

GUAM PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
SEPTEMBER 19, 2011  
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:35 p.m. on September 19, 2011, pursuant to due and lawful notice. Commissioners Johnson, McDonald, Cantoria, 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 August 10, 2011. Upon motion duly made, seconded and unanimously carried, the minutes were approved, subject to correction.

**2. Choice Phone LLC**

The Chairman announced that the next order of business was Choice Phone LLC, CP Docket 11-01, iConnect Request for Determination on Jurisdiction to Designate ETC Status, PUC Counsel Report and Proposed Order. Counsel indicated that there was no quorum on this issue. Commissioner Pangelinan, due to a conflict, will not be able to address it. That being said, Counsel suggests that the Chairman sign the order, subject to ratification. This matter involves a request by Choice that the PUC decline to assert jurisdiction over its petition to designate Choice as an Eligible Telecom Carrier. Choice has a good reason for this request, which is that it seeks designation for both Saipan and Guam. The Guam PUC does not have jurisdiction in Saipan. The proposed Order, which will be changed for the Chairman's signature, indicates that the Guam PUC declines to assert jurisdiction, which would then allow Choice Phone to go to seek approval for its petition before the Federal Communications Commission.

**3. PTI Pacifica Inc.**

The Chairman announced that the next order of business was PTI Docket 11-01, PTI's Petition for an Annual USAC Certification, Legal Counsel Report and Use Certification. Counsel indicated that he had fully reviewed the PTI application, and that the application was well prepared with a breakdown by wire center. PTI has met the requirements for the annual certification. It certifies that federal support funds will only be used for the intended purposes and a five-year plan was filed indicating substantial progress in upgrades. Counsel recommends that

the Commission approve the certification. Upon motion duly made, seconded and unanimously carried, the Commissioners authorized the Chairman to sign the Use Certification for PTI.

#### **4. Guam Telecom LLC**

The Chairman announced that the next order of business was GT Docket 11-03, Guam Telecom Petition for Annual USAC Certification, Counsel Report, and Use Certification. Counsel indicated that he had carefully reviewed the Guam Telecom submittals. All necessary certifications were filed indicating that GT would use the USF funds for the intended purposes under federal law. GT presented a detailed 5-year build out plan which indicates that it will make a number of improvements to expand coverage and signal strength, etc. GT has provided all necessary documentation and appropriate declarations. Counsel submits that the Commission should approve the Annual USAC Certification for Guam Telecom. The Chairman indicated that there was no quorum on this matter due to Commissioner Pangelinan's recusal. The Chairman indicated that he would sign the Use Certification and submit it for ratification at the next meeting.

#### **5. Guam Waterworks Authority**

The Chairman indicated that the next order of business was GWA Docket 09-03, Base Rate Case: True-Up of Proposed FY 2012 rate increase pursuant to Paragraph 7 of the 2009 Rate Decision, GCG Report, Stipulation, ALJ Report, and Proposed Order. Counsel indicated that there were two issues for decision by the PUC: first, the Annual True-Up pursuant to the 5-year GWA Rate Plan (the Commission must decide what the rate will be for the next fiscal year). Second, there is a petition by GWA to reallocate certain bond funds. For the rate True-Up, William Blair, Counsel for GCG, made the presentation. Mr. Blair indicated that the scheduled increase for the 5-year plan that the PUC approved previously was 4.9%. GWA, in its true-up petition, requested additional rates on top of the 4.9% to cover certain increased costs. GCG's Report recommended that the PUC approve the 4.9% and an additional 5% increase in the non-lifeline base rates on top of the 4.9%.

However, GCG's report noted that the 10.1% increase requested by GWA did not produce a debt service coverage ratio of 1.75x, which the Commission has previously set for rate making purposes. The rate increase should be set to result in a projected 1.75x coverage. GCG, in the proposed stipulation, requested an overall increase of 12.7% to increase GWA's revenues by \$1.3 Million and result in the 1.75x coverage that the Commission has established. Through the Stipulation, GWA has committed to using the \$1.3M additional revenues on CIPs that are targeted to address operational issues identified. GWA has made specific commitments as set forth in Attachment 1 to the stipulation. GCG's

Report also recommended a reduction of certain surcharges. The PUC surcharge, which is based upon the remaining obligation of GWA to the Navy, will be paid off in the next fiscal year. The surcharge would be reduced from 9.6% to 2%. There would also be an increase in the "legislative" surcharge to cover amounts mandated by the legislature for GWA, such as life insurance, health insurance, etc. After calculating both the increases and reductions in the monthly water bill, the overall increase for the average residential rate payer for the monthly bill would be 3.8%.

PUC Counsel suggested that the Commissioners address the True-up Order prepared by the ALJ first. The Chairman confirmed with GWA that the wage scale was presently at the 15% for CPP and that GWA was foregoing for the next fiscal year of increasing to the 25% percentile. GWA confirmed that such was correct. The Chairman also confirmed GWA still owed approximately \$1M to the Navy on the PUC Surcharge. Upon questioning by the Chairman, GWA confirmed that, for the last fiscal year, even with the 8% rate increase, GWA did not have any real increase in growth of revenues. GWA confirmed that the increase was only \$200,000. The Chairman also confirmed that the projected 3% increase in growth was not necessarily usage but improvement in billings. GWA also indicated that there was an RFP to replace the existing meter contract and that the meters would be tested by an outside contractor.

Commissioner Pangelinan asked whether the Navy had committed to a reduction of PUC Surcharge payments on the amortization side. GWA Counsel Taylor indicated that GWA already had the US Attorney's approval. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Stipulation between GWA and GCG, which would increase the GWA Rates for FY 2012, impact certain surcharges, and implement other agreements concerning operational measures that GWA would undertake. The Commissioners adopted the ALJ's Rate True-Up Order made *Attachment "B"* hereto

The Chairman announced that the next order of business was GWA Docket 11-01, concerning GWA's expedited August Petition to reprogram 2010 Bond Proceeds. Joseph Duenas, Commissioner of the CCU, indicated that an explanation of this matter was contained in GWA's Petition, including its urgency. Counsel indicated that regarding the bond reallocations, \$13M was for the Hagatna upgrades, \$10M for the Northern upgrades, and \$6M to complete the meter replacement project with an additional 20% contingency. GWA sought a total of \$34.8M for bond reallocation. Counsel suggests that the PUC approve the reallocation and the ALJ's order. The Chairman asked whether the northern wastewater treatment plant upgrades were supposed to be completed by the end of FY 2012. GWA Counsel indicated that such was his understanding. When the Chairman asked whether 12-15 months would be needed to complete the project,

GWA Counsel said that it would. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the bond reallocation and adopted the Order made *Attachment "B"* hereto.

## **6. GTA Telecom**

The Chairman announced that the next order of business was GTA Telecom, General Regulatory Docket 05-01, and proposed Order. Counsel indicated that at the last meeting, the Commission ordered GTA to file an updated revised general exchange tariff that would clarify the issue of its applicability to GTA Telecom. In its Order it required GTA to file such an amendment within 90 days from the date of the Order. Upon motion duly made, seconded and unanimously carried, the Commissioners adopted and approved the Order made *Attachment "C"* hereto.

The Chairman announced that the next order of business was GTA Docket 11-07, Filing for Approval of ICB with Bank of Hawaii, Supplemental GCG Report, and Proposed Order. Counsel indicated that the Commission had heard this matter before and resolved the issues. There was only one outstanding issue, a concern as to whether the service here was a new service involving 35 channels for the ISDN PRI. The GCG Report and letter filed by GTA indicate that the service proposed does not involve 35 channels ISDN PRI. The service provides one ISDN PRI which has 24 channels, 23 voice and one data. This information has been added to the proposed Order, which would approve the ICB for Bank of Hawaii.

The Chairman indicated that Mr. Day of PDS could comment on this matter later on. Commissioner McDonald asked who certified that this was a 24 channel ISDN service. Counsel indicated that Georgetown confirmed that this is not a new service that GTA is proposing, and that the ISDN PRI has 24 channels. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the ICB for Bank of Hawaii with a 24 channel ISDN PRI service and adopted the Order made *Attachment "D"* hereto.

The Chairman indicated that the next item for consideration was GTA Docket 11-08, GTA Filing for Approval of ICB with Tristar, Counsel Report and proposed Order. Counsel indicated that this filing was similar to that involving the Bank of Hawaii. Counsel believes that GTA has satisfied the requirements for an ICB filing. The only question was whether Tristar meets the ten (10) line requirement for an ICB because here GTA is providing five business lines to Tristar. But in addition, GTA is providing an ISDN PRI to Tristar. Counsel obtained clarification indicating that each of the separate channels, 23 channels, can be given separate telephone line. There is also a federal rule allowing GTA, for pricing purposes, to charge the ISDN PRI like telephone lines. As SLIC charges, GTA may charge at least five lines for an ISDN PRI. So in Counsel's opinion,

GTA meets the 10-line requirement, including the five business lines and the one ISDN PRI as five lines. In all other respects the requirements are met. Upon motion duly made, seconded, and unanimously carried, the Commissioners approved GTA's ICB for Tristar and adopted the Order made *Attachment "E"* hereto.

The Chairman indicated that the next order of business was GTA Docket 11-09, GTA Petition for Expedited Dispute Resolution for Interconnection Agreement Dispute between GTA Telecom and PDS, and PDS response. Counsel indicated that there was as of yet no Stipulation by the parties, and the matter was not quite ready for resolution. It stems from a dispute filed by GTA about a "forecast" requirement in the Interconnection Agreement. GTA alleges that PDS is required to provide such a "forecast." The parties have worked together and resolved a number of issues. Hopefully this dispute can be laid to rest at the next meeting.

