

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
September 28, 2017
Suite 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:35 p.m. on September 28, 2017, pursuant to due and lawful notice. Commissioners Johnson, Cantoria, McDonald, Pangelinan, Montinola, and Niven 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 item of business on the agenda was approval of the minutes of August 31, 2017 and September 12, 2017. Upon motion duly made, seconded and unanimously carried, the Commission approved the minutes subject to correction.

2. PTI Pacifica, Inc.

The Chairman announced that the next item of business on the agenda was PTI Docket 17-01, Petition for Annual USAC Certification, PUC Counsel Report, and USAC Certification. Counsel indicated that the PUC was familiar with consideration of these USAC proceedings, having been through them a number of times previously. Here PTI's General Counsel Steve Carrera certified that all of the nine core services required to be provided are provided by PTI. There is also a Certification that all of the universal support funds received are used for those core services, and only used for the intended purposes under federal law.

PTI has provided a five-year build out plan. A number of improvements are intended for years 2017 through 2023. These will improve the quality of the network system, which benefits the people of Guam. The improvements include cell site upgrades, wireless backhaul upgrades, and additional capacity upgrades. There will be new site locations and relocations, eight in the next year and potentially as many as four a year from 2019 to 2023.

PTI did not have any unfulfilled requests for voice service from July 1, 2016 through June 30, 2017. There were a few complaints per thousand handsets. PTI complies with the Consumer Code. It has certified the ability to function in emergency situations by providing back up power and the ability to re-route traffic. It has a local usage plan. Finally, PTI was prompt in supplying additional information needed by Counsel to prepare his report. Counsel finds that PTI has satisfied all of the requirements under

federal law and has made substantial progress in its network improvements. He recommends that the Commission approve the USAC Certification for 2018.

Upon motion duly made, seconded and unanimously carried, the Commissioners approved the 2018 USAC Certification for PTI Pacifica Inc., and adopted the Certification made *Attachment "B"* hereto.

3. Docomo Pacific Inc.

The Chairman announced that the next item of business on the agenda was Docomo Docket 17-01, Petition for Annual USAC Certification, PUC Counsel Report, and USAC Certification. Commissioner Pangelinan indicated that he would recuse himself on this matter, as it involves a client of his law firm.

Counsel indicated that last year, the USAC Petition was filed by Guam Telecom LLC. However, in 2016, that company was acquired by Docomo Pacific Inc. and incorporated into the Docomo organization. So, there is no longer a filing by Guam Telecom. In 2016 the PUC approved the assignment of the certificate of authority and the ETC designation from Guam Telecom to Docomo. Henceforth, the USAC Petition filing will be done by Docomo.

Docomo has certified that it provides the nine core services required under federal law, and that all of the USAC funds will be used only for the purposes allowed under federal law. Docomo provides a local usage plan and E-911 services. It has no unfulfilled requests from customers for service for the period from January 1, 2016, to December 31, 2016.

Docomo filed a detailed five year build out plan in accordance with FCC requirements. The plan provides a detailed description of improvements to the network structure over the five-year period from 2016 through 2020. These projects will improve Docomo's underground fiber infrastructure in major highways throughout Guam. In 2018 and 2019, Docomo will continue to place underground fiber infrastructure in the central and southern villages of Guam. In 2020, it plans to begin connecting local residents' homes with direct fiber connections. Since 2016, Docomo has made many improvements in expanding its network and placing its aerial network in protective underground conduits and stages throughout the island.

Docomo did not have any outages for the period of January 1, 2016 through December 31, 2016. There were no unfulfilled request for service, and no complaints filed with the PUC or other regulatory body. Docomo complied with the service quality and consumer protection standards. It has the ability to function in emergency situations, and has certified a local usage plan. Counsel finds that Docomo has satisfied all of the requirements set forth in the Code of Federal Regulations, the Docomo ETC designation letter and the FCC requirements. Counsel recommends approval by the PUC of Docomo's request for USAC Certification.

Upon motion duly made, seconded and unanimously carried, the Commissioners approved the 2018 USAC Certification for Docomo Pacific Inc., and adopted the Certification made *Attachment "C"* hereto.

4. Port Authority of Guam

The Chairman stated that the next item of business was PAG Docket 17-02, Review of Updated Lease Rates, ALJ Report, and Proposed Order. The ALJ indicated that the matter came before the PUC upon the Port's request for approval of its lease rates. The Port sought PUC approval of rates for its office space at \$1.97 per square foot, warehouse space at \$.92 cents per square foot, and open space at \$.56 cents per square foot. Under Public Law 30-19, at a minimum, once every three years, the Port must conduct assessments of the value of Port real properties and other related facilities. The statute requires that the Port Board of Directors set rates at a 10% increase over the previously charged rate or the market value amount determined by the recent assessment, whichever is greater. Such rates shall be the minimum amount charged by the Port for the leasing and use of Port property.

The Port has complied with statutory notice requirements to existing tenants concerning the proposed 10% increase. Captain & Associates conducted a market research study which concluded that the market rental per square foot of office space is \$1.48 per month per square foot, \$.74 cents per square foot for warehouse space, and between \$.25 cents and \$.37 cents for open space. Captain used a number of comparables for office and industrial space around the island.

Although Public Law 30-19 authorized the PAG Board to set lease rates at 10% over the previously charged rate, the Board stated in its resolution that it would defer to the PUC on the matter of application of the mandated 10% increase. The ALJ found that, since the 10% increase over the previously charged rate is greater than the market assessment conducted by Captain & Associates, he recommends that the PUC approve the increase in the lease rates by 10%, as petitioned by PAG.

Commissioner Montinola asked whether, between 2009 and 2012, the office lease rate was \$1.63. Ms. Joann Conway of PAG indicated that the rate was currently \$1.79. Commissioner Montinola asked whether in 2009 it was \$1.63 and whether, with the 10% increase, it went to \$1.79 from 2012 to 2015. Ms. Conway indicated that when PAG first had approval, the rate was \$1.79. So the next increase is the current one requested. She indicated to the Commissioner that the current rate was \$1.79, which was set three years ago. That was the first increase.

The market rate was originally based upon market value. The increase was to \$1.79 per square foot. She is not certain whether it was a 10% increase or the market value. Commissioner Montinola indicated that \$1.63 plus 10% was 1.79. Ms. Conway agreed and indicated that was the first increase. Commissioner Montinola confirmed that such increase was after three years. Commissioner Montinola wondered why the rate did

not get to \$1.97 in 2015, if the increase was every three years. Ms. Conway believed that PAG did not get a market appraisal. After the appraisal was done, it filed its petition. There was a delay.

Commissioner Montinola indicated that the statute required an assessment every three years. Upon motion duly made, seconded and unanimously carried, the Commissioners approved PAG lease rates for office space at \$1.97 per square foot, warehouse space at \$.92 per square foot, and open space at \$.56 per square foot, and adopted the Order made *Attachment "D"* hereto.

5. Guam Waterworks Authority

The Chairman announced that the next item on the agenda was GWA Docket 17-06, Fiscal Year 2017 Annual True-Up, ALJ Report, and Proposed Order. ALJ Alcantara indicated that this was the true-up proceeding for GWA's five year rate plan; in accordance with its 2013 Rate Decision, the PUC had pre-approved a rate increase of about 4% for GWA for fiscal year 2018. GWA has submitted its latest financial data, a forecast of FY2017 year-end results, fiscal year 2018 revenue requirements, known and measurable changes in costs and conditions, and its rate covenants. Based upon these items, GWA requests implementation of a 4% proposed rate increase across all customer rates and classes excluding life line rates.

GWA also requests that the legislative surcharge, restricted for paying health care benefits and annuities of retirees, be increased from 2.7% to 3.75%. GWA projects operating expenses for FY2018 at about \$84.5M, which includes \$24M for salaries and benefits, \$21M in utilities, \$12M in general administrative expenses, \$4.5M in contractual expenses, and \$2.4M in retiree annuities and benefits along with other expenses.

Revenues are forecasted to grow from \$106M to \$112M, or about 6%, in FY2018; the assumption is that there will be no organic growth during this time, but that the increase will be attributable solely to the 4% increase. GWA's debt service will increase by \$5M in FY2018.

The ALJ has issued RFIs concerning faulty meters, water loss, and water loss affecting schools. In response, GWA indicated that discs in its meters' measuring chambers have been cracking. The manufacturer admits that there are issues with the quality of these particular meters. GWA is working with the manufacturer to replace the failing meters with a more robust model under its warranty. GWA submits that there are water losses caused by unbilled, unauthorized consumption, meter inaccuracies, and leaks in the transmission system. The real loss is about 46% contributable to leaks in GWA's system. GWA believes it can fix its water leaks, and does not need a contractor to assist it with this issue. GWA claims it is "stymied" by factors including a shortage of manpower in its leak repair crews and shortages in parts and supplies.

When schools have water shortages, GWA provides a water tanker only if the school does not already have a storage tank and pump system. GWA assists with filling the school tanks with water. Based on the record before the Commission, the ALJ recommends that the PUC authorize GWA to implement the proposed 4% rate increase for FY2018. He also recommends that the requested 2.75% adjustment to the legislative surcharge be approved. GWA should be required to submit reports concerning the status of stipulated order projects, including a timeline for events and deadlines for outstanding projects. GWA should also submit a report detailing the status of all of its capital improvement projects with a timeline of events and deadlines for outstanding projects.

GM Miguel Bordallo of GWA indicated that the primary purpose of the 4% rate increase was to deal with debt service that will be increased in the coming fiscal year due to all the maladies GWA had to undertake to satisfy the federal stipulated order projects. The \$5M in debt service required for this fiscal year results from capitalized interest ending for the bond borrowing in 2018. GWA believes it is making progress with the meter issue. There's an action plan to replace those meters. There have been good results from changed out meters. The program to reduce non-revenue water is a priority. The system meters project will allow GWA to respond to or identify leaks in certain areas. There will be significant improvements once GWA gets to more of the line replacement program that is currently in the CIP.

The Chairman asked GM Bordallo if GWA was now at the 47% water loss level. GM Bordallo indicated that it was in the 50% range before. GWA is targeting the 20% range. GWA is continuing with its in-house line replacement program. The Chairman asked whether it was primarily line replacement or changing the meters that was the reason for improving on the water losses to date, or the combination of things. GM Bordallo indicated it was primarily the line replacement program and being more aggressive with leak repair. GM Bordallo indicated there was a problem with shortage of heavy equipment. Next fiscal year GWA intends to implement a long term lease program for heavy equipment.

The Chairman asked GM Bordallo if, because of the low-read and no-read meters, GWA lost in the neighborhood of \$7M in revenues. GWA CFO Greg Cruz indicated that was correct. CFO indicated GWA assumed for FY2018 projections that the meters would be corrected and that its sales level would come back to where it was two or three years ago. The meters will be repaired and sales will be on the rise for the next year. GM Bordallo indicated that close to 33% of the problematic meters have been replaced. For the majority of these accounts, consumption increases when the meters are changed. The Chairman asked whether different meters are being changed out. GM Bordallo stated that one model has been problematic for GWA. One particular plastic part is prone to failure; when it breaks it stops the meter from running. The manufacturer is sending replacement meters of a higher caliber, under warranty, at no cost to GWA.

The Chairman asked whether GWA was getting on top of the problem of the failing meters within the back billing period. GM Bordallo indicated the meter department and the billing department were meeting weekly now to stay on top of this issue. The business process has improved and the response times for addressing these issues. The Chairman asked if the rate increase would be in the neighborhood of \$5M. CFO Cruz indicated that was correct. CFO Cruz also indicated that GWA lost \$7M in the last fiscal year with this meter issue. But GWA does have the ability to back bill. Some of the amount can be recovered.

The Chairman asked what GWA planned to do with the system development funds. GM Bordallo indicated that the money was earmarked for several projects on our line items in the CIP over the coming years. GWA had hoped to spend the money earlier, but because of delays in acquiring property or executing construction contracts, the SDC funds have not been spent as quickly as hoped. By 2019, the bucket should have been brought down significantly. The Chairman indicated that, although PUC has approved a 3.5% increase for GWA last year, revenues for this year were flat for less than the previous year. CFO Cruz agreed that revenues were about 1% lower. The Chairman observed that GWA was attempting to bring its employees' salaries from the 5th percentile to the 10th percentile. GM Bordallo indicated that was his recommendation to the CCU.

The Chairman asked whether it was the goal to get from the 5th percentile to the 10th percentile this upcoming fiscal year. GM Bordallo indicated that was the recommendation from management, but it had not yet been approved by the CCU. The Chairman indicated that perhaps the CCU was waiting on the PUC decision on rates. The Chairman asked what piece of the rate increase for this particular year would be for the pay increases. CFO Cruz indicated it would be less than \$1M. GM Bordallo stated that if the CCU authorized such pay increase, GWA would attempt to do that without adjusting the budget and increasing efficiencies within GWA. GWA does anticipate 25 additional full-time employees before the end of the calendar year. It may not be able to hire at the projected levels, then some more entry level positions would be brought in. Some of the difference between what was projected and what was spent on employees could cover the cost associated with increasing the percentile pay of the employees.

Commissioner Cantoria asked whether GWA had led PUC to understand that, even if the leaks were detected, GWA was not able or ready to fix them. GM Bordallo indicated that staff training had occurred, and that there was trained staff in leak detection. Part of the additional positions requested includes staff to ramp up leak detection and leak repair. GWA hopes to expand the number of staff assigned to leak detection positions. Commissioner Cantoria asked if there had been any improvement in GWA's water loss. GM Bordallo indicated that non-revenue water attributed to the leaks within the system had decreased. It had not decreased to the level that he would like, but progress had been made. Leak detection and repair and reduction in non-revenue water is a process, not necessarily a project.

Commissioner McDonald asked, for the projected increase in revenues of \$6M for the next fiscal year, what percentage was for the rate increase and what is from improved water meters and water lines. CFO Cruz indicated that the increase in revenues was attributable solely to the rate increase. Commissioner McDonald asked whether if under-reporting meters were fixed, wouldn't that increase revenues next year. GM Bordallo indicated that the increase in revenues projected is based on the assumption that GWA would have its revenues normalized. CFO Cruz indicated that, because of vacancies in positions, there would be some lapses in funds which could help defray the migration cost. Commissioner McDonald asked how much the bucket of money in the system development charge would be reduced in the next fiscal year. GM Bordallo indicated that projections for CIPs for the system development charge were between \$7M and \$8M. There is now between \$9M and \$10M in the SDC account.

Chairman Johnson suggested that perhaps the rate increase could be held for a year while GWA showed some performance improvement in getting the meters up to speed. Then GWA would be getting the revenues it is supposed to get without under-reporting or low-reporting. Perhaps water losses could be further reduced to at least 41 or 42%. GWA is not in a bad position because it is cash-rich with the system development fund bucket. The 4% increase could be revisited in the next fiscal year--that is an idea for consideration. GM Bordallo indicated that regardless of incentives to do better, GWA still faced a \$5M increase in debt service. The Chairman asked if GWA did not get the increase, could it still make the debt service payments if it got the meters squared away.

CFO Cruz indicated this was the fifth year of a five year plan that was adopted and approved. The 4% requested is consistent with the five year rate plan that was approved. GWA needs that amount to maintain the debt covenant ratio. A 4% increase for the average residential customer was under one dollar per month. The Chairman asked whether the PUC could look at a six year plan instead of a five year plan. There were substantial rate increases in prior years. It would not be the end of the world for GWA if the rate increase were postponed by one year.

CCU Chairman Duenas indicated there was a challenge because GWA needs to hire more people. If it wishes to address the leaks and repairs, and replace lines, it needs more manpower. Qualified people must be hired. The 50 positions would be \$3M or \$4M. If the rate increase does not materialize, GWA will have to put in the \$5M which will mean cutting something else. It could be a vicious circle if GWA doesn't hire the people and has a shortage of manpower. GWA has been cutting costs. The rate increase should match the debt service.

Commissioner Montinola wished to know what was causing the water outages in the schools and what had been done to mitigate those. Commissioner Duenas gave an explanation in detail concerning the water outage at Tiyan. He basically indicated that when the Navy turned over the land to the land owners, it turned off the Navy water

valves and took the Navy water out of the system. The Navy water system was not sufficient for having a thousand or more students in the school buildings. GWA faces challenges in NAS. GM Bordallo indicated that GWA did deploy a tanker to Tiyan high school. However, the Barrigada tank could not sustain the levels there. A weather issue knocked out a couple of wells in the Barrigada area. It caused a main break in Yigo and that depleted the water levels of the Yigo reservoirs. The disruption to the Northern production wells caused the Yigo wells to go down and the Barrigada reservoir to go down.

Commissioner Montinola pointed out that the issue here was a “double-sided coin”; whether the rates should be increased, with all the issues that have to be addressed; but if GWA doesn’t have the revenues, how can the problems be fixed. Commissioner Pangelinan expressed a concern with debt service increase to \$5M but there is no increase, that money is taken out of what GWA has. That is money GWA could otherwise put towards projects or towards repairing and efficiencies. Commissioners questioned whether all of the rate increase would go towards debt service. GM Bordallo indicated that the debt service increase was \$5M, whereas the projected revenue increase from the rate increase was about \$6M. The migration cost for the salary increase is just under \$1M but no budget adjustment has been requested for the migration cost. If GWA pay scales are kept as they are, it would be difficult for GWA to compete with other employers for hiring of good employees and certified operators.

