

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
February 25, 2010
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a meeting commencing at 6:00 p.m. on February 25, 2010 pursuant to due and lawful notice. Commissioners Johnson, Perez, Cantoria, 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 PUC reviewed the minutes of the meeting conducted on January 29, 2010. Commissioner Pangelinan requested that certain typographical and clarification revisions be made to the minutes. Upon motion duly made, seconded and unanimously carried, the minutes were approved with the modifications proposed by Commissioner Pangelinan.

2. Port Authority of Guam

The matter of the Port's Implementation of Facility Maintenance Fees, Port Docket 09-02, came before the PUC. PUC Counsel indicated that the PUC had approved a facilities maintenance fee of \$25 per bill of lading in its January 29, 2010 Order. PUC's Consultants indicated that a similar charge is common among port authorities. However, the Commission included a proviso that, prior to implementation, the Port should adopt a policy excluding merchandise of a value of less than \$2,500 from the fee charge.

Subsequent to the last meeting, the Port submitted a facility maintenance fee policy to the PUC, which is attached as Exhibit A to the proposed Order. It contains a provision exempting bills of lading from the fee where cargo is valued at \$2,500 or less. As was suggested by the Consultants, there is a further provision that anyone entitled to the exemption (i.e. owners, agents, etc.) must submit to the Port Finance Division a copy of the cargo invoice of each bill of lading claimed to be below the threshold.

Counsel indicated that the policy was in accordance with the prior Commission's Order and recommended that the Commission approve the facility maintenance fee policy. Upon motion duly made, seconded and unanimously carried, the Commissioners moved to approve the proposed Order, which adopted the facility maintenance fee policy, as written. The Commissioners adopted the Order made *Attachment "B"* hereto.

3. GTA Telecom

The matter of the joint Petition of GTA and PDS, GTA Docket 10-01, for approval of Amendment to the Interconnection Agreement (pursuant to Section 252 of the Telecommunications Act of 1996) came before the PUC. Counsel indicated that he filed a report in this matter. PDS had requested that GTA provide a service to it, "Dedicated Transport Unbundled from the other Network Elements at the rate set forth in the Pricing Attachment." The service had not been provided in the original Interconnection Agreement between the parties; PDS desired such service and GTA was willing to provide it at an agreed upon price. The service is needed in certain areas where dark fiber was not currently available, such as the Agana - Piti, and Agana - Agat routes. The parties had drafted and signed a proposed Amendment 2 to their Interconnection Agreement.

Counsel indicated that there were two tests which the Commission must apply under the Telecommunications Act of 1996: (1) whether the Amendment discriminates against a telecommunications carrier not a party to the Interconnection Agreement; and (2) whether the Amendment is inconsistent with the public interest, convenience or necessity. Counsel's review of the proposed amendment indicated that it did not discriminate against any other party and that such service was presumably available commercially to parties other than PDS who wanted it. Since the service was available there is no discriminatory impact. Furthermore, it was in the public interest to provide varied telecommunication services and products. Here GTA was providing a service not originally included in the Interconnection Agreement. Therefore, the goals of the Guam Telecommunications Act of 2004 were met.

Counsel recommended that the Amendment be approved, pointing out that it is also temporary and will only be in effect until September 2010. By that time the Commission will be required to approve a new Interconnection Agreement between the parties. Commissioner Perez asked whether this was a new service and whether other companies might be interested in this type of service. Eric Votaw of GTA responded that the Amendment was formalizing a revision of a service previously mentioned under the Interconnection Agreement, and indicated that other parties could obtain the service.

Commissioner Pangelinan asked whether the pricing would be the same for other companies, and Mr. Votaw responded that it would be assuming the parties had adopted the same rates. In response to Commissioner Perez' question, PUC Counsel indicated that any change in the Interconnection Agreement between the parties must come before the Commission. Commissioner Pangelinan expressed a concern about

certain language in the proposed Order indicating that the “Dedicated Transport Service” was “presumably” available to other parties. He requested that the word “presumably” be taken out of the Order. Upon motion duly made, seconded and unanimously carried, the Commissioners adopted the Order Approving the Amendment to the Interconnection Agreement with the change recommended by Commissioner Pangelinan. The Order adopted by the Commission is made *Attachment “C”* hereto.

4. Pacific Data Systems

This matter came before the Commission upon the Request for Rulemaking, PDS Docket 09-02, by Pacific Data Systems. PUC Counsel indicated that this matter had previously been before the Commission, and a Counsel Report was submitted which supported an amendment to Rule 1.b.iii of the Commission’s Rules Governing Regulatory Fees for Telecommunications Companies. The proposed rule provides for the allocation of PUC’s regulatory expenses in regulatory proceedings, including dispute resolution under Rule 4 of the Interconnection Implementation Rules, against such party or parties as the Commission deems appropriate. Counsel indicated that his Supplemental Report indicated recent procedural developments in the docket and set forth the public comments made by the parties (PDS/GTA) at the last PUC meeting. Both sides commented and presented written comments.

In his analysis, Counsel did not accept GTA’s argument that the PUC lacked authority to allocate fees. Counsel indicated that 12 GCA §12024 required the apportionment of administrative costs on a pro rata basis but did not apply to the allocation of regulatory expenses or fees. In general, arbitrators have the discretion to decide how fees and costs will be allocated in an arbitration. Many of the proceedings between GTA and PDS involve the Interconnection Agreement and were proceedings under Rule 4 of the Interconnection Implementation Rules. There is nothing unusual about giving discretion to the Commission to allocate regulatory fees.

Counsel further indicated that it was difficult to impose limits or guidelines, as the allocation of fees would involve a determination on a case by case basis. Chairman Johnson asked whether if the ALJ made a recommendation on allocation of fees, would the Commission have a chance to look at it. Counsel stated that the Commission would have such an opportunity and that such a decision always involves a two step process. Upon motion duly made, seconded and unanimously carried, the Commissioners adopted and approved the Order Amending Rule 1.b.iii of the Rules Governing Regulatory Fees for Telecommunications Companies, made *Attachment “D”* hereto.

5. Guam Waterworks Authority

This matter came before the PUC upon GWA's Petition for Expedited Approval of Bond Reprogramming to Fund the Water Meter Replacement, Water Reservoir Condition Assessment, and Chlorination Programs. PUC Counsel indicated that he has filed a report herein. Various reprogramming requests of bond funds have previously been before the Commission. Here GWA determined that it needs to reallocate bond funds for three specific programs: the Water Meter Replacement, the Water Reservoir Condition Assessment, and the Chlorination Programs. GWA had received letters from the United States Environmental Protection Agency indicating that if these three projects were not implemented, US EPA would fine GWA. Thus, GWA must do these projects and has little choice. If funds are not sufficient, they have to take funds from other bond uses and reallocate them to these three programs. With regard to the Water Reservoir Condition Assessment, GWA has already been fined by US EPA.

GWA seeks to reallocate \$3.72 Million: \$720,000 to Chlorination Project, \$500,000 to the Water Reservoir Condition Assessment, and \$2,500,000 to the Meter Replacement Program. With regard to the Water Meter Replacement Program, this matter has previously been before the Commission and GWA has a duty to report to the Commission. While it technically may not have complied with the requirements of prior orders, GWA did recently file various status reports that were submitted to the US EPA with the PUC.

GWA needs to replace 15,000 meters. GWA has essentially reached an agreement with its meter supplier, Metron-Farnier, to resolve pending disputes without litigation. Certain amendments have been made to the contract between GWA and Metron-Farnier. The RW Beck Report indicates that there is a plan in effect whereby MF will ship 15,000 meters to GWA at a reduced cost. Thus, the \$2.5 Million which GWA seeks to reprogram is needed for meter replacement. In Counsel's conclusion, GWA has no choice but to reprogram these funds.

Counsel also noted that a portion of those funds were being reprogrammed from the leak detection/line replacement project. This is a project that the PUC has strongly supported, as a result of the 50% line leakage experienced by GWA. There may be a concern about reprogramming funds from that leak detection program. However, GWA has a federal grant from ARRA which will replace the reprogrammed funds. In addition GWA will seek a new bond issue in 2010. Thus, GWA has not abandoned the leak detection program. Counsel recommends that an Order be approved authorizing GWA to reallocate not to exceed \$3.720 Million in bond funds, but that GWA should also be required to fully report to the PUC concerning the meter replacement program no later than March 15, 2010.

Commissioner Perez indicated that the due dates for reports need to be calendared, as GWA should submit its reports by the date due. She asked whether ARRA funds have already been approved. GWA General Manager Len Olive indicated that there was an executed contract already, and GWA Legal Counsel said that GWA has \$2.028 Million for this purpose. The Commissioners then asked a number of other questions concerning the status of the leak detection program, the possibility of further EPA fines, receipt by GWA of federal funds, and the replacement of meters.

In response to a question by Chairman Johnson concerning GWA's comfort level with the new meters, including backflow preventers and the transponder system, GWA responded that it had a high level of comfort. The General Manager of Consolidated Utilities Systems, John Benavente, indicated that the program of replacing meters and transponders had already resulted in an increase in GWA revenues. Commissioner Perez asked how much had been invested in the program, and Mr. Benavente responded that the total was over \$17 Million. Commissioner Cantoria questioned why, if GWA knew fines would be imposed, did it just recently come to the Commission. General Manager Olive indicated that he was only advised about the imposition of the recent \$57,000 penalty a few hours before it was imposed.

Commissioner Pangelinan suggested that language in the proposed Order be revised: language should be taken from PUC Counsel Report indicating that funds reallocated from the leak detection program would be replaced. Such language should be in the Order. Upon motion duly made, seconded and unanimously carried, the Commission approved the reallocation of bond funds requested by GWA with the change suggested, and adopted the Order made *Attachment "E"* hereto.

6. Guam Power Authority

This matter, Docket 07-10, came before the PUC upon GPA's Supplemental Filing for Base Rate Petition Regarding Implementation of Phase II Rate Increase. PUC Counsel indicated that a detailed ALJ Report has been filed herein. In this Phase II proceeding, GPA originally sought a 4.2% rate increase of \$10.6 Million on a compressed basis. However, the Stipulation between GPA and the Commission's Consultant, Georgetown Consulting Group [GCG], entered into on February 11, 2010, recommended a base rate increase for GPA of \$10.6 Million on an uncompressed basis.

Counsel indicated that the elements of the Stipulation were fully set forth in the ALJ Report filed herein on February 17, 2010. GPA and GCG recommend to the Commission that GPA be awarded, for meters read on and after March 1, 2010, \$10.6 Million in base rate increases, in accordance with the tariffs shown on Attachment 1 to the Stipulation. DOD rates should be increased in accordance with GPA's Transmission Level Cost of Service Study. This increase would also apply to lifeline rates, as the

threshold of a 20% increase in the cost of service has long been met. GPA withdrew its request that PUC authorize it to enter into a short term loan of \$15 Million.

According to Counsel, the parties have recognized that the base rate relief alone will not, by itself, be sufficient to provide needed additional revenue to GPA. Because of serious cash liquidity problems faced by GPA, the parties proposed the joint development of a surcharge as a mechanism to refund, replenish, maintain and monitor GPA's working capital fund [WCF]. The fuel charge portion of the WCF would be adjusted at the same time as the semi-annual filing of LEAC and be treated as a flow-through (positive or negative) through the base rate surcharge created. The parties further recommend the establishment of a Phase III of this proceeding to address the issues concerning a base rate surcharge.

The base rate surcharge should be developed and implemented no later than August 1, 2010. In accordance with the Stipulation, GPA would agree to undertake other actions, such as the filing of implementation plans for each recommendation made in the management audit no later than July 1, 2010. In addition, GPA would report to the PUC by July 1, 2010 on the status of the implementation of the CTP wage increases. Furthermore, GPA would complete certain Phase I obligations, including reporting on revision of its collection policy, development of self insurance surcharge protocols, feasibility of a transactional surcharge for a customer's use of a credit card to pay bills, and the development of a schedule and scope for a full cost of service study.

Counsel indicated that in the three public hearings conducted by the PUC in this matter, only one witness testified, Ms. Teresita Padua. Her concern was that the money from the rate increase would be used for payroll raises. However General Manager Joaquin Flores of GPA indicated that no pay raise was included in the present rate application. Based upon the serious liquidity problem of GPA, the Administrative Law Judge found that GPA had been unable to fund necessary plant maintenance and to fully fund the working capital requirement in its bond indenture. Therefore, he believed that the rates agreed to in the stipulation were reasonable, necessary and prudent. PUC should approve Phase III to address the liquidity problems of GPA.

In addition to recommending approval of the base rate increases, the ALJ also recommended an increase in the lifeline rate. Finally, the ALJ recommended that the PUC adopt the draft FY10 (Phase II) RATE DECISION, which implements the base rate increase of \$10.6 Million requested by GPA on an uncompressed basis, and orders the implementation of the other matters stipulated to by GPA and GCG.

Commissioner Perez asked whether GPA was withdrawing its request to do a short term loan. Counsel indicated that withdrawal was as to the \$15 Million loan in the petition; Bill Blair, Esq. of GCG indicated that there was other outstanding PUC loan authority which GPA had not yet exercised for a \$20 Million loan. In response to

Commissioner Perez' questions concerning GPA's bond rating, GPA's comptroller Randy Wiegand indicated that the rating was investment grade with S&P and below investment grade with Moody's. A discussion ensued between Commissioner Perez and GPA officials concerning implementation of the CTP salary increases.

Commissioner Perez indicated that although GPA has indicated that it would inform the Commissioners before CTP increases were implemented, Commissioners were not told of such increases until after the fact. The point was that GPA should notify the PUC of any CTP increases before they occur.

Chairman Johnson indicated that GPA and GWA should be commended for exercising restraint in the implementation of the CTP increases. Commissioner Perez asked General Manager Flores if \$10.6 Million was not enough, then what amount was enough. GM Flores indicated that the working capital fund should have \$27 Million or so, but that it presently is at \$4 or 5 Million. The fund must be filled as a reserve for emergencies, and the surcharge was a good mechanism to do this. It was indicated that GPA is not presently prepared for an emergency and that it has deferred maintenance.

Commissioner Cantoria wondered whether the savings announced publicly with regard to GPA's fuel contract would effect its rate situation. Mr. Flores indicated that the contract would result in a reduction on the fuel side. Commissioner Perez asked how much of the \$10.6 Million would go to the emergency fund; GPA's Comptroller Wiegand indicated that all of it would go to the working capital fund. Upon motion duly made, seconded and unanimously carried, the Commission approved the base rate increase stipulated to by the parties, and adopted and approved the FY10 (Phase II) RATE DECISION, made *Attachment "F"* hereto.

The next matter considered by the Commission was Docket 94-04, Ratification of Order of Chairman Approving GPA's Residual Fuel Oil Contract with Petrobras. PUC Counsel indicated that, at the last meeting, the Commission had authorized the Chairman to sign an order approving GPA's Residual Fuel Oil Contract with Petrobras. The contract had to be executed by February 15, 2010; since the Commission wouldn't meet by that date, the Chairman was authorized to approve the contract upon the favorable recommendation of PUC Counsel.

At the last meeting, Commissioner Perez had asked that the matter come back before the Commissioners for ratification. In the meantime, the Chairman had signed an Order authorizing GPA to enter into its RFO Contract with Petrobras. The matter was now before the Commission solely for ratification. Upon motion duly made, seconded and unanimously carried, the Commission moved to ratify the Order of the Chairman approving GPA's Residual Fuel Oil Contract with Petrobras.

The Chairman proceeded to question GPA concerning the status of a number of different matters, including the renewable energy projects/ wind, the Smart Grid

program, status of Gov Guam accounts receivable, and fuel hedging. GPA officials responded that GPA was about to rebid the procurement for renewable energy, that funding alternatives were being considered for Smart Grid (i.e. bond issuance/Build America Bonds), that Gov Guam accounts receivable were being paid and that GPA would be submitting a status report on Fuel Hedging (including a possible program of "calls"). Commissioner Cantoria asked about the status of the alternative fuel resources, and GM Flores indicated that GPA was looking into possible alternatives regarding the conversion of plants to natural gas.

7. Administrative Matters

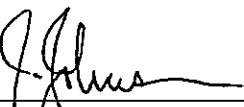
The Commissioners next discussed the matter of PUC rent paid to the GCIC Bldg. for lease of its office space. GCIC issued a notice to PUC that indicated that the lease was up, and proposed a rental of \$1,934.51 per month for a one-year lease period (an increase of 96.73 per month). Chairman Johnson suggested that he be authorized to negotiate the issue of a rent increase with the GCIC Management. Upon motion duly made, seconded and unanimously carried, the Commission accepted Chairman Johnson's proposal that he be authorized to negotiate with GCIC regarding PUC office rental.

8. PUC Website

Chairman Johnson indicated that a letter was received from A.J. Rosario that the website was proceeding ahead. Pictures and bios are needed from the Commissioners and other Commission staff. Legal Counsel was directed to provide the Commissioners with a list of items needed for their biographies, and that a listing of such items should be emailed to the Commissioners. Commissioners and PUC staff should obtain photos for use in the website.

9. Other Business

There being no further business, the Commissioners moved to adjourn the meeting.

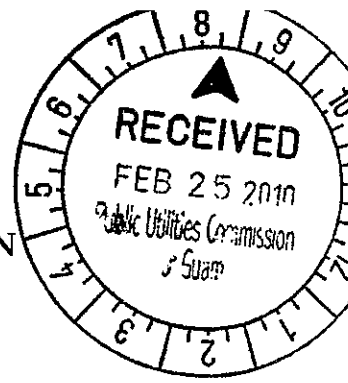


Jeffrey C. Johnson
Chairman

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**REGULAR MEETING
SUITE 202 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:00 p.m. February 25, 2010**

- 1. Approval of Minutes of the Meeting of January 29, 2010.**
- 2. Port Authority of Guam**
 - Port Docket 09-02, Port Submission of the Policy for Implementation of Facility Maintenance Fees; Proposed Order.
- 3. GTA Telecom**
 - GTA Docket 10-01, Joint Petition of GTA and PDS for Approval of Amendment of the Interconnection Agreement pursuant to Section 252 of the Telecommunications Act of 1996; PUC Counsel Report and Proposed Order.
- 4. Pacific Data Systems**
 - PDS Docket 09-02, Request for Rulemaking; Notice of Proposed Rulemaking; PUC Counsel Report; Proposed Amended Rule 1.b.iii [Rules Governing Regulatory Fees for Telecommunications Companies]; and Proposed Order
- 5. Guam Waterworks Authority**
 - Docket 05-5, Request by the Guam Waterworks Authority for Approval to Reprogram Bond Proceeds for the Water Meter Replacement, the Water Reservoir Condition Assessment and Groundwater Chlorination Programs; PUC Counsel Report and Proposed Order.
- 6. Guam Power Authority**
 - GPA Supplemental Filing for Base Rate Petition Regarding Implementation of Phase II Rate Increase; ALJ Report and Proposed FY10 (Phase II) Rate Decision.
 - Docket 94-04, Ratification of Order of Chairman approving GPA's Residual Fuel Oil Contract with Petrobras
- 7. Administrative Matters**
- 8. PUC Website**
- 9. Other Business**



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

The Port Authority Of Guam
[PAG] Request For PUC Investigation
of Rates and Tariffs

Port Docket 09-02

ORDER APPROVING IMPLEMENTATION POLICY
FOR FACILITY MAINTENANCE FEE

In the ORDER APPROVING INTERIM TARIFFS AND RATES FOR THE PORT AUTHORITY OF GUAM, adopted January 29, 2010, the Commission ordered that, prior to implementation of the facilities maintenance fee of \$25 per bill of lading, the PAG must develop a process and policy for exempting cargo from this fee when the total value of the bill of lading is \$2,500 or less.¹ Furthermore, the Commission ordered that the policy include a provision to allow shippers who frequently ship items below the \$2,500 threshold to be exempt from the fee. Finally, the policy should also include a provision for shippers to apply for a refund from the PAG for cargo whose bill of lading is less than \$2,500; such policy requires the prior approval of the PUC before it is effective.²

On February 17, 2010, the Port submitted its proposed Facility Maintenance Fee Policy to PUC Legal Counsel.³ The Facility Maintenance Fee Policy submitted by the Port is attached as Exhibit A hereto. Upon review of the Facility Maintenance Fee Policy submitted by the PAG, and the January 29, 2010 PUC Order Approving Interim Tariffs and Rates for the Port Authority of Guam, for good cause shown, and on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

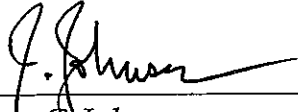
1. The Facility Maintenance Fee Policy submitted by the Port to PUC on February 17, 2010, is hereby approved.
2. The Port shall attach its Facility Maintenance Policy to its PORT AUTHORITY OF GUAM TARIFF RATE TABLE, and file the same with the Commission in accordance with this Order and the PUC Order of January 29, 2010 in this Docket.

¹ PUC Order Approving Interim Tariffs and Rates for the Port Authority of Guam, Port Docket 09-02 issued January 29, 2010.

² Id. at p. 5.

³ Email dated February 17, 2010 from Jojo Guevara, Financial Affairs Controller, PAG, to PUC Legal Counsel.

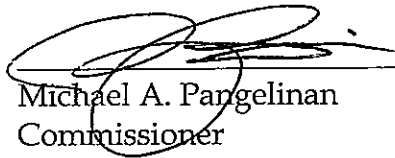
Dated this 25th day of February, 2010.



Jeffrey O. Johnson
Chairman



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Felix P. Camacho
Governor of Guam

Michael W. Cruz
Lieutenant Governor

PORT AUTHORITY OF GUAM
ATURIDAT I PUETTON GUAHAN
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FACILITY MAINTENANCE FEE POLICY AND GUIDELINES

Purpose:

The Jose D. Leon Guerrero Commercial Port (PAG) must refurbish and modernize its facilities. This is necessary to better serve its customers and prepare for substantial expansion of the Port's cargo handling terminal that is needed to handle the anticipated increase in cargo volumes resulting from the Guam Military Buildup. On January 29, 2010, the Guam Public Utilities Commission (PUC) approved the Port's interim tariff rates request. In doing so, one component of the approved interim tariff rates was to implement a facility maintenance fee of \$25.00 for each bill of lading subject to the establishment and implementation of a policy. This policy is to implement the \$25.00 facility maintenance fee per bill of lading will provide funding for the maintenance, replacements, and repair of the port facilities.

Definition:

The "facility maintenance fee" is the fee assessed for use of port facilities to provide funding for the maintenance, replacements, and repair of the port facilities. The fee will be assessed to port users utilizing the facilities in the receipt and delivery of cargo to and from vessel and/or in connection with the receipt, delivery, checking, care, custody and control of cargo as required in the transfer of cargo.

The foregoing does not include any services or facilities charge that is included in wharfage, dockage, wharf demurrage, wharf storage or any other individual charges. This fee does not include the handling of cargo, loading nor unloading operations, or any labor other than that which is essential to performing the service.

Facility Maintenance Fee

Facility Maintenance Fee	\$25.00 *per bill of lading
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*Exemption = Bill of ladings will be exempted from the facility maintenance fee when the cargo is valued less than \$2,500.

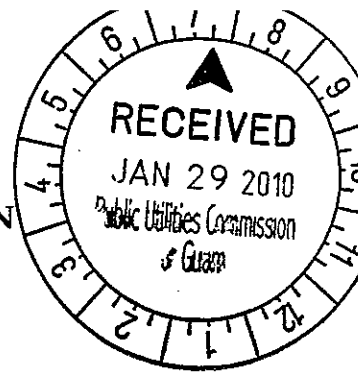
Guidelines:

1. Vessels, their owners, charterers and agents assigned the use of Port facilities in accordance with Section I of the Port Terminal Tariff shall be liable for and shall

EXHIBIT "A"

collect and pay to Port the Facility Maintenance Fee as provided for in this memorandum and the provisions of Item 3, section I of the Port Terminal Tariff shall apply.

2. The Port will bill the facility maintenance fee based on the total number of bill of ladings submitted.
3. Facility Maintenance Fee will be billed to the first carrier for all Inbound Transshipment bill of ladings.
4. Vessels, their owners, charterers and agents who are entitled to the bill of lading exemption are required to submit to the Finance division a copy of the cargo invoice for each bill of lading claimed to be below the threshold by vessel and within thirty (30) days of the invoice date. PAG will validate whether the cargo value is within the threshold amount.
5. PAG Finance Division will issue a credit to any vessels, their owners, charterer and agents who are determined to be, on case by case basis, exempt from the facility maintenance fee.



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

The Port Authority Of Guam
[PAG] Request For PUC Investigation
of Rates and Tariffs

Port Docket 09-02

ORDER APPROVING INTERIM TARIFFS AND
RATES FOR THE PORT AUTHORITY OF GUAM

The background of this matter is set forth in the Administrative Law Judge Report filed herein on January 29, 2010.¹ This proceeding arose pursuant to the statutory duty of the PUC, pursuant to Public Law 30-52, to commence proceedings with the Jose D. Leon Guerrero Commercial Port [PAG]. The PUC is obligated to review and modify or establish rates and charges for the use of Port facilities or appliances. Pursuant to Public Law 30-52, the PUC is further authorized, until December 31, 2010, to establish "interim rates and charges" for the use of Port Facilities or appliances that may be necessary for the estimated operation or maintenance costs, required capital improvements, or other reasonable costs of the Port.²

On October 27, 2009, the PAG requested that the PUC conduct an investigation into the rates and tariffs of the Port and consider the adequacy of the Port's container charges or cargo handling charges, Bunkering/Fuel Throughput/Waste Oil Fees, Wharfage Rates for Transshipment, Easement Lease Rates, Facility Maintenance Fees, and Marina Fees for Boat Slips.³ On November 13, 2009, the PUC issued an Order Approving an Investigation of Rates and Tariffs of PAG.⁴ The PUC directed its own Consultant Slater, Nakamura & Co. LLC [SN] to provide a review and analysis of the rates and tariffs referred to in PAG's request for investigation, and to provide recommendations to the PUC concerning the establishment of interim "just" and "reasonable" rates and tariffs for PAG.⁵

On January 25, 2010, SN submitted its Report of the Interim Tariff Investigation for the Port Authority of Guam.⁶ On January 27, 2010, SN filed Amendment 1 to its Report.⁷ Furthermore, on January 25, 2010 and January 26, 2010, PUC conducted public hearings

¹ Administrative Law Judge Report, filed in Port Docket 09-02 on January 29, 2010.

² Public Law 30-52, enacted July 14, 2009, Section 7.