The Chairman stated that the next matter for consideration was GTA Docket 11-10, GTA Telecom Petition for Annual USAC Certification, PUC Counsel Report, and Use Certification. Counsel indicated that he had carefully reviewed the submission by GTA. It certifies that the use of USF Funds is in accordance with the intended purposes; a five year plan has been provided in which GTA indicates that it has made a number of upgrades to its current system expanding coverage and the strength of the signal. All required information concerning outages, complaints and other matters has been filed in accordance with the USAC regulations. Counsel's recommendation is that the Chairman sign the USAC Certification for GTA Telecom. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Use certification for GTA Telecom.

The Chairman announced that the next item on the agenda was GTA Docket 11-11, Pulse Mobile Petition for Annual USAC Certification, Counsel Report, and Use Certification. Counsel indicated that Pulse Mobile's filing has satisfied the requirements for use certification, including a five-year plan. The plan shows that Pulse is making substantial improvements to its system, and Pulse filed a certification that the funds would only be used for the intended purposes. The required USAC services are provided. Information concerning numbers of complaints, outages, E-911, etc. has been filed. Counsel recommends that the Chairman issue the certification. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Use Certification for Pulse Mobile.

## **7. Administrative Matters**

Counsel indicated that the Commissioners need to approve the FY 2012 budget, which is set at \$299,200 (slightly under last year's budget). Second, that the Commissioners should approve the Annual Assessment Order. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the annual budget for FY 2012. The Commissioners then proceeded to consider the Annual Assessment Order. Upon motion duly made, seconded, and unanimously carried, the Commissioners approved the Annual Assessment Order for FY 2012, made *Attachment "F"* hereto.

The Chairman indicated that the Commission would next consider the extension of various contracts with the PUC. Before the Commission is the one year extension of PUC Contracts with Legal Counsel, Administrative Law Judge, and PUC Consultant. In addition the annual salary of Administrator would be increased to \$40,000. Finally, the hourly consultant fee for the Port Consultant to the PUC would be raised to \$175.00 per hour. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the proposed contract extensions and other contract modifications suggested.

## **8. Pacific Data Systems Inc.**

The Chairman indicated that the next item of business was PDS Docket 11-01, Rule Making regarding Administrative Assessment for Telecom Companies, PDS Filing, ALJ Report, and Proposed Order. The Chairman indicated that there was not a quorum for this matter. Counsel stated the ALJ Report indicates that the current method of assessment is sufficient and does fairly allocate the expenses. No specific proposals had been provided to improve upon the current methodology. The only comments received in this docket were those provided on November 15, 2010. Although the PUC issued public notice requesting additional comments, none were received. In addition, a public hearing was scheduled at the Commission for September 6, 2011, at 10 a.m., but no parties appeared to present evidence or testimony.

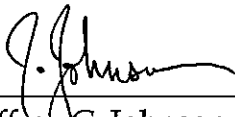
However, the request for public comment indicated that parties could present testimony at tonight's meeting. Thus, the Commission should ask for public comments on this matter. The Chairman then asked for public comment, and Mr. John Day of PDS indicated that he would speak. Mr. Day indicated that PDS disagrees with basic findings of the ALJ. Among his points were: (1) the current methodology is outdated; (2) it was adopted prior to the PUC issuing specific administrative rules that imposed annual reporting requirements on the ILEC; (3) various other rules and filing requirements were imposed upon the ILEC after the methodology was developed; (4) last year, PDS, the smallest telecom company under PUC jurisdiction, was assessed the highest amount of the annual

administrative assessment; (5) the current assessment regime is out of date and not reasonable.

In addition, Mr. Day indicated that the PUC needs to increase its administrative resources and hire employees other than contractors. Administrative oversight should be increased. Day's comments can be reviewed in full at pgs. 41-47 of the Transcript of the Guam Public Utilities Commission meeting of September 19, 2011. The Chairman indicated that the PUC was aware of the issues concerning consultants and staff and was attempting to address them. The Commission has been successful in reducing costs. The Chairman indicated that the Commission had not seen sufficient evidence to change the current assessment methodology. So, in the meantime, the PUC would keep the present formula. It's a matter that the PUC could revisit in the future. At present the Commission was attempting to control both administrative and regulatory costs.

Mr. Day brought up the further concern that ICB arrangements must be made to similarly situated companies. GTA had basically refused PDS' request to adopt that ICB. Counsel indicated that this issue was not properly before the PUC at the present time. On behalf of GTA, Attorney Serge Quenga indicated that GTA had offered to meet with PDS and to negotiate towards an ICB. Mr. Day contended that ICB contracts are made available in other jurisdictions, but redacted. GTA's pricing should be available to the public to show that such pricing is non-discriminatory. Mr. Day suggests that ICB continues to be a significant issue before the PUC. Legal Counsel pointed out that when the ICB protocol was adopted in 2008, contracts were not made available to the public as part of the process because of confidentiality concerns.

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

  
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Jeffrey C. Johnson  
Chairman

## THE GUAM PUBLIC UTILITIES COMMISSION

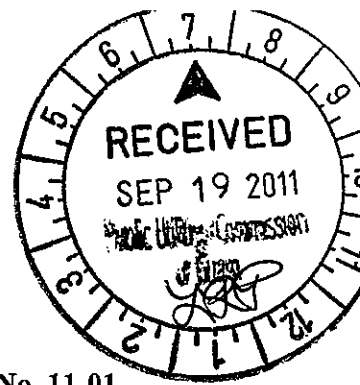
**NOTICE IS HEREBY GIVEN** that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:00 p.m. on September 19, 2011, at Suite 202 GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

### Agenda

1. Approval of Minutes of August 10, 2011.
2. Choice Phone LLC.
  - CP Docket 11-01, iConnect Request for Determination on Jurisdiction to Designate Eligible Telecommunications Carrier Status, PUC Counsel Report, and Proposed Order
3. PTI Pacifica Inc.
  - PTI Docket 11-01, PTI Petition for Annual USAC Certification, PUC Legal Counsel Report, and Use Certification
4. Guam Telecom LLC
  - GT Docket 11-03, Petition for Annual USAC Certification, PUC Legal Counsel Report, and Use Certification.
5. Guam Waterworks Authority
  - GWA Docket 09-03, Base Rate Case: True-Up of Proposed FY2012 rate increase pursuant to par. 7 of the 2009 Rate Decision; GCG Report, Stipulation and Proposed Order, ALJ Report and Proposed Order.
  - GWA Docket 11-01: (1) GWA Expedited August 4, 2011 Petition to Reprogram 2010 Bond Proceeds; (2) Rate Investigation regarding \$18.3M Obligation, ALJ Report and Proposed Order
6. GTA Telecom LLC
  - GTA General Regulatory Docket 05-01, Order
  - GTA Docket 11-07, GTA Filing for Approval of ICB with Bank of Hawaii, Supplemental GCG Report, and Proposed Order
  - GTA Docket 11-08, GTA Filing for Approval of ICB with Tristar, PUC Counsel Report, and Proposed Order
  - GTA Docket 11-09, GTA Petition for Expedited Dispute Resolution [Interconnection Agreement Dispute between GTA Telecom LLC and Pacific Data Systems], PDS Response, Stipulation of the Parties, and Proposed Order

- **GTA Docket 11-11, Pulse Mobile Petition for Annual USAC Certification, PUC Legal Counsel Report, and Use Certification.**
- 7. Pacific Data Systems Inc.**
  - **PDS Docket 11-01, Rule Making Re: See Administrative Assessment for Telecom Companies, PDS Filing Requested Changes in Administrative Assessments in PUC Administrative Assessment for Telecom Companies, PUC Request for Public Comment dated August 6, 2011, ALJ Report and Proposed Order.**
- 8. PUC Website**
  - **Update**
- 9. Administrative Matters**
  - **FY2012 Administrative Budget/Annual Assessment Order**
  - **Scheduling of Regular Commission Meetings**
  - **Hourly Fee for PUC Port Consultants**
- 10. Deliberations concerning Extension of PUC Contracts:**
  - **Legal Counsel**
  - **Administrative Law Judge**
  - **PUC Consultant**
  - **Port Consultant**
  - **Administrator**
  - **Draft Resolutions and Proposed Letters**
- 11. Other Business**



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>IN RE:</b>	<b>REQUEST BY THE GUAM</b>	)	<b>GWA Docket No. 11-01</b>
	<b>WATERWORKS AUTHORITY FOR</b>	)	<b>GWA Docket No. 09-03</b>
	<b>APPROVAL OF BOND PROJECTS</b>	)	
	<b>FUNDED BY GWA'S 2010 SERIES</b>	)	<b>ORDER</b>
	<b>BOND PROCEEDS</b>	)	

## BACKGROUND

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to: (1) the August 4, 2011 Petition for Expedited Approval to Reprogram 2010 Bond Proceeds for the Hagåtña and Northern District Wastewater Treatment Plants and the Meter Replacement Project, filed by the Guam Waterworks Authority (“GWA”); (2) the June 2, 2011 Order issued by the PUC to conduct a rate investigation; and, (3) the Stipulation of GWA and the Georgetown Consulting Group (“GCG”), filed on August 31, 2011, related to the “true up” for fiscal year 2012 (“FY 2012”).

On September 12, 2011, the Administrative Law Judge of the PUC (the “ALJ”) issued an ALJ Report outlining his recommendations related to: GWA’s August 4, 2011 Expedited Petition; (2) the rate investigation related to GWA’s \$18,333,333 (hereinafter “\$18.3 million”) obligation; and (3) the August 31, 2011 Stipulation of GWA and GCG related to the FY 2012 “true up.”

## DETERMINATIONS

**A. ~~\$18.3-Million-Rate-Investigation.~~**

Pursuant to the PUC's June 2, 2011 Order, the PUC authorized the ALJ to investigate and examine GWA's rates to determine whether its rates might need to be

increased as a consequence of the \$18.3 million obligation. Thereafter, in an Order dated July 12, 2011, the ALJ requested that GWA and GCG explain the following: (1) Whether payment of the \$18.3 million obligation provided under the PUC's June 2, 2011 Order required a rate increase; (2) The amount, if any, that GWA must recoup via a rate increase after payment of such obligation; and, (3) Over what period of time GWA must recoup that amount in order to be in compliance with the construction deadlines required under the federal court case, U.S. v. Guam Waterworks Authority, Civil Case No. 02-00035, District Court of Guam (hereinafter referred to as "US v. GWA").