Commissioner Cantoria pointed out that salary costs have increased from \$18.5M in 2016, to \$19.9M in 2017, and will jump to \$24M in 2018. CFO Cruz indicated that the GWA budget authorized it to expend \$23M for salaries this year. But there are challenges in filling these positions. That is why the spending level was not up for this year as compared to what is being asked for next year. The Chairman pointed out that in reality, the budget of 2017 increased salary by \$1.3M. GWA is understaffed so that the actual budget is not of what the approved budget indicated. GWA Counsel Clark indicated that GWA would be borrowing bond funds in 2018; if GWA does not receive the 4% rate increase, it would affect GWA’s ability to go out and get bonds.

PUC Counsel pointed out that ordinarily, the hiring of 59 new employees by GWA would require a study concerning staffing pattern and manpower pursuant to Section 12102 of Title 12 of the Guam Code Annotated. Normally such a study would precede a rate increase. Before a rate increase is granted based on new salary positions, PUC should conduct a study on manpower needs of GWA. GM Bordallo did not comment on the legal requirements, but indicated that there was a need for the additional manpower by GWA. Commissioner Niven did not believe that the Commission was being asked to approve a new rate increase. It was being asked to implement a 4% increase that the Commission approved four years ago. The fact that the PUC did not conduct a study for a new rate increase does not necessarily apply to this situation. The informational requirements have been met for the true-up. He does not see any reason not to implement the increase that was approved four years ago. Everyone would like

to see the various challenges that GWA has with operations and service improved. Denying a rate increase would probably not be helpful in improving the situation for the customers. Based on those considerations he would support the proposed order to approve the increase.

There were testimonies received from Vice Speaker Therese Terlaje and Utilities Committee Chair Senator Telena Nelson of the Guam Legislature opposing the proposed rate increase for GWA. These testimonies were made a part of the record and provided to the Commissioners. Copies of said testimonies are attached as *Attachment "E" and "F"* hereto.

Upon motion duly made, seconded and unanimously carried, the Commissioners approved, by a vote of four to two, a 4% increase in water rates for GWA customers, excluding lifeline rates, then commencing on October 1, 2017. The Commissioners adopted the Order made *Attachment "G"* hereto.

The Chairman announced that the next item of business was GWA Docket 17-11, Approval of a Multi-Year Contract with JMI Edison for Drinking Water Membrane Modules, ALJ Report, and Proposed Order. Commissioner Pangelinan indicated that he was required to recuse himself because a party to the proposed Contract had recently become a client of his law firm. The ALJ indicated that GWA sought approval of a multi-year contract with JMI Edison for drinking water membrane modules. In early 2016, GWA issued an IFB for membrane filtration devices for its Ugum water treatment plant. Eight bidders registered, but only one, JMI, submitted a bid. In that bid, JMI indicated a unit price of about \$1,420 per membrane module. GWA accepted the bid. On July 16, 2016, the parties entered into a contract related to the purchase of 400 membrane modules for a total contract cost of \$568,000.00.

GWA, in its petition submits that the purchase of the membrane modules is necessary to ensure that the Ugum Water Treatment Plant continues to meet surface water treatment rules as well as safety water standards. Adequate stock and replenishment are required. The procurement of the filters, and the subsequent contract, were fairly and openly procured. The additional modules ordered will replace the remaining filters of the plant. GWA seeks PUC approval for the purchase of an additional 464 membrane modules, but under the existing contract with JMI Edison, thereby increasing the total contract price to \$1,226,880.00 (which therefore triggers PUC's contract review authority).

The ALJ found that the procurement of the membrane module filters and the subsequent contract with JMI Edison was properly procured. The purchase of the membrane module filters is necessary to ensure that the Ugum Water Treatment Plant continues to operate. The ALJ recommends that PUC ratify the bid, ratify the existing contract, and authorize the additional purchase of 464 membrane modules at a cost of \$613,880.00, for a total cost of the contract at \$1,226,880.00. Chairman Duenas of the CCU indicated that there has been a major improvement at Ugum. With the recent

heavy rains, Ugum did not run out of service. It can keep operating with installation of new membranes. Ugum has controlled the turbidity. This is a challenge where head way has been made.

Commissioner McDonald asked if the modules had a seven year warranty. GM Bordallo thought the warranty was five years. GWA must make sure it has pre-filtration before the membranes to protect them. The pre-filters are running, and the warranty is still in place for the first 400 membranes. Upon motion duly made, seconded and unanimously carried, the Commissioners ratified the multi-year contract between GWA and JMI Edison for Drinking Water Membrane Modules, and authorized the expenditure of a total contract price of \$1,226,880.00 for purchase of a additional 464 membrane modules. The PUC adopted the Order made *Attachment "H"* hereto.

6. Guam Power Authority

The Chairman announced that the next item of business on the agenda was GPA Docket 17-22, GPA Petition to Approve Fiscal Year 2018 CIP Ceiling Cap, PUC Counsel Report, and Proposed Order. Counsel indicated that the GPA ceiling cap for CIP projects comes before the PUC every year. Under the contract review protocol, GPA is required to file its ceiling cap for their capital improvement program. CIP includes three items: General Plant, which includes general improvements to the plant (equipment, computers, and miscellaneous items); Engineering Projects; and finally Line Extensions. Line extensions are not reviewed by the PUC because they are excluded from review under the contract review protocol.

For this year, GPA proposes a CIP project cap of \$20,959,813. The purpose of the PUC review is to assure that the expenditures for general plant and engineering projects are in line with prior years and are not excessive. This year's cap consists of general plant, which is \$16,780,813, and engineering projects of \$4,179,000. There is a little over \$4M for line extensions (not reviewed by PUC). The CCU approved the ceiling cap before GPA petitioned the PUC for approval.

As mentioned, "general plant" includes many different things, including computer hardware and software expenditures, office equipment, plant improvements, vehicles, appliances, circuit breakers, and expenditures to benefit specific plants. Counsel has reviewed the list of expenditures and gone over them with GPA CFO John Kim. There are a few items that could be considered as beyond "general plant." These include a \$400,000 expenditure for the energy storage system. The bond funds of \$35M were not sufficient, so this extra \$400,000 will enable the construction of the energy storage system. That pays for an additional five years of the contractor management contract. There are also a few consulting charges included in general plant which deal with the MEC plant. From an accounting view point, those consulting charges can be attributed to certain plants.

All engineering costs have been examined, including overhauls of caterpillar units, a digger truck, tree-trimming and others, which appear to be reasonable engineering programs. There is nothing out of the ordinary. GPA should be given some discretion with those programs.

This year's cap is the highest since 2010. Caps have ranged from \$5M to \$18M. Last year's cap was \$18,798,000. While this year's cap is a little higher, the main reason is that there is \$4M this year in engineering projects, whereas there were none last year. The general plant this year is about \$2M less than last year. Overall, Counsel concludes that the cap proposed by GPA for FY2018 is reasonable. For any project within the CIP cap that exceeds \$1.5M, GPA will be required to petition PUC for review under the contract review protocol.

Upon motion duly made, seconded and unanimously carried, the Commissioners approved the FY2018 internally funded CIP ceiling cap of \$20,959,813.00, and adopted the Order made *Attachment "I"* hereto.

The Chairman asked GM Benavente whether Guam's water and wastewater systems could continue to operate during a typhoon. The GM indicated that there are 225 total systems assets to keep the accelerators running. Availability has gone from 75% to 97%. In a storm, the standby generators should continue to maintain the water system throughout the island. The Chairman asked whether the system has been tested. GM Benavente indicated that normally it is tested with outages.

The Chairman announced that the next item of business on the agenda was GPA Docket 17-21, GPA Petition for Approving the Procurement of Phase III Renewable Acquisition, PUC Counsel Report, and Proposed Order. Previously the PUC authorized GPA to enter into a lease agreement with the US Navy for approximately 164 acres of federal land. The purpose of that lease was for GPA to procure and act as an engineering procurement contractor for the construction of solar projects: 37MW of solar PV on five parcels of Navy land, including Finegayan, WWTP site, CDF site, the existing 250kw site, and the commissary site. Since the PUC granted authorization for GPA to lease the land, GPA is now requesting approval to procure the 37MW of Phase III Renewable Acquisition. GPA will require that the project developers include energy storage for each project built on the parcels, with the ability to store solar power.

GPA has submitted a CD which contains five volumes of voluminous documents for the procurement, including the proposed contract for the plants. GPA will oversee the procurement and the development of the solar projects. When the solar plants are completed, GPA will buy the solar power produced on each parcel of land. The procurement will require "dispatchability" of the solar power during the peak hours of the evening, from 6pm to 10pm. The projects will require sufficient battery storage so that the energy can be shifted to the peak evening hours. Projects which cannot do this will be disqualified.

The contract is standard for renewable projects and contains provisions to protect GPA in the case of default by the contractors. The PUC previously determined that the renewable projects are advantageous to Guam and in the best interest of ratepayers. The prior PUC Order approving the lease of Navy land indicated that GPA has justified an opportunity to bid out such projects and to determine whether they can be incorporated into the power system. Counsel recommends that the PUC approve the procurement.

Commissioner Niven asked what the latest estimate was for the construction or commissioning date for the 180MW combined cycle project. GM Benavente indicated there would be a petition that should be filed around December 20. There was a protest on the Phase II renewables project for award of 120MW, at a price of 6.5 - 8.5 cents per kilowatt hour. The protest is currently before the OPA. There are projected 140MW of solar power in the day time. The day time load is about 220MW. There is only a small amount of energy in the bottom that the conventional energies will generate. Cabras 1 & 2 can only backup so much, a minimum of 30-35MW. Some load is needed in the day time. The new combined cycles or flexible generation would allow the retirement of Cabras 2. The Cabras plants could be turned off. The Phase III renewables will be shifted from two locations in Naval Station, 20MW and 20MW, at NCS. There will be two batteries on those sites. The energy produced at those sites will be shifted to the evening hours. The pricing should still come in at the LEAC area. The Phase III projects will be total shifting.

The Chairman confirmed that GPA was considering two batteries, 20MW each, for peak shaving for Phase III. GM Benavente indicated the proponents would provide guarantees for their products. Upon motion duly made, seconded and unanimously carried, the Commissioners approved GPA's procurement for Phase III Renewable Projects of up to 40MW, and adopted the Order made *Attachment "J"* hereto.

The Chairman announced that the next item of business was GPA Docket 17-18, GPA Petition for Approving the Procurement for the Supply of Diesel Fuel Oil to GPA, PUC Counsel Report, and Proposed Order. Counsel indicated that GPA has applied for approval of its procurement for the supply of diesel fuel oil. The use of such oil has increased substantially. The current contract for the supply of diesel fuel oil No. 2 for the baseload and peaking units expires on December 31, 2017. Diesel fuel is used at various GPA baseload, diesel fast track, and combustion turbine plants. Previously PUC had approved this procurement. However, after GPA had issued an IFB, it determined that operational requirements for the next three to five years for diesel fuel would be greater than had been requested in the procurement. There are also issues about delivery of diesel fuel to the combustion turbines. Now GPA is asking that it be allowed to re-solicit for diesel fuel with the revised structure and requirements. CCU approved this re-solicitation before GPA came to the PUC requesting approval. GPA has demonstrated the need to revise and re-issue the IFB.

A reason for the increase need for diesel fuel, which has increased by 380%, is the Cabras 3 & 4 explosion in 2015. The annual fuel requirements for diesel fuel will increase under the new contract. Overall, there will be a need for approximately 40M gallons per year, or a million barrels of ultra-low sulfur diesel. The cost is \$80M annually.

The PUC has determined that it is necessary for GPA to have a continuous supply of diesel fuel. However, the increased need for such fuel again demonstrates the harm to ratepayers cost by the Cabras explosion. The increase in use of diesel fuel is also another reason that LEAC is increasing or will increase in the future. Diesel costs more than RFO. There will be an impact on LEAC. Nevertheless, GPA needs the increased diesel. Counsel recommends that the PUC approve GPA's request to re-solicit the procurement for diesel fuel oil.

GM Benavente indicated that normally GPA burns a thousand barrels a day of ultra-low sulfur diesel. When the baseload plants go down, daily consumption goes up to as much as 5,000 barrels per day of ultra-low sulfur diesel. When the bid went out, it became evident that the two major suppliers had a difficult time keeping up with the needed deliveries for ultra-low sulfur diesel. Until the new combined cycle plants come online, there's a need to establish a reliable source of diesel supply. GPA needs up to 90 days' reserve supply, similar to what it does with RFO. Without such reserve, there would not be enough inventory on island. There is also a need to truck the fuel to those sites that do not have pipelines. As many as 36 truckloads can be required in a day to feed all of these plants. An inventory of 200,000 barrels that will provide GPA with needed flexibility.

Commissioner Montinola asked GM Benavente if we knew what had occurred to the Cabras 3 & 4 explosion. GM Benavente indicated that perhaps there will something known from the insurance adjusters within the next month. CCU Chairman Duenas indicated that they are aggressively working on the claim. It is a big claim, so there has been push back from the other side. Hopefully there will be an agreement within the next 6 to 12 months. If not, the case may have to be litigated. GPA is cautiously optimistic that it will be able to reach an agreement. Mr. Duenas indicated that it would be nice to know what happened with the explosion, but what concerns them more is how to settle the claim. Money will be needed to fix the situation and to get new generation. Mr. Duenas indicated that GPA hoped to stabilize the process with a combined cycle units, but that it would be a three to four year process including the integration of renewables and the dual fire scenario of the combined cycle units.

Upon motion duly made, seconded and unanimously carried, the Commissioners authorized GPA to re-solicit its procurement for diesel fuel oil, and adopted the Order made *Attachment "K"* hereto.

The Chairman announced that the next item of business on the agenda was GPA Docket 17-23, GPA Petition to Approve the Contract with Tristar Terminal Guam, Inc., for the

Lease of an Additional Storage Tank for Diesel Fuel, PUC Counsel Report, and Proposed Order. Counsel indicated that GPA is requesting approval of its contract with Tristar for the lease of an additional 196,000 barrel capacity storage tank for diesel fuel. Previously GM Benavente explained some of the reasons why GPA needs the additional storage. Its present suppliers were not able to obtain sufficient diesel tank storage to support GPA's increased diesel consumption. GPA is already presently renting tanks for ULSD storage of about 95,000 barrels. The 196,000 barrel capacity storage tank which GPA seeks to lease from Tristar will cost \$1.176M per year. GPA has demonstrated that there is an increase in diesel fuel consumption, and that its present tank storage is not sufficient. However, there is a concern about the cost. This is a new expense for GPA. Over a five year period, the cost will be \$5M. Counsel believes that GPA has no option other than to expend \$1.2M per year to provide sufficient fuel storage tank capacity. PUC should approve a total five year term for this lease. The storage will be needed until GPA secures its new generation.

Commissioner Montinola asked if GPA currently had leases with Tristar for other tanks. GM Benavente indicated that GPA was leasing a tank from Tristar of about 90,000 barrels. Commissioner Montinola asked whether the proposed tank fell in line with the pricing for the fuel tank already leased. GM Benavente indicated that GPA would release 45,000 barrels of the existing tank because someone else had leased it. Then there will only be enough for 190,000 barrels plus the 40,000 or so left from the current tank. When the new power plant comes in, there will be 268,000 barrels storage tank each for low sulfur or high sulfur. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the contract between GPA and Tristar Terminal Guam, Inc., for the lease of an additional 196,000 barrel capacity storage tank for Diesel Fuel. The PUC adopted the Order made *Attachment "L"* hereto.

The Chairman then announced that there was an informational Filing, GPA Docket 17-24: GPA filing of FY2018-2020 Construction Budget. Counsel indicated that GPA is required to file its construction budget under the contract review protocol. No action is required by the PUC. Most of the projects listed are bond projects that PUC is familiar with, including the battery storage project.

The Chairman announced that the next item on the agenda was GPA Docket 17-20, GPA Petition to Approve a Bond Issuance to Refinance a Portion of the Outstanding Revenue Bonds, PUC Counsel Report, and Proposed Order. Counsel indicated that, in this docket, GPA has moved for approval of its bond issuance to refinance a portion of the 2010 Series Revenue Bonds. Counsel believes that whether the bonds should be approved is an issue for a later day. With the GWA bond, there was legislation authorizing it. But in GPA's case, the Legislature has not taken action. Without legislative approval, the law renders it inappropriate for the PUC to take any action on the matter. It would not be in accord with customary practice and procedure for the PUC to take action on a proposed bond issuance that has not yet been approved by the Legislature. Many provisions of the law reinforce such a finding.

GPA cannot issue revenue bonds without the prior approval of the Governor (12 GCA § 8203). GPA can only issue bonds and obligations through the Guam Economic Development Authority. Under its authorizing statute, GEDA cannot sell bonds without the approval of the Legislature of the terms and conditions of the bond. The statutes repeat many times that GEDA cannot issue bonds without Legislative approval. PUC should not dictate terms or conditions of a bond issuance until the Legislature first approves the underlying issuance. It would be illegal for PUC to approve the bond issuance now without any legislation.

GPA acknowledges that "Legislature authority is required before going to market." Furthermore, it indicates "PUC has the discretion to wait for such Legislation to become law." The PUC is an administrative body: its power and authorities are governed by statute. Normally, laws approving bond refinancing have terms and conditions set by the Legislature, and then a proposed issuance is reviewed by the PUC. The PUC has a review function. It would not be appropriate to approve the bond refinancing with a condition that the Legislature approve it in the future. The PUC should not approve something that may not be authorized in the future. Although the Daymark Report commented favorably on the proposed bond refinancing, it did not analyze the issue of whether the PUC should approve the refinancing before Legislation is approved. Counsel recommends that GPA's petition be denied at the present time, not as an ultimate ruling. If Legislation is passed, GPA can come back to the PUC and request approval. At that time PUC would address issues such as interest rates, gross savings, and other procedural requirements with the refunding.