³ Letter from PAG General Manager Glenn A. Leon Guerrero to PUC Chairman Jeffrey C. Johnson dated October 27, 2009, pgs. 2-4.

⁴ PUC Order dated November 13, 2009, filed in Port Docket 09-02.

⁵ Id. at p. 3.

⁶ Slater & Nakamura Report on the Interim Tariff Investigation for the Port Authority of Guam, filed in Port Docket 09-02, January 25, 2010.

⁷ Slater & Nakamura Report Amendment 1, filed in Port Docket 09-02, January 27, 2010.

concerning its investigation of Port interim tariffs and charges. A summary of the public comments received is set forth in the Administrative Law Judge Report.⁸

The Guam Public Utilities Commission duly considered the record in these proceedings, which includes the Consultant Reports filed by the Port Authority [PB International Inc. and Captain, Hutapea & Associates], other pleadings and documents filed herein, the Recommendations of Slater, Nakamura & Co. LLC, and the Administrative Law Judge Report. Based upon the PUC investigation of interim tariffs and rates for PAG, and the public testimony given at the three scheduled public hearings, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission makes the following determinations:

Determinations

1. Due and proper notice of scheduled public hearings was issued in accordance with law. The PAG filed evidence that it served approximately 100 of its customers with notice of the proposed tariff and rate increases; however, it does not appear that the Agana boat slip lessees all received adequate notice.
2. Based upon the record herein it has been affirmatively established, by a preponderance of the evidence, that there should be an interim increase for Port tariffs, rates and charges. PUC hereby determines, on its own initiative, and pursuant to its powers in Public Law 30-52 and 12 GCA §12004, that an increase in tariffs and rates should be granted to the Port Authority of Guam. Pursuant to Public Law 30-52, the PUC is authorized, until December 31, 2010, to establish "interim rates and charges" for the use of Port Facilities or appliances as may be necessary for the estimated operation or maintenance costs, required capital improvements, or other reasonable costs of the Port.
3. A current PAG terminal tariff was established in 1993, and cargo handling charges have not been increased since that time. Other rates have been unchanged since 1983.
4. The Port facilities were designed and placed into service in 1969, but have not undergone a major modernization since that time.
5. The PAG Consultant, PB International Inc. established that the Port needs an increase in its container charges and cargo handling fees in order to meet the task of refurbishing and modernizing its facilities and preparing

⁸ ALJ Report dated January 29, 2010, and filed in Port Docket 09-02, pgs. 5-6.

for the massive expansion of port operations needed to handle the increased container load resulting from the anticipated military buildup. The appraisal reports of Captain, Hutapea & Associates, as well as the recommendations of the PUC Consultant, Slater, Nakamura, established that the tariff and rate increases requested by the Port are "just" and "reasonable". Tariff increases are justified based upon increases in the consumer price index and an analysis of market comparables.

6. Cargo handling charges (including labor charges) should be increased by 3.4%.
7. Fuel Storage, Throughput and Bunkering Fees, should be increased in the amounts requested by the Port in accordance with the appraisal reports prepared by Captain, Hutapea & Associates, and the recommendations of Slater, Nakamura. Although such increase approximates 150%, the bunkering fees of the Port, after such increase, will still be on the low side of market comparables.
8. Pipeline easement rates shall be set at 25% of market value for pipelines on land with existing easement rights of way and 50% for those not within current easements.
9. The increases in the boat slip charges for the Agana Marina requested by PAG to bring the same up to the level of charges assessed for the Agat Marina, should not be granted due to the notice and other issues referenced in the ALJ Report and the Recommendations of Slater, Nakamura.
10. PAG should be authorized to implement a proposed facility maintenance fee of \$25.00 for each bill of lading. Such fee is "just" and "reasonable", and many other ports impose such a fee. Prior to implementation of the Facilities Maintenance fee of \$25 per bill of lading, the PAG should develop a process and policy for exempting cargo from this fee when the total value of the cargo covered by the bill of lading is valued at \$2,500 or less. Included in the policy would be a provision to allow shippers who frequently ship items below the \$2,500 threshold to be exempt from the fee. The policy should also include a provision for shippers to apply for a refund from the PAG for cargo whose bill of lading is less than \$2,500.
11. The Commission should approve the PORT AUTHORITY OF GUAM TARIFF RATE TABLE made *Attachment A* hereto; the tariffs and rates set forth therein are "just" and "reasonable and in conformance with public

law." "Just" and "reasonable" rates must enable a public utility such as PAG to cover its operating expenses. 12 GCA §12017.

Ordering Provisions

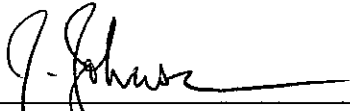
After careful review and consideration of the above determinations, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. PAG is awarded a 3.4% increase in cargo handling charges (including labor charges) effective February 1, 2010.
2. All increases in tariffs, rates, charges, and fees, as set forth herein, shall be effective on February 1, 2010.
3. Bunkering/Fuel Throughput/Waste Oil Fees, and related fees, shall be increased in accordance with the amounts set forth in the PORT AUTHORITY OF GUAM TARIFF RATE TABLE made *Attachment A* hereto.
4. PAG is authorized to set pipeline easement rates at 25% of market value for pipelines on land with existing easement rights of way and 50% for those not within current easements.
5. The request by PAG to increase the boat slip charges for the Agana Marina to the same level of charges assessed for the Agat Marina is denied. Prior to approving any interim tariff increase for the Agana Marina fees, PUC requires PAG to develop and conduct a public outreach effort to citizens who will be impacted by the requested fee increase. PAG shall develop a marina facilities improvement plan with a budget and detailed timeline. The public should have an opportunity to review and comment upon such plan. Thereafter PAG shall submit a report to the PUC.
6. PAG is authorized to implement a proposed facility maintenance fee of \$25.00 for each bill of lading. Prior to implementation of the Facilities Maintenance fee of \$25 per bill of lading, the PAG shall develop a process and policy for exempting cargo from this fee when the total value of the cargo covered by the bill of lading is valued at \$2,500 or less. Included in the policy will be a provision to allow shippers who frequently ship items below the \$2,500 threshold to be exempt from the fee. The policy will also include a provision for shippers to apply for a refund from the PAG for

cargo whose bill of lading is less than \$2,500. Such policy shall become effective only upon approval of PUC.

7. All tariffs, rates, charges and other fees set forth in the PORT AUTHORITY OF GUAM TARIFF RATE TABLE made *Attachment A* hereto are hereby approved and adopted.
8. PAG shall amend its rate and tariff schedules in accordance with this Order and file the same with the Commission.
9. All tariffs, rates, charges and fees approved herein are "interim" in nature, and may be amended or altered by the Commission upon appropriate action on or before December 31, 2010, or in a full rate proceeding.
10. PAG 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 January, 2010.



Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner

**PORT AUTHORITY OF GUAM
TARIFF RATE TABLE**

CHARGE DESCRIPTION	CHARGE RATE	% INCREASE	PROPOSED RATE
CHASSIS RATE (20',40',&45')			
CHASSIS IMPORT/EXPORT/REHANDLE CONT STUFF - HANDLING	80.00	3.4%	82.72
CHASSIS IMPORT/EXPORT/REHANDLE CONT STUFF - STEVEDORE	105.00	3.4%	108.57
TOTAL	185.00		191.29
GROUNDED RATE (20',40'&45')			
GROUNDED IMPORT/EXPORT/REHANDLE/EMPTY CONTAINER STUFF - HANDLING	150.00	3.4%	155.10
GROUNDED IMPORT/EXPORT/REHANDLE/EMPTY CONTAINER STUFF - STEVEDORE	105.00	3.4%	108.57
TOTAL	255.00		263.67
BREAKBULK			
BREAKBULK EXPORT - HANDLING	6.80	3.4%	7.03
BREAKBULK EXPORT - STEVEDORING	13.90	3.4%	14.37
TOTAL	20.70		21.40
UNITIZED			
UNITIZED CARGO IMPORT/EXPORT - STEVEDORE	5.65	3.4%	5.84
UNITIZED CARGO IMPORT/EXPORT - HANDLING	7.00	3.4%	7.24
TOTAL	12.65		13.08
LIFT OFF/ON			
LIFT OFF/ON AUTO IMPORT/EXPORT - HANDLING	6.80	3.4%	7.03
RO/RO LIFT OFF/ON AUTO IMPORT/EXPORT - STEVEDORE	13.90	3.4%	14.37
TOTAL	20.70		21.40
RO/RO			
RO/RO IMPORT/EXPORT/TRANSHIPMENT - HANDLING	25.00	3.4%	25.85
RO/RO IMPORT/EXPORT/TRANSHIPMENT - STEVEDORING	10.00	3.4%	10.34
TOTAL	35.00		36.19
RO/RO VEHICLE (VEHICLE OVER 6,000 LBS)			
RO/RO VEHICLE IMPORT/EXPORT/TRANSHIPMENT - HANDLING	7.00	3.4%	7.24
RO/RO VEHICLE IMPORT/EXPORT/TRANSHIPMENT - STEVEDORE	5.65	3.4%	5.84
TOTAL	12.65		13.08
DEVANNING/STUFFING AUTO SPECIAL RATE			
DEVANNING	150.00	3.4%	155.10
STUFFING	150.00	3.4%	155.10
HEAVYLIFT			
HEAVYLIFT REGULAR IMPORT/EXPORT/TRANSHIPMENT - HANDLING	2.10	3.4%	2.17
HEAVYLIFT REGULAR IMPORT/EXPORT/TRANSHIPMENT - STEVEDORE	2.10	3.4%	2.17
TOTAL	4.20		4.34
LONGLENGTH			
LONGLENGTH IMP/EXP > 45' & =< 50'	16.30	3.4%	16.85
LONGLENGTH IMP/EXP > 50' & =< 60'	38.15	3.4%	39.45
LONGLENGTH IMP/EXP > 60' & =< 70'	49.15	3.4%	50.82
LONGLENGTH IMP/EXP > 70' & =< 80'	59.30	3.4%	61.32
LONGLENGTH IMP/EXP > 80' & =< 90'	69.45	3.4%	71.81
LONGLENGTH IMP/EXP > 90' & =< 100'	79.60	3.4%	82.31
LONGLENGTH IMP/EXP > 100' & =< 110'	89.75	3.4%	92.80
LONGLENGTH IMP/EXP > 110' & =< 120'	99.90	3.4%	103.30
LONGLENGTH IMP/EXP > 120' & =< 130'	110.05	3.4%	113.79

**PORT AUTHORITY OF GUAM
TARIFF RATE TABLE**

<u>CHARGE DESCRIPTION</u>	<u>CHARGE RATE</u>	<u>% INCREASE</u>	<u>PROPOSED RATE</u>
LONGLENGTH IMP/EXP > 130' & =< 140'	120.20	3.4%	124.29
PRESLUNG IMPORT/EXPORT/TRANSHIPMENT			
PRESLUNG IMPORT/EXPORT/TRANSHIPMENT - HANDLING	6.80	3.4%	7.03
PRESLUNG IMPORT/EXPORT/TRANSHIPMENT - STEVEDORING	8.20	3.4%	8.48
TOTAL	15.00		15.51
TRANSHIPMENT STUFF (20',40'&45') 1ST CARRIER - SCALE			
IMPORT CONT TRANSHIPMENT STUFF LESS THAN 10 CONTAINERS	235.00	3.4%	242.99
IMPORT CONT TRANSHIPMENT STUFF 10-29 CONTAINERS	230.00	3.4%	237.82
IMPORT CONT TRANSHIPMENT STUFF 30-69 CONTAINERS	225.00	3.4%	232.65
IMPORT CONT TRANSHIPMENT STUFF 70-99 CONTAINERS	220.00	3.4%	227.48
IMPORT CONT TRANSHIPMENT STUFF 100-129 CONTAINERS	215.00	3.4%	222.31
IMPORT CONT TRANSHIPMENT STUFF 130-149 CONTAINERS	210.00	3.4%	217.14
IMPORT TRANSHIPMENT CONT STUFF 150+ CONTAINERS	195.00	3.4%	201.63
IMPORT EMPTY TRANSHIP FR-2ND CARR (20',40'&45')	100.00	3.4%	103.40
IMPORT EMPTY TRANSHIP FR-2ND CARR (20',40'&45') - DOMESTIC	140.00	3.4%	144.76
OVERSTOW CONTAINER (20',40'&45')			
IMPORT/EXPORT OVERSTOW CONTAINER (20',40'&45')	50.00	3.4%	51.70
SHIFTED CONTAINER (20',40'&45')			
IMPORT/EXPORT SHIFT CONTAINER (20',40'&45')	50.00	3.4%	51.70
SPECIAL RIGGING (20',40'&45')			
IMPORT/EXPORT ALL SPECIAL RIGING OF CNTR	35.00	3.4%	36.19
WHARFAGE RATES			
WHARFAGE EMPTY CONT IMPORT <25 (20' CONTAINER)	2.60	3.4%	2.69
WHARFAGE EMPTY CONT IMPORT >25 (40' & 45' CONTAINER)	3.50	3.4%	3.62
WHARFAGE TRANSHIPMENT TUNA	3.50	3.4%	3.62
WHARFAGE BREAKBULK IMPORT	3.50	3.4%	3.62
WHARFAGE BREAKBULK EXPORT/ALL OTHER CARGO	1.75	3.4%	1.81
WHARFAGE EXPORT CONTAINER STUFF (20' CONTAINER)	32.60	3.4%	33.71
WHARFAGE EXPORT CONTAINER STUFF (40' & 45' CONTAINER)	55.50	3.4%	57.39
WHARFAGE IMPORT CONTAINER STUFF (20' CONTAINER)	62.60	3.4%	64.73
WHARFAGE IMPORT CONTAINER STUFF (40' & 45' CONTAINER)	107.50	3.4%	111.16
WHARFAGE RATES-TRANSHIPMENT OF OTHER CARGO UTILIZING PIPELINES AND /OR HOSES			
INBOUND	3.50		8.75
OUTBOUND	1.75		4.38
BUNKERING/FUEL THROUGHPUT/WASTE OIL			
IMPORT THROUGHPUT	0.16		0.40
EXPORT THROUGHPUT	0.075		0.19
FROM TRUCK TO VESSEL WHEN SERVICED AT PORT PIERS	0.16		0.40
DIRECT TO OR FROM VESSEL THRU PRIVATELY OWNED PIPELINE LOCATED ON PORT PROPERTY	0.14		0.35
VESSEL TO VESSEL	0.16		0.40
FUEL STORAGE	0.40		0.90
BUNKERING	0.21		0.53

**PORT AUTHORITY OF GUAM
TARIFF RATE TABLE**

CHARGE DESCRIPTION	CHARGE RATE	% INCREASE	PROPOSED RATE
MARITIME SECURITY FEE			
MARITIME SEC. BB/PRESLUNG/UNITIZED	0.10	3.4%	0.10
MARITIME SEC. FEE BUNKERING	0.02	3.4%	0.02
MARITIME SEC. FEE STUFFED IMPORT/EXPORT	2.00	3.4%	2.07
MARITIME SEC. PASSENGER VESSEL	1.00	3.4%	1.03
MARITIME SEC. FEE RO/RO	1.00	3.4%	1.03
MARITIME SEC. SAND/SCRAP/AGGRE	0.02	3.4%	0.02
MARITIME SEC. VESSEL DOCKAGE	0.05	3.4%	0.05
DEMURRAGE			
DEMURRAGE- GREATER THAN 20' (40' & 45')	42.00	3.4%	43.43
DEMURRAGE CONTAINER EMPTY	7.00	3.4%	7.24
OUTSIDE WAREHOUSE DEMURRAGE BREAKBULK	10.00	3.4%	10.34
INSIDE WAREHOUSE DEMURRAGE BREAKBULK	15.00	3.4%	15.51
REFRIGERATED CT DEMURRAGE	70.00	3.4%	72.38
DEMURRAGE 20' CONTAINER	21.00	3.4%	21.71
REISSUE OF EMPTIES			
CHASSIS EMPTY CT DEMURRAGE	25.00	3.4%	25.85
GROUNDED EMPTY CT DEMURRAGE	50.00	3.4%	51.70
OTHER RATES			
CLAIMS FEE	25.00	3.4%	25.85
BULK SCRAP METAL	12.50	3.4%	12.93
BULK SCRAP METAL (SPECIALRATE)	2.50	3.4%	2.59
BULK SAND STEVEDORING IMPORT	3.50	3.4%	3.62
PASSENGER FEE ARRIVAL	3.50	3.4%	3.62
PASSENGER FEE DEPARTURE	1.50	3.4%	1.55
BUNKER LABOR COST OT/HOLIDAY	27.50	3.4%	28.44
BUNKER LABOR COST ST	25.00	3.4%	25.85
PRE-TRIP POWER SURCHARGE	49.00	3.4%	50.67
LCOR - LINE HANDLING O/T 6 MEN	450.00	3.4%	465.30
LCOR - LINE HANDLING O/T 8 MEN	600.00	3.4%	620.40
LCOR - LINE HANDLING S/T 6 MEN	300.00	3.4%	310.20
LCOR - LINE HANDLING S/T 8 MEN	400.00	3.4%	413.60
CHASSIS CHANGE	30.00	3.4%	31.02
METERED WATER RATE	54.47	3.4%	56.32
WATER CONNECT/DISCONNECT HOLID	80.00	3.4%	82.72
WATER CONNECT/DISCONNECT REGUL	35.00	3.4%	36.19
WATER FIXED RATE	6.00	3.4%	6.20
REGULAR WATER CHARGE	12.32	3.4%	12.74
EXPORT EMPTY CONTAINER	150.00	3.4%	155.10
IMPORT EMPTY CONTAINER	150.00	3.4%	155.10
TUNA SERVICES	10.25	3.4%	10.60
PORT ENTRY FEE	25.00	3.4%	25.85

**PORT AUTHORITY OF GUAM
TARIFF RATE TABLE**

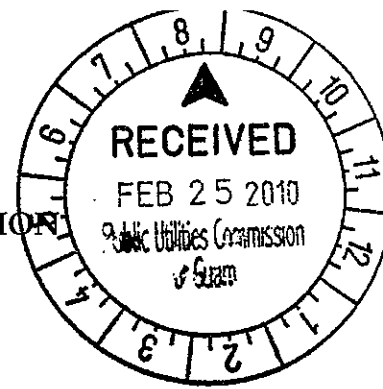
<u>CHARGE DESCRIPTION</u>	<u>CHARGE RATE</u>	<u>% INCREASE</u>	<u>PROPOSED RATE</u>
EQUIPMENT RENTAL			
Forklift, rated capacity below 20,000 lbs	30.00	3.4%	31.02
Forklift, rated capacity 20,000 lbs but less than	50.00	3.4%	51.70
Forklift, rated capacity 40,000 lbs or greater	56.00	3.4%	57.91
Top Lifter	60.00	3.4%	62.04
Side Lifter	35.00	3.4%	36.19
Tractor	34.00	3.4%	35.15
Rubber Tired Gantry Crane	170.00	3.4%	175.78
Manitowoc, 140 tons	315.00	3.4%	325.71
Crane, Gantry, Heavy Lifts	394.00	3.4%	407.39
Pick-up Truck, 3/4 ton capacity or less	20.00	3.4%	20.68
Truck, Dump	23.00	3.4%	23.78
Welding Machine	34.00	3.4%	35.15
Dock Mule	11.50	3.4%	11.89
Dock Dolly, rated 2,000 lbs	2.50	3.4%	2.59
Dolly Trailer, rated capacity 20 tons	11.50	3.4%	11.89
DIRECT LABOR			
<u>STRAIGHT TIME</u>			
Stevedoring	34.47	3.4%	35.64
Crane Operator	33.90	3.4%	35.05
Equipment Operator	32.11	3.4%	33.20
Auto Mechanics	33.58	3.4%	34.72
Diesel Mechanic	33.99	3.4%	35.15
Crane Mechanic	37.82	3.4%	39.11
Riggers	33.86	3.4%	35.01
Electrician	34.98	3.4%	36.17
Cargo Checkers	31.02	3.4%	32.07
Security Guard	34.40	3.4%	35.57
Carpenters	34.55	3.4%	35.72
Plumbers	34.55	3.4%	35.72
Painters	30.74	3.4%	31.79
Preventive Maint. Mechanic	34.55	3.4%	35.72
Welders	36.76	3.4%	38.01
Clerks	24.64	3.4%	25.48
<u>OVERTIME</u>			
Stevedoring	51.70	3.4%	53.46
Crane Operator	50.86	3.4%	52.59
Equipment Operator	48.19	3.4%	49.83
Auto Mechanics	50.37	3.4%	52.08
Diesel Mechanic	50.99	3.4%	52.72
Crane Mechanic	56.74	3.4%	58.67
Riggers	50.78	3.4%	52.51
Electrician	52.47	3.4%	54.25
Cargo Checkers	46.54	3.4%	48.12
Security Guard	51.60	3.4%	53.35
Carpenters	51.84	3.4%	53.60

**PORT AUTHORITY OF GUAM
TARIFF RATE TABLE**

CHARGE DESCRIPTION	CHARGE RATE	% INCREASE	PROPOSED RATE
Plumbers	51.84	3.4%	53.60
Painters	46.12	3.4%	47.69
Preventive Maint. Mechanic	51.84	3.4%	53.60
Welders	55.14	3.4%	57.01
Clerks	36.94	3.4%	38.20
<u>OT DIFFERENTIAL</u>			
Stevedoring	17.24	3.4%	17.83
Crane Operator	16.95	3.4%	17.53
Equipment Operator	16.07	3.4%	16.62
Auto Mechanics	16.79	3.4%	17.36
Diesel Mechanic	17.01	3.4%	17.59
Crane Mechanic	18.91	3.4%	19.55
Riggers	16.92	3.4%	17.50
Electrician	17.49	3.4%	18.08
Cargo Checkers	15.52	3.4%	16.05
Security Guard	17.22	3.4%	17.81
Carpenters	17.28	3.4%	17.87
Plumbers	17.28	3.4%	17.87
Painters	15.38	3.4%	15.90
Preventive Maint. Mechanic	17.28	3.4%	17.87
Welders	18.38	3.4%	19.00
Clerks	12.32	3.4%	12.74
<u>HD DIFFERENTIAL</u>			
Stevedoring	27.34	3.4%	28.27
Crane Operator	26.87	3.4%	27.78
Equipment Operator	25.45	3.4%	26.32
Auto Mechanics	26.61	3.4%	27.51
Diesel Mechanic	26.94	3.4%	27.86
Crane Mechanic	29.96	3.4%	30.98
Riggers	26.82	3.4%	27.73
Electrician	27.72	3.4%	28.66
Cargo Checkers	24.59	3.4%	25.43
Security Guard	27.25	3.4%	28.18
Carpenters	27.39	3.4%	28.32
Plumbers	27.39	3.4%	28.32
Painters	24.35	3.4%	25.18
Preventive Maint. Mechanic	27.39	3.4%	28.32
Welders	29.13	3.4%	30.12
Clerks	19.51	3.4%	20.17
<u>NIGHT DIFFERENTIAL</u>			
Stevedoring	2.75	3.4%	2.84
Crane Operator	2.71	3.4%	2.80
Equipment Operator	2.58	3.4%	2.67
Auto Mechanics	2.70	3.4%	2.79
Diesel Mechanic	2.71	3.4%	2.80
Crane Mechanic	3.01	3.4%	3.11
Riggers	2.71	3.4%	2.80
Electrician	2.79	3.4%	2.88
Cargo Checkers	2.48	3.4%	2.56

**PORT AUTHORITY OF GUAM
TARIFF RATE TABLE**

<u>CHARGE DESCRIPTION</u>	<u>CHARGE RATE</u>	<u>% INCREASE</u>	<u>PROPOSED RATE</u>
Security Guard	2.74	3.4%	2.83
Carpenters	2.75	3.4%	2.84
Plumbers	2.75	3.4%	2.84
Painters	2.46	3.4%	2.54
Preventive Maint. Mechanic	2.75	3.4%	2.84
Welders	2.92	3.4%	3.02
Clerks	1.98	3.4%	2.05
PIPELINE EASEMENT LEASE RATES			
a. Within Existing Right of Way			25% of Fair Market Rent
b. Not Within the Right of Way			50% of Fair Market Rent



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

In the Matter of:

GTA Docket 10-01

Joint Petition of GTA Telecom LLC and
Pacific Data Systems Inc. for approval of
the Amendment of the Interconnection
Agreement pursuant to Section 252 of the
Telecommunications Act of 1996

ORDER APPROVING AMENDMENT TO INTERCONNECTION AGREEMENT

Findings

On January 26, 2010, GTA Telecom LLC [GTA] and Pacific Data Systems Inc. [PDS] filed a joint petition with the Guam Public Utilities Commission [PUC] for approval of an amendment to their Interconnection Agreement, pursuant to Section 252 of the Telecommunications Act of 1996. ¹ The Commission originally approved the Interconnection Agreement between GTA and PDS by Order dated September 18, 2006. ² In their present Petition, the parties request that the PUC approve a specific Amendment to the Interconnection Agreement attached as Exhibit "A" to the Petition.

The Amendment requires that GTA provide PDS with "Dedicated Transport unbundled from other Network Elements at the rate set forth in the Pricing Attachment". Subject to certain terms and conditions, the Amendment also grants PDS the right under applicable law "to convert such transport to unbundled dedicated transport", upon proper notice to GTA. ³

PUC Legal Counsel has filed a Report herein recommending that the Commission approve the Petition of the Parties. The PUC adopts the recommendation of Counsel, and finds that the amendment proposed by GTA and PDS does not violate the standards set forth in 47 USC §252[e][2][A]. The Amendment offers a Dedicated Transport Service to PDS, which service is available to other parties on the same pricing terms and conditions. The Amendment does not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. The Amendment is consistent with the public interest, convenience and necessity. It is in

¹ GTA & PDS Petition for Approval of the 2nd Amendment to the Interconnection Agreement, GTA Docket 10-01, filed January 26, 2010.

² PUC Order Approving Interconnection Agreement, Docket 05-11, issued September 18, 2006.

³ Exhibit "A" to GTA & PDS Petition for Approval of the 2nd Amendment to the Interconnection Agreement.