In the September 12, 2011 ALJ Report, the ALJ considered GWA's initial \$18.3 million Rate Impact Report. In this initial Report, GWA stated that "[i]f the PUC is resolved in implementing PL 34-145 [*sic*], then a PUC ordered rate increase, sufficient to recover \$18,333,333 will be required." In addition, GWA contended that it "would need to recoup \$18,333,333 in approximately 18 months."

The ALJ further considered GCG's August 18, 2011 Rate Impact Report. In the Rate Impact Report, GCG proposed five (5) alternatives to recoup the \$18.3 million loss in investment capital. GCG identified these alternatives as: (1) Canceling \$18.3 million in capital needs; (2) Deferring into the future \$18.3 million in capital needs; (3) Seeking a working capital loan or other credit facility specifically for the purpose of funding construction project activities; (4) Accelerating the issuance of the FY 2013 bonds into FY 2012; and (5) Imposing a short-term surcharge to GWA's existing user charges.

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In addition, the ALJ also considered GCG's August 31, 2011 Supplemental Rate Impact Report. In this report, GCG amended its earlier Alternate 5 approach by

proposing that the PUC apply the Alternate 5 surcharge of 18.14% to all water and wastewater consumer rates, including lifeline rates. Sample bills for residential, commercial, and government consumers produced by GWA were attached to the ALJ Report as “Exhibit A.”

Consequently, the ALJ found that as a result of the rate investigation, the evidence in the administrative record suggested that GWA must increase its rates in order to recoup the \$18.3 million obligation mandated under P.L. 30-145. The ALJ further found that the most viable option to recouping the \$18.3 million loss in investment capital was to impose a short-term surcharge to GWA’s existing user charges, as set forth under GCG’s Alternate 5 approach. At this point, the ALJ is inclined to recommend that the PUC adopt the Alternate 5 surcharge of 18.14%, as indicated in GCG’s Supplemental Impact Report, for the duration of eighteen (18) months to all consumers. However, before doing so, the ALJ prefers to conduct a public hearing and, thus, requested authority to conduct a public hearing on Thursday, October 13, 2011, at 6:00 p.m., to hear testimony from the public and other interested parties regarding the Alternate 5 surcharge.

**B. GWA’s Expedited Petition**

In GWA’s August 4, 2011 Expedited Petition, GWA requested the following: \$13 million for the design and build contracts necessary for the Hagåtña upgrades; \$10 million for the design and build contracts necessary for the Northern upgrades; and \$6 million to complete the Meter Replacement Project. In addition, GWA requested an additional twenty percent (20%) contingency on top of these amounts. Accordingly, GWA sought a total of \$34.8 million (\$29 million plus the twenty percent

(20%) contingency). GWA contended that “an expedited review process is justified given the fact that if GWA is unable to secure timely approval for its Petition, GWA may not be able to meet the anticipated deadlines that are set forth in the Magistrate’s July 7, 2011 Report and Recommendation.”

In the September 12, 2011 Report, the ALJ found that the PUC is tasked with reviewing and approving all uses of bond proceeds pursuant to 12 G.C.A. § 12004 and GWA’s Contract Review Protocol, GWA Docket 00-04. The ALJ also found that the \$13 million for the design and build contracts necessary for the Hagåtña upgrades, the \$10 million for the design and build contracts necessary for the Northern upgrades, and \$6 million to complete the Meter Replacement Project, were reasonable, necessary, and prudent, in order to meet the timelines established by the District Court of Guam in US v. GWA.

With respect to the additional twenty percent (20%) contingency as requested by GWA, the ALJ found this contingency amount reasonable based on GWA’s representation that such contingency was an industry standard, and because the existing Contract Review Protocol, GWA Docket 00-04, permitted a twenty percent (20%) contingency on PUC approved contracts and obligations.

Accordingly, the ALJ recommended that the PUC approve the reallocation and reprogramming of the 2010 Series Bond in order to fund and complete the Interim Upgrades and the Meter Replacement Program, as requested in the Expedited Petition, and for the amounts requested. However, the ALJ’s recommended approval of the Expedited Petition was conditioned on GWA reserving, restricting, and leaving unencumbered, the

amount of \$18.3 million. Therefore, the ALJ recommended that the PUC approve the reprogramming of the 2010 Series Bond *only if* GWA reserves, restricts, and leaves unencumbered the amount of \$18.3 million.

**C. Annual True Up**

On August 31, 2011, GWA and GCG filed a Stipulation wherein the parties made certain findings and recommendations for the PUC. In the September 12, 2011 ALJ Report, the ALJ found that the parties agreed to an increase in all non-lifeline rate elements of 12.77% (in the aggregate). According to sample bills provided by the parties, which were attached to the ALJ's Report as "Exhibit B," the rate adjustments identified in the Stipulation would increase the average residential bill by 3.8%, and the average commercial and government bills by 7.3%.

The ALJ further found that the parties agreed on the following points: (1) GWA is projected to achieve a debt service coverage ratio of 1.53 times (1.53x); (2) A reduction in the PUC/Navy Surcharge to 2%; (3) Fixing the "Legislative Surcharge" at 5.6%; (4) Revenue implementation programs for FY 2012; and (5) Continuing the Interim Tiyan Rates. In addition, the "FY 2012 Revenue Implementation Programs" would include: employee training on water auditing principles contained in the AWWA's M36 program; prioritizing pipe replacement; forensic assessment of GWA's accounting; reducing losses associated with meters, and continuing the Meter Replacement Program; ~~eliminating water theft, and vandalism; reducing the Navy surcharge; and implementing~~ energy efficient improvements with GWA motors and pumps.

The ALJ concluded that based on the administrative record established in the docket, along with the representations made by the parties in the Stipulation, the ALJ found that the findings, recommendations, rate increases, and programs contained in the Stipulation were just and reasonable. Accordingly, the ALJ recommended that the PUC approve the findings, recommendations, rate increases, and programs contained in the August 31, 2011 Stipulation.

The Commission hereby adopts the findings made in the September 12, 2011 ALJ Report and, therefore, issues the following:

#### **ORDERING PROVISIONS**

Upon consideration of the record herein, the September 12, 2011 ALJ 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:

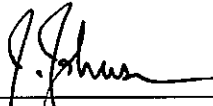
1. In regard to the amount that GWA has been ordered to pay the Government of Guam in the PUC's Order dated June 2, 2011, the ALJ is hereby authorized to conduct a public hearing on Thursday, October 13, 2011, at 6:00 p.m., to hear testimony from the public and other interested parties regarding the adoption of the Alternate 5 surcharge of 18.14%, as indicated in GCG's Supplemental Impact Report;


2. GWA's Expedited Petition for reallocation and reprogramming of ~~the 2010 Series Bond in order to fund and complete the Interim Upgrades and the Meter~~  
Replacement Program is hereby approved *subject to, and conditioned on*, GWA reserving, restricting, and leaving unencumbered the amount of \$18.3 million;

3. The findings, recommendations, rate increases, and programs described in the August 31, 2011 Stipulation filed by GWA and GCG are hereby adopted and approved, and shall take effect on October 1, 2011, the start of FY 2012;


4. GWA is further ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with conducting the review and hearing process. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

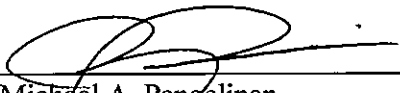
SO ORDERED this 19<sup>th</sup> of September, 2011.

  
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Jeffrey C. Johnson  
Chairman

  
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Joseph M. McDonald  
Commissioner

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Rowena E. Perez  
Commissioner

  
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Filomena M. Cantoria  
Commissioner

  
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Michael A. Pangelinan  
Commissioner

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**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**



**IN RE: REQUEST BY THE GUAM  
WATERWORKS AUTHORITY FOR  
APPROVAL OF BOND PROJECTS  
FUNDED BY GWA'S 2010 SERIES  
BOND PROCEEDS**

**GWA Docket No. 11-01  
GWA Docket No. 09-03**

**ALJ REPORT**

**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the "PUC") pursuant to: (1) the August 4, 2011 Petition for Expedited Approval to Reprogram 2010 Bond Proceeds for the Hagåtña and Northern District Wastewater Treatment Plants and the Meter Replacement Project filed by the Guam Waterworks Authority ("GWA"); (2) the June 2, 2011 Order issued by the PUC to conduct a rate investigation; and, (3) the Stipulation of GWA and the Georgetown Consulting Group ("GCG"), filed on August 31, 2011, related to the "true up" for fiscal year 2012 ("FY 2012"). A binder of pertinent documents relating to these matters is being provided to each Commissioner contemporaneously with this Report.

**DISCUSSION**

This docket involves, in part, bonds sold and issued by GWA pursuant to Public Law ("P.L.") 28-71 and P.L. 30-145. The relevant factual history of this docket is stated in some detail in the July 19, 2011 Status Report issued by the Administrative Law Judge of the PUC (the "ALJ"). The ALJ hereby incorporates by reference the factual history stated therein.

**ORIGINAL**

**A. \$18.3 Million Rate Investigation**

The PUC authorized the ALJ to investigate and examine GWA's rates to determine whether GWA's rates might need to be increased as a consequence of the \$18,333,333 ("18.3 million") obligation. *See* PUC Order, p. 5 (June 2, 2011). Thereafter, the ALJ's July 12, 2011 Order requested that GWA and GCG explain the following: (1) Whether payment of the 18.3 million obligation provided under the PUC's June 2, 2011 Order required a rate increase; (2) The amount, if any, that GWA must recoup via a rate increase after payment of such obligation; and, (3) Over what period of time GWA must recoup that amount in order to be in compliance with the construction deadlines required under the federal court case, U.S. v. Guam Waterworks Authority, Civil Case No. 02-00035, District of Guam (hereinafter referred to as "US v. GWA").

