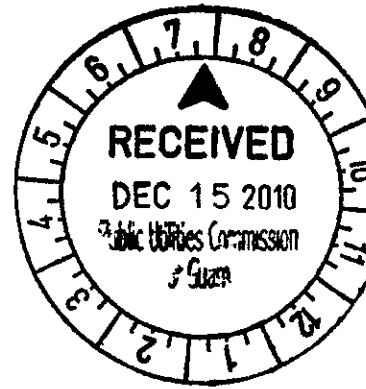


GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
November 29, 2010
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:20 p.m. on November 29, 2010, pursuant to due and lawful notice. Commissioners Johnson, Cantoria, Perez, 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 meetings conducted on October 29, 2010. Upon motion duly made, seconded and unanimously carried, the minutes were approved.

2. Guam Power Authority

The Chairman announced that the next matter on the agenda was GPA Docket 10-08, Petition to Review Invitation for Bid for GPA's Fuel Bulk Storage Facility, Counsel Report and Proposed Order. Counsel reported that approximately a year ago the Commission had authorized GPA to procure a PMC for the management, operation and maintenance of the GPA Fuel Farm Bulk Storage Facility. After the prior approval, GPA went out to bid but later cancelled the bid due to insufficient funds. The original procurement included responsibility for maintenance and operation of the fuel pipelines, which is expensive; the bid received by GPA was too high. That issue has been remedied in the present procurement. The contractor will be compensated for work it does on the pipelines on a cost reimbursement basis. Counsel recommends approval of this procurement. The PMC model utilized here is similar to that followed with the power plants. The PMC would assume a larger degree of responsibility for managing and operating the fuel farm bulk storage facility and would have a role in the preparation of the budget, with an option for PMC financing.

Commissioner Pangelinan asked whether GPA would be adding some meters with this contract. Counsel indicated that GPA at present is responsible for the fuel meters but under the contract would give some role to the PMC. At present GPA does not know the cost of the contract, so it will be required to seek approval from the PUC once the cost of the contract is known. Commissioner Perez clarified that even though the PMC would be able to procure some contractors, GPA would still have input and overall responsibility for procurement. Upon motion duly made, seconded and unanimously

carried, the Commissioners moved to approve GPA's IFB for the Fuel Bulk Storage Facility. The Order adopted is made *Attachment "B"* hereto.

3. Guam Telecom LLC

The Chairman announced that the next item on the agenda was Guam Telecom, GT Docket 10-02, Petition of Guam Telecom for Designation as Eligible Telecommunications Carrier [ETC], Counsel Report and Proposed Order. The Chairman indicated that there was not a quorum present to vote on the merits of this matter. That being the case, Commissioner Perez made a motion to grant the Chairman authority to preside, and to sign the order designating Guam Telecom as an ETC. Upon motion duly made, seconded and unanimously carried, the Commissioners authorized the Chairman to sign the ETC Designation Order, subject to ratification.

Counsel then gave a brief report on the Petition for Designation as an ETC by Guam Telecom. The main purpose of the Petition is to enable GT to apply to the Federal Communications Commission and the Universal Services Administration so that GT can secure universal support funds. These are funds that the federal government provides to enable GT to expand its telecommunications services and provide additional services to the people of Guam. Thus, the ability to secure these funds is in the interest of both GT and the consumers of Guam.

In its Petition, GT has provided the Declaration of its CEO, Mr. Craig Thompson, which certifies that GT will offer all of the services required by the FCC for support pursuant to the Telecommunications Act. It would include such services as voice grade access, local exchange plan comparable to the one offered by the Incumbent Local Exchange Carrier, dual tone multi-frequency signaling and single party service, E911 and 911, access to operator services (which will be provided within a month), etc. A number of reporting requirements will be imposed upon GT that it will have to report to the PUC by August of each year, including certification that it provides all the services that entitle it to universal support.

The Petition also provides a five year plan indicating improvements that GT will make to telecommunications services in Guam. There will be an expansion of the fiber optic network to parts of Guam that are presently not served. GT complies with the requirement that it continue to improve and expand services. For the Commission to approve this Petition for ETC Designation, it must find that the application is in the "public interest." GT satisfies that requirement and provides services to customers not presently served and will make accommodations to bring services to customers. This will enhance competition and serve the purpose of the Guam Telecommunications Act to expand the availability of services to the customers of Guam. An Order has been prepared which would approve the designation of GT as an ETC. GT has also agreed to comply with annual reporting requirements, such as filing the number of complaints it

has had per thousand headsets, what customers it was unable to serve, the filing of five year plans, information on outages, and ability to function in emergency situations. The Order would require compliance with these reporting requirements and an annual certification that GT does provide the core services required for Federal Universal Support Funds. The Chairman then announced that he would be signing the Order on behalf of the Commission and that it would be ratified at the next Commission meeting.

4. Port Authority of Guam

The Chairman indicated that the next matter before the Commission was Port Docket 10-02, PAG Request to accept US Dept. of Agriculture letter of conditions and to proceed with \$50M USDA Rural Development Direct and Guaranteed Loan Program, PUC Counsel Report, and Proposed Order. Counsel reported that this \$50M loan being sought by PAG is a part of its overall Port Modernization and expansion program. The Legislature has approved a plan to enable the Port to modernize so that it can handle the presumed increase in traffic from the military buildup and new business coming into Guam. The Port will need over \$200M over the next five years for this plan. The USDA loan is one of the elements of funding of the modernization plan.

At this point the loan has not yet been approved, but USDA is proposing certain terms and conditions to which the Port would have to agree in order to secure a \$25M community facilities direct loan and another \$25M in community facilities guaranteed loan (issued by ANZ Bank). PAG must agree to the USDA letter of conditions before the loan can be granted. The USDA letter sets down standard loan terms and conditions. If this commitment letter is approved then the Port and USDA would have to enter into the actual loan documentation, including the promissory notes, security agreement, assignments, and other type of loan documentation. In Public Law 30-57, the Guam Legislature recently authorized the Port specifically to indebt itself up to the amount of \$54.5M for the Port Modernization Program without further approval by the Legislature.

