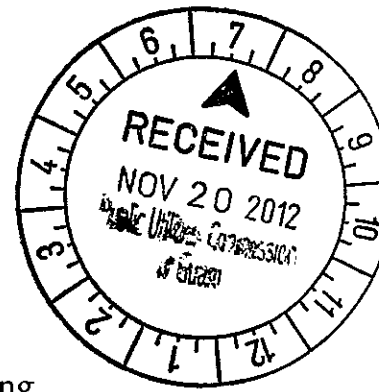


**GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
OCTOBER 30, 2012
SUITE 202, GCIC BUILDING, HAGATNA**

MINUTES



The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 7:30 p.m. on October 30, 2012, pursuant to due and lawful notice. Commissioners Johnson, McDonald, Pangelinan, and Montinola were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The Chairman announced that the first order of business was approval of the minutes of the meeting conducted on September 25, 2012. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the minutes subject to correction.

2. Guam Telecom LLC

The Chairman announced that the next item of business was GT Docket 12-03, Joint Application of Guam Telecom LLC and Docomo Guam Holdings Inc. for Approval of the Transfer of Control of Guam Telecom LLC to Docomo Guam Holdings Inc. and ALJ Status Report. Commissioner Pangelinan indicated that, for the record, he is required to recuse himself from participation in this matter. Counsel indicated that this matter was on the agenda solely as an informational matter. The Joint Application was filed on September 21 and made a part of the Commissioner's packets for this meeting. The Commission issued a public notice for a hearing to receive comment on the Joint Application of Docomo and Guam Telecom. Last night, the ALJ conducted a public hearing; there was a presentation by Docomo covering the requirements for the Transfer of Control under the statute. For the transfer there are two statutory requirements: (1) whether the applicant possesses sufficient technical, financial and managerial resources and abilities to provide telecommunications services in Guam; and (2) whether the approval of the transfer of control of Guam Telecom to Docomo Guam Holdings Inc. is contrary to the public interest.

Docomo's detailed presentation covered the statutory requirements; no opposition to the Application was raised at the public hearing. Docomo and Guam Telecom have already provided substantial responses to Request for Information proffered by the Commission. The next step is for the ALJ to provide an ALJ Report. This matter should likely be brought to the PUC for review in the November or December meeting.

3. Teleguam Holdings LLC

The Chairman indicated that the next item on the agenda was GTA Docket 12-10, Joint Application of Teleguam Holdings and GTA Telecom to Assign and Transfer GTA Telecom's Interconnection Agreement with PDS to Teleguam Holdings, PUC Counsel Report and Proposed Order. Counsel indicated that a prior Order of the Commission recognized that Teleguam Holdings LLC would be the holder of GTA's Certificate of Authority. In this proceeding, GTA Telecom and Teleguam have moved to transfer Telecom's Interconnection Agreement with Pacific Data Systems to Teleguam. That is in accord with the Commission's prior Order. Under the Interconnection Agreement, the parties have an almost absolute right, provided that 60 days' notice is given, to assign the Interconnection Agreement to an "affiliate." In accordance with the applicable definitions, Telecom is an "affiliate" of Teleguam.

Under the Interconnection Agreement, Telecom and Teleguam have the right to assign the Interconnection Agreement to Telecom. Here Telecom and Teleguam provided the proper 60 days' notice of the assignment to the other party, Pacific Data Systems. PDS felt that it was not necessary for it to sign an agreement or to give consent. Technically, PDS is correct. PDS had some concerns about whether GTA would improperly pass certain traffic such as IXC and CMRS improperly under the Interconnection Agreement. GTA denied that such was the case. No evidence was presented to show that GTA was improperly passing traffic under the Interconnection Agreement.

The Order prepared for the Commissioners' signatures would hold that it is proper for the ICA to be transferred to Teleguam, since Teleguam is the holder of the Certificate of Authority; there are protections for all of PDS' rights in the transfer. Telecom would still be liable on the original Interconnection Agreement, and it still has to comply with the provisions of the ICA. All statutory requirements have been met and the transfer should be approved.

Commissioner Pangelinan asked whether there was a requirement that the PUC approve the transfer, or whether the parties could just rely upon their agreement. Counsel indicated that, under the Federal Communications Act, it is required that state commissions approve all interconnection agreements and amendments to interconnection agreements. Counsel interprets that to include the substitution of a party. It is akin to an amendment of the Interconnection Agreement. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the transfer of the ICA from Telecom to Teleguam, and adopted the Order made *Attachment "B"* hereto.

4. Guam Waterworks Authority

The Chairman stated that the next item on the agenda was GWA Docket 11-01, Petition for Expedited Approval of \$23M worth of Bond Reprogramming, ALJ Report, and Proposed Order. Counsel indicated that, in this docket, GWA had asked the Commission to reallocate \$23M plus in bond funds. The PUC approved the reallocation, but subject to the condition that GWA reserve \$20M to pay what the PUC believes is an obligation to the government of Guam under Public Law 30-145. After that Order was issued by the PUC, GWA filed a motion for reconsideration and also

filed a lawsuit in the Superior Court of Guam to enjoin the Commission from imposing such a requirement. Now PUC and GWA have agreed to a stipulation which would stay the proceedings until September 2013. In the meantime, the parties are engaging in negotiations to determine an appropriate method for resolving this matter.

The ALJ recommends that the PUC approve the stipulation that has been entered into in this Docket, GWA Docket 11-01. The Stipulation has also been entered into in the pending lawsuit, Special Proceedings 148-12, where the parties have also agreed to stay the court proceedings under September 2013. In the meantime they will engage in settlement negotiations to resolve the court case. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Stipulation between GWA and PUC in GWA Docket 11-01, and adopted the Order made *Attachment "C"* hereto.

The Chairman announced that the next matter for consideration was GWA Docket 09-03, Petition for Annual Relief: Annual True-up, ALJ Report and Proposed Order. Counsel indicated that the annual true-up was in the last year of a five year rate plan for GWA. GWA has filed a true-up proceeding. GWA and the PUC consultant, Georgetown, are now engaged in discussions to resolve such proceeding. The ALJ has filed his report: there is a stipulation between the parties. GCG will review the true-up filing and respond to it within 90 days. GWA has asked for additional revenues. The original increase was 8%, GWA requests an additional 2.85% for rate increase across all water and wastewater customer classes to meet its FY2013 revenue requirements.

GWA has requested a new tipping fee to pay the landfill receiver, GBB, for the bio-solid disposals at the landfill. GWA also proposes a new 1.36% regulatory surcharge to cover the expenses it incurs from the PUC. All of these matters will be reviewed by GCG. The Stipulation between GWA and GCG will require GWA to file its next multiyear filing by January 15, 2013. The ALJ recommends that the PUC approve the findings and recommendations described in the Stipulation between GWA and GCG. The Order before you would approve the agreements in the Stipulation. Mr. Bill Blair, GCG Counsel, pointed out that the tipping surcharge would require compliance with the Ratepayer Bill of Rights Requirements, but that the ongoing regulatory surcharge would not. Mr. Blair indicated that February 1, 2013 was targeted for implementation date of the new rates. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Stipulation in GWA Docket 9-03, and adopted the Order made *Attachment "D"* hereto.

5. Port Authority of Guam

The Chairman announced that the next item for consideration was PAG Docket 12-01, Request to Amend that August 27, 2012 Order, ALJ Report, and Proposed Order. This matter concerns an amendment to the August 27 Order. The PUC Consultant, Slater, Nakamura, recommended that the August 27 Order should be amended to provide that the surcharge would also fund the ultimate replacement of the POLA cranes. The ALJ Report indicates that the ALJ also concurs that the August 27 Order should be amended to include language that the surcharge provide for the ultimate replacement of the POLA cranes. The ALJ Report indicated that the Port agreed to this amendment; the

only change requested was in paragraph 4 of the August 27 Order, to provide that the tariff would fully fund the acquisition, financing, maintenance and ultimate replacement of POLA cranes, 14, 16, and 17 as well as crane 3, within 15 years.

