/2008-03/31/2008	520.00	440.00
J Aron	1/17/2008	9969	04/01/2008 - 06/30/2008	522.00	438.75
Goldman	3/24/2008	9969	07/01/2008 - 09/30/2008	520.00	486.50
Morgan Stanley	5/23/2008	9969	07/01/2008 - 09/30/2008	710.00	618.25
BP Singapore	6/2/2008	9969	10/01/2008 - 12/31/2008	$691.00	$584.10
Morgan Stanley	6/20/2008	9969	10/01/2008 - 12/31/2008	733.00	633.50
Goldman	7/3/2008	9969	1/1/09-3/31/09	827.00	$726.50
BP	7/25/2008	9969	1/1/09-3/31/09	772.00	$669.85
BP Singapore	8/8/2008	9969	4/1/09-6/30/09	746.00	$635.00
Morgan	8/13/2008	9969	4/1/09-6/30/09	693.00	$616.75
BP Singapore	9/5/2008	9969	7/1/09-9/30/09	662.00	$620.00

IWPS TOTAL GENERATION (MW

Schedule 9

791,618

	Forecast by Generation Feb-09	140,672 Feb-09	Forecast by Generation Mar-09	150,969 Mar-09	Forecast by Generation Apr-09	153,857 Apr-09	Forecast by Generation May-09	164,028 May-09	Forecast by Generation Jun-09	158,736 Jun-09	Forecast by Generation Jul-09	164,028 Jul-09
Cabras 1	8,287	7,639	28,223	24,999	35,983	31,983	38,072	35,441	24,792	24,149	29,655	28,769
Cabras 2	23,964	22,091	24,932	22,084	16,311	14,498	-	[illegible]	24,323	23,693	29,435	28,557
Cabras 3	19,396	17,880	18,122	16,938	25,748	22,885	26,414	24,688	24,823	24,179	21,383	20,745
Cabras 4	21,110	19,459	18,532	17,301	23,576	20,955	26,268	24,453	20,011	19,492	22,357	21,690
ENRON 1	27,837	25,661	28,576	25,312	20,944	18,616	31,069	28,922	28,418	27,681	25,369	24,612
ENRON 2	26,824	24,727	28,576	25,312	28,034	24,917	31,069	28,922	26,646	25,955	28,405	27,557
HEI 1	8,845	8,153	9,741	8,628	9,971	8,863	9,424	8,773	6,833	6,656	7,003	6,794
HEI 2	8,205	7,563	6,221	5,510	6,661	5,921	9,176	8,542	4,709	4,587	4,194	4,069
Dededo CT 1	-	[illegible]	38	34	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Dededo CT 2	-	[illegible]	0	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Macheche CT	90	83	0	[illegible]	-	[illegible]	-	[illegible]	60	58	100	97
Marbo CT	-	[illegible]	0	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Yigo CT	272	251	0	[illegible]	-	[illegible]	-	[illegible]	135	132	-	[illegible]
TEMES CT	-	[illegible]	841	746	976	867	-	[illegible]	-	[illegible]	-	[illegible]
Dededo Diesel 1	-	[illegible]	0	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Dededo Diesel 2	-	[illegible]	0	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Dededo Diesel 3	-	[illegible]	0	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Dededo Diesel 4	-	[illegible]	0	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Pulantat Diesel 1	24	22	108	96	8	7	-	[illegible]	56	55	36	35
Pulantat Diesel 2	212	195	156	138	8	7	-	[illegible]	96	94	16	16
Talofofo Diesel 1	308	284	195	173	72	64	-	[illegible]	136	139	36	35
Talofofo Diesel 2	328	302	336	298	227	202	-	[illegible]	161	157	36	35
Tenjo Diesel 1	848	782	420	372	276	245	248	231	224	218	88	93
Tenjo Diesel 2	1,012	933	500	443	524	466	372	346	224	218	128	124
Tenjo Diesel 3	1,112	1,025	564	500	736	654	372	346	248	242	156	151
Tenjo Diesel 4	1,240	1,143	716	634	904	804	992	923	304	296	184	179
Tenjo Diesel 5	1,340	1,235	776	687	1,004	892	1,240	1,154	364	355	228	221
Tenjo Diesel 6	1,348	1,248	864	765	1,136	1,010	1,488	1,385	396	386	256	248
	-		-		-		-		-		-	
	152,600	140,672	170,437	150,969	173,100	153,857	176,204	164,028	162,960	158,736	169,074	164,028

ASSUMPTIONS/ADD'L INFORMATION:

1. *Total sales (Civilian & Navy) same as used in the Docket 98-002.*
2. Plant use, losses and company use as a ratio to sales are calculated as follows.

	Mwh	Ratio to Sales		
Total Mwh Sales -FY08	1,636,791		Ratio to net send out **	
Plant Use - (FY 08)	101,216	6.18%		1,763,255
Transmission Losses (Note A)	55,686	3.40%		7.00%
Distribution losses (Note A)	67,815	4.14%		
Company use (FY08)	2,963	0.18%		

**tie In to report GPA 318 as of 09 30.08

Note A:	Mwh	Ratio	Allocated FY05 T&D Losses	
Total T&D losses FY08	123,501		7.55%	(Ratio to sales)
Transmission losses-9/30/91	48,579	45.09%	55,686	
Distribution losses- 9/30/91	59,160	54.91%	67,815	
	107,739		123,501	

Net Plant Output	1,763,255
T&D Losses	123,501
Interim PUC adopted line loss standard	7.00%

Guam Power Authority
Actual Fuel Inventory Valuation

Fuel Inventory Growth
09/30/07 vs. 09/30/08

Description		Barrels	Unit cost	Amount
Actual ending inventory as of 09/30/08*		489,199	115.363	$ 56,435,591
Actual ending inventory as of 09/30/07		489,199	64.455	$ 31,531,354
Change in fuel inventory		-	50.908	$ 24,904,237
Less: Amount collectedon from gov. guam				$ 5,296,000.00
Amount recoverable for 12 months				$ 19,608,236.53
Divided by 12 months-to recover every month				$ 1,634,019.71
Amount recoverable from 10/08 thru 01/09				$ 6,536,078.84
Civilian share	77.80%			$ 5,085,069.34

A

09/30/08 vs. 01/31/09

Description		Barrels	Unit cost	Amount
Actual ending inventory as of 01.31.09		489,199	70.351	$ 34,415,628.48
Actual ending inventory as of 09.30.08		489,199	115.363	$ 56,435,590.73
Change in fuel inventory		489,199	(45.012)	$ (22,019,962.24)
Add Amount collectedon from gov. guam				$ 5,296,000.00
Amount recoverable for 4 months				$ (16,723,962.24)
Civilian share	77.80%			$ (13,011,242.63)

B

Beginning Fuel Over/Under as of 01.31.09	$12,248,811	C
Wind Study projected costs from November 2008 thru january 2009	$200,000	D
Actual Fuel Over/Under as of 01.31.09	$ 4,522,637.44	E=A+B+C+D

Reconciliation of fuel over/under recovery :

Fuel Over/Under Recovery GL Balance as of 03.31.09	$	17,885,435.00
Inventory cost change 09.30.08 vs 09.30.07	$	5,085,069.34
Inventory cost change 01.31.09 vs 09.30.08	$	(13,011,242.63)
Inventory cost change 02.28.09	$	1,153,307.33
Inventory cost change 03.31.09	$	1,153,307.33
Wind Study projected costs from November 2008 thru january 2009	$	200,000.00
Fuel Over/Under Recovery Balance as of 03.31.09	$	12,465,876.37

RECEIVED
JUL 27 2009
Public Utilities Commission
of Guam

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

PETITION OF GUAM WATERWORKS AUTHORITY FOR RATE RELIEF	)	GWA DOCKET 09-03

FY09 RATE DECISION

Background

On March 3, 2009, after complying with the prefiling notice requirements of 12 GCA §12001.2, Guam Waterworks Authority [GWA] petitioned the Guam Public Utilities Commission [PUC] for rate relief. The rates originally requested, if granted, would have produced across-the-board rate increases in FY2009, FY2010, FY2011, FY2012, and FY2013 of 12.9%, 2%, 8%, 2%, and 8% respectively.[1] Georgetown Consulting Group [GCG], which serves as PUC's independent regulatory consultant, joined as a party pursuant to Rule 5 of the PUC Rules of Practice and Procedure.

GCG undertook discovery regarding the GWA petition during the period from March 16, 2009 through July 7, 2009. In addition, on June 10, 2009, GWA filed an Emergency Petition for approval of the "moratorium" project contract, and to issue approximately $168 Million in revenue financed bonds to fund GWA Master Plan capital projects and the moratorium project.[2] The Emergency Petition impacts upon GWA's rate case, as it requires substantial funding for the moratorium project and projects required to be carried out under the Stipulated Order and GWA's Master Plan.

GWA and GCG met before the Administrative Law Judge [ALJ] for pre-hearing conferences on July 7, 2009 and July 9, 2009. As a result of discussions, on July 14, 2009, the parties entered into a stipulation [*Stipulation Re Rate Relief-Attachment A*], in which they recommend terms and conditions under which they would support a PUC award of base rate relief to GWA. In the Stipulation, the parties revised the original five year plan for rate relief based upon various factors, including: (1) the prior PUC initiated rate increase of 6.6% granted to GWA effective April 1, 2009; (2) the need to provide appropriate debt service coverage for the bond financed projects; and (3) adjusting the rate increase request in accordance with the Resolution of the Consolidated Commission on Utilities.

After carefully considering the Stipulation, the record herein and the July 22, 2009 Report of 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, PUC makes the following determinations.

[1] Testimony of Greg Cruz, filed March 3, 2009.

[2] Emergency Petition filed by GWA on June 10, 2009, GWA Docket 09-05.

Attachment G

Determinations

1. GWA has complied with the requirements of the Ratepayer's Bill of Rights in this docket. All required notices have been duly given.

2. 12 GCA §12001.2[d] requires that in each GWA rate proceeding, PUC should consider the results of an annual staffing study of GWA, which PUC is required to conduct under this statute. As part of its deliberations in this proceeding, PUC has considered GCG's July 15, 2009 staffing study, including materials referenced therein.

3. In order to meet GWA's projected revenue requirements over the next four fiscal years [the "Rate Plan Period"], GWA should be awarded overall increases in customers' bills, including water and wastewater rates across all customer classes (including the Navy) as follows:

   a. FY2010 14%
   b. FY2011 8%
   c. FY2012 4.9%
   d. FY2013 8%

   The increase for FY 2010 should be implemented on August 1, 2009. The increase for FY 2010 should apply to current Lifeline rates for water and waste water services. There should be no further increase in Lifeline rates until FY2013, at the earliest. Based upon the information received by the PUC as of the date of this Order, these rates are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.