CCU Chairman Duenas indicated that, at the Legislative hearing on the bill regarding the GPA bond refinancing, the Speaker reacted negatively to the comments of Chairman Johnson on a proposed bond refinancing. Mr. Duenas agreed with Counsel Horecky's statements. However, in other cases the PUC had never taken a position on a bill such as this. GPA is now in the predicament that this refunding may not go anywhere. When the Chairman of the PUC speaks, he is given weight with the Legislature. Here there are potential savings to the ratepayers, in the neighborhood of \$300,000 a year. It is not a lot of money, but it is still some savings. GPA has been aggressive in cutting costs. The number of employees at GPA has been reduced. The Legislative speaker said he would not do anything unless the PUC does something. The PUC should consider what it wishes to do. Perhaps the PUC could withdraw its testimony. Historically there had never been a comment from the PUC in advance of bond refinancing legislation. This is a "chicken and egg" situation, as the PUC already offered negative testimony. The Legislature will say that the PUC must make a decision.

Commissioner Montinola indicated he felt the ALJ was correct. The PUC needs the Legislature's approval and the Governor's approval to act on the proposed bond refinancing. It's the cart before the horse again. If the refinancing bond is strong enough to stand on its own merits, then the Legislature can be convinced to pass the bill

and then the PUC can look at it. Commissioner Niven also agreed with the ALJ analysis.

Commissioner Pangelinan felt that even if the PUC approved it now, the Legislature could change the conditions and the PUC would again be asked to review the matter and approve it. It is not for the PUC to convince the Legislature to do something on the bond refinancing. The Legislature must be convinced that this is the positive thing to do. The PUC should not do something potentially unlawful by approving this. Commissioners Montinola and Cantoria agreed.

CCU Chairman Duenas wondered whether the Chairman could submit supplemental testimony. There was a statement in the prior testimony that the \$10M dollar premium would be paid by the ratepayers. That is not the case; the bond payers are the ones who pay the premium. However, Ms. Cantoria pointed out that the Commission does not always follow the opinion of the Chairman, as in the case with the true-up of GWA. The Chairman said he would consider it. Upon motion duly made, seconded and unanimously carried, the Commissioners declined to consider GPA's Petition for bond refinancing, as to date there has been no approval of such refinancing by the Governor or the Legislature, and no authorizing Legislation. The PUC adopted the Order made *Attachment "M"* hereto.

7. Administrative Matters

Counsel indicated that the FY2018 Administrative Budget and Annual Assessment to the utility/telecom companies were now before the Commission. Counsel suggested that the Commissioners first deliberate on the budget and decide whether they approve it. The Chairman pointed out that the proposed budget for FY2018 was nearly identical to last year's budget. Last year was \$492,500; this year's budget was \$493,800. Commissioner Cantoria asked if the Commission had only spent \$5,000 on Commissioner Training in 2017. The Chairman indicated that was correct.

Administrator Lou Palomo then indicated to the Commissioners, for the record, that she had found an over payment issue concerning her salary payments--the difference between a 12 month calendar in payments or a 26 week calendar in payments. The Chairman explained that with regard to her salary, payments went a bit over the salary based upon a calculation error. However, Ms. Palomo agreed to take a lesser salary over the next year to balance out the over payment. Ms. Palomo's letter was distributed to the Commissioners. Commissioner Cantoria pointed out that Ms. Palomo had also refused to be given an increase in salary this year. Commissioner Montinola asked if Ms. Palomo had discovered this matter, and the Chairman confirmed that was correct.

The Chairman indicated that Ms. Palomo had caught the oversight and was addressing it; that solution was sufficient. The Chairman noted that there had been a reduction in PUC administrative professional fees. Commissioner Montinola confirmed that these professional fees included Mr. Kim. The Administrator confirmed that these

administrative fees were only for administrative services rendered to the PUC. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the FY2018 Budget.

As to the Assessment Order, the Chairman indicated that the assessment to the individual agencies had gone down because the Solid Waste Authority had been added. Counsel indicated that for the past two years, the Solid Waste Authority had not been billed, as it was under the receivership. However for the coming year, is anticipated that the PUC will fully exercise its jurisdiction over the GSWA; there could also be a rate case or rate review. A new consultant would likely be needed for solid waste matters. Commissioner Montinola asked whether GSWA would pay its share even it was still under the receivership. The Chairman indicated that could be addressed in the future, but for this fiscal year, GSWA should be assessed its portion of the Administrative expenses of the PUC.

Counsel explained that for the telecom fees, those are divided between the five telecom companies based upon the overall portion of PUC regulatory services that each company used in the last fiscal year. GTA has recently requested that, that system of apportioning administrative fees be revisited and reexamined. There is an ongoing docket. Commissioner Montinola asked whether USAC fees could be used to pay for services like the regulatory body. Counsel indicated that they could not. USAC must be used only for the 9 core telecom services which are provided. Commissioner Montinola confirmed that the administrative assessment was for the PUC services, whether they used it or not. The percentage is based on the extent to which they used the PUC services. Counsel clarified that they are separately billed for administrative and regulatory services. But each company's share of the administrative services is based on what they've already paid on the regulatory services.

A fair and equitable way has to be figured out. It is now likely time to reassess the way this has been done in the past. The Chairman indicated he appreciated the idea of a baseline for each company. Counsel pointed out that GTA ordinarily pays the bulk of the administrative fees. The PUC does not have as much regulatory business with Docomo and IT&E, although they are both involved with regard to E911 and USAC, and occasionally with petitions approving the sale of such companies. Counsel indicated that if a new assessment procedure is adopted, there could be a true-up of the assessment for this fiscal year. Such proceedings are ongoing and will be before the PUC at a later time. GTA has asked for a true-up if a new assessment protocol is adopted.

The Chairman asked if all parties were up to date with payment of their administrative assessments. The administrator indicated that she was still working with PDS. A letter has been sent to PDS requesting payment. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Assessment Order for the


assessment of PUC administrative fees to the utilities and telecom companies for FY2018, and adopted the Assessment Order made *Attachment "N"* hereto.

The Chairman indicated that the next administrative was deliberation concerning the Extension of PUC Contracts for Legal Counsel, ALJ, PUC Consultant, Administrator, and Telecommunications Consultant. Counsel explained that the proposed Resolutions, 17-01 would extend the professional services agreement for the water and power consultant, Daymark, for one year. Resolution 17-02 would extend the professional services agreement for the Telecommunications Consultant, Slater & Nakamura, for one year. Next year all the consultant agreements will go out for bid. Resolution 17-03 would extend the consulting agreements for Legal Counsel, Administrative Law Judge, and General Consultant, Slater/Nakamura. Finally, Resolution 17-04 would extend the services agreement for the PUC Administrator for FY2018.

Commissioner Pangelinan asked why the Attorney ALJ and General Consultant were in one resolution. Counsel indicated it was likely that they were hired at the same time. Commissioner Pangelinan asked whether he recommended approval of all of the contracts. Counsel indicated that he did. Generally these contracts are for five year terms, but there is an annual renewal requirement. It involves a lot of paper work. The practice has always been that these contracts are renewed annually. Whether this is necessary can be addressed in the next procurements. Commissioner Pangelinan asked whether the contracts indicated that they are renewed annually at the option of the PUC. Counsel indicated that they did. Upon motion duly made, seconded and unanimously carried, the Commissioners approved Resolutions 17-01, 17-02, 17-03, and 17-04.

The Chairman then indicated that his testimony on Bill No. 157-34 (Authorization for Issuance of Revenue Bonds by the Port Authority of Guam) was presented for informational purposes only. Counsel explained that Speaker Cruz had requested PUC comment on the necessity for the PAG revenue bonds. Counsel commented that the Port made a good presentation on its bond refinancing. The Chairman indicated that sometimes matters come up between meetings, and there is a need for quick action. In the future Counsel could send an email advising all the Commissioners of such matters. Counsel concurred. Commissioner Montinola indicated he did not wish to have different testimonies going out to the Legislature.

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



Jeffrey C. Johnson
Chairman

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
SUITE 202, GCIC BUILDING
414 W. SOLEDAD AVE., HAGATNA, GUAM
6:30 p.m., September 28, 2017**

Agenda

1. Approval of Minutes of August 31, 2017
2. PTI Pacifica Inc.
 - PTI Docket 17-01, PTI Petition for Annual USAC Certification, PUC Counsel Report, and USAC Certification
3. Docomo Pacific Inc.
 - Docomo Docket 17-01, Petition for Annual USAC Certification, PUC Counsel Report, and USAC Certification
4. Port Authority of Guam
 - PAG Docket 17-02, Review of Updated Lease Rates, ALJ Report, and Proposed Order
5. Guam Waterworks Authority
 - GWA Docket 17-06 , FY2017 Annual True-Up, ALJ Report, and Proposed Order
 - GWA Docket 17-11, Approval of Multi-Year Contract with JMI-Edison for Drinking Water Membrane Modules, ALJ Report, and Proposed Order
6. Guam Power Authority
 - GPA Docket 17-22, GPA Petition to Approve FY2018 CIP Ceiling Cap, PUC Counsel Report, and Proposed Order
 - GPA Docket 17-21, GPA Petition for Approving the Procurement of Phase III Renewable Acquisition for GPA, PUC Counsel Report, and Proposed Order
 - GPA Docket 17-18, GPA Petition for Approving the Procurement for Supply of Diesel Fuel Oil to GPA, PUC Counsel Report, and Proposed Order
 - GPA Docket 17-23, GPA Petition to Approve the Contract with Tristar Terminals Guam, Inc. for the Lease of an Additional Storage Tank for Diesel Fuel, PUC Counsel Report, and Proposed Order
 - GPA Docket 17-24, GPA Filing of FY2018-2020 Construction Budget [Informational Filing].

- GPA Docket 17-20, GPA Petition to Approve a Bond Issuance to Refinance a Portion of the Outstanding Revenue Bonds, PUC Counsel Report, and Proposed Order

7. Administrative Matters

- FY2018 Administrative Budget/Annual Assessment Order
- Deliberations concerning Extension of PUC Contracts:
 - Legal Counsel
 - Administrative Law Judge
 - PUC Consultant
 - Administrator
 - Telecommunications Consultant
 - Proposed Resolutions 17-01, 17-02, and 17-03 and Proposed Letters
- Testimony of Chairman Jeff Johnson on Bill No. 157-34 (COR) (Authorization for Issuance of Revenue Bonds by the Port Authority of Guam)

8. Other Business

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In the Matter of:)	PTI Docket 17-01
)	
PTI PACIFICA INC.)	
USAC CERTIFICATION)	PUC COUNSEL REPORT
)	
)	

BACKGROUND

On September 7, 2017, PTI Pacifica Inc. ("PTI") petitioned the Guam Public Utilities Commission ("PUC") to issue a certification that PTI will use federal universal service support funds for purposes in compliance with Section 254(e) of the Telecommunications Act.¹ PTI seeks a finding by the PUC that it will comply with §254(e), which states that universal service funds ("USF"), may be used only for the purposes designated in the Federal Act.

PTI receives monies from interstate USF that are designated to support local services, build needed infrastructure and improve service quality. Each year the PUC is required to certify to the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC") that universal service funds will be used only for the purposes designated in the Federal Act. Absent such a Certification by PUC, PTI, as an "Eligible Telecommunications Carrier" ("ETC"), would be denied funds for each quarter of the year that certification is delayed.

On January 7, 2008, the PUC granted PTI's Petition for Designation as an ETC throughout the Territory of Guam.² In accord with such Order, PTI's annual designation as an ETC is subject to its provision of annual certifications and data submissions to the PUC. PUC requires such information so that it can ensure that funds received by PTI will be expended in accordance with the requirements of the Telecommunications Act. Based upon the certifications and documentation provided by PTI in its 2017 Annual Compliance Filing, it is Counsel's opinion that there is a sufficient factual and evidentiary basis upon which the Commission can reasonably certify that the USF distributed to PTI in calendar year 2018 will be used in accord with the purposes and requirements designated in the Federal Act. Counsel recommends that PTI's request for USAC certification be GRANTED with respect to wireless services. A draft letter to the FCC is submitted herewith.

¹ PTI 2016 Annual Compliance Filing, PTI Docket 17-01, filed September 7, 2017.

² PUC Order Approving Designation, Docket 08-05, issued January 7, 2008.

RECENT DEVELOPMENTS IN PTI OPERATION

On May 2, 2008, PTI acquired the telecommunications assets of IT&E, a carrier that had been certified as an ETC by the FCC. This transaction included all of IT&E's wireless and wire line operations, including its CLEC operations. In addition, on May 28, 2009, the PUC issued an ORDER approving the assignment and transfer of the Certificate of Authority of IT&E to PTI.³

In 2009, PTI decided to retain its official corporate name but to use IT&E as a trade name on both Guam and in the CNMI so that subscribers on all four of the islands PTI serves realize they are being provided service by the same company.⁴

This is the ninth annual USAC filing by PTI. In 2009 through 2016, the PUC Chairman, on behalf of the PUC, issued USAC Certifications for each year that PTI Pacifica Inc. would use federal high cost support funds only for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent with §254(e) of the Communications Act.⁵

Along with its Filing, PTI is required to include a detailed build-out plan satisfying the FCC's requirements as part of its annual submission (Five Year Quality Service Improvement Plan). PTI has filed an updated build out plan, in satisfaction of the FCC requirements.⁶ The plan provides site by site descriptions of the improvements that have been made and those planned in the next few years, through 2023. In compliance with the requirements of 47 C.F.R. §54.209 (a) (1), PTI has filed actual expenditures for 2016 and a listing of expenditures on a site by site basis by wire centers.⁷ PTI states that it has invested funds in excess of payments received from the Universal Support Fund in improving the service quality of its network to provide the supported services in Guam.⁸

³ PUC Order Approving Assignment and Transfer of IT&E Overseas Inc. Certificate of Authority to PTI Pacifica Inc., issued May 28, 2009.

⁴ PTI 2011 Annual Compliance Filing, PTI Docket 11-01, Exhibit 3 [Five Year Service Quality Improvement Plan, Guam, August 2011], filed August 19, 2011.

⁵ PUC "Use" Certification, CC Docket 96-45, dated September 15, 2009; PUC "Use" Certification, CC Docket 96-45, dated September 15, 2010; PUC "Use" Certification, CC Docket 96-45, dated September 19, 2011; PUC "Use" Certification, CC Docket 96-45, dated September 1, 2012; PUC "Use" Certification, CC Docket 96-45, dated November 26, 2013, as amended January 9, 2014; PUC "Use" Certification, CC Docket 96-45, dated September 26, 2014; PUC "Use" Certification, CC Docket 96-45, dated September 24, 2015; and PUC "Use" Certification, CC Docket 96-45, dated September 29, 2016 .

⁶ PTI 2017 Annual Compliance Filing, PTI Docket 17-01, SERVICE QUALITY IMPROVEMENT FIVE YEAR PLAN, filed September 25, 2017; The Five Year Service Quality Improvement Plan is filed under a Claim of Confidentiality pursuant to the PUC Rules governing Telecommunications Companies.

⁷ Id.

⁸ Id.

During the present reporting period, PTI made a considerable number of improvements to existing sites. In 2016, PTI implemented cell site upgrades, wireless backhaul upgrades, and additional capacity upgrades.⁹ For 2017-2018, PTI plans eight additional site locations/relocations.¹⁰ For 2019-2023, PTI intends to add an additional 4 new wireless sites per year.¹¹

REQUIREMENTS

The PTI ETC Designation Order contains the following requirements:

- (a) PTI must comply with any local usage requirements prescribed by the FCC;
- (b) PTI must comply with any FCC requirements concerning E911 services when implemented in the Territory of Guam;
- (c) PTI must certify to the Commission that PTI (i) offers all of the services designated by the FCC for support pursuant to §254(c) of the Federal Act either using its own facilities or a combination of its own facilities and resale and (ii) advertises the availability of supported services and related charges using media of general distribution;
- (d) PTI must notify the Commission within thirty (30) days of any determination that it cannot provide service to a requesting customer in accordance with the FCC's requirements;
- (e) PTI must file a detailed build-out plan satisfying the FCC's requirements;
- (f) PTI must file with the Commission by August 31 of each year an annual certification in substantially the form required by §314(b) of the Act and §54.314(c) of the FCC's rules to verify that PTI will use federal high-cost support only for those facilities and services for which the support is intended;
- (g) PTI must annually submit to the Commission by August 31 of each year the following records and documentation:
 - (i) PTI's progress towards meeting its build-out plans;

⁹ Id. at pgs. 3-8.

¹⁰ Id. at pgs. 8-9.

¹¹ Id. at pg. 9.

- (ii) information on any outage lasting at least 30 minutes and potentially affecting either at least 10 percent of the end users served or 911 facilities;
 - (iii) the number of requests for service from potential customers within PTI's service area that were unfulfilled for the past year;
 - (iv) the number of complaints per 1,000 handsets;
 - (v) PTI's compliance with the CTIA Consumer Code;
 - (vi) PTI's certification that it is able to function in emergency situations;
 - (vii) PTI's certification that it is offering a local usage plan comparable to that offered by the incumbent local exchange carrier; and
 - (viii) PTI's certification that it acknowledges that the Commission may require it to provide equal access to long distance carriers in the event that no other ETC is providing equal access in the service area.
- (h) PTI must promptly submit to the Commission any additional information or reports that the Commission may reasonably request from time to time.