Ms. Mary Torres, the General Manager of the Port, did not agree with the language recommended by the PUC consultant and the ALJ. The point of contention was that the suggested language mandated the full replacement of all four cranes. However, the life expectancy of these cranes is at least 20 years. So, there was no need to replace all four within 15 years. Furthermore, the burden of establishing a sinking fund to fully replace the cranes (i.e. assumption of a full cash out and full replacement without financing) is probably unachievable. It is recommended that the language be amended to develop a tariff recommendation that would fully fund the acquisition of at least one or two of the POLA cranes and to give the Port an opportunity to stagger the replacement in order to come up with a model that is affordable to the consumers. The language "fully fund" should be eliminated. The language should be changed to "partially fund" at least one crane.

In addition, Ms. Torres proposed 20 years rather than 15 years. 15 years would be okay to tie it into the financing terms. The Chairman asked Ms. Torres whether, if the language provided that the Port shall develop a tariff recommendation that would partially fund the acquisition, financing, maintenance and ultimate replace with one or two cranes within 15 years, would that be acceptable. Ms. Torres indicated that it would. There was further discussion between the Commissioners and Counsel concerning the wording of the amendment. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the amendment to paragraph 4 of the August 27, 2012 Order, as clarified and stated, and adopted the Amended Order made *Attachment "E"* hereto.

The Chairman announced that the next matter on the Agenda was PAG Docket 12-02, Petition regarding the Crane Surcharge, and Status Report. Counsel indicated that the ALJ has submitted a Status Report on this matter. The Court has filed a Petition to establish the surcharge regarding the POLA cranes. The matter has been referred to the PUC Consultant, Slater, Nakamura. The Report indicates that Slater, Nakamura is presently investigating the Port surcharge Petition and shall provide its findings and recommendations to the PUC within the coming weeks. The ALJ is in the process of scheduling public hearings regarding the proposed surcharge. This matter should be ready for determination by the Commission in its December meeting.

The Chairman indicated that the next item of business was PAG Docket 12-04, Petition regarding the Review of Black Construction Contract, ALJ Report, and proposed Order. Counsel indicated that the Port had been engaged in a series of phases for the repair, upgrade and reconstruction of the Gregorio Perez Marina. Phase 1 has been completed, and the Port is now in Phase 2 of the Marina upgrade process. The Port went out to bid and selected Black Construction Corporation to do the work on the Marina. The cost for the project is approximately \$1.7M. The Port Board ratified the approval of

management; the Port's Consultant Maccario & Associates also approved the selection of Black as the lowest responsible and responsive bidder.

The project is federally funded and the cost is under the budgeted amount of the federal government and \$300,000 less than the government of Guam's estimate. The ALJ examined the project and found that it would improve the Port's current infrastructure by renovating the Marinas. The ALJ recommends that the PUC approve the Black Construction Contract for the Gregorio D. Perez Marina renovation and site improvement Phase 2 project in the amount of \$1.698877M.

Commissioner Montinola asked what happens with the difference between the Port amount of \$1.7M for this project and the federal government budget of \$2.5M. Does the Port get to use it for other improvements? The Port GM Ms. Torres indicated that the Port is pursuing that money and does not intend to lose it. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Black Construction Corporation Contract with PAG for Phase 2 of the Marina renovation project, and adopted the order made *Attachment "F"* hereto.

6. Guam Power Authority

The Chairman announced that the next item for PUC consideration was GPA Docket 12-10, Petition Requesting Approval of the 2013 Construction Budget, PUC Consultant Report and Proposed Order. Counsel indicated that GPA is required under the Contract Review Protocol to file its annual construction budget with the PUC. The construction budget for FY2013 is comprised of bond funded projects in the amount of over \$53M. These projects have all previously been reviewed by the PUC under the Contract Review Protocol. They are the same projects funded in the 2010 bond issue. At this time, the Commission does not need to further review the projected amounts for FY2014 and 2015. The Construction budget includes such projects as Smart Grid, GPA office project, distribution, generation and plant improvements.

Shaw Consultants reviewed the construction budget and provided a Report. They found that the projects had been approved but raised some questions about the projects listed for 2014 and 2015. They suggested that GPA should provide more detailed information on the full cost of those projects, cost benefit analysis, whether other alternatives were considered, etc. GPA will need to do that, but not at the present time for the FY2014 and 2015 budgets. GPA will need to submit these detailed reports for the next two years budgets at a later time. Thus, Shaw found that the construction budget was in order. Also, from a technical view, the Commission does not need to approve the construction budget. That is set forth in the proposed Order.

The Order details the findings of the Shaw group and the type of information that GPA will be required to provide for subsequent budgets. The Order indicates that all of the projects included in the FY2013 construction budget have already been approved by the PUC; GPA will have to comply with the Contract Review Protocol regarding the new projects in the subsequent year budgets. Upon motion duly made, seconded and

unanimously carried, the Commissioners adopted the Order made *Attachment "G"* hereto.

The Chairman announced that the next matter on the agenda was GPA Docket 12-11, Petition Requesting Approval of the May 2013 GPA CIP Ceiling Cap, PUC Consultant Report, and proposed Order. Counsel indicated that GPA has submitted its Petition requesting approval for a capital improvement project budget for FY2013 in the total amount of \$14,897,000. That includes a line extension budget of \$4.761M. Under the Contract Review Protocol, the Commission does not review line extension budgets. The portion of the CIP Ceiling Cap that the Commission reviews is the FY2013 CIP general plant in the amount of \$10,135,760. GPA has provided a detailed listing of what that amount includes: computer improvements, equipment, tools, repairs, upgrades, a few substation and meter replacements, etc. GPA indicates that these are all items for FY2013.

Shaw Consultants compared the proposed CIP Budget to prior years and found that the budget was relatively close to that of FY2012. Shaw's conclusion is that the proposed CIP budget cap is fairly consistent with those caps in prior years. Its recommendation is that the PUC approve the requested ceiling cap. The proposed Order would approve the CIP cap as requested in the amount of \$10,135,760 on the grounds that the General Plant Budget is consistent with prior budgets. The Order would further require GPA to file a reconciliation of the FY2012 expenditures. Upon motion duly made, seconded and unanimously carried, the Commissioners approved GPA's proposed CIP Cap for FY2013 in the amount of \$10,135,760, and adopted the Order made *Attachment "H"* hereto.

The Chairman indicated that the next item of business was GPA Docket 11-13, GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract, PUC Counsel Report, and proposed Order. Counsel indicated that the Commission originally did approve a substantial amount to establish the program management office of GPA for the Smart Grid project. Smart Grid has included complicated aspects, such as the backbone telecommunications or the network to establish Smart Grid, substation automation, the purchase of the meters, etc. Black & Veatch has been intimately involved with these projects and has assisted GPA substantially in rolling out the Smart Grid Project. Without the assistance of Black & Veatch, it may have been difficult for GPA to implement the project. The Commission originally authorized GPA to expend \$3.27M for the startup costs of Smart Grid and the PMO Office. Of that amount \$2.33M has been expended for Black & Veatch for its work as PMO. That amount is exhausted. The remainder of the \$3.2M went to Baker, Tilly and SAIC. The additional amount of \$1.55M is needed to fund Black & Veatch assistance through December 2013. The Smart Grid project has also been extended by the U.S. Department of Energy through that date.