4. With regard the bond funding and projects, the PUC determines as follows:

   a. The moratorium project in the approximate principal amount of $38 Million and its associated bond financing (approximately $50 Million in total) should be approved. The moratorium project bonds should be amortized over a 30 year period and have an interest rate not greater than 9%.

   b. In accordance with the recommendation of GCG, the Moratorium Project should be approved under the contract review protocol.

   c. GWA should award a contract for the Moratorium Project. GWA should also be authorized to issue certain short term debt sufficient to bridge the financing requirements from the authorization to proceed to the issuance of the Moratorium Project Bonds, which is expected by the end of 2009.

   d. GWA should be authorized to issue revenue financed bonds in the principal amount of approximately $64 Million, in addition to the Moratorium Project Bonds, by the end of December 2009. These bonds should provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest as well as normal expenses of issuance[the projects to be funded with these bonds are shown as Attachment B to the Stipulation]. The bonds should be amortized over a 30 year period and have an interest rate of not greater than 9%.

e. GWA should be authorized to issue revenue financed bonds in a principal amount of not more than $126.1 Million on or about January 1, 2012. These bonds should provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest as well as normal expenses of issuance [the projects to be funded with these bonds are shown as Attachment C to the Stipulation]. The bonds should be amortized over a 30 year period and have an interest rate of not greater than 9%.

f. GWA should be authorized to incur short term debt of up to $30 Million to: (a) provide bridge financing for the moratorium project; (b)fund the OMRRRF (this portion of the short term debt shall have a term of 5 years and provide for a level interest and principal payment); (c) fund the O&M Reserve Fund (this portion of the short term debt shall have a term of 5 years and provide for a level interest and principal payment); and (d) fund approximately $5 Million in FY 2009 accounts payables (this portion of the short term debt also having a term of 5 years and provide for level interest and principal payments). GWA should make all prudent efforts to get as low an interest rate as is possible on such short term borrowing. GWA should advise the PUC if the interest rate on such borrowing is greater than 12% before issuance of the short term debt.

5. The existing surcharge established by the PUC to recover past amounts due to GPA and Navy should continue on a level sufficient to recover the amounts due, until such time as the amounts due are paid off in full.

6. GWA and GCG should continue to collaboratively develop a proposed System Development Charge ["SDC"] to recommend to the PUC for implementation. The parties should present a separate stipulation to the PUC for the implementation of the SDC.

7. In accordance with the PUC approved target Debt Service Coverage Ratio ("DSCR") of 1.75x, GWA should use the following coverage ratios (computed in a manner consistent with the GWA bond indenture) as target ratios for each year of the Rate Plan Period as follows:

FY2010 2.21; FY2011 2.75; FY2012 3.17; FY2013 1.74

8. Due to the uncertainties in the projected levels of both revenues and expenses, GWA should provide certain information to the PUC on or before June 1 of each year during the Rate Plan Period, in accordance with paragraph 7 of the Stipulation. Such information relates to the revenues and expenses of GWA. Based upon such information provided by GWA to PUC, PUC will modify, if necessary, the initial estimates for future rate increases determined in this proceeding to reflect the updated information.

9. GWA and GCG should initiate discussions on a Cost of Service ["COS"] study no later than November 1, 2009. The parties target July 1, 2011 for the completion of the COS.

10. GWA should provide a report to the PUC not later than November 12, 2009 relative to the status of its meter replacement program, which report shall provide such information as required by paragraph 9 of the Stipulation.

11. Under ordering paragraph 5 in the PUC's August 13, 2007 FY07 Rate Order in Docket 07-04 (the "FY07 Rate Order") the interim Tiyan Rates approved by the PUC in its September 28, 2006 order in Docket 05-05, were to be converted to permanent rates within two years of the date of the FY07 Rate Order. The FY07 Rate Order should be amended to extend the interim Tiyan rates, pending further PUC action; provided, however, that such interim rates should be subject to the same percentage increases as set forth in paragraph 3 of this Order, as they may be annually adjusted.

Ordering Provisions

After careful review and consideration of the above determinations, the Report and Recommendations of ALJ, the Stipulation and the record herein, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

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

2. In order to meet GWA's projected revenue requirements over the next four fiscal years [the "Rate Plan Period"], GWA is awarded overall increases in customers' bills, including water and wastewater rates across all customer classes (including the Navy) as follows:

   a. FY2010 14%
   b. FY2011 8%
   c. FY2012 4.9%
   d. FY2013 8%

   The increase for FY 2010 shall be implemented on August 1, 2009. The increase for FY 2010 shall apply to current Lifeline rates for water and waste water services. There shall be no further increase in life line rates until FY2013, at the earliest. Based upon the information received by the PUC as of the date of this Order, these rates are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.

3. With regard the bond funding and projects, the PUC determines as follows:

   a. The moratorium project in the approximate principal amount of $38 Million and its associated bond financing (approximately 50 Million in total) is approved. The moratorium project bonds shall be amortized over a 30 year period and have an interest rate not greater than 9%.

b. In accordance with the recommendation of GCG and PUC Legal Counsel, the Moratorium Project is approved under the contract review protocol.

c. GWA shall award a contract for the Moratorium Project. GWA is also authorized to issue certain short term debt sufficient to bridge the financing requirements from the authorization to proceed to the issuance of the Moratorium Project Bonds, which is expected by the end of 2009.

d. GWA is authorized to issue revenue financed bonds in the principal amount of approximately $64 Million, in addition to the Moratorium Project Bonds, by the end of December 2009. These bonds shall provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest as well as normal expenses of issuance[the projects to be funded with these bonds are shown as Attachment B to the Stipulation]. The bonds shall be amortized over a 30 year period and have an interest rate of not greater than 9%.

e. GWA is authorized to issue revenue financed bonds in a principal amount of not more than $126.1 Million on or about January 1, 2012. These bonds shall provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest as well as normal expenses of issuance [the projects to be funded with these bonds are shown as Attachment C to the Stipulation]. The bonds shall be amortized over a 30 year period and have an interest rate of not greater than 9%.

f. GWA is authorized to incur short term debt of up to $30 Million to: (a) provide bridge financing for the moratorium project; (b)fund the OMRRRF (this portion of the short term debt shall have a term of 5 years and provide for a level interest and principal payment); (c) fund the O&M Reserve Fund (this portion of the short term debt shall have a term of 5 years and provide for a level interest and principal payment); and (d) fund approximately $5 Million in FY 2009 accounts payables (this portion of the short term debt also having a term of 5 years and provide for level interest and principal payments). GWA shall make all prudent efforts to get as low an interest rate as is possible on such short term borrowing. GWA shall advise the PUC if the interest rate on such borrowing is greater than 12% before issuance of the short term debt.

4. The existing surcharge established by the PUC to recover past amounts due to GPA and Navy shall continue on a level sufficient to recover the amounts due, until such time as the amounts due are paid off in full.

5. GWA and GCG shall continue to collaboratively develop a proposed System Development Charge ["SDC"] to recommend to the PUC for implementation. The parties shall present a separate stipulation to the PUC for the implementation of the SDC.

6. In accordance with the PUC approved target Debt Service Coverage Ratio ("DSCR") of 1.75x, GWA should use the following coverage ratios (computed in a manner consistent with the GWA bond indenture) as target ratios in each year of the Rate Plan Period as follows:

FY2010 2.21; FY2011 2.75; FY2012 3.17; FY2013 1.74

7. Due to the uncertainties in the projected levels of both revenues and expenses, GWA shall provide certain information to the PUC on or before June 1 of each year during the Rate Plan Period, in accordance with paragraph 7 of the Stipulation. Such information relates to the revenues and expenses of GWA. Based upon such information provided by GWA to PUC, PUC will modify, if necessary, the initial estimates for future rate increases determined in this proceeding to reflect the updated information.

8. GWA and GCG shall initiate discussions on a Cost of Service ["COS"] study no later than November 1, 2009. The parties target July 1, 2011 for the completion of the COS.

9. GWA shall provide a report to the PUC not later than November 12, 2009 relative to the status of its meter replacement program, which report shall provide such information as required by paragraph 9 of the Stipulation.

10. Under ordering paragraph 5 in the PUC's August 13, 2007 FY07 Rate Order in Docket 07-04 (the "FY07 Rate Order") the interim Tiyan Rates approved by the PUC in its September 28, 2006 order in Docket 05-05, were to be converted to permanent rates within two years of the date of the FY07 Rate Order. The FY07 Rate Order is hereby amended to extend the interim Tiyan rates, pending further PUC action; provided, however, that such interim rates are subject to the same percentage increases as set forth in paragraph 2 of these Ordering Provisions, as they may be annually adjusted.

11. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

12. PUC will keep this docket open in order to conduct the annual review and reconciliation process provided for in paragraph 7 of the Stipulation. ALJ is authorized and directed to oversee such administrative tasks and to issue such administrative orders as may be reasonable and necessary to implement this Decision.

Dated this 27th day of July, 2009.

Jeffrey C. Johnson Chairman	Joseph M. McDonald
Rowena E. Perez	Michael A. Pangelinan

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Public Utilities Commission
of Guam

BEFORE THE
GUAM PUBLIC UTILITIES COMMISSION

PETITION OF GUAM WATERWORKS AUTHORITY FOR RATE RELIEF	)	**GWA DOCKET 09-03**
	)	**STIPULATION RE RATE RELIEF**

The Guam Waterworks Authority (*"GWA"*) and Georgetown Consulting Group, Inc. (*"GCG"*), which serves as independent regulatory consultant to the Guam Public Utilities Commission (*"PUC"*)(*"The Parties"*), hereby enter into this evidentiary stipulation and make the following recommendations to the PUC for its consideration:

1. GWA has petitioned the PUC for an increase in its rates that would, if granted, produce across-the-board rate increases in FY2009, FY2010, FY2011, FY2012 and FY2013 of 12.9%, 2%, 8%, 2% and 8% respectively (Cruz testimony). GWA requests PUC approval for the entire 5 years of the plan ("the Rate Plan") with the understanding that an annual review will be conducted by the PUC to determine the sufficiency and reasonableness of the proposed rate(s). The PUC in GWA Docket 09-02 granted GWA an emergency rate increase of 6.6% due to increased power and navy water costs which took effect on April 1, 2009. Subsequent to the original filing of its proposed rates in this proceeding, and following consultation with GCG, its underwriters, financial advisor, bond counsel and GEDA officials, GWA sought and received approval from the Consolidated Commission on Utilities ("CCU") to adjust its rate request to produce annual rate increases not to exceed 41.5% through FY2013. These modifications to GWA's original request were proposed in order to achieve an appropriate debt service coverage ratio. The CCU Resolution approving this modification is attached as **Attachment A.**

2. GWA's revenue request is driven primarily, but not exclusively, by the following factors:

a. The need to produce sufficient Net Revenues to produce a PUC approved target DSCR of 1.75x over the Rate Plan period;

Attachment A

b. The requirement to issue sufficient bonds to fund the construction of approximately $150 million in bond funded capital improvement projects that are part of a plan to fund $209.4 million in construction projects during the 5 year Rate Plan period, which includes funding the Moratorium Project[1] in the principal amount of approximately $38 million, other capital projects enumerated in the Stipulated Order ("SO"); and other projects (See **Attachment B**);

c. The requirement to appropriately fund all reserves required under GWA's bond indentures including the Operating and Maintenance Fund ("O&M Fund") reserve and the Operating and Maintenance Renewal and Replacement Reserve Fund ("OMRRRF"); and

d. The need to generate sufficient cash flow to fund internally generated Capital Improvement Projects in the approximate amount of $21.3 million over the Rate Plan period, which is a portion of the plan to fund $209.4 million in construction projects.