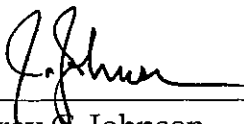
the public interest to provide the people of Guam with modern, innovative, accessible, and affordable telecommunications services and products. ⁴

Order

Based upon the foregoing, the Guam Public Utilities Commission **orders** that:

1. Amendment 2 to the Interconnection Agreement between GTA Telecom LLC and Pacific Data Systems Inc., as filed with their January 26, 2010 Petition, is approved.
2. In the event that the parties revise, modify or further amend their Interconnection Agreement, as approved herein, the revised, modified or amended Interconnection Agreement shall be submitted to PUC for approval pursuant to 47 USC §252[e][1] prior to taking effect.
3. The 2nd Amendment as approved herein shall terminate not later than September 26, 2010.
4. The Amendment is approved as an "Interim" Amendment. PUC reserves the jurisdiction and authority to enforce the Amendment and/or the Interconnection Agreement, to issue appropriate orders with regard thereto, and to hear and resolve complaints with respect to the Amendment or the Interconnection Agreement pursuant to PUC's existing authority.
5. GTA and PDS are ordered and directed to each pay one half of the PUC's regulatory expenses and fees in this docket.

Dated this 25th day of February, 2010.



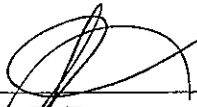
Jeffrey C. Johnson
Chairman




Joseph M. McDonald
Commissioner

⁴ See Guam Telecommunications Act of 2004, 12 GCA §12101(2).


PUC Order
GTA Docket 10-01
GTA/PDS Joint Petition
for Approval of Amendment of IA
February 23, 2010



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner

**Before the
GUAM PUBLIC UTILITIES COMMISSION
Hagatña, Guam 96910**



In the Matter of)

Joint Petition of GTA TeleCom, LLC and)
Pacific Data Systems for approval of the)
Amendment of the Interconnection)
Agreement pursuant to Section 252 of the)
Telecommunications Act of 1996)

Docket No. 10-01

**PETITION FOR APPROVAL OF THE 2ND AMENDMENT TO THE
INTERCONNECTION AGREEMENT FOR THE TERRITORY OF GUAM UNDER
SECTIONS 251 AND 252 OF THE TELECOMMUNICATIONS ACT OF 1996**

GTA Telecom, LLC (“GTA”) and Pacific Data Systems (collectively referred to as the (“Parties”)), hereby petition the Guam Public Utilities Commission (“GPUC” or “Commission”) for approval of the second Amendment of the Interconnection Agreement for the Territory of Guam attached hereto as Attachment A (the “Amendment”).

The Parties submit the Agreement for approval in accordance with the terms of Section 252(e) of the Telecommunications Act of 1996 (the “Act”). The Parties request that the GPUC approve the Agreement in accordance with the requirements of Section 252(e) of the Act by determining that the grounds for rejection of such Agreement set forth in Section(s) 252 (e)(2)(A)(i) and 252(e)(2)(A)(ii) of the Act are not applicable to the Agreement. The Parties assert that the Agreement does not discriminate against any telecommunications carrier not a party to the Agreement. The Parties also assert that the implementation of the Agreement is consistent with the public interest, convenience, and necessity. The implementation of the Agreement does not violate any requirement of the Commission.

The Parties respectfully request that the Commission approve the Agreement consistent with the intent of the Act.

Dated this 26 Day of January, 2010

By: 

Eric N. Votaw
Vice President, Regulatory
624 North Marine Corps Drive
Tamuning, Guam 96913
(671) 644-0011

Attachment A

**AMENDMENT
to the
INTERCONNECTION AGREEMENT
between
GTA Telecom, LLC and Pacific Data Systems**

This Amendment (the "Amendment") is made by and between GTA Telecom, LLC ("GTA"), a Wisconsin corporation with offices at 624 N. Marine Corps Drive Tamuning, GU 96913, and Pacific Data Systems, a corporation with offices at 185 Ilipog Drive, HBC Bldg. Suite 204A Tamuning, GU 96913 ("PDS"), and shall be deemed effective January 12, 2010 (the "Effective Date"). GTA and PDS are hereinafter referred to collectively as the "Parties" and individually as a "Party". This Amendment covers services in GTA's service territory in the territory of Guam (the "Territory").

WITNESSETH:

WHEREAS, pursuant to an interconnection agreement signed by the Parties dated September 26, 2006 ("Agreement"); and

WHEREAS, the Parties wish to amend the Agreement to set forth terms for the provisioning by GTA to PDS for the use and purchase of Interoffice Transmission Facilities (IOF); and

WHEREAS, the Parties agree that the current interconnection agreement has expired, however it remains in force and its terms may be modified until a new agreement is entered or it is terminated;

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth herein, the Parties agree as follows: Amendments to the Agreement. The Parties hereby amend the Agreement by adding the provisions set forth in this Network Elements Attachment Section 11.

- 11.1 Subject to the conditions set forth in Section 1 of the Network Elements Attachment, where facilities are available, at PDS's request, GTA shall provide PDS with Dedicated Transport unbundled from other Network Elements at the rates set forth in the Pricing Attachment. GTA shall provide PDS with such Dedicated Transport in accordance with, but only to the extent required by, the Federal Unbundling Rules. GTA shall provide PDS with such IOF in accordance with, but only to the extent required by, Applicable Law. GTA will not install new electronics, and GTA will not build new facilities.
- 11.2 If and, to the extent that, PDS has purchased (or purchases) transport from GTA under a GTA Tariff or otherwise, and PDS has a right under Applicable Law to convert (and wishes to convert) such transport to unbundled Dedicated Transport

under this Agreement, it shall give GTA written notice of such request (including, without limitation, through submission of ASRs if GTA so requests) and provide to GTA all information (including, without limitation, a listing of the specific circuits in question) that GTA reasonably requires to effectuate such conversion. In the case of any such conversion, PDS shall pay any and all conversion charges (e.g., non-recurring charges), as well as any and all termination liabilities, minimum service period charges and like charges in accordance with GTA's applicable tariffs.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed as of the Effective Date of this Amendment.

GTA Telecom, LLC

By: 

Printed: Daniel Tydingco

Title: Executive Vice President Legal
Affairs

Pacific Data Systems

By: 

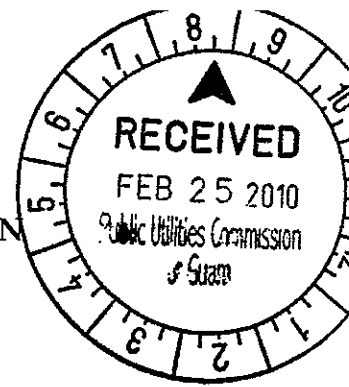
Printed: John Day

Title: President

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:
PACIFIC DATA SYSTEMS, INC.
REQUEST FOR RULEMAKING

PDS DOCKET 09-02



**ORDER AMENDING RULE 1.b.iii OF THE RULES GOVERNING
REGULATORY FEES FOR TELECOMMUNICATIONS COMPANIES**

On September 4, 2009, Pacific Data Systems, Inc. ["PDS"] submitted a request that the Guam Public Utilities Commission ["PUC"] undertake a Rule Making Proceeding to adopt an amendment to the Commission's Rules Governing Regulatory Fees for Telecommunication Companies.¹ At its Special Meeting of September 30, 2009, the Commission authorized the institution of a docket to investigate the propriety of a rule change whereby the Commission would have the discretion to decide which party should bear regulatory fees and costs in a proceeding.²

The PUC Counsel submitted two Reports herein which recommend that the Commission adopt an amendment to Rule 1.b.iii that would provide for the allocation of PUC's regulatory expenses in regulatory proceedings, including dispute resolution under Rule 4 of the Interconnection Implementation Rules, against such party or parties as the Commission deems appropriate.³ Public notice of the proposed amended rule and an invitation to file comments were published in the Pacific Daily News on January 13, 2010. In addition, all parties and interested members of the public were provided with the opportunity to give public comment at the PUC meeting of January 29, 2010. Both GTA and PDS availed themselves of the opportunity to file written comments and to present oral testimony regarding the proposed amended rule on January 29, 2010.

After careful review of the amended rule proposed by PUC Counsel in his January 12, 2010 and February 25, 2010 Reports, and the comments filed by GTA and PDS, and for good cause shown, on motion duly made, seconded and unanimously carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. Amended Rule 1.b.iii, in the form attached to this Order, is approved.
2. PUC adopts the analysis, reasoning and recommendations set forth in the aforementioned PUC Counsel Reports.

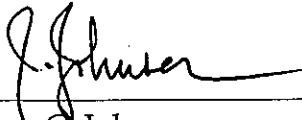
¹ Letter from Robert J. Maloney, Chairman & CEO of PDS, to Jeffrey C. Johnson, Chairman PUC, dated September 4, 2009.

² Minutes of Special Meeting of September 30, 2009, p. 4.

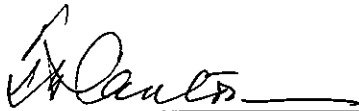
³ PUC Legal Counsel Report and PUC Supplemental Counsel Report, PDS Docket 09-02, filed January 12, 2010 and February 25, 2010 respectively.

3. PDS and GTA should equally share the regulatory expenses which the PUC incurred in this proceeding.

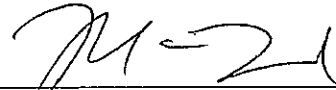
Dated this 25th day of February 25, 2010.



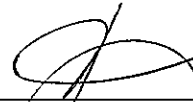
Jeffrey C. Johnson
Chairman



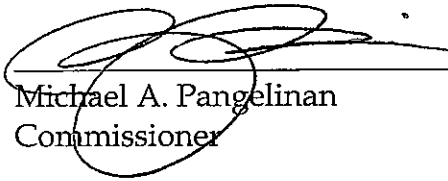
Filomena M. Cantoria
Commissioner



Joseph M. McDonald
Commissioner



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner

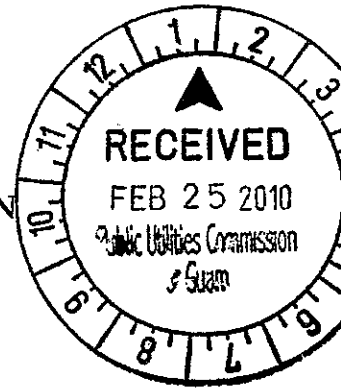
PROPOSED AMENDED RULE 1.b.iii (RULES GOVERNING REGULATORY FEES FOR TELECOMMUNICATIONS COMPANIES).

"From time to time, PUC will conduct regulatory proceedings, including dispute resolution under Rule 4 of the Interconnection Implementation Rules, which involve one or more carriers as parties. PUC's regulatory expenses in such proceedings shall be allocated against such party or parties as the Commission deems appropriate."

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:
PACIFIC DATA SYSTEMS, INC.
REQUEST FOR RULEMAKING

PDS DOCKET 09-02



SUPPLEMENTAL PUC LEGAL COUNSEL REPORT

Procedural Background

On January 12, 2010, PUC Counsel submitted his Report herein, which recommended that the Commission adopt a rule which would enable the Commission to allocate PUC regulatory expenses in a proceeding against such party or parties as the Commission deems appropriate.¹ This Supplemental Report traces the developments in this docket since that time. The present rule, Section 1.b.iii of the Commission's Rules Governing Regulatory Fees for Telecommunications Companies, only allows for "equal" allocation of the PUC's regulatory expenses in regulatory proceedings.²

On January 13, 2010, the PUC published a Notice of Proposed Rule Making in the Pacific Daily News.³ The Notice advised interested parties and the public that written comments would be in concerning the proposed rule, which should be submitted to the PUC on or before January 26, 2010. In addition, the Commission advised that it would afford any interested person or party an opportunity to present comment at the PUC business meeting held on January 29, 2010.⁴

On January 26, 2010, GTA submitted additional written comments, disagreeing with the rule change recommended by PUC Counsel.⁵ PDS also submitted written comments in support of the proposed rule change.⁶

Public Comment

At the PUC meeting of January 29, 2010, there was public comment from the legal counsel for GTA and PDS. For GTA, its counsel Terry Brooks raised concerns that present law requires the PUC to allocate administrative costs and regulatory fees "on a pro rata basis." He also indicated that if such a rule were implemented, there should be standards to determine how and when fees would be allocated in a particular case.

¹ PUC Legal Counsel Report PDS Docket 09-02, filed January 12, 2010, p. 5.

² Id. at p. 1.

³ Notice of Proposed Rule Making, PDS Docket 09-02, dated January 13, 2010.

⁴ Id. at p. 1.

⁵ GTA Comments on Legal Counsel Report, PDS Docket 09-02, filed January 26, 2010.

⁶ See letter from Attorney Bill Mann to Chairman Johnson, PDS Docket 09-02, dated January 27, 2010.

Attorney for PDS Bill Mann stated that this rule change has already been recommended by Georgetown Consulting Group and PUC Counsel. In his opinion, arbitrators have to exercise discretion all the time in arbitration proceedings. PDS recommends that the Commission adopt the rule change.

Analysis

PUC Counsel does not concur with the arguments of GTA that the PUC lacks the authority to adopt the proposed rule. In no manner does 12 GCA §12024 require the PUC to apportion regulatory costs and expenses in a regulatory proceeding on a “pro rata” basis. 12 GCA §12024(b) refers solely to the “operating expenses” of the Commission, also known as the administrative assessment. The “operating expenses”, or administrative fees, of the Commission are assessed on a pro rata basis against telecom companies at the beginning of each fiscal year.⁷ However, the statute doesn’t require “pro rata” allocation of regulatory expenses or fees in a regulatory proceeding.

Technically, 12 GCA §12024(b) applies to assessments against each “public utility.” Telecom companies are not specifically within the definition of “utility” contained in the Act.⁸ The assessments and fees charged to telecommunications companies are set forth in the Rules Governing Regulatory Fees for Telecommunications Companies.⁹ Therein, the share of the administrative expenses previously borne by Guam Telephone Authority are now allocated among the carriers in accordance with the methodology set forth therein.¹⁰ When the PUC itself undertakes regulatory activities, regulatory expenses are allocated among the carriers in the manner described in Rule 2.b.¹¹ However, when the PUC conducts regulatory proceedings which involve one or more carriers as parties, fees are allocated pursuant to Rule 1.b.iii (the Rule which is the subject of the amendment herein).¹²

Even if we assume that 12 GCA §12024(b) applies to telecom companies, that statute expressly provides that the Commission may order additional payments against “any special public utilities regulated hereunder in rate cases or other complex matters which require the Commission to secure the review of technical or professional individuals or firms for preparation and hearing of such matters and proceedings.”¹³ In other words,

⁷ See Rule 1.b of the Rules Governing Regulatory Fees for Telecommunications Companies, Docket 05-01, adopted July 27, 2005.

⁸ 12 GCA §12000.

⁹ Rules Governing Regulatory Fees for Telecommunications Companies, Docket 05-01, adopted July 27, 2005.

¹⁰ *Id.*, at Rules 1.b.1 and 2.a.

¹¹ *Id.*, Rules 1.b.ii & 2.b.

¹² Rule 1.b.iii.

¹³ 12 GCA §12024(b).

this statute is express authority for the proposition that the Commission may impose regulatory fees against any utility.¹⁴

Furthermore, the Commission has broad rule making authority pursuant to 12 GCA §12104(a),(b),& (c). The Commission has authority and jurisdiction to implement and enforce the provisions of the Telecommunications Act of 2004 through rule making; the only limitation is that the Commission “shall make no rule that is contrary to the provisions of this Act.”¹⁵ The proposed amended rule is not contrary to the Act.

GTA raises extensive argument concerning the provisions of 12 GCA §12107(d) and somehow infers that such provision only allows an equal allocation of regulatory fees and expenses; such argument is based upon the language that §12107(d) allows the Commission to impose “attorneys fees” against a party and penalties if the Commission determines, after notice and opportunity for hearing, that a party has failed to act in good faith. However, such provision is inapplicable to any issue of whether the Commission has the authority to determine which party or parties should bear regulatory fees and expenses. Section 12107(d) simply does not address the issue of which party should bear the regulatory expenses and costs of the PUC in a regulatory proceeding, either in a proceeding pursuant to 12 GCA §12107(a) or under Rule 4 of the Interconnection Implementation Rules.

For the foregoing reasons, PUC Counsel continues to support the recommendations set forth in his initial Report. The proposed rule change should be adopted. There are clearly cases in which one party should bear responsibility for the regulatory fees and expenses in a proceeding. If a party has violated Commission rules or orders, provisions of an Interconnection Agreement, acted in bad faith or otherwise necessitated the filing of a complaint by another party through its conduct, the Administrative Law Judge and the Commission should have the discretion to require the party whose conduct necessitated the filing of such proceedings to bear the cost of the regulatory expenses.

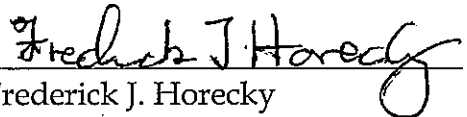
The concept that an Arbitral Tribunal should have the discretion to apportion fees, expenses and compensation in such amounts as the arbitrator determines is appropriate exists in the proceedings of many such arbitral entities. In disputes arising under the Interconnection Implementation Rules the PUC essentially does sit as an arbitrator. The existence of a rule authorizing the PUC to allocate regulatory expenses as it deems appropriate may also discourage parties from filing unnecessary proceedings or proceedings with little likelihood of success. The allocation of costs is a useful tool to encourage efficient behavior and to discourage unreasonable behavior.

¹⁴ 12 GCA §12024(a)&(b).

¹⁵ 12 GCA §12104(b).

The PUC should adopt the proposed amended Rule 1.b.iii of the Rules Governing Regulatory Fees for Telecommunications Companies attached hereto as Exhibit "A". Responsibility for the payment of regulatory fees and expenses in proceedings where telecom companies appear as parties should be determined by the Commission on a case by case basis.

Dated this 25th day of February, 2010.



Frederick J. Horecky
PUC Counsel
Guam Public Utilities Commission

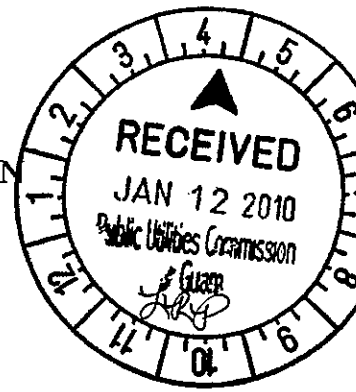
PROPOSED AMENDED RULE 1.b.iii (RULES GOVERNING REGULATORY FEES FOR TELECOMMUNICATIONS COMPANIES).

“From time to time, PUC will conduct regulatory proceedings, including dispute resolution under Rule 4 of the Interconnection Implementation Rules, which involve one or more carriers as parties. PUC’s regulatory expenses in such proceedings shall be allocated against such party or parties as the Commission deems appropriate.”

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:
PACIFIC DATA SYSTEMS, INC.
REQUEST FOR RULEMAKING

PDS DOCKET 09-02



PUC LEGAL COUNSEL REPORT

Background and the Course of the Proceedings

On September 4, 2009, Pacific Data Systems ["PDS"] submitted a request that the Guam Public Utilities Commission ["PUC"] undertake a Rulemaking Proceeding to adopt an amendment to the Commission's Rules Governing Regulatory Fees for Telecommunications Companies [hereinafter the "Rules"].¹ Therein, PDS indicated that Section 1(b) (iii) of the Commission's Rules only allows for "equal" allocation of the PUC's regulatory expenses in regulatory proceedings. Thus, in every such proceeding, the existing Rule requires that the parties thereto share the PUC regulatory expenses on an equal basis.

PDS submits that "the greater burden of covering the regulatory expenses should rightfully be borne by the party ultimately found at fault in course of adjudicating Complaint involving an infraction of the Commission's Rules."² According to PDS, if one party's conduct in violating rules or orders of the Commission necessitated the filing of a complaint by another party, Commission expenses in the proceeding should be assessed against the party in violation of the Commission's rules or orders.³ Furthermore, PDS submits that, if a losing party in a docket requests reconsideration or rehearing of the matter by the GPUC, then that party should bear all GPUC costs associated with its request.⁴

In Docket 08-11, Arbitration of Interconnection Disputes between Pacific Data Systems, Inc. and GTA Telecomm LLC, the Commission Regulatory Consultant, Georgetown Consulting Group, Inc., recognized that Section 1(b)(iii) of the PUC's Rules Governing Regulatory Fees for Telecommunications Companies specifically requires that regulatory expenses be allocated equally among the parties. GCG questioned whether such a result is equitable in all proceedings under Rule 4 of the Interconnection Implementation Rules ["IIRs"].⁵ Furthermore, in his Arbitration report issued in Docket

¹ Letter from Robert J. Maloney, Chairman & CEO of PDS, to Jeffrey C. Johnson, Chairman PUC, dated September 4, 2009.

² Id. at p. 1.

³ Id.

⁴ Id.

⁵ See Letter from Jamshed K. Madan to Harry Boertzel, Esq., ALJ, dated September 23, 2008; in accordance with Rule 4 of the Interconnection Implementation Rules in Connection with Interconnection Agreements

08-11 on October 22, 2008, ALJ Boertzel indicated his agreement with the recommendation of GCG that a rulemaking proceeding should be commenced to examine whether PUC should maintain the ability to make an equitable assignment of regulatory expenses between parties in IIR §4 proceedings.⁶

On September 30, 2009, Legal Counsel reported to the PUC at its Special Meeting that PDS has requested a rule change whereby the Commission would be able, in its discretion, to decide which party should bear the regulatory expenses and costs in a proceeding. Counsel requested that the PUC authorize the undertaking of a proceeding to consider such a rule change. The Commission, through motion duly made and carried, approved the institution of a docket to investigate the propriety of such a rule change.⁷ On October 5, 2009, Counsel advised incumbent local exchange carrier, GTA, and the other major local exchange carriers, that the PUC had approved commencement of a rulemaking proceeding in consideration of the apportionment of regulatory expenses proceedings. Counsel advised the parties of the request of PDS for such rule change and invited such parties to participate in the proceeding. Counsel further requested that interested carriers comment on certain issues, including whether there was a need for the rule change proposed by PDS, proceedings to which an equitable assignment or apportionment of regulatory expenses should apply and any specific language that the parties suggested for the rule change.⁸

The Necessity and Justification for Rulemaking

Only one party (GTA) through its General Counsel Terrence M. Brooks, submitted a comment on the request for rulemaking by PDS in Docket 09-02.⁹ Therein, GTA took the position that this docket and rulemaking are unnecessary. In GTA's opinion, Guam law sets forth the rules for assessment of costs and fees in proceedings before the PUC. According to GTA, both ALJ Boertzel and PUC Consultant GCG determined that 12 GCA §12107(d) requires that the costs of PUC proceedings be borne equally by the parties unless there is a finding of bad faith. GTA believe that the PUC cannot, by a rulemaking proceeding, amend a section of the Guam Code duly enacted into law.¹⁰

Legal Counsel does not concur with the position of GTA concerning the necessity for this rulemaking proceeding. Initially, it is evident that 12 GCA §12107(d) has no

between GTA and Competing Local Exchange Carriers and CMRS Operators, the Administrative Law Judge of the PUC acts as a mediator and/or arbitrator in such proceeding.

⁶ Arbitration Report issued by ALJ Boertzel in Docket 08-11 on October 22, 2008, pgs. 5-6.

⁷ Minutes of Special Meeting of September 30, 2009, par. 6.

⁸ Email from PUC Legal Counsel to Robert J. Maloney, John Day, Eric Votaw, Craig Thompson, John Wu, and Steve Carrara, dated October 5, 2009, concerning "PDS Docket 09-02, Request for GPUC Rule Change".

⁹ Letter from Terrence M. Brooks, General Counsel for GTA, to Fred Horecky, Esq., PUC Counsel, in PDS Docket 09-02, dated October 30, 2009.

¹⁰ Id.

applicability to the allocation of PUC expenses or costs to a proceeding under Rule 4 of the Interconnection Implementation Rules. Section 12107(d) only applies to petitions or complaints filed pursuant to 12 GCA §12107(a), which concern a violation of the Telecommunications Act, rules, regulations or orders of the Commission. In its letter dated September 23, 2008, GCG determined that Section 12107(d) is not applicable to Rule 4 proceedings: "...Section 12107(d) only concerns that failure to act in good faith in proceeding concerning a violation of law – not a dispute resolution proceeding for an ICA covered by Rule 4 of the Interconnection Implementation Rules." ¹¹

Furthermore, a close reading of Section 12107(d) indicates that it has no applicability to the issue of which party bears that regulatory expenses or costs of the PUC in regulatory proceedings. The section specifically indicates that "under certain circumstances the Commission may order a party to pay damages to the complainant, and may also impose attorneys fees and penalties against a party if the Commission determines, after notice and opportunity for hearing, that a party has failed to act in good faith." ¹² Section 12107(d) does not address the issue of which party should bear the regulatory expenses and costs of the PUC in a regulatory proceeding, either in a proceeding pursuant to 12 GCA §12107(a) or under Rule 4 of the Interconnection Implementation Rules. ¹³

The Authority of the Commission to apportion its Expenses

Counsel submits that the PUC has broad authority and discretion to determine the rules for the apportionment of its expenses among telecommunications companies. 12 GCA §12104(c)(7), relative to jurisdiction and authority of the Commission, states as follows:

"Without limiting the scope of subsection (a), the Commission shall have the authority and jurisdiction to: ...
(7) Adopt reasonable rules to apportion the Commission's necessary operating expenses among telecommunications companies for the regulation of such companies and the administration of this article..."

The Commission also has the authority to establish by rule that each regulated public utility shall be assessed the costs incurred by the Commission for professional services

¹¹ Letter from Jamshed K. Madan to Harry Boertzel, Esq., ALJ, in Docket 08-01, dated September 23, 2008.

¹² 12 GCA §12107(d).

¹³ ALJ Mair has indicated that the time limits and remedies available in proceedings under Rule 4 and Section 12107 are different, and are not governed by the same rules and procedures. See Order in PDS Docket 09-03, filed December 15, 2009, at pgs. 3-4.

rendered by the attorney, and for the Commission's expense to procure the review of technical or professional individuals or firms.¹⁴

Legal Counsel submits that the current rule requiring equal allocation of PUC expenses for telecommunications companies in a regulatory proceeding should be amended to allow for an allocation by the Commission in such manner as it deems appropriate. It is not fair or equitable that PUC regulatory expenses must be shared equally by the parties in every proceeding. As suggested by PDS, if one party's violation of Commission rules, or orders, or the provisions of a Interconnection Agreement, necessitated the filing of a complaint, the Administrative Law Judge and the Commission should have the discretion to require the party whose conduct necessitated the filing of such proceedings to bear the cost of the regulatory expenses. It would be reasonable for the Commission to assess its regulatory expenses against a party whose conduct has been found to be in violation of Commission rules, orders or the provisions of an Interconnection Agreement.