GPA has submitted a proposed contract amendment, or a Task Order (No. 2), that provides for continuation by Black & Veatch of the same services they have already been providing. The implementation of the Smart Grid project will continue through

fruition. GPA has made a convincing case that continuation of this contract is critical to the success of the Smart Grid project. The Proposed Order would find that Black & Veatch has provided substantial assistance to GPA, and that GPA needs such assistance to develop and implement the Smart Grid Project. The extension of B&V services is critical to the success of the Smart Grid project.

The Chairman asked whether GPA was still conducting installations of the smart meters after the recent public hearing, and whether GPA would come back to the PUC with some of the concerns raised. GM Flores indicated that was plan. Comptroller Wiegand indicated that the CCU would consider this matter on November 13. A discussion ensued concerning the success of GPA on its recent bond issuance. There was further discussion concerning GPA's recent presentation on liquid natural gas. Commissioner Pangelinan asked about the determination in the order which stated that the extension of the PMO contract was critical to the success of the Smart Grid project. GM Flores indicated the present problem was integrating the Smart Grid applications. GPA does not have the expertise or people available to do this kind of IT work with programming and configurations. In house resources are not enough. GPA also needs assistance with public communications and education. Commissioner Montinola asked whether some personnel could be moved from meter reading to IT. GM Flores indicated they could. Comptroller Wiegand indicated that procedure and techniques for employee training on technology and integration were a part of the employee development process. A discussion also ensued concerning what type of meter could be installed for customers that don't want Smart Meters. CFO Wiegand indicated that it would likely be the same shell of the present meter and the same manufacturer.

Commissioner Montinola asked about the resistance to Smart Meters and the cause. CFO Wiegand indicated that there were fears about health concerns that people would benefit negatively from exposure to radio waves. Commissioner Montinola indicated that some customers feared that if bills were not paid, shut off would be instantaneous. GM Flores had not heard that, but indicated that customers could avoid that with a prepaid feature of the system. Customers could pay as they go. Prepaid is good for fixed income customers. Customers will be able to manage their usage of energy with the particular appliances or air conditioners utilized.

Commissioner Pangelinan asked whether the original estimate of \$2.33M for the PMO was far below the cost. GM Flores indicated that the funds were utilized on the startup of the project. The initial estimate did not fully take into account all the expenses, the numbers of man hours to be charged, the cost estimates, etc. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the extension of the Black & Veatch PMO Contract with GPA, and adopted the Order made Attachment "H" ^{the} hereto.

7. PUC Website

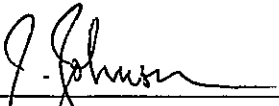
Administrator Palomo indicated that Ideal will adjust the IT to access the PUC Orders in a manner accessible to the public. It will take 10 to 12 weeks to put our website

together. Tria Paulino of Ideal will send other proposals to the PUC for review and approval by the Commissioners.

8. Administrative Matters

Counsel indicated that the GWA-PUC lawsuit had already been covered.

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



Jeffrey C. Johnson
Chairman

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
SUITE 202, GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
7:00 p.m., October 30, 2012**

Agenda

- 1. Approval of Minutes of September 25, 2012**
- 2. Guam Power Authority**
 - GPA Docket 12-10, GPA Petition requesting Approval of the FY2013 GPA Construction Budget, PUC Consultant Report and Proposed Order
 - GPA Docket 12-11, GPA Petition requesting Approval of the FY2013 GPA CIP Ceiling Cap, PUC Consultant Report and Proposed Order
 - GPA Docket 11-13, GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, PUC Counsel Report and Proposed Order
- 3. Guam Waterworks Authority**
 - GWA Docket 11-01, Re: Petition for Expedited Approval of \$23.246M Bond Reprogramming, ALJ Report, Proposed Order
 - GWA Docket 09-03, Petition for Rate Relief: Annual True-Up, ALJ Report, Proposed Order
- 4. Port Authority of Guam**
 - PAG Docket 12-01, Re: Request to Amend August 27, 2012 Order, ALJ Report, Proposed Order
 - PAG Docket 12-02, Petition Re: Crane Surcharge, Status Report
 - PAG Docket 12-04, Petition Re: Review of Black Construction Contract, ALJ Report, Proposed Order
- 5. Guam Telecom LLC**
 - GT Docket 12-03, Joint Application of Guam Telecom LLC and Docomo Guam Holdings Inc. for Approval of the Transfer of Control of Guam Telecom LLC to Docomo Guam Holdings, Inc., ALJ Status Report

6. **Teleguam Holdings LLC**
 - **GTA Docket 12-10, Joint Application of Teleguam Holdings LLC and GTA Telecom LLC to Assign and Transfer GTA Telecom's Interconnection Agreement with Pacific Data Systems Inc. to Teleguam Holdings, PUC Counsel Report and Proposed Order**
7. **PUC Website**
 - **Report by Administrator and Legal Counsel on progress of Ideal Advertising, website input catch up**
8. **Administrative Matters**
 - **ALJ Report and Recommendations regarding GWA v. PUC, Special Proceedings Case No. SP148-12**
9. **Other Business**

GTA Docket 12-10

ORDER

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Joint Application of Teleguam Holdings, LLC ["Teleguam"] and GTA Telecom, LLC ["Telecom"] to assign and transfer GTA Telecom's Interconnection Agreement with Pacific Data Systems, Inc. ["PDS"] to Teleguam Holdings.¹

2. PUC Counsel issued his Report herein on October 25, 2012. The Commission adopts the statement of background for this matter as set forth therein.²
3. On October 29, 2010, the PUC approved the Interconnection Agreement between GTA Telecom, LLC and PDS.³
4. In GTA Docket 11-14, the PUC authorized the assignment and transfer of GTA Telecom's Certificate of Authority and Eligible Telecommunications Carrier Certificate to Teleguam Holdings, LLC.⁴
5. In such Order, the PUC recognized that the purpose of the transfer of the COA and ETC Certificate from Telecom to Teleguam was to consolidate GTA into one corporate entity, withdraw the foreign registrations in Guam to all of Teleguam's wholly owned subsidiaries, and to establish Teleguam as the sole entity providing telecommunications services in Guam as GTA.⁵

⁵ Id. at p. 1.

6. In GTA Docket 11-14, the Order required Teleguam to pay all costs and expenses related to any necessary amendments of the interconnection agreements presently in effect between Telecom and other carriers.⁶
7. Furthermore, the ICA between GTA Telecom and PDS allows either party to assign or transfer the Agreement, and all rights and obligations thereunder, upon compliance with certain procedures.⁷
8. Teleguam Holdings, LLC and GTA Telecom, LLC followed the proper procedure under Section 5.1.2 of the ICA in providing PDS with 60 days advance written notice of their intent to transfer and assign the Interconnection Agreement to TeleGuam Holdings, LLC.⁸ PDS was provided such written notice on June 4, 2012.⁹
9. According to GTA, PDS has refused to sign the Stipulation proposed by GTA. The Stipulation proposed by GTA would approve the transfer and assignment of the ICA from Telecom to Teleguam, subject to certain terms and conditions.¹⁰
10. On October 8, 2012, PUC Counsel requested comment by PDS concerning its position on the assignment of PDS' ICA from Telecom to Teleguam.¹¹
11. In a response dated October 15, PDS indicated that a stipulation was not required since the ICA between the parties adequately covers the process. PDS agreed that GTA had provided the required notice to PDS. PDS raised concerns that Teleguam would send PDS IXC and CMRS traffic over the interconnection circuits that have been setup under the ICA between the parties, and that the current ICA contains no provisions for these types of traffic.¹²
12. GTA responded to the PDS e-mail on October 16, 2012 through its Counsel Serge Quenga. GTA indicated that PDS agreed with GTA that proper notice had been provided and that no stipulation was required for an assignment pursuant to ICA §5.1.2. It contends that the allegation by PDS that GTA will pass IXC and CMRS traffic under the terms of the ICA is unfounded and untrue. Furthermore, the

⁶ Id. at p. 11.