3. In order to meet GWA's projected revenue requirements over the next four fiscal years (the "Rate Plan period"), the Parties jointly recommend that overall increases in customer's bills be approved by the PUC as follows and in accordance with the following process:

a.	FY 2010	14%
b.	FY 2011	8%
c.	FY 2012	4.9%
d.	FY 2013	8%

The increase for FY 2010 is recommended to be implemented on August 1, 2009. The increase for FY2010 should apply to the current lifeline rates for water and wastewater services. Under applicable law, lifeline rates are not to be increased until GWA's costs have increased by at least 20%. The Parties agree that this threshold has currently been reached. The Parties further agree that, according to the projections being agreed to be used, no further increase in the lifeline rates will be allowable until FY2013, at the earliest.

The requirements for filing of further information by GWA and determining the precise future annual increases beyond the FY 2010 increase are dealt with in Paragraph 7 of this stipulation. The actual future increases will be examined and approved annually by the PUC, which will take into consideration actual results to date, changed future circumstances and unforeseen cost changes. Future rate increases will be predicated on projections of reasonable and prudent levels of operations and controls.

4. The Parties jointly recommend the following with regard to bond funding and projects:

[1] See GWA Emergency Petition for contract review approval filed June 10, 2009 and P.L. 29-130

a. The Moratorium Project in the approximate principal amount of $38 million and its associated bond financing (approximately $50 million in total) should be approved. GWA will attempt to market the bonds by the end of December 2009 in the same series as the other Master Plan Projects. To the extent that an earlier financing is possible there are no objections from the Parties. These Moratorium Project bonds are anticipated to provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest, as well as normal expenses of issuance. The Moratorium Project bonds shall be amortized over a 30 year period and have an interest rate not greater than 9%.

b. GCG recommends approval of the Moratorium Project under the contract protocol review and has issued a separate letter on the project to the PUC in GWA Docket 09-05. The Moratorium Project has already been bid, evaluated by a GWA consultant and a winning bidder recommended. No further approvals are required at this time and GWA will abide at all times with the requirements of the contract review protocol in effect.

c. GWA shall award a contract for the Moratorium Project as soon as practical after PUC approval is received in this proceeding. The Parties recommend that the PUC authorize GWA to issue short term debt sufficient to bridge the financing requirements from the authorization to proceed to the issuance of the Moratorium Project bonds, which is expected by the end of December 2009. Depending on the terms of the short term bridging facility obtained by GWA and assuming it would be in the best interest of GWA and its ratepayers to do so, the short term Moratorium Project debt will be refinanced with the long term bond debt described in subparagraph 4(a).

d. The Parties recommend that the PUC authorize GWA to issue revenue financed bonds in the principal amount of approximately $64 million, in addition to the Moratorium Project bonds, by the end of December 2009. These bonds shall provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest as well as normal expenses of issuance. The bonds shall be amortized over a 30 year period and have an interest rate of not greater than 9%.

e. The Parties recommend that the PUC authorize GWA to issue revenue financed bonds in a principal amount of not more than $126.1 million on or about January 1, 2012. These bonds shall provide for a fully funded debt service reserve of one year's interest and principal and three years of capitalized interest as well as normal expenses of issuance. The projects to be funded with these bonds are shown on **Attachment C**. The schedule shows the projects and the current estimated cost and the draw-down of the project by year. The bonds shall be amortized over a 30 year period and have an interest rate of not greater than 9%.

f. The Parties recommend that the PUC authorize GWA to incur short term debt of up to $30 million to: (a) provide bridge financing for the Moratorium Project (this component of the short term debt shall, if advisable, be refinanced with long term debt); (b) fund the OMRRRF (this portion of the short term debt shall have a term of 5 years and provide for a level interest and principal payment); (c) fund the O&M Reserve Fund (this portion of the short term debt shall have a term of 5 years and provide for a level interest and principal payment); and (d) fund approximately $5 million in FY2009 accounts payables (this portion of the short term debt also having a term of 5 years and provide for level interest and principal payments). GWA shall obtain any additional required approvals and authorizations necessary to acquire short term debt. GWA shall make all prudent efforts to get as low an interest rate as is possible on such short term borrowing. GWA shall advise the PUC if the interest rate on such borrowing is greater than 12% before issuance of the short term debt.

5. The Parties agree that over the 5 year Rate Plan in this proceeding there are significant uncertainties with regard to GWA's projected revenues and expenses. These uncertainties include the time frame of the anticipated armed forces buildup in Guam and the resultant increases in services required; the possibility that the USEPA may require GWA to go to secondary treatment at its Agana and Northern Wastewater Treatment Plants; the possibility that GEPA may declare large portions of GWA's current water production to be ground water under the direct influence of surface water; expenses for electricity based largely on the future price of fuel oil; potential benefits from capital projects coming on line and providing more efficient operations; potential changes in operations that may arise from the management audit currently underway; expenses for water purchases from Navy based on annual notifications that cannot be challenged by GWA; and the volumes of Navy water purchased. Taking into account the above uncertainties, the Parties agree, for the purposes of this Stipulation, that the following assumptions should be the basis for the initial rate determination in this proceeding, as reflected in the jointly prepared financial schedules supporting the proposed rate increases and financial projections (**Attachment D**):

a. Customer growth shall be 2% per year for all years from 2010 through 2013. The growth in consumption shall be 2% in FY 2010 and FY 2011 and shall be 5% for FY 2012 and FY 2013.

b. Expenses for power and purchased water from Navy shall be as currently budgeted by GWA. However, given that these expenses are largely out of GWA's direct control, the Parties recommend that annual adjustments to take into account price changes be reflected in the following year's annual increase. The difference between the actual and budgeted expenses for 2010, for example, shall be determined and flowed through as an expense in FY 2011. These electric and water purchase expenses currently represent approximately 39% of GWA revenue requirements. The ability to mitigate a major cause of expense increases that is generally beyond the control of GWA should be viewed favorably by rating agencies. In consideration for this automatic reconciliation mechanism, GWA agrees actively to monitor its power and water expenses for reasonable levels and take remedial action as soon as possible when high costs or low efficiencies are identified. GWA will work closely and continually with GPA to ensure that the meters that record power received from GPA are accurate. GWA will actively monitor water purchases from Navy and seek to minimize the amount of water purchased in a cost efficient manner.

c. The existing surcharge established by the PUC to recover past amounts due to GPA and Navy shall continue on a level sufficient to recover the amounts due. The amounts due to GPA are expected to be paid off in FY 2010 and the amounts due to Navy are due to be paid off in FY 2012. Upon the satisfaction by GWA of the amounts due to GPA and Navy under these surcharges, the surcharges shall promptly cease.

d. GWA and GCG are collaboratively developing a proposed System Development Charge ("SDC") to recommend to the PUC for implementation. The Parties will present a separate stipulation to the PUC for the implementation of the SDC. The Parties agree that all SDC revenues shall be placed a special restricted fund and shall only be used for the purposes specified in 12 G.C.A. 12015.5. The funds received from the implementation of the SDC shall be used for qualifying projects and will reduce the amount of external financing that would otherwise be required to fund such projects.

e. Salaries and wage expense have been computed based on the actual levels for FY 2009 and increase at a projected rate of 5% for the remaining four fiscal years of the Rate Plan period. The Parties agree that there is a level of uncertainty associated with the future level of wages. GWA and GPA are both in the process of implementing wage scales for Certified Technical Personnel ("CTP") based on recommendations of a consultant, which process is subject to CCU approval and PUC review. GWA has also hired a consultant to conduct a management audit that will examine opportunities for efficiencies and both Parties agree that the recommendations of this consultant will impact personnel expenses. Additional hiring may become necessary to address expanded service requirements resulting from the anticipated military building up and USEPA and GEPA decisions. Also, there are uncertainties related to the rising costs of employee benefits, including health care insurance and retirement contributions.

6. Based on the above recommendations and assumptions, the resulting Debt Service Coverage Ratio ("DSCR") computed in a manner consistent with the GWA bond indenture is projected to be as follows by the Parties:

a.	FY 2010	2.21
b.	FY 2011	2.75
c.	FY 2012	3.17
d.	FY 2013	1.74

The coverages in the fiscal years 2010 through 2012 are projected to be higher than the PUC previously ordered level for rate setting of 1.75 times because the $114 million of bonds expected to be issued around the end of December 2009 are projected to have interest capitalized for three years and therefore there will be no additional full debt service associated with those bonds until FY 2012. Interim rate increases are provided for these years to cover increasing operating expenses and to avoid a very large single rate increase in FY 2013 during which the DSCR is within the range of the previously authorized PUC level.

7. The parties agree that because the various projected levels of both revenues and expenses are uncertain, GWA shall provide information for review and approval by the PUC as provided herein. The Parties agree that the general principle to be followed with regard to such updated information is that the initial estimates for future rate increases determined in this proceeding will be modified to reflect the updated information; provided, however, that GWA will be required to show that the anticipated modified revenue and expense levels are reasonable and prudent, that GWA took reasonable operating measures throughout the year to monitor for unusual revenues and expenses and GWA took reasonable corrective action as required. GWA shall provide to the PUC the following information on or before the June 1 of each year during the Rate Plan period:

a. A comparison of budget to actual data for the 7 months ending April of the current fiscal year. Any summary of changes in previous budget assumptions sought for the next fiscal year.

b. Details for actual customer and usage growth by customer class.

c. A summary for GWA's power use and purchases, including information relative to the accuracy of meters, summaries of internal studies for the efficiencies of major electrical components such as pumps, and a summary of any changes in assumptions sought for the next fiscal year.

d. A summary of GWA's water production and the cost and amount of water purchased from Navy as well as a summary of any changes in assumptions sought for the next fiscal year.

e. GWA's computation of the difference between the budgeted and actual costs for power and water purchases that would be flowed into the next annual rate increase.

f. A summary of GWA's actual personnel costs and level of personnel (which include pensions, health insurance and all other related costs), which summary shall include a discussion of the status of GWA's implementation of the CTP wage increases consistent with PUC requirements as well as a summary explanation of any changes in assumptions sought for the next fiscal year.

g. A summary of the status of meter replacement implementation and the performance of installed meters, including an overall summary of the capital and installation program to date and the projected costs and time to completion. GWA agrees to identify and record lost revenues from malfunctioning meters by month.

h. A summary of GWA's short and long term borrowings including: the amounts borrowed; the amounts drawn down; projects financed; payments made; and amounts outstanding.

i. A summary of the status of GWA's reserve funds required by its indenture, including the O&M Fund and the OMRRRF. Deficiencies will be identified together with any changes in the fund balances. GWA acknowledges that with the full funding of the reserves by financial resources made available in this proceeding that, absent unforeseen and unusual conditions, it is the expectation that the reserves will remain fully funded and any change will be fully explained.

j. The status of the implementation of GWA's SDC program to include: amounts collected; amounts expended; amount in the special restricted fund; and a list of current qualifying projects.

k. A summary of grants received and projects funded from grants, and a summary of any changes in assumptions sought for the next fiscal year.

l. Proposed annual rate increase for the next fiscal year (if any) with supporting narrative and schedules.

8. The Parties agree that rate design changes based on a Cost of Service ("COS") study should be implemented as soon as is practicable. The Parties agree that it is desirable to undertake a collaborative approach to the study. The Parties agree to initiate discussions on the structure of the study no later than November 1, 2009. Given the inherent difficulties associated with undertaking a complete rate re-design, the Parties agree to target July 1, 2011 for the completion of the COS.