The conditions in the letter don't appear to be unreasonable or burdensome. The loan repayment would be scheduled over a period of forty years with an interest rate, at least for planning purposes, at 4%, and monthly payments of \$104,500. There could be a higher interest rate for the ANZ Bank portion of the loan. The Port is required to establish and fund a monthly debt service reserve fund, similar to what exists with bond issues, at 10% of the monthly payment each month over the life of the loan. There are various other requirements for insurance, bonding, audits, legal review, architectural and engineering services and other standard items. Counsel recommends that the PUC authorize the Port to accept the letter of conditions and to proceed ahead with the loan.

This loan clearly could affect rates. The Commission, however, will subsequently have a full opportunity to make sure that rates are sufficient to guarantee that this loan obligation can be repaid and that there won't be any unwanted impact on the rates that the ratepayers pay. The Order prepared for the Commissioners' consideration would authorize PAG to agree to the conditions of USDA and to proceed with the loan. Once loan documentation is finalized, the Port would be required to come back to the Commission for a full review of the actual terms of the agreements. Upon motion duly made, seconded, and unanimously carried, the Commissioners authorized PAG to accept the USDA letter of conditions and to proceed with the \$50M USDA Rural Development Direct and Guaranteed Loan Program. The approved Order is made *Attachment "C"* hereto.

Counsel gave a brief status report on the Port's Contract Review Protocol. Counsel anticipated that, within a week, he would be able to transmit a draft of the contract review protocol to the Port Authority, and that he had so advised the Port Financial Controller. Once the draft protocol is agreed to by the parties, it will be brought before the Commission for approval.

5. Guam Waterworks Authority

The Chairman announced that the next matter before the Commission was GWA Docket 10-04, GWA Petition to reprogram use of bond funds, Counsel Report and Proposed Order. Counsel reported that GWA was asking the Commission to allow it to program \$1,990,000 of "unallocated" funds: these were bond funds that previously had been designed to be used for other projects, but apparently were not necessary or were excess funds. Those projects were completed and at this point the funds are not needed for the original purposes for which they were intended. GWA wishes to use the \$1,990,000M for certain other projects.

The projects for which GWA seeks to use the "unallocated" bond funds are "stipulated order" projects, which are familiar to the Commission: the water reservoir inspection and minor repairs, the ground water disinfection or chlorination project, and the Sinajana transmission line project. These projects are a priority, and GWA has already been fined by US EPA on more than one occasion for failing to complete these projects within the required timelines. The PUC does not examine the "prudence" of these projects in any detail because GWA is required by court order to carry out the projects as soon as possible. GWA has little choice here but to complete the projects, otherwise it will be subject to further fines. The Commission should assist GWA in expediting the completion of these projects.

The Old Agat Wastewater Collection project is not a stipulated order project; however Counsel's review indicates that GWA has offered a justification for allocating at least \$250,000 for that project. The project is critical to reduce the amount of infiltration and

inflow that is overloading the Agat Wastewater Treatment Plant and causing it to be non-compliant with the NPDES permits. This major collection rehabilitation program is needed in the area due to capacity related sewer backups, overflows, and the age and material of the pipes. The project is primarily funded by USEPA grant. Thus, the overall reprogramming requested is \$250,000 for the Old Agat Collection system, \$390,000 for the groundwater disinfection chlorination, \$750,000 for the water reservoir inspection and minor repair, and \$600,000 for the Sinajana Water Transmission Lines.

Counsel suggests that the Commission find that the reprogramming is necessary and justified; if PUC does not carry out these projects there is a prospect of additional EPA fines. These projects need to be completed because they are desirable for the ratepayers. The CCU has passed a resolution indicating that the completion of these projects is overdue under the stipulated orders and that the projects are critical to GWA coming into compliance with the Order. A proposed Order for the Commissioners' review has been prepared which would basically approve GWA's Petition. The amount which GWA seeks to reprogram, \$1.99M of unobligated bond funds, appears to be less than the over \$3M in unobligated funds indicated in GWA's Attachment A to the Petition.

Commissioner Perez asked GWA how much it had been fined. GWA Legal Counsel Taylor indicating the figure was around \$30,000. Commissioner Perez further asked about the Old Agat Wastewater Collection System. GWA Counsel indicated that it was in the Jan-Z area and also in the village. It involves a replacement of a leaky system that is full of holes; unfortunately the designer for the project had not included all of the laterals where the new pipelines ran. The amount requested here is needed to complete the project. GWA Legal Counsel indicated that the \$250,000 requested was in addition to the USEPA funds. The Chairman asked how many stipulated order projects had not yet been completed. GWA Legal Counsel indicated that the status report had been submitted to the US District Court and to the Commission, which describes the status of each of the stipulated order projects.

Commissioner Pangelinan asked whether the Old Agat Collection System was included into the rationale for expediting the stipulated order projects, even though it is not a part of the Stipulated Order. Counsel indicated that, though technically the Old Agat Collection System Project was not a stipulated order project, Counsel did examine the prudence of the project. The project was basically federally funded and just needed the amount requested to complete it. The amount requested does not exceed the contract review amount, although the use of bond funds does require review. As a prudence matter there is a justification for the Old Agat Collection System Project. There is some criticality in the securing of effective environmental permits and there is also overflowing occurring. There is sufficient information to approve the project on a normal contract review basis.

Commissioner Pangelinan asked whether the project was appropriate for expedited review. Counsel indicated that his view of "expedited review" is liberal, in that if he has sufficient time to complete the review within the requested timeframe, he will expedite it. Upon motion duly made, seconded and unanimously carried, the Commissioners authorized GWA to reprogram \$1,990,000M of "unallocated" bond funds, in the amounts and for those projects set forth in the approved Order. Said Order is made *Attachment "D"* hereto.

6. GTA Telecom LLC

The Chairman announced that the next matter before the PUC is GTA Docket 10-09 Joint Application of Teleguam Holdings LLC and GTA Telecom LLC for approval of the transfer of control to AP Teleguam Holdings Inc., Counsel Report, and Proposed Order. Counsel reported that Petition of Teleguam Holdings and GTA Telecom seeks approval for the transfer of control/sale of Teleguam and GTA Telecom to AP Teleguam Holdings LLC. AP would essentially take over all of the ownership interest of the Shamrock Group in Teleguam and GTA Telecom. There would be a complete sale of the companies and a complete change in ownership.