⁷ Section 5.1.2 of the ICA between GTA Telecom and PDS, approved by the PUC on October 29, 2011.

⁸ Joint Application of Teleguam Holdings LLC and GTA Telecom LLC to Assign and Transfer GTA Telecom's Interconnection Agreement with Pacific Data Systems, Inc. to Teleguam Holdings, LLC, GTA Docket 12-10, filed October 5, 2012, at p. 2-3.

⁹ Id.; see also Attachment A to the Joint Application.

¹⁰ Id. at p. 2-3.

¹¹ E-mail from PUC Counsel Fred Horecky to PDS President John Day dated October 8, 2012.

¹² E-mail from PDS President John Day to PUC Legal Counsel Fred Horecky dated October 15, 2012.

issues raised by PDS are outside the scope of this docket. In any event, GTA has asserted in the Joint Application that Teleguam will comply with all rights and obligations under the ICA.¹³

DETERMINATIONS

13. Interconnection Agreements between an incumbent local exchange carrier [Teleguam] and a competitive local exchange carrier [PDS] are subject to the approval of the Guam Public Utilities Commission.¹⁴
14. Teleguam Holdings, LLC is now the duly authorized corporate entity to provide telecommunications services pursuant to its Certificate of Authority; Telecom no longer possesses a Certificate of Authority to provide such services. As GTA Telecom no longer has a COA, all Interconnection Agreements involving GTA should be in the name of Teleguam Holdings and not GTA Telecom.
15. The transfer of the Interconnection Agreement is consistent with the prior orders of the PUC and clarifies that the proper party to such Interconnection Agreement is Teleguam Holdings, LLC and not GTA Telecom.
16. PDS concurs that the transfer and assignment of the ICA does not require PDS' consent; the ICA between Telecom and PDS does not require the consent of the other party for transfers or assignment. Section 5.1.2 of the ICA's General Terms and Conditions gives either party the unilateral right to transfer or assign the ICA if certain conditions are met: (1) the other party must receive at least 60 days advance written notice; (2) the assignment or transfer cannot be inconsistent with applicable law (including the Affiliate's obligation to obtain and maintain proper Commission certifications and approvals) or the terms and conditions of the ICA; (3) the Assigning Party shall remain responsible for continuing compliance with all provisions of the ICA by itself and its affiliate; and (4) the Assigning Party shall not be relieved of any liability incurred pursuant to the ICA prior to the assignment.
17. GTA has complied with all of the applicable terms and conditions for transfer and assignment of the ICA as set forth in paragraph 16 above. Although the Stipulation proposed has not been formally adopted by the parties, the transfer and assignment of the ICA, and all rights and obligations of Telecom, to Teleguam, should be in

¹³ E-mail from GTA Legal Counsel Serge Quenga to PUC Legal Counsel Fred Horecky dated October 16, 2012.

¹⁴ 47 U.S.C. §252(e)(1) [Section 252(e) of the Telecommunications Act of 1996].

accordance with each of the 7 conditions referred to in the Stipulation made a part of Attachment A to the Joint Application and incorporated herein by reference.¹⁵

18. PDS raises a concern that Teleguam will start sending PDS IXC and CMRS traffic over the interconnection circuits that have been setup under the ICA. To date, no evidence has been provided that such traffic has in fact been sent over circuits setup under the ICA. Should improper traffic be sent over the interconnection circuits, PDS may bring such issue to the attention of the PUC through possible remedies such as dispute resolution under the IIRs [PUC Interconnection Implementation Rules] or the statutory complaint procedure.
19. The issues raised by PDS are outside of the scope of this docket and should be raised in a separate proceeding.

ORDERING PROVISIONS

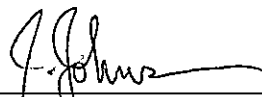
After review of the Joint Application and the PUC Counsel Report, for good cause shown, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The Joint Application of GTA Telecom and Teleguam Holdings, LLC to Assign and Transfer the Interconnection Agreement with Pacific Data Systems Inc. to Teleguam, is approved.
2. Said Transfer and Assignment of the Interconnection Agreement to Teleguam shall be in strict accordance with each of the seven conditions referred to in the proposed Stipulation made Attachment A to the Joint Application.
3. GTA Telecom LLC shall remain responsible for continuing compliance with all provisions of the ICA by itself and its affiliate Teleguam Holdings LLC.
4. GTA Telecom LLC shall not be relieved of any liability incurred pursuant to the ICA prior to the assignment.

¹⁵ The proposed Stipulation includes seven conditions for transfer and assignment of the ICA to Teleguam: (1) all rights and obligations of Telecom in the ICA will be assigned to Teleguam; (2) Teleguam's obligation to obtain and maintain proper Commission certification and approvals will continue; (3) Telecom will remain responsible for continuing compliance with all provisions of the ICA by itself and Teleguam; (4) Telecom shall not be relieved of any liability incurred pursuant to this ICA prior to the assignment; (5) all rights and obligations of Telecom under the ICA will be binding upon Teleguam; (6) all terms and conditions of the ICA remain unchanged and will continue in full force and effect; and (7) any costs associated with the assignment and transfer of the ICA to Teleguam will be paid by Teleguam. See Attachment B to the Joint Application

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 30th day of October, 2012.



Jeffrey C. Johnson
Chairman




Joseph M. McDonald
Commissioner

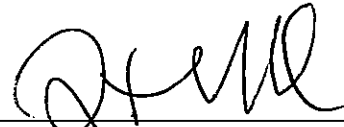


Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

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

This matter comes before the Guam Public Utilities Commission (the "PUC") pursuant to two July 30, 2012 orders issued in this docket. The first order issued by the PUC approved the request by the Guam Waterworks Authority ("GWA") to reallocate \$23,246,000 of 2010 Bond funds, but conditioned such approval "on GWA reserving, restricting, and leaving unencumbered from such bond funds, the amount of \$20 million" pursuant to Public Law 30-145. The second order issued by the PUC vacated the PUC's June 2, 2011 Order, but "recommended" that GWA "comply with the obligation required by P.L. 30-145, and therefore, pay GovGuam the amount of \$20 million from the proceeds of the 2010 Series Bond."

DETERMINATIONS

On August 29, 2012, GWA filed a Petition for Judicial Review of Agency Decision and for Declaratory Judgment, in a lawsuit denominated as Guam Waterworks Authority v. Guam Public Utilities Commission, Special Proceedings No. SP0148-12, in the Superior Court of Guam. That lawsuit seeks declaratory relief with respect to the two PUC orders identified above.

In addition, on August 31, 2012, GWA concurrently filed with the PUC a motion for reconsideration of these two orders. On September 20, 2012, the Administrative Law Judge

of the PUC (the “ALJ”) continued the PUC’s consideration of GWA’s motion until the PUC’s meeting scheduled for October 30, 2012.

On October 26, 2012, the Administrative Law Judge and GWA filed a Stipulation in the instant docket agreeing to the following terms: that the parties are presently engaged in efforts to amicably settle outstanding disputes concerning this docket; that, in consideration of settlement negotiations, the parties have stipulated to stay the proceedings in this docket relating to the request for reconsideration filed by GWA until September 2, 2013.

Based on the foregoing, the Commission hereby issues the following.