9. GWA agrees to provide a report to the PUC not later than November 12, 2009 relative to the status of its meter replacement program, including current zero read meters figures, meter failures and a summary of what GWA steps GWA has taken to the present to correct this problem and what plans it intends to undertake in the future relative to ensuring that GWA's revenues can be maintained. GWA agrees to take all reasonable steps to minimize any loss through the inability to back-bill by identifying and correcting malfunctioning replacement meters as soon as possible. In addition, in order to minimize the resulting transfer of costs from those customers with malfunctioning replacement meters to those whose meters are functioning normally, GWA agrees to seek authorization from the CCU to investigate whether the statutory limitation on back-

billing due to meter malfunction can be temporarily suspended or extended for a longer period until problems with the malfunctioning replacement meters are resolved and installation of properly functioning replacement meters is accomplished.

10. Under ordering paragraph 5 in the PUC's August 13, 2007 FY07 Rate Order in Docket 07-04 (the "FY07 Rate Order"), the interim Tiyan rates approved by the PUC in its September 28, 2006 order in Docket 05-05 were to be converted to permanent rates within two years of the date of the FY07 Rate Order. The process for reconciling interim Tiyan bills and usage has not yet taken place for a number of reasons beyond the control of GWA and the PUC, including, but not limited to, lack of resolution of land title and easement issues. GWA and GCG, therefore, recommend that the FY07 Rate Order be amended to extend the interim Tiyan rates, pending further PUC action, provided, however, that such interim rates shall be subject to the same percentage increases as set forth in paragraph 3, as they may be annually adjusted as recommended herein.

SO STIPULATED:

GEORGETOWN CONSULTING GROUP, INC.

By: **BLAIR STERLING JOHNSON MARTINEZ & LEON GUERRERO**
A PROFESSIONAL CORPORATION

DATED: JULY 14, 2009

By: William J. Blair
WILLIAM J. BLAIR
Attorneys for Georgetown Consulting Group, Inc.

GUAM WATERWORKS AUTHORITY

DATED: JULY 14th, 2009

By: Samuel J. Taylor
SAMUEL J. TAYLOR
Attorney for the Guam Waterworks Authority

GUAM CONSOLIDATED COMMISSION ON UTILITIES
RESOLUTION NO. 20 - FY2009

RESOLUTION APPROVING: (1) A MODIFICATION IN THE STRUCTURE OF PROPOSED RATES UNDER THE FIVE YEAR FINANCIAL PLAN; (2) AUTHORIZING SHORT-TERM BORROWING TO FUND RESERVES, START-UP MORATORIUM COSTS AND CERTAIN ACCOUNTS PAYABLES; AND (3) AUTHORIZING GWA TO PROPOSE A BILL TO AMEND ARTICLE 2 OF CHAPTER 14 OF TITLE 12 TO INCREASE GWA'S SHORT-TERM BORROWING CAPACITY TO THIRTY MILLION DOLLARS ($30,000,000) AND TO MODIFY THE CAP ON GWA'S COUPON RATE FOR THE REMAINDER OF BONDS UNDER P.L. 28-71 FROM 6.5% TO 9%

WHEREAS, the Consolidated Commission on Utilities ("CCU") in Resolution No. 08-FY-2009 approved the Guam Waterworks Authority's ("GWA") Five Year Final Financial Plan that called for 33% of rate increases over a five year period beginning October 1, 2009; and

WHEREAS, following consultation with the Georgetown Consulting Group ("GCG"), the Guam Public Utilities Commission's ("PUC") consultants, it was determined that the timing of the rates had to be modified to assure adequate debt service coverage that is a prerequisite to issuing another series of bonds under the additional bonds test in the 2005 Series Bond Indenture and; and

WHEREAS, GWA proposes that the 33% rate increase be restructured to not exceed 41.5% through FY2013; and

WHEREAS, GWA has determined that in order to be able to issue bonds by the end of December 2009, it will need to pursue a short-term taxable credit facility in the amount of twenty-two million dollars ($22,000,000) to fund the following: (1) Operation and Maintenance Fund in an amount sufficient to fund fifty-five (55) days of GWA's budgeted operational and maintenance expenses; and (2) the Operation, Maintenance, Renewal and Replacement Reserve Fund in an amount equal to one-fourth (1/4) of the sum of the amounts of Operation and Maintenance Expenses and Renewal and Replacement Costs budgeted by the Authority; and (3) to provide bridge financing for the Moratorium Project in the principal amount of five million dollars ($5,000,000); and

WHEREAS, under 12 G.C.A. § 14235 GWA's short-term borrowing authorization is set at five million dollars and GWA is seeking authorization to propose a bill to modify this provision to satisfy the borrowing purposes set forth above by changing the maximum cap on its short-term borrowing authorization to thirty million dollars $30,000,000; and

WHEREAS, based upon advice given to it by its underwriter, financial advisor, bond counsel and representatives of the Guam Economic Development Authority, GWA is also requesting to modify the maximum coupon rate cap of 6.5% established in P.L. 28-71 to 9% given the recent public finance sector crises and fluctuating market conditions; and

***WHEREAS**, GWA desires that all other terms of Resolution No. 08 – FY2009* and Resolution No. 18 – FY2009 not in conflict with this Resolution shall remain in effect; and

WHEREAS, GWA requests that the CCU authorize GWA Officials to engage in all necessary acts required to fulfill the purposes specified herein; and

NOW, THEREFORE, BE IT RESOLVED, by the Guam Consolidated Commission on Utilities as follows:

1. GWA is hereby authorized to negotiate a change in the originally adopted rate structure except that the total amount of rate relief shall not exceed 41.5% through FY2013.

2. GWA is authorized to issue a short-term credit facility (or facilities) in a total principal amount not to exceed thirty million dollars ($30,000,000) for the following purposes:
   - i. for funding the O&M and OMRRF funds specified in the 2005 Series Bond Indenture to their required limits.
   - ii. to fund bridge financing for the Moratorium Project until GWA issues the additional bonds currently scheduled to issue by the end of December 2009.

iii. the remainder, if any, to be used by GWA Management only if necessary to fund either of the above as a contingency which can be used by GWA management to ensure that the purposes established above are met.

3. GWA is hereby authorized to present a bill to I Liheslaturan Guåhan for the purpose of increasing GWA's short-term borrowing capacity under 12 G.C.A. § 14235 from five million ($5,000,000) to thirty million dollars ($30,000,000) to satisfy the purposes set forth in item No. 2 above and which also modifies its maximum coupon rate bond cap from 6.5% to 9%.

4. The intentions and terms of CCU Res. Nos. 08 – FY2009 and 18 – FY2009 are hereby reiterated and remain in effect to the extent that they do not conflict with this Resolution.

5. This resolution shall continue to constitute the official intention of the CCU.

RESOLVED, that the Chairman certifies and the Secretary attests to the adoption of this Resolution.

DULY ADOPTED AND APPROVED THIS 1st day of July 2009.

Certified by:

SIMON A. SANCHEZ, II
Chairperson

Attested by:

GLORIA B. NELSON
Secretary

I, Gloria B. Nelson, Secretary for the Consolidated Commission on Utilities do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES:	3
NAYS:	0
ABSTENTIONS:	0
ABSENT:	2

GUAM WATERWORKS AUTHORITY ATTACHMENT B

GPUC DOCKET 09-03

USES OF FUNDS

PROJECT NAME	2010 Projects	2011 Projects	TOTALS
WATER TREATMENT			
Ugum Water Treatment Plant Intake Modifications	$ 620,000		$620,000
Water Wells (growth associated with military build-up)	$ 2,356,000		$2,356,000
WATER DISTRIBUTION			
Water Distribution System Pipe Replacement	$ 2,300,000	$ 2,500,000	$4,800,000
Pressure Zone Realignment/Development 2005 Improvements	$ 1,450,000	$ -	$1,450,000
Northern System Water Distribution System 2005 Improvements	$ 2,600,000	$ -	$2,600,000
Central Water Distribution System 2005 Improvements	$ 600,000	$ -	$600,000
Southern System Water Distribution System 2005 Improvements	$ 500,000	$ -	$500,000
Water Booster Pumping Station 2005 Improvements	$ -	$ 500,000	$500,000
Mechanical/Electrical Equipment Replacement	$ -	$ 500,000	$500,000
Meter Replacement Program	$ 2,500,000	$ 2,500,000	$5,000,000
WATER STORAGE			
Water Reservoir Internal/External Corrosion Assessment Program	$ 500,000		$500,000
Water Reservoir Internal/External Corrosion Rehabilitation Program	$ 800,000	$ 800,000	$1,600,000
Water System Reservoirs 2005 Improvements	$ 2,500,000	$ -	$2,500,000
LIFT STATION UPGRADES			
LS Priority 1 Upgrades	$ 2,000,000	$ -	$2,000,000
WASTEWATER COLLECTION			
Moratorium	$ 18,000,000	$ 20,000,000	$ 38,000,000
Old Agat Collection Project Continuation (III)	$ 2,200,000		$2,200,000
Manhole Frame Seal Repair	$ 84,000		$84,000
Agat Manhole Rehabilitation	$ 55,000		$55,000
Wastewater Collection System Replacement/Rehabilitation Program	$ 250,000	$ 250,000	$500,000
WASTEWATER TREATMENT			
Facilities Plan/Design for the Baza Gardens STP Replacement	$ 1,250,000	$ 1,250,000	$2,500,000
Facilities Plan/Design for the Northern District STP - Biosolids	$ 500,000		$500,000
NDWTP Diffuser Installation	$ 3,000,000		$3,000,000
Facilities Plan/Design for the Agat-Santa Rita STP Replacement	$ 600,000		$600,000
WWTP Priority 1 Upgrades	$ 1,000,000	$ 1,000,000	$2,000,000
ELECTRICAL AND SCADA			
Wastewater Pumping Station Electrical Upgrade	$ 250,000	$ 250,000	$500,000
Electrical Upgrade - Water Wells	$ 500,000	$ 500,000	$1,000,000
Electrical Upgrade - Water Booster Pump Stations (Pago Bay, Brigade,	$ 325,000	$ 325,000	$650,000
Electrical Upgrade -Water Booster Pump Stations (Gaylnero, Santa Rosa,	$ 350,000		$350,000
Electrical Upgrade - Other Water Booster Pump Stations	$ 250,000		$250,000
GWA SCADA System - Phase 1	$ 250,000		$250,000
GWA SCADA System - Phase 2	$ 1,100,000	$ -	$1,100,000
GWA SCADA System - Phase 3	$ -	$ 2,500,000	$2,500,000
GWA SCADA System - Phase 4		$ 850,000	$ 850,000
FACILITIES, EQUIPMENT & MISCELLANEOUS			
Land Survey	$ 500,000	$ 500,000	$ 1,000,000
Water System Reservoirs 2005 Improvements	$ 2,500,000	$ 5,700,000	$8,200,000
Tumon Bay Sewer Upgrades	$ 1,500,000		$ 1,500,000
General Plant Improvement/Water Distribution System Pipe Replacement	$ 2,000,000	$ 2,000,000	$ 4,000,000
TOTAL INTERNALLY FUNDED + BOND + SDC +ST LOAN PROJECTS	$ 55,190,000	$ 41,925,000	$ 97,115,000