The role of the PUC in this matter involves the Certificates of Authority issued to Teleguam and GTA Telecom. 12 GCA §12103(g) provides that a telecommunications company shall not sell or transfer a certificate of authority, or transfer control of the telecom company holding a certificate of authority, without the prior approval of the Commission and a determination by the Commission that the proposed sale or transfer satisfies the requirements of granting a certificate of authority under subsection (c) of the statute. The Counsel Report examines the requirements in detail.

Here a Japanese company, Advantage Partners, an investment or brokerage firm, has clients collectively referred to as the "AP Funds". The AP Funds invest in companies such as Teleguam, and various AP fund companies will contribute funds towards the purchase of Teleguam. There is a bank providing financing. The Agreement of Sale and a Plan of Merger have been provided to the Commission, but the agreement is not yet fully effective. The Federal Communications Commission must also approve the sale, and that process will take some period of time. Teleguam and GTA Telecom now ask the Commission for authorization to proceed ahead with the sales transaction.

There are two requirements under the statute: the first is that the applicant possesses sufficient technical, financial and managerial resources and abilities to provide the telecommunications services in Guam provided under the existing certificate of authority. Under this transaction the present certificate holders, Teleguam and GTA Telecom, will remain as the certificate holders after the transaction. The ownership of the companies will change; there won't be a need for issuance of new certificates of authority. Teleguam and GTA Telecom have submitted financial statements indicating

that they own facilities in Guam that will enable them to provide telecom services. That will not change with the sale. There is no reason to indicate that, even with a change of ownership, the companies won't have sufficient technical or financial resources to provide the telecom services that are presently required under the certificates of authority.

Applicants indicate that the transaction will not involve a change in the applicants' operating authorities in Guam. Although it is conceivable that there could be a change in management, it seems that this transaction is structured as an investor coming in and providing an influx of cash. Counsel concludes that the transfer of ownership will not present any danger that the telecommunications services covered by the certificates of authority will not be provided. The AP Funds are committing a substantial amount of capital to this transaction and financial resources available. The funds appear to have sufficient financial resources to enable Teleguam and GTA to continue providing the services.

Second, the Commission must also find that the sale or transfer of control of Teleguam Holdings is not contrary to the public interest. It is in the public interest, under the Guam Telecom Act, to provide the people of Guam with modern, innovative, accessible and affordable telecommunications services and products. Even after transfer of control, Teleguam and GTA will continue to offer services to the customers of Guam with no change in rates, terms or conditions. The current tariffs would remain in effect. The purchaser AP Teleguam Holdings will adopt the current GTA five year operating plan and make capital investments that will benefit customers on Guam.

Counsel recommends that the Commission authorize Teleguam and GTA to proceed with the completion of the transaction whereby AP Teleguam Holdings will acquire direct control of Teleguam and indirect control of GTA from Shamrock. The Order prepared would accomplish these purposes and find that the applicants satisfy the requirements of 12 GCA §§12103(c) and (g). This is a conditional approval; the applicants will be required to satisfy all requirements of the FCC with regard to this transaction and further complete the sales transaction. The terms and conditions of the purchase and merger agreement must be completed in all material respects. Once the transaction is completed, applicants will continue to be subject to the requirements of 12 GCA §12103 and all PUC rules, regulations and orders. Commissioner Pangelinan clarified that the name of the entity is AP Teleguam Holdings LLC, and not AP Teleguam Holdings Inc. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the sale and transfer of direct control of Teleguam and indirect control of GTA Telecom to AP Teleguam Holdings LLC. The Commission adopted the Order made *Attachment "E"* hereto.

7. Solid Waste Division, Department of Public Works

The Chairman announced that the next matter before the Commission is DPW Docket 10-01, Rate Request for the Solid Waste System, Counsel Report, and Proposed Order. Counsel reported that the Court-appointed receiver for solid waste, Mr. David Manning of GBB, had filed this rate request in accordance with a District Court Order. At present interim rates have already been set by the Court; such residential collection rates are currently \$17 a month but are going up on January 1, 2011 to \$24 a month and to \$30 a month on July 1, 2011. Commercial rates will be affected also. However, at present it is difficult to set rates, according to Mr. Manning, because it is not known whether the military will be included or excluded as a customer.

In testimony accompanying the Rate Request, Mr. Manning indicates that there are many unresolved issues at present including the military participation, which entity will be the landfill operator, costs of the condemnation proceedings, and the cost of the contract for the commercial transfer station. Pending determination of these unresolved issues, Mr. Manning requests that the Commission take the rate request under advisement and not act on the matter at the present time until the aforementioned issues are resolved. Counsel believes that there are too many variables at the present time for the Commission to be able to act knowledgeably and intelligently in setting rates, such that it should not proceed ahead now.

Also there is an issue under the present law as to whether the Solid Waste Division of the Department of Public Works is a "utility". This issue is presently being addressed by the Utilities Committee at the Legislature. Whether the Solid Waste Division is a "utility" or not is significant, because it affects the procedures that would apply to it in a rate case. The Order prepared for the Commissioners' consideration would assert jurisdiction over this matter, but suspend the consideration of the rate request and hold it in abeyance until the issues identified in the testimony of the Receiver's representative are resolved. The PUC would not take further action until a notice from the Solid Waste Management Division that these pending issues have been resolved. Commissioners raised questions concerning the fact that the SWMD is not presently defined as a public utility. Counsel indicated that the Legislature must resolve this issue.

Commissioner Pangelinan indicated a concern that the Draft Order suspended matters until certain other conditions were met. He suggested an amendment which would provide that these matters are suspended unless the conditions are met *or "unless otherwise ordered by the Commission."* Subject to this revision, upon motion duly made, seconded and unanimously carried, the Commissioners approved the Order made *Attachment "F"* hereto.

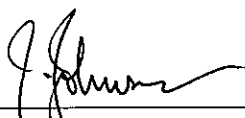
8. PUC Website

The Administrator indicated that PUC Consultant would be submitting a proposal for data entry, which should be submitted to the Commission by its December meeting.

9. Administrative Matters

Counsel reported on the status of certain Commission Requests for Proposals for Consulting Services for the PUC. He indicated that these should be prepared and issued in January, 2011. A discussion ensued concerning attendance by Commissioners and Staff at the Pacific Telecom Conference.