ORDERING PROVISIONS

Upon consideration of the October 26, 2012 Stipulation, the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. The October 26, 2012 Stipulation executed by GWA and the ALJ in the instant docket is hereby APPROVED.

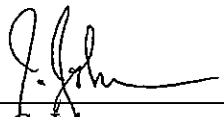
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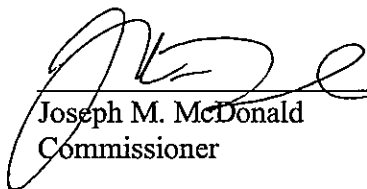
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//

2. 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 this docket. 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 PUC.

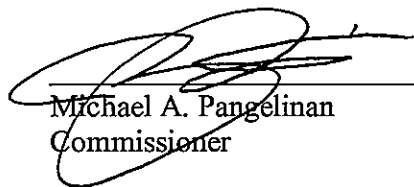
SO ORDERED this 30th day of October, 2012.

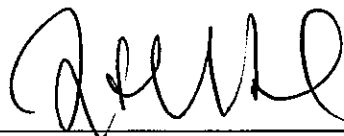


Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

P124097.JRA

BEFORE THE PUBLIC UTILITIES COMMISSION

**PETITION OF
GUAM WATERWORKS AUTHORITY
FOR RATE RELIEF**

GWA DOCKET 09-03

ORDER



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the PUC’s Rate Decision dated July 27, 2009, the July 14, 2009, August 31, 2011, and the October 1, 2012 Stipulation between the Guam Waterworks Authority (“GWA”) and the PUC’s water and wastewater consultants, Georgetown Consulting Group (“Georgetown”), filed in this docket.

DETERMINATIONS

On October 1, 2012, GWA and Georgetown filed a Stipulation wherein the parties agreed to certain findings and recommendations for the PUC. Pursuant to the Stipulation, the parties have agreed on the following points.

First, the parties have agreed that the Annual True Up shall be reviewed expeditiously by Georgetown. In addition, the parties requested that the Administrative Law Judge of the PUC (the “ALJ”) determine whether the new Tipping Fee surcharge and the new Regulatory surcharge are subject to the Ratepayers’ Bill of Rights. However, the parties also have agreed that one alternative to these two new surcharges is to implement a base rate adjustment to account for the costs these new fees are meant to recoup.

According to the Stipulation, the parties also have agreed that Georgetown shall file its position and report on the Annual True Up within ninety (90) days from the date of the Stipulation, or by December 27, 2012. The Stipulation further states that

should the parties fail to reach an agreement on particular points concerning the Annual True Up, then the PUC should conduct evidentiary hearings on the disputed issues.

In addition, the parties have agreed to a discovery schedule regarding the rate requests indicated in the Annual True Up; and that Georgetown shall file its revenue requirement position indicating an increase of rates, both with and without compression. Also pursuant to the Stipulation, GWA shall report on its compliance with the August 31, 2011 Stipulation filed in this docket. The parties have agreed that GWA shall submit a semi-annual report on the status and its compliance with the requirements set forth under the August 31, 2011 Stipulation.

The Stipulation further indicates that GWA's next multi-year rate filing shall be submitted on or before January 15, 2013. Finally, the parties agreed to a Status Conference, which was held by the ALJ on October 22, 2012.

On October 26, 2012, the ALJ issued an ALJ Report regarding the Stipulation. In the ALJ Report, the ALJ determined that with respect to the Tipping Fee surcharge, GWA need not comply with the statutory notice requirements provided under 12 G.C.A. §12001.2(b). Accordingly, the ALJ indicated that Georgetown may proceed with the rate investigation without the public notice requirements set forth under the Ratepayers' Bill of Rights, and that the filings related to this rate investigation be made in GWA Docket 12-01. Additionally, the ALJ also determined that with respect to the PUC Surcharge, since this surcharge is a completely new rate submitted by GWA, GWA must comply with the statutory notice requirements provided under 12 G.C.A. §12001.2. Accordingly, the ALJ indicated that after GWA has fully complied with the public requirements set forth under the statute, GWA must file a petition requesting rate relief,

and supported by documentation required under Part 4 of the PUC's Rules for Practice and Procedure.

Moreover, in the ALJ Report, the ALJ found that the provisions contained in the Stipulation were just and reasonable based on the record. As a result, the ALJ approved the provisions that Georgetown shall file its position and report on the Annual True Up within ninety (90) days from the date of the Stipulation, or by December 27, 2012, and should GWA and Georgetown fail to reach an agreement on particular points concerning the Annual True Up, then the PUC shall conduct evidentiary hearings on the disputed issues. The ALJ also approved the parties' discovery schedule and proposed filings regarding the rate requests indicated in the Annual True Up.

In addition, the ALJ further approved the provisions related to GWA's compliance with the August 31, 2011 Stipulation filed in this docket, as well as its submission of a semi-annual report on the status and its compliance with the requirements set forth under the August 31, 2011 Stipulation. Finally, the ALJ approved the provision requiring GWA to submit its next multi-year rate filing by January 15, 2013. Accordingly, the ALJ recommended that the PUC approve the findings and recommendations described in the Stipulation filed by GWA and Georgetown on October 1, 2012.

The Commission hereby adopts the findings made in the October 26, 2012 ALJ Report and, therefore, issues the following:

ORDERING PROVISIONS

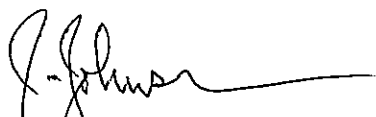
Upon consideration of the record herein, the October 26, 2012 ALJ Report, the October 1, 2012 Stipulation between GWA and Georgetown, and for good cause

shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

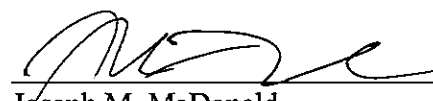
1. The findings and recommendations indicated in the Stipulation filed by GWA and Georgetown on October 1, 2012 is hereby approved.

2. GWA is 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 the instant docket. 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 PUC.

SO ORDERED this 30th day of October, 2012.



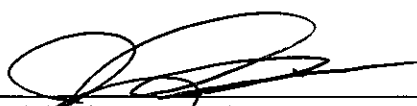
Jeffrey C. Johnson
Chairman



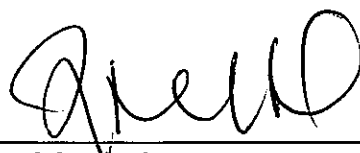
Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

P124082.JRA



BEFORE THE PUBLIC UTILITIES COMMISSION

**IN RE: REQUEST FOR REVIEW)
 AND APPROVAL OF)
 BLACK CONSTRUCTION)
 CONTRACT BY PORT)
 AUTHORITY OF GUAM)
_____)**

**PAG DOCKET 12-04
ORDER**

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the October 22, 2012 Petition for review and approval of the Black Construction Corporation (“Black Construction”) contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project (hereinafter referred to as the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG”).¹

DETERMINATIONS

On August 2, 2012, PAG began the Invitation for Bid (“IFB”) process for the competitive solicitation of bids related to the subject project² by publishing the IFB in the Marianas Variety newspaper.³ At the bid opening on September 12, 2012,⁴ Black Construction and Sumitomo Mitsui Co. Ltd. submitted bids.⁵

¹ Petition, p. 2 (Oct. 10, 2012).

² Petition, p. 1.

³ PAG’s Bid Analysis and Recommendation (“Bid Analysis and Recommendation”), p. 1 (Sept. 14, 2012).

⁴ Bid Analysis and Recommendation, p. 1.

⁵ Petition, p. 1; Bid Analysis and Recommendation, p. 1.