Similarly, where a losing party in a regulatory proceeding requests reconsideration or rehearing of the matter by the PUC, and does not prevail upon such request, such party should bear the PUC regulatory expenses associated with its request.

The Discretion of Arbitral Tribunals to apportion Expenses

It is common in articles or rules of various arbitration proceedings that costs can be awarded by an arbitral tribunal "in such a manner as it considers appropriate." The allocation of costs can provide a useful tool to encourage efficient behavior and discourages unreasonable behavior.¹⁵ In ICC Arbitration, the Arbitral Tribunal fixes the costs of the arbitration in the award and decides which of the parties should bear them or in what proportion should be borne by the parties.¹⁶ Some arbitration rules provide that the arbitration fees should be borne by the party which loses the dispute.¹⁷ The Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association provide that, in the final award, the arbitrator may apportion the fees, expenses and compensation among the parties "in such amounts as the arbitrator determines is appropriate."¹⁸ Arbitration rules may provide that the arbitrator allocates the costs of the arbitration in the award of "costs", which includes

¹⁴ See 12 GCA §12002(b) and §12024(b); the Commission may exercise the same powers in the aforementioned sections with respect to telecommunications companies pursuant to 12 GCA §12104(a).

¹⁵ Techniques for Controlling Time and Costs in Arbitration: Report from the International Chamber of Commerce Arbitration, ICC Publication 843, par. 85.

¹⁶ ICC Article 31(3)

¹⁷ Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic (Principles Governing the Costs of Arbitral Proceedings in Domestic Disputes). Section 5a, Allocation of the Arbitration Fee, provides "...the Arbitration Fee shall as a rule be borne by the party which loses the dispute...".

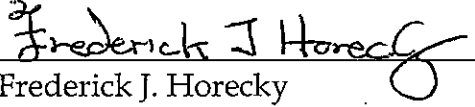
¹⁸ AAA Commercial Arbitration Rules and Mediation Procedures, R-43(c), Scope of Award.

the fees of the arbitrator.¹⁹ The American Arbitration Association's Rules generally provide that arbitrator's compensation and related administrative fees are subject to allocation by the arbitrator in the award.²⁰

There is substantial authority to allow the PUC Administrative Law Judge and the Commission to allocate PUC expenses to the parties in an arbitration or other regulatory proceeding, both in the Guam Telecommunications Act and precedent from other types of arbitration proceedings. The potential risk of being assessed the Commission's regulatory expenses could encourage parties to avoid conduct which may be in violation of law or PUC rules and orders. The existence of a rule authorizing the PUC to allocate regulatory expenses as it deems appropriate may also discourage parties from filing unnecessary proceedings or proceedings with little likelihood of success.

Recommendation of Legal Counsel

Legal Counsel hereby proposes the following Amended Section 1(b)(iii) to the PUC Rules Governing Regulatory Fees for Telecommunications Companies: "From time to time, PUC will conduct regulatory proceedings, including dispute resolution under Rule 4 of the Interconnection Implementation Rules, which involve one or more carriers as parties. PUC's regulatory expenses in such proceedings shall be allocated against such party or parties as the Commission deems appropriate." The proposed rule should apply to both proceedings under Rule 4 of the Interconnection Implementation Rules as well as complaints filed pursuant to 12 GCA §12107(a). Counsel recommends that the PUC adopt such rule after a duly noticed public hearing on this matter.

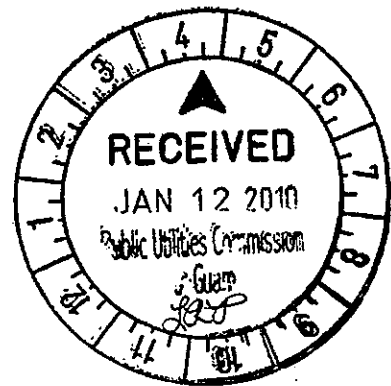

Frederick J. Horecky
Legal Counsel
Guam Public Utilities Commission

¹⁹ Independent Film and Television Alliance Arbitration: Rules for International Arbitration, Rule 14 (June 1, 2009).

²⁰ Virginia Lawyer, April 2002: Matthew B. Kirsner, "Arbitration: Which Party Should Bear the Cost?" p. 25.

PROPOSED AMENDED RULE 1.b.iii (RULES GOVERNING REGULATORY FEES
FOR TELECOMMUNICATIONS COMPANIES).

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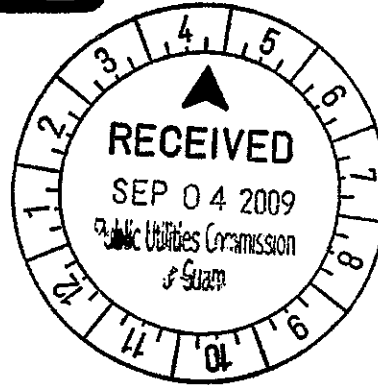




September 4, 2009

via email

Mr. Jeffrey C. Johnson
Chairman - Guam Public Utilities Commission
Suite 207 GCIC Building
407 West Soledad Avenue
Hagatna, Guam 96910



Dear Chairman Johnson:

Throughout the long process of adjudicating Docket 08-11 Pacific Data Systems has learned that unfortunately it takes much more than simply wishing and hoping to insure that the Incumbent Local Exchange Carrier will fully cooperate and meet its obligations to assist an interconnecting carrier in its efforts to provide competitive service to the rate payers of Guam. As shown by the record in this Docket, absent a proactive and ongoing enforcement effort by the Commission, the Commission's Rules can become subject to abuse and be unreasonably exploited by a carrier to prolong and unrightfully delay service delivery to another competing carrier. Such an outcome is clearly not in the public interest. Neither is such an outcome in keeping with the intent of the Guam Telecom Act of 2004 which provides the rate payers of Guam with the promise of competitive service and obliges the Guam Public Utilities Commission to ensure delivery of that promise.

The Guam Public Utilities Commission has developed an extensive framework of Rules governing the behavior of the telecommunications carriers who are subject to its jurisdiction. Historically however, the Commission has chosen not to use the enforcement powers provided to it under law to insure that its Rules are fully complied with by the carriers. Rather, as was the case in Docket 08-11, the Commission's involvement has been much more reactionary with the Commission responding to infractions of its Rules only after the filing of a formal Complaint by an aggrieved Party.

If it must, Pacific Data Systems is prepared to go forward operating on the assumption that it will have to seek enforcement of the Commission's Rules by way of the Complaint process. However, Pacific Data Systems believes that a prevailing Complainant in any Docket seeking the enforcement of Commission Rules or the Guam Telecom Act, should not necessarily have to bear the regulatory expense burden of this process. Currently, the Commission's Rules (ref: GPUC Rules Governing Regulatory Fees for Telecommunications Companies Section 1(b)(iii)) allow for only an equal distribution of regulatory expenses between the parties in such cases. Pacific Data Systems believes the greater burden of covering the regulatory expenses should rightfully be borne by the Party ultimately found at fault in course of adjudicating a Complaint involving an infraction of the Commission's Rules. We also feel that if the losing party in a docket requests reconsideration or rehearing of the matter by the GPUC, then that party should bear all GPUC costs associated with their request.

Pacific Data Systems

185 Ilipog Drive, HBC Suite 204A, Tamuning, GU 96913 Tel: (671) 648-4361 | Fax: (671) 390-0265 | www.pdsguam.com



Pacific Data Systems is reminded of a recommendation made by Georgetown Consulting Group and included by ALJ Boertzel in his October 21, 2008 Arbitration Report in Docket 08-11 that speaks directly to this issue. In his Arbitration Report ALJ Boertzel concluded from his experience as the original Arbitrator in Docket 08-11 that it would be beneficial for the Commission to undertake a Rule Making Proceeding to adopt an amendment to the Commission's Rules governing Regulatory Fees. The suggested amendment would allow for an "equitable allocation" of regulatory expenses between the parties involved in proceedings governed by Rule 4 of the Commission's Rules pertaining to implementation of Interconnection Agreements. For your reference, a highlighted copy of ALJ Boertzel's October 21, 2008 Arbitration Report and the related GCG comments are attached hereto.

Pacific Data Systems urges the Commission to act formally and adopt an amendment to its Rules along the very lines recommended by GCG and ALJ Boertzel. Doing so would be fair and it would make good sense. By establishing a clear risk of incurring a real dollar cost for such misbehavior, a Rule amendment such as that recommended by ALJ Boertzel will act as a deterrent to those carriers who, absent any such downside risk, might otherwise seek to thwart, undermine, break or circumvent the Commission's Rules governing the implementation of Interconnection Agreements.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. J. Maloney', is written over a large, loopy, handwritten 'PDS' that serves as a background for the signature.

Robert J. Maloney
Chairman & CEO
Pacific Data Systems

Xc: Fred Horecky – Counsel for GPUC

Attachments:

Extract from GCG memo of 09/23/08

Extract from ALJ Boertzel's Arbitration Report of 10/21/08

Pacific Data Systems

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Edward R. Margerison
Jean Dorrell

September 23, 2008

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

Re: Arbitration of Interconnection Disputes Between Pacific Data Systems, Inc.
("PDS") and GTA Telecom LLC ("GTA") – Docket 08-11

Dear Judge Boertzel:

As requested in your First Prehearing Conference Order dated September 10, 2008 in the above-referenced docket, this is Georgetown Consulting Group's comments on the following two issues submitted for dispute resolution:

- (1) What is the minimum technical standard applicable to dark fiber interoffice facilities provisioned under the Interconnection Agreement ("ICA") between PDS and GTA?
- (2) Does the Guam PUC have the authority within this arbitration to provide the relief sought in PDS complaint relief requests 3 and 6?

For purposes of these comments, our review has been limited to those items identified in Attachment A to the First Prehearing Conference Order. We have not yet had an opportunity to fully evaluate the legal positions of PDS and GTA with respect to these issues, which we assume will be presented in more detail by PDS and GTA contemporaneously with these comments. In this regard, we note that PDS appears to mix two concepts in its complaint – (a) interpretation and enforcement of the ICA, which is governed by Rule 4 of the Interconnection Implementation Rules;¹ and (b) an alleged violation of law, which is governed by 12 GCA §§12107 and 12108. However, since proceedings under Rule 4 and §§12107 and 12108 are not subject to the same procedures and since PDS has expressly indicated that its complaint was filed in accordance with Rule 4, we have assumed that this proceeding is limited to the scope of dispute resolution for interconnection agreements presented in Rule 4(a) and 4(b) of the Interconnection Implementation Rules.

¹ See Implementation Rules in Connection with Interconnection Agreements between GTA and Completion Local Exchange Carriers and CMRS Operators ("Interconnection Implementation Rules"), Rule 4(b).

3. An order requiring GTA to maintain Fiber Optic facility records and document policies regarding repair of DF IOF facilities that are in accordance with industry standards. A specific prohibition should be made against the use of mechanical splices for any duration that is not an unusual emergency and in any event for not longer than 2 days.

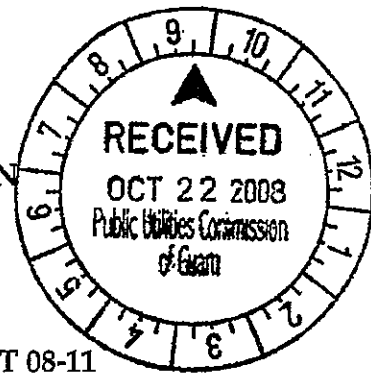
6. PDS requests the PUC order GTA to pay for all regulatory expenses involved in this proceeding, pay damages to PDS, in an amount to be proven at a later hearing; and that the PUC use its authority under Sections 12107(d) and 12108 of the Guam Telecommunications Act to assess penalties and damages against GTA for its bad faith and its egregious misconduct as evidenced by its multiple violations of the PDS-GTA ICA, PUC Interconnection Implementation Rules, PUC Minimum Technical Standard Rules, and the Telecom Act of 1996.

As an initial matter, we note that Rule 4(h)(6) of the Interconnection Implementation Rules specifically gives the arbitrator the authority to “award remedies or relief deemed necessary by the arbitrator to resolve a dispute subject to the procedures established under this rule.” In this regard, we believe the arbitrator’s award may include monetary damages, assuming such damages can be proven by PDS. However, we are concerned that the request for relief in paragraph 3 above may result in micro-management of GTA’s operations by the Guam PUC. At this time, and based solely on the pleadings to date, we do not believe PDS has demonstrated that such an order is necessary to resolve the dispute and ensure a “guaranteed good working condition” for dark fiber. We note, however, that such a request may be more appropriately addressed through a rulemaking proceeding – perhaps as an amendment to the Interconnection Implementation Rules.

In addition, we question whether all regulatory expenses in this proceeding could be allocated to GTA. We believe this proceeding falls within Section 1(b)(iii) of the Guam PUC’s Rules Governing Regulatory Fees for Telecommunications Companies, which addresses proceeding in which one or more carriers are parties – such as dispute proceedings. This rule specifically requires the regulatory expenses to be allocated equally among the parties, “unless otherwise ordered by PUC pursuant to 12 GCA 12107(d).” However, Section 12107(d) only concerns the failure to act in good faith in proceeding concerning a violation of law – not a dispute resolution proceeding for an ICA covered by Rule 4 of the Interconnection Implementation Rules. Therefore, the Guam PUC’s existing rules may require that the regulatory expenses be allocated equally in this proceeding. We question whether this result would be equitable in all proceedings under Rule 4 (without judging the instant proceeding) and therefore would encourage the Guam PUC to consider an amendment to its Rules Governing Regulatory Fees to expressly address Rule 4 proceedings.

Finally, we believe that the penalties and bad faith damages requested by PDS under 12 GCA 12107 and 12108 are outside the scope of this proceeding. As indicated, Sections 12107 and 12108 are limited to proceedings involving a violation of law, and we believe this proceeding is properly limited to the interpretation and enforcement of the ICA under Rule 4 of the Interconnection Implementation Rules. Moreover, proceedings under Rule 4 and Section 12107 and 12108 are subject to different procedures and timelines. As such, we believe any

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



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

DOCKET 08-11

ARBITRATION REPORT

Background

On August 25, 2008, Pacific Data Systems [PDS] filed a complaint with the Guam Public Utilities Commission [PUC], which requested that PUC arbitrate disputes between it and GTA Telecom LLC [GTA] pursuant to Rule 4[h] of the Interconnection Implementation Rules [IIR], which PUC adopted on August 13, 2007. The disputes arise under the interconnection agreement [ICA] between the parties, as approved by PUC on September 18, 2006. On September 4, 2008, GTA answered the complaint.

The core dispute between the parties centers on the scope and meaning of GTA's duty under section 8.2.8 of the ICA Network Elements Attachment to provide dark fiber loops, sub loops and interoffice facilities in "*guaranteed good working condition*". PDS asserts that seven dark fiber routes, which GTA has offered under the ICA¹, fail to meet this standard. PDS has refused to accept them. After paying GTA charges on these disputed facilities under protest, on or about April 2008, PDS refused to make further payments on them pursuant to ICA § 6.3, which provides that a party is relieved from the duty of paying disputed charges during the pendency of dispute resolution proceedings under ICA § 14. GTA disagrees with PDS's position that the seven dark fiber routes fail to meet applicable service standards².

¹ The seven IOF routes in dispute are: Agana-Talofofo; Piti-Agat; Merizo-Inarajan; Agat-Merizo; Inarajan-Talofofo; Agana-Ordot; Agana-Tumon; Dededo-Mangilao; and Astumbo-Dededo. In its August 25, 2008 complaint, PDS asserted that two additional IOF routes [Dededo CO-Mangilao CO and Astumbo CO - Dededo CO] also failed to meet ICA service standards. During the September 5, 2008 hearing, PDS advised that these two routes are now acceptable due to GTA repair efforts. Accordingly, PDS has agreed to accept these two routes and to recommence payment for these routes effective August 1, 2008. A dispute remains regarding prior unpaid billings for these two routes.

² During a September 5, 2008 hearing, GTA agreed that one of the seven IOF routes in dispute [Agana-Tumon] was defective and agreed to replace it. However, disputes have arisen regarding GTA replacement efforts, which leave this route still in dispute and unacceptable to PDS. .

should be measured with the industry standards, which Mr. Limtiaco was jointly tasked by GTA and PDS to use in his evaluation, which found that nine dark fiber routes failed to meet the standard.

2. Good Faith.

In this proceeding, both parties have accused the other of acting in bad faith. While the business relationship between the parties in both this docket and Docket 05-11 has reflected discord and an inability to resolve business disputes through a mutual spirit of good will, I do not find that either party's conduct has risen to the level of bad faith as defined in IIR § 5(c). This discord has needlessly consumed substantial energy, time and resources. The parties simply ignored the undersigned's proposal in his September 10, 2008 Conference Order that the presence of GTA's telecommunications counsel on-island for September regulatory proceedings might provide an opportunity to undertake an intensive facilitation to reach a global resolution of all current disputes arising from their business relationship. The undersigned continues to believe that this would be a sensible way to resolve the sixteen open ICA disputes between the parties and to stabilize their business relationship.

3. Remedies.

PDS's economic remedy for GTA's Service Failure to provide acceptable dark fiber is set forth in ICA § 25.2.⁸ The undersigned recommends that GTA be ordered to promptly comply with this section under the oversight of PUC's administrative law judge. PUC should also authorize and direct its administrative law judge to oversee enforcement proceedings under IIR §4 by which GTA would be required to either repair or replace the seven dark fiber routes at issue, consistent with the Limtiaco standards. The undersigned agrees with Georgetown's analysis in its September 23, 2008 filing that PDS's third request for relief [*maintenance of fiber repair records and prohibition of mechanical splices*] would constitute undesirable regulatory micro-management of the parties' business relationship.

The undersigned further agrees with Georgetown's analysis in its September 23, 2008 filing that PUC's July 27, 2005 *Rules Governing Regulatory Fees for Telecommunications Companies* is controlling on the question of who should bear the regulatory expense of this proceeding. Pursuant to Rule 1(b)(3) these expenses must be allocated equally between the parties. The undersigned further agrees with Georgetown's recommendation that a rulemaking proceeding

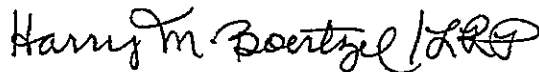
⁸ GTA has accepted PDS's 9/8/08 accounting of service fees, which PDS has paid on the disputed dark fiber routes [see section 3(b) of ALJ's 9/10/08 Conference Order].

should be commenced to examine whether PUC should maintain the ability to make an equitable assignment of regulatory expenses between parties in IIR § 4 proceedings.

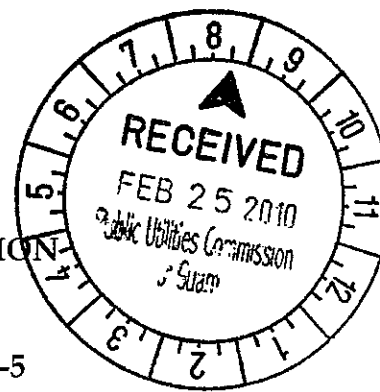
Finally, the undersigned concurs with Georgetown's analysis that penalties and bad faith damages requested by PDS under 12 GCA §§ 12107 and 12108 are outside the scope of this proceeding. Moreover, each party should be required to bear its own expenses in this proceeding.

This report is being respectfully submitted for PUC's consideration under IIR § 4(h)(9 & 10).

October 21, 2008.

A handwritten signature in cursive script, reading "Harry M. Boertzel / LRP".

Harry M. Boertzel
Administrative Law Judge



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: Request by the Guam)	Docket No. 05-5
Waterworks Authority for)	
Approval to Reprogram Bond)	
Proceeds for the Water Meter)	
Replacement, the Water Reservoir)	
Condition Assessment and)	
Groundwater Chlorination)	
Programs)	

ORDER

On February 3, 2010, the Guam Waterworks Authority [GWA] filed a Petition for Expedited Approval of Bond Reprogramming to Fund the Water Meter Replacement, the Water Reservoir Condition Assessment and Chlorination Programs. Therein, GWA requests that the PUC authorize it to reprogram and utilize \$3,720,000 in bond proceeds, to fund various capital improvement projects associated with its duties under the *Stipulated Order* in Federal District Court of Guam Civil Case No. 02-35.

On February 22, 2010, PUC Counsel submitted a Report which recommends that the February 3, 2010 Petition be approved. In its Petition, GWA has established that it is obligated to fund the Water Meter Replacement, the Water Reservoir Condition Assessment, and the Chlorination Programs under the *Stipulated Order*. GWA must expend funds to complete these programs, or it runs the risk of additional fines being issued by the United States Environmental Protection Agency.

On February 16, 2010, GWA filed with the PUC a copy of its Certification Letter SO 14 Water Meters, to the U.S. Environmental Protection Agency, along with status reports and recommendations concerning the Water Meter Replacement Program. GWA has determined upon a course of action to address the water meter program, and it should be authorized to utilize the necessary funds to achieve its objectives. GWA indicates that funds reallocated from the leak detection/water line replacement program will be replaced by ARRA funds.

After review of the above described record, for good cause shown and in furtherance of the authority of PUC's October 27, 2005 *Order Approving General Revenue Bonds* in Docket 05-10, the Commissioners **HEREBY ORDER THAT:**

1. GWA is authorized to transfer not to exceed \$3,720,000 in funds from the sources identified in Table 1 of GWA's February 3, 2010 Petition to provide the additional funding required for the projects identified therein:

ATTACHMENT "E"

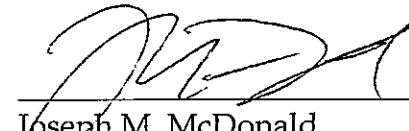
the Groundwater Disinfection, Water Reservoir Condition Assessment,
and Meter Replacement Program.

2. GWA must fully comply with its obligation to provide a report to the PUC in accordance with the FY09 Rate Decision issued in GWA Docket 09-03. GWA shall provide all such further materials required by the Rate Decision and GWA's agreed stipulation on or before March 15, 2010.

Dated this 25th day of February, 2010.



Jeffrey C. Johnson
Chairman



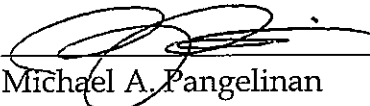
Joseph M. McDonald
Commissioner



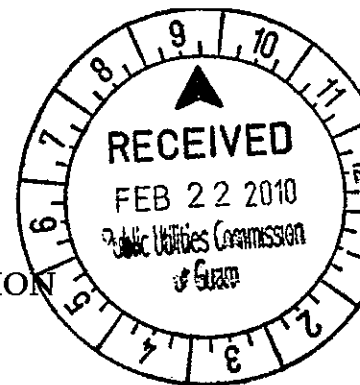
Filomena M. Cantoria
Commissioner



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: Request by the Guam)
Waterworks Authority for)
Approval to Reprogram Bond)
Proceeds for the Water Meter)
Replacement, the Water Reservoir)
Condition Assessment and)
Groundwater Chlorination)
Programs)

Docket No. 05-5

PUC COUNSEL REPORT

Background

On February 3, 2010, Guam Waterworks Authority [GWA] filed its Petition for Expedited Approval of Bond Reprogramming to Fund the Water Meter Replacement, the Water Reservoir Condition Assessment and Chlorination Programs. ¹ GWA seeks authorization to reprogram, or reallocate, the use of bond funds from certain projects to other projects. The history of PUC involvement in this matter goes back to October 27, 2005, when, in Docket 05-10, the PUC approved the issuance of the Series 2005 Water and Wastewater System Revenue Bonds by GWA. ²

The PUC has the responsibility under 12 GCA §12004 and the Contract Review Protocol to review and approve all uses of bond proceeds. ³ In its October 27, 2005, Order, the PUC authorized the use of bond funds by GWA for various "Stipulated Order" [SO] projects and for certain other purposes. ⁴ The PUC authorized GWA to expend bond funds for a number of projects which it is obligated to complete under the Stipulated Order [District Court of Guam Civil Case No. 02-00035]. In previous orders, the PUC authorized GWA to program bond proceeds to fund various capital improvement

¹ GWA Petition for Expedited Approval of Bond Reprogramming, etc., Docket 05-5, filed February 3, 2010.

² PUC Order Approving Issuance of Revenue Bonds, Docket 05-10, issued October 27, 2005.

³ PUC Order Re: Petition of Guam Waterworks Authority to Issue General Revenue Bonds and for Related Actions, Docket 05-10, issued October 27, 2005; see also Contract Review Protocol for Guam Waterworks Authority, Docket 00-04, issued October 27, 2005, which requires, in ¶1(d), that any use of bond funds by GWA be approved by the PUC.

⁴ PUC Order Re: Petition of Guam Waterworks Authority to Issue General Revenue Bonds and for Related Actions, Docket 05-10, issued October 27, 2005, Attachment C.

PUC COUNSEL REPORT

Docket No. 05-5

In Re: Request by GWA for Approval to Reprogram Bond Proceeds

February 24, 2010

projects associated with its duties under the Stipulated Order.⁵ Here GWA is requesting PUC approval to allow it to reallocate funds which it has been authorized to expend for certain projects to other projects. GWA seeks to reprogram funds to three specific projects required to be completed by the Stipulated Order: Meter Replacement (SO ¶14); Water Reservoir Condition Assessment (SO ¶38C); and Groundwater Chlorination (SO ¶12C).

Since GWA is obligated to carry out the three above referenced projects under the Stipulated Order, the prudence of said projects is exempt from review under the Contract Review Protocol.⁶

GWA seeks the approval of PUC to increase or otherwise authorize funding for the three projects in the total amount of Three Million Seven Hundred Twenty Thousand dollars (\$3,720,000).⁷ The following table summarizes GWA's request for programming bond funds:

CIP Number	Project	Funding Needs	Proposed Reallocation
	WASTEWATER		
	Agana Outfall		\$157,000
	ND Outfall		\$926,000
	WATER		
PW 05-01	Groundwater Disinfection	\$720,000	
PW 05-02	Water Reservoir Condition Assessment	\$500,000	
PW 05-07	Meter Replacement Program	\$2,500,000	
PW 05-09	Leak Detection / Line Replacement		\$1,640,000
MC 05-02	Land Survey		\$258,000
	Barrigada Tank Repair Replacement		\$433,000

⁵ See Order executed by Chairman Jeffrey C. Johnson, Docket 05-10, filed on July 8, 2008; also, Order executed by Jeffrey C. Johnson, Docket 05-10, filed September 16, 2008, authorizing GWA to transfer not to exceed \$9,184,301 to provide additional funding required for certain other Stipulated Order Projects.