COMPLIANCE WITH REQUIREMENTS

- (a) *Local usage requirements—*

PTI certified that it does offer all of the core services identified for USF.¹²

- (b) *E911 service—*

In its application for ETC designation, PTI indicated that it would support 911 service and E911 once implemented by the Government of Guam. PTI continues to support 911 services by forwarding such calls to the applicable government

¹² PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, Exhibit 1 [CERTIFICATION REGARDING PROVISION AND ADVERTISING OF SUPPORTED SERVICES, DECLARATION OF STEVEN CARRARA, GENERAL COUNSEL].

agencies. If and when E911 is adopted in Guam, PTI will comply with such requirements.¹³

(c) *Certification of services-*

PTI has provided a certification that it offers all of the services designated by the FCC for support pursuant to §254(c) of the Federal Act either using its own facilities or a combination of its own facilities and resale. It further certified that it advertises the availability of supported services in media of general distribution.¹⁴

(d) *Notification of inability to provide service to a requesting customer-*

PTI reports that for the period of July 1, 2016, through June 30, 2017, it had no unfulfilled requests for voice service interconnected with the public telephone network.¹⁵

(e) *Filing of a detailed build-out plan satisfying the FCC's requirements –*

PTI has filed a detailed Five-year service quality improvement plan which appears to be in compliance with applicable requirements [see further discussion with regard to paragraph (g)(i) below].

(f) *Filing of annual certification under Section 54.314(b)–*

PTI has certified that all federal high-cost support provided to it in the Territory of Guam will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.¹⁶

(g) *Documentation-*

¹³ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, Exhibit 3, FILED September 25, 2017. [CERTIFICATION REGARDING PROVISION OF 911 SERVICES, DECLARATION OF STEVEN CARRARA, GENERAL COUNSEL].

¹⁴ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, Exhibit 1 [CERTIFICATION REGARDING PROVISION AND ADVERTISING OF SUPPORTED SERVICES, DECLARATION OF STEVEN CARRARA, GENERAL COUNSEL].

¹⁵ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, at p. 3.

¹⁶ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, Exhibit 2 [CERTIFICATION SUPPORTING FILING UNDER FCC RULE 54.314, DECLARATION OF STEVEN CARRARA, GENERAL COUNSEL].

(i) PTI's progress towards meeting its build-out plans – PTI made progress in 2016 in maintaining, upgrading, and improving its network and the quality of its wireless voice and data service. PTI implemented cell site upgrades, wireless backhaul upgrades, and additional capacity upgrades.¹⁷ For 2017-2018, PTI plans eight additional site locations/relocations.¹⁸ PTI has given a commitment to continue its efforts to upgrade the capabilities of its supported networks in the future. For 2019-2023, PTI expects to add 4 new wireless sites per year. System wide core upgrades will be implemented. PTI will continue to build out its fiber network to existing and new cell sites dependent on consumer demand.¹⁹ It continues to appear that PTI has demonstrated substantial progress in achieving the service improvements envisioned by the Federal USF programs.²⁰

(ii) Information on any outages – PTI reported that it did have an outage lasting at least 30 minutes and potentially affecting either at least 10 percent of the end users served or 911 facilities within the period of July 1, 2016, through June 31, 2017. On November 1, 2016, the Company's WCDMA wireless network suffered an outage lasting 2 hours resulting from a Global Title configuration error. Copies of active scripts will now be kept on file to prevent similar outages caused from faulty script uploads.²¹

(iii) Unfulfilled requests for service – PTI indicates that it had no unfulfilled requests for voice service interconnected with the public telephone network for the period of July 1, 2016, through June 31, 2017.²²

(iv) Complaints per 1,000 handsets - PTI reports that for the period of July 1, 2016, through June 30, 2017, that 9 complaints per 1,000 handsets were filed.²³

(v) Compliance with the CTIA Consumer Code - PTI certifies that it is in compliance with the CTIA Consumer Code during the reporting period.²⁴

¹⁷ Id. at pgs. 3-8.

¹⁸ Id. at pgs. 8-9.

¹⁹ Id. at p. 9.

²⁰ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, SERVICE QUALITY IMPROVEMENT FIVE YEAR PLAN, filed September 25, 2017, at p. 9.

²¹ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, at p. 3.

²² Id.

²³ Id.

²⁴ Id.; Letter Certification dated June 28, 2017, from Steven Carrara, General Counsel, IT&E, to Federal Communications Commission, filed September 25, 2017.

(vi) Ability to function in emergency situations – PTI certified that it has the ability to remain functional in emergency situations. There is a reasonable amount of backup power to ensure functionality without an external power source. PTI indicated that it can reroute traffic around damaged facilities and is capable of managing traffic spikes resulting from emergency situations.²⁵

(vii) Certification of local usage plan – PTI presently offers an unlimited usage local calling plan available to all customers. It currently offers various local usage plans that provide consumer value that are reasonably comparable to the plans offered by the ILEC, GTA Telecom. It is continuing to assess its rate plans in Guam, and will report to the Commission at least annually on its offerings, consistent with its ETC reporting requirement.²⁶

(viii) Equal access certification - PTI has certified that the PUC may require it to provide it equal access to long distance carriers in the event that no other ETC is providing equal access in the service area.²⁷

(h) *Prompt submission of information or reports-*

PTI must promptly submit to the Commission any additional information or reports that the Commission may reasonably request from time to time. PTI has been responsive in providing information requested by PUC Legal Counsel. It provided FCC Form 481 and other documentation in response to requests by PUC Counsel.

PTI indicates that, during the calendar year 2016, it received \$1,814,172 in USF support funds. It further states that these funds have all been used to improve the service quality of PTI's network in Guam.²⁸ Legal Counsel has not become aware of any contrary evidence which would contradict the above certifications by PTI. It is Legal Counsel's belief that PTI has satisfied all of the criteria set forth in the PTI ETC Designation Order and the FCC's requirements. PTI has already made major and substantial progress on its network and service improvement plans. There is no basis upon which it would be expected that future USF support will not be used for the purposes intended. Therefore, Legal Counsel recommends approval of PTI's request for USAC certification

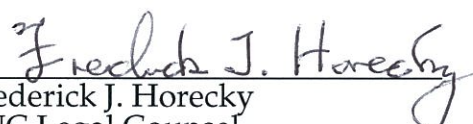
²⁵ Letter Certification dated June 28, 2017, from Steven Carrara, General Counsel, IT&E, to Federal Communications Commission, filed September 25, 2017; PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, at p. 3.

²⁶ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, at pgs. 3-4.

²⁷ Id. at p. 4.

²⁸ PTI 2017 Annual ETC Compliance Filing, PTI Docket 17-01, FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN, filed September 25, 2017, at p. 1.

Dated this 25th day of September, 2017.


Frederick J. Horecky
PUC Legal Counsel

Guam Public Utilities Commission

**To: Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554**

**Irene M. Flannery
Vice-President – High Cost & Low Income Division
Universal Service Administration Company
2000 L Street, N.W. Suite 200
Washington, DC 20036**

**RE: CC Docket 96-45/WC Docket No. 10-90 – Annual State-Certification of
Support for Eligible Telecommunications Carriers Pursuant to 47 C.F.R.
§54.314**

Pursuant to the requirements of 47 C.F.R §54.314, the Guam Public Utilities Commission hereby certifies to the Federal Communications Commission and the Universal Service Administrative Company that PTI Pacifica Inc. is eligible to receive federal high-cost support for the program years cited.

The Guam Public Utilities Commission certifies for PTI Pacifica Inc. that all federal high cost support provided to such carrier within Guam was used in the preceding calendar year (2016) and will be used in the coming calendar year (2018) only for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent with Section 254(e) of the Communications Act.

I am authorized to make this certification on behalf of the Guam Public Utilities Commission. This certification is for study area 669004 for the Territory of Guam.

Dated this 28th day of September, 2017.



Jeffrey C. Johnson
Chairman
Guam Public Utilities Commission

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) DOCOMO DOCKET 17-01
)
DOCOMO PACIFIC, INC.)
) PUC COUNSEL REPORT
USAC CERTIFICATION)
)
)
)
)

BACKGROUND

On November 29, 2010, the PUC granted Guam Telecom LLC.'s ["GT"] Petition for Designation as an Eligible Telecommunications Carrier ("ETC") throughout the Territory of Guam.¹ In accord with such Order, GT's annual designation as an ETC was subject to the provision of annual certifications and data submissions to the PUC.

GT has previously filed seven annual Petitions for USAC Certification with the PUC.² For each Petition, the PUC Chairman has issued "Use" Certifications indicating that Guam Telecom LLC would use federal high cost support funds only for the purposes for which the support is intended.³

¹ PUC Order Approving Designation, GT Docket 10-01, issued November 29, 2010.

² GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 11-02, filed March 10, 2011; GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 11-03, filed September 8, 2011; GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 12-02, filed August 28, 2012; GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 14-01, filed November 26, 2013; GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 14-02, filed August 27, 2014; GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 15-01, filed September 12, 2015; and GT Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), GT Docket 16-01, filed September 16, 2016 .

³ PUC "Use" Certification, CC Docket 96-45, issued March 21, 2011; PUC "Use" Certification, CC Docket 96-45, issued September 19, 2011; PUC "Use" Certification, CC Docket 96-45, issued September 10, 2012; PUC "Use" Certification, CC Docket 96-45, issued November 26, 2013, as amended on January 9, 2014; PUC "Use" Certification, CC Docket 96-45, issued September 26, 2014; PUC "Use" Certification, CC Docket 96-45, issued September 24, 2015; and PUC "Use" Certification, CC Docket 96-45, issued September 29, 2016.

On March 31, 2016, the PUC transferred Guam Telecom's ETC Designation and its Certificates of Authority to Docomo Pacific Inc.⁴

It is now Docomo Pacific's obligation to file its annual USAC Certification for study area code 669005. On September 22, 2017, Docomo Pacific, Inc. ["Docomo"] petitioned the Guam Public Utilities Commission ("PUC") to issue a certification that Docomo will use federal universal service support funds for purposes in compliance with Section 254(e) of the Telecommunications Act.⁵ Docomo seeks a finding by the PUC that Docomo will comply with §254(e), which states that universal service funds ("USF"), may be used only for the purposes designated in the Federal Act. Based upon such a finding by the PUC, Docomo will be eligible to receive support pursuant to 47 C.F.R. §§54.301, 54.305, and/or 54.307, in the first, second, third and fourth quarters of the upcoming year.⁶

REQUIREMENTS AND COMPLIANCE THEREWITH

1. The requirements for an eligible telecommunications carrier to qualify for the receipt of universal service support funds are set forth in 47 C.F.R. Part 54.⁷
 - (a) A carrier that receives federal universal service support must use that support only for the provision, maintenance and upgrading of facilities and services for which the support is intended.⁸ Attached as Exhibit A to Docomo's Petition is the certification and declaration by James W. Hofman II, the Chief Legal Officer of Docomo, that Docomo will use federal high cost support funds only for the provisioning, maintenance and upgrading of facilities and services for which the support is intended,

⁴ PUC Order, Joint Application of Guam Telecom, LLC and Docomo Pacific, Inc. for Approval of the Transfer of Guam Telecom, LLC's Certificates of Authority to Docomo Pacific, Docomo Docket 16-01, at p. 11["...the assignment and transfer of GT's ETC designation to Docomo Pacific is approved."]

⁵ Docomo Pacific Inc. Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), Docomo Docket 17-01, filed September 22, 2017.

⁶ Id. at p. 1.

⁷ 47 C.F.R. Part 54, Universal Service.

⁸ 47 C.F.R. §54.7.

consistent with §254(e) of the Communications Act. This certification is for study area 669005.⁹

- (b) Pursuant to 47 C.F.R. §54.101(e), an eligible telecommunications carrier must offer each of the designated services in order to receive federal universal service support.¹⁰ In particular, an ETC is required to provide the following services in order to be supported by Federal Universal Service Support mechanisms:

- (1) Voice grade access to the public switched network;
- (2) Local Usage;
- (3) Dual tone multi-frequency or its functional equivalent;
- (4) Single-party service or its functional equivalent;
- (5) Access to emergency services (such as 911 and enhanced 911);
- (6) Access to operator services;
- (7) Access to interexchange service;
- (8) Access to directory assistance; and
- (9) Toll limitation for qualifying low-income consumers.¹¹

2. Docomo has certified that it complies with its ETC Designation Order Requirements as set forth in 47 C.F.R. §54.101(a).¹²

- (a) Local Usage. Docomo certifies that it currently provides throughout Guam all of the services and functionality supported by the federal universal service program enumerated in 47 C.F.R. §54.101(a).¹³

⁹ Docomo Pacific Inc. Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), Docomo Docket 17-01, filed September 22, 2017, Exhibit A [Declaration of James W. Hofman II].

¹⁰ 47 C.F.R. §54.101(b).

¹¹ Id.

¹² Docomo Pacific Inc. Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), Docomo Docket 17-01, filed September 22, 2017, at pgs. 2-4.

- (b) E911 Service. Docomo has certified that it currently provides its subscribers with 911 and enhanced 911 through arrangements with the incumbent local exchange carrier, GTA, which has the sole connection to the government of Guam's PSAP in the service area.¹⁴
- (c) Certification of Service. Docomo has provided a certification that it offers all of the services designated by the FCC for support pursuant to §254(c) of the Federal Act either using its own facilities or a combination of its own facilities and resale. It further certifies that it advertises the availability of supported services through general television advertisements and on radio stations, and will continue to expand such advertising. Lifeline Assistance Service and Operator Assisted Services are now included in its General Exchange Tariff No. 1.¹⁵
- (d) Notification of Inability to Provide Service to a Requesting Customer. An ETC such as Docomo is required to report "the number of requests for service from potential customers within the eligible telecommunication carrier's service areas that were unfulfilled during the past year."¹⁶ Docomo certifies that, for the period of January 1, 2016 to December 31, 2016, it had no unfulfilled requests for voice service interconnected with the public phone network.¹⁷
- (e) Filing of a Detailed Build-Out Plan Satisfying the FCC's Requirements. Docomo is required to submit a five year plan that describes with specificity proposed improvements or upgrades in its network.¹⁸ Docomo's Five Year Network Improvement Plan is set forth as Exhibit B to its Petition, filed under a claim of confidentiality with the PUC, on September 25, 2017.¹⁹

¹³ Id. at p. 2.

¹⁴ Id.

¹⁵ Id.

¹⁶ 47 C.F.R. §54.209(a)(3).

¹⁷ Docomo Pacific Inc. Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), Docomo Docket 17-01, filed September 22, 2017, at pgs. 2-3.

¹⁸ 47 C.F.R. §54.202(a)(1)(ii).

¹⁹ Confidential Submission of Exhibit B to Petition for Annual Certification from the Guam Public Utilities Commission [Docomo's Five Year Network Improvement Plan Progress Report], Docomo Docket 17-01, filed September 25, 2017.

The Plan provides a description of the detailed improvements to its network structure over a five year period from 2016 through 2020, which improvements are ongoing for periods of up to eight years and which Docomo has made or intends to make to its network.²⁰ In 2017 and thereafter, it will continue with various projects designed to improve its underground fiber infrastructure in major highways throughout Guam.²¹ In 2018 and 2019, Docomo will continue to place underground fiber infrastructure in central and southern villages of Guam.²² In 2020, Docomo plans to begin connecting local residents' homes with direct fiber connections.²³ Since 2016, Docomo has made improvements in expanding its Network and placing its aerial network in protected, underground conduits in stages throughout the Island.²⁴

- (f) Filing of Annual Certification under 47 C.F.R. §54.314(b). As required, Docomo has certified that all federal high-cost support provided to it in the Territory of Guam will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended. It will file with the PUC, by August 31 of each year, an annual certification verifying that high cost support will only be used for those facilities and services for which the support is intended.²⁵
 - (g) Required Documentation. In accordance with the FCC ETC Designation Order²⁶ and Order Approving ETC Designation for GT²⁷, Docomo is required to file certain documentation to maintain its ETC Designation Status and to obtain an Order from the PUC approving its annual USAC Certification.
- (1) Five Year Network Plan. As outlined above, Docomo has demonstrated substantial progress in meeting its 5-year network

²⁰ Id. at pgs. 4-7.

²¹ Id. at p. 6.

²² Id.

²³ Id. at p. 7.

²⁴ Id. at p. 4.

²⁵ Docomo Pacific Inc. Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), Docomo Docket 17-01, filed September 22, 2017, at p. 3.

²⁶ *In the Matter of Federal – State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (Released March 17, 2005).

²⁷ PUC Order Approving Designation, GT Docket 10-02, filed November 29, 2010.

improvement plan.²⁸ Once it receives the universal support funds anticipated, it will more likely be able to achieve its goals in the plan.

- (2) Information on any outages. For the period of January 1, 2016, to December 31, 2016, Docomo does not have any outages to report.²⁹
- (3) Unfulfilled Requests for Service. For the period of January 1, 2016 to December 31, 2016, Docomo did not have any unfulfilled requests for service from potential customers within Docomo's service area.³⁰
- (4) Complaints per 1,000 lines. For the period of January 1, 2016, to December 31, 2016, Docomo is not aware of any complaints filed with the PUC or any other regulatory body.³¹
- (5) Service Quality Standards and Consumer Protection Rules. Docomo certifies that it is complying with applicable service quality standards and consumer protection rules.³²
- (6) Ability to Function in Emergency Situations. Docomo certifies that it is able to function in emergency situations.³³ It currently deploys battery backup units to its network nodes in addition to co-locating network hub equipment in commercial buildings that have back up power generators in case of power outages.³⁴
- (7) Certification of Local Usage Plan. Docomo includes unlimited local usage in its service rate plans and certifies that it is offering a local usage plan comparable to that offered by the incumbent local

²⁸ Docomo Pacific Inc. Petition for Annual Certification from the Guam Public Utilities Commission Re: Universal Service Funds (47 C.F.R. §54.314), Docomo Docket 17-01, filed September 22, 2017, at pgs. 3; see also Exhibit B.