Upon PAG's review of the bids, PAG determined that Black Construction submitted the lowest responsive and responsible bid, and therefore recommended that Black Construction be awarded the contract in the amount of \$1,698,877.00 for the project.⁶ On September 15, 2012, the firm of N.C. Macario & Associates, Inc. ("Macario & Associates"), an engineering and construction management consultant for PAG, similarly found that Black Construction's bid was the lowest responsive and responsible bid, and therefore recommended that the project be awarded to Black Construction.⁷

On September 20, 2012, PAG's Board of Directors ratified the award for the project to Black Construction in the amount of \$1,698,877.00.⁸ On October 25, 2012, PAG's Board of Directors issued Resolution No. 2012-23 affirming such ratification. On October 12, 2012, PAG petitioned the PUC to approve the subject Black Construction contract.

The entire project is federally funded by the U.S. Department of Interior, Office of Insular Affairs, under certain Guam grants, specifically Guam-CIP-2006-1 Grant No. GR670090 and GUAM-CIP-2007-1 Grant No. 770061.⁹

On October 26, 2012, the Administrative Law Judge of the PUC (the "ALJ") submitted an ALJ Report detailing his findings and determinations regarding review of the Black Construction contract. In the ALJ Report, the ALJ found that the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project was a "significant" project that would

⁶ Petition, p. 1; Bid Analysis and Recommendation, pp. 1-2.

⁷ N.C. Macario & Associates, Inc.'s Bid Evaluation Report ("Bid Evaluation Report"), p. 1 (Sept. 15, 2012); Petition, p. 2.

⁸ Petition, p. 2.

⁹ Petition, p. 1.

“certainly improve ‘PAG’s current infrastructure by renovating its marinas.’”¹⁰ The ALJ also found that continuation of such renovations would provide much needed upgrades to PAG’s infrastructure “without any interruption in Marina operation and loss of revenue for PAG.”¹¹

The ALJ further found that the project was fully funded by the federal government, at no cost to PAG’s users, and that the Black Construction contract fell well below the federal government’s budget of \$2.5 million, and was also over \$300,000 less than the Government of Guam’s estimate for the project. The ALJ found that the Petition was supported by the findings of PAG’s Board of Directors, and therefore recommended that the PUC the Black Construction contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project for the total cost of \$1,698,877.00.

The Commission hereby adopts the findings made in the October 26, 2012 ALJ Report and, therefore, issues the following:

ORDERING PROVISIONS

Upon consideration of the record herein, the October 26, 2012 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 the following:

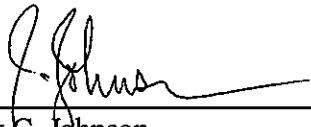
1. The PUC approves the Black Construction Corporation contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project.
2. PAG is ordered to pay the PUC’s regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with

¹⁰ ALJ Report, p. 5 (Oct. 26, 2012) (citing Petition, p. 1).

¹¹ ALJ Report, p. 5 (citing Petition, p. 2).

the instant contract review 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 PUC.

SO ORDERED this 30th day of October, 2012.



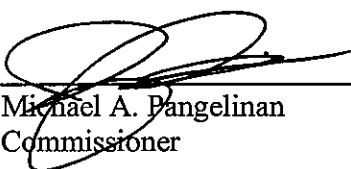
Jeffrey C. Johnson
Chairman



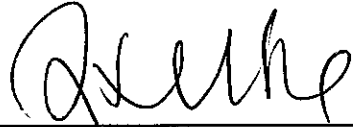
Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

P124092.JRA



BEFORE THE PUBLIC UTILITIES COMMISSION

**IN RE: REQUEST FOR REVIEW)
 AND APPROVAL OF)
 BLACK CONSTRUCTION)
 CONTRACT BY PORT)
 AUTHORITY OF GUAM)**

**PAG DOCKET 12-04
ORDER**

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the October 22, 2012 Petition for review and approval of the Black Construction Corporation (“Black Construction”) contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project (hereinafter referred to as the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG”).¹

DETERMINATIONS

On August 2, 2012, PAG began the Invitation for Bid (“IFB”) process for the competitive solicitation of bids related to the subject project² by publishing the IFB in the Marianas Variety newspaper.³ At the bid opening on September 12, 2012,⁴ Black Construction and Sumitomo Mitsui Co. Ltd. submitted bids.⁵

¹ Petition, p. 2 (Oct. 10, 2012).

² Petition, p. 1.

³ PAG’s Bid Analysis and Recommendation (“Bid Analysis and Recommendation”), p. 1 (Sept. 14, 2012).

⁴ Bid Analysis and Recommendation, p. 1.

⁵ Petition, p. 1; Bid Analysis and Recommendation, p. 1.

Upon PAG's review of the bids, PAG determined that Black Construction submitted the lowest responsive and responsible bid, and therefore recommended that Black Construction be awarded the contract in the amount of \$1,698,877.00 for the project.⁶ On September 15, 2012, the firm of N.C. Macario & Associates, Inc. ("Macario & Associates"), an engineering and construction management consultant for PAG, similarly found that Black Construction's bid was the lowest responsive and responsible bid, and therefore recommended that the project be awarded to Black Construction.⁷

On September 20, 2012, PAG's Board of Directors ratified the award for the project to Black Construction in the amount of \$1,698,877.00.⁸ On October 25, 2012, PAG's Board of Directors issued Resolution No. 2012-23 affirming such ratification. On October 12, 2012, PAG petitioned the PUC to approve the subject Black Construction contract.

The entire project is federally funded by the U.S. Department of Interior, Office of Insular Affairs, under certain Guam grants, specifically Guam-CIP-2006-1 Grant No. GR670090 and GUAM-CIP-2007-1 Grant No. 770061.⁹

On October 26, 2012, the Administrative Law Judge of the PUC (the "ALJ") submitted an ALJ Report detailing his findings and determinations regarding review of the Black Construction contract. In the ALJ Report, the ALJ found that the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project was a "significant" project that would

⁶ Petition, p. 1; Bid Analysis and Recommendation, pp. 1-2.

⁷ N.C. Macario & Associates, Inc.'s Bid Evaluation Report ("Bid Evaluation Report"), p. 1 (Sept. 15, 2012); Petition, p. 2.

⁸ Petition, p. 2.

⁹ Petition, p. 1.

“certainly improve ‘PAG’s current infrastructure by renovating its marinas.’”¹⁰ The ALJ also found that continuation of such renovations would provide much needed upgrades to PAG’s infrastructure “without any interruption in Marina operation and loss of revenue for PAG.”¹¹

The ALJ further found that the project was fully funded by the federal government, at no cost to PAG’s users, and that the Black Construction contract fell well below the federal government’s budget of \$2.5 million, and was also over \$300,000 less than the Government of Guam’s estimate for the project. The ALJ found that the Petition was supported by the findings of PAG’s Board of Directors, and therefore recommended that the PUC the Black Construction contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project for the total cost of \$1,698,877.00.

The Commission hereby adopts the findings made in the October 26, 2012 ALJ Report and, therefore, issues the following:

ORDERING PROVISIONS

Upon consideration of the record herein, the October 26, 2012 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 the following:

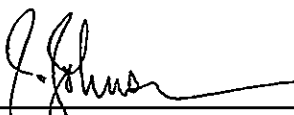
1. The PUC approves the Black Construction Corporation contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project.
2. PAG is ordered to pay the PUC’s regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with

¹⁰ ALJ Report, p. 5 (Oct. 26, 2012) (citing Petition, p. 1).


¹¹ ALJ Report, p. 5 (citing Petition, p. 2).

the instant contract review 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 PUC.

SO ORDERED this 30th day of October, 2012.