SOURCES OF FUNDS

	2010	2011	TOTAL
Bond	68,607	-	68,607
SDC	5,636	6,749	11,385
Internal	3,582	4,741	8,323
Grant	1,900	1,900	3,800
ST 5YR Loan	5,000		5,000
	84,725	12,390	97,115

GUAM WATERWORKS AUTHORITY

ATTACHMENT C

GPUC DOCKET 09-03

USES OF FUNDS

PROJECT DESCRIPTION	2012 Projects	2013 Projects	TOTALS
WATER PRODUCTION AND TREATMENT			
Water Wells (growth associated with military build-up)	$ 1,000,000		$1,000,000
WATER DISTRIBUTION AND PUMPING			
Water Distribution System Pipe Replacement	$ 5,000,000	$ 4,500,000	$9,500,000
Pressure Zone Realignment/Development 2005 Improvements	$ 1,000,000	$ 1,000,000	$2,000,000
Northern System Water Distribution System 2005 Improvements	$ 1,100,000	$ 300,000	$1,400,000
Central Water Distribution System 2005 Improvements	$ 300,000	$ 300,000	$600,000
Southern System Water Distribution System 2005 Improvements	$ 650,000	$ 650,000	$1,300,000
Mechanical/Electrical Equipment Replacement	$ 430,000	$ 430,000	$860,000
Water Booster Pumping Station 2005 Improvements	$ 700,000		$700,000
WATER TRANSMISSION			
Northern System Raw Water Transmission Lines	$ -	$ -	
WATER STORAGE			
Ugum Water Treatment Plant Reservoir Replacement	$ 2,350,000	$ 2,350,000	$4,700,000
Water Reservoir Internal/External Corrosion Rehabilitation	$ 800,000	$ 800,000	$1,600,000
Water System Reservoirs 2005 Improvements	$ 2,500,000	$ 2,500,000	$5,000,000
WASTEWATER PUMPING FACILITIES			
LS Priority 1 Upgrades	$ 3,500,000	$ 3,900,000	$7,400,000
WASTEWATER COLLECTION FACILITIES			
Priority 1 Sewer Upgrades - Agat District	$ 500,000		$500,000
Priority 1 Sewer Upgrades - Baza Gardens District	$ 650,000		$650,000
Wastewater Collection System Replacement/Rehabilitation Program	$ 1,750,000	$ 1,000,000	$2,750,000
WASTEWATER TREATMENT CAPACITY UPGRADES			
Baza Gardens STP Replacement	$ 7,667,000	$ 7,578,000	$15,245,000
Facilities Plan/Design for the Umatac-Merizo STP Improvements	$ 140,000		$140,000
Facilities Plan/Design: Hagatna STP Improvements & Effluent WWPS		$ 1,900,000	$1,900,000
Hagatna STP Improvements & Effluent WWPS		$ 2,000,000	$2,000,000
Northern District STP Expansion - Biosolids	$ 2,500,000	$ 2,500,000	$5,000,000
WASTEWATER TREATMENT PERFORMANCE UPGRADES			
WWTP Priority 1 Upgrades	$ 4,000,000	$ 2,000,000	$6,000,000
ELECTRICAL AND SCADA			
Wastewater Pumping Station Electrical Upgrade	$ 750,000	$ 750,000	$1,500,000
Electrical Upgrade - Water Wells	$ 1,500,000	$ 1,500,000	$3,000,000
FACILITIES, EQUIPMENT & MISCELLANEOUS			
Land Survey: Continuation	$ 800,000		$800,000
Land Survey	$ -	$ 250,000	$250,000
Lab Renovation	$ 1,200,000		$1,200,000
Water System Reservoirs 2005 Improvements	$ 2,500,000	$ 2,500,000	$5,000,000
Collection System Upgrades	$ 1,600,000	$ 1,700,000	$3,300,000
Distribution System Upgrades	$ 1,600,000	$ 1,700,000	$3,300,000
General Plant Improvement/Water Distribution System Pipe Replacement	$ 5,000,000	$ 5,000,000	$10,000,000
LS Priority 1 Upgrades	$ 5,000,000	$ 5,000,000	$10,000,000
WWTP Priority 1 Upgrades	$ 1,000,000	$ 500,000	$1,500,000
TOTAL INTERNALLY FUNDED + BOND + SDC+ GRANT + ST LOAN PROJECTS	$57,487,000	$52,608,000	$110,095,000

SOURCES OF FUNDS

	2012	2013	TOTAL
Bond	81,423	-	81,423
SDC	5,864	5,981	11,845
Internal	8,460	4,567	13,027
Grant	1,900	1,900	3,800
			-
	97,647	12,448	110,095

GUAM WATERWORKS AUTHORITY

GPUC Docket 09-03

	FY2010	FY2011	FY2012	FY2013
Water Purchases				
As Filed				
Purchased kGal	944,545	886,912	828,194	766,581
Rate Per Kgal	4.16	4.33	4.50	4.68
Total Purchase Costs	$ 3,929,307	$ 3,837,137	$ 3,726,873	$ 3,587,599
As Updated:				
Purchased kGal	944,545	886,912	828,194	766,581
Rate Per Kgal	4.06	4.12	4.30	4.48
Total Purchase Costs	$ 3,834,853	$ 3,654,078	$ 3,561,234	$ 3,434,283

ATTACHMENT D

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

	FY09	FY10	FY11	FY12	FY13
Change in Basic and Consump. Rates	5.6%	14.0%	8.0%	4.9%	8.0%
Change In Lifeline Rates	0.0%	14.0%	0.0%	0.0%	8.0%
OPERATING REVENUES					
Water Revenues	$ 30,402	$ 38,552	$ 42,036	$ 45,949	$ 52,002
Wastewater Revenues	16,487	21,004	22,552	23,767	26,214
Exisiting GPA/Navy/PUC Surcharge	3,237	4,496	2,450	2,673	-
Retiree Surcharge	1,407	1,634	1,800	1,964	2,206
Other Revenues	982	982	982	982	982
System Development Charge					
Rate Increase (Aug-Sep 09)	1,176				
Total Operating Revenues	$ 53,690	$ 66,668	$ 69,820	$ 75,336	$ 81,405
Power Purchases	$ 16,261	$ 15,355	$ 15,907	$ 16,656	$ 17,457
Water Purchases	4,445	3,635	3,654	3,561	3,434
Sub-Total	$ 20,707	$ 19,190	$ 19,561	$ 20,217	$ 20,891
Salaries and Wages (Gross)	16,051	16,853	17,698	18,581	19,510
Less:Capitalized Labor	(250)	(650)	(1,352)	(1,420)	(1,491)
Admin and General	5,787	6,019	6,259	8,510	6,770
Depreciation Expense	10,768	13,253	14,253	15,253	18,253
Contract Expense	3,612	3,757	3,907	4,063	4,226
Total Operating Expense	$ 56,675	$ 58,422	$ 60,325	$ 63,204	$ 66,159
Operating Income (Loss)	$ (2,965)	$ 8,247	$ 9,496	$ 12,131	$ 15,245
Interest Income-Construction Fund	-	3,146	679	2,814	365
Interest Income-Other Funds	250	668	668	668	668
Interest Income - OMRRRF		600	600	600	600
Interest Expense-Bonds	(5,747)	(5,649)	(5,546)	(5,438)	(14,424)
Interest Expense-Others	(254)	(126)	(42)	(8)	-
Interest Expense-ST Note(AP Note)		(600)	(506)	(400)	(281)
Interest Expense-ST Note(Moratorium)		(150)			-
Interest Expense ST Note (OMRRRF & O &M Fund)		(2,400)	(2,022)	(1,599)	(1,125)
AFUDC	1,002	-	-	-	-
Amortization of Issuance Costs	(68)	-	-	-	-
Grants	1,900	1,900	1,900	1,900	1,900
Other Expenses/Income	(275)	-	-	-	-
Supplemental/COLA Annuities	(1,407)	(1,634)	(1,800)	(1,964)	(2,206)
Recoveries of bad debts	500	-	-	-	-
Net Income (Loss)	$ (7,084)	$ 4,004	$ 3,627	$ 6,705	$ 742

Calculation of Revenue Increases					
TOTAL REVENUES	$ 53,690	$ 68,668	$ 69,620	$ 75,336	$ 81,405
Less: SDC Revenues	-	-	-	-	-
Less: Other Revenues	(982)	(982)	(982)	(982)	(982)
Current Revenues	$ 52,708	$ 65,686	$ 68,638	$ 74,354	$ 80,423
Increased Revenues		12,978	3,152	5,515	6,069
% Increase in Total Revenues including growth		19.8%	4.6%	7.4%	7.5%
Note: Later % increase reflect reduction/elimination of surcharge					

ATTACHMENT O

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

	FY09	FY10	FY11	FY12	FY13
Debt Service Coverage Calculation					
Operating Income (Loss)	$ (2,985)	$ 8,247	$ 9,496	$ 12,131	$ 15,245
Investment Income (Other funds)	250	668	666	668	668
Unfunded Pension	1,000	1,000	1,000	1,000	1,000
GPA and Retiree Surcharges	(4,643)	(6,130)	(4,251)	(4,637)	(2,206)
SDC Surcharge	-	-	-	-	-
Additional Recovery	500	-	-	-	-
Depreciation	10,768	13,253	14,253	15,253	18,253
Cash Available for Coverage	$ 4,890	$ 17,038	$ 21,166	$ 24,416	$ 30,961
Interest	$ 5,747	$ 5,649	$ 5,546	$ 5,438	$ 14,424
Principal	1,960	2,055	2,160	2,270	3,408
Total Bond Debt Service	$ 7,707	$ 7,704	$ 7,706	$ 7,708	$ 17,831
DSCR	0.63 x	2.21 x	2.75 x	3.17 x	1.74
Cash Flow Summary:					
Net Income (Loss)	$ (7,084)	$ 4,004	$ 3,627	$ 8,705	$ 742
Opening Cash Balance (Unrestricted)	-	-	-	-	-
Depreciation & Amortization	10,768	13,253	14,253	15,253	16,253
AFUDC	(1,002)	-	-	-	-
Interest Income-Construction Fund	-	(3,148)	(679)	(2,814)	(365)
Principal Payments (Bond & Other) [1]	(5,352)	(6,196)	(4,502)	(4,175)	(4,608)
Principal Payments New Bonds		-	-	-	(1,026)
Principal Payments ST Note (AP)		(787)	(881)	(987)	(1,108)
Principal Payments Five Year O&M&OMRRF Note		(3,148)	(3,526)	(3,949)	(4,423)
CIP Internal	-	-	-	-	-
CIP - Grants	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
Unfunded Retirement Liability	1,000	1,000	1,000	1,000	1,000
GPA/Navy Surcharge	(3,237)	(4,496)	(2,450)	(2,673)	-
System Development Charge	2,500	5,639	5,749	5,664	5,981
SDC Lockbox	(2,500)	(5,636)	(5,749)	(5,864)	(5,981)
ST Note (AP Paydown)		5,000			
Bond Proceeds		68,607		81,423	
Construction Fund		(68,607)		(81,423)	
Cash Surplus (Deficit)	$ (6,806)	$ 3,582	$ 4,741	$ 8,460	$ 4,567
TOTAL SDC Lockbox				Total Net Rev. FY10-14 / Shld read: FY2010-1013	$ 21,350
Additional Cash Available					