**1. GWA's Initial \$18.3 Million Rate Impact Report**

In its July 28, 2011 response, GWA maintains that it would need to increase its rates "if it is to raise the funds ordered by the PUC." GWA's Response to ALJ's July 12, 2011 Order, p. 2 (July 28, 2011). GWA states that "[i]f the PUC is resolved in implementing PL 34-145 [*sic*], then a PUC ordered rate increase, sufficient to recover \$18,333,333 will be required." *Id.* In addition, GWA asserts that it "would need to recoup \$18,333,333 in approximately 18 months." *Id.*

**2. GCG's \$18.3 Million Rate Impact Report**

On August 18, 2011, GCG submitted its "Report on Rate Impact of the Public Utilities Commission's Order of June 2, 2011" ("Rate Impact Report"). In the Rate Impact Report, GCG discusses the following: (1) GWA's FY 2010 Capital Improvement Projects; (2) GWA's reprogramming of its 2010 Series Bond proceeds; and (3) alternatives

to recoup \$18.3 million. With respect to recouping the \$18.3 million loss in investment capital, GCG proposes five (5) alternatives. These alternatives are: (1) Canceling \$18.3 million in capital needs; (2) Deferring into the future \$18.3 million in capital needs; (3) Seeking a working capital loan or other credit facility specifically for the purpose of funding construction project activities; (4) Accelerating the issuance of the FY 2013 bonds into FY 2012; and (5) Imposing a short-term surcharge to GWA's existing user charges.

With respect to the first option, which proposes cancellation of \$18.3 million in capital improvement projects ("or at least defer for a long period of time"), GCG submits that this option would not be prudent. GCG Rate Impact Report, p. 10-11 (Aug. 17, 2011). The second option involves review of the existing list of capital improvement projects and deferring \$18.3 million worth of capital improvement projects. GCG submits that this option would also be imprudent as "GWA simply has too many critical capital needs to consider deferral," which would expose GWA to risk in failing to comply with the Stipulated Order requirements in US v. GWA. *Id.* at 11. The third option relies upon the approval of a loan by a lending institution, which may or may not be approved. Nothing in the plain language of P.L. 30-145 suggests that compliance with its obligations should be contingent upon GWA obtaining a loan from a third party lending institution. All that is necessary to trigger GWA's obligations under P.L. 30-145 is the issuance of the bond referred to therein. The fourth option—accelerating the issuance of the FY 2013 bonds into FY 2012—also involves the future approval and cooperation of third parties, which is not contemplated by P.L. 30-145 or the PUC's June 2, 2011 Order.

As indicated in the Rate Impact Report, GCG's fifth option, or the "Alternate 5" approach, would immediately raise rates "via a surcharge for the purpose of

providing the capital funds necessary to meet the SO and other projects in accordance with [GWA's] current schedules.” *Id.* at 15. “If crafted correctly, a surcharge should allow GWA to meet the requirements as outlined in Table 2 provided the surcharge is designed to collect sufficient revenues to allow GWA to execute all procurement contracts in accordance with the schedules necessary.” *Id.*

GCG summarizes the following “pros” to the Alternate 5 surcharge: (1) It would allow GWA to pay the Government of Guam as ordered; (2) Current capital improvement projects would move forward; (3) It meets GWA’s procurement restraints; and, (4) It involves simple and low-cost implementation to GWA. GCG also summarizes the following “cons,” which include: (1) Alternate 5 would be the “most expensive alternative” for ratepayers; (2) It would require the PUC to create a surcharge, or other mechanism, to recoup the \$18.3 million, which involves establishing the rate of the surcharge and a period in which such surcharge would be applied. GCG submits that Alternative 5 would impact residential users by a seventeen percent (17%) increase in rates over an eighteen (18) month period. *Id.* at 16.

### **3. GCG’s Supplemental Rate Impact Report**

On August 31, 2011, GCG filed a Supplemental Report on Rate Impact of the Public Utilities Commission’s Order of June 2, 2011 (“Supplemental Impact Report”). In this report, GCG expands on its analysis on the Alternate 5 approach. In particular, GCG proposes that the PUC should restrict the revenues generated by the surcharge solely for Stipulated Order projects and other CIP projects “that would otherwise have to be deferred as a result of GWA’s mandated payment to the General Fund.” GCG Supplemental Impact Report, p. 2 (Aug. 31, 2011).

In addition, GCG amended its earlier Alternate 5 approach by proposing that the surcharge may be applied to all water and wastewater rates, but may exclude lifeline consumers, as opposed to its earlier proposal of applying the surcharge to all water and wastewater rates except lifeline rates. GCG maintains that applying the Alternate 5 surcharge to all water and wastewater consumer rates, including lifeline consumers, would require an 18.14% surcharge. On the other hand, should the Alternate 5 surcharge apply only to non-lifeline water and wastewater consumers, a 22.13% surcharge would be required. GCG submits that since GWA's costs have increased by at least twenty percent (20%), then lifeline rates may be increased. Accordingly, GCG proposes that the PUC apply the Alternate 5 surcharge of 18.14% to all water and wastewater consumer rates, including lifeline rates. Sample bills for residential, commercial, and government consumers have been produced by GWA and are attached to the Supplemental Impact Report as "Exhibit 1." These bills are attached hereto as "Exhibit A."

#### **4. ALJ's Recommendation**

Based on the analyses provided by GCG as discussed above, the ALJ finds that the most viable option to recouping the \$18.3 million loss in investment capital is imposing a short-term surcharge to GWA's existing user charges, as set forth in GCG's Alternate 5 approach. While the ALJ recognizes that the Alternate 5 surcharge may be the "most expensive alternative" for ratepayers, the ALJ finds that unless and until P.L. 30-145 is repealed or declared invalid by a court of competent jurisdiction, the \$18.3 million obligation is due to the Government of Guam. The ALJ further finds that the Alternate 5 surcharge is a just and reasonable approach to recoup the \$18.3 million obligation.

With respect to the duration of such surcharge, GWA has stated that it “would need to recoup \$18,333,333 in approximately 18 months” in order to comply with the federal Stipulated Order. GWA Response to ALJ’s July 12, 2011 Order, at 2. In its Rate Impact Report, GCG does not disagree with GWA’s position, and provides rates for both twelve (12) month and eighteen (18) month recoveries, indicating that an eighteen (18) month recovery period would result in a lesser increase in rates. GCG Rate Impact Report, at 16. Based upon the evidence submitted by GWA and GCG, the ALJ is inclined to recommend that the PUC approve an eighteen (18) month recovery to apply the Alternate 5 surcharge in order to assure GWA’s compliance with the construction deadlines mandated in US v. GWA. However, before doing so, the ALJ would prefer to conduct a public hearing. The ALJ, therefore, requests authority to conduct a public hearing on Thursday, October 13, 2011, at 9:30 a.m., to hear testimony from the public and other interested parties regarding the Alternate 5 surcharge. Thereafter, the ALJ will submit a final report to the PUC, which can then act on the ALJ’s Report on this subject at its next scheduled regular meeting on Monday, October 17, 2011.

**B. GWA’s Expedited Petition**

**1. Interim Upgrades Project and the Meter Replacement Program**

In GWA’s August 4, 2011 Expedited Petition, GWA maintains that pursuant to a July 7, 2011 Report and Recommendation issued by the Magistrate Judge in US v. GWA, GWA must complete the Hagåtña and Northern District Wastewater Treatment Plant Interim Upgrades (“Interim Upgrades”) by June 30, 2013 and September 30, 2012, respectively, and must also complete the Meter Replacement Project. GWA contends that “the funding from [the U.S. Department of Defense] and [the Government of

Japan] has not yet materialized, and in order to complete the projects within the timelines” indicated by the District Court, GWA must “identify a funding source so that GWA can issue procurements and contracts for Interim Upgrades and the Meter Replacement Project.” GWA’s Expedited Petition, p. 2 (Aug. 4, 2011). Accordingly, GWA requests that the PUC permit reallocation and reprogramming of the 2010 Series Bond proceeds for these projects.

In particular, GWA requests the following: \$13 million for the design and build contracts necessary for the Hagåtña upgrades; \$10 million for the design and build contracts necessary for the Northern upgrades; and \$6 million to complete the Meter Replacement Project. In addition, GWA requests an additional twenty percent (20%) contingency on top of these amounts. Accordingly, GWA requests a total of \$34.8 million (\$29 million plus the twenty percent (20%) contingency) “in order to ensure there are sufficient funds to complete these projects within the specific timelines.” GWA’s Expedited Petition, at 3. GWA further contends that “an expedited review process is justified given the fact that if GWA is unable to secure timely approval for its Petition, GWA may not be able to meet the anticipated deadlines that are set forth in the Magistrate’s July 7, 2011 Report and Recommendation.” GWA’s Expedited Petition, at 3.

In support of the Expedited Petition, GWA attached an Order issued by the District Court Judge, which required GWA and the US EPA to file an amended Stipulated Order containing “workable deadlines” “as they relate to the outstanding projects under the Stipulated Order.” *See* GWA’s Expedited Petition, at “Exhibit A.” In addition, GWA also attached the July 7, 2011 Magistrate Judge’s Report and Recommendation, wherein

the Magistrate Judge established deadlines related to the Interim Upgrades. *See* GWA's Expedited Petition, at "Exhibit B."