²⁹ Id. at p. 3.

³⁰ Id.

³¹ Id. at p. 3.

³² Id.

³³ Id.

³⁴ Id. at pgs. 3-4.

exchange carrier, GTA TeleGuam.³⁵

- (8) Equal Access Certification. Docomo acknowledges and certifies that the PUC may require it to provide equal access to long distance carriers in the event that no other ETC is providing equal access in the service area.³⁶

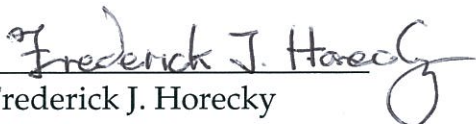
RECOMMENDATION

Docomo indicates that, during the calendar year 2016, it received \$347,676.00 from USAC's High Cost support program. Based upon the Petition and supporting exhibits submitted by Docomo, it appears that the USF received in calendar year 2016 has been used as intended. It is Counsel's opinion that there is a sufficient factual and evidentiary basis upon which the Commission can reasonably certify that the USF distributed to Docomo in calendar year 2018 will be used in accord with the purposes and requirements stated in the Federal Act and Code of Federal Regulations. Counsel recommends that Docomo's request for USAC certification be GRANTED.

Legal Counsel has not become aware of any contrary evidence which would contradict any of the above certifications by Docomo. It is Legal Counsel's belief that Docomo has satisfied all of the requirements set forth in the Code of Federal Regulations, the Docomo ETC Designation Order, and the FCC's requirements. There is no basis upon which it would be expected that USF support will not be used by Docomo for the purposes intended.

Therefore, Legal counsel recommends approval of Docomo's request for USAC certification.

Dated this 26th day of September, 2017.


Frederick J. Horecky
PUC Legal Counsel

³⁵ Id. at p. 4.

³⁶ Id.

Guam Public Utilities Commission

**To: Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554**

**Irene M. Flannery
Vice-President – High Cost & Low Income Division
Universal Service Administration Company
2000 L Street, N.W. Suite 200
Washington, DC 20036**

**RE: CC Docket 96-45/WC Docket No. 10-90 – Annual State-Certification of
Support for Eligible Telecommunications Carriers Pursuant to 47 C.F.R.
§54.314**

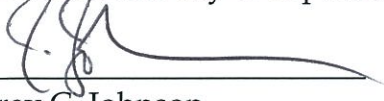
Pursuant to the requirements of 47 C.F.R §54.314, the Guam Public Utilities Commission hereby certifies to the Federal Communications Commission and the Universal Service Administrative Company that Docomo Pacific, Inc. is eligible to receive federal high-cost support for the program years cited.

On March 31, 2016, the Guam Public Utilities Commission transferred Guam Telecom LLC's Eligible Telecommunications Carrier ["ETC"] Designation and its Certificates of Authority to Docomo Pacific Inc.

The Guam Public Utilities Commission certifies for Docomo Pacific, Inc., that all federal high cost support provided to such carrier within Guam was used in the preceding calendar year (2016) and will be used in the coming calendar year (2018) only for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent with Section 254(e) of the Communications Act.

I am authorized to make this certification on behalf of the Guam Public Utilities Commission. This certification is for study area 669005 for the Territory of Guam.

Dated this 28th day of September, 2017.



Jeffrey C. Johnson
Chairman, Guam Public Utilities Commission



BEFORE THE PUBLIC UTILITIES COMMISSION

**IN RE: REQUEST FOR REVIEW)
AND APPROVAL OF)
NEW LEASE RATES BY)
PORT AUTHORITY OF)
GUAM)**

PAG DOCKET 17-02

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the May 4, 2017 request of approval for new lease rates, filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG” or the “Port”). PAG seeks PUC review and approval of new rates for office space, at \$1.97 per square foot; warehouse space, at \$0.92 per square foot; and open space, at \$0.56 per square foot.

On September 20, 2017, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report regarding the instant matter, which included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

1. Public Law 30-19

Public Law 30-19 (“P.L. 30-19”) requires that “[a]t a minimum, once every three (3) years the Port shall conduct assessments of the value of Port real properties and other related facilities.” P.L. 30-19, p. 3 (Apr. 17, 2009). The statute further requires that PAG’s Board of Directors *shall* set rates “at a ten percent (10%) increase over the previously charged rate, *or* the amount determined by the recent assessment, whichever is greater.” *Id.* (emphases in original).

These rates “*shall* be the minimum amount charged by the Port for the leasing and use of Port property.” *Id.* at 4 (emphasis in original).

The statute provides that PAG is required to provide sixty (60) days notice to the public and to existing tenants of any lease and use rate adjustments; and, that upon expiration of this notice period, these rates “*shall* become effective immediately” and “*shall* apply to all new leases and use agreements and those existing leases and use agreements subject to adjustment of lease and use rates.” *Id.* (emphases in original).

2. Public Notice

On February 27, 2017, PAG published a Notice to the General Public in the *Guam Daily Post* indicating a ten percent (10%) increase to the existing rates.

3. Updated Appraisal and Consulting Report Regarding Market Rental Analysis of PAG’s Office, Warehouse, Open Yard, and Telecommunication Spaces

Based on the research conducted by Captain & Associates, the consultants concluded that the market rental per square feet of office space is \$1.48 per month; \$0.74 per square feet for warehouse space; and between \$0.25 and \$0.37 for open space.¹

With respect to office space, the consultants analyzed recent office lease transactions.² The consultants drew from comparables that included the Coast360 Building in Maite, the Agat Point Commercial Center in Agat, the RBC Business Center in Tamuning, and the Nanbo Guahan Building, just to name a few.³

¹ Updated Appraisal and Consulting Report Regarding Market Rental Analysis of PAG’s Office, Warehouse, Open Yard, and Telecommunication Spaces (“Captain Report”), pp. 60, 67-68.

² Captain Report, p. 55.

³ Captain Report, pp. 55-60.

With respect to warehouse space, the consultants analyzed transactions involving industrial space near the Port, as well as current listing of vacant industrial space.⁴ The consultants drew comparables from Hagatna to Dededo. Specifically, the consultants examined the Marine Drive Warehouse in East Hagatna, the Guerrero Road Warehouses in Harmon, the Agat Warehouse in Tamuning, and the Coronel Complex on Route 16, to name a few.⁵

For open space, the consultants examined recent land transactions, as well as property listings, involving industrial land near the Port.⁶ The Port's consultants noted that "[t]he existing policy for applying open yard rates for all locations, sizes and types of land should be reviewed and modified."⁷

4. PAG Board Approval

On February 13, 2017, PAG's Board of Directors issued Resolution No. 2017-01, which indicated that P.L. 30-19 authorizes PAG's Board of Directors to set lease rates at a ten percent (10%) increase over the previously charged rate.⁸ The Resolution further indicated that the assessment conducted by Captain & Associates, PAG's consultant, determined that PAG's existing rates were "above market."⁹ Moreover, that based on its analysis, Captain & Associates recommended that the rates remain unchanged or be lowered to reflect market levels.¹⁰

⁴ Captain Report, p. 61.

⁵ Captain Report, pp. 61-67.

⁶ Captain Report, p. 68.

⁷ Captain Report, p. 68.

⁸ Resolution No. 2017-01, p. 1 (Feb. 13, 2017).

⁹ Resolution No. 2017-01, p. 1.

¹⁰ Resolution No. 2017-01, p. 1.

According to the Resolution, the Board stated that it would defer to the PUC on the matter of “application of the mandated 10% escalation.”¹¹

CONCLUSION

It is clear that the Guam Legislature has given PAG’s Board of Directors broad authority to set lease rates for property at the Port. Indeed, the ALJ found that PAG is mandated, at a minimum, once every three (3) years, to conduct assessments of the value of Port real properties and other related facilities. The ALJ further found that PAG’s Board of Directors is statutorily mandated to either set a ten percent (10%) increase over the previously charged rate, or an amount determined by a recent market assessment, *whichever is greater*. In this instance, the ten percent (10%) increase over the previously charged rate is greater than the recent market assessment conducted by Captain & Associates.

Accordingly, based on the record before the Commission, and for the reasons set forth therein, the ALJ recommended that the PUC approve the following lease rates as petitioned by PAG: \$1.97 per square foot for office space; \$0.92 per square foot for warehouse space; and \$0.56 per square foot for open space. The Commission hereby adopts the findings made in the September 20, 2017 ALJ Report, and therefore, issues the following:

ORDERING PROVISIONS

Upon careful consideration of 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:

¹¹ Resolution No. 2017-01, p. 1.

1. PAG's petition is hereby APPROVED; PAG is authorized to implement the following lease rates: \$1.97 per square foot for office space; \$0.92 per square foot for warehouse space; and \$0.56 per square foot for open space.

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 this rate investigation. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b) (renumbered as 12 G.C.A. §§ 12103(b) and 12125(b)), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 28th day of September, 2017.




JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner



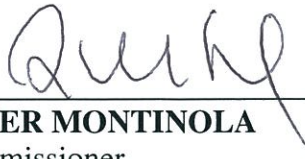
JOSEPH M. MCDONALD
Commissioner



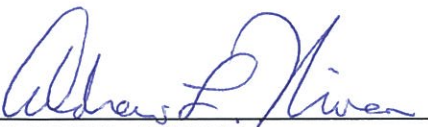
FILOMENA M. CANTORIA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner



ANDREW L. NIVEN
Commissioner

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OFFICE OF THE VICE SPEAKER
THERESE M. TERLAJE
Chairperson of the Committee
On Culture and Justice



I Mina'trentai Kuåttro na Liheslaturan Guåhan
34th Guam Legislature

September 28, 2017

Jeffery Johnson
Chairman
Guam Public Utilities Commission
Suite 207 GCIC Building
414 West Soledad Avenue
Hagåtña, Guam 96910

RE: GWA Docket 17-06, FY 2017 Annual True-up, ALJ Report and Proposed Order

Hafa adai Chairman Johnson and Commissioners of the Guam Public Utilities Commission,

I am writing to oppose the proposed fifth and final increase in the Guam Waterworks Authority (GWA) rate plan, set at 4.5 percent, which would take effect next fiscal year 2018, beginning October 1st if approved by the Public Utilities Commission. While GWA is seeking the rate increase to pay off bond money borrowed to improve the island's water and wastewater systems, the increase would unfairly affect GWA's basic and non-lifeline water and wastewater rates, both residential and non-residential customers, given that the GWA general manager Miguel Bordallo recently reported that defective meters are the main factor in revenue loss for the public utility.

For years, GWA has recognized that it has had thousands of faulty meters, and while the agency has had all that time to repair or replace the meters, this setback still persists. The agency most recently reported that there were more than 6,000 problematic meters that needed to be replaced or fixed because they were under-reporting water use. This affected a \$6.5 million short fall from the projected \$89.6 million revenues from water and wastewater services, as stated in the agency's latest financial report.

Rather than writing off the losses and expecting ratepayers to bear the burden of the revenue shortfalls, GWA must take immediate action to address the need to repair or replace the faulty meters within a sensible timeline. Otherwise, end-of-year revenue projections will continue to fall short due to the continued underreported water usage. Even the GWA "2017 True Up Filing Request" stated that the decline in the annualized 2017 projected water demand is attributable to a lag in the replacement of problematic meters. Despite last year's increase to ratepayers of 3.5%, the agency still experienced this shortfall because the issue of defective water meters continues.

Furthermore, in review of the PUC minutes of the Meeting from September 29, 2016, your own efforts to deny a rate increase to GWA unfortunately failed when the Commission voted to approve a 3.5% rate increase for GWA, despite statements from the GWA Chief Financial Officer Greg Cruz who endorsed that GWA would be able to meet the requirements for debt service coverage under the indentured covenant without the increase. Furthermore, CFO Cruz stated that even without the rate increase, GWA could still meet its deadlines and PUC debt service covenant of 1.75 and the 1.25 bond debt covenant. At that time, none of the bond projects had been completed, even though GWA

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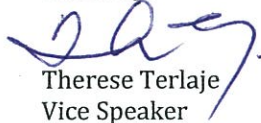
ATTACHMENT E

accounts reflected that substantial amounts of bond relief that remained uncommitted. Commissioners present also indicated that ratepayers should be given some time of relief while GWA continues its efforts to improve the system and that the utility could make up for shortfalls by holding off from hiring new positions. Mr. Chairman, you also discussed your concerns last year about the 25% increase in salaries and wages, from \$16,198,000 to \$19,740,00, and that GWA could hire 59 new employees without a rate increase. This year, GWA is also proposing another possible increase in salaries through GWA resolution no. 53-FY2017.

Additionally, during this last year's meeting, Commissioner Cantoria stated that plenty of money was sitting idle and that interest was being paid on the monies borrowed for bonds. If the monies were put to good use, GWA might increase revenue or reduce employees, but until then the ratepayers should not have to be asked for more money because internally the agency had the capability to generate funds or reduce its expenses.

It is for all of the reasons mentioned above, that I am writing to oppose the 4.5% rate increase. On behalf of the people of Guam, I urge you to consider the need to address the challenges within the utility that are displaced on our consumers and that rate payers are given some relief. Thank you and Si yu'os ma'åse.

Sincerely,



Therese Terlaje
Vice Speaker

CC: Filomena Cantoria, Commissioner
Joseph McDonald, Commissioner
Rowena Perez, Commissioner
Michael Pangelinan, Commissioner
Peter Montinola, Commissioner
Andrew Niven, Commissioner
David Mair, Administrative Law Judge
Joephet Alcantara, Administrative Law Judge
Frederick Horecky, Administrative Law Judge/Legal Counsel
Lourdes Palomo, PUC Administrator
Miguel Bordallo, Guam Waterworks Authority General Manager



OFFICE OF SENATOR TELENA CRUZ NELSON

CHAIRPERSON OF THE COMMITTEE ON HOUSING, UTILITIES, PUBLIC SAFETY & HOMELAND SECURITY
I MINA'TRENTAI KUATTRO NA LIHESLATURAN GUAHAN | 34th GUAM LEGISLATURE

September 28, 2017

Dr. Jeffery Johnson
Chairman
Public Utilities Commission

VIA E-MAIL:

lpalomo@guampuc.com



Subject: Testimony in opposition to the Guam Waterworks Authority Water Rate Increase

Dear Chairman Johnson and PUC Commissioners:

Håfa Adai! I would like submit written testimony in opposition to the Guam Waterworks Authority (GWA) implementation of the proposed 4% increase for Fiscal Year 2018. I strongly urge the Public Utilities Commission to reconsider approving GWA's rate increase.

As the Chairperson on the Committee on Utilities, my Committee has held a series of Informational Briefings with the GWA and Consolidated Commission on Utilities in regards to the increase of water and wastewater rates. Through these discussions, the Committee has identified that there is over 9 million dollars from the System Development Charge (SDC) that has not been spent since its inception and establishment. Our ratepayers will endure the burden of such rate increases if approved and will continue to contribute to the SDC while we have yet to see progress in decreasing water loss.

Our island continues to experience multiple water outages throughout the island and it is still unclear how much revenue was lost with the purchase of the badger meters, which have been failing at a large rate. Defective meters have been the main factor in revenue loss and with about six thousand (6,000) meters in need of replacement or maintenance; there is a critical concern as to asking if what is being done, enough? Numerous constituents are persistently reaching out to my office to share their concern of faulty water meters, inaccurate billing and high water rates. I am concerned that with no improvement on the amount of water that is lost and high percentage of water loss versus the acceptable water loss for the water industry's standard, there is a need to not further increase rates.

I respectfully request that this testimony be included in the record on this concern. Please do not hesitate to contact me, should you have any questions or concerns. *Si Yu'os Ma'ase!*

Senseramente,

Telena Cruz Nelson

Senator

I Mina'Trentai Kuattro Na Liheslaturan Guahan

cc: All PUC Commissioners and Administrative Law Judges

GUAM CONGRESS BLDG. 163 CHALAN SANTO PAPA HAGÁTÑA, GUAM 96910

Tel: (671) 989-7696 | Email: senatortcnelson@guamlegislature.org

ATTACHMENT F

BEFORE THE PUBLIC UTILITIES COMMISSION



PETITION OF)

GUAM WATERWORKS AUTHORITY)

FOR RATE RELIEF)

GWA DOCKET 17-06

ORDER RE: ANNUAL

TRUE UP FOR FY2018 RATES

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the PUC’s Rate Decision dated October 29, 2013 (the “Rate Decision”). Pursuant to the Rate Decision, GWA is required to provide the PUC with certain updated information annually, specifically its annual “true up” report.

BACKGROUND

On June 1, 2017, GWA submitted its annual “true up” report (hereinafter referred to as the “Annual True Up” or “FY2017 True Up”). Pursuant to the Rate Decision, the PUC has approved a rate increase of four percent (4%) for fiscal year 2018 (“FY2018”).

On September 27, 2017, the Administrative Law Judge of the PUC Joephet R. Alcantara (the “ALJ”) filed a report regarding the Annual True Up, which included his findings and recommendations based on the administrative record before the PUC. The ALJ made the following findings.