Jeffrey C. Johnson
Chairman



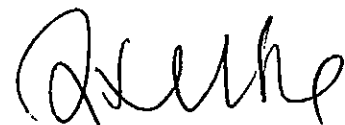
Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

P124092.JRA



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

)
) GPA Docket 12-10
)

The Application of the Guam Power
Authority to Approve the FY2013 GPA
Construction Budget
_____)

) ORDER
)
)
)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon the Petition of Guam Power Authority for review and approval of GPA's FY2013 Construction Budget.¹ GPA requests approval of its Construction Budget in the total amount of \$53,467,757, which consists of existing bond funded projects in the amount of \$53,467,757 and no Revenue funded Engineering CIPs.² The FY2013 Construction Budget was approved by the Consolidated Commission on Utilities at its meeting on September 11, 2012.³

BACKGROUND

The PUC has previously held that, under the Contract Review Protocol, GPA is not required to seek "review and approval" from the PUC for its annual construction budget. GPA is only required to file a construction budget annually on or before September 15 of each year. The filing is to include the budget for the upcoming fiscal year, estimates for the subsequent two fiscal years, and a description of each CIP contained within the budget and estimates.⁴ Under the Contract Review Protocol, GPA is also required to seek PUC approval for all internally-funded construction or projects that will exceed \$1.5 Million, and all projects funded by debt whether or not the total cost exceeds the \$1.5M threshold.⁵

¹ GPA Petition for Contract Review (Application to Approve the FY2013 GPA Construction Budget), GPA Docket 12-10, filed on September 14, 2012.

² Id. at p. 1.

³ Id.

⁴ PUC Order [Application of GPA to Approve the FY 2012 GPA Construction Budget], GPA Docket 11-11, dated November 7, 2011, at p. 1.

⁵ Id.

GPA's FY2013 Construction Budget does not include any internally funded construction or projects which require approval under the Contract Review Protocol or specific PUC approval. With regard to the existing bond funded projects [the source of which is the 2010 Revenue Bonds] included in the FY2013 Construction Budget, all of these projects have been previously approved by the PUC.⁶

Shaw Consultants International Inc., Consultant to the PUC, filed its Report in this matter on October 25, 2012.⁷ The Report confirms that the PUC has already approved the projects that comprise the \$53.5M Construction Budget for FY2013.⁸ Shaw indicates that GPA should provide detailed information to the PUC on each project included within the Construction Budget, including a description of the project and a justification therefor, a prioritization of all projects, explanation of how financial estimates were developed, impact of the project on service delivery and increased productivity, consideration of alternatives, and costs/benefits.⁹

Shaw notes that the foregoing information has not been provided by GPA as to the revenue funded projects projected for FY2014 and FY2015.¹⁰ Previously, in the Contract Review process, GPA did provide detailed descriptions with financial estimates and cost/benefit analyses, for the bond funded projects included in the FY2013 Budget. However, GPA has not yet provided such information for the internally-funded Revenue Engineering CIPs projected for FY2014 and FY2015. At present GPA is only required to file "estimates for the two subsequent fiscal years."

Prior to PUC approval of the internally funded projects for FY2014 and FY2015, GPA shall be required to file with the PUC the type of information referenced by Shaw and as set forth in the Contract Review Protocol. Such projects include those referenced in the Shaw Report, such as the HarmonX82 to YigoX160 Overhead Line Upgrade, Harmon to Andersen 34.5kVReconductoring, the Fadian SCADA System, and Substation Automation.

⁶ See PUC Order, GPA Docket 10-01 [Contract Review of GPA 2010 Bond Projects], dated July 27, 2012; PUC Order [GPA's Petition for Review and Approval of Smart Grid Project], dated December 19, 2011; PUC Order, GPA Docket 11-14 [GPA's Petition for Approval to Use Bond Proceeds for the Fadian Office Complex], dated December 19, 2011.

⁷ Shaw Consultants International Inc. Report (Review of FY2013 GPA Construction Budget), GPA Docket 12-10, filed October 25, 2012.

⁸ Id. at p. 2.

⁹ Id. at p. 2-3.

¹⁰ Id. at pgs. 3-5.


No immediate action is required at this time by the PUC to "approve" the three-year construction budget or even the FY2013 construction Budget.

ORDERING PROVISIONS


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

1. Approval by the PUC of the FY2013 Construction Budget is not required under the Contract Review Protocol.
2. The projects included in the FY2013 Construction Budget are all externally funded through the 2010 Revenue Bonds; there are no revenue funded Engineering CIPs. With regard to the bond funded projects, all of these projects have been previously approved by the PUC.
3. GPA shall be required to submit the financial information referenced in the Shaw Report and the Contract Review Protocol for each internally funded Engineering CIP included in the FY2014 and FY2015 Construction Budgets (prior to PUC approval). GPA must obtain prior PUC approval for all internally-funded construction or projects included in such budgets that will exceed \$1.5 Million, and for all projects funded by debt whether or not the total cost exceeds the \$1.5M threshold.
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 30th day of October, 2012.



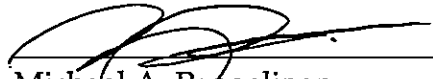
Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner

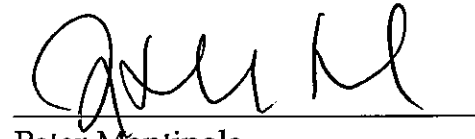
ORDER
Application of GPA to Approve
FY2013 Construction Budget
GPA Docket 12-10
October 30, 2012

Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner

Filomena M. Cantoria
Commissioner



Peter Montinola
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:

)
) GPA Docket 12-11
)

The Application of the Guam Power
Authority to Approve the FY2013 GPA
CIP Ceiling Cap
_____)

) ORDER
)
)
)
)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA's Petition for Contract review, filed September 14, 2012. Therein, GPA requests PUC approval of its FY2013 Capital Improvement Project Ceiling Cap, which consists of General Plant, in the amount of \$14,897,000.¹ The Guam Consolidated Commission on Utilities [CCU] has approved the FY2013 Capital Improvement Project Ceiling Cap requested by GPA.²

BACKGROUND

Shaw Consultants International Inc., the Commission's independent Consultant, filed its Report on GPA's Petition on October 25, 2012.³ The Contract Review Protocol for the Guam Power Authority requires that GPA's annual level ("cap") of internally funded Capital Improvement Projects ("CIP") be set by the PUC before November 15th of each fiscal year.⁴ According to Shaw, the total amount of the GPA internally funded capital budget for FY12 is \$14.9, which includes \$4.761M in internally-funded line extensions.⁵ However, the Contract Review Protocol does not require PUC approval of such internally funded line extensions and blanket job orders.⁶

In comparing GPA's proposed CIP Cap with prior years, Shaw notes that the FY2013 Ceiling Cap is generally consistent. The cap in FY2012 was \$13.581M; \$5M in FY2011,

¹ GPA Petition for Contract Review (Application to Approve the FY2013 GPA CIP Ceiling Cap), GPA Docket 12-11, filed on September 14, 2012.

² Guam Consolidated Commission on Utilities Resolution No. 2012-59, adopted September 11, 2012.

³ Shaw Consultants International Inc. Report, GPA Docket 12-11 [Review of GPA FY2013 CIP Ceiling Cap], filed October 24, 2012.

⁴ §1.F of the Contract Review Protocol, at p. 2.

⁵ Shaw Report, Id. at p.2.