Finally, GWA further attached a resolution issued by the Guam Consolidated Commission on Utilities (the "CCU"), which found that: "GWA currently has three critical Stipulated Order Projects, the Hagåtña and Northern District Interim Upgrades as well as the Meter Replacement Project that require immediate funding for hiring a contractor who will purchase . . . materials, design and project management services for said projects . . . ." The CCU further found that "the need to program these funds is due to the fact that funding from the United States and Government of Japan is unavailable at this time and GWA must act swiftly in order to meet the proposed deadlines set out in . . . the United States District Court Magistrate's [] July 7, 2011 Report and Recommendation . . . ." *See* GWA's Expedited Petition, at "Exhibit D."

The resolution additionally authorized GWA: to begin to engage designers and contractors to begin preparation for the projects, to certify funding for the procurements necessary for the projects, to utilize up to \$34.8 million in proceeds from GWA's 2010 Series Bond for the Interim Upgrades and Meter Replacement Project, and to petition the PUC to effectuate the means to complete the projects indicated in the Expedited Petition. *See* GWA's Expedited Petition, at "Exhibit D."

## **2. GWA's Response to ALJ's Notice of Hearing**

In addition to the Expedited Petition, GWA also filed its response to questions posed in the ALJ's August 8, 2011 Notice of Hearing. In this response, GWA maintains that the funding of the Interim Upgrades, namely by the U.S. Department of Defense and the Government of Japan, "may materialize at a later date," the timing of the

“availability” of such funding “is uncertain” and may therefore affect GWA’s ability to complete these projects in time. *See* GWA’s Response to Questions in ALJ’s Notice of Hearing, Responses to Questions (a) and (g) (Aug. 18, 2011). GWA submits that “[i]n the absence of outside finding, [*sic*] GWA can only use the 2010 bond proceeds to meet the expected completion dates for the [Interim Upgrades].” GWA’s Response to Questions in ALJ’s Notice of Hearing, Response to Question (d).

With respect to the 20% contingency, GWA maintains that “[a] 20% contingency is the industry standard for contingencies.” Finally, when asked by the ALJ how much of the 2010 Series Bond funds would remain in deposit and unspent after the \$34.8 million is committed to the Interim Upgrades and the Meter Replacement Program, GWA stated that a balance of \$39,726,674 remains in deposit and unspent.

### **3. ALJ’s Recommendation**

The PUC is tasked with reviewing and approving all uses of bond proceeds pursuant to 12 G.C.A. § 12004. In addition, pursuant to the Contract Review Protocol, GWA Docket 00-04, GWA is required to obtain prior PUC approval for any expenditure of bond proceeds, before the Government of Guam procurement process can be initiated for capital improvement projects in excess of \$1 million.

Based on the timelines established in US v. GWA, the Interim Upgrades and the Meter Replacement Program are projects the District Court of Guam has recognized as requiring immediate prioritization under the Stipulated Order. Since GWA does not appear to have the benefit of “funding from [the U.S. Department of Defense] and [the Government of Japan],” and since GWA must “complete the projects within the timelines” indicated by the District Court, the ALJ hereby finds that the reprogramming of

the 2010 Series Bond funds in this instance is warranted under these circumstances. The ALJ is satisfied that GWA has demonstrated its need for the reprogramming of the 2010 Series Bond funds.

The ALJ further finds that the \$13 million for the design and build contracts necessary for the Hagåtña upgrades, the \$10 million for the design and build contracts necessary for the Northern upgrades, and \$6 million to complete the Meter Replacement Project, are reasonable, necessary, and prudent, in order to meet the timelines established by the District Court of Guam. With respect to the additional twenty percent (20%) contingency as requested by GWA, the ALJ finds this contingency amount reasonable based on GWA's representation that such contingency is an industry standard, and because the existing Contract Review Protocol, GWA Docket 00-04, permits a twenty percent (20%) contingency on PUC approved contracts and obligations.

Based on the documentation provided by GWA, along with the approval of the CCU, and for the other reasons set forth herein, the ALJ will recommend that the PUC approve the reallocation and reprogramming of the 2010 Series Bond in order to fund and complete the Interim Upgrades and the Meter Replacement Program, as requested in the Expedited Petition, and for the amounts requested.

While the ALJ recommends the approval of the Expedited Petition, such approval should be conditioned on GWA reserving, restricting, and leaving unencumbered, the amount of \$18.3 million. GWA has admitted that a balance of \$39,726,674 from the 2010 Series Bond proceeds remains in deposit and unspent. Thus, the ALJ recommends that the PUC approve the reprogramming of the 2010 Series Bond *only if* GWA reserves, restricts, and leaves unencumbered the amount of \$18.3 million, which is the amount the

ALJ has concluded is due to the Government of Guam under P.L. 30-145. If GWA is unwilling to do so, then the PUC should deny the Expedited Petition.

**C. Annual True Up**

On June 30, 2011, GWA submitted its annual “true up” pursuant to the July 14, 2009 Stipulation Re: Rate Relief filed in GWA Docket 09-03. On July 19, 2011, the ALJ issued a Status Report, which indicated that the GWA “true up” report had been transmitted to GCG for its review and recommendations. On August 18, 2011, GCG filed a Report on FY2012 True Up. Thereafter, GCG undertook discovery with respect to issues related to GWA’s submittal, and GWA and GCG engaged in discussions regarding such issues. On August 31, 2011, GWA and GCG filed a Stipulation wherein the parties made certain findings and recommendations for the PUC (“Stipulation”).

In the Stipulation, the parties agreed to an increase in all non-lifeline rate elements of 12.77% (in the aggregate). For residential consumers, this increase would not apply to lifeline rates (or the first 5,000 gallons) or to wastewater rates (which is all considered lifeline under the current rate design). Sample bills for the average residential, commercial, and government consumers have been produced by the parties and are attached to the Stipulation as “Attachment 2.” These bills are attached hereto as “Exhibit B.” According to these sample bills, the rate adjustments identified in the Stipulation would increase the average residential bill by 3.8%, and the average commercial and government bills by 7.3%.

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Prior to the parties’ arrival at this 12.77% rate, the scheduled increase per the 2009 rate plan was set at 4.9%. GWA, however, requested an additional 5% to cover unforeseen costs, which would result in a compound increase of 10.1%. In exchange for

specific commitments from GWA, however, GCG agreed to an increase in all non-lifeline rate elements of 12.77%. GCG projects that the revenue impact of such an increase will result in \$1.3 million in revenues, all of which will be earmarked for capital improvement projects that target reducing losses pursuant to the Stipulation.

In addition, the parties further agreed on the following points: (1) GWA is projected to achieve a debt service coverage ratio of 1.53 times (1.53x); (2) A reduction in the PUC/Navy Surcharge to 2%; (3) Fixing the “Legislative Surcharge” at 5.6%; (4) Revenue implementation programs for FY 2012; and (5) Continuing the Interim Tiyan Rates. The parties have also produced “FY 2012 Revenue Implementation Programs,” which is attached as “Attachment 1” to the Stipulation. These programs include: employee training on water auditing principles contained in the AWWA’s M36 program; prioritizing pipe replacement; forensic assessment of GWA’s accounting; reducing losses associated with meters, and continuing the Meter Replacement Program; eliminating water theft, and vandalism; reducing the Navy surcharge; and implementing energy efficient improvements with GWA motors and pumps.

Based on the administrative record established in the docket, along with the representations made by the parties in the Stipulation, the ALJ hereby finds that the findings, recommendations, rate increases, and programs contained in the Stipulation are just and reasonable. Accordingly, the ALJ recommends that the PUC approve such findings, recommendations, rate increases, and programs. The sample bills for the average residential, commercial, and government consumers, which have been produced by the parties and are attached hereto as “Exhibit B,” show that the rate adjustments identified in

the Stipulation would increase the average residential bill by 3.8%, and the average commercial and government bills by 7.3%.

### **CONCLUSION AND RECOMMENDATION**

In sum, the ALJ hereby concludes, as a result of the rate investigation, that the evidence submitted suggests that GWA must increase its rates in order to recoup the \$18.3 million obligation mandated under P.L. 30-145. The ALJ is inclined to recommend that the PUC adopt the Alternate 5 surcharge of 18.14%, as indicated in GCG's Supplemental Impact Report, for the duration of eighteen (18) months to all consumers. However, before doing so, the ALJ wishes to conduct a public hearing on Thursday, October 13, 2011, at 9:30 a.m. to hear testimony from the public and other interested parties. The ALJ requests authority to conduct such a public hearing, and, thereafter, will submit a Report to the PUC prior to its next regularly scheduled meeting on Monday, October 17, 2011.

With respect to the Expedited Petition filed by GWA, the ALJ concludes that the reprogramming of the 2010 Series Bond funds in this instance is warranted under the circumstances of this case. The ALJ concludes that GWA has successfully demonstrated its need for such reprogramming of bond funds. Accordingly, the ALJ recommends that the PUC approve the reallocation and reprogramming of the 2010 Series Bond in order to fund and complete the Interim Upgrades and the Meter Replacement Program, as requested in the Expedited Petition, for the amounts requested. This approval, however, should be subject to, and conditioned upon, GWA reserving, restricting, and leaving unencumbered, the sum of \$18,333,333 ("\$18.3 million"), which is the GWA obligation provided for in the PUC's Order of June 2, 2011. In short, the ALJ hereby

recommends that the PUC approve the reprogramming of the 2010 Series Bond only if GWA reserves, restricts, and leaves unencumbered the amount of \$18.3 million, which is the amount the ALJ has concluded is due to the Government of Guam under P.L. 30-145. If GWA is unwilling to do so, then the PUC should deny the Expedited Petition.

Finally, with respect to GWA's annual "true up," the ALJ recommends that the PUC approve the findings, recommendations, rate increases, and programs described in the Stipulation filed by GWA and GCG on August 31, 2011.

Respectfully submitted this 12<sup>th</sup> day of September, 2011.