[1] Includes Principal on GPA and Navy Notes until paid

GWA Construction

Net	Gross	Source
$ 23,230	$ 23,230	SDC FY2010-2013
21,350	21,350	Revenue/Internal CIP's FY2010-2013
81,423	126,105	2012 Bond
68,607	114,000	2010 Bond
$ 194,610	$ 284,685	Sub total
7,600	7,600	Grant- FY2010-2013
7,206	7,206	Interest CF FY2010-3013
$ 209,416	$ 299,492	Total

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

Series 2010 Bonds
(000)

Bond Proceeds (Gross)	$ 114,000		Bond Size	$ 114,000
Term (Years)	*30*	*Less*	*Cap I (3yrs)*	*27,360*
Interest Rate	8.00%		COI	2,907
Annual Payment	$ 10,126		Bond Reserve Fund	10,126
			Moratorium	5,000
Semi-Annual Payment	$ 5,063		Construction Fund	$ 68,607

	DS Payment	Principal	Interest	Note Balance	CAP I
				$ 114,000	
January 1, 2010			$ 4,560	114,000	
July 1, 2010			4,560	114,000	
January 1, 2011			4,560	114,000	
July 1, 2011			4,560	114,000	
January 1, 2012			4,560	114,000	
July 1, 2012			4,560	114,000	*$ 27,360*
January 1, 2013	5,063	503	4,560	113,497	
July 1, 2013	5,063	523	4,540	112,974	
January 1, 2014	5,063	544	4,519	112,429	
July 1, 2014	5,063	566	4,497	111,863	
January 1, 2015	*5,063*	*589*	*4,475*	*111,275*	
July 1, 2015	5,063	612	4,451	110,663	
January 1, 2016	5,063	637	4,427	110,026	
July 1, 2016	5,063	662	4,401	109,364	
January 1, 2017	5,063	689	4,375	108,675	
July 1, 2017	5,063	716	4,347	107,959	
January 1, 2018	5,063	745	4,318	107,214	

Calculation of Annual Debt Service

	2010	2011	2012	2013	2014
Principal - 2005 Bond	$ 2,055	$ 2,160	$ 2,270	$ 2,380	$ 2,500
Interest 2005 Bond	5,649	5,546	5,438	5,324	5,205
Principal - 2010 Bond				1,026	1,201
Interest - 2010 Bond				9,100	8,926
TOTAL Debt Service (Bonds)	$ 7,704	$ 7,706	$ 7,708	$ 17,831	$ 17,832

Series 2012 Bonds
(000)

Bond Proceeds (Gross)	$ 126,105	Bond Size	$ 126,105
Term (Years)	30	Cap I (3yrs)	30,265
Interest Rate	8.00%	COI	3,216
Annual Payment	$ 11,202	Bond Reserve Fund	11,202
Semi-Annual Payment	$ 5,601	Construction Fund	$ 81,423

	DS Payment	Principal	Interest	Note Balance	CAP I
				$ 126,105	
January 1, 2012			$ 5,044	126,105	
July 1, 2012			5,044	126,105	
January 1, 2013			5,044	126,105	
July 1, 2013			5,044	126,105	
January 1, 2014			5,044	126,105	
July 1, 2014			6,044	126,105	$ 30,265
January 1, 2015	5,801	557	5,044	125,548	
July 1, 2015	5,601	579	5,022	124,970	
January 1, 2016	*5,601*	*602*	*4,999*	*124,368*	
July 1, 2016	5,601	626	4,975	123,741	
January 1, 2017	5,601	651	4,950	123,090	
July 1, 2017	5,601	677	4,924	122,413	
January 1, 2018	5,601	704	4,897	121,709	
July 1, 2016	5,601	732	4,868	120,976	
January 1, 2019	5,601	762	4,839	120,215	

Calculation of Annual Debt Service

	2010	2011	2012	2013	2014
Principal - 2005 Bond	$ 2,055	$ 2,160	$ 2,270	$ 2,380	$ 2,500
Interest 2005 Bond	5,649	5,546	5,438	5,324	5,205
Principal - 2010 Bond				1,026	1,201
Interest - 2010 Bond			-	9,100	8,926
Principal - 2012 Bond					-
Interest - 2012 Bond					
TOTAL Debt Service (Bonds)	$ 7,704	$ 7,706	$ 7,708	$ 17,631	$ 17,632

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

Proposed ST Note - Moratorium Projects

Principal	$ 5,000
Term	5 Years
Interest Rate	12%
Annual Payment	$1,387.05

	DS Payment	Principal	Interest	Note Balance
				$ 5,000
October, 2009	$ 50	$ -	$ 50	5,000
November, 2009	$ 50	-	$ 50	5,000
December, 2009	$ 50	-	$ 50	5,000
January 1, 2010	$ 5,000	-	$ -	-

Proposed ST Note - AP Paydown

Principal	$ 5,000
Term	5 Years
Interest Rate	12%
Annual Payment	$ 1,387

	DS Payment	Principal	Interest	Note Balance
				$ 5,000
FY2010	$ 1,387	$ 787	$ 600	4,213
FY2011	$ 1,387	881	$ 506	3,331
FY2012	$ 1,387	987	$ 400	2,344
FY2013	$ 1,387	1,106	$ 281	1,238
FY2014	$ 1,387	1,238	$ 149	0

Proposed O&M & OMRRF Loan

Principal	$ 20,000
Term	5 Years
Interest Rate	12%
Annual Payment	$ 5,548

	DS Payment	Principal	Interest	Note Balance
				$ 20,000
FY2010	$ 5,548	$ 3,148	$ 2,400	16,852
FY2011	5,548	3,526	2,022	13,326
FY2012	5,548	3,949	1,599	9,377
FY2013	5,548	4,423	1,125	4,954
FY2014	5,548	4,954	594	0

Debt Service Summary	2010	2011	2012	2013	2014
Principal	$ 3,148	$ 3,526	$ 3,949	$ 4,423	4,954
Interest	2,400	2,022	1,599	1,125	594
Debt Service	$ 5,548	$ 5,548	$ 5,548	$ 5,548	$ 5,548

Existing Navy and GPA Loans

	2010	2011	2012	2013
Principal - GPA	$ 2,614	$ -	$ -	
Interest - GPA	63	-	-	
Principal - Navy	1,527	2,342	1,905	-
Interest - Navy	63	42	8	-
TOTAL DS & Required Surcharge	$ 4,268	$ 2,384	$ 1,913	$ -

GUAM WATERWORKS AUTHORITY

FUND INTEREST

GPUC DOCKET 09-03

Assumed Interest Rate on All Funds	3%	
	Balance	
Debt Service Reserve Fund '05	$ 7,700	
Debt Service Reserve Fund '10	10,126	
P&I Funds Both Series	4,457	
Total Funds	$ 22,283	$ 668
OMRRRF Fund	$ 20,000	600
TOTAL Interest		$ 1,268

GUAM WATERWORKS AUTHORITY

FUND RESERVES

GPUC DOCKET 09-03

	2010	2011	2012	2013	2014	
O & M Fund						
Budgeted O & M	$ 45,262	$ 46,268	$ 48,259	$ 50,335	$ 52,643	
55 days fund requirement	6,820	6,972	7,272	7,585	7,933	$ 7,933
Fund Balance	7,933	7,933	7,933	7,933	7,933	
Fund surplus (shortfall)	1,112	961	661	348	-	
OMRRRF Fund						
Budgeted O & M	$ 45,262	$ 46,268	$ 48,259	$ 50,335	$ 52,643	
3 months fund requirement	11,316	11,567	12,065	12,584	13,161	13,161
Fund balance	13,161	13,161	13,161	13,161	13,161	
Fund surplus (shortfall)	1,845	1,594	1,096	577	-	
CCU ST Debt Limitation Adjustment						(1,093)
O&M/OMRRRF Loan					-	$ 20,000

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

SAMPLE BILL
GOVERNMENT - HIGH SCHOOL

Assumptions:
Average Gov't. Bill - High School
73,000 gal per month
Sewer Service

Existing Rates:

	Rates	Bill		
Water				
Basic Charge	$ 54.07	$ 54.07		
Water Consumption				
Lifeline		-		
Non-Lifeline	5.49	400.77		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	36.52		
Reitirement	3.49%	15.87		
Sub-Total Water			$ 507.24	
Sewer Charge (Fixed)	$ 4.32	252.29		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	20.26		
Reitirement	3.49%	8.80		
Sub-Total Wastewater			281.35	
TOTAL BILL			$ 788.59	

Proposed Rates:

	Rates	Bill		
Water				
Basic Charge	$ 61.64	$ 61.64		
Water Consumption				
Lifeline		-		
Non-Lifeline	6.26	456.88		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	49.78		
Reitirement	3.49%	18.10		
Sub-Total Water			$ 586.39	15.6%
Sewer Charge (Fixed)	$ 4.92	287.61		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	27.61		
Reitirement	3.49%	10.04		
Sub-Total Wastewater			325.26	15.6%
TOTAL BILL			$ 911.65	15.6%
Increased Bill			$ 123.06	

GUAM WATERWORKS AUTHORITY

SAMPLE BILL
COMMERCIAL-HOTEL

GPUC DOCKET 09-03

Assumptions:
Average Commercial Bill - Hotel
10,380,000 gal per month
Sewer Service

Existing Rates:

	Rates	Bill		
Water				
Basic Charge	$ 146.77	$ 146.77		
Water Consumption				
Lifeline		-		
Non-Lifeline	5.49	56,986.20		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	4,587.78		
Reitirement	3.49%	1,993.94		
Sub-Total Water			$	63,714.69
Sewer Charge (Fixed)	$ 7.37	61,200.48		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	4,914.40		
Reitirement	3.49%	2,135.90		
Sub-Total Wastewater				68,250.78
TOTAL BILL			$	131,965.46

Proposed Rates:

	Rates	Bill			
Water					
Basic Charge	$ 167.32	$ 167.32			
Water Consumption					
Lifeline		-			
Non-Lifeline	6.26	64,964.27			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	6,252.63			
Reitirement	3.49%	2,273.09			
Sub-Total Water			$	73,657.31	15.6%
Sewer Charge (Fixed)	$ 8.40	69,768.55			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	6,697.78			
Reitirement	3.49%	2,434.92			
Sub-Total Wastewater				78,901.25	15.6%
TOTAL BILL			$	152,558.56	15.6%
Increased Bill			$	20,593.10	

SAMPLE BILL
RESIDENTIAL

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

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

Existing Rates:

	Rates	Bill		
Water				
Basic Charge	$ 9.26	$ 9.26		
Water Consumption				
Lifeline	2.40	12.00		
Non-Lifeline	4.41	19.73		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	2.33		
Reitirement	3.49%	1.01		
Sub-Total Water			$ 44.33	
Sewer Charge (Fixed)	$ 22.00	22.00		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	-		
Reitirement	3.49%	-		
Sub-Total Wastewater			22.00	
TOTAL BILL			$ 66.33	

Proposed Rates:

	Rates	Bill		
Water				
Basic Charge	$ 10.56	$ 10.56		
Water Consumption				
Lifeline	2.74	13.68		
Non-Lifeline	5.03	22.49		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	3.17		
Reitirement	3.49%	1.15		
Sub-Total Water			$ 51.06	15.2%
Sewer Charge (Fixed)	$ 25.08	25.08		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	-		
Reitirement	3.49%	-		
Sub-Total Wastewater			25.08	14.0%
TOTAL BILL			$ 76.14	14.8%
Increased Bill			$ 9.81	

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

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

Existing Rates:

	Rates	Bill		
Water				
Basic Charge	$ 21.63	$ 21.63		
Water Consumption				
Lifeline		-		
Non-Lifeline	5.49	494.10		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	41.41		
Reitirement	3.49%	18.00		
Sub-Total Water			$	575.14
Sewer Charge (Fixed)	$ 10.21	735.12		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	59.03		
Reitirement	3.49%	25.66		
Sub-Total Wastewater				819.81
TOTAL BILL			$	1,394.95

Proposed Rates:

	Rates	Bill			
Water					
Basic Charge	$ 24.66	$ 24.66			
Water Consumption					
Lifeline		-			
Non-Lifeline	6.26	563.27			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	56.44			
Reitirement	3.49%	20.52			
Sub-Total Water			$	664.89	15.6%
Sewer Charge (Fixed)	$ 11.64	838.04			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	80.45			
Reitirement	3.49%	29.25			
Sub-Total Wastewater				947.74	15.6%
TOTAL BILL			$	1,612.63	15.6%
Increased Bill			$	217.68	

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

SAMPLE BILL
RESIDENTIAL

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

Existing Rates:

	Rates	Bill		
Water				
Basic Charge	$ 9.26	$ 9.26		
Water Consumption				
Lifeline	2.40	12.00		
Non-Lifeline	4.41	22.07		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	2.52		
Reltirement	3.49%	1.09		
Sub-Total Water			$ 46.94	
Sewer Charge (Fixed)	$ 22.00	22.00		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	-		
Reilirement	3.49%	-		
Sub-Total Wastewater			22.00	
TOTAL BILL			$ 68.94	

Proposed Rates:

	Rates	Bill		
Water				
Basic Charge	$ 10.56	$ 10.56		
Water Consumption				
Lifeline	2.74	13.68		
Non-Lifeline	5.03	25.16		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	3.43		
Reitirement	3.49%	1.25		
Sub-Total Water			$ 54.07	15.2%
Sewer Charge (Fixed)	$ 25.08	25.08		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	-		
Reitirement	3.49%	-		
Sub-Total Wastewater			25.08	14.0%
TOTAL BILL			$ 79.15	14.8%
Increased Bill			$ 10.21	

GUAM WATERWORKS AUTHORITY

SAMPLE BILL
COMMERCIAL-HOTEL

GPUC DOCKET 09-03

Assumptions:
Average Commercial Bill - Hotel
10,380,000 gal per month
Sewer Service

Existing Rates:

	Rates	Bill			
Water					
Basic Charge	$ 146.77	$ 146.77			
Water Consumption					
Lifeline		-			
Non-Lifeline	5.49	56,986.20			
Surcharges:					
Power Purchase	-	-			
Water Purchase	-	-			
GPA/Navy/PUC	8.03%	4,587.78			
Reitirement	3.49%	1,993.94			
Sub-Total Water			$	63,714.69	
Sewer Charge (Fixed)	$ 7.37	61,200.48			
Surcharges:					
Power Purchase	-	-			
Water Purchase	-	-			
GPA/Navy/PUC	8.03%	4,914.40			
Reitirement	3.49%	2,135.90			
Sub-Total Wastewater				68,250.78	
TOTAL BILL			$	131,965.46	

Proposed Rates:

	Rates	Bill			
Water					
Basic Charge	$ 167.32	$ 167.32			
Water Consumption					
Lifeline		-			
Non-Lifeline	6.26	64,964.27			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	6,252.63			
Reitirement	3.49%	2,273.09			
Sub-Total Water			$	73,657.31	15.6%
Sewer Charge (Fixed)	$ 8.40	69,768.55			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	6,697.78			
Reitirement	3.49%	2,434.92			
Sub-Total Wastewater				78,901.25	15.6%
TOTAL BILL			$	152,558.56	15.6%
Increased Bill			$	20,593.10	

GUAM WATERWORKS AUTHORITY

GPUC DOCKET 09-03

SAMPLE BILL
GOVERNMENT - HIGH SCHOOL

Assumptions:
Average Gov't. Bill - High School
73,000 gal per month
Sewer Service

Existing Rates:

	Rates	Bill		
Water				
Basic Charge	$ 54.07	$ 54.07		
Water Consumption				
Lifeline		-		
Non-Lifeline	5.49	400.77		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	36.52		
Reitirement	3.49%	15.87		
Sub-Total Water			$ 507.24	
Sewer Charge (Fixed)	$ 4.32	252.29		
Surcharges:				
Power Purchase	-	-		
Water Purchase	-	-		
GPA/Navy/PUC	8.03%	20.26		
Reitirement	3.49%	8.80		
Sub-Total Wastewater			281.35	
TOTAL BILL			$ 788.59	

Proposed Rates:

	Rates	Bill		
Water				
Basic Charge	$ 61.64	$ 61.64		
Water Consumption				
Lifeline		-		
Non-Lifeline	6.26	456.88		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	49.78		
Reitirement	3.49%	18.10		
Sub-Total Water			$ 586.39	15.6%
Sewer Charge (Fixed)	$ 4.92	287.61		
Surcharges:				
Power Purchase		-		
Water Purchase		-		
GPA/Navy/PUC	9.60%	27.61		
Reitirement	3.49%	10.04		
Sub-Total Wastewater			325.26	15.6%
TOTAL BILL			$ 911.65	15.6%
Increased Bill			$ 123.06	

GUAM WATERWORKS AUTHORITY

SAMPLE BILL
COMMERCIAL - RESTAURANT

GPUC DOCKET 09-03

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

Existing Rates:

	Rates	Bill			
Water					
Basic Charge	$ 21.63	$ 21.63			
Water Consumption					
Lifeline		-			
Non-Lifeline	5.49	494.10			
Surcharges:					
Power Purchase	-	-			
Water Purchase	-	-			
GPA/Navy/PUC	8.03%	41.41			
Reitirement	3.49%	18.00			
Sub-Total Water			$	575.14	
Sewer Charge (Fixed)	$ 10.21	735.12			
Surcharges:					
Power Purchase	-	-			
Water Purchase	-	-			
GPA/Navy/PUC	8.03%	59.03			
Reitirement	3.49%	25.66			
Sub-Total Wastewater				819.81	
TOTAL BILL			$	1,394.95	

Proposed Rates:

	Rates	Bill			
Water					
Basic Charge	$ 24.66	$ 24.66			
Water Consumption					
Lifeline		-			
Non-Lifeline	6.26	563.27			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	56.44			
Reitirement	3.49%	20.52			
Sub-Total Water			$	664.89	15.6%
Sewer Charge (Fixed)	$ 11.64	838.04			
Surcharges:					
Power Purchase		-			
Water Purchase		-			
GPA/Navy/PUC	9.60%	80.45			
Reitirement	3.49%	29.25			
Sub-Total Wastewater				947.74	15.6%
TOTAL BILL			$	1,612.63	15.6%
Increased Bill			$	217.68	

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JUL 20 2009
Public Utilities Commission of Guam

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

ARBITRATION OF INTERCONNECTION DISPUTES BETWEEN PACIFIC DATA SYSTEMS, INC. AND GTA TELEGUAM LLC

Docket No. 08-11

ORDER

INTRODUCTION

1. This matter is before the Administrative Law Judge (the "ALJ") of the Guam Public Utilities Commission (the "PUC") pursuant to a Verified Petition for Rehearing (the "Petition for Rehearing") filed by GTA Teleguam L.L.C. ("GTA") in the above-captioned case and filed under Rule 37 of the Public Utilities Commission Rules of Procedure.

2. On April 13th, 2009, the ALJ issued an Order (hereinafter referred to as the "Decision") resolving issues arising from the dispute over the quality of dark fiber that GTA was required to provide to Pacific Data Systems, Inc. ("PDS") under the terms of an Interconnection Agreement entered into between these parties (the "Agreement"). The Petition for Rehearing raises several issues challenging the findings contained in the prior Decision. In particular, GTA argues that it never agreed to apply national standards to the dark fiber it provided to PDS; that "applicable law" only requires GTA to provide UNEs to PDS that are at parity to what it provides to itself; and that GTA is not required to build new network elements.

Attachment H

3. This Order will resolve the issues raised in GTA's Petition for Rehearing. This Order, however, need not reach, and therefore will not address, every issue raised by GTA as the determination of the quality of dark fiber GTA agreed to provide PDS, which is the central and dispositive issue posed in GTA's Petition for Rehearing, is a question of fact that will be fully resolved below.

I. <u>Binding Agreement</u>

4. Under the federal Telecommunications Act of 1996, an incumbent local exchange carrier ("ILEC") like GTA "may negotiate and enter into a binding agreement with the requesting telecommunications carrier or carriers without regard to the standards set forth in subsections (b) and (c) of section 251." 47 U.S.C. § 252(a)(1). Such "agreement shall include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement." *Id.*

5. In the prior Decision, the ALJ found that the parties, GTA and PDS, entered into an Interconnection Agreement and that such Agreement was approved by the PUC on October 4, 2006, pursuant to federal law under 47 U.S.C. § 252.

6. In this instance, therefore, the parties legitimately entered into the Agreement having bargained for the provision that GTA provide such dark fiber in "guaranteed good working order." The Agreement, however, never defined the phrase "guaranteed good working order."

7. Accordingly, the ALJ must now examine the facts on record to ascertain the intent of the parties. Consequently, the ALJ first turns to the terms of the Agreement itself.

II. The Terms in the Agreement Are Ambiguous

8. In the prior Decision, the ALJ made several findings of fact concerning certain provisions contained in the Interconnection Agreement. In particular, the ALJ found that the Agreement contained the following provisions:

a. Section 4.1 General Terms and Conditions, Applicable Law: "The construction, interpretation and performance of the Agreement shall be governed by (a) the laws of the United States of America and (b) the laws of the Territory of Guam."[1]

b. Section 31.1 General Terms and Conditions, Performance Standards: "GTA shall provide Services under this Agreement in accordance with the performance standards required by Applicable Law, including, but not limited to, Section 251(c) of the Act (Federal Communications Act)."[2]

c. Section 1.1 Network Elements Attachment, General: "GTA shall provide to PDS, in accordance with this Agreement (including, but not limited to, GTA's applicable tariffs) and the requirements of Applicable Law, access to GTA's Network Elements on an unbundled basis and in combinations (Combinations); provided, however, that notwithstanding any other provision of this Agreement, GTA shall be obligated to provide unbundled Network Elements (UNEs) and Combinations to PDS only to the extent required by Applicable Law and may decline to provide UNEs or Combinations to PDS to

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1 Decision, p. 3 (April 13, 2009); Administrative Record ("AR") Tab 1, ¶ 4.1, at 2.