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



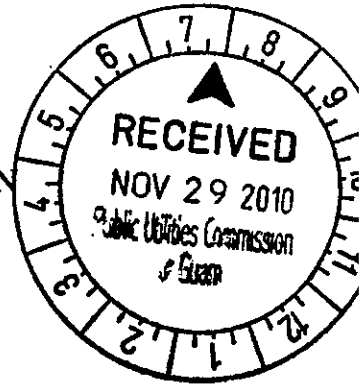
Jeffrey C. Johnson
Chairman

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
SUITE 206 GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:00 p.m. November 29, 2010**

Agenda

- 1. Approval of Minutes of October 29, 2010.**
- 2. Guam Power Authority**
 - **GPA Docket 10-08, Petition to Review Invitation for Bids for GPA's Fuel Bulk Storage Facility, PUC Legal Counsel Report, and Proposed Order**
- 3. Guam Telecom LLC**
 - **GT Docket 10-02, Petition of Guam Telecom LLC for Designation as an Eligible Telecommunications Carrier, PUC Counsel Report, and Proposed Order**
- 4. Port Authority of Guam**
 - **Port Docket 10-02, PAG Request to accept United States Department of Agriculture Letter of Conditions and to proceed with \$50M USDA Rural Development Direct and Guaranteed Loan Program, PUC Counsel Report, and Proposed Order**
 - **Status Report on Contract Review Protocol**
- 5. Solid Waste Management Division, Department of Public Works**
 - **DPW Docket 10-01, In Re: Rate Request for Solid Waste System, PUC Counsel Report, and Proposed Order**
- 6. Guam Waterworks Authority**
 - **GWA Docket 10-04, GWA Petition to Reprogram Use of Bond Funds, PUC Counsel Report, and Proposed Order**
- 7. GTA Telecom LLC**
 - **GTA Docket 10-09, Joint Application of TeleGuam Holdings, LLC and GTA Telecom LLC for Approval of the Transfer of Control of TeleGuam Holdings LLC and GTA Telecom, LLC, to AP Teleguam Holdings, Inc.**
- 8. PUC Website**
 - **Update**
- 9. Administrative Matters**
 - **Status Report on PUC Request for Proposals, Solid Waste, Telecom, and E911 Consultants**
 - **Pacific Telecommunications Conference '11**
- 10. Other Business**

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In Re: Petition to Review IFB for GPA's)
Fuel Bulk Storage Facility) GPA Docket 10-08

ORDER

Background

This matter comes before the Guam Public Utilities Commission [PUC] upon Guam Power Authority's Petition to Review IFB for GPA's Fuel Bulk Storage Facility.¹ In its Petition, GPA requests that the PUC review and approve GPA's Procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility.² Petera Inc. has been the operator of GPA's Fuel Farm Bulk Storage Facility for many years. The present operations contract for the Fuel Farm will terminate on or before April 30, 2011.³

On July 27, 2009, the PUC issued an Order authorizing GPA to procure a PMC for its Fuel Bulk Storage Facility and Pipelines.⁴ GPA first released an Invitation for Bid for a Performance Management Contract for the Fuel Bulk Storage Facility and Pipelines (IFB GPA-048-09) in September 2009; however, that bid was cancelled due to insufficient funds, as the Price Proposal received was above the budget allotted for the contract.⁵

GPA now again seeks approval for the issuance of a procurement for a PMC for its Fuel Bulk Storage Facility. GPA contends that PUC should approve its request to proceed with the procurement of a PMC for the Fuel Farm, as such PMC "will contribute to the efficient operation of the Cabras Power Plants, and a PMC is reasonable, prudent and necessary."⁶

¹ GPA Petition to Review IFB for GPA's Fuel Bulk Storage Facility, GPA Docket 10-08, filed October 20, 2010.

² Id. at p. 1.

³ Consolidated Commission on Utilities Resolution No. 2010-42, adopted August 10, 2010.

⁴ PUC Order, Docket 94-04, issued July 27, 2009, at p. 3.

⁵ Id. at p. 1.

⁶ GPA Petition to Review IFB for GPA's Fuel Bulk Storage Facility, Id. at p. 2.

Determinations

The prior procurement placed responsibility for maintenance, operation and refurbishment of the Fuel Pipelines upon the PMC.⁷ In the present procurement, the Operations and Maintenance related expenditures for the Fuel Pipelines will be reimbursable as a payment item, as agreed to and scheduled between GPA and the Contractor.⁸ The PMC will be responsible for overall management, operation, and maintenance of the GPA Fuel Bulk Storage Facility including all facilities, equipment and appurtenances.⁹

Given the success that GPA has experienced with the Performance Management Contracts for the power plants, it is reasonable to believe that GPA may be able to successfully utilize the PMC model with regard to operation and maintenance of its Fuel Farm Bulk Storage Facility.¹⁰ It appears that the proposed new contract will improve upon the existing contract through the establishment of performance guarantees that seek to ensure uninterrupted fuel supply, fuel loss control and analysis, and maintenance and improvement of the facility. As with the prior procurement, GPA will be able to partner with the contractor for completion of capital improvement projects related to the fuel facility.¹¹

Since the cost of such a PMC is presently unknown, GPA is required to seek PUC prior approval of its final PMC Contract.

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

1. GPA is authorized to extend the existing contract for the management of the Fuel Farm Bulk Storage Facility, on a month to month basis, until on or before April 30, 2011.
2. Guam Power Authority has proposed this procurement for a PMC for its Fuel Farm Bulk Storage Facility in order to improve the operation of the facility and the operation, maintenance and repair of the fuel lines. Given the

⁷ Telephone conversation between GPA Counsel and PUC Counsel on or about November 15, 2010.

⁸ IFB Vol. 1, Commercial Terms and Conditions, p. 43.

⁹ IFB Vol. 1, Commercial Terms and Conditions, p. 13.

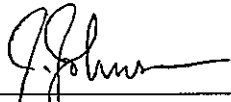
¹⁰ PUC Counsel Report, Docket 94-04, filed July 22, 2009.

¹¹ Memorandum from John J. Cruz to Jaime Pangelinan, Supply Administrator, dated August 6, 2010.