  
\_\_\_\_\_  
**DAVID A. MAIR**  
Administrative Law Judge

P114086.JRA

GUAM WATERWORKS AUTHORITY  
Docket 09-03  
Sample Bills

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

	Current Rates	Current Bill	Stipulated Rate	Stipulated Bill	Stipulation			
					No Lifeline Impact		Lifeline Impact	
					New Surcharge Rate	New Proposed Bill	New Surcharge Rate	New Proposed Bill
<b>Water</b>								
Basic Charge	\$ 11.41	\$ 11.41	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86
Water Consumption								
Lifeline \$/kGal	\$ 2.74	13.70	2.74	13.70	\$ 2.74	13.70	\$ 2.74	13.70
Non-Lifeline \$/kGal	\$ 5.44	27.20	6.13	30.63	\$ 6.13	30.63	\$ 6.13	30.63
<b>Surcharges:</b>								
New Surcharge	9.60%	3.71	2.00%	0.87	22.13%	9.62	18.14%	\$ 10.38
GPA/Navy/PUC Retirement	3.49%	1.35	5.60%	2.44	2.00%	0.87	2.00%	0.87
Sub-Total Water		\$ 57.36		\$ 60.50	5.5%	2.44	5.60%	2.44
						\$ 70.12	22.2%	\$ 70.87
								23.5%
<b>Sewer Charge (Fixed/Lifeline)</b>	25.08	\$ 25.08	\$ 25.08	\$ 25.08		\$ 25.08		\$ 25.08
<b>Surcharges:</b>								
New Surcharge	9.60%	-	2.00%	-		-	18.14%	4.55
GPA/Navy/PUC Retirement	3.49%	-	5.60%	-	2.00%	-	2.00%	-
Sub-Total Wastewater		\$ 25.08		\$ 25.08	5.60%	2.44	5.60%	2.44
						\$ 25.08	0.0%	\$ 25.63
								18.1%
<b>TOTAL BILL</b>		\$ 82.44		\$ 85.58	3.8%	\$ 95.20	15.5%	\$ 100.50
								21.9%



GUAM WATERWORKS AUTHORITY  
Docket 09-03  
Sample Bills

**Assumptions:**

Average Government Bill  
73,000 per month  
Sewer Service 80% of Water Volume

	Current Rates	Current Bill	Stipulated Rate	Stipulated Bill	No Lifeline Impact			Lifeline Impact		
					New Surcharge Rate	New Proposed Bill		New Surcharge Rate	New Proposed Bill	
<b>Water</b>										
Basic Charge	\$ 11.41	\$ 11.41	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86	\$ 12.86	
Water Consumption										
Lifeline										
Non-Lifeline	6.76	493.48	7.62	556.55	7.62	556.55	7.62	7.62	556.55	
<b>Surcharges:</b>										
New Surcharge										
GPA/Navy/PUC	9.60%	48.47	2.00%	11.39	22.13%	125.99	18.14%	18.14%	103.31	
Retirement	3.49%	17.62	5.60%	31.89	2.00%	11.39	2.00%	2.00%	11.39	
Sub-Total Water		\$ 570.98		\$ 612.69	7.3%	\$ 738.67	29.4%	5.60%	\$ 715.99	25.4%
Sewer Charge First Block	\$ 5.32	\$ 310.69	\$ 5.99	\$ 349.93	\$ 5.99	\$ 349.93	\$ -	\$ 5.99	\$ 349.93	
<b>Surcharges:</b>										
New Surcharge										
GPA/Navy/PUC	9.60%	29.83	2.00%	7.00	22.13%	77.42	18.14%	18.14%	54.73	
Retirement	3.49%	10.84	5.60%	19.60	2.00%	7.00	2.00%	2.00%	7.00	
Sub-Total Wastewater		\$ 351.36	7.2%	\$ 376.53	7.2%	\$ 453.95	29.2%	5.60%	\$ 431.26	22.7%
<b>TOTAL BILL</b>		\$ 922.34	7.3%	\$ 989.22	7.3%	\$ 1,192.63	29.3%		\$ 1,147.25	24.4%

GUAM WATERWORKS AUTHORITY  
Impact of Settlement on Tiyan Bills

	<u>Current Bill</u>		<u>Stipulated</u>			<u>Non Lifeline PL Surcharge</u>		<u>Lifeline PL Surcharge</u>	
Basic Water Charge	\$	11.41	\$	12.86		\$	12.86	\$	12.86
Basic Sewer Charge		25.08		25.08			25.08		25.08
Water Usage <sup>1</sup>		26.54		28.16			28.16		28.16
New Surcharge					22.13%	5.90	18.14%	7.44	
GPA/Navy Surcharge <sup>2</sup>	4.00%	2.33	2.00%	0.55	2.00%	0.55		0.55	
Legislative Surcharge <sup>2</sup>	5.75%	0.85	5.60%	1.53	5.60%	1.53		1.53	
Total Estimated Charge	\$	66.21	\$	68.17	2.97%	\$	74.08	11.88%	\$ 75.62 14.21%

1 Assumed Usage 7,360 gallons

2 Applied to non-lifeline usage and basic water charge

GUAM WATERWORKS AUTHORITY  
Docket 09-03  
Sample Bills

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

	<u>Current Rates</u>	<u>Current Bill</u>	<u>Stipulated Rate</u>	<u>Stipulated Bill</u>	
<b>Water</b>					
Basic Charge	\$ 11.41	\$ 11.41	\$ 12.86	\$ 12.86	
<b>Water Consumption</b>					
Lifeline \$/kGal	\$ 2.74	13.70	2.74	13.70	
Non-Lifeline \$/kGal	\$ 5.44	27.20	6.13	30.63	
<b>Surcharges:</b>					
New Surcharge					
GPA/Navy/PUC	9.60%	3.71	2.00%	0.87	
Retirement	3.49%	1.35	5.60%	2.44	
Sub-Total Water		<u>\$ 57.36</u>		<u>\$ 60.50</u>	5.5%
<b>Sewer Charge (Fixed/Lifeline)</b>	25.08	\$ 25.08	\$ 25.08	\$ 25.08	
<b>Surcharges:</b>					
New Surcharge					
GPA/Navy/PUC	9.60%	-	2.00%		
Retirement	3.49%	-	5.60%		
Sub-Total Wastewater		<u>\$ 25.08</u>		<u>\$ 25.08</u>	0.0%
<b>TOTAL BILL</b>		<b>\$ 82.44</b>		<b>\$ 85.58</b>	<b>3.8%</b>

**EXHIBIT B**

**GUAM WATERWORKS AUTHORITY**

Docket 09-03

Sample Bills

**Assumptions:**

Average Commercial Bill

90,000 gal per month

Sewer Service 80% of Water Volume

	<u>Current Rates</u>	<u>Current Bill</u>	<u>Stipulated Rate</u>	<u>Stipulated Bill</u>	
<b>Water</b>					
Basic Charge	\$ 11.41	\$ 11.41	\$ 12.86	\$ 12.86	
<b>Water Consumption</b>					
Lifeline		-			
Non-Lifeline	\$ 6.76	608.40	7.62	686.16	
<b>Surcharges:</b>					
New Surcharge					
GPA/Navy/PUC	9.60%	59.50	2.00%	13.98	
Retirement	3.49%	21.63	5.60%	39.15	
Sub-Total Water		<u>\$ 700.94</u>		<u>\$ 752.15</u>	7.3%
<b>Sewer Charge/kGal</b>	\$ 3.72	267.84	4.19	301.65	
<b>Surcharges:</b>					
New Surcharge					
GPA/Navy/PUC	9.60%	25.71	2.00%	6.03	
Retirement	3.49%	9.35	5.60%	16.89	
Sub-Total Wastewater		<u>\$ 302.90</u>		<u>\$ 324.57</u>	7.2%
<b>TOTAL BILL</b>		<b>\$ 1,003.84</b>		<b>\$ 1,076.72</b>	<b>7.3%</b>

**Assumptions:**

Average Government Bill

73,000 per month

Sewer Service 80% of Water Volume

	<u>Current Rates</u>	<u>Current Bill</u>	<u>Stipulated Rate</u>	<u>Stipulated Bill</u>	
<b>Water</b>					
Basic Charge	\$ 11.41	\$ 11.41	\$ 12.86	\$ 12.86	
<b>Water Consumption</b>					
Lifeline		-			
Non-Lifeline	6.76	493.48	7.62	556.55	
<b>Surcharges:</b>					
New Surcharge					
GPA/Navy/PUC	9.60%	48.47	2.00%	11.39	
Retirement	3.49%	17.62	5.60%	31.89	
Sub-Total Water		<u>\$ 570.98</u>		<u>\$ 612.69</u>	7.3%
<b>Sewer Charge First Block</b>	\$ 5.32	\$ 310.69	\$ 5.99	\$ 349.93	
<b>Surcharges:</b>					
New Surcharge					
GPA/Navy/PUC	9.60%	29.83	2.00%	7.00	
Retirement	3.49%	10.84	5.60%	19.60	
Sub-Total Wastewater		<u>\$ 351.36</u>		<u>\$ 376.53</u>	7.2%
<b>TOTAL BILL</b>		<b>\$ 922.34</b>		<b>\$ 989.22</b>	<b>7.3%</b>



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**GUAM TELECOMMUNICATIONS  
ACT OF 2004**

**DOCKET 05-01**  
**[General Regulatory Docket]**

## ORDER

This matter came before the Guam Public Utilities Commission [PUC], *sua sponte*, at its meeting on August 10, 2011, subsequent to consideration of certain tariff matters involving GTA Telecom LLC. The Commissioners discussed the fact that, in a number of prior GTA dockets involving tariff issues, the contention has been raised that the current GTA TeleGuam Holdings LLC General Exchange Tariff No. 1 is not applicable to GTA Telecom LLC. Furthermore, it has been alleged that there is no general exchange tariff currently applicable to GTA Telecom LLC.