⁶ PUC Order Re: GWA Petition to issue General Revenue Bonds and for Related Actions, Docket 05-10, issued October 27, 2005 at p. 1.

⁷ GWA Petition for Expedited Approval of Bond Reprogramming, etc., Id. at p. 2.

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Docket No. 05-5

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February 24, 2010

	GWUDI Study		\$306,000
	TOTAL	\$3,720,000	\$3,720,000

The Necessity to Reprogram Bond Funds

All three of the projects for which GWA seeks to reprogram bond funds, Meter Replacement, Water Reservoir Condition Assessment, and Groundwater Chlorination, are projects that GWA is required to carry out under Stipulated Order. The United States Environmental Protection Agency has already notified GWA that it failed to complete upgrade of the Groundwater Chlorination Project by April 1, 2007, in violation of SO ¶12C. US EPA has threatened to fine GWA if it does not complete the upgrade.⁸ US EPA has already fined GWA in the amount of \$57,000.00 for failure to complete a condition assessment to determine the structural stability and soundness of all steel tank water reservoirs as required by SO ¶38C.⁹

GWA has been advised that it needs to take “whatever steps are needed to insure that there are no further delays in completing the condition assessment of the tanks required by Paragraph 38C.” US EPA expressly reserves the right to obtain penalties for any noncompliance of GWA’s continuing duty to complete the assessment which occurs after the date of this letter.¹⁰

Finally, US EPA has already notified GWA that it has failed to implement the EPA-approved Water Meter Improvement Program by November 30, 2007, in violation of SO ¶14. If GWA does not take steps to timely complete this project, it will in all likelihood be fined. In reality, GWA has little choice but to ask that bond funds be reprogrammed to carryout the mandates of these three stipulated order projects. If these requests are not approved by the PUC, GWA would be unable to satisfy its obligations under the Stipulated Order. As Georgetown Consulting Group [GCG] noted in its prior Report requesting reprogramming of Bond Funds, where the projects referenced and the funds relate to the Stipulated Order (“SO”) projects required by the Consent Decree, the completion of such projects are required by law and the need for the projects is not at

⁸ GWA Petition for Expedited Approval of Bond Reprogramming, etc., Exhibit A, Email from US EPA dated December 21, 2009 to Leonard Olive, General Manager, GWA.

⁹ Id., Exhibit A, Letter from US EPA dated January 25, 2010 to Mr. Leonard Olive, General Manager, GWA.

¹⁰ Id.

issue. GPA's failure to meet completion dates could potentially result in fines from the EPA.¹¹

The Consolidated Commission on Utilities [CCU] has supported the necessity of reprogramming bond funds to the three aforementioned projects (Water Reservoir Condition Assessment, Groundwater Chlorination, and Water Meter Replacement Program).¹² The CCU found that there was an immediate need for funding required in the total amount \$3,720,000 (\$500,000 for Water Reservoir Condition Assessment; \$720,000 for Groundwater Chlorination, and \$2,500,000 for the Water Meter Replacement Program).¹³ The funding for these three projects is to come from reprogramming leftover project bond funding from certain other projects: Outfall Projects, Leak Detection and Line Replacement; Land Survey Project, Barrigada Tank Replacement Project and the GWUDI Study.¹⁴

Discussion of Specific Projects for Which Reprogramming of Funds is Sought

Attached to GWA's Petition is a GWA Engineering Department Report dated January 2010 concerning GWA's 2005 Series Revenue Bond Reallocation Request for Public Utilities Commission Review and Approval.¹⁵ GWA has given a justification for reallocation of funds to each of the three specific projects. Counsel will examine, in particular, the Water Meter Replacement Project, as the bulk of the funds which GWA seeks to reprogram (i.e. \$2,500,000) would be allocated to that project.

Previously the PUC has ordered GWA to report to it, not later than November 12, 2009, relative to the status of its meter replacement program. Such report is required to include those matters set forth in a Stipulation between GWA and Georgetown Consulting Group, dated July 14, 2009, entered in GWA Docket 09-03.¹⁶ While GWA has not specifically complied with the PUC's Order, on February 16, 2010, Paul J. Kemp,

¹¹ GCG's Report on GWA Request for Bond Reprogramming, dated August 29, 2008, filed in Docket 05-10.

¹² Consolidated Commission on Utilities Resolution No. 10-FY2010, Relative to Reprogramming Bond Proceeds from the Guam Waterworks Authority's 2005 Bond Series to the Groundwater Chlorination Project, Water Meter Replacement Project and Water Reservoir Assessment and Repair Project and to Authorize a Contract Amendment with Metron-Farnier, adopted January 26, 2010.

¹³ Id. at p. 1.

¹⁴ Id. at p. 2-3.

¹⁵ GWA Engineering Department Report, dated January 2010, attached to GWA Petition for Expedited Approval of Bond Reprogramming, etc.

¹⁶ Stipulation Re: Rate Relief, GWA Docket 09-03, executed July 14, 2009; FY09 Rate Decision, GWA Docket 09-03, issued July 27, 2009, at par. 9, p. 6 ("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").

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Docket No. 05-5

In Re: Request by GWA for Approval to Reprogram Bond Proceeds

February 24, 2010

Assistant General Manager for Compliance and Safety at GWA filed a Report (addressed to the US EPA) with the Guam Public Utilities Commission concerning Compliance with Stipulated Order ¶14, the Water Meter Improvement Program.

This report includes at least some of the material that GWA must report on to the PUC. It includes a "Meter Issue Update" from the General Manager of the Consolidated Utility Services, which includes a report on the current status of the program and a long term plan.¹⁷ The report includes a "Term Sheet for Contract Amendment between the Guam Waterworks Authority and the Metron-Farnier", and a detailed "Draft Report" prepared by R.W. Beck which is a "Review of Water Meter and AMR performance".¹⁸ Counsel will provide this document to the Commissioners should they wish to examine the issues concerning the Meter Replacement Program in more detail. GWA has apparently accepted the recommendation of R.W. Beck that the current disputes with the meter manufacturer, Metron-Farnier be resolved without the need for litigation.

Under the agreement between GWA and M-F, applicable warranties, costs for meters and other equipment, and the shipment by MF to GWA of approximately 15,000 meters over an eight month period, are covered. The \$2,500,000 which GWA seeks to reprogram to the Water Meter Replacement Program will be used to fund the meters that MF will provide. The R.W. Beck report addresses in detail the history of the relationship between GWA and Metron-Farnier, and the problems associated with the meters. R.W. Beck has made numerous recommendations concerning steps that GWA should take to improve the functioning of the Metron-Farnier meters. It recommends acceptance of Metron-Farnier's offer to replace the removed meters with new meters at a discounted price.¹⁹

Recommendation

PUC Counsel recommends that the Commissioners approve GWA's Petition for Expedited Approval of Bond Reprogramming to Fund the Water Meter Replacement, the Water Reservoir Assessment and Chlorination Programs. At present, GWA has no option but to fund these programs in order to attempt to comply with the requirements of the Stipulated Order. GWA indicates that funds reallocated from the leak

¹⁷ Counsel notes that, on February 18, 2010, GWA Counsel emailed a request from John Benevente, General Manager of Consolidated Utility Services, that a meeting be set up between the PUC and GWA so that GWA could further report to the PUC on the Water Meter Program.

¹⁸ Paul J. Kemp, Assistant General Manager for Compliance and Safety at GWA, Certification Letter SO 14 Water Meters, dated February 12, 2010, to J. Lee of the U.S. Environmental Protection Agency, Region 9.

¹⁹ R.W. Beck Draft Report: Review of Water Meter and AMR Performance, Guam Waterworks Authority, October 2009, p. 16.

PUC COUNSEL REPORT

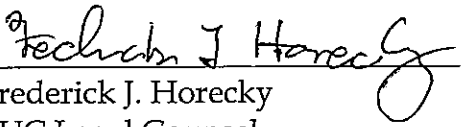
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In Re: Request by GWA for Approval to Reprogram Bond Proceeds

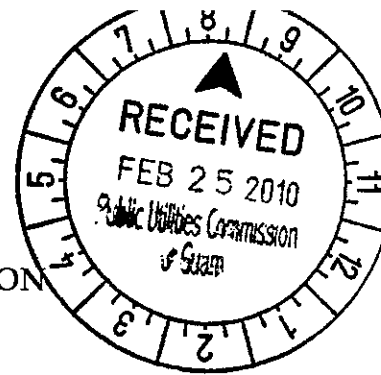
February 24, 2010

detection/water line replacement program will be replaced by ARRA funds.²⁰ GWA has now arrived upon a plan to remedy the deficiencies of the Water Meter Program. That plan is based upon the recommendation of the GWA Consultant, R.W. Beck. A proposed Order is attached hereto for review and approval of the Commissioners.

Dated this 22th day of February, 2010.


Frederick J. Horecky
PUC Legal Counsel

²⁰ Conference between PUC Counsel and GWA Counsel on February 19, 2010.



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

DOCKET 07-10

GUAM POWER AUTHORITY
PETITION FOR BASE RATE RELIEF

FY10 (PHASE II) RATE DECISION

Background

Previously, on February 15, 2008, the Commission had ordered (the "FY08 Rate Decision") that a "Phase II" of these rate proceedings could be held once the Guam Power Authority [GPA] filed its focused management audit with the PUC.¹ GPA filed its management audit with the PUC on October 23, 2009. On November 13, 2009, in Docket 02-04, the Commission approved the Baker-Tilly Phase II Staffing and Productivity Study Report.² On November 27, 2009, GPA filed its "Supplemental Filing for Base Rate Petition regarding Implementation of Phase II Rate Increase."³

In its Petition, GPA sought an approximate increase of 4.2% on the overall rates, a base rate increase of \$10.6 Million, to be implemented on a compressed basis.⁴ GPA also requested authorization to enter into a \$15 Million loan to cover maintenance, O&M costs, and strategic initiatives to improve the delivery of services to GPA customers.⁵ Part of the justification for the rate increase was the necessity to meet GPA's "Working Capital Requirement" under its bond indenture.⁶ GPA submitted that it required expedited rate relief by the Commission and "a series of cash injections to restore health to the utility."⁷

On December 10, 2009, Administrative Law Judge David A. Mair issued a Scheduling Order in this Docket.⁸ Therein, the parties to the proceeding, Georgetown Consulting Group Inc. (GCG, the Regulatory Consultant to the PUC), GPA, and the United States

¹ PUC FY08 Rate Decision, Docket 07-10, issued February 15, 2008.

² PUC Decision & Order, Docket 02-04, Guam Power Authority Regulatory Review (re: GPA Focused Management Audit of Operations), issued November 13, 2009.

³ GPA Supplemental Filing for Base Rate Petition Regarding Implementation of Phase II Rate Increase, Docket No. 07-10 filed November 25, 2009.

⁴ GPA Supplemental filing for Base Rate Petition, p. 2.

⁵ Id. at p. 2.

⁶ Id. at pgs. 15-19 (Direct Testimony of Joaquin C. Flores and Randall V. Weigand).

⁷ Id. at p. 26.

⁸ ALJ Scheduling Order, Docket 07-10, issued December 10, 2009.

Navy, were authorized to conduct discovery in accordance with the Commission's Discovery Protocol.⁹ Both GCG and Navy issued various sets of discovery.¹⁰ Subsequently, on or about February 2, 2010, GCG and the United States Navy filed testimony herein in response to GPA's Supplemental Petition. Rebuttal testimony was filed by GPA and Navy on or about February 7, 2010. The parties met before the ALJ for pre-hearing conferences on February 5, 2010 and February 10, 2010. As a result of discussions, on February 11, 2010, the parties entered into a stipulation [*Stipulation Re: Petition of Guam Power Authority for Rate Relief*, made *Attachment A* hereto], in which they recommend terms and conditions under which they would support a PUC award of base rate relief to GPA. In the stipulation, the parties agreed that GPA should be granted the \$10.6 Million in base rate increases that it has requested, on an uncompressed basis, and certain other relief.¹¹

After carefully considering the Stipulation, the record herein, and the February 16, 2010 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:

Determinations

1. GPA has complied with the requirements of the Rate Payer's Bill of Rights in this Docket.
2. The Stipulation of the parties, made *Attachment A* hereto, should be approved.
3. GPA should be awarded, for meters read on and after March 1, 2010 the \$10.6 Million in base rate increases that it has requested. The tariffs required to implement the base rate increase recommended in this Stipulation are shown on Attachment 1 to the Stipulation together with sample bills showing the impacts on different classes of customers. GPA should file a compliance tariff reflecting the tariffs approved by the PUC no later than March 15, 2010.
4. The DOD rate should be increased in accordance with GPA's Transmission Level Cost of Service Study ("TLCOS"), without

⁹ Id. at p. 2.

¹⁰ The sets of discovery were filed electronically in this docket through the emails of William J. Blair, Legal Counsel to GCG, on February 4, 2010; said discovery constitutes part of the record herein.

¹¹ Stipulation at p. 1.

compression. Rates for all civilian classes, including the lifeline rate, should be increased across the board, without compression.

5. The base rate increase awarded in this proceeding should also apply to lifeline rates; the threshold of a 20% increase in the cost of service since the Lifeline rate was first established has long been met, permitting an increase in lifeline rates.
6. The proposed rate increases set forth in the Stipulation are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.
7. Pursuant to the Stipulation of the parties, GPA's request that PUC authorize GPA to enter into a short term loan of \$15 Million is hereby withdrawn.
8. In order to address the serious liquidity problem faced by GPA, the Parties will jointly develop a proposed base rate surcharge in accordance with paragraph 5 of the Stipulation. The purpose of the surcharge would be as mechanism to fund, replenish, maintain and monitor GPA's working capital fund ("WCF").
9. Concurrently with each future semi-annual filing of the LEAC, once the surcharge is established, the difference in the requirement of the fuel portion only of the WCF should be calculated and treated as a flow-through (positive or negative) through the base rate surcharge created hereunder. The parties should recommend an appropriate period to the PUC during which the surcharge should remain in effect in order to keep the WCF fully funded.
10. The process for the WCF surcharge should be reviewed by the PUC for continuation, modification or termination no later than February 1, 2012.
11. Phase III of this proceeding should be established to address the issues concerning the base rate surcharge and other relevant issues herein. The Administrative Law Judge is directed to undertake such further conferences or proceedings herein as are necessary to facilitate the development and implementation of the WCF surcharge.
12. The issue of the proper allocation of IPP costs through the TLCOS should be preserved for determination in the next base rate proceeding.

13. No later than July 1, 2010, GPA should file specific implementation plans for each of the recommendations made in the management audit that are accepted by GPA, showing the activities to be undertaken; said plans should include the agreed matters set forth in par. 8 of the Stipulation.
14. No later than July 1, 2010, GPA should report to the PUC on the status of the implementation of the CTP wage increases and address those matters set forth in par. 9 of the Stipulation.
15. The parties should fulfill the remaining requirements and obligations of the Stipulation entered into by the parties in Phase I of this proceeding (the "Phase I Stipulation"):
 - a. GPA should report to the PUC no later than September 1, 2010 on the feasibility of revising its collection policy to provide that, in the event non-autonomous agencies and other entities of the Executive Branch [including street lights] are collectively in arrears by more than a certain amount, all non essential services of the executive branch would be subject to disconnection;
 - b. With regard to GPA's self insurance surcharge program, the parties should develop program protocols and parameters for PUC review and approval no later than January 1, 2011.
 - c. GPA should report to the Commission no later than June 1, 2010 concerning steps necessary to implement and enforce the \$2.50 transactional service charge for a customer's use of a credit card to pay a bill.
 - d. The parties should continue to work together to propose to the PUC a schedule and scope for a full cost of service study and a rate design study which would be filed for review and approval by the PUC no later than July 1, 2010.
16. In Phase III proceedings herein, in the event that the Guam Legislature enacts pending legislation that would require GPA to make payments to the General Fund to "reimburse" the government of Guam for cost of living adjustments and principal and interest payments made to Gov Guam retirees for qualified retirees based on the judgment rendered in Rios v. Camacho, Superior Court Case No. SP0206-93, or any similar

legislation, the PUC should consider the establishment of an additional base rate surcharge to cover any such unfunded legislative mandate.

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:

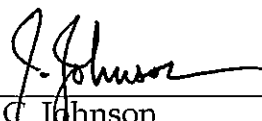
1. All rulings and orders of the ALJ in this proceeding are confirmed and ratified. All motions not hereto for granted or denied are denied. No other matters currently require discussion.
2. The Stipulation of the parties, made *Attachment A* hereto, is approved.
3. GPA is awarded, for meters read on and after March 1, 2010 the \$10.6 Million in base rate increases that it has requested. GPA should file a compliance tariff reflecting the tariffs approved by the PUC no later than March 15, 2010.
4. The DOD rate is increased in accordance with GPA's Transmission Level Cost of Service Study ("TLCOS"), without compression. Rates for all civilian classes, including the lifeline rate, are increased across the board, without compression.
5. The base rate increase awarded in this proceeding also applies to lifeline rates; the threshold of a 20% increase in the cost of service since the Lifeline rate was first established has long been met, permitting an increase in lifeline rates.
6. The proposed rate increases set forth in the Stipulation are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.
7. Pursuant to the Stipulation of the parties, GPA's request that PUC authorize GPA to enter into a short term loan of \$15 Million is hereby withdrawn.

8. In order to address the serious liquidity problem faced by GPA, the Parties shall jointly develop a proposed base rate surcharge in accordance with paragraph 5 of the Stipulation. The purpose of the surcharge is as a mechanism to fund, replenish, maintain and monitor GPA's working capital fund ("WCF").
9. Concurrently with each future semi-annual filing of the LEAC, once the surcharge is established, the difference in the requirement of the fuel portion only of the WCF shall be calculated and treated as a flow-through (positive or negative) through the base rate surcharge created hereunder. The parties shall recommend an appropriate period to the PUC during which the surcharge shall remain in effect in order to keep the WCF fully funded.
10. The process for the WCF surcharge should be reviewed by PUC for continuation, modification or termination no later than February 1, 2012.
11. Phase III of this proceeding is hereby established to address the issues concerning the base rate surcharge and other relevant issues set forth herein. The Administrative Law Judge is directed to undertake such further conferences or proceedings as are necessary to facilitate the creation and implementation of the WCF surcharge.
12. The issue of the proper allocation of IPP costs through the TLCOS is preserved for determination in the next base rate proceeding.
13. No later than July 1, 2010, GPA shall file specific implementation plans for each of the recommendations made in the management audit that are accepted by GPA, showing the activities to be undertaken; said plans will include the agreed matters set forth in par. 8 of the Stipulation.
14. No later than July 1, 2010, GPA shall report to the PUC on the status of the implementation of the CTP wage increases and address those matters set forth in par. 9 of the Stipulation.
15. The parties shall fulfill the remaining requirements and obligations of the Stipulation entered into by the parties in Phase I of this proceeding (the "Phase I Stipulation"):
 - a. GPA shall report to the PUC no later than September 1, 2010 on the feasibility of revising its collection policy to provide that, in the


event non-autonomous agencies and other entities of the Executive Branch [including street lights] are collectively in arrears by more than a certain amount, all non essential services of the executive branch would be subject to disconnection;

- b. With regard to GPA's self insurance surcharge program, the parties shall develop program protocols and parameters for PUC review and approval no later than January 1, 2011.
 - c. GPA shall report to the Commission no later than June 1, 2010 concerning steps necessary to implement and enforce the \$2.50 transactional service charge for a customer's use of a credit card to pay a bill.
 - d. The parties shall continue to work together to propose to the PUC a schedule and scope for a full cost of service study and a rate design study which would be filed for review and approval by the PUC no later than July 1, 2010.
16. In Phase III proceedings herein, in the event that the Guam Legislature enacts pending legislation that would require GPA to make payments to the General Fund to "reimburse" the government of Guam for cost of living adjustments and principal and interest payments made to Gov. Guam retirees for qualified retirees based on the judgment rendered in Rios v. Camacho, Superior Court Case No. SP0206-93, or any similar legislation, the PUC will consider the establishment of an additional base rate surcharge to cover any such unfunded legislative mandate.
17. 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.

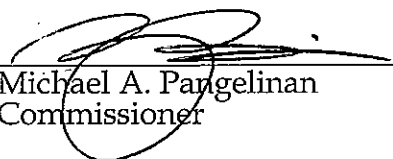
Dated this 25th day of February, 2010.



Jeffrey C. Johnson
Chairman



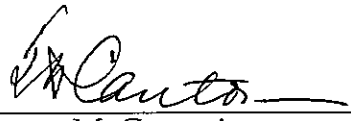
Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner

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9 **BEFORE THE**
10 **PUBLIC UTILITIES COMMISSION OF GUAM**

11) **DOCKET 07-10**
12)
13) **STIPULATION**
14)

15 The Guam Power Authority ("GPA"), the Department of Defense ("DOD") and Georgetown
16 Consulting Group, Inc. ("GCG"), which serves as independent regulatory consultant to the Guam
17 Public Utilities Commission ("PUC") (collectively, the "Parties"), through their counsel of record,
18 hereby enter into this evidentiary stipulation and make the following recommendations to the PUC
19 for its consideration:

- 20 1. In Phase II of this rate proceeding GPA has requested an increase based on the
21 "remainder of the Ratepayer Bill of Rights Notice that it filed in Phase I." The
22 GPA request is for an approximate \$10.6 million base rate increase and
23 authorization to enter into a short term loan of \$15 million.
24 2. The Parties agree that GPA should be granted the \$10.6 million in base rate
25 increases that it has requested. The DOD rate should be increased in
26 accordance with GPA's Transmission Level Cost of Service study ("TLCOS"),
27 without compression. Rates for all civilian classes, including the lifeline rate,
28 should be increased across the board, without compression

- 1 3. GPA agrees to withdraw its request for PUC approval of a short term loan of \$15
2 million for the purposes set forth in its Phase II petition, acknowledging that it
3 is unlikely that it will get this loan due to the current illiquidity of GPA. An
4 alternate means to provide GPA liquidity is recommended below. GPA
5 reserves the right to file a new petition or petitions for approval of short term
6 credit facilities or other borrowings.
- 7 4. The issue of providing GPA liquidity is very important. It was a significant
8 issue in Phase I and it continues to be important. The Parties agree that the
9 Phase II decision in this proceeding should provide GPA meaningful relief on
10 this issue or initiate a process that will provide such relief.
- 11 5. The base rate increase recommended by the Parties will not be sufficient to
12 fully fund GPA's working capital requirements. The PUC should, therefore,
13 approve a process in this proceeding to devise a means to fund, replenish,
14 maintain and monitor GPA's working capital fund ("WCF") as a means of
15 providing GPA adequate liquidity. The WCF currently has a significant
16 deficiency and this deficiency is a major cause of the liquidity problem being
17 experienced by GPA. Pursuant to GPA's bond indenture, the WCF is required
18 to contain (on the 5th day of each month) an amount equal to one twelfth of the
19 sum of GPA's budgeted O&M expenses, fuel expenses and IPP expenses. A
20 part of the WCF requirement is beyond the control of GPA because of the
21 volatility of oil prices. When fuel prices change, the WCF requirement
22 changes. If there is an increase (increase in oil prices) requiring a change in the
23 WCF requirement then GPA should be able to respond and fund the change in
24 the WCF requirement without having to file a full rate case. The Parties,
25 therefore, recommend that the following process be established by the PUC to
26 deal with the volatility of the funding requirement of the WCF:
- 27 a. This docket should remain open so that the PUC can consider in a Phase
28 b. The requirements to fully fund the WCF initially from the actual level of
the WCF at the conclusion of Phase II of this rate case should be

1 determined as set forth below. No later than July 1, 2010, the Parties
2 should recommend an initial surcharge sufficient to fill the required
3 WCF balance over an agreed upon period of time. This would be a base
4 rate surcharge applicable to all classes of customers, including Navy.
5 This base rate surcharge should be administered and modified, if
6 necessary, concurrently with each LEAC determination:

7 i. Determine the current requirement of the WCF for March 1, 2010,
8 the date that Phase II rates would likely be made effective.

9 ii. Determine the actual balance in the WCF for March 1, 2010.

10 iii. Provide that any deficiency in the WCF shall be funded through a
11 base rate surcharge over a recommended period. The start date
12 should be as soon as possible but not later than August 1, 2010 -
13 the date of the next scheduled LEAC change.

14 iv. Concurrent with each future semi-annual filing of the LEAC, the
15 difference in the requirement of the fuel portion only of the WCF
16 should be calculated and treated as a flow-through (positive or
17 negative) through the surcharge over the next 6 months or other
18 recommended period to keep the WCF fully funded. Although
19 the WCF is not a restricted cash fund, with the proposed
20 financing mechanism funded by ratepayers the PUC should
21 carefully review all of the flows in and out of the WCF. To the
22 fullest extent possible, consistent with its bond indenture
23 obligations, GPA shall use the surcharge revenues to fund
24 deficiencies in the WCF and changes in the WCF requirement
25 caused by changes in the price of fuel.

26 c. GPA shall report on the status of the WCF concurrently in each
27 subsequent LEAC filing. The reporting requirements of the status of the
28 WCF should be made a standard filing requirement in the LEAC
proceedings.

d. Compliance with WCF indenture requirements must be maintained.

- 1 e. GPA should continue to be authorized to obtain a line of credit ("LOC")
2 to fund severe swings in the fuel component variations of the WCF.
3 GPA should petition for use of the LOC if necessary. This LOC should
4 not be used for any other purpose.
- 5 f. The process for the WCF surcharge should be reviewed for
6 continuation, modification or termination no later than February 1, 2012.
- 7 g. A status conference should be held on Tuesday, March 9, 2010, at 9
8 o'clock a.m., at which time the Parties can report to the PUC's
9 administrative law judge the status of the development of the WCF
10 surcharge. Parties to the proceeding should be permitted to participate
11 telephonically.
- 12 6. GCG proposes and GPA does not object that there should be an increase in the
13 lifeline rate in this proceeding. The Parties agree that the threshold of a 20%
14 increase in the cost of service since the lifeline rate was first established has
15 long been met permitting an increase in lifeline rates.
- 16 7. The Parties agree that the issue of the proper allocation of IPP costs through the
17 TLCOS should be preserved for determination in the next base rate
18 proceeding. This issue first arose in Phase I and was to be addressed in Phase
19 II. Due the expedited nature of Phase II, resolution of the issue should again be
20 deferred.
- 21 8. No later than July 1, 2010, GPA shall file specific implementation plans for each
22 of the recommendations made in the management audit that are accepted by
23 GPA showing the activities to be undertaken. These plans will include the
24 human, capital and other resources required to be expended, the timeframes,
25 the costs, and the parties responsible for implementation. GPA shall also
26 explain the rationale it used to reject any recommendation of the management
27 auditor. In making this presentation, GPA should present a benefit cost
28 analysis of each recommendation made by the management auditor and
accepted by GPA for implementation and indicate how this information was

1 used in developing the priorities for selecting for implementation specific
2 recommendations of the management auditor.