DETERMINATIONS

A. Annual True Up Request

1. Base Rate and Lifeline

In the Annual True Up, GWA submitted that it has examined the following:

(1) its latest available financial date; (2) developments since the last annual true up filing;

(3) financial policies; (4) a forecast of FY2017's year-end results; (5) FY2018 revenue requirements; (6) known and measureable changes in costs and conditions; and (7) its rate covenants.¹

Based on its examination of the items above, GWA requested implementation of the four percent (4%) proposed rate increase across all rates and customer classes, excluding lifeline rates.²

2. Legislative Surcharge

With respect to its Legislative Surcharge, which must be adjusted annually and is restricted to paying for health care benefits and annuities of GWA's retirees, GWA requested an increase of this surcharge from 3.7% to 3.75%.³

B. Annual True Up Review

1. Operating Expenses for FY2018

As indicated in the Annual True Up, GWA's projected operating expenses for FY2018 necessitate a revenue requirement of about \$84.5 million. This requirement involves the following: about \$24 million in salaries and benefits; about \$21 million in utilities; about \$12 million in general and administrative expenses; about \$4.5 million in contractual expenses; and about \$3.4 million in retiree annuities and benefits, along with other expenses.⁴ Its revenue requirement for FY2017 was approximately \$75 million, though \$81 million was approved.⁵

¹ Annual True Up, p. 2.

² Annual True Up, p. 2.

³ Annual True Up, p. 2.

⁴ Annual True Up, p. 12; Schedule C.

⁵ Annual True Up, p. 12.

2. Revenues

GWA forecasts that its revenues will grow from \$106 million to \$112 million, or 6%, in FY2018.⁶ GWA assumes that there will be no organic growth in customer base, but that the increase will be attributable to the proposed rate increase.⁷ GWA submits that the four percent (4%) rate increase will add approximately \$6 million in water and wastewater revenues.⁸

3. Debt Service

GWA's debt service for FY2018 is estimated at about \$29,960,827.⁹ GWA's debt service for FY2017 is annualized at \$24,562,301.¹⁰ GWA submits that its debt service will increase by \$5 million in FY2018.¹¹ However, since the PUC's recent authorization for the refund of GWA's 2010 bonds, GWA estimates an annual savings of about \$455,600, which lessens its debt service.

4. Summary of Staff

In its filing, GWA further indicated that it currently has three hundred thirty-two employees, totaling \$21,756,707 in gross salaries.¹² It has sixty-three vacant positions.¹³ GWA projects that it will need \$24 million for salaries and benefits for FY2018.¹⁴

⁶ Annual True Up, p. 7.

⁷ Annual True Up, p. 7.

⁸ Annual True Up, p. 7.

⁹ Annual True Up, p. 13.

¹⁰ Annual True Up, p. 13.

¹¹ Annual True Up, p. 13.

¹² Annual True Up, p. 14.

¹³ Annual True Up, p. 14.

¹⁴ Annual True Up, p. 12.

5. Faulty Meters, Water Loss, and School Shutdowns

As part of this review, the ALJ issued a Request for Information (“RFI”) which identified certain areas of concern, namely: (1) faulty meters; (2) water loss; (3) and water loss affecting schools.

In response to the RFI, GWA provided some insight on the issue of its low-reading meters. GWA indicated that a particular disc in the meter’s measuring chamber has been cracking. GWA submitted that the manufacturer has admitted that there have been issues with the quality of these meters. In response, GWA is working with the manufacturer to replace the failing meters “with a more robust model” under warranty.

With respect to its water losses in general, GWA submitted that water loss, or non-revenue water, is comprised of: unbilled, unauthorized consumption; apparent losses, such as metering inaccuracies; and real losses, such as leaks in its transmission system. GWA maintains that real losses of about 46% are attributable to leaks in GWA’s system. To address this water loss, GWA has initiated the following: its line replacement program; its reservoir replacement program; staffing its leak detection and leak repair programs; pressure zone realignment and system meter project (to improve water pressure and water delivery); hydrant repair and replacement; and the completion of its System Control and Data Acquisition program.

GWA maintained that it is able to repair its water leaks and further maintains that it does not need a contractor to address this issue. With respect to its efforts to solving its water loss problem, GWA is “stymied” by factors, which include: a shortage of manpower in its leak repair crews; and, it experiences shortages in its parts and supplies.

Lastly, GWA currently has a standard procedure when there are water outages at schools. During such outages, GWA provides a water tanker if the school does

not already have a storage tank and pump system. In cases where the school has storage tanks, GWA assists with refilling the tanks with water. In cases where the schools have no tanks, then GWA stages a tanker at the school for its use.

GWA also indicated that GWA has a fleet of mobile water tanks and water buffaloes. GWA is able to set up water tanks at school sites to prevent schools from shutting down during times of water loss.

CONCLUSION

Accordingly, based on the documentation provided by GWA in this docket, and for the other reasons set forth in the ALJ Report, the ALJ recommended that the PUC authorize GWA to implement the four percent (4%) rate increase for FY2018. With respect to the Legislative Surcharge, the ALJ recommended that the PUC approve the increase of this surcharge to 3.75% as requested by GWA. The ALJ further recommended that GWA be required to submit a report to the PUC, within thirty (30) days, detailing the status of all Federal Stipulated Order projects, including a timeline of events and deadlines for any outstanding projects, as well as a report, also within thirty (30) days, detailing the status of all Capital Improvement projects, including a timeline of events and deadlines for any outstanding projects.

ORDERING PROVISIONS

Upon careful consideration of the record herein, the September 27, 2017 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. That GWA has satisfied the requirements concerning its Annual True Up and, therefore, the PUC hereby authorizes GWA to implement the four percent (4%) rate increase for FY2018, excluding its Lifeline rates, effective October 1, 2017.

2. That GWA is further authorized to increase its Legislative Surcharge to 3.75%.

3. GWA shall submit to the PUC a report detailing the status of all Federal Stipulated Order projects, including a timeline of events and deadlines for any outstanding projects, within thirty (30) days.

4. GWA shall also submit to the PUC a report detailing the status of all Capital Improvement projects, including a timeline of events and deadlines for any outstanding projects, within thirty (30) days.

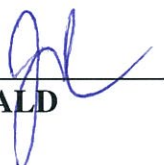
5. GWA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with the instant proceeding. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 28th day of September, 2017.


JEFFREY C. JOHNSON
Chairman



ROWENA E. PEREZ
Commissioner

NO - VOTE 
JOSEPH M. MCDONALD
Commissioner


FILOMENA M. CANTORIA
Commissioner


MICHAEL A. PANGELINAN
Commissioner


PETER MONTINOLA
Commissioner


ANDREW L. NIVEN
Commissioner

P173028.JRA



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**IN RE: PETITION FOR APPROVAL
OF MULTI-YEAR CONTRACT
WITH JMI-EDISON FOR
DRINKING WATER
MEMBRANE MODULES**

GWA DOCKET 17-11

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition for Approval of Multi-Year Contract with JMI-Edison for Drinking Water Membrane Modules (the “Petition”), filed on August 25, 2017 by the Guam Waterworks Authority (“GWA”).

BACKGROUND

In early 2016, GWA issued Invitation for Bid 2016-04 (the “IFB”) seeking bids for “membrane filtration devices” for its Ugum Water Treatment Plant. According to GWA, these “membrane modules,” or filters, ensure its compliance with Guam’s Safe Drinking Water Act.

While eight (8) bidders registered, only one bidder submitted a bid, namely JMI-Edison. The bid submitted by JMI-Edison indicated a unit price of \$1,420.00 per membrane module. GWA accepted this bid.

On July 16, 2016, the parties entered into a contract related to the purchase of 400 membrane modules, at a cost of \$1,420.00 each, for a total contract price of \$568,000.00. The term of the contract indicates an initial three-year term, with two (2) one-year options to renew.

On September 25, 2017, the Administrative Law Judge of the PUC Joepheth R. Alcantara (the “ALJ”) filed a report regarding the instant Petition, which included his findings and recommendations based on the administrative record before the PUC. The ALJ made the following findings.

DETERMINATIONS

Pursuant to 12 G.C.A. § 12105,¹ GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. In addition, GWA’s Contract Review Protocol requires that “[a]ll professional service procurements in excess of \$1,000,000” require “prior PUC approval under 12 G.C.A. § 12004, which shall be obtained before the procurement process is begun”²

In its Petition, GWA submitted that the purchase of membrane modules is necessary to ensure that the Ugum Water Treatment Plant continues to meet Surface Water Treatment Rules, as well as the Safe Drinking Water Standards.³ The IFB underlying the contract sought membrane modules to operate its Ugum Water Treatment Plant, as well as to acquire “adequate stock replenishment.”⁴

GWA contends that the procurement of the filters and the subsequent contract were “fairly and openly procured.”⁵ GWA also submitted that the first 400 filters

¹ Formerly 12 G.C.A. § 12004.

² GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

³ Petition, p. 2.

⁴ Petition, p. 1.

⁵ Petition, p. 2.

were used to replace Ugum Water Treatment Plant's 864 modules. The additional membranes will replace the remaining filters at the plant. According to GWA, these modules have a lifespan of seven years. GWA therefore requested PUC approval for the purchase of 464 additional membrane modules under the subject contract, thereby increasing the total cost of the contract to \$1,226,880.00, and triggering review by the PUC.⁶

The IFB sought "membrane filtration devices" for its Ugum Water Treatment Plant. In particular, GWA sought the submission of bids for "Memcor" brand membrane filters, as these filters are currently utilized by GWA at its Ugum Water Treatment Plant, and have kept GWA in compliance with the Safe Drinking Water Act. The IFB sought pricing for four hundred (400) membrane filtration modules.

The initial term of the contract indicates an initial three-year term, with two (2) one-year options to renew. The subject contract provides for the purchase of membrane module filters, at a cost of \$1,420.00 per filter. The original purchase under this contract is \$568,000.00. GWA intends on purchasing an additional 464 membrane modules at a cost of \$658,880.00, increasing the total cost of the contract to \$1,226,880.00. This contract is funded internally.

The Petition is supported by Resolution No. 50-FY2017 (the "Resolution") issued by the Consolidated Commission on Utilities ("CCU"). In the Resolution, the CCU authorized GWA to purchase an additional 464 membrane modules at a cost of \$658,880.00, thereby increasing the total cost of the contract to \$1,226,880.00.

⁶ Petition, p. 2.

In the September 25, 2017 ALJ Report, the ALJ found that GWA's procurement of the membrane module filters, and the subsequent contract with JMI-Edison, appears properly procured. In addition, the ALJ further found that GWA's purchase of membrane module filters is necessary to ensure that the Ugum Water Treatment Plant continues operate, and that such operations satisfy Surface Water Treatment Rules, as well as Safe Drinking Water Standards. Based on the foregoing, the ALJ recommended that the PUC approve GWA's Petition.

Accordingly, based on the documentation provided by GWA in this docket, and for the other reasons set forth in the ALJ Report, the ALJ recommended that the PUC: ratify the underlying procurement; ratify the subsequent contract between GWA and JMI-Edison for the purchase of the membrane modules; and authorize GWA to proceed with the purchase of the additional 464 membrane modules at a cost of \$658,880.00, for a total cost of \$1,226,880.00.

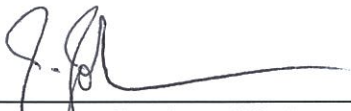



ORDERING PROVISIONS

Upon careful consideration of the record herein, the September 25, 2017 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 hereby RATIFIES the underlying procurement and GWA's contract with JMI-Edison for the purchase of the membrane modules; and therefore authorizes GWA to proceed with the purchase of the additional 464 membrane modules at a cost of \$658,880.00, for a total cost of \$1,226,880.00.

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 contract review. 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 28th day of September, 2017.


JEFFREY C. JOHNSON
Chairman
ROWENA E. PEREZ
Commissioner
JOSEPH M. MCDONALD
Commissioner
FILOMENA M. CANTORIA
Commissioner
MICHAEL A. PANGELINAN
Commissioner
PETER MONTINOLA
Commissioner
ANDREW L. NIVEN
Commissioner

P173031.JRA

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) GPA Docket 17-22
)
The Application of the Guam Power)
Authority to Approve the FY2018 GPA) ORDER
CIP Ceiling Cap)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA's Petition for Request for Approval of FY2018 GPA CIP Ceiling Cap.¹ Therein, GPA requests PUC approval of its FY2018 Capital Improvement Project Cap in the amount of \$20,959,813, which consists of General Plant (\$16,780,813) and Engineering (\$4,179,000).² GPA's proposed FY2018 Ceiling Cap also includes \$4,270,187 for Line Extensions. However, pursuant to the GPA Contract Review Protocol, regulatory review is not required for blanket job orders and line extensions.³ The Guam Consolidated Commission on Utilities [CCU] approved the FY2018 Capital Improvement Project Ceiling Cap.⁴

BACKGROUND

The Background of this matter is fully addressed in the PUC Counsel Report dated September 19, 2017. The Commission adopts the Counsel Report and the recommendations set forth therein,

DETERMINATIONS

This year's requested cap includes some large "plant" items: (1) Energy Storage Phase 1 payment of \$400,000 (not covered by Bond); IPP Procurement/ Construction Mgmt. (EPCM Scope), \$800,000; IPP Assessment (MEC/Temes contracts Transition), \$600,000; Digger, \$500,000; purchase of Tree Trimming Equipment, bucket trucks and other

¹ GPA Petition for Contract Review (Application to Approve the FY2018 GPA CIP Ceiling Budget), GPA Docket 17-22, filed September 13, 2017.

² Id. at p. 2.

³ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec. 1a.

⁴ Guam Consolidated Commission on Utilities (CCU) Resolution No. 2017-35, Relative to the Adoption of a Budget for the Guam Power Authority for Fiscal Year 2018, adopted September 26, 2017.

equipment, for \$1,420,913.00; Major Overhauls of 8 Caterpillar Units, \$1,198,617.00; Cabras Overhaul, \$449,000; and FY2017 Carryover for Bid on Circuit Breakers, \$535,385.00.⁵

The prior year cap levels were as follows:

FY2017 Cap \$18,798,120
FY2016 Cap: \$12,067,780
FY2015 Cap: \$9,974,000
FY2014 Cap: \$7,363,110.
FY2013 Cap: \$10,135,760.
FY2012 Cap: \$13.581M.
FY2011 Cap: \$5M.⁶
FY2010 Cap: \$16,390,707.⁷

On its face, the proposed FY2018 CIP cap, \$20,959,813, exceeds the FY2017 cap by over \$2M, and is the highest cap since 2010. However, the proposed FY2018 cap has a lower “General Plant” budgeted amount, at \$16,780,813, than the FY2017 “General Plant” budget of \$18,798,120. The proposed FY2018 CIP cap includes over \$4M of Engineering projects, whereas last year’s CIP cap had no engineering projects.

The proposed Engineering CIP projects appear reasonable and should improve the IWPS. Given the inclusion of Engineering projects in the FY2018 CIP Budget, this year’s proposed cap is not out of line or inconsistent with the cap in prior years.

GPA will need to seek approval under the Contract Review Protocol for procurement of those items included within the CIP cap which exceed the \$1.5M threshold. GPA previously obtained contract review approval for the LED Streetlight Conversion and T & D Line Maintenance Support, \$1,604,000.⁸ Other projects which may require contract review are: possibly Cat. 107392, FY2017 C/O, Tree Trimming Equipment and Bucket Trucks, \$1,420,913 (if expenditures for all years of the contract will exceed \$1.5M); Major Overhaul for the Caterpillar and Wartsila Units, \$1,198,617 and \$388,088 respectively (both under Category 107312).

⁵ Id. at p. 3.

⁶ PUC Order, GPA Docket 13-16, dated October 29, 2013, at pgs. 1-2.

⁷ PUC Order, GPA Docket 10-05, dated October 29, 2010, at pg. 1.

⁸ PUC Order, GPA Docket 16-08, dated May 26, 2016.

ORDERING PROVISIONS

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

1. The GPA FY2018 internally funded CIP ceiling cap, which consists of General Plant, is approved in the amount of \$20,959,813.
2. The General Plant budget is consistent with prior budgets and appears reasonable; no prudence concerns are noted.
3. GPA shall file a complete reconciliation of the FY2017 expenditures on or before December 15, 2017, as required by the Contract Review Protocol.
4. GPA must obtain Contract Review approval from the PUC before it expends amounts for those projects which exceed the contract review threshold of \$1.5M.
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 PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
The Request of GPA to
Approve FY2018 CIP Ceiling Cap
GPA Docket 17-22
September 28, 2017

Dated this 28th day of September, 2017.



Jeffrey C. Johnson
Chairman

Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner



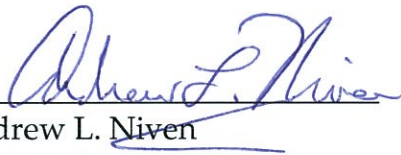
Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:

) GPA Docket 17-21

)
)
) The Application of the Guam Power for
) Approving the Procurement of Phase III
) Renewable Acquisition for GPA
)
)

) ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the Petition of the Guam Power Authority ["GPA"] for PUC Approval of the Phase III Renewable Acquisition Procurement.¹
2. In GPA Docket 16-05, the PUC authorized GPA to enter into a Lease agreement with the United States Navy [hereinafter "Navy"] for approximately 164 acres of federal land.²
3. The purpose of the Lease is to enable GPA to undertake a 37MW Solar PV development on five Navy parcels of land, which include South Finegayan, WWTP Site, CDF Site, existing 250KV Site, and Commissary Site.³

BACKGROUND

4. Having been granted PUC authorization to lease the Navy land, GPA now requests approval of the procurement of Phase III Renewable Acquisition, which would include up to 40MW of renewable energy "with energy storage requirements for the primary purpose of shifting solar PV energy."⁴
5. In support of its procurement request, GPA has submitted a CD which sets forth Volumes I-V draft procurement documents.