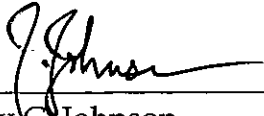
Without specifically addressing the merits of the above referenced contentions at this time, the Commission is of the opinion that GTA TeleGuam Holdings LLC and GTA Telecom LLC should clarify the applicability of General Exchange Tariff No. 1 to GTA Telecom LLC. In addition, in GTA Docket 11-04, GTA Telecom LLC stated on the record that it was planning to file an updated and revised general exchange tariff to resolve any issues concerning its applicability to GTA Telecom LLC.

## ORDERING PROVISIONS

Upon consideration of the record herein, and GTA Dockets 11-04 and 11-07, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

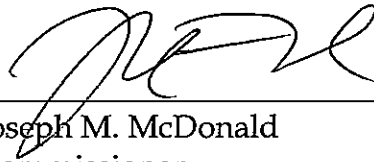
1. GTA shall file an amended general exchange tariff which clearly indicates that its provisions are applicable to GTA Telecom LLC.
2. The amended general exchange tariff shall be filed within ninety (90) days from the date of this order.

Dated this 19<sup>th</sup> day of September, 2011.



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Jeffrey C. Johnson  
Chairman



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Joseph M. McDonald  
Commissioner

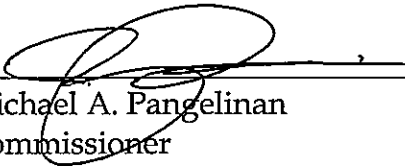


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Filomena M. Cantoria  
Commissioner

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Rowena E. Perez  
Commissioner



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Michael A. Pangelinan  
Commissioner



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF:**

GTA DOCKET 11-07

**GTA TELECOM LLC INDIVIDUAL  
CASE BASIS FILING**

## ORDER

## INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the filing of GTA Telecom LLC [GTA] to establish an Individual Case Basis arrangement with the Bank of Hawaii [BOH] pursuant to GTA's ICB Tariff.<sup>1</sup>
2. GTA's proposed tariff for ICB arrangements was previously approved by the PUC in Docket 05-03. The Individual Case Basis Tariff, originally filed by GTA as Tariff Transmittal No. 11 on December 1, 2008, contains three conditions: a] ICB's will be offered only to business or government customers having or ordering more than 10 access lines; b] Rates for services provided under competitive bids shall not exceed the tariff prices where specific charges are provided in the tariff; c] The ICB prices contained in any contract should be available to any similarly situation customer.<sup>2</sup>
3. In addition, GTA must submit an "LRIC-like" analysis which establishes that the contract price offered to BOH exceeds GTA's incremental cost.<sup>3</sup>

## BACKGROUND

4. GTA Telecom LLC entered into an agreement with Bank of Hawaii on July 1, 2011 pursuant to which it will provide BOH certain telecommunications services and facilities.<sup>4</sup> Thereunder, GTA intends to provide 35 Business Telephone Lines. In addition, GTA offers “ISDN-PRI [Primary Rate Interface)] service to BOH at an agreed monthly rate for PRI.<sup>5</sup> GTA only seeks an ICB tariff for its ISDN-PRI service.

<sup>1</sup> GTA Telecom LLC filing for an Individual Case Basis arrangement, GTA Docket 11-07, filed July 11, 2011.

<sup>2</sup> GTA Telecom LLC Filing of Individual Case Basis Tariff, filed December 1, 2008.

<sup>3</sup> PUC Order, Docket 05-03, filed October 3, 2008, at p. 2.

<sup>4</sup> GTA Filing, GTA Docket 11-07, Master Services Agreement, filed July 11, 2011.

5 Attachment A to Master Agreement; the monthly charges by GTA to BOH for ISDN-PRI will not be disclosed herein. All cost information for this private contract has been submitted under a claim of confidentiality.

5. Along with its filing, GTA has provided a confidential cost study which indicates its incremental cost for ISDN-PRI. GTA seeks an ICB for its ISDN-PRI service.
6. The background is further set forth in the PUC Counsel Report dated August 8, 2011, which is adopted herein.
7. At the PUC meeting on August 10, 2011, Pacific Data Systems, through its representative John Day, raised concerns that GTA was attempting to provide a new type of ISDN-PRI service with 35 channels that was not covered by the existing tariff.
8. At the meeting, the Commissioners instructed PUC Counsel to obtain an opinion from its consultant Georgetown Consulting Group as to whether GTA was providing a new ISDN-PRI service.
9. On August 15, 2011, GTA submitted a confidential letter filing indicating that it is not offering a 35 channel ISDN-PRI because this type of service does not exist.<sup>6</sup>
10. On August 26, 2011, Georgetown (GCG) filed its Report indicating that a 35 channel version of ISDN "does not exist". GTA is not offering such service, but is providing an ISDN-PRI service with 23 voice grade channels as an ICB under its General Exchange Tariff.<sup>7</sup>

### DETERMINATIONS

11. In this case, GTA seeks to offer ICB pricing to a business customer with more than 10 lines. GTA is offering 35 business telephone lines to BOH, at the regular tariff price, and ISDN-PRI service for which it seeks an ICB tariff. The per line cost offered by GTA to BOH for ISDN-PRI does not exceed the tariff prices provided in GTA's General Exchange Tariff No. 1.<sup>8</sup>
12. GTA has filed Exhibit B to its Petition, the GTA LRIC methodology for GTA's offering of ISDN-PRI to BOH.<sup>9</sup>

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<sup>6</sup> GTA Confidential Letter Filing, GTA Docket 11-07, filed August 15, 2011.

<sup>7</sup> GCG Report, GTA Docket 11-07, filed August 26, 2011.

<sup>8</sup> Georgetown Consulting Group Inc. Report Re: GTA Individual Case Basis Tariff for Services provided to Bank of Hawaii, GTA Docket 11-07, filed July 31, 2011, at p. 2.

<sup>9</sup> GTA Filing for Individual Case Basis, GTA Docket 11-07, Exhibit B.

13. The LRIC study filed by GTA [ISDN/PRI Revenue Requirement Summary] and the Proposed Agreement [Exhibit "C"] indicate that the cost for ISDN-PRI (Channelized T1 Costs) is above the average cost of ISDN-PRI developed in the LRIC study. The offered contract price for ISDN-PRI exceeds the incremental cost as determined using the LRIC-like standard.<sup>10</sup>
14. PUC adopts the conclusion of GCG that the per month charge proposed by GTA is above the incremental cost of providing ISDN-PRI service. The ICB charge is below the normal tariff rate of \$600.00 per month.<sup>11</sup>
15. GTA is not offering an ISDN service with 35 channels, as such service does not exist.

#### ORDERING PROVISIONS

Upon consideration of the record herein, GTA's ICB filing for BOH, GCG Report, and the PUC Legal Counsel Report, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. GTA's Individual Case Basis Filing dated July 11, 2011, properly satisfies the three ICB Tariff conditions set forth in the PUC Order dated February 15, 2008 and is hereby approved.
  2. The findings and recommendations in the GCG and PUC Counsel Reports dated July 31, 2011, August 8, 2011 and August 26, 2011, are hereby adopted and approved.
  3. GTA's ICB filing properly establishes, through its LRIC-like study that the prices for ISDN-PRI offered to BOH exceed incremental cost as determined using LRIC study.
  4. The ICB prices contained in the contract with BOH as ICB prices for ISDN-PRI, shall be available to any similarly situated customer.
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5. GTA is ordered to pay for the PUC's regulatory fees and expenses incurred in this Docket, including, without limitations, consulting and counsel fees and expenses.

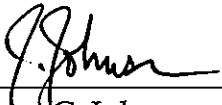
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<sup>10</sup> Id.

<sup>11</sup> Id.

Assessments of the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), 12104, 12103, the Rules Governing Regulatory fees for Telecommunications Companies, and Rule 40 of the Rules of Practice and Procedure before the PUC.


Dated this 19<sup>th</sup> day of September, 2011.

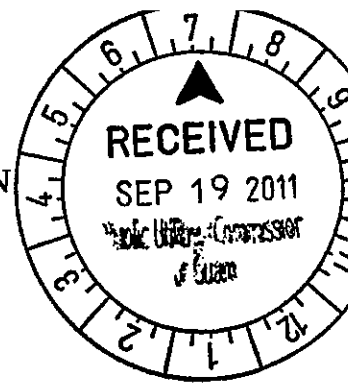
  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

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Rowena E. Perez  
Commissioner

  
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Michael A. Pangelinan  
Commissioner

  
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Joseph M. McDonald  
Commissioner

  
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Filomena M. Cantoria  
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF:**

GTA DOCKET 11-08

**GTA TELECOM LLC INDIVIDUAL  
CASE BASIS FILING**

## ORDER

## INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the filing of GTA Telecom LLC [GTA] to establish an Individual Case Basis arrangement with the Tristar Terminal (Guam) Inc. ["Tristar"] pursuant to GTA's ICB Tariff.<sup>1</sup>
2. GTA's proposed tariff for ICB arrangements was previously approved by the PUC in Docket 05-03. The Individual Case Basis Tariff, originally filed by GTA as Tariff Transmittal No. 11 on December 1, 2008, contains three conditions: a] ICBs will be offered only to business or government customers having or ordering more than 10 access lines; b] Rates for services provided under competitive bids shall not exceed the tariff prices where specific charges are provided in the tariff; c] The ICB prices contained in any contract should be available to any similarly situated customer.<sup>2</sup>
3. In addition, GTA must submit an "LRIC-like" analysis which establishes that the contract price offered to Tristar exceeds GTA's incremental cost.<sup>3</sup>

## BACKGROUND

4. GTA Telecom LLC entered into an agreement with Tristar on August 10, 2011 pursuant to which it will provide Tristar certain telecommunications services and facilities.<sup>4</sup> Thereunder, among other services, GTA intends to provide “ISDN-PRI (Primary Rate Interface)” to Tristar. GTA is providing 1 ISDN-PRI to Tristar. The ISDN product offered to Tristar has 24 channels, 23 of which are “voice” and one of

<sup>1</sup> GTA Telecom LLC filing for an Individual Case Basis arrangement, GTA Docket 11-08, filed August 15, 2011.