3 9. No later than July 1, 2010, GPA shall report to the PUC on the status of its
4 implementation of the CTP wage increases. GPA shall report on whether the
5 CCU has now put GPA on an automatic course for fully implementing the
6 increases or whether year by year management assessments and CCU
7 approvals are required. GPA shall also report on whether the employee
8 evaluation system as required in the CCU Board Resolution has been fully
9 developed and implemented with details.

10 10. The Parties agree on the following actions to fulfill remaining requirements of
11 the Stipulation entered into by the Parties in Phase I of this proceeding (the
12 "Phase I Stipulation"):

13 a. The Parties agree that GPA and GCG should continue to examine and
14 report to the PUC no later than September 1, 2010 on the feasibility of
15 revising GPA's collection policy to provide that in the event non-
16 autonomous agencies and other components or functions of the
17 Executive Branch [including streetlights] are collectively in arrears by
18 more than an amount to be determined, then all non essential services of
19 the Executive Branch shall be subject to disconnection. Paragraph
20 3(c)(2) of the Phase I Stipulation.

21 b. The Parties agree that with regard to GPA's self insurance surcharge
22 program, as established by PUC orders dated December 21, 1992 and
23 March 3, 1995 the parties shall develop program protocols and
24 parameters for PUC review and approval no later than January 1, 2011.
25 In the event that consensus cannot be reached on an issue(s) the Parties
26 agree to submit those issues for PUC determination pursuant to a
27 schedule to be set by the PUC. Paragraph 4 of the Phase I Stipulation.

28 c. GPA shall continue to explore and pursue steps necessary to implement
and enforce the \$2.50 transactional service charge for a customer's use of
a credit card to pay a bill that was previously approved by the PUC.

1 Such steps may include procurement of necessary software upgrades
2 and additional merchant banking services. GPA shall report no later
3 than June 1, 2010 on the status of its efforts and any new or remaining
4 obstacles to implementation of the service charge. The new service
5 charge was projected to produce about \$300,000 annually. Paragraph 5
6 of the Phase I Stipulation.

7 d. Necessary load research being currently underway, the Parties shall
8 continue to work together to propose to the PUC a schedule and scope
9 for a full cost of service study and a rate design study which should be
10 filed for review and approval by the PUC no later than July 1, 2010.
11 Paragraph 6 of the Phase I Stipulation.

12 11. The Parties agree that the tariffs required to implement the base rate increase
13 recommended in this Stipulation are shown on Attachment 1 to the Stipulation
14 together with sample bills showing the impacts on different classes of
15 customers. GPA shall file a compliance tariff reflecting the tariffs approved by
16 the PUC no later than March 15, 2010.

17 12. Given the expedited nature of this Phase II proceeding, all issues related to
18 GPA's revenue requirements not addressed in or resolved by this Stipulation
19 shall be deferred for resolution in the next GPA base rate case.

20 13. GPA and GCG take note of legislation currently pending in the Guam
21 Legislature (Bill 317-30:15-16) which, if enacted into law, would require GPA to
22 make payments to the General Fund to "reimburse" the Government of Guam
23 of cost of living adjustments and principal and interest payments made to
24 GovGuam retirees for qualified retirees based on the judgment rendered in
25 Superior Court No. SP0206-93, *Rios v. Camacho*. These "reimbursements" of
26 the General Fund would be in addition to the existing legislative mandate that
27 GPA pay to retirees the cost of supplemental annuities and other benefits. The
28 additional revenue requirement that would be imposed by Bill 317-30:15-16, if
enacted into law, was not included in GPA's test year revenue requirements in
this proceeding. As a result, the obligation to make this payment, if it is

1 mandated by the Guam Legislature, would erode the rate relief recommended
2 in this Stipulation and further exacerbate GPA's already extremely precarious
3 liquidity situation. For these reasons, GPA and GCG agree that in the event
4 Bill 317-30:15-16, or any similar legislation, is enacted into law prior to the
5 Phase III proceeding in this docket, the PUC should consider in the Phase III
6 proceeding the establishment of an additional base rate surcharge to cover this
7 unfunded legislative mandate.

8 14. DOD takes no position on the matters raised in paragraphs 6, 9 and 13.

9 SO STIPULATED this 11th of February, 2010.

10 GEORGETOWN CONSULTING GROUP, INC.

11
12 BY: 
13 WILLIAM J. BLAIR, ESQ.

14
15 GUAM POWER AUTHORITY

16
17 BY: 
18 D. GRAHAM BOTHA, ESQ.

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20 DEPARTMENT OF DEFENSE

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22 BY: 
23 RICHARD HUBER, ESQ.

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ATTACHMENT 1

TARIFFS

Rate Schedules to Reflect PUC Decision in
Docket #07-10-Phase II

SCHEDULE R	-	RESIDENTIAL SERVICE
SCHEDULE G	-	GENERAL SERVICE - NON DEMAND
SCHEDULE J	-	GENERAL SERVICE - DEMAND
SCHEDULE P	-	LARGE POWER SERVICE
SCHEDULE H	-	PRIVATE OUTDOOR LIGHTING
SCHEDULE S	-	SMALL GOVERNMENT SERVICE - NON DEMAND
SCHEDULE K	-	SMALL GOVERNMENT SERVICE - DEMAND
SCHEDULE L	-	LARGE GOVERNMENT SERVICE
SCHEDULE M	-	STANDBY, AUXILIARY, SUPPLEMENTARY OR BREAKDOWN SERVICE
SCHEDULE F	-	STREET LIGHTING
SCHEDULE N	-	NAVY SERVICE
SCHEDULE A	-	ACCOMMODATION SERVICE CHARGES
SCHEDULE B	-	SERVICE ESTABLISHMENT CHARGES
SCHEDULE Z	-	FUEL RECOVERY CHARGES

Issued March 21, 1984
| Revised February 27, ~~2009~~2010
Effective with meters read
| on and after March 01, ~~2009~~2010

Rate Schedule "R"

GUAM POWER AUTHORITY

SCHEDULE "R"

Residential Service

Availability:

Applicable to single phase residential lighting, heating, cooking, air conditioning and power in a single family dwelling unit metered and billed separately by the Authority. This schedule does not apply where residence and business are combined nor where the average daily consumption is more than 200 kilowatt hours per day. A Residential (Schedule R) customer will be transferred to the Small General Demand rate schedule (Schedule J), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

Non-Fuel Energy Charge

First 500 kwhr per month	- per kwhr \$0.033540 <u>0.03644</u>
Over 500 kwhr per month	- per kwhr \$0.084390 <u>0.168</u>
Monthly customer charge	\$5.536 <u>0.1</u>

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when the Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when the Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of ~~\$0.00257~~ 0.00279 per Kwh in excess of 500 kilowatt hour usage, will be billed monthly.

Issued March 21, 1984
| Revised February 27, ~~2009~~2010
| Effective with meters read
| on and after March 01, ~~2009~~2010

Rate Schedule "R"

SCHEDULE "R" (Continued)

Apartment House Collection Arrangement:

Any apartment owner having three or more apartments at one location, each apartment being separately metered and billed on the above rate, may elect to accept a discount of ten percent (10%) of the amount of the bills rendered for each apartment, but not to exceed \$5.00 per month for each apartment, upon entering into the following collection agreement with the Authority under the following terms and conditions:

1. All accounts shall be kept in the name of the apartment house owner who shall assume the responsibility for the prompt payment of all bills.
2. All accounts shall remain active at all times. Individual apartments cannot be added to or deleted from this agreement more often than once in twelve months.
3. The Authority will render individual bills for each apartment on a regular billing period basis and will also furnish a statement showing gross and net billings.

Multi-family Dwellings:

In apartment buildings or other residential premises where additional dwelling units are created by alterations or modifications to the premises and where the separate metering and billing by the Authority of the service used in each dwelling unit is impractical, the service may be supplied through a single meter. In such instances the above rate shall be increased by \$1.50 per month for each dwelling unit on the premises.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

Issued March 21, 1984
Revised February 27, 20092010
Effective with meters read
on and after March 01, 20092010

Rate Schedule "G"

GUAM POWER AUTHORITY

SCHEDULE "G"

General Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month. A Small General Non-Demand (Schedule G) customer will be transferred to the Small General Demand rate schedule (Schedule J), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

A Small Non-Demand (Schedule G) customer whose monthly consumption is below 5,000 Kwh per month in each of the customer's last twelve (12) billing months and who otherwise qualifies for service under Schedule R, will be transferred to Schedule R.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr \$0.12701 <u>13799</u>
Over 200 kwhr per month	- per kwhr \$0.10878 <u>11818</u>

For Three Phase Service:

First 400 kwhr per month	- per kwhr \$0.14847 <u>16130</u>
Over 400 kwhr per month	- per kwhr \$0.10878 <u>11818</u>

Monthly Customer Charge	\$8.599.33
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Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

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Rate Schedule "G"

SCHEDULE "G" (Continued)

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of ~~-\$0.00257~~0.00279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

General Service - Demand Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small General Demand (Schedule J) customer will be transferred to the Large Power rate schedule (Schedule P), if the customer's billing demand exceeds 200 Kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

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Rate Schedule "J"

GUAM POWER AUTHORITY

SCHEDULE "J"

General Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small General Demand (Schedule J) customer will be transferred to the Large Power rate schedule (Schedule P), if the customer's billing demand exceeds 200 kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

A Small General Demand (Schedule J) customer will be transferred to Small General Non-Demand (Schedule G) service, if the customer's average daily Kwh consumption in less than 200 Kwh per day in each of the customer's last twelve (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr per month	- per kwhr \$0.12701 <u>13799</u>
Over 200 kwhr per month	- per kwhr \$0.11189 <u>12156</u>
Next 200 kwhr per kw of billing demand	
	- per kwhr \$0.08895 <u>09664</u>
Over 400 kwhr per kw of billing demand	
	- per kwhr \$0.06436 <u>06992</u>

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Rate Schedule "J"

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SCHEDULE "J" (Continued)

For Three Phase Service:

First 200 kwhr per kw of billing demand

First 400 kwhr per month

Over 400 kwhr per month

- per kwhr \$0.1484716130

- per kwhr \$0.1118412151

Next 200 kwhr per kw of billing demand

- per kwhr \$0.0889509664

Over 400 kwhr per kw of billing demand

- per kwhr \$0.0643606992

Monthly Customer Charge

\$17.1818.66

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.6155 that is derived from most recent Load Research Study.

Primary Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation

2%

If meter is at the supply line voltage

1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "J"

SCHEDULE "J" (Continued)

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of ~~\$0.00257~~00279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

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Rate Schedule "P"

GUAM POWER AUTHORITY

SCHEDULE "P"

Large Power Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more. A Large Power (Schedule P) customer will be transferred to Small General Demand service (Schedule J), if the customer's monthly billing demand for each of the customer's last twelve (12) billing months, is less than 200 kw.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

First 200 kwhr per kw of billing demand	
First 4000 kwhr per month	- per kwhr \$0.1682 <u>18275</u>
Over 4000 kwhr per month	- per kwhr \$0.1164 <u>125647</u>
Next 200 kwhr per kw of billing demand	- per kwhr \$0.0716 <u>507784</u>
Over 400 kwhr per kw of billing demand	- per kwhr \$0.0469 <u>205098</u>
Monthly Customer Charge	\$20.62 <u>22.40</u>

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand for the preceding eleven months nor less than 200 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.3161 that is derived from most recent Load Research Study.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

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Rate Schedule "P"

SCHEDULE "P" (Continued)

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of ~~\$0.00257~~0.00279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "P"

SCHEDULE "P" (Continued)

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "H"

GUAM POWER AUTHORITY

SCHEDULE "H"

Private Outdoor Lighting

Availability:

Applicable to private outdoor lighting service where the Authority owns, maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr \$0.0674807331

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
High-Intensity Discharge	400	163	\$25.0627.23
High Pressure Sodium (Lucalox)	250	101	\$22.2224.14
High Pressure Sodium (HPS)	150	54	\$16.2317.63

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 -per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "H"

SCHEDULE "H" (Continued)

Terms and Conditions:

1. **Determination of Energy:**
Standard service will be unmetered dusk to dawn service. The kilowatt-hours shall be the average kwh use per month by lamp type.
2. **Standard Equipment Furnished:**
Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.
3. **Other Than Standard Equipment:**
Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.
4. **Replacement Cost:**
Where the customer requests an existing street lighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "S"

GUAM POWER AUTHORITY

SCHEDULE "S"

Small Government Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month. A Small Government Non-Demand (Schedule S) customer will be transferred to the Small Government Demand rate schedule (Schedule K), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr \$0.1369814882
Over 200 kwhr per month	- per kwhr \$0.1164112647

For Three Phase Service:

First 400 kwhr per month	- per kwhr \$0.1585017220
Over 400 kwhr per month	- per kwhr \$0.1164112647

Monthly Customer Charge	\$8.599.33
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Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

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Rate Schedule "S"

SCHEDULE "S" (Continued)

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of ~~\$0.00257~~ 00279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "K"

GUAM POWER AUTHORITY

SCHEDULE "K"

Small Government Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small Government Demand (Schedule K) customer will be transferred to Small Government Non-Demand (Schedule S) service, if the customer's monthly consumption in each of the customer's last twelve (12) billing months is less than 5,000 Kwh.

A Small Government Demand (Schedule K) customer will be transferred to the Large Government rate schedule (Schedule L), if the customer's billing demand exceeds 200 Kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr per month	- per kwhr \$0.1369814882
Over 200 kwhr per month	- per kwhr \$0.1212313171
Next 200 kwhr per kw of billing demand	- per kwhr \$0.0962410456
Over 400 kwhr per kw of billing demand	- per kwhr \$0.0754108193

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Rate Schedule "K"

SCHEDULE "K" (Continued)

For Three Phase Service:	
First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr \$0.1585017220
Over 400 kwhr per month	- per kwhr \$0.12114163161
Next 200 kwhr per kw of billing demand	- per kwhr \$0.0962410456
Over 400 kwhr per kw of billing demand	- per kwhr \$0.0754108193
Monthly Customer Charge	\$17.1818.66

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.4762 that is derived from most recent Load Research Study.

Primary Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "K"

SCHEDULE "K" (Continued)

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of. \$~~0.00257~~ 00279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "L"

GUAM POWER AUTHORITY

SCHEDULE "L"

Large Government Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more. A Large Government (Schedule L) customer will be transferred to Small General Demand service (Schedule K), if the customer's monthly billing demand for each of the customers last twelve (12) billing months, is less than 200 kw.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

First 200 kwhr per kw of billing demand	
First 4000 kwhr per month	- per kwhr \$0.1784519387
Over 4000 kwhr per month	- per kwhr \$0.1266613761
Next 200 kwhr per kw of billing demand	- per kwhr \$0.0843909168
Over 400 kwhr per kw of billing demand	- per kwhr \$0.0492105346
Monthly Customer Charge	\$20.6222.40

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand for the preceding eleven months nor less than 200 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.5024 that is derived from most recent Load Research Study.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

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Rate Schedule "L"

SCHEDULE "L" (Continued)

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.0025700279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "L"

SCHEDULE "L" (Continued)

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "M"

GUAM POWER AUTHORITY

SCHEDULE "M"

**Standby, Auxiliary, Supplementary or Breakdown Service
For Customers With Demands of 200 Kilowatts or More**

Availability:

This Schedule is applicable where the customer regularly obtains electric energy from a source or sources other than the Authority and has a maximum demand of 200 kilowatts or more. This Schedule will not apply where the customer's own generating facilities are used exclusively for emergency service in case of failure of the normal supply from the Authority or where the customer has a contract with the Authority to both purchase and sell firm electricity.

Monthly Rate:

First 200 kwhr per kw of billing demand	
0-20 kwhr/kw of billing demand	- per kwhr <u>\$0.4006743530</u>
Over 20 kwhr/kw billing demand	- per kwhr <u>\$0.4158812590</u>
Next 200-400 kwhr per kw of billing demand	
	- per kwhr <u>\$0.0805808755</u>
Over 400 kwhr per kw of billing demand	
	- per kwhr <u>\$0.0463905040</u>

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

| An emergency water well and wastewater charge of \$0.0025700279 per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "M"

SCHEDULE "M" (Continued)

Determination of "Contract" Demand:

The customer shall specify in writing the maximum kw capacity required, which will be known as the "Contract" demand during the next twelve (12) months and continue thereafter until the Authority is otherwise notified in writing. If at any time the actual measured demand exceeds the "Contract" demand, then such higher demand shall be used and will establish a new "Contract" demand for the subsequent twelve months. At the end of such twelve months period the "Contract" demand shall continue at the higher amount unless the Authority is otherwise notified in writing. The contract demand shall be the billing demand.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Limitation of Capacity:

The Authority shall not be required to supply electricity at a rate greater than the "Contract" demand and may, at its option, limit the capacity of the service connection to conform with the "Contract" demand. The circuit breaker and other equipment necessary for the purpose shall be paid for by the customer but will be maintained and operated by the Authority.

Parallel Operation:

The operation of the customer's plant in parallel with the Authority's system will be permitted when special approval is granted by the Authority in which case the Authority shall specify the terms and conditions for such parallel operation.

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Rate Schedule "M"

SCHEDULE "M" (Continued)

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Special Facilities:

1. Special facilities are considered to be existing, enlarged or new facilities installed and/or used by the utility at the applicant's request in addition to, as enlargements of, as alternate to, or in substitution for, the standard facilities which the utility would normally install or use and which represents additional costs to the utility over normally installed facilities. Except where provided by rate schedule, installation of special facilities will be made, provided the type of special facilities requested is acceptable to the utility and the utility agrees to the installation of the special facilities, under the following conditions:

a. The applicant for special facilities is also an applicant for permanent electric service or is a customer for permanent electric service at the same location.

b. The applicant will execute a contract covering the installation of special facilities. In addition to providing for the payment of charges as determined under a regularly filed rate schedule, the contract will provide for the following:

1. The payment of a facility charge equal to 2.25% per month of the estimated installed cost of the special facilities as determined by the utility.

2. The payment of the net amount of the sum of the estimated installed cost of the special facilities added, plus the estimated cost of removal of these special facilities less the estimated salvage value of removal materials. This payment will be made in the event that applicant terminates the use of the special facilities at any time within five years immediately following the date the special facilities are ready for service to applicant.

2. Where, at the Authority's election, special facilities have been or are to be provided to service a customer, a contract for use of or continued use of such facilities will be executed by the customer and Authority embodying the above mentioned terms as applicable.

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Rate Schedule "F"

GUAM POWER AUTHORITY

SCHEDULE "F"

Streetlighting

Availability:

Applicable to public outdoor lighting service where the Authority owns maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr \$0.0840909136

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
High-Intensity Discharge	400	163	\$25.0627.23
High Pressure Sodium (Lucalox)	250	101	\$22.2224.14
High Pressure Sodium (HPS)	150	54	\$16.2317.63

Fuel Recovery Charge:

The fuel adjustment cost, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Terms and Conditions:

1. Determination of Energy:

Standard service will be unmetered dusk to dawn service.
The kilowatt-hours shall be the average kwh use per month by lamp type.

Issued March 21, 1984
| Revised February 27, 20092010
Effective with meters read
| on and after March 01, 20092010

Rate Schedule "F"

SCHEDULE "F" (Continued)

2. Standard Equipment Furnished:

Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.

3. Other Than Standard Equipment:

Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. Replacement Cost:

Where the customer requests an existing street lighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

Issued March 21, 1984
| Revised February 27, 20092010
Effective with meters read
| on and after March 1, 20092010

Rate Schedule "N"

GUAM POWER AUTHORITY

SCHEDULE "N"

Navy Service

Availability:

Applicable to power service supplied to the Navy and metered at all delivery points to the Navy and metered at 34.5 kv.

Customer Agreement:

All services to Navy shall be subject to the provisions of that service contract between the Authority and Navy effective August 1, 1992, ("Customer Agreement"), as amended.

Monthly Rate:

Demand Charge:

All kw of billing demand per month	- per kw \$32.39 <u>32.72</u>
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Non-Fuel Energy Charge:

All kwhr per month, excluding an insurance charge	- per kwhr \$0.008800 <u>00940</u>
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Customer Charge	- per month \$6,9778 <u>,605</u>
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Insurance Charge per Kwhr per month	- per kwhr \$0.00070
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Determination of Demand:

The maximum demand for each month shall be the maximum combined load on Navy's meters in kw during any 30-minute period. The billing demand for each month shall be as determined through application of the relevant provisions of the Customer Agreement.

Insurance Charge:

The insurance charge shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the civilian insurance charge.

Rate Schedule "N"

Power Factor:

The average monthly power factor will be determined from the readings of kwh meters and kvarh meters. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Supply Voltage Delivery:

Fuel Clause:

Wheeling Rate:

-	Non-NCS Wheeling Rate	- per kwhr \$0.020401990
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As Available Power is defined in Article 20.3 of the Customer Agreement and is subject to the following charges:

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Issued March 21, 1984
| Revised February 27, ~~2009~~2010
Effective with meters read
| on and after March 01, ~~2009~~2010

Rate Schedule "N"

SCHEDULE "N" (Continued)

Non Fuel Energy Charge: 100% of the energy charge for Firm Service.

Fuel Charge shall be computed in accordance with Attachment III of the Customer Agreement.

Rules:

Service supplied under this rate shall be subject to the relevant provisions of the Customer Agreement.

Other Services:

Such other services as the Authority may provide to Navy from time to time shall be subject to the relevant service and rate provisions of the Customer Agreement.

Issued March 21, 1994
Revised February 29, 2008
Effective with meters read
on and after March 01, 2008

Rate Schedule "A"

GUAM POWER AUTHORITY

SCHEDULE "A"

Accommodation Service Charges

A. Returned Checks:

Any check tendered in payment of an electric bill and returned by the bank for any non-payment reason shall be subject to a \$10.00 handling charge.

Customers will thereupon be subject to disconnection of service for non-payment of bills.

B. Reconnection for non-payment shall be as set forth in Schedule "B".

C. For each copy of an electric bill at customer's request, a service charge of \$1.00 will be made.

D. For each account analysis at customer's request, involving data on electric bills for a twelve month period, a service charge of \$6.00 per account shall be made.

E. A Convenience Fee will be charged for all credit card transaction at a rate of \$2.50 per transaction applicable only to Rate Schedule "R" customers.

Issued March 21, 1994
Effective with meters read
on and after March 01, 1997

Rate Schedule "B"

GUAM POWER AUTHORITY

SCHEDULE "B"

Service Establishment Charge

Availability:

Applicable to all customers

Rate:

For each establishment, supersedure, or re-establishment of
electric service. \$10.00

Special Conditions:

1. The service establishment charge provided for herein is in addition to the charges calculated in accordance with the applicable schedule and will be made each time an account is opened, including a turn on, or reconnection of electric service, or a change of name which requires a meter reading.
2. In case the customer requests that electric service be turned on, or reconnected outside of regular business hours [Monday through Friday until 6:00 p.m.], or within four hours after his request or on Saturday, Sunday or Holidays, an additional charge will be made as follows:

1. Residential Service
 - a. Watt-hour Meter \$25.00
 - b. Demand Meter \$35.00
2. Small General Service
 - a. Watt-hour Meter \$25.00
 - b. Demand Meter \$45.00
3. Large General Service \$50.00

Issued March 21, 1994
Revised February 29, 2008
Effective with meters read
on and after March 01, 2008

Rate Schedule "Z"

GUAM POWER AUTHORITY

SCHEDULE "Z"

**Levelized Energy Adjustment Clause
(LEAC)**

The calculation of each bill, pursuant to the rates and charges contained in the applicable rate schedule, shall be subject to an adjustment for variations in fuel cost. The adjustment will be made by multiplying a Fuel Recovery Charge times the total kilowatt hours for which the bill is rendered.

The Fuel Recovery Charge will be calculated semi-annually by the following formula:

$$\text{Fuel Recovery Charge} = \frac{A \pm B \pm C}{D}$$

Where:

- A - Equals the projected fuel expense for the next LEAC period, including amounts GPA is required to pay under the fuel risk management program and adjustments to the carrying value of GPA's fuel inventory so long as the number of barrels is consistent with parameters adopted by the PUC¹, but excluding net fuel reimbursement from Navy through the Customer Agreement settlements.
- B - Equals the difference between the fuel revenue and actual fuel expenses as approved by the Public Utilities Commission, including the true up of the second prior six month period excluding net revenue from Navy through the Customer Agreement settlements.
- C - Refunds or credits from supplier, excluding legal settlements.
- D - Equals the projected retail KWH sales for the next six months.

The Fuel Recovery Charge will be recalculated semi-annually for a six month period and be subject to the approval of the Guam Public Utilities Commission. In the event that GPA has a cumulative under [or over] recovery balance of more than \$2 million or if the under [over] recovery balance is projected to exceed \$2 million during the six-month levelized period, excluding net revenues from the Navy under The Customer Agreement, the Fuel Recovery Charge may be adjusted to recover such deficit, subject to PUC approval.

¹ For the LEAC period ending July 31, 2008 the adjustment to the carrying value has been established to be \$5.296 million. For periods beginning after July 31, 2008 the change in carrying value will be based on projected changes for the succeeding six month period and (for periods beginning after January 31, 2009) a true up of projected versus actual costs for the preceding six month period.