¹ GPA Petition for Approving the Procurement of Phase III Renewable Acquisition for GPA, GPA Docket 17-21, filed September 12, 2017.

² PUC Order GPA Docket 16-05, dated July 28, 2016, at p. 7.

³ Id. at p. 1.

⁴ GPA Petition for Approving the Procurement of Phase III Renewable Acquisition for GPA, GPA Docket 17-21, filed September 12, 2017 at p. 1.

6. GPA seeks to procure developers who will construct solar PV plants on each of the five projected sites. GPA will function as the Engineering, Procurement and Construction [“EPC”] Partner for Navy on these projects. It is responsible for soliciting bids from firms and the issuance of the procurement to provide solar PV facilities at each of the leasehold sites.⁵
7. GPA has set forth the Technical Qualifications for bidders in Volume II: Technical Qualification Proposal Requirements, Renewable Energy Resource Phase III. GPA sets forth such requirements for project development, financing, management/experience, projects schedule and commercial operation date, engineering and technology, and many other matters.⁶
8. A significant aspect of this bid is that bidders must provide “Dispatchability”: “This bid requires ESS [i.e. Energy Storage System] for the purpose of shifting energy to a period other than when the energy is produced. Proposals with no ESS or not capable of shifting its energy to another period (i.e. during evening hours) shall be disqualified.”⁷
9. GPA has also submitted a “Draft Renewable Energy Purchase Agreement” in its bid documents.⁸ Such Agreement is similar to the NRG solar agreement and the Phase II Renewable Agreements. The Bidders (“Seller”) will be required to construct solar PV plants on the leased premises and to sell power to GPA at a set price per kWh. The term of the contract will be 25 years.⁹
10. Only Solar Photovoltaic systems may be proposed for this bid.¹⁰
11. The contract form requires that all energy be stored and delivered to GPA as requested (i.e. during evening hours) and that the intermittency impact to the GPA system be minimized.¹¹
12. GPA presently contemplates that the solar power plants constructed under the bid should be commissioned by May 27, 2020.¹² The minimum project capacity for each

⁵ Id at pgs. 1-2.

⁶ Vol II: Technical Qualification Proposal Requirements Renewable Energy Resource Phase III at pgs 16-22.

⁷ Id. at p. 21.

⁸ Vol III, Renewable Energy Resource, Phase III: Draft Renewable Energy Purchase Agreement.

⁹ Id. at Article Two.

¹⁰ Id. at Vol II, p. 4.

¹¹ Issues for Decision, CCU Member Board Packet dated August 29, 2017.

plant is 5MW, and the maximum is 30MW. GPA has estimated that the plants could be constructed on the projected sites ranging from 4MW to 18MW.¹³

13. The bidder will be responsible for providing interconnection facilities that can deliver renewable energy to a GPA-determined interconnection point on GPA's 34.5kV transmission system.¹⁴
14. Each selected bidder will, pursuant to the contract, have "minimum production" requirements during each contract year.
15. In Resolution No. 2017-34, the Guam Consolidated Commission on Utilities authorized the management of GPA to petition the PUC for approval of the Phase III Renewable Acquisition through multi-step bid documents under the Procurement Protocol.¹⁵

DETERMINATIONS

16. In GPA Docket 16-05, the PUC authorized GPA to enter into the lease agreement with Navy for implementation of solar projects providing an additional capacity of 37MW of energy. However, the PUC raised the concern that GPA had not thoroughly analyzed the cost of these projects nor done a detailed economic analysis.
17. At present, there is no clear understanding as to what the cost to GPA for these projects will be. When the procurements are undertaken, GPA should have a better understanding of what the costs will be through the bid responses submitted.
18. GPA's participation in the 37MW Navy renewables project is advantageous to Guam and in the best interest of the ratepayers: "GPA has justified an opportunity to bid such projects and determine whether they can be incorporated into the power system."¹⁶

¹² Id.

¹³ Vol II: Technical Qualification Proposal Requirements, Renewable Energy Resource Phase III, at p. 7.

¹⁴ Id. at p. 8.

¹⁵ Resolution No. 2017-34, Authoring Management of the Guam Power Authority to Petition the PUC for Approval Phase III Renewable Acquisition Multi-step Bid Documents under the Procurement Protocol, adopted August 29, 2017.

¹⁶ PUC Order, GPA Docket 16-05, dated July 28, 2016 at p. 4.

19. GPA has a legitimate concern it could lose revenues if it did not undertake the projects and purchase the capacity of the solar plants.
20. This 37MW Phase III Renewable Project with the Navy is part of GPA's long standing plan to incorporate 120MW of renewables in to the IWPS.¹⁷
21. The procurement process herein will involve two steps, establishment of a qualified bidders list and submission thereafter of priced proposals. The procurement documents are standard and have been used for prior renewable acquisitions.
22. The draft renewable energy purchase agreement appears to be well written and includes numerous provisions protecting GPA from non-performance by the Seller, including adequate security (line of credit/performance bond etc.), default/penalty provisions for failure of Seller to provide minimum storage capacity, or to otherwise comply with the provisions of the contract, indemnification, and insurance provisions.

ORDERING PROVISIONS


After review of the record herein, including GPA's Petition for PUC Approval of the Phase III Renewable Acquisition Procurement, and the PUC Counsel Report, for good cause shown, on Motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's procurement of the Phase III Renewable Acquisition is approved.
2. GPA must submit to the PUC the proposed Contract for each bidder with which it contemplates entering into a solar energy purchase agreement, in accordance with the Contract Review Protocol.
3. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

¹⁷ Id. at p. 5.

Order
Procurement for GPA Phase III
Renewable Acquisition
GPA Docket 17-21
September 28, 2017

Dated this 28th day of September, 2017.




Jeffrey C. Johnson
Chairman


Rowena E. Perez
Commissioner




Michael A. Pangelinan
Commissioner




Filomena M. Cantoria
Commissioner



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Andrew L. Niven
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 17-18
)
THE APPLICATION OF THE GUAM)
POWER AUTHORITY FOR APPROVING) **ORDER**
THE PROCUREMENT FOR SUPPLY OF)
DIESEL FUEL OIL TO GPA)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for approval of GPA's Procurement for Supply of Diesel Fuel Oil.¹

BACKGROUND

2. The current GPA contract for the supply of diesel fuel oil No. 2 for the Baseload and peaking units expires on December 31, 2017.²
3. Diesel fuel oil No. 2 is utilized at various GPA Baseload, Diesel Fast Track and Combustion Turbine Plants. These include Baseloads (Cabras 1 & 2 and MEC 8 & 9), the Peaking Units (Tenjo Vista, Fast Tracks: Manenggon and Talofofo), and Combustion Turbines (TEMES CT and the Northern Diesel Plants: Dededo CT, Macheche CT, and Yigo CT).³
4. GPA previously requested approval of this procurement for diesel fuel oil No. 2 on February 9, 2017.⁴ On February 23, 2017, the PUC approved GPA's request to proceed with the procurement for supply of diesel fuel to GPA for the baseload plants, Fast-track Diesel Plants, and combustion Turbine Plants.⁵
5. Subsequent to issuance of the PUC Order, GPA issued an Invitation for Bids ["IFB"] for the procurement of diesel fuel for a base period of two (2) years, with a term

¹ GPA Petition for Contract Review, GPA Docket 17-18, filed September 12, 2017.

² Id. at p. 1.

³ Guam Consolidated Commission on Utilities Resolution No. 2017-05, adopted January 24, 2017, at p. 1.

⁴ GPA Petition for Contract Review, GPA Docket 17-18, filed February 9, 2017.

⁵ PUC Order, GPA Docket 17-18, dated February 23, 2017 at p. 3.

commencing on January 1, 2018 and ending December 31, 2019, with three (3) additional 1-year extension options.⁶

6. However, after the IFB was issued, and during the bid process, it became apparent that operational requirements for diesel fuel during the next 3-5 years, as well as inquiries raised by perspective bidders, would necessitate major changes in the structure of the current bid.⁷
7. GPA now requests that PUC allow it to alter its prior bid and to re-solicit for diesel fuel, with a revised IFB structure and requirements. GPA has attached its draft bid solicitation documents for the procurement of a new diesel fuel oil supply contract to its petition.⁸
8. In Resolution No. 2017-33, the Guam Consolidated Commission on Utilities approved re-solicitation of the bid for diesel fuel.⁹

DETERMINATIONS

9. GPA has demonstrated a need to revise and reissue its IFB for the supply of diesel fuel oil No. 2 for the Baseload and Peaking Units.
10. As a result of the Cabras 3 & 4 explosion in August 2015, GPA's consumption of diesel fuel has greatly exceeded (by 380%) the amounts that were anticipated under the existing contract.¹⁰
11. During each of the three years in the term of the current contract, total annual consumption in gallons of diesel fuel has increased over the contract estimates from 266% to 566%. See Exhibit A attached hereto.¹¹ Diesel fuel expenses have also increased by 380% over the three year contract period.¹²

⁶ Guam Consolidated Commission on Utilities Resolution No. 2017-33, Authorizing Management to Change Bid and Re-solicit for the Supply and Delivery of Diesel Fuel Oil No. 2 for the Baseloads and Peaking Units, issued August 29, 2017, at p. 1.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ See PUC Counsel Report, GPA Docket 17-18, dated February 13, 2017, at ¶9.

¹¹ Exhibit A to Guam Consolidated Commission on Utilities Resolution No. 2017-33.

¹² Id. at Exhibit A.

12. It is estimated that annual fuel oil requirements will increase under the new contract, as indicated by Exhibit B attached hereto.¹³
13. Under the proposed new bid, GPA estimates that it will consume 42,000,000 gallons of diesel fuel oil No. 2 (or 1,000,000 barrels) per year.¹⁴
14. It is necessary for GPA to reissue its diesel fuel bid in order to secure a sufficient supply of such fuel.
15. During the prior procurement process, GPA also became aware that its potential fuel vendors had insufficient tank storage capacity to supply the increased amount of diesel fuel needed to meet GPA's demands.¹⁵ GPA's need for additional diesel fuel tank storage is the subject of its Petition in GPA Docket 17-23.
16. Also, additional changes in the IFB were needed to address fuel delivery issues. For certain of the combustion turbines, there are no fuel pipes which supply them. Truck delivery is necessary for such plants.¹⁶
17. It is estimated that 1,000,000 barrels of ULSD annually will cost \$80,000,000.
18. The PUC has previously determined that GPA needs a continuous supply of diesel fuel necessary to maintain the authority's electric power generation capacity. The re-solicitation of the bid for the procurement of diesel fuel oil No. 2 is reasonable, prudent and necessary.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the PUC Counsel Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's request to re-solicit bids for the procurement for supply of Diesel Fuel to GPA for the Baseload plants, Fast-Track Diesel Plants, and Combustion Turbine Plants, is hereby approved.

¹³ Exhibit B to Guam Consolidated Commission on Utilities Resolution No. 2017-33.

¹⁴ See Exhibit A attached hereto. One barrel equals 42 gallons.


¹⁵ Discussion between PUC Legal Counsel Fred Horecky and GPA Counsel Graham Botha on September 15, 2017.

¹⁶ Id.

2. GPA has demonstrated a clear need for Diesel Fuel Oil No. 2 for its plants, and such fuel is essential to the operation of the plants.
3. Once a final contract for supply of diesel fuel oil has been negotiated, GPA should submit such contract to the PUC for final review and approval.
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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
Approval of GPA Procurement
for Supply of Diesel Fuel Oil
GPA Docket 17-18
September 28, 2017

Dated this 28th day of September, 2017.




Jeffrey C. Johnson
Chairman

Rowena E. Perez
Commissioner



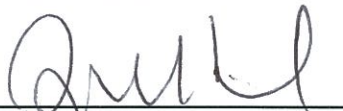
Michael A. Pangelinan
Commissioner



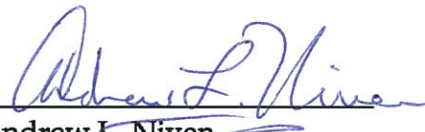
Filomena M. Cantoria
Commissioner



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Andrew L. Niven
Commissioner

EXHIBIT A:
DIESEL CONSUMPTION (Gallons & Barrels)

GPA-029-14	CURRENT CONTRACT		
	1st Year	2nd Year	3rd Year
	1/1/15 to 12/31/15	1/1/16 to 12/31/16	1/1/17 to 12/31/17
TOTAL ANNUAL CONSUMPTION (Gallons)	17,589,390	33,661,194	31,952,004
CONTRACT ESTIMATE (Gallons)	4,800,000	4,800,000	4,800,000
TOTAL ANNUAL CONSUMPTION (Barrels)	418,795	801,457	760,762
CONTRACT ESTIMATE (Barrels)	114,286	114,286	114,286
% INCREASE FROM CONTRACT ESTIMATE	266%	601%	566%

*3rd year are based on 12-month totals ending July 2017

NEW BID	NEW BID	
	5-year Contract	
	MIN	MAX
CONTRACT ANNUAL ESTIMATE (Gallons)	21,000,000	42,000,000
CONTRACT ESTIMATE (Barrels)	500,000	1,000,000
% INCREASE FROM GPA-029-14 ESTIMATE	337%	775%

Exhibit A:

Diesel Expenses for Current Contract

GPA-029-14 EXPENDITURES	1st year	2nd Year	3rd year	3-Year Contract Period
	(01/01/15 to 12/31/15)	(01/01/16 to 12/31/16)	(01/01/17 to 12/31/17)	(01/01/15 to 12/31/17)
Jan-Sep (Gallons)	6,253,698	28,041,799	15,376,040	
Oct-Dec (Gallons)	<u>9,133,263</u>	<u>5,125,347</u>	<u>5,125,347</u>	
Total Qty (Gallons)	15,386,962	33,167,145	20,501,386	69,055,494
Contract Estimate (Gallons)	<u>4,800,000</u>	<u>4,800,000</u>	<u>4,800,000</u>	<u>14,400,000</u>
Variance	10,586,962	28,367,145	15,701,386	54,655,494
Remarks	221% increase	591% Increase	327% Increase	380% Increase
REMARKS	Actual	Actual	Estimated	
	(Cabras 3&4 Explosion on 08/31/15)	(Cabras 3&4 Offline & forced outages in remaining plants)	(Cabras 3&4 Offline & anticipated overhauls/outages in remaining plants)	Estimated Diesel Expenses

EXHIBIT B: CHANGES TO THE CONTRACT REQUIREMENTS**SCHEDULE B: ESTIMATED ANNUAL FUEL OIL REQUIREMENTS (Gallons/yr)**

Plant Location	Name of Plant	Existing Contract (GPA-029-14)	New Contract
1. Baseloads	Cabras 1&2, MEC 8&9	200,000	100,000 – 200,000
2. Tenjo Vista	Tenjo Vista	1,500,000	5,000,000 - 7,000,000
3. Fast Tracks	Talofofa	1,000,000	3,000,000 - 4,000,000
	Manengon		
4. TEMES CT	TEMES CT	600,000	3,000,000 - 5,000,000
5. Northern Plants	Dededo CT	1,500,000	9,000,000 - 12,000,000
	Macheche CT		
	Yigo CT		
	Aggreko		
TOTAL		4,800,000	20,060,000 - 28,100,000

SCHEDULE C: 30-DAYS MINIMUM INVENTORY REQUIREMENTS (Gallons)

Plant Location	Name of Plant	Existing Contract (GPA-029-14)	New Contract
1. Baseloads	Cabras 1&2, MEC 8&9	20,000	20,000
2. Tenjo Vista	Tenjo Vista	125,000	500,000
3. Fast Tracks	Talofofa	80,000	250,000
	Manengon		
4. TEMES CT	TEMES CT	50,000	250,000
5. Northern Plants	Dededo CT	125,000	750,000
	Macheche CT		
	Yigo CT		
	Aggreko		
TOTAL		400,000	1,770,000

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 17-23
)
THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO APPROVE) **ORDER**
THE CONTRACT WITH TRISTAR)
TERMINALS GUAM, INC. FOR THE)
LEASE OF AN ADDITIONAL STORAGE)
TANK FOR DIESEL FUEL)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for approval of the Contract with Tristar Terminals Guam, Inc. for the lease of an additional 196,000-barrel capacity Storage Tank for diesel fuel.¹

BACKGROUND

2. GPA currently has a Dock Facility User Agreement, Pipeline Agreement and Fuel Storage Agreement with Tristar Terminals Inc. (hereinafter "Tristar"). These agreements were approved by the PUC in GPA Docket 13-11.²
3. As indicated in GPA Docket 17-18, GPA has been required to secure additional quantities of diesel fuel oil No. 2 as a result of the Cabras 3 & 4 explosion of August 2015. GPA needs additional diesel fuel oil up to a capacity of 1M gallons per year.³
4. At present, GPA's current suppliers of diesel fuel oil are "unable to obtain sufficient diesel tank storage to support GPA's increased diesel consumption."⁴
5. GPA is currently renting tanks for ULSD storage, with a combined total usable capacity of about 95,000 bbls.⁵

¹ GPA Petition to Approve the Contract with Tristar Terminals Guam, Inc. for the Lease of an Additional Storage Tank for Diesel Fuel, GPA Docket 17-23, filed September 18, 2017.

² PUC Order, GPA Docket 13-11, dated July 30, 2013.

³ PUC Counsel Report, GPA Docket 17-18, dated September 18, 2017.

⁴ Id. at p. 2.