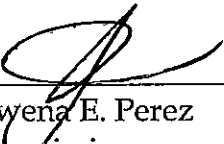
possibility that the establishment of a PMC will result in improved operations and enhanced ability to perform capital improvement projects for the facility the October 8, 2010 Petition of GPA to procure a performance management contract for its fuel bulk storage facility is hereby approved.

3. Since the cost of a PMC for the Fuel Farm Bulk Storage Facility will not be known until a bidder is selected and a contract executed, GPA is required to seek prior PUC approval of the final Performance Management Contract for the Fuel Farm Bulk Storage Facility.
4. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

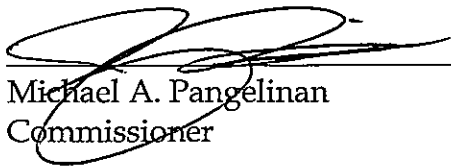
Dated this 29th day of November, 2010.



Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner

Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN RE: REQUEST BY THE PORT)
AUTHORITY OF GUAM TO OBTAIN A) PAG Docket 10-02
\$50M LOAN FROM THE USDA)
_____)

**ORDER AUTHORIZING THE PORT TO ACCEPT THE TERMS IN THE
USDA LETTER OF CONDITIONS AND TO PROCEED IN OBTAINING A
\$50M LOAN FROM USDA**

Background

This matter comes before the Guam Public Utilities Commission [PUC] upon the request of the Port Authority of Guam [Port] for authorization to obtain a \$50M Loan from the United States Department of Agriculture Rural Development Direct and Guaranteed Loan Program.¹

The USDA has issued a "Letter of Conditions" to the Port which establishes certain terms and conditions for the \$50M Loan. The letter does not necessarily constitute loan approval, nor insure that funds will be available for the project.² However, if the Port does not agree to the conditions, the USDA may discontinue the processing of the PAG loan application.³ The Port asks for preliminary approval from the PUC to proceed with the loan application and to agree to the terms and conditions in the "Letter of Conditions."

PAG may not enter into an obligation which "could" increase rates without the prior approval of the PUC.⁴

Determinations

In accordance with Public Law 30-57, the Guam Legislature has already authorized the Port to secure a loan from the USDA up to the amount of \$54.4M. Over the past few years, both the Port and the Legislature have recognized that the obtaining of a loan by the Port from USDA is an integral part of the Port's Modernization Plan. Without loan funds from the USDA, it is highly unlikely that the Port would be able to proceed with

¹ PAG Request for Approval of USDA Letter of Conditions to PAG [from Port Financial Affairs Controller Jojo Guevara to PUC Counsel] [with attachments] , Port Docket 10-02, filed November 18, 2010.

² Letter of Conditions at p. 1.

³ Id. at p. 2.

⁴ 12 GCA §12004

ORDER
Request by PAG to
Obtain \$50M Loan
Port Docket 10-02
November 29, 2010

and fund its Modernization Plan. The Port should be authorized to accept the USDA loan terms so that the Port can proceed to effectuate its Modernization Plan.

The Terms and Conditions which USDA requires the Port to accept in the "Letter of Conditions" are commercially reasonable and not burdensome. They are standard government loan requirements designed to ensure repayment of a loan by PAG. Loan repayment is scheduled over a period of 40 years with an interest rate for "planning purposes" of 4.0% and a monthly payment of \$104,500.00. Given that USDA contemplates loaning the Port \$50M, it is reasonable that USDA would seek to impose requirements that upon the Port to ensure the security of its loan funds.

PAG is required to secure approval by the PUC of the complete loan documentation and full terms and conditions of any loan that is approved by USDA. Also, the PUC will subsequently have a full opportunity to review the impact of any such loan upon the Port's rates. In the context of the contemplated rate proceeding, the PUC will be able to determine if the Port's rates are sufficient to meet the debt service and other obligations incurred as a result of the \$50M borrowing.

Ordering Provisions

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

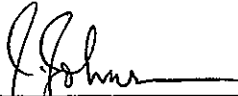
1. PAG is authorized to accept the terms and conditions for a \$50M Loan with United States Department of Agriculture Rural Development Administration, as fully set forth by USDA in its letter to the Port dated August 9, 2010.
2. PAG is authorized to proceed with obtaining the loan and securing loan approval from the USDA Rural Direct and Guaranteed Loan program.
3. However, once USDA gives final loan approval, and USDA and PAG agree to the final form of Promissory Note, Security Agreement, and other assignments, PAG shall be required to submit all such loan documentation to the PUC for final review and

ORDER
Request by PAG to
Obtain \$50M Loan
Port Docket 10-02
November 29, 2010

approval. Such documentation shall not be executed by PAG unless and until the PUC gives final approval to the same.

4. The Port 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 process. 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 November, 2010.




Jeffrey O. Johnson
Chairman

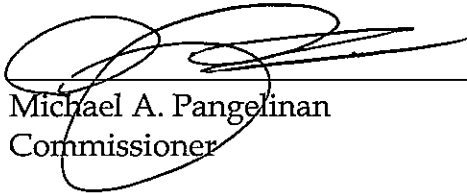


Rowena E. Perez
Commissioner

Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In Re: Request by the Guam Waterworks Authority for Approval of Reprogramming Bond Proceeds for Water Reservoir Inspection and Minor Repairs, Groundwater Chlorination, Sinajana Transmission Line and Old Agat Wastewater Collection Programs) GWA Docket 10-04

ORDER

Background

This matter comes before the Guam Public Utilities Commission [PUC] upon the Petition of Guam Waterworks Authority [GWA] for Expedited Approval of Bond Reprogramming to Fund the Water Reservoir Inspection and Minor Repair, Groundwater Chlorination, Sinajana Transmission Line and Old Agat Wastewater Collection System Programs.¹ The PUC has the responsibility under 12 GCA §12004 and the Contract Review Protocol to review and approve all uses of bond proceeds.²

GWA is requesting that PUC allow it to reprogram unallocated bond funds to four specific projects, three of which are required under the Stipulated Order: Groundwater Disinfection (chlorination), Water Reservoir Inspection and Minor Repair, and Sinajana Water Transmission Line.³ GWA further submits that the fourth project, Old Agat Wastewater Collection Project is critical to reduce the amount of infiltration and inflow (“I/I”) that is overloading the Agat Wastewater Treatment Plant and causing it to be non-compliant with the NPDES permits.⁴

¹ GWA Petition for Expedited Approval of Bond Reprogramming to Fund the Water Reservoir Inspection and Minor Repair, Groundwater Chlorination, Sinajana Transmission Line and Old Agat Wastewater Collection System Programs, GWA Docket 10-04, filed November 19, 2010.