CHARGES

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE R - RESIDENTIAL
Effective 02/1/2010 & 10/1/2010 & Without Lifeline Charge

		RATE SCHEDULE R					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
KWH			1000		1000		1,000
Monthly Charge		\$ 5.53	\$ 5.53	\$ 6.35	\$ 6.35	\$ 6.01	\$ 6.01
Non-Fuel Energy Charge							
	First 500 KWH	0.03354	\$ 16.77	0.03851	\$ 19.25	0.03644	\$ 18.22
	Over 500 KWH	0.08439	\$ 42.20	0.09689	\$ 48.45	0.09188	\$ 45.84
Emergency Water-well charge		0.00257	\$ 1.29	0.00295	\$ 1.48	0.00279	\$ 1.40
Insurance Charge		0.00290	\$ 2.90	0.00290	\$ 2.90	0.00290	\$ 2.90
Total Electric Charge before Fuel Recovery Charges			\$ 66.68		\$ 78.43		\$ 74.37
Fuel Recovery Charge		0.12967	\$ 129.67	0.12967	\$ 129.67	0.12967	\$ 129.67
Total Electric Charge			<u>\$198.35</u>		<u>\$208.10</u>		<u>\$204.04</u>
Increase in Total Bill					<u>\$9.75</u>		<u>\$5.69</u>
% Increase					4.91%		2.87%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE G - SMALL NON DEMAND (SINGLE PHASE)

		RATE SCHEDULE G1					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
SINGLE PHASE							
KWH			5000		5000		5000
Monthly Charge		\$ 8.59	\$ 8.59	\$ 9.86	\$ 9.86	\$ 9.33	\$ 9.33
Non-Fuel Energy Charge							
	First 200 KWH per month	0.12701	\$ 25.40	0.14583	\$ 29.17	0.13799	\$ 27.60
	Over 200 KWH per month	0.10878	\$ 522.14	0.12490	\$ 599.51	0.11818	\$ 587.28
Emergency Water-well charge		0.00257	\$ 12.85	0.00295	\$ 14.75	0.00279	\$ 13.96
Insurance Charge		0.00290	\$ 14.50	0.00290	\$ 14.50	0.00290	\$ 14.50
Total Electric Charge before Fuel Recovery Charges			\$ 583.49		\$ 667.80		\$ 632.67
Fuel Recovery Charge		0.12967	\$ 648.35	0.12967	\$ 648.35	0.12967	\$ 648.35
Total Electric Charge			<u>\$1,231.84</u>		<u>\$1,316.15</u>		<u>\$1,281.02</u>
Increase in Total Bill					<u>\$84.31</u>		<u>\$49.18</u>
% Increase					6.84%		3.99%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE G - SMALL NON DEMAND (THREE PHASE)

		RATE SCHEDULE G3					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
THREE PHASE							
KWH			5000		5000		5000
Monthly Charge		\$ 8.59	\$ 8.59	\$ 9.86	\$ 9.86	\$ 9.33	\$ 9.33
Non-Fuel Energy Charge							
	First 400 KWH per month	0.14847	\$ 59.39	0.17047	\$ 68.19	0.16130	\$ 64.52
	Over 400 KWH per month	0.10878	\$ 500.39	0.12490	\$ 574.53	0.11818	\$ 543.64
Emergency Water-well charge		0.00257	\$ 12.85	0.00295	\$ 14.75	0.00279	\$ 13.96
Insurance Charge		0.00290	\$ 14.50	0.00290	\$ 14.50	0.00290	\$ 14.50
Total Electric Charge before Fuel Recovery Charges			\$ 595.72		\$ 681.84		\$ 645.95
Fuel Recovery Charge		0.12967	\$ 648.35	0.12967	\$ 648.35	0.12967	\$ 648.35
Total Electric Charge			<u>\$1,244.07</u>		<u>\$1,330.19</u>		<u>\$1,294.30</u>
Increase in Total Bill					<u>\$86.12</u>		<u>\$50.24</u>
% Increase					6.92%		4.04%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE J - SMALL DEMAND (SINGLE PHASE)

		RATE SCHEDULE J1					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
SINGLE PHASE							
KWH			25000		25000		25000
MINIMUM DEMAND	25		5000		5000		5000
Monthly Charge		\$ 17.18	\$ 17.18	\$ 19.73	\$ 19.73	\$ 18.66	\$ 18.66
Demand Energy charge							
First 200 KWH per KW Billing Demand							
First 200 KWH per month		0.12701	\$ 25.40	0.14583	\$ 29.17	0.13799	\$ 27.60
Over 200 KWH per month		0.11189	\$ 537.07	0.12847	\$ 616.65	0.12156	\$ 583.49
Next 200 KWH per KW Billing Demand		0.08895	\$ 444.75	0.10213	\$ 510.65	0.09664	\$ 483.19
Over 400 KWH per KW Billing Demand		0.06436	\$ 965.40	0.07390	\$ 1,108.45	0.06992	\$ 1,048.85
Emergency Water-well charge		0.00257	\$ 64.25	0.00295	\$ 73.77	0.00279	\$ 69.80
Insurance Charge		0.00290	\$ 72.50	0.00290	\$ 72.50	0.00290	\$ 72.50
Total Electric Charge before Fuel Recovery Charges			\$ 2,126.55		\$ 2,430.92		\$ 2,304.10
Fuel Recovery Charge		0.12967	\$ 3,241.75	0.12967	\$ 3,241.75	0.12967	\$ 3,241.75
Total Electric Charge			\$5,368.30		\$5,672.67		\$5,545.85
Increase in Total Bill					\$304.36		\$177.55
% Increase					5.67%		3.31%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE J - SMALL DEMAND (THREE PHASE)

		RATE SCHEDULE J3					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
THREE PHASE							
KWH			25000		25000		25000
MINIMUM DEMAND	25		5000		5000		5000
Monthly Charge		\$ 17.18	\$ 17.18	\$ 19.73	\$ 19.73	\$ 18.66	\$ 18.66
Demand Energy charge							
First 200 KWH per KW Billing Demand							
First 400 KWH per month		0.14847	\$ 59.39	0.17047	\$ 68.19	0.16130	\$ 64.52
Over 400 KWH per month		0.11184	\$ 514.46	0.12841	\$ 590.70	0.12151	\$ 558.93
Next 200 KWH per KW Billing Demand		0.08895	\$ 444.75	0.10213	\$ 510.65	0.09664	\$ 483.19
Over 400 KWH per KW Billing Demand		0.06436	\$ 965.40	0.07390	\$ 1,108.45	0.06992	\$ 1,048.85
Emergency Water-well charge		0.00257	\$ 64.25	0.00295	\$ 73.77	0.00279	\$ 69.80
Insurance Charge		0.00290	\$ 72.50	0.00290	\$ 72.50	0.00290	\$ 72.50
Total Electric Charge before Fuel Recovery Charges			\$ 2,137.93		\$ 2,443.98		\$ 2,316.46
Fuel Recovery Charge		0.12967	\$ 3,241.75	0.12967	\$ 3,241.75	0.12967	\$ 3,241.75
Total Electric Charge			\$5,379.68		\$5,685.73		\$5,558.21
Increase in Total Bill					\$306.05		\$178.53
% Increase					5.89%		3.32%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE P - LARGE POWER SERVICE (THREE PHASE)

		RATE SCHEDULE P					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
THREE PHASE							
KWH			100000		100000		100000
MINIMUM DEMAND	200		40000		40000		40000
Monthly Charge		\$ 20.62	\$ 20.62	\$ 23.68	\$ 23.68	\$ 22.40	\$ 22.40
Demand Energy charge							
First 200 KWH per KW Billing Demand							
First 4000 KWH per month		0.16821	\$ 672.84	0.19313	\$ 772.54	0.18275	\$ 731.00
Over 4000 KWH per month		0.11641	\$ 4,190.76	0.13365	\$ 4,811.74	0.12647	\$ 4,553.00
Next 200 KWH per KW Billing Demand		0.07185	\$ 2,866.00	0.08227	\$ 3,290.68	0.07784	\$ 3,113.73
Over 400 KWH per KW Billing Demand		0.04692	\$ 938.40	0.05387	\$ 1,077.45	0.05098	\$ 1,019.51
Emergency Water-well charge		0.00257	\$ 257.00	0.00295	\$ 295.08	0.00279	\$ 279.21
Insurance Charge		0.00290	\$ 290.00	0.00290	\$ 290.00	0.00290	\$ 290.00
Total Electric Charge before Fuel Recovery Charges			\$ 9,235.62		\$ 10,561.16		\$ 10,008.85
Fuel Recovery Charge		0.12967	\$ 12,967.00	0.12967	\$ 12,967.00	0.12967	\$ 12,967.00
Total Electric Charge			\$22,202.62		\$23,528.16		\$22,975.85
Increase in Total Bill					\$1,325.54		\$773.23
% Increase					5.97%		3.46%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE S - GOVT SMALL NON DEMAND (SINGLE PHASE)
 Effective 02/1/2010 & 10/1/2010 & Without Lifeline Change

	RATE SCHEDULE S1					
	Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
SINGLE PHASE						
KWH		5000		5000		5000
Monthly Charge	8.59	8.59	9.86	9.86	9.33	9.33
Non-Fuel Energy Charge						
First 200 KWH per month	0.13698	27.40	0.15728	31.46	0.14882	29.76
Over 200 KWH per month	0.11641	558.77	0.13366	641.56	0.12647	607.07
Emergency Water-well charge	0.00257	12.85	0.00295	14.75	0.00279	13.96
Insurance Charge	0.00290	14.50	0.00290	14.50	0.00290	14.50
Total Electric Charge before Fuel Recovery Charges		622.10		712.14		674.62
Fuel Recovery Charge	0.12967	648.35	0.12967	648.35	0.12967	648.35
Total Electric Charge		<u>\$1,270.45</u>		<u>\$1,360.49</u>		<u>\$1,322.97</u>
Increase in Total Bill				<u>\$90.03</u>		<u>\$52.52</u>
% Increase				7.09%		4.13%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE S - GOVT SMALL NON DEMAND (THREE PHASE)

	RATE SCHEDULE S3					
	Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
THREE PHASE						
KWH		5000		5000		5000
Monthly Charge	8.59	\$ 8.59	9.86	\$ 9.86	9.33	\$ 9.33
Non-Fuel Energy Charge						
First 400 KWH per month	0.15850	\$ 63.40	0.18199	\$ 72.79	0.17220	\$ 68.88
Over 400 KWH per month	0.11641	\$ 535.49	0.13366	\$ 614.83	0.12647	\$ 581.77
Emergency Water-well charge	0.00257	\$ 12.85	0.00295	\$ 14.75	0.00279	\$ 13.96
Insurance Charge	0.00290	\$ 14.50	0.00290	\$ 14.50	0.00290	\$ 14.50
Total Electric Charge before Fuel Recovery Charges		\$ 634.83		\$ 726.74		\$ 688.45
Fuel Recovery Charge	0.12967	\$ 648.35	0.12967	\$ 648.35	0.12967	\$ 648.35
Total Electric Charge		<u>\$1,283.18</u>		<u>\$1,375.09</u>		<u>\$1,336.80</u>
Increase in Total Bill				<u>\$91.92</u>		<u>\$53.62</u>
% Increase				7.16%		4.18%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE K - GOVT SMALL DEMAND (SINGLE PHASE)

	RATE SCHEDULE K1					
	Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
SINGLE PHASE						
KWH		25000		25000		25000
MINIMUM DEMAND	25	5000		5000		5000
Monthly Charge	\$ 17.18	\$ 17.18	\$ 19.73	\$ 19.73	\$ 18.66	\$ 18.66
Demand Energy charge						
First 200 KWH per KW Billing Demand						
First 200 KWH per month	0.13698	\$ 27.40	0.15728	\$ 31.46	0.14882	\$ 29.76
Over 200 KWH per month	0.12123	\$ 581.90	0.13919	\$ 668.13	0.13171	\$ 632.20
Next 200 KWH per KW Billing Demand	0.09624	\$ 481.20	0.11050	\$ 552.50	0.10456	\$ 522.79
Over 400 KWH per KW Billing Demand	0.07541	\$ 1,131.15	0.08658	\$ 1,298.76	0.08193	\$ 1,228.92
Emergency Water-well charge	0.00257	\$ 64.25	0.00295	\$ 73.77	0.00279	\$ 69.80
Insurance Charge	0.00290	\$ 72.50	0.00290	\$ 72.50	0.00290	\$ 72.50
Total Electric Charge before Fuel Recovery Charges		\$ 2,375.58		\$ 2,716.85		\$ 2,574.65
Fuel Recovery Charge	0.12967	\$ 3,241.75	0.12967	\$ 3,241.75	0.12967	\$ 3,241.75
Total Electric Charge		<u>\$5,617.33</u>		<u>\$5,958.60</u>		<u>\$5,816.40</u>
Increase in Total Bill				<u>\$341.27</u>		<u>\$199.07</u>
% Increase				6.08%		3.54%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE K - GOVT SMALL DEMAND (THREE PHASE)

		RATE SCHEDULE K3					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
THREE PHASE							
KWH			25000		25000		25000
MINIMUM DEMAND	25		5000		5000		5000
Monthly Charge		\$ 17.18	\$ 17.18	\$ 19.73	\$ 19.73	\$ 18.66	\$ 18.66
Demand Energy charge							
First 200 KWH per KW Billing Demand							
First 400 KWH per month		0.15850	\$ 63.40	0.18199	\$ 72.79	0.17220	\$ 68.88
Over 400 KWH per month		0.12114	\$ 557.24	0.13909	\$ 639.82	0.13161	\$ 605.41
Next 200 KWH per KW Billing Demand		0.09624	\$ 481.20	0.11050	\$ 552.50	0.10456	\$ 522.79
Over 400 KWH per KW Billing Demand		0.07541	\$ 1,131.15	0.08658	\$ 1,298.76	0.08193	\$ 1,228.92
Emergency Water-well charge		0.00257	\$ 64.25	0.00295	\$ 73.77	0.00279	\$ 69.80
Insurance Charge		0.00290	\$ 72.50	0.00290	\$ 72.50	0.00290	\$ 72.50
Total Electric Charge before Fuel Recovery Charges			\$ 2,386.92		\$ 2,729.87		\$ 2,586.98
Fuel Recovery Charge		0.12967	\$ 3,241.75	0.12967	\$ 3,241.75	0.12967	\$ 3,241.75
Total Electric Charge			<u>\$ 5,628.67</u>		<u>\$ 5,971.62</u>		<u>\$ 5,828.73</u>
Increase in Total Bill					<u>\$ 342.95</u>		<u>\$ 200.05</u>
% Increase					6.09%		3.55%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE L - LARGE GOVT SERVICE (THREE PHASE)

		RATE SCHEDULE L					
		Current Rates		Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)	
THREE PHASE							
KWH			100000		100000		100000
MINIMUM DEMAND	200		40000		40000		40000
Monthly Charge		\$ 20.62	\$ 20.62	\$ 23.68	\$ 23.68	\$ 22.40	\$ 22.40
Demand Energy charge							
First 200 KWH per KW Billing Demand							
First 4000 KWH per month		0.17845	\$ 713.80	0.20489	\$ 819.57	0.19387	\$ 775.50
Over 4000 KWH per month		0.12666	\$ 4,559.76	0.14543	\$ 5,235.41	0.13761	\$ 4,953.89
Next 200 KWH per KW Billing Demand		0.08439	\$ 3,375.60	0.09689	\$ 3,875.79	0.09168	\$ 3,667.38
Over 400 KWH per KW Billing Demand		0.04921	\$ 984.20	0.05650	\$ 1,130.04	0.05346	\$ 1,069.27
Emergency Water-well charge		0.00257	\$ 257.00	0.00295	\$ 295.08	0.00279	\$ 279.21
Insurance Charge		0.00290	\$ 290.00	0.00290	\$ 290.00	0.00290	\$ 290.00
Total Electric Charge before Fuel Recovery Charges			\$ 10,200.98		\$ 11,669.57		\$ 11,057.66
Fuel Recovery Charge		0.12967	\$ 12,967.00	0.12967	\$ 12,967.00	0.12967	\$ 12,967.00
Total Electric Charge			<u>\$ 23,167.98</u>		<u>\$ 24,636.57</u>		<u>\$ 24,024.66</u>
Increase in Total Bill					<u>\$ 1,468.59</u>		<u>\$ 856.68</u>
% Increase					6.34%		3.70%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE F
Effective 02/1/2010 & 10/1/2010 & Without Lifeline Change

	RATE SCHEDULE F					
	Current Rates		Proposed Base Rate 2/1/10(Compressed)		Proposed Base Rate 10/1/10(Uncompressed)	
KWH		101		101		101
Energy Charge	0.08409	\$ 8.49	0.09655	\$ 9.75	0.09136	\$ 9.23
Fixture Charge						
High Intensity Discharge	25.06	\$ -	28.77	\$ -	27.23	\$ -
Hi Pressure Sodium (Lucalox)	22.22	\$ 22.22	25.51	\$ 25.51	24.14	\$ 24.14
Hi Pressure Sodium (HPS)	16.23	\$ -	18.63	\$ -	17.63	\$ -
Insurance Charge	0.00290	\$ 0.29	0.00290	\$ 0.29	0.00290	\$ 0.29
Total Electric Charge before Fuel Recovery Charges		\$ 31.01		\$ 35.56		\$ 33.66
Fuel Recovery Charge	0.129670	\$ 13.10	0.129670	\$ 13.10	0.129670	\$ 13.10
Total Electric Charge		<u>\$44.10</u>		<u>\$48.65</u>		<u>\$46.76</u>
Increase in Total Bill				<u>\$4.55</u>		<u>\$2.65</u>
% Increase				10.32%		6.02%

BILL ILLUSTRATION RATE SCHEDULE H

	RATE SCHEDULE H					
	Current Rates		Proposed Base Rate 2/1/10(Compressed)		Proposed Base Rate 10/1/10(Uncompressed)	
KWH		101		101		101
Energy Charge	0.06748	\$ 6.82	0.07748	\$ 7.83	0.07331	\$ 7.40
Fixture Charge						
High Intensity Discharge	\$ 25.06	\$ -	\$ 28.77	\$ -	\$ 27.23	\$ -
Hi Pressure Sodium (Lucalox)	\$ 22.22	\$ 22.22	\$ 25.51	\$ 25.51	\$ 24.14	\$ 24.14
Hi Pressure Sodium (HPS)	\$ 16.23	\$ -	\$ 18.63	\$ -	\$ 17.63	\$ -
Insurance Charge	0.00290	\$ 0.29	0.00290	\$ 0.29	0.00290	\$ 0.29
Total Electric Charge before Fuel Recovery Charges		\$ 29.33		\$ 33.63		\$ 31.84
Fuel Recovery Charge	0.129670	\$ 13.10	0.129670	\$ 13.10	0.129670	\$ 13.10
Total Electric Charge		<u>\$42.43</u>		<u>\$46.73</u>		<u>\$44.93</u>
Increase in Total Bill				<u>\$4.30</u>		<u>\$2.51</u>
% Increase				10.14%		5.92%

	Current Rate	Proposed Base Rate Eff 3/1/2010	Proposed Base Rate Eff 3/1/2010
RATE SCHEDULE M			
Monthly Rate:			
First 200 kwhr per kw of billing demand			
0-20 kwhr/kw of billing demand	0.40067	0.46004	0.43530
Over 20 kwhr/kw of billing demand	0.11588	0.13305	0.12590
Next 200-400 kwhr per kw of billing demand	0.08058	0.09252	0.08755
Over 400 kwhr per kw of billing demand	0.04639	0.05326	0.05040
Emergency Water-well charge	0.00257	0.00295	0.00279
Insurance Charge	0.00290	0.00290	0.00290

GUAM POWER AUTHORITY
 BILL ILLUSTRATION RATE SCHEDULE N-NAVY
 Effective 2/1/2010 & 10/1/2010

RATE SCHEDULE N									
				Proposed Base Rate 3/1/10(Compressed)		Proposed Base Rate 3/1/10(Uncompressed)			
Current Rates									
Demand Charge	55,445.88 Kw	\$	32.39	\$	1,795,892	\$	32.89	\$	1,823,338
Non Fuel Enegy Charge	29,800,681 KWh	\$	0.00880	\$	262,246	\$	0.00970	\$	289,067
Insurance Charge	29,800,681 KWh	\$	0.00070	\$	20,860	\$	0.00070	\$	20,860
Customer Charge		\$	6,977	\$	6,977	\$	9,419	\$	9,419
Fuel Recovery Charge	29,800,681 KWh	\$	0.129670	\$	3,864,254	\$	0.129670	\$	3,864,254
Wheeling	410,000 KWh	\$	0.0201	\$	8,241	\$	0.01980	\$	8,118
Total Electric Charge				\$ 5,958,471		\$ 6,015,056		\$ 5,996,194	
Increase In Total Bill						\$ 56,585		\$ 37,724	
% Increase						0.95%		0.63%	


Guam Power Authority

Summary of Rate Petition

Horrible Choices

Nobody likes rate increases. We understand the dreadful impact rate increases have on a family's budget.

However, if GPA follows a path of prudence, we can ensure that rate increases are minimized over the long term.




GPA Financial History (Net Losses)

Fiscal Year 2005	(\$808,486)
Fiscal Year 2006	(\$3,825,226)
Fiscal Year 2007	(\$11,051,523)
Fiscal Year 2008	\$4,734,150
Fiscal Year 2009	(\$17,392,182)



Why Does This Matter?

- GPA has a CP loan at unfavorable terms
- GPA is unable to obtain letters of credit or other bank credit facilities
- GPA is unable to take advantage of initiatives that would bring savings to ratepayers
- GPA is unable to borrow to build wind turbines that would act as a hedge against rising fuel prices.

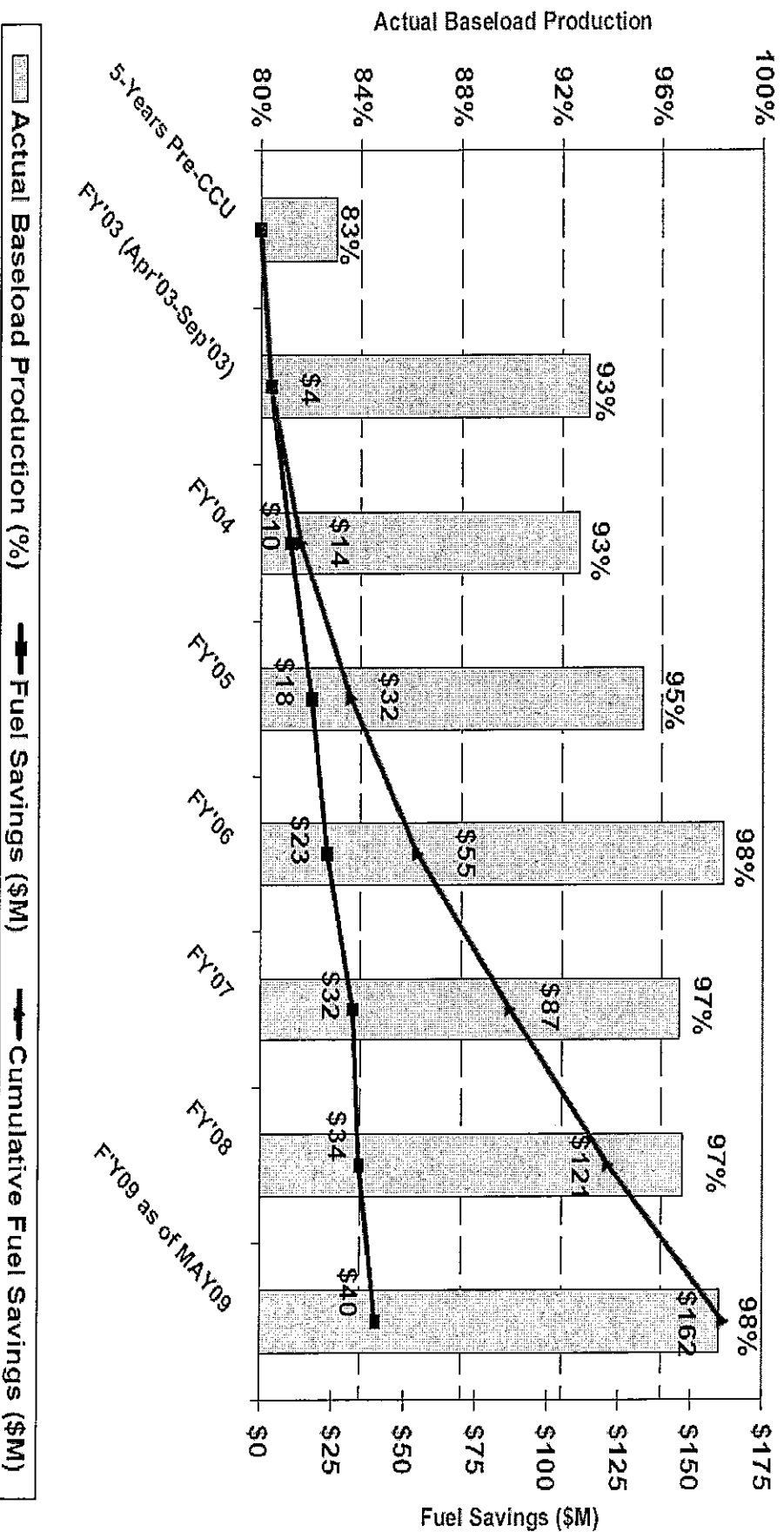


What has GPA done to cut costs?

- ❑ Improved Unit Efficiency
- ❑ Improved Collections including GovGuam
- ❑ Reduced Staffing Levels
- ❑ Cylinder Oil Tuning (Saved \$1 mill/yr.)
- ❑ VOIP Phone System (Saved \$300k/yr.)
- ❑ GPA has conducted a Management and Organizational Assessment to Improve additional efficiencies in the Utility.