<sup>2</sup> GTA Telecom LLC Filing of Individual Case Basis Tariff, filed December 1, 2008.

<sup>3</sup> PUC Order, Docket 05-03, filed October 3, 2008, at p. 2.

<sup>4</sup> GTA Filing, GTA Docket 11-08, Master Services Agreement, filed August 15, 2011.

which is "data." GTA submits that because the ISDN-PRI has 23 channels, which can equate to lines, this satisfies the 10 or more business lines requirement for the ICB pricing.<sup>5</sup> GTA's offering of the ISDN product satisfies the 10 or more business line requirement for ICB pricing.

5. Along with its filing, GTA has provided a confidential cost study which indicates its incremental cost for ISDN-PRI. GTA seeks an ICB for its ISDN-PRI service.
6. The background is further set forth in the PUC Counsel Report dated August 29, 2011, which is adopted herein.

### DETERMINATIONS

7. In this case, GTA seeks to offer ICB pricing to a business customer with more than 10 lines. GTA offers an ISDN-PRI service to Tristar with 24 channels (lines). The channels can equate to lines.
8. The cost per channel (line) offered by GTA to Tristar does not exceed the tariff prices provided in GTA's General Exchange Tariff No. 1.<sup>6</sup>
9. GTA has filed Exhibit B to its Petition, the GTA LRIC methodology for GTA's offering of ISDN-PRI to Tristar.<sup>7</sup>
10. The LRIC study filed by GTA [ISDN/PRI Revenue Requirement Summary] and the Proposed Agreement [Exhibit "C"] indicate that the cost for ISDN-PRI (Channelized T1 Costs) is above the average cost of ISDN-PRI developed in the LRIC study. The offered contract price for ISDN-PRI exceeds the incremental cost as determined using the LRIC-like standard.<sup>8</sup>
11. The per month charge proposed by GTA is above the incremental cost of providing ISDN-PRI service. The ICB charge is below the normal tariff rate of \$600.00 per month.<sup>9</sup>

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<sup>5</sup> Appendix 1 to Master Service Agreement, GTA Filing, GTA Docket 11-08, filed August 15, 2011; See also GTA Confidential Filing in GTA Docket 11-07, filed August 15, 2011, and GCG Report Re: GTA Individual Case Basis Tariff for Services Provided to Bank of Hawaii, GTA Docket 11-07, filed July 31, 2011.

<sup>6</sup> See GTA General Exchange Tariff No. 1; and GTA Filing for Individual Case Basis, GTA Docket 11-08, Exhibit B [ISDN/PRI Revenue Requirement Summary to Tristar Terminal].

<sup>7</sup> GTA Filing for Individual Case Basis, GTA Docket 11-08, Exhibit B.

<sup>8</sup> Id.

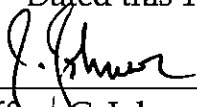
<sup>9</sup> Id.


**ORDERING PROVISIONS**

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


1. GTA's Individual Case Basis Filing dated August 15, 2011, properly satisfies the three ICB Tariff conditions set forth in the PUC Order dated February 15, 2008 and is hereby approved.
2. The findings and recommendations in the PUC Counsel Reports dated August 15, 2011 are hereby adopted and approved.
3. GTA's ICB filing properly establishes, through its LRIC-like study, that the prices for ISDN-PRI offered to Tristar exceed incremental cost as determined using the LRIC study.
4. The ICB prices contained in the contract with Tristar as ICB prices for ISDN/PRI, shall be available to any similarly situated customer.
5. GTA is ordered to pay for the PUC's regulatory fees and expenses incurred in this Docket, including, without limitations, consulting and counsel fees and expenses. Assessments of the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), 12104, 12103, the Rules Governing Regulatory fees for Telecommunications Companies, and Rule 40 of the Rules of Practice and Procedure before the PUC.

Dated this 19<sup>th</sup> day of September, 2011.

  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

  
\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

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Rowena E. Perez  
Commissioner

  
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Filomena M. Cantoria  
Commissioner

  
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Michael A. Pangelinan  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



COMMISSION ADMINISTRATIVE )  
DOCKET )  
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 )

ASSESSMENT ORDER

**WHEREAS**, the Commission's operational expenses can be divided into two categories and are budgeted and collected under the following protocols: i] general administrative expenses, which are budgeted each fiscal year by the Commission and divided and assessed among the regulated utilities; and ii] regulatory expenses, which are incurred pursuant to Commission resolution dated August 13, 2007. Regulatory expenses include professional and out-of-pocket expenses, which are billed to specific utilities under regulatory dockets assigned to them to cover the expense of handling specific regulatory proceedings related to them. This order addresses the Commission's FY2012 budget of administrative expenses.

**WHEREAS**, the administrative budget covers the Commission's administrative expenses, including staff, office facilities, Commissioner stipends and training, professional fees and other operational expenses;

**WHEREAS**, at a duly noticed and convened Commission meeting held on September 19, 2011, the Commission considered and adopted its FY2012 administrative budget in the amount of \$299,200.00;

**WHEREAS**, the utilities and telecommunication companies subject to Commission regulation include Guam Power Authority [GPA], Guam Waterworks Authority [GWA], GTA TeleGuam LLC [GTA]/Other Telecom Companies, Department of Public Works, Solid Waste Division [DPW], and Port Authority of Guam [PAG];

**WHEREAS**, after due consideration, the Commission has resolved that its' FY2012 administrative budget of \$299,200.00 should be allocated among the regulated utilities and telecommunication companies as follows:

GTA /Other Telecom Companies	\$ 66,500.00
GPA	\$ 66,500.00
GWA	\$ 66,500.00
PAG	\$ 66,500.00
DPW	\$ 33,200.00
<b>Total</b>	<b>\$299,200.000</b>

**NOW, THEREFORE**, in consideration of the above recitals and under authority invested by 12 GCA section 12024, the Commission hereby **ORDERS THAT**:

1. GPA, GWA, GTA / Other Telecom Companies, PAG and DPW shall pay the assessment allocated to them, as stated above, to the Commission not later than October 31, 2011. The regulated utilities and telecom companies are reminded that these assessed revenues are necessary to enable the Commission to have the staff and office facilities to entertain their requests for regulatory services. It is, therefore, essential that these assessments be paid in a timely manner.
2. The lesser administrative fee to DPW/ GBB is based upon the lesser amount of regulatory work required by said utility at this time.
3. The assessment due for the telecom companies are apportioned<sup>1</sup> as follows:

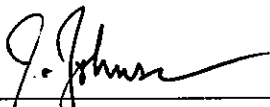
GTA:	\$47,348.00
Guam Telecom:	\$ 8,738.10
PDS:	\$ 5,905.20
PTI/IT&E:	\$ 3,265.15
iConnect:	\$ 1,243.55

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<sup>1</sup> This allocation of Regulatory Fees for Telecommunications Companies has been determined in accordance with the methodology set forth in the Rules Governing Regulatory Fees for Telecommunications Companies, Docket 05-01, filed July 7, 2005. See par. 1bii and 2a thereof. The assessments for prior year FY2011, utilized by PUC in apportioning PUC's administrative expenses to the telecommunication companies for FY2012, are set forth in Attachment A attached hereto.

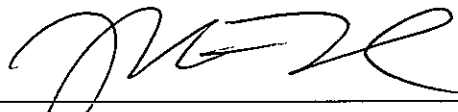
4. A copy of this assessment order shall be served on each regulated utility and Telecom Company.

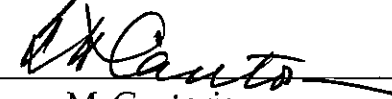
Dated this 19<sup>th</sup> day of September, 2011.

  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

\_\_\_\_\_  
Rowena E. Perez  
Commissioner

  
\_\_\_\_\_  
Michael A. Pangelinan  
Commissioner

  
\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

  
\_\_\_\_\_  
Filomena M. Cantoria  
Commissioner

# ATTACHMENT A

## FY2011 SERVICES RENDERED TELECOMMUNICATION MATTERS

Agency	GTA	PDS	Guam Telecom	PTI	Docomo	iConnect	
Date							
Oct-10	\$16,928.79	-	-	-	-	-	
Nov-10	-	-	\$3,288.40	-	-	-	
Dec-10	\$909.20	-	\$1,589.40	-	-	-	
Jan-11	\$3,281.25	-	\$902.00	-	-	-	
Feb-11	\$8,067.50	-	-	-	-	-	
Mar-11	\$1,487.50	-	\$2,870.00	-	-	-	
Apr-11	\$2,214.00	\$1,995.00	-	-	-	-	
May-11	\$2,330.17	\$2,376.67	-	\$2,289.16	-	-	
Jun-11	\$6,470.86	-	-	-	-	-	
Jul-11	\$1,650.84	\$268.33	-	-	-	-	
Aug-11	\$3,524.50	\$1,207.50		\$945.00		\$1,230.00	
Sep-11							
Total	\$46,864.61	\$5,847.50	\$8,649.80	\$3,234.16	\$0.00	\$1,230.00	Total for Agencies \$65,826.07
		Percentage	@66,500				
GTA	\$46,864.61	71.20%	\$47,348.00				
Guam Telecom	\$8,649.80	13.14%	\$8,738.10				
PDS	\$5,847.50	8.88%	\$5,905.20				
PTI	\$3,234.16	4.91%	\$3,265.15				
iConnect	\$1,230.00	1.87%	\$1,243.55				
	\$65,826.07	100.00%	\$66,500.00				

**FY2012 ANNUAL ADMINISTRATIVE BUDGET**  
**October 1, 2011 - September 2012**

[illegible]