² 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.

³ GWA Petition for Expedited Approval of Bond Reprogramming, GWA Docket 10-04, p. 1-2.

⁴ Id. at p. 2.

GWA seeks to use certain “unobligated funds” for purposes of reprogramming to the specified projects.⁵ These are funds designated for specific projects that were not needed for those projects. GWA indicates that it has reserved certain funds for ongoing projects as contingencies against Change Orders and project cost overruns; however, now that those projects are closed out, GWA is able to reallocate those funds to the projects requested in the Petition.⁶ GWA seeks the approval of PUC to reprogram unallocated bond funds for these four projects in the total amount of One Million Nine Hundred and Ninety Thousand Dollars (\$1,990,000.00).

Determinations

GWA has demonstrated a compelling necessity to fund the projects required to be completed by the Stipulated Order. In its Order issued in Docket No. 05-05 on February 25, 2010, the PUC has already recognized that the Water Reservoir Condition Assessment and the Chlorination Programs under the Stipulated Order are required to be funded by GWA. GWA is obligated to expend funds to complete these programs, or it runs the risk of additional fines being issued by the United States Environmental Protection Agency.⁷ These projects are required to be completed within strict timelines by the Stipulated Order.

For each of these three projects, Groundwater Disinfection (Chlorination), Water Reservoir Condition Assessment, and Sinajana Water Transmission Line, GWA has already been fined in varying amounts.⁸ Given the impending fines or the levying of additional fines by US EPA, there is a need for expedited approval of these projects in order to avoid fines and to complete the projects as quickly as possible for the betterment of the people of Guam.⁹

GWA has presented a sufficient justification for reallocating bond funds to the Old Agat Wastewater Collection project. Although the project is not a Stipulated Order Project, GWA has presented a sufficient project justification: a major

⁵ See “Unobligated Project Cost” set forth in Attachment A to the Petition, “Schedule of 2005 Series Bond Status”.

⁶ E-Mail from GWA Legal Counsel to PUC Legal Counsel dated November 19, 2010.

⁷ PUC Order, Docket No. 05-05, issued February 25, 2010.

⁸ See Exhibit B to GWA Petition for Expedited Approval of Bond Reprogramming, GWA Docket 10-04, filed November 19, 2010.

⁹ GWA Petition for Expedited Approval of Bond Reprogramming, GWA Docket 10-04, p. 2, filed November 19, 2010.

collection system rehabilitation program is needed in this area due to capacity-related sewer back-ups, overflows, and the age and material of the pipe.¹⁰ GWA asserts that the Project is critical to reduce the amount of infiltration and inflow ("I/I") that is overloading the Agat Wastewater Treatment Plant and causing it to be non-compliant with the NPDES permits.

Ordering Provisions

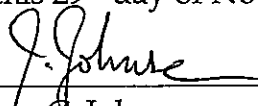
After review of the above described record, for good cause shown and in furtherance of the authority of PUC's October 27, 2005 *Order Approving General Revenue Bonds* in Docket 05-10, the Commissioners **HEREBY ORDER THAT:**

1. GWA is authorized to transfer an amount not to exceed One Million Nine Hundred and Ninety Thousand Dollars (\$1,990,000) of available unobligated bond funds from the 2005 Series Bonds, from the sources identified in Attachment A of GWA's November 19, 2010 Petition, to provide the additional funding required for the projects identified therein: the Water Reservoir Inspection and Minor Repair, Groundwater Disinfection (Chlorination), Sinajana Water Transmission Line Project, and Old Agat Wastewater Collection.
2. The amount of authorized funding for each such project shall be: \$750,000 for the Water Reservoir Inspection and Minor Repair; \$390,000 for the Groundwater Disinfection (Chlorination), \$600,000 for the Sinajana Water Transmission Line Project, and \$250,000 for the Old Agat Wastewater Collection.
3. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

¹⁰ Id.

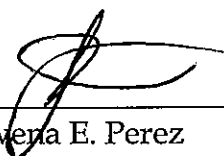
PUC Order
GWA Docket 10-04
Petition for Expedited Approval of
Reprogramming Bond Proceeds
November 29, 2010

Dated this 29th day of November, 2010.



Jeffrey C. Johnson
Chairman

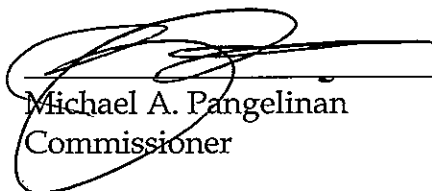
Joseph M. McDonald
Commissioner



Rowena E. Perez
Commissioner

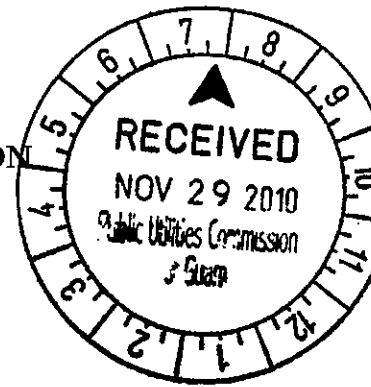


Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In Re: Joint Application of TeleGuam)
Holdings, LLC and GTA Telecom LLC for) GTA Docket 10-09
Approval of the Transfer of Control of)
TeleGuam Holdings, LLC and GTA)
Telecom LLC to AP TeleGuam Holdings,)
LLC)
_____)

ORDER APPROVING SALE/TRANSFER OF OWNERSHIP AND CONTROL OF TELEGUAM HOLDINGS, LLC, AND GTA TELECOM, LLC (SUBJECT TO CONDITIONS)