2 Decision, at 3; AR Tab 1, ¶ 31.1, at 19.

the extent that provision of such UNEs or Combinations is not required by Applicable Law."[3]

d. Section 1.8 Network Elements Attachment, General: "GTA will not be obligated to build or install new network elements unless required by applicable law; and in this event, only to the extent required by, and in accordance with, applicable law."[4]

e. Section 8.1 Network Elements Attachment, Dark Fiber: "Dark Fiber IOF will be provided in accordance with, but only to the extent required by Applicable Law."[5]

f. Section 8.2.8 Network Elements Attachment, Dark Fiber: "A Dark Fiber IOF will be offered to PDS in guaranteed good working condition."[6]

9. The ALJ herein finds that the above-referenced provisions of the Agreement, when read together, create ambiguities in determining the type of quality of dark fiber GTA should provide PDS. For instance, while GTA agreed to provide PDS with dark fiber in "guaranteed good working condition," it is not known from the face of the Agreement what is meant by "guaranteed good working condition," as the Agreement fails to define the meaning of the phrase. Moreover, while GTA has contractually agreed to only provide services in accordance with the "performance standards required by

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3 Decision, at 3; AR Tab 1, ¶ 1.1, at 61.

4 Decision, at 4; AR Tab 1, ¶ 1.8, at 62.

5 Decision, at 4; AR Tab 1, ¶ 8.1, at 72.

6 Decision, at 4; AR Tab 1, ¶ 8.2.8, at 75.

Applicable Law," it has also contractually agreed that such services shall "not be limited" by "Section 251(c) of the Act." Accordingly, the ALJ now finds that the contract is ambiguous insofar as the quality of dark fiber GTA contractually agreed to provide remains undefined.

10. As a result, where competing contract terms create ambiguity, a finder of fact must resolve such ambiguity in an effort to divine the intent of the parties to the contract. *See* National Union Fire Ins. Co. v. Argonaut Ins. Co., 701 F.2d 95, 97 (9th Cir. 1983) ("A question of fact concerning the interpretation of a contract does not arise unless the contract is ambiguous.").

III. Determining the Intent of the Parties to the Agreement Is a Question of Fact

11. The intent of the parties concerning provisions to the Agreement is a question of fact. *See* Miller v. Safeco Title Ins. Co., 758 F.2d 364, 369 (9th Cir. 1985) ("The intent of the parties at the time a contract is executed is a question of fact. . . ."); Kirsch v. Huber, 264 F.2d 387, 392 (9th Cir. 1959) ("And what their intention was is a question of fact."); SCD RMA, LLC v. Farsighted Enterprises, Inc., 591 F. Supp. 2d 1131, 1137 (D. Hawai'i 2008) ("Where the language of a contract is ambiguous, so that there is some doubt as to the intent of the parties, that intent is a question of fact."). Thus, "[i]n construing what various terms in a contract mean, the task of the court is to discern and give legal effect to the intent of the parties at the time of contracting." Wasson v. Berg, 2007 Guam 16 ¶ 10.

12. In addition, evidence of intent can be deduced from subsequent correspondence and conduct between the parties. It is hornbook contracts law that the practical construction of an ambiguous agreement revealed by later conduct of the parties is good indication of its meaning. *See* Freeman v. Arnke, 308 P.2d 897, 901 (Cal. Ct. App. 1957) ("As an aid in discovering the all important element of intent of the parties to the contract, the trial court may look to the circumstances surrounding the making of the agreement including the object, nature and subject matter of the writing. Also applicable here is the familiar rule that when a contract is ambiguous, a construction given to it by the acts and conduct of the parties with knowledge of its terms, before any controversy has arisen as to its meaning, is entitled to great weight. . . ."); Taft Realty Corp. v. Yorkhaven Enterprises, Inc., 150 A.2d 597, 600 (Conn. 1959) ("The meaning of the terms of a contract as shown by the conduct of the parties regarding them is a proper consideration in the interpretation of the contract."); Greene County Bldg. & Loan Ass'n v. Milner Hotels, 227 S.W.2d 111, 121-122 (Mo. Ct. App. 1950) ("The interpretation put upon a contract by the parties themselves, as shown by their conduct in regard to it, is always persuasive in determining its true meaning.") (quoting Thomas v. Utilities Bldg. Corporation, 74 S.W.2d 578, 582 (Mo. 1934); Parrish v. Robertson, 80 S.E.2d 407, 411 (Va. 1954) ("When a written instrument is capable of more than one construction the courts will give to it the construction which the parties themselves have placed upon it.").

13. Hence, "[a]n important aid in the interpretation of contracts is the practical construction placed on the agreement by the parties themselves. The process of practical

interpretation and application is a further indication by the parties of the meaning which they have placed upon the terms of the contract they have made." 4 WILLISTON ON CONTRACTS 3d ed. § 623. "Courts give great weight to these expressions. . . ." *Id.*

IV. <u>Factual Findings</u>

14. As examined in the prior Decision, the ALJ made the following factual findings. First, the ALJ found that, in a letter dated October 23, 2007, GTA made representations to PDS that the PDS dark fiber routes were "in good working condition, per [the parties'] requirements of the Interconnection Agreement and are within GTA's specifications as well as IEEE and TIA/EIA Standards."[7]

15. The ALJ additionally found that GTA and PDS agreed to mutually acceptable standards and jointly requested in an April 20, 2008 letter to John Limtiaco of L&K Communications ("Limtiaco") that he "provide consulting services" to determine if "dark fiber" provided by "GTA to PDS comply with industry standards (as defined by Telecommunications Industry Association and/or Electronic Industries Alliance and/or other applicable industry standards)."[8]

16. The ALJ further found that Limtiaco had concluded that nine of the fourteen routes failed to meet such mutually acceptable industry standards.[9]

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[7] Decision, at 5; AR, Tab 5.

[8] Decision, at 5; AR, Tab 6.

[9] Decision, at 6; AR, Tab 7.

17. Finally, the ALJ found that GTA did "not dispute the findings of Mr. Limtiaco"[10] and that GTA has never "presented any expert opinions that the remaining disputed dark fiber routes comply with the mutually acceptable standards as identified in the joint submission of the parties" to Limtiaco on April 30, 2008.[11]

18. At present, GTA has not offered any new evidence that would provide the ALJ with an opposing view of the facts as already found in the prior Decision. Thus, there is no additional evidence that would compel the ALJ to disturb these findings.

19. Instead, with all due respect, the ALJ is unpersuaded by GTA's contentions argued in its Petition for Rehearing and finds that the correspondence between the parties subsequent to the PUC's approval of the Agreement, in particular the October 23, 2007 letter from GTA to PDS, and the April 20, 2008 letter to Limtiaco, evidence the intent of the parties that GTA agreed to provide dark fibers to PDS "in good working condition, per [the parties'] requirements of the Interconnection Agreement and are within GTA's specifications as well as IEEE and TIA/EIA Standard" and that GTA "comply with industry standards (as defined by Telecommunications Industry Association and/or Electronic Industries Alliance and/or other applicable industry standards)." The ALJ herein is not finding that the communications of October 23, 2007 and April 20, 2008 ever amended the Interconnection Agreement. Rather, as just stated, the ALJ finds these

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[10] *Id.*; AR, Tab 8.

[11] Decision, at 6.

communications to reflect the intent of the parties regarding the quality of dark fiber to be provided to PDS under the terms of the Agreement. This practical construction of the Agreement provides the ALJ with sufficient basis to interpret the meaning of the phrase "guaranteed good working condition."

20. In addition, the ALJ also finds that while Section 31.1 of the Agreement, which provides that "GTA shall provide Services under this Agreement in accordance with the performance standards required by Applicable Law, including, but not limited to, Section 251(c) of the Act (Federal Communications Act),"[12] such provision is superseded by Section 8.2.8, which provides that "A Dark Fiber IOF will be offered to PDS in guaranteed good working condition."[13]

21. "It is well settled that '[w]here there is an inconsistency between general provisions and specific provisions, the specific provisions ordinarily qualify the meaning of the general provisions.'" Brinderson-Newberg Joint Venture v. Pacific Erectors, Inc., 971 F.2d 272, 279 (9th Cir. 1992) (citing RESTATEMENT OF CONTRACTS § 236(c) (1932); *see also* Autry v. Republic Prods., 180 P.2d 888, 893 (Cal. 1947) (a specific provision is controlling over any general provision); RESTATEMENT (SECOND) OF CONTRACTS § 203(c) & cmt. e (1979)).

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[12] Decision, at 3; AR, Tab 1, ¶ 31.1, at 19.

[13] Decision, at 4; AR, Tab 1, ¶ 8.2. 8, at 75.

22. In this instance, Section 8.2.8 of the Agreement specifically addresses the quality of the dark fiber that GTA is to provide PDS. Thus, this provision, which requires GTA to provide such dark fiber in "guaranteed good working condition" supersedes the more general provision, namely Section 31.1, that GTA will provide its services "in accordance with the performance standards required by Applicable Law . . . ."

23. Lastly, the ALJ is not persuaded that GTA may escape its contractual obligations based on Section 1.8 of the Network Elements Attachment in the Interconnection Agreement which provides that it is not "obligated to build or install new network elements unless required by applicable law, and in this event, only to the extent required by, and in accordance with, applicable law." As already discussed, under "applicable law" GTA and PDS were allowed to "negotiate and enter into a binding agreement . . . without regard to the standards set forth in subsections (b) and (c) of section 251." 47 U.S.C. § 252(a)(1). GTA and PDS did so when they agreed that the former would provide dark fiber to the latter in "guaranteed good working condition." Applicable law allowed GTA to contractually commit to this obligation and thus compels GTA to perform the obligation as well.

24. Based on the foregoing, the ALJ herein now finds that GTA intended to provide dark fiber to PDS that are in "guaranteed good working order," which meant that such dark fiber comply with the IEEE and TIA/EIA Standards referred to in the correspondence of October 23, 2007.

CONCLUSION

25. In sum, GTA has not furnished any new evidence that would compel the ALJ to disturb the findings already articulated in the prior Decision. Instead, the ALJ finds that the correspondence between the parties subsequent to the PUC's approval of the Agreement evidence conduct that GTA agreed to provide dark fibers to PDS "in good working condition, per [the parties'] requirements of the Interconnection Agreement and are within GTA's specifications as well as IEEE and TIA/EIA Standard" and that GTA comply with those "industry standards (as defined by Telecommunications Industry Association and/or Electronic Industries Alliance and/or other applicable industry standards)."

26. Thus, the ALJ finds that GTA intended to provide dark fiber to PDS that are in "guaranteed good working order," which meant that such dark fiber "comply with industry standards (as defined by Telecommunications Industry Association and/or Electronic Industries Alliance and/or other applicable industry standard)."

27. Additionally, the ALJ also finds that Section 8.2.8, which provides that "[a] Dark Fiber IOF will be offered to PDS in guaranteed good working condition," supersedes all other sections as it specifically concerns the quality of dark fiber. As a result, GTA is contractually bound to provide dark fiber in "guaranteed good working condition," which the ALJ has now defined above.

28. Finally, the ALJ incorporates by reference the other mandates expressed in the prior Decision, including but not limited to the scheduling of a status conference that

will address the process whereby GTA will bring the disputed dark fiber routes into compliance with the nationally accepted telecommunications standards articulated herein.

29. Accordingly, GTA's Petition for Rehearing is denied.

SO ORDERED this 20th day of July, 2009.

DAVID A. MAIR
Administrative Law Judge

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