⁶ §1.a of Contract Review Protocol.

but, substantially higher in years prior to FY2011. The CIPs included within the cap are for "general plant." However approximately \$3.88M is associated with generation, substation and other capital improvement projects that are not in the FERC general plant series of accounts.⁷ GPA indicated to Shaw that the projects budgeted for FY2013 were solely in that year and did not span more than one year. None of the projects listed exceed the \$1.5M threshold.⁸

DETERMINATIONS

Based upon the recognition that the FY2013 general plant budget is consistent with that of prior fiscal years, and subject to GPA's ability to carry out the capital improvement projects using internally-funded dollars, Shaw Consultants recommends that the \$10.136M Ceiling Cap be approved.⁹

For the reasons set forth in Shaw's Report, the PUC finds that GPA's FY2013 Internally funded CIP ceiling cap, consisting of general plant in the amount of \$10,135,760, should be approved. Such CIP cap is reasonable, prudent and in the interest of the rate payers.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the Shaw 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. The GPA FY2013 internally funded CIP ceiling cap, which consists of General Plant, is approved in the amount of \$10,135,760.
2. The General Plant budget is consistent with prior budgets and appears reasonable; no prudency concerns are noted.
3. GPA shall file a complete reconciliation of the FY2012 expenditures on or before December 1, 2012, as required by the Contract Review Protocol.
4. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and

⁷ Shaw Report, Id. at p. 2.

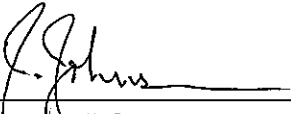
⁸ Id. At pgs. 2-3.

⁹ Id. at p. 4.

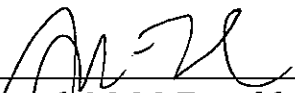
ORDER
The Application of GPA to
Approve FY2013 CIP Ceiling Cap
GPA Docket 12-1
October 30, 2012

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 30th day of October, 2012.




Jeffrey C. Johnson
Chairman



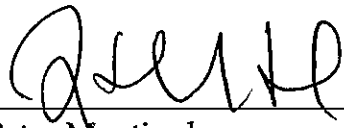
Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GPA DOCKET 11-13

GUAM POWER AUTHORITY'S
PETITION FOR REVIEW AND
APPROVAL OF THE EXTENSION OF
THE BLACK & VEATCH PMO
CONTRACT [SMART GRID PROJECT]

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for review and approval of the extension of the Black & Veatch ["B & V"] Program Management Office ["PMO"] Contract under the Smart Grid Project.¹
2. Black & Veatch provides program management services to assist GPA in the implementation of the Smart Grid Project.²
3. The cost for the proposed extension of the Black & Veatch PMO Contract, for the period from August 2012 through December 2013, is \$1.55 Million.³

BACKGROUND

4. The PUC Counsel Report filed herein, dated October 23, 2012, sets forth the background of the Program Management Office and the Black & Veatch PMO Contract; the PUC adopts the background statement therein, and the recommendations of Counsel.

¹ GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket 11-13, filed October 1, 2012.

² Guam Consolidated Commission on Utilities Resolution No. 2012-55, Authorizing Management of the Guam Power Authority to Extend Contractual Services for Program Management for Smart Grid Initiatives, issued August 28, 2012.

³ E-mail from GPA Legal Counsel Graham Botha to PUC Counsel Fred Horecky, dated October 12, 2012.

5. On July 27, 2012, the PUC authorized GPA to expend bond funds up to \$3,277,902 for the Strategic Planning Stage of the Smart Grid Project, which included the development of the Project Management Office⁴
6. The original Consulting Services Agreement entered into between GPA and Black & Veatch dated February 24, 2011, provided total estimated charges of \$2.33M.⁵
7. To date GPA has processed payments to B&V in the amount of \$2.33M, with additional invoices on hold for processing.⁶
8. Of the original amount of \$3.2M approved by the PUC for GPA expenditure on the PMO office, approximately \$750,000 of such amount was allocated to SAIC and Baker Tilley, and such amount have been paid to SAIC and Baker Tilley.⁷
9. Thus, at present, all of the funds previously authorized by the PUC for PMO services have already been committed. The \$1.55M request by GPA is in addition to the original request for PMO services.⁸
10. The new Task Order which GPA proposes for Black & Veatch is on a fixed fee basis for \$1.55M; it will extend from August 1, 2012 through December 31, 2013. The extension for this period is based upon the U.S. Department of Energy approval of GPA's request to extend the Smart Grid Project Completion date. This contract extension will be financed within the scope of the original \$33.4M Smart Grid Project.⁹
11. GPA submits that the extension of the Black & Veatch PMO Contract is critical to the success of GPA's Smart Grid Project, and is "reasonable, prudent and necessary."¹⁰

⁴ PUC Order, GPA Docket 10-01, at p. 2, dated July 27, 2010.

⁵ Consulting Services Agreement, effective February 24, 2011, between GPA and Black & Veatch, at p. 8.

⁶ E-mail from GPA Legal Counsel Graham Botha to PUC Legal Counsel Fred Horecky dated October 12, 2012; see also Detail of Charges-Black & Veatch (PO#16246) dated October 9, 2012.

⁷ Id.

⁸ Email from GPA Asst. CFO Cora Montellano to PUC Counsel Frederick J. Horecky, with Breakout of Smart Grid Planning Costs attached.

⁹ E-mail from GPA Legal Counsel Graham Botha to PUC Legal Counsel Fred Horecky dated October 12, 2012.

¹⁰ GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket 11-13, filed October 1, 2012.

DETERMINATIONS

12. Black & Veatch has provided substantial assistance to the Guam Power Authority to expeditiously implement the Smart Grid Project. GPA needs the assistance of B&V to develop and implement the Smart Grid Project.
13. Unless the PUC approves the B & V Contract extension, GPA will not have sufficient funds to continue the PMO services.
14. The extension of the Black & Veatch PMO Contract is critical to the success of GPA's Smart Grid Project.
15. GPA's contract extension of the Black & Veatch PMO Contract, for the period of August 1, 2012 through December 31, 2013, should be approved, in accordance with Exhibit A-1/Task Order 2 [REQUEST FOR SERVICES, CONSULTING SERVICES AGREEMENT BETWEEN GUAM POWER AUTHORITY AND BLACK & VEATCH INTERNATIONAL COMPANY].¹¹

ORDERING PROVISIONS

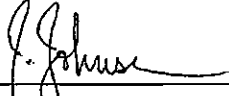
After a careful review of the record herein, GPA's Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, and the PUC Counsel Report, for good cause shown, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition for review and approval of the extension of the Black & Veatch PMO Contract is hereby approved.
2. GPA is authorized to expend up to the amount of \$1.55M for the contract extension.
3. Exhibit A-1/Task Order 2 [REQUEST FOR SERVICES-CONSULTING SERVICES AGREEMENT BETWEEN GPA AND BLACK & VEATCH] is also approved. The parties shall comply with their duties and obligations thereunder.
4. GPA shall continue to comply with its monthly reporting requirements to the PUC as set forth in the Order dated July 27, 2011. GPA shall submit ongoing progress reports to the PUC concerning this contract and other ongoing Smart Grid Projects.

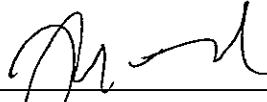
¹¹ Exhibit A-1/Task Order 2, attached to GPA's Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket No. 11-13, filed October 1, 2012.

5. 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 the 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 30th day of October, 2012.

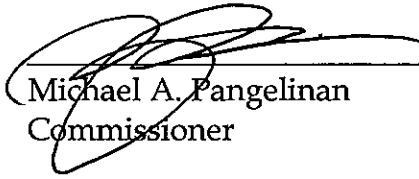


Jeffrey C. Johnson
Chairman



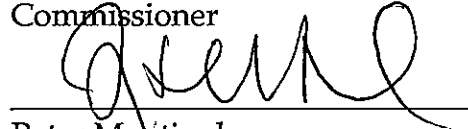
Joseph M. McDonald
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