Background

This matter comes before the Guam Public Utilities Commission [PUC] upon the Joint Application of TeleGuam Holdings, LLC and GTA Telecom, LLC for approval by the PUC of the transfer of ownership and control of TeleGuam Holdings, LLC and GTA Telecom, LLC to AP TeleGuam Holdings, LLC.¹ In 2005, the PUC issued Certificates of Authority to TeleGuam and GTA Telecom, authorizing them to provide certain telecommunications services in Guam.² Since privatization of GTA in 2005, Shamrock Capital Advisors has been the owner of TeleGuam Holdings LLC.³

On November 15, 2010, Teleguam Holdings, LLC dba GTA Teleguam announced that it and Advantage Partners, LLP had signed a "Definitive Agreement" whereby AP Teleguam Holdings, LLC, an investment vehicle formed by certain funds served by Advantage Partners, will acquire GTA Teleguam from Shamrock Capital Advisors.⁴ The owners of AP Teleguam Holdings will be, *inter alia*, Advantage Partners IV, ILP, AP Cayman Partners II, L.P., and Japan Ireland Investment Partners (collectively "the AP funds").⁵

¹ Joint Application of Teleguam Holdings, LLC and GTA Telecom, LLC, GTA Docket 10-09, filed November 19, 2010.

² Teleguam Holdings, LLC Certificate of Authority, Docket 05-02, issued by the PUC on February 28, 2005; GTA Telecom LLC, Certificate of Authority, Docket 05-03, issued by the PUC on July 27, 2005.

³ GTA Teleguam News Release issued on November 15, 2010.

⁴ *Id.* at p. 1.

⁵ Exhibits D & E to Joint Application, GTA Docket 10-09, filed under Seal on November 19, 2010.

PUC Counsel filed a Report herein which recommends approval by the PUC of the transfer of ownership and control of Teleguam Holdings, LLC and GTA Telecom, LLC to AP Teleguam Holdings, LLC, subject to certain conditions.⁶ Said Report sets forth, in detail, the nature of the private equity transaction which the parties seek to consummate herein. This transaction is not yet complete. On November 13, 2010, the parties signed an Agreement and Plan of Merger.⁷ The transaction contains a deadline of 270 days following the execution of the Agreement, which is August 10, 2011, for completion of agreed to tasks and responsibilities.⁸ The transaction must also be approved by the Federal Communications Commission. Numerous other details must be finalized before the sale and transfer of control of ownership can be finally consummated.⁹

When there is a substantial change of ownership in a company holding a Certificate of Authority, or a transfer of control, such change of ownership or transfer of control must be approved by the PUC before it is effective. It is the role of the PUC to determine that the new owner of the Certificate of Authority has sufficient technical, financial, and managerial resources and abilities to provide telecommunications services in Guam, and that selling or transferring control of a Certificate is not contrary to the public interest.¹⁰ Thus, the PUC must ensure that the interests of consumers and the public are safeguarded when there is a substantial change in ownership of a company which provides telecommunications services by virtue of a certificate of authority.

Determinations

Before the sale or transfer of control can be effective, the Commission must make a determination that the proposed sale or transfer satisfies the requirements for granting a certificate of authority as set forth in 12 GCA §12103(c).¹¹

(1) The Applicants Possess Sufficient Technical Financial and Managerial Resources and Abilities to Provide the Telecommunications Services in Guam under the Existing Certificate of Authority.

⁶ PUC Counsel Report, GTA Docket 10-09, filed November 29, 2010.

⁷ GTA Response to Information Requests, GTA Docket 10-09, Agreement and Plan of Merger at pgs. 10-88.

⁸ Id. at p. 2.

⁹ Id. at pgs. 10-88.

¹⁰ 12 GCA §12103.

¹¹ See 12 GCA §12103(c)(1) and (2).

After the proposed sale and transfer of ownership and control, the Certificates of Authority will remain in the names of Teleguam Holdings, LLC and GTA Telecom LLC. The Certificates are not being transferred to a new or separate company. It is the ownership and control of Teleguam Holdings that will change.

After the transfer of ownership and control, Teleguam Holdings dba GTA Teleguam and GTA Telecom LLC will still have sufficient technical, financial and managerial resources and abilities to provide the telecommunications services covered by the Certificates of Authority. The financial data provided by GTA Teleguam under seal demonstrates that it has substantial property, plant, equipment and assets with which to provide the telecommunications services covered by the Certificate of Authority. There is no indication that there will be any change in the ability of Applicants to provide telecommunications services after the transfer of ownership.

The proposed transaction will not involve a change in Applicants' operating authorities in Guam. Purchaser intends to maintain the Applicants' existing management team and Guam-based employees following completion of the transaction, so that the Applicants will continue to possess the same technical and managerial qualifications as they do at present; and these will be supplemented by the management team of Purchaser.¹² In addition, because the proposed transaction will occur at the holding company level, there is no proposed change in any of the assets or liabilities of the Applicants; the Applicants will continue to possess the same financial qualifications they do at present.¹³

The same management team which has guided GTA forward since privatization will continue to manage GTA after the transfer of ownership and control of Teleguam Holdings, LLC to AP TeleGuam Holdings LLC. That management team has demonstrated its ability to provide the telecommunications services to the people of Guam under the Certificate of Authority. Thus, the current experienced Management Team, whose biographies are set forth in Exhibit B to the Joint Application, will continue to provide the telecommunications services authorized under the Certificates of Authority.

¹² Joint Application of Teleguam Holdings, LLC and GTA Telecom, LLC for Approval of the Transfer, GTA Docket 10-09, at p. 4-5.

¹³ Id. at p. 5.

(2) Approval by the PUC of the Sale/Transfer of Ownership and Control of Teleguam Holdings, LLC is not contrary to the Public Interest.

The Guam Telecommunications Act of 2004 provides that it is in the public interest to provide the people of Guam with modern, innovative, accessible and affordable telecommunications services and products.¹⁴ After the proposed transfer of ownership and control of Teleguam Holdings, Teleguam Holdings, LLC and GTA Telecom, LLC will continue to offer services to the customers of Guam with no change in rates or terms and conditions.¹⁵ All of the Applicants' current tariffs will remain in effect.

Applicants represent that, as a new owner, Purchaser [AP Teleguam Holdings, LLC] "plans to adopt the current GTA 5-year operating plan and continue to make capital investments that will benefit telecommunications customers on Guam."¹⁶ The Purchaser also plans to continue and accelerate GTA's competitive service offerings and provide customers on Guam with better service, more services choices and improved pricing.¹⁷ The public interest will be furthered by a grant of this Application.