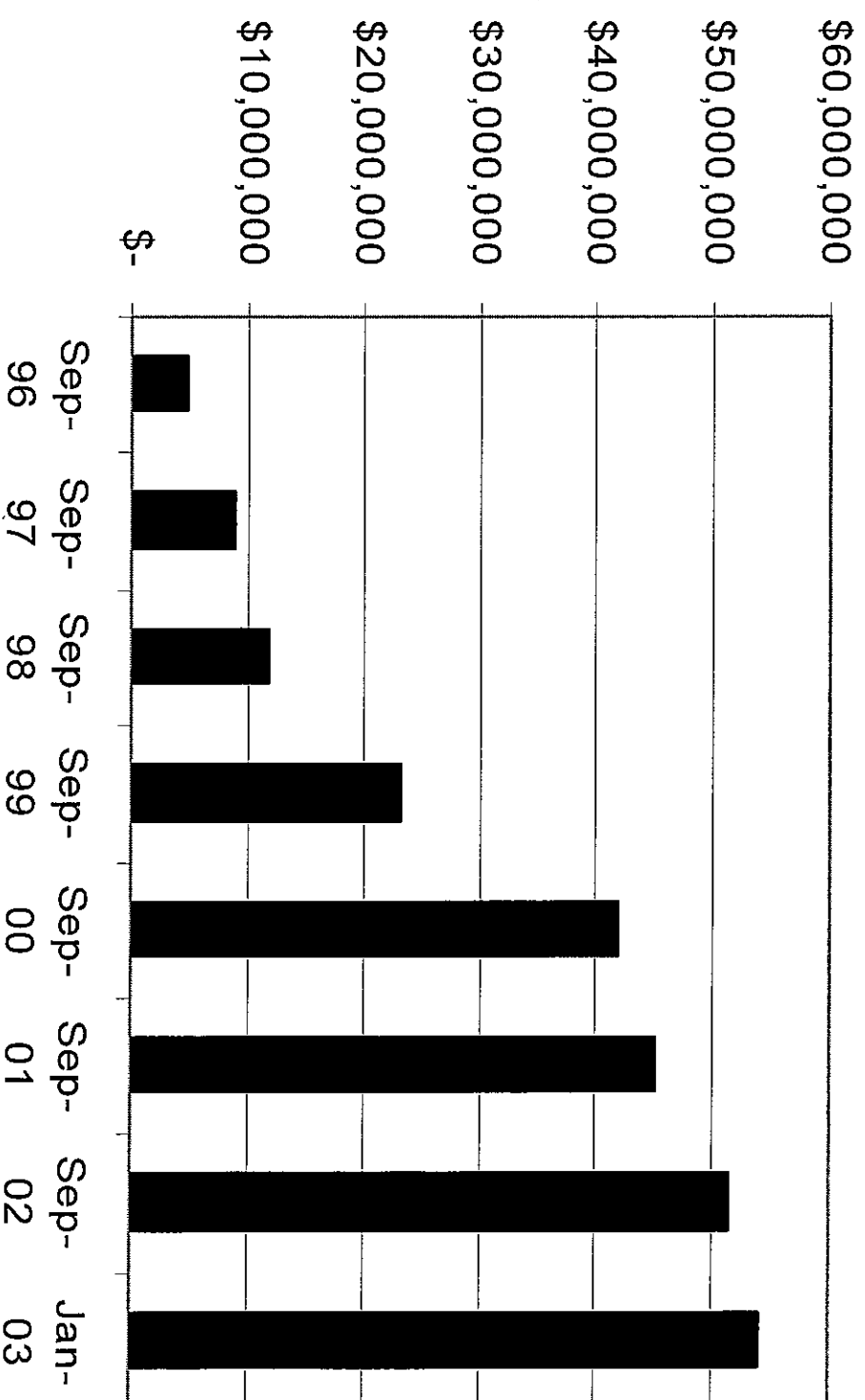
PMC Savings

Fuel Savings Relative to 83% Baseload Use



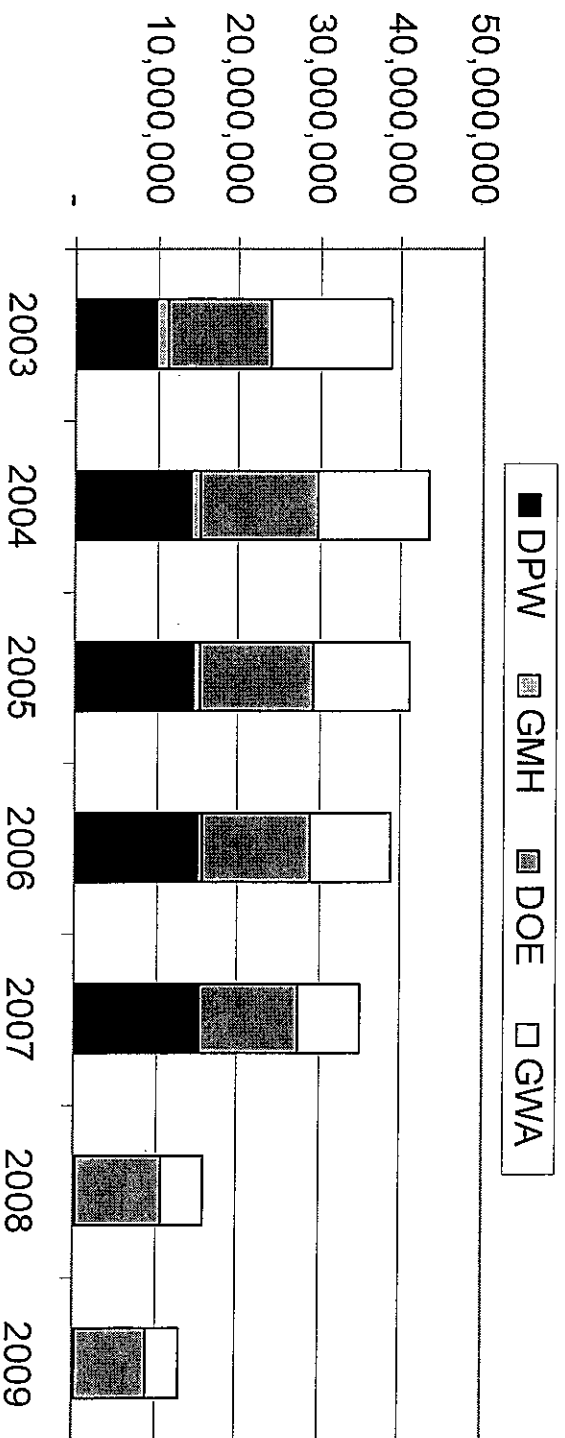
Government Receivables

Gov Guam Receivable Buildup



Government Receivables

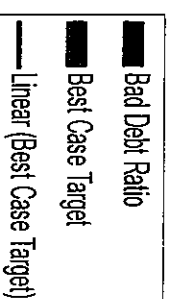
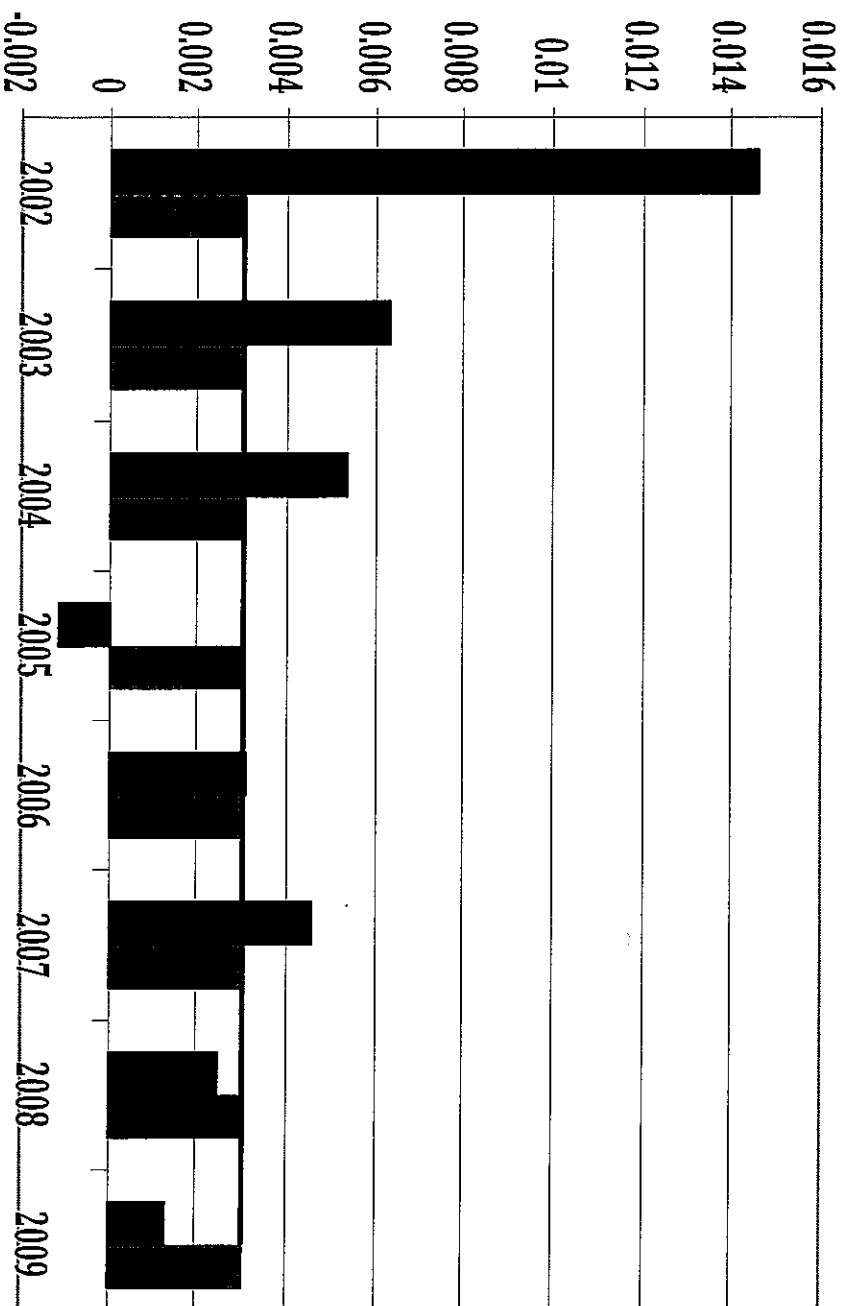
Gov't Rec'bles Trending Downward



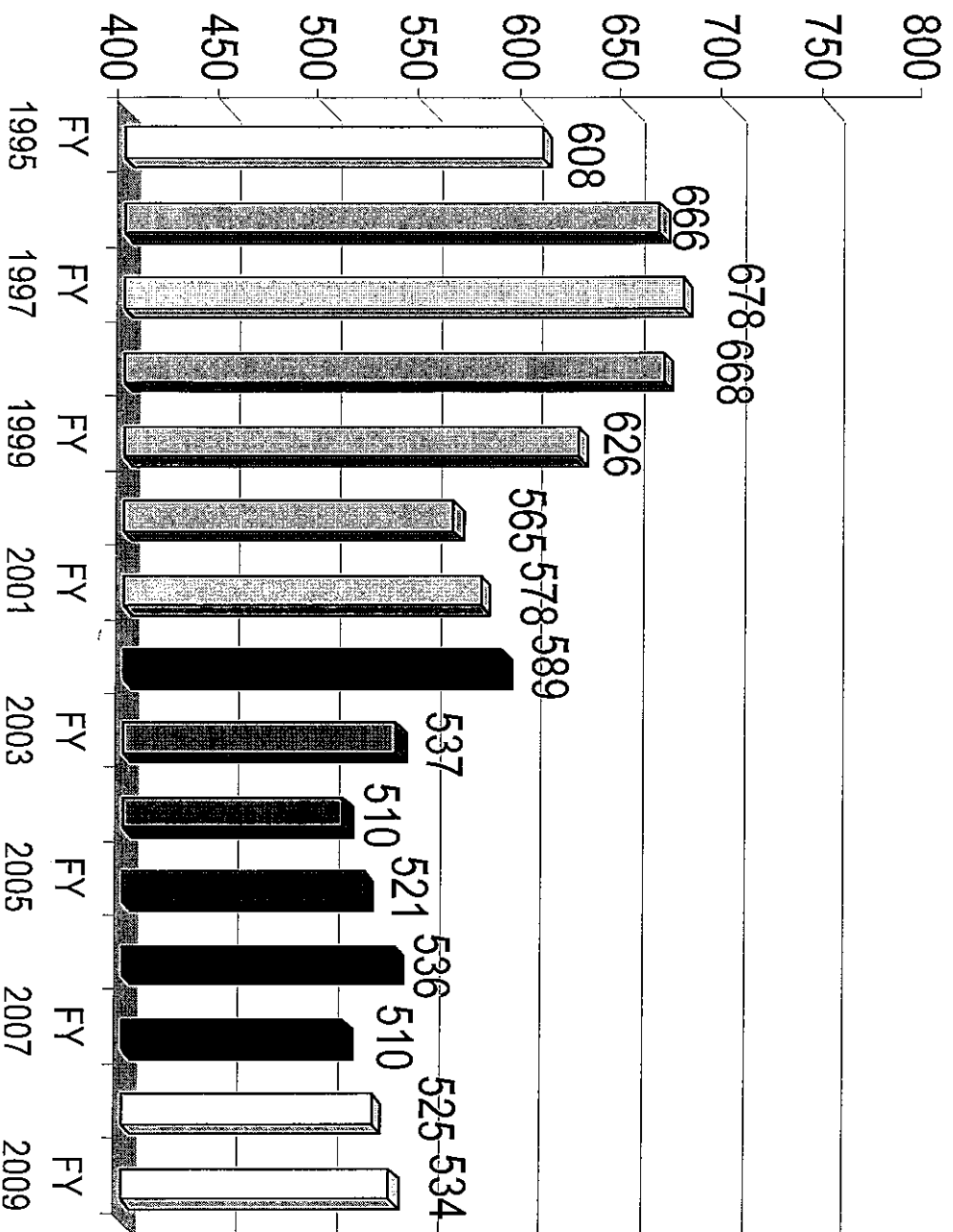
In July 2008, Government of Guam paid the DPW streetlight arrearage of \$13.8M.

All Other GovGuam Bills are Current

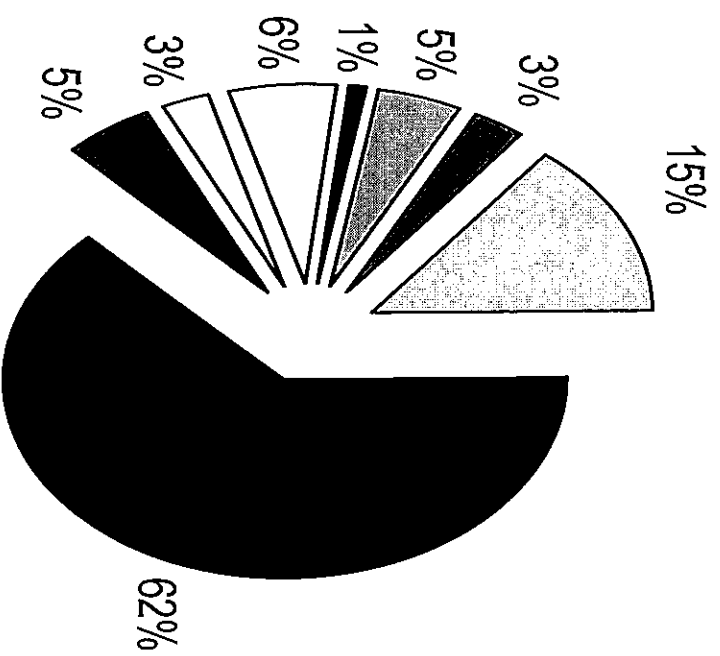
Uncollectible Account per Revenue \$



GPA Employment History



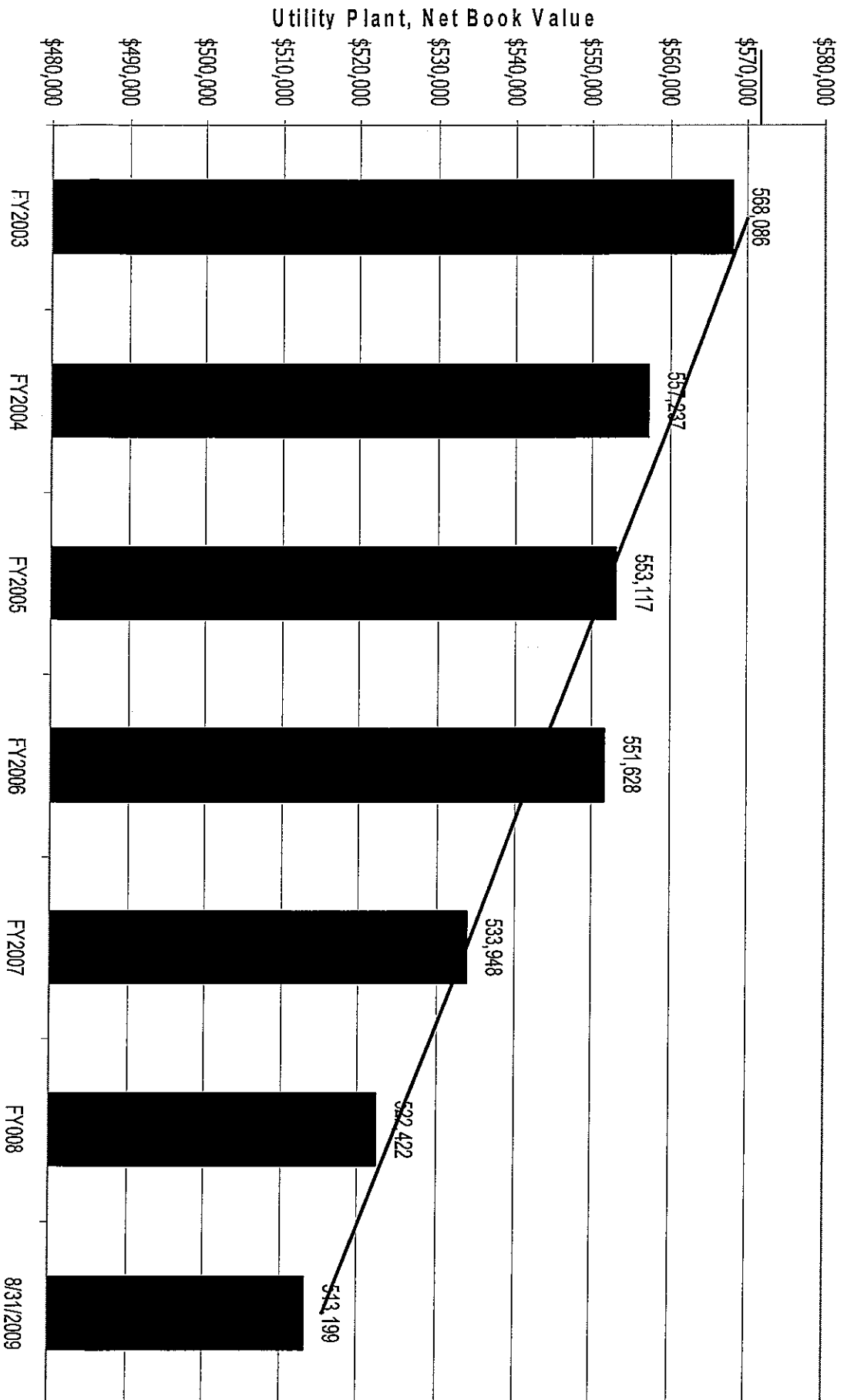
Costs to Produce Electricity



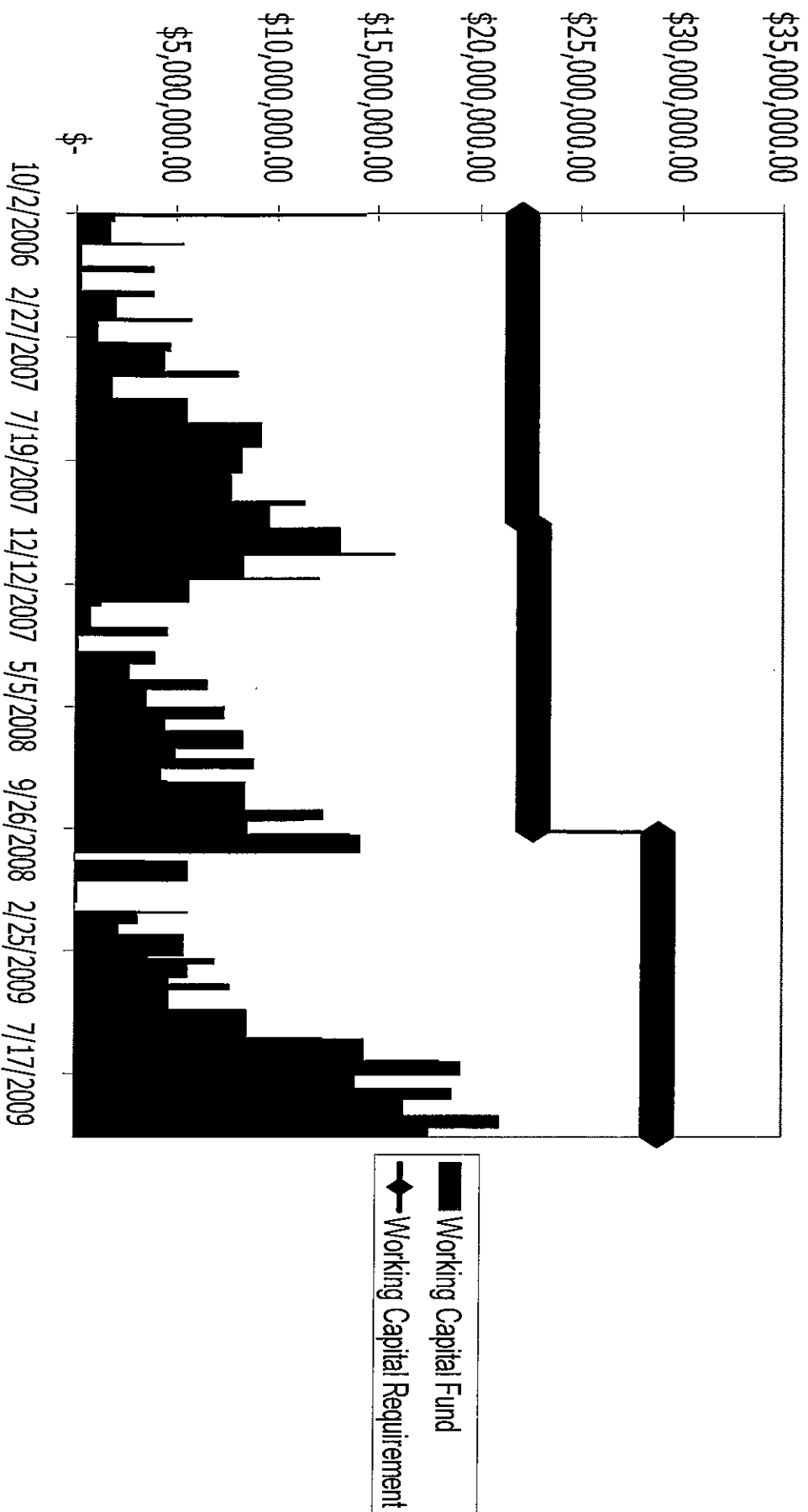
Labor Cost is approximately 10% of GPA's Overall Costs!

■ Production Fuel	■ Customer Accounting
■ Generation	□ Energy Conversion Agreements
□ Transmission and Distribution	■ Capital Projects
□ Admin & General	□ Debt Service

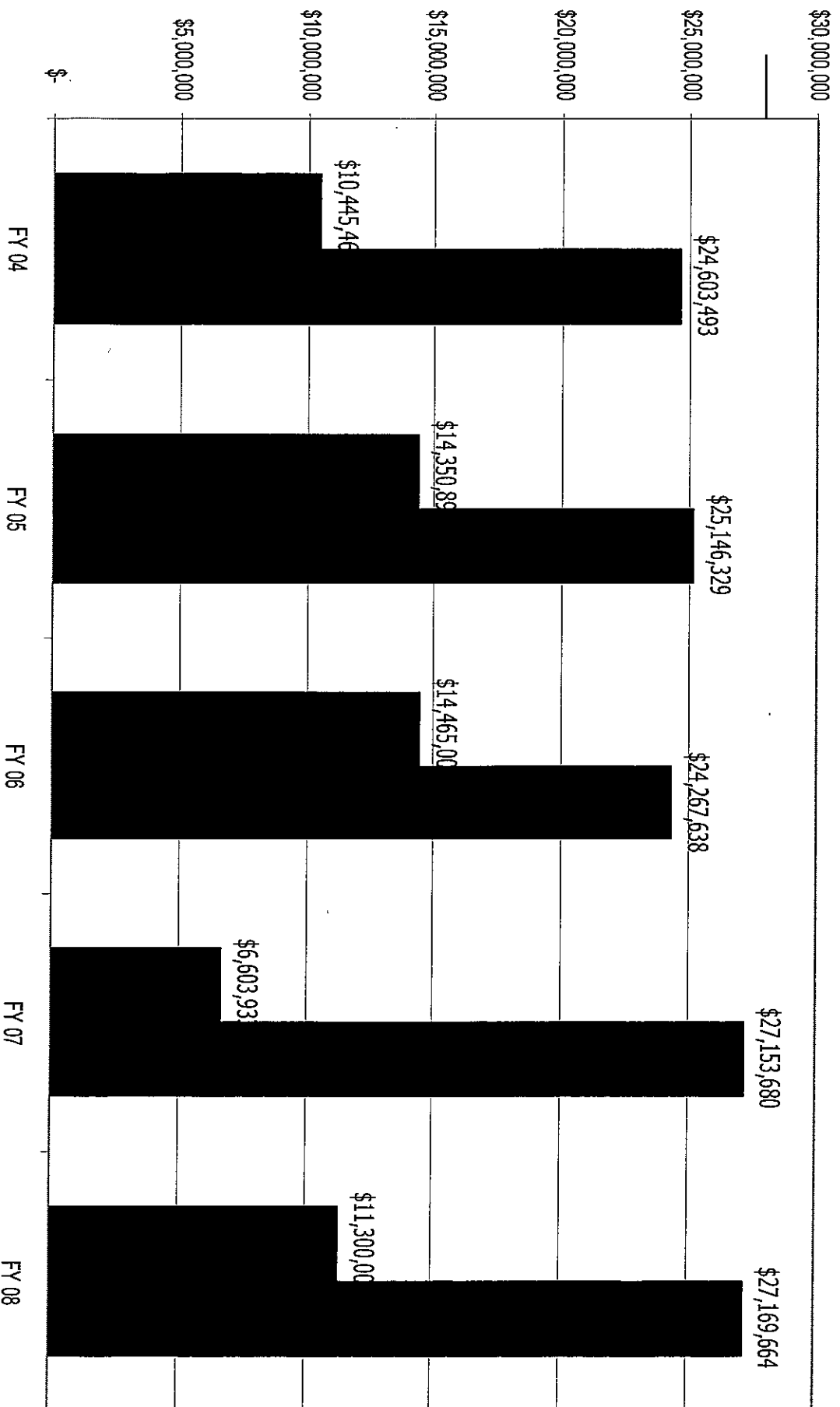
Utility Plant Values



Working Capital Balances



Capital Expenditure by Fiscal Year



Horrible Choices

- 1) GPA can either raise rates to and take a path to try to minimize costs over the long term by performing aggressive maintenance and achieving lower interest rate costs.
- 2) Or GPA can defer a rate increase, defer maintenance, reduce fuel burning efficiency, and incur higher rates over the long term.



GPA's Recommendation

- Increase rates 2.6% effective March 1.
- Implement a surcharge of approximately 13%3.2% effective April 1.
- Seek legislative approval to issue bonds to enable reduction from 13% to 3.2%