⁵ Issues for Decision on Guam Consolidated Commission on Utilities Resolution No. 2017-31, Board Packet for CCU Commissioners, dated July 25, 2017.

6. In order to meet increasing consumption of diesel fuel, and the need for additional tank storage, GPA requests that the PUC authorize it to enter into a lease agreement with Tristar for the lease of a 196,000-barrel capacity storage tank.
7. The cost will be an additional \$6/bbl or approximately \$1,176,000 annually excluding handling and throughput fees.⁶
8. On July 25, 2017, the CCU authorized the General Manager to enter into a lease agreement with Tristar Terminals Inc. for the lease of a 196,000 barrel capacity ULSD storage tank. The General Manager was authorized to expend up to \$1,176,000 annually for the lease of the storage tank.⁷

DETERMINATIONS

9. GPA has demonstrated that ULSD consumption is increasing significantly. For the months of April through June of 2017, the ULSD consumption was between 75,000 and 92,000 barrels per month.⁸
10. Because of significant changes in consumption due to baseload plant outages, MW demand and other reasons, GPA's current ULSD supply or storage capacity is insufficient to meet GPA's supply volume requirement.⁹
11. The intended tank for lease is located in Agat, at the Tristar facilities.¹⁰
12. As with Residual Fuel Oil, GPA intends to store about 60 days of ULSD inventory level, comprising 30 days operating and 30 days reserve, to ensure uninterrupted fuel supply in the event of extended baseload outages and increased ULSD consumption. Based on the current ULSD consumption of approximately 3,000 bbl per day, GPA would need to increase the storage currently leased from Tristar to approximately 180,000 bbls.¹¹

⁶ Guam Consolidated Commission on Utilities Resolution No. 2017-31, Authorizing Management of Guam Power Authority to Lease an Additional Storage Tank from Tristar Terminals Guam, Inc., adopted July 25, 2017.

⁷ Id. at p. 2.

⁸ Issues for Decision on Guam Consolidated Commission on Utilities Resolution No. 2017-31, Board Packet for CCU Commissioners, dated July 25, 2017.

⁹ Id.

¹⁰ Id.

¹¹ Id.

13. GPA is recommending a new expense of over \$1M per year for leased “storage” capacity. The increased need for this new storage, at least in part, must be traced to the Cabras 3 & 4 explosion, and the resulting need for use and reliance upon additional diesel fuel.
14. The need for this storage again indicates the unfortunate impacts on ratepayers resulting from the Cabras 3 & 4 explosion. Ratepayers are being compelled to bear additional expense as a result of the Cabras explosion.
15. GPA anticipates that the need for this additional storage will extend up to five years, the time period until new generation is available. At a cost of nearly \$6M, this contract alone will negate the proposed present value net savings from cash flow of nearly \$5M which GPA intends to garner from the issuance of revenue refunding bonds (See GPA Docket 17-20).
16. GPA indicates that the lease will not be perpetual, but for no more than a five year period.¹²
17. Unfortunately for ratepayers, there seems to be no option but for GPA to expend nearly \$1.2M annually to provide sufficient fuel storage tank capacity.
18. Tristar will need a minimum “lead time” of six months to refurbish the tank.¹³
19. GPA has submitted a lease agreement proposed by Tristar to effectuate the tank rental. As presently written, the lease provides a term from the effective date through December 31, 2018; GPA would have an option to extend the term for five (5) years.¹⁴

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the PUC Counsel Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

¹² Discussion between PUC Counsel Fred Horecky and GPA Counsel Graham Botha on September 15, 2017.

¹³ Issues for Decision on Guam Consolidated Commission on Utilities Resolution No. 2017-31, Board Packet for CCU Commissioners, dated July 25, 2017.

¹⁴ Tristar and GPA Throughput, Operating and Pipeline Use Agreement for Wet Stock (Attached to GPA Petition), at p. 8.

1. GPA is authorized to enter into a lease with Tristar for tank storage capacity of 196,000 bbls., at a cost not to exceed \$1,176,000 annually, excluding costs for the transfer of fuels.
2. Due to the cost of tank rental, the term of the contract/lease with Tristar should not exceed five years total, with extension. The extension should only be for four years.
3. GPA should amend the lease term in accordance with the prior ordering provision.
4. Upon execution of the Contract, GPA should file a copy thereof with the PUC.
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 PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
Lease with Tristar for
Storage Tank for Diesel Fuel
GPA Docket 17-23
September 28, 2017

Dated this 28th day of September, 2017.



Jeffrey C. Johnson
Chairman

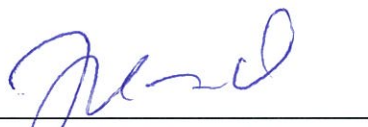
Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner




Filomena M. Cantoria
Commissioner



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Andrew L. Niven
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 17-20
)
The Application of the Guam Power)
Authority to Approve A Bond Issuance to) **ORDER**
Refinance a Portion of the Outstanding)
Revenue Bonds.)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Application for PUC approval of a Bond Issuance to Refinance a Portion of the Outstanding 2010 Series A Revenue Bonds.¹

BACKGROUND

2. The PUC adopts the statement of Background in the ALJ Report dated September 26, 2017, and incorporates the same by reference herein.²

DETERMINATIONS

- A. APPROVAL OF THIS BOND REFUNDING BY THE PUC WOULD BE ILLEGAL: NEITHER THE LEGISLATURE NOR THE GOVERNOR OR GEDA, HAVE APPROVED THE REFUNDING.
3. GPA admits that there is, at present, no Legislation authorizing GPA to issue its proposed Bond Refunding.³
 4. The GPA Bond refunding is dissimilar from the GWA Bond Refunding which the PUC recently approved; with the GWA Bond Refunding, there was Legislation specifically authorizing it.
 5. Without the prior approval by the Governor and the Legislature of the proposed bond refunding, it would be illegal for the Guam PUC to approve any such refunding.

¹ GPA Petition to Approve Bond Issuance to Refinance a Portion of the Outstanding Revenue Bonds, GPA Docket 17-20, filed July 28, 2017.

² ALJ Report, GPA Docket 17-20, dated September 26, 2017.

³ GPA's Response to PUC's Data Requests, GPA Response No. 22, GPA Docket 17-20, August 17, 2017.

6. GPA has no authority to issue revenue bonds without the prior approval of the Governor. 12 GCA § 8203. The Guam Consolidated Commission on Utilities has the power to incur indebtedness “by the issuance of revenue bonds, **with the approval of the Governor.**” 12 GCA §8203 (d).
7. Historically, approval by the Governor has come in the form of execution of legislation which approves a bond issuance by a particular agency or entity.
8. GPA is only authorized to issue bonds and obligations through the agency of the Guam Economic Development Authority (“GEDA”). GEDA is not authorized to sell any bonds **without the approval by I Liheslaturan Guåhan of the terms and conditions of the bonds.** 12 GCA § 50103.
9. GEDA is authorized to issue revenue bonds “**under such terms and conditions as the Guam Legislature, by appropriate legislation, may prescribe.**” 12 GCA §50103 (f). (emphasis added).
10. GEDA specifically acts as a central financial manager for the Guam Power Authority. GPA can only issue bonds through the agency of GEDA. However, “[T]he Corporation shall not issue...any bond without the approval of *I Liheslatura* of the terms and conditions of the bonds.” 12 GCA §50105 (k). (emphasis added).
11. To date, GEDA has not approved GPA’s bond refunding.
12. With regard to every Bond Issuance or refunding/refinancing by GPA in its history, review or approval by the PUC has been preceded by legislation authorizing such action and approval by the Governor and GEDA. Over the years Bond Counsel for GPA has been extremely particular about the specific form of legislative approval for bond issuances. He has repeatedly made it clear that there can be no bond issuance without approval of the Guam Legislature.
13. Since there has been no approval by the Guam Legislature or the Governor of this proposed Bond Refunding, it would be completely inappropriate, as well as illegal and contrary to law, for the PUC to approve the Bond Refunding requested by GPA.
14. GPA admits that “legislative authority is required before going to market.” Furthermore, GPA fully admits that the PUC “has the discretion to wait for such

legislation to become law..."⁴ PUC should fully exercise its discretion on this matter and take no action until the Legislature has approved bond refunding.

15. However, GPA further claims that PUC could "allow the re-financing subject to Legislative approval."⁵ There has been no instance in history where PUC has approved a bond issuance or refunding without prior approval by the Governor and the Legislature.
16. It would be contrary to precedent and inappropriate for the PUC to approve a bond refunding in advance of approval by the executive and legislative branches. PUC is an administrative agency and a "creature of statute." It has no authority to presume what actions the Legislature might or might not take with regard to bond issuance/refunding. GPA's agent, GEDA, has no authority to undertake bond issuance without prior approval of the Legislature and the Governor.
17. As a prudential matter of work commitment and time allocation, it makes no sense for the PUC to expend its time and resources upon a proposed bond refunding that may never be approved by the Legislature or the Governor.
18. An administrative agency such as the PUC cannot act without statutory support; its powers are limited to those which "have been conferred upon them by law expressly or by implication"... *Guam Federation of Teachers v. Government of Guam*, 2013 Guam 14, ¶ 64. PUC has no statutory or implied authority to approve a bond refunding without prior approval by the Legislature and Governor.
19. Undoubtedly, GPA will allege that the Legislature did not entertain the legislation because the PUC Chairman filed testimony opposing the bond refunding. The Speaker suggested that PUC and GPA could discuss this matter in advance of legislation being approved.
20. However, PUC have never previously discussed terms and conditions of a bond issuance in advance of passage legislation approving bond issuance. PUC has no authority to discuss with GPA terms or conditions of the bond refunding prior to legislative approval. It is the Legislature, not PUC, which initially establishes the terms and conditions of the refunding. If the Legislature feels that Bond Refunding

⁴ Id. at GPA Response No. 23.

⁵ Id.

is appropriate, it should approve the same and establish the terms and conditions thereof in legislation.

21. The PUC has been and is always willing to assist the Legislature in reviewing any bill which affects the utilities. It can provide advice on bond issuance or the appropriate terms of the proposed legislation. However, it cannot usurp a legislative function prior to action by the Legislature establishing the terms and conditions of bond issuance.
- B. EVEN WERE IT NOT CONTRARY TO LAW FOR PUC TO APPROVE THE REFUNDING, GPA HAS ADMITTED THAT PUC MAY, WITHIN ITS DISCRETION, DENY THE REFUNDING PENDING LEGISLATIVE AUTHORIZATION. PUC SHOULD TAKE NO ACTION ON THE PROPOSED REFUNDING UNTIL LEGISLATION IS ENACTED.
22. Daymark Energy Advisors, in its Report, has “conditionally” approved the GPA refunding subject to certain terms and conditions.⁶
23. The Daymark Report does not address the inability of the PUC to approve GPA bond refunding without legislation which approves the issuance, establishes the terms and conditions of such refunding and secures approval by the Governor. Daymark claims that “Bill 139-34 [COR] submitted by the Legislature July 6, 2017, while still pending, **“expresses conditional approval for the refunding.”**”⁷ (emphasis added).
24. A “bill” is in no manner constitutes “conditional approval” by the **Legislature** for any bond refunding by GPA. A “bill” is simply an expression by its sponsors, but in no manner constitutes “conditional approval for the refunding” by the Legislature. It has no legal weight or authority until it is enacted into law.
25. The Daymark Report does not address the legal issues of approval by the PUC without proper legislation and approval by the Governor.

⁶ Daymark Energy Advisors, Bond Refunding Analysis: Guam Power Authority Request to Refund the 2010 A Series Revenue Bonds, September 11, 2017.

⁷ Id. at p. 6.

26. PUC should not address or consider any Bond Issuance, including Refunding/Refinancing, unless there is duly enacted Legislation by the Guam Legislature approving the same, and approval of such legislation by the Governor.
27. It is also not appropriate for the PUC to address any conditions for this particular refunding unless and until it is approved by the Legislature. Without knowing what requirements the Legislature will impose on bond refunding, it would be pure speculation for the PUC to establish any conditions in advance of approval by the Legislature.
28. For the PUC to establish conditions for a refunding in advance of legislative authorization would be premature, an unauthorized "advisory opinion."


ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, and the 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. The PUC declines to consider GPA's proposed refunding any further at present. Further consideration at present would be premature, unless and until there is legislation authorizing the refunding and approval by both the Governor and GEDA.
2. 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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
Proposed GPA Bond Issuance to
Refinance a Portion of the
Outstanding Revenue Bonds
GPA Docket 17-20
September 28, 2017

Dated this 28th day of September, 2017.




Jeffrey C. Johnson
Chairman


Rowena E. Perez
Commissioner




Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**COMMISSION ADMINISTRATIVE
DOCKET**

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 FY2018 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 28, 2017, the Commission considered and adopted its FY2018 administrative budget in the amount of \$493,800.00;

WHEREAS, the total amount for the budget for FY2018 is only very slightly above the budget amount for FY2017;

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

WHEREAS, after due consideration, the Commission has resolved that its' FY2018 administrative budget of \$493,800.00 should be allocated among the regulated utilities and telecommunication companies as follows:

GTA/Other Telecom Companies	\$98.760.00
GPA	\$98.760.00
GWA	\$98.760.00
PAG	\$98.760.00
GSWA	\$98.760.00
Total	\$493,800.00

NOW, THEREFORE, in consideration of the above recitals and under authority invested by 12 GCA Section 12125, the Commission hereby **ORDERS THAT**:

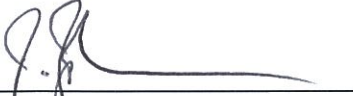
1. GPA, GWA, GTA/Other Telecom Companies, PAG, and GSWA shall pay the assessments allocated to them, as stated above, to the Commission no later than October 31, 2017. The regulated utilities and telecom companies are reminded that these assessed revenues are necessary to enable the Commission to have 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 assessments due for the telecom companies are apportioned¹ as follows:

GTA:	\$56,757.37
PDS:	\$40,748.38
GT/Docomo	\$ 572.81
PTI/ITE	\$ 681.44

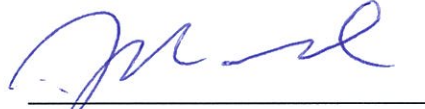
3. A copy of this assessment order shall be served on each regulated utility and Telecom Company.

¹ 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 FY2017, utilized by PUC in apportioning PUC's administrative expenses to the telecommunication companies for FY2018, are set forth in Attachment A attached hereto.

Dated this 28th day of September, 2017.

A handwritten signature in black ink, appearing to be "J.C. Johnson", written over a horizontal line.


Jeffrey C. Johnson
Chairman

A handwritten signature in blue ink, appearing to be "J.M. McDonald", written over a horizontal line.

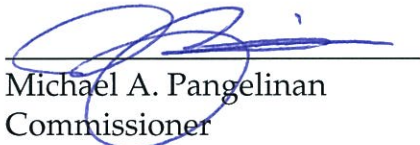
Joseph M. McDonald
Commissioner

A handwritten signature in black ink, appearing to be "Rowena E. Perez", written over a horizontal line.

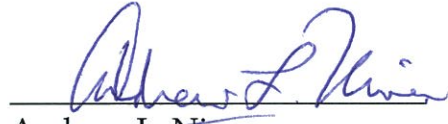
Rowena E. Perez
Commissioner

A handwritten signature in black ink, appearing to be "Peter Montinola", written over a horizontal line.

Peter Montinola
Commissioner

A handwritten signature in blue ink, appearing to be "Michael A. Pangelinan", written over a horizontal line.

Michael A. Pangelinan
Commissioner

A handwritten signature in blue ink, appearing to be "Andrew L. Niven", written over a horizontal line.

Andrew L. Niven
Commissioner

A handwritten signature in black ink, appearing to be "Filomena M. Cantoria", written over a horizontal line.

Filomena M. Cantoria
Commissioner

2017 SERVICES RENDERED
TELECOMMUNICATION MATTERS
October 1, 2016 to September 30, 2017

AGENCY	GTA	PDS	DOCOMO	PTI	Choice Phone
			GT	ITE	
Date					
Oct-16	\$1,561.00	\$1,561.00	\$0.00	\$0.00	\$0.00
Nov-16	\$1,855.00	\$1,855.00	\$0.00	\$0.00	\$0.00
Dec-16	\$2,318.75	\$2,318.75	\$0.00	\$0.00	\$0.00
Jan-17	\$3,088.75	\$2,091.25	\$0.00	\$0.00	\$0.00
Feb-17	\$796.25	\$621.25	\$0.00	\$0.00	\$0.00
Mar-17	\$3,870.12	\$3,695.13	\$0.00	\$0.00	\$0.00
Apr-17	\$43,472.07	\$38,972.09	\$0.00	\$0.00	\$0.00
May-17	\$9,747.50	\$0.00	\$0.00	\$0.00	\$0.00
Jun-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jul-17	\$3,062.50	\$0.00	\$0.00	\$0.00	\$0.00
Aug-17	\$1,435.00	\$0.00	\$0.00	\$0.00	\$0.00
Sep-17			\$717.50	\$857.50	\$0.00
Total	\$71,206.94	\$51,114.47	\$717.50	\$857.50	\$0.00
					Total for Agencies
					\$123,896.41
		Percentage	@98,760		
GTA	\$71,206.94	57.47%	56,757.37		
GT/Docomo	\$717.50	0.58%	572.81		
PDS	\$51,114.47	41.26%	40,748.38		
PTI/ITE	\$857.50	0.69%	681.44		
Choice Phone	\$0.00	0.00%	0.00		
Total	\$123,896.41	100.00%	98,760.00		