Ordering Provisions

After careful review of the Joint Application, with supporting materials, the GTA Response to Information Requests, the PUC Legal Counsel Report, and the record in this docket, and for good cause shown, IT IS HEREBY ORDERED THAT:

1. Applicants TeleGuam Holdings, LLC, and GTA Telecom, LLC, are authorized to proceed with, and complete, a transaction whereby Purchaser AP TeleGuam Holdings, Inc. will acquire direct control of TeleGuam and indirect control of GTA Telecom from Shamrock TeleGuam Holdings LLC. The transaction shall be completed in the accordance with the Application submitted and the Agreement and Merger Plan.

¹⁴ 12 GCA §12101(a)(2).

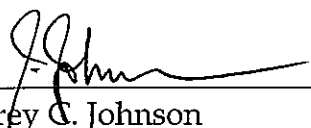
¹⁵ Joint Application of Teleguam Holdings, LLC and GTA Telecom, LLC for Approval of the Transfer of Control, GTA Docket 10-09, p. 6.

¹⁶ Id. at p. 6.

¹⁷ Id. at p. 7.

2. Applicants satisfy the requirements of 12 GCA §§12103(c) and (g): Applicants and Purchaser possess sufficient technical, financial, and managerial resources and abilities to provide the telecommunications services authorized by the present Certificates of Authority; the sale or transfer of ownership and control of TeleGuam Holdings LLC to AP Teleguam Holdings LLC is not contrary to the public interest.
3. The sale and/or transfer of ownership and control of Teleguam Holdings, LLC and GTA Telecom, LLC from Shamrock to AP Teleguam Holdings, LLC, does not appear likely to affect the abilities of TeleGuam and GTA Telecom to continue to provide telecommunications services under their respective Certificates of Authority.
4. Authorization for Applicants to complete the sale and transfer of ownership and control, as granted herein, is subject to satisfaction by Applicants of certain conditions : (1) Applicants must satisfy all requirements of the Federal Communications Commission with regard to this transaction, complete all necessary proceedings required by the FCC, and obtain all necessary FCC approvals; (2) there must be material compliance with the terms and conditions of the Purchase and Merger Agreement, and the transaction completed in all material respects; (3) once the proposed transaction is completed in all material respects, Applicants shall continue to be subject to the terms, conditions and requirements of 12 GCA §12103, and all PUC rules, regulations and orders.
5. PUC approval of the sale and transfer of ownership and control, as granted herein, shall be final upon satisfaction by Applicants of all conditions in paragraph 4 above, and submission to the PUC of proof satisfactory to it that all such conditions have been satisfied.
6. TeleGuam Holdings, LLC, is ordered and directed to pay the PUC's regulatory expenses and fees in this docket.

Dated this 29th day of November, 2010.




Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

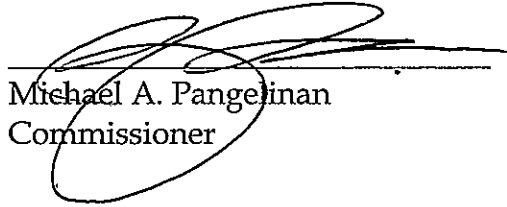
PUC Order
GTA Docket 10-09
Joint Application for
Transfer of Control
November 29, 2010



Rowena E. Perez
Commissioner



Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

RATE REQUEST FOR)
SOLID WASTE SYSTEM) DPW Docket 10-01
_____)

ORDER REGARDING SOLID WASTE MANAGEMENT DIVISION RATE REQUEST

This matter comes before the Guam Public Utilities Commission [PUC] upon the "Rate Request" to establish rates for the Solid Waste Management Division [SWMD], which was filed herein on September 28, 2010.¹ In said Rate Request, the District Court appointed receiver for the SWMD, Gershman, Brickner & Bratton (GBB) asks that the PUC not take action on said Request until certain issues are resolved.² Those issues include: who will be the qualified landfill operator and the cost of such operator's services; cost of the contract for a commercial transfer station; whether the military will participate as a customer of the Leyon landfill; a judicial determination of the value of the land taken by condemnation for the Leyon landfill; results of the pilot curbside recycling program and its potential expansion to all residential customers; the final Cost of the landfill and associated projects; and the timeframe for completion of bridge replacements and rehabilitation, and other road improvements, which effect the operational cost of the new landfill.

PUC Counsel has filed a Report herein on November 15, 2010, recommending that the Commission temporarily hold the Rate Request of GBB in abeyance pending resolution of the unresolved issues set forth above.³ The Commission herein adopts Counsel's recommendations.

Upon consideration of the record herein, the Rate Request of the Solid Waste Management Division and the PUC Counsel Report, and for good cause shown, upon motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. The PUC has jurisdiction over SWMD's Rate Request pursuant to 10 GCA §§51118 and 51805.

¹ GBB Rate Request, DPW Docket 10-01, filed September 28, 2010.

² See testimony of David L. Manning, DPW Docket 10-01, filed September 28, 2010, at p. 11.

³ PUC Counsel Report, DPW Docket 10-01, filed November 15, 2010.

2. Present consideration of the Rate Request of the SWMD will be suspended and held in abeyance until those issues identified in the testimony of the Receiver's Representative are resolved.
3. PUC will not take further action upon such Rate Request until written notice from the SWMD that the pending issues have been resolved and that the Commission is in a position to set accurate, just and reasonable rates for the Solid Waste Management Division.
4. In the meantime, PUC Counsel is directed to work with the Utilities Committee of the Guam Legislature to resolve any issues concerning the procedures which apply to the SWMD in a PUC rate proceeding, and to clarify whether the SWMD should be a "public utility."
5. The timeframe for consideration by the PUC of the Rate Request of SWMD pursuant to Rule 24 of the PUC Rules of Practice and Procedure does not commence to run until SWMD has provided written notice to the PUC that the necessary issues for its consideration of the Rate Request have been resolved, and the Administrative Law Judge determines that the SWMD has made a "final filing" of all necessary documentation.
6. Commission staff is directed to proceed with the procurement of an appropriate PUC consultant to advise it concerning solid waste matters.

Dated this 29th day of November, 2010.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner