

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
July 25, 2019
Suite 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:43 p.m. on July 25, 2019, pursuant to due and lawful notice. Commissioners Johnson, Perez, Montinola, Pangelinan, McDonald, Cantoria, and Miller were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

1. Approval of Minutes

The Chairperson announced that the first item of business on the agenda was approval of the minutes of May 30, 2019. Upon motion duly made, seconded, and unanimously carried, the Commission approved the minutes subject to correction.

2. Teleguam Holdings, LLC

The Chairperson announced that the next item of business was Teleguam Holdings, LLC [GTA] Docket No. 18-02, Request for Investigation of Certain Transfers of Money from the Enhanced E911 Emergency Reporting System Fund, Administrative Law Judge [ALJ] Status Report. ALJ Horecky stated that in January, 2019, the Commission ordered the Department of Administration [DOA] to reimburse amounts that it had transferred out of the E911 fund and expended for purposes other than the E911 system, and the Commission required DOA to establish a separate bank account for the E911 fund and have the Fire Chief as the signatory for the account. ALJ Horecky stated that at the last Commission meeting, the Commission requested that he confirm whether DOA in fact established the separate account for the E911 funds and that the Fire Chief is a signatory for the account. ALJ Horecky stated that he confirmed that DOA maintains a separate E911 revenue account at the Bank of Guam with its own account number as part of the General Fund and that every transaction is recorded for this special fund account. ALJ Horecky stated that DOA pays for E911 expenses from the General Fund and obtains reimbursement from the E911 revenue account and he confirmed that the Fire Chief is involved in this process because DOA has issued a memorandum requiring the Fire Chief to be advised of transactions relating to the E911 revenue fund and the Fire Chief would have five days to give his input on such transactions. ALJ Horecky recommended the Commission amend its January 17, 2019

Order to authorize the current E911 account that DOA has made and the current procedure for transactions relating to that account that DOA has implemented.

DOA's Lester Carlson confirmed ALJ Horecky's statements concerning the E911 account. Commissioner Montinola inquired what the E911 funds were supposed to be used for and ALJ Horecky stated that use of E911 funds was limited to purposes related to the E911 system, such as E911 personnel costs, and maintenance, repair, and update costs for the E911 system itself, and that the Commission's role is to ensure that the funds are used for those purposes and he stated that the E911 funds come from a line surcharge that is set by the Commission. ALJ Horecky stated that the Commission is also required to enforce the law creating the fund and the surcharge. Commissioner Montinola inquired as to whether the Commission could obtain from DOA the details of DOA's expenditures the E911 account was reimbursing to ensure that such expenditures were actually related to the E911 system and ALJ Horecky confirmed that the Commission could obtain this information from DOA but cautioned that the Commission was not involved in the E911 budget to that extent. Commissioner Montinola expressed his concern that there were funds to upgrade the E911 System, a solicitation was issued for that purpose but had to be rescinded because the original funding had disappeared, and that the solicitation had recently been reissued. A discussion ensued between Commissioner Montinola and ALJ Horecky regarding various necessary upgrades to the E911 System, the Commission's role in monitoring the proper use of the E911 funds, and whether the E911 fund is audited.

Commissioner Montinola then inquired whether, under the current procedure, DOA merely informs the Fire Chief of receiving reimbursements from the fund and the Fire Chief has five days to object before the reimbursement takes place and ALJ Horecky stated that this was so and that DOA notifies the Fire Chief of the reimbursements on a monthly basis. Commissioner Pangelinan asked whether the Fire Chief should be made to actually approve DOA's requests. Commissioner Cantoria stated that GFD actually makes the requests for reimbursements to DOA and she inquired as to why the Fire Chief should be required to approve the reimbursements a second time. Commissioner Pangelinan stated that the Fire Chief might not be personally making GFD's requests for reimbursements from the E911 fund. DOA's Carlson stated that DOA actually submits the request to the top three ranking persons at GFD which includes the Fire Chief so that if the Fire Chief is off-island, the acting Fire Chief would have the opportunity to object to the reimbursements within the five-day period. The Chairperson inquired as to whether the Commissioners wanted to add language to the order stating that either the Fire Chief or Acting Fire Chief could approve the requests for reimbursement from the E911 fund and Commissioner Pangelinan stated that he desired this amendment. Commissioner Montinola inquired as to whether the Commission could require DOA to provide a report indicating what expenditures were reimbursed from the E911 fund and DOA's Carlson stated that the Commission could obtain that information from the Audit and ALJ Horecky stated that the Commission

should not be involved with the E911 fund to that extent because that is more of an accounting function.

Commissioner Cantoria inquired as to whether the E911 System had a mapping capability that shows emergency responders the geographic location of a 911 call. ALJ Horecky stated that the Commission should not get involved in the operational functions of the E911 System. A discussion ensued between Commissioner Cantoria and Montinola and ALJ Horecky concerning whether the Commission could require the E911 System to undergo a management audit. A discussion then ensued between Commissioners Pangelinan and Montinola about the Commission's potential responses to future violations of the law. Commissioner Pangelinan requested that the order be amended to include and approval of a request for reimbursement from the Fire Chief or the acting Fire Chief and ALJ Horecky stated that he would make such an amendment to the order. Commissioner Pangelinan moved to approve the amended order, which motion was seconded by Commissioner Miller. The motion carried unanimously.

2. Docomo Pacific Inc.

The Chairperson announced that the next item of business was Docomo Pacific Inc.'s Docket No. 19-01, Petition for Approval of Interconnection Agreement and Amendment to Interconnection Agreement, ALJ Report, and Proposed Order. ALJ Horecky stated that there is no ALJ Report or Proposed Order because Docomo did not submit a petition because they are still in negotiations with GTA and that this matter would be on next months agenda.

3. Guam Solid Waste Authority

The Chairperson announced that the next item of business was Guam Solid Waste Authority [GSWA] Docket 19-01, PUC Management Audit of GSWA (Scope of Work for Management Audit Prepared by MSW Consultants), ALJ Report and Proposed Order. ALJ Horecky introduced GSWA's new General Manager [GM] Larry Gast and the Commission welcomed GM Gast to Guam. ALJ Horecky stated that the Management Audit is required by P.L. 34-58 and that no prior audit had been conducted due to GSWA being under Federal Receivership. ALJ Horecky stated that he has been working with the PUC's solid waste consultant, Municipal Solid Waste Consultants ["MSW Consultants"], to perform GSWA Management Audit and they confirmed that they could and he stated that MSW Consultants has the proper background, experience, and personnel to perform the audit. ALJ Horecky stated that the scope of the GSWA Management Audit also includes a manpower and staffing study which the Commission is supposed to do for each utility. ALJ Horecky stated that the GSWA Board approved the management audit at its meeting yesterday. ALJ Horecky stated

that the audit would require MSW Consultants to travel to Guam three times between August, 2019 and March, 2020 to perform the audit, that the total cost of the audit is \$278,400, and that this cost is reasonable. Commissioner Montinola inquired as to whether MSW Consultants had agreed to the \$278,400 amount and ALJ Horecky confirmed that it did. GM Gast stated that he has worked with MSW Consultants in the past and that the main reason the management audit is necessary is because GSWA is still under the Consent Order and GSWA and the federal court will likely be more receptive to changes recommended by the audit. Commissioner Montinola moved to approve the order, which motion was seconded by Commissioner Cantoria. The motion carried unanimously.

The Chairperson announced that the next item of business was GSWA Docket 19-02, PUC Contract Review Protocol for GSWA, ALJ Report and Proposed Order. ALJ Horecky stated that Guam law prohibits a utility from entering into contracts that may increase rates without the Commission's approval and that the Commission has implemented contract review protocols for each of the utilities under its purview and that the Commission must implement a contract review protocol for GSWA because it is a utility. ALJ Horecky recommends that the Commission review all GSWA contracts which exceed a \$500,000 threshold amount and that he would support raising the threshold to \$750,000 if desired by the Commission. GM Gast stated that he approves of the proposed contract review protocol and that he is trying to stagger GSWA's existing contracts so that they will not expire at the same time. Commissioner Montinola moved to amend the threshold amount to \$750,000 and to approve the amended order, which motion was seconded by Commissioner Pangelinan. The motion carried unanimously.

4. Guam Power Authority

The Chairperson announced that the next item of business was Guam Power Authority [GPA] Docket No. 19-02, Petition for Approval of Contract for new Ultra Low Sulphur Diesel [ULSD] Pipeline, ALJ Report and Proposed Order. ALJ Alcantara stated that last year the Commission approved GPA's pipeline project to supply ULSD to the Piti Tank Farm and to tie in Piti Power Plants 8 and 9 and GPA issued GPA-IFB-27-19 and selected AYN International Inc., as the lowest responsible and responsive bidder. ALJ Alcantara stated that GPA estimated that the project would cost \$5.9 million but the actual contract is for \$3.5 million and that the funding source will be the insurance proceeds from the Cabras 3 and 4 insurance settlement. ALJ Alcantara stated that this project is necessary to improve GPA's power production system and to limit harmful emissions caused by other fuels and he recommended that the Commission approve the contract. The Chairperson inquired as to when GPA would be converting Piti Power Plants, 7, 8, and 9, to ULSD and GPA GM Benavente stated that GPA is still working out

the conversion timeline with the USEPA and that it is necessary to perform the pipeline project now because GPA will be inspecting and refurbishing its forty-four year old storage tanks at the Piti Tank Farm and that GPA has to do these two projects together and that GPA would be able to provide ULSD to the plants by 2021. The Chairperson inquired as to whether GPA still needed the Piti Tank Farm to store other fuels and GPA GM Benavente confirmed that this was so because Cabras 1 and 2 are not able to convert to ULSD and that GPA is planning on using those plants to burn all the other fuels instead of bearing the costs of shipping the non-ULSD fuels off island. A discussion ensued between the Chairperson and GPA GM Benavente over the difference between ULSD fuels and other fuels GPA is currently using and the timing of this project and the conversion of the Piti Power Plants to ULSD fuel. Commissioner Montinola inquired as to how much of the Cabras 3 and 4 insurance proceeds were left and GPA CFO Kim stated that there was approximately \$125 million left over for GPA's construction projects and a discussion ensued between the Chairperson, Commissioner Montinola, and GPA CFO Kim as to what these construction projects were. Commissioner Montinola moved to approve the order, which motion was seconded by Commissioner Miller. The motion carried unanimously.

The Chairperson announced that the next item of business was GPA Docket No. 19-10, Filing of Utility Energy Service Contract Costs, PUC Legal Counsel Report and Proposed Order. Legal Counsel Camacho stated that this involves GPA's contract with Siemens, GPA's consultant for GPA's demand side management programs and GPA's Energy Service Contract activities. Legal Counsel Camacho stated that this contract has not been before the Commission before, because it is a multi-year, variable costs, contract, and this is the first year that the contract's cost will exceed GPA's \$1.5 million review threshold. Legal Counsel Camacho stated that GPA's Demand Side Management Programs are important because they will keep the demand for energy low and reduce GPA's fuel costs and the previous tasks GPA to Siemens for these purposes only cost \$512,274. Legal Counsel Camacho stated that GPA, Siemens, and the Guam Department of Education [GDOE] collaborated on federal grant proposals for lighting retrofit projects at George Washington High School [GWHS] and Southern High School [SHS] that would reduce GDOE's energy costs for those schools and that this proposal was approved. Legal Counsel Camacho stated that the contract's costs exceeded the \$1.5 million review threshold because Siemens was going to be paid \$295,115 for the GWHS project and \$954,685 for the SHS project. Legal Counsel Camacho stated that the Guam Energy Office also acquired GPA's assistance in implementing programs for the Guam Energy Office's federal Smart Energy Schools grant and that Siemens would be paid \$61,100 for its work on this project. Legal Counsel Camacho stated that with these new projects, the Sieman's contract cost rose to \$1,823,374, of which \$1.3 million of this amount will be paid from federal grant funding. Legal Counsel Camacho stated that the Consolidated Commission on Utilities had originally authorized GPA to expend an additional \$1,933,374 because GPA had

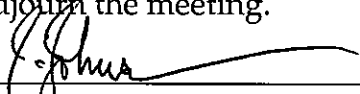
anticipated being awarded a federal grant for an electric school bus pilot program, but since then, GPA had been informed that it was not awarded this grant and that the Commission should only approve the amount of \$1,823,374 for the work that Siemens had done or will do on the existing grant programs. Commissioner Pangelinan moved to approve the order, which motion was seconded by Commissioner Cantoria. The motion carried unanimously. A discussion then ensued between the Commissioners and GPA GM Benavente concerning the status of various Demand Side Management Programs and their effectiveness.

The Chairperson announced that the next item of business was GPA Docket 19-11, Levelized Energy Adjustment Clause [LEAC], ALJ Report and Proposed Order. ALJ Horecky stated that GPA is requesting that the existing LEAC factor of 0.154242 per kilowatt hour remain in effect for meters read on or after August 1, 2019 and that this LEAC factor has been in effect since May 1, 2018 and has continued without change now for three LEAC Periods, and fuel prices have been highly volatile during this period. ALJ Horecky stated his concern that GPA was under-recovering its fuel costs and that the purpose of the LEAC is to enable GPA to recover its fuel costs. ALJ Horecky stated that he conducted an investigation as to GPA's under-recovery costs and determined that amount of costs was shrinking because in January, 2019, GPA's under-recovery costs were \$13,336,698, and in July, 2019 they are now \$10,598,000, and that GPA estimates a further reduction in its under-recovery costs to \$8.4 million in January, 2020, and that this is dependent on what the fuel prices will be. ALJ Horecky recommends that the Commission approve GPA's request to maintain the current LEAC factor for this period and review GPA's next LEAC filing in December, 2019. The Chairperson reminded GPA that if the under-recovery rose unexpectedly due to fuel prices, that GPA can always come back to the Commission to change the LEAC at any time. GPA GM Benavente stated that they have been able to sustain the current LEAC because of GPA's working capital and its gas-generation, and he stated that GPA believes that fuel prices would fall and result in a smaller under-recovery for the next LEAC period. Commissioner Perez inquired what was the highest price per barrel of oil that GPA had experienced and GPA GM Benavente stated that it was \$110 per barrel of RFO and \$150 a barrel for diesel in 2013. Commissioner Cantoria inquired what percentage of GPA's costs came from burning RFO fuel and GPA GM Benavente stated that it was 70% to 75% due to GPA having to use combustion turbines after the loss of Cabras 3 and 4. Commissioner Montinola inquired if the cost of RFO would stay around \$70 per barrel, whether there would be a full recovery by May, 2020 and GPA GM Benavente stated that according to Morgan Stanley's numbers this would be so if the price of RFO did not exceed \$70 per barrel. The Chairperson inquired as to whether GPA was doing any hedging and GPA GM Benavente confirmed that GPA was not. Commissioner Perez moved to approve the order, which motion was seconded by Commissioner Pangelinan. The motion carried unanimously.

5. Administrative Matters.

The Chairperson announced that the next item of business was an update on the PUC's Website. ALJ Horecky stated that he and Lou Palomo have made a lot of progress on the Website since April, 2019 and it is now, mostly, up to date. ALJ Horecky stated that the process of updating the website should be done on an ongoing basis instead of a periodic basis and that he has met with the Commission's web consultant, Ideal Advertising to resolve some technical issues with the website and that they were going to begin updating the pictures on the website. ALJ Horecky stated that more work had to be done on the Contact Us portion of the website to ensure that messages concerning dockets get to the Commission, and on the website's search function. A discussion ensued between the Chairperson, Commissioner Montinola, and ALJ Horecky concerning various features on the website.

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



Jeffrey C. Johnson
Chairperson

ATTACHMENT A
THE GUAM PUBLIC UTILITIES COMMISSION
NOTICE OF PUBLIC MEETING

NOTICE IS HEREBY GIVEN that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on July 25, 2019, at Suite 202 GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

1. **Approval of Minutes of May 30, 2019**
2. **Teleguam Holdings LLC**
 - **GTA Docket 18-02, Request for Investigation of Certain Transfers of Money from the Enhanced E911 Emergency Reporting System Fund, ALJ Status Report**
3. **Docomo Pacific, Inc.**
 - **Docomo Docket 19-01, Petition for Approval of Interconnection Agreement and Amendment to Interconnection Agreement, ALJ Report, and Proposed Order**
4. **Guam Solid Waste Authority**
 - **GSWA Docket 19-01, PUC Management Audit of GSWA (Scope of Work for Management Audit prepared by MSW Consultants), ALJ Report, and Proposed Order**
 - **GSWA Docket 19-02, PUC Contract Review Protocol for GSWA, ALJ Report, and Proposed Order**
5. **Guam Power Authority**
 - **GPA Docket 19-02, Petition for Approval of the Contract for a New ULSD Pipeline, ALJ Report, and Proposed Order**
 - **GPA Docket 19-10, Filing of Utility Energy Service Contract Costs, PUC Counsel Report, and Proposed Order**
 - **GPA Docket 19-11, Levelized Energy Adjustment Clause (LEAC) Filing, ALJ Report, and Proposed Order**
6. **Administrative Matters**
 - **Update on PUC Website**

7. **Other Business**

Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Ms. Palomo.

This Notice is paid for by the Guam Public Utilities Commission

GTA Docket 18-02

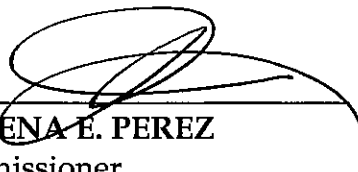
**AMENDMENT TO
PARAGRAPH 1 OF ORDERING
PROVISIONS, PUC ORDER
DATED 01/17/2019**

1. The Department of Administration does maintain a separate savings bank account for all E911 revenues deposited. E911 expenses are paid from the E911 fund, which is maintained as a separate account from the General Fund. Before DOA reimburses the E911 fund for any expenses from the E911 revenue savings account, DOA shall provide notice of such reimbursement to the Fire Chief or Acting Fire Chief and afford the Fire Chief or Acting Fire Chief at least 5 days to raise any issue or objection to the reimbursement of the E911 Fund from the revenue savings bank account.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 25th day of July, 2019.

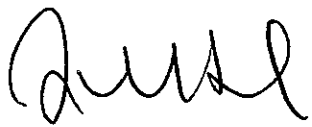


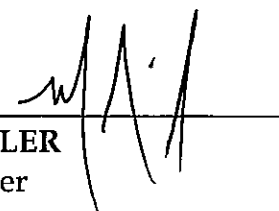
JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner

JOSEPH M. MCDONALD
Commissioner

FILOMENA M. CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

MARK MILLER
Commissioner

GTA Docket 18-02

Request for Investigation of Certain Transfers of Money from the Enhanced 911 Emergency Reporting System Fund.

1. This matter came before the Commission at its meeting on May 30, 2019. At that time the ALJ indicated that the Department of Administration had reimbursed the E911 Fund in the amount of \$3.8M. The ALJ recommended that the Commission issue a Docket Closure Order.
2. However, the Commission determined that the ALJ should conduct further investigation with regard to paragraph 1 of the January 17, 2019, PUC Order.
3. The January 17, 2019, PUC Order contained the following paragraph 1 in ORDERING PROVISIONS: "The Department of Administration must establish a separate bank account for the E911 Fund. Checks issued shall be signed by the authorized signatories for the Department of Administration and the Fire Chief of the Guam Fire Department."
4. The Commissioners requested that the ALJ ascertain whether there had been withdrawals from the E911 Fund since the date of the PUC Order, and if so, the amount of such withdrawals. In addition, the Commissioners asked if the withdrawals were authorized by checks issued with the signature of the Chief of the Guam Fire Department.

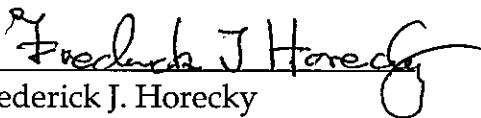
5. On May 31, 2019, the ALJ sent emails to both the Director of Administration and the Fire Chief to ascertain the answers to the questions raised by the Commission.
6. Attached hereto as Exhibit "1" is the letter sent by the ALJ to Director Birn.
7. Attached hereto as Exhibit "2" is the letter sent by the ALJ to Fire Chief Stone.

8. Attached hereto as Exhibit "3" is the Response to the ALJ inquiry by Gaudencio Goody A. Rosario, Deputy Financial Manager of DOA. Fire Chief Stone has not responded to the ALJ inquiry.

ANALYSIS

9. Based upon the Response by Mr. Rosario of the Department of Administration, it appears that there is a separate E911 bank account, a savings account, where revenue collections for E911 are deposited. Such account has been in existence since June 8, 2018. Two draw downs were made from the bank account since the PUC Order: \$8,740 on February 6, 2019 and \$6,910.75 on May 9, 2019.
10. However, it also appears that E911 expenditures are made from the General Fund checking account. When E911 expenditures are made from the General Fund, the Department of Administration draws amounts from the E911 bank account to reimburse the General Fund.
11. To date there is no evidence indicating that the Fire Chief signs checks from the General Fund for E911 expenditures, or for savings account payments reimbursing the General Fund.
12. On July 14, 2019, the ALJ attempted to schedule a meeting with Mr. Birn and Mr. Rosario to further understand DOA's position; however, due to an off-island trip, Mr. Birn was unable to meet with the ALJ until July 23.
13. At the PUC Meeting on July 25, 2019, the ALJ will further advise the Commissioners of the results of the July 23 meeting with the Department of Administration and the Fire Chief, and will propose any appropriate action to be taken.

Dated this 19th day of July, 2019.


Frederick J. Horecky
Chief Administrative Law Judge

Fred Horecky

From: Fred Horecky <horeckylaw@teleguam.net>
Sent: Friday, May 31, 2019 9:45 AM
To: 'Edward M. Birn'
Cc: 'Lou Palomo'
Subject: RE: E911 Investigation, GTA Docket 18-02

Dear Mr. Birn:

Last night at the PUC meeting I recommended that the Commissioners issue a Docket Closure Order, with a finding that the Department is in full compliance with the January 17, 2019, Order.

However, the Commissioners did not wish to issue the Closure Order until I further investigated a certain matter. The January 17, 2019, Order contained the following as paragraph I of the ORDERING PROVISIONS: "The Department of Administration must establish a separate bank account for the E911 Fund. Checks issued shall be signed by the authorized signatories for the Department of Administration and the Fire Chief of the Guam Fire Department."

Have there been any withdrawals from the E911 since the date of the PUC Order, and, if so, what is the amount of the withdrawals? If there were withdrawals, were those withdrawals authorized by checks issued with the signature of the Chief of the Guam Fire Department?

Your response to these questions will be most appreciated.

Sincerely,

Fred Horecky
Chief Administrative Law Judge
Guam Public Utilities Commission
c/o Law Office of Frederick J. Horecky
643 Chalan San Antonio, Ste. 102B
Tamuning, Guam 96913
(w)646-8274/5
(f) 646-8403
horeckylaw@teleguam.net

CONFIDENTIALITY NOTICE: This email transmission, and any documents, files or previous email messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, do not read it. You are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is STRICTLY PROHIBITED. If you have received this transmission in error, please immediately notify us by reply email, by forwarding this to horeckylaw@teleguam.net or by telephone at (671) 646-8274, and destroy the original transmission and its attachments without reading or saving in any manner. Thank you.

From: Fred Horecky <horeckylaw@teleguam.net>
Sent: Friday, May 3, 2019 9:56 AM
To: 'Edward M. Birn' <Edward.Birn@doa.guam.gov>
Cc: 'Lou Palomo' <lpalomo@guampuc.com>
Subject: RE: E911 Investigation, GTA Docket 18-02

Fred Horecky

From: Fred Horecky <horeckylaw@teleguam.net>
Sent: Friday, May 31, 2019 11:17 AM
To: 'daniel.stone@gfd.guam.gov'
Cc: 'donna.santiago@gfd.guam.gov'; Lou Palomo
Subject: Re: Guam Public Utilities Docket 18-02
Attachments: FILED PUC Order 01.17.19.pdf

Dear Fire Chief Stone:

I am an Administrative Law Judge of the Guam Public Utilities Commission ("PUC"). As you may know, the PUC conducted an investigation into the transfer of E911 Funds from the E911 Fund to the General Fund and determined that such transfers were illegal and in violation of the Surcharge Law. I am enclosing a copy of the January 17, 2019, PUC Order for your information.

Last night at the PUC meeting I recommended that the Commissioners issue a Docket Closure Order, with a finding that the Department of Administration is in full compliance with the January 17, 2019, Order. DOA has demonstrated that it did transfer over \$3.8M from the General Fund back into the E911 Fund.

However, the Commissioners did not wish to issue the Closure Order until I further investigated a certain matter. The January 17, 2019, Order contained the following as paragraph I of the ORDERING PROVISIONS: "The Department of Administration must establish a separate bank account for the E911 Fund. Checks issued shall be signed by the authorized signatories for the Department of Administration and the Fire Chief of the Guam Fire Department."

As instructed by the PUC Commissioners, I am attempting to ascertain whether there been any withdrawals from the E911 since the date of the PUC Order, and, if so, what is the amount of the withdrawals? If there were withdrawals, were those withdrawals authorized by checks issued with your signature? The intent of the PUC Order is that you sign any check withdrawing funds from the E911 Fund. I must determine whether your signature is now a required element of the fund withdrawal process.

Your response to these questions will be most appreciated in order to satisfy the questions raised by the PUC Commissioners. Please feel free to call me if you have any questions in this regard. Thank you.

Sincerely,

Fred Horecky
Chief Administrative Law Judge
Guam Public Utilities Commission
c/o Law Office of Frederick J. Horecky
643 Chalan San Antonio, Ste. 102B
Tamuning, Guam 96913
(w) 646-8274/5
(f) 646-8403
horeckylaw@teleguam.net

CONFIDENTIALITY NOTICE: This email transmission, and any documents, files or previous email messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, do not read it. You are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is STRICTLY

PROHIBITED. If you have received this transmission in error, please immediately notify us by reply email, by forwarding this to horeckylaw@teleguam.net or by telephone at (671) 646-8274, and destroy the original transmission and its attachments without reading or saving in any manner. Thank you.

Fred Horecky

From: Gaudencio A Rosario <Gaudencio.Rosario@doa.guam.gov>
Sent: Wednesday, June 19, 2019 4:21 PM
To: horeckylaw@teleguam.net
Cc: lpalomo@guampuc.com; Edward M. Birn; daniel.stone@gfd.guam.gov
Subject: FW: E911 Investigation, GTA Docket 18-02
Attachments: E911 Drawdown Samples.pdf; E911 FY19 Activities.xlsx

Dear Mr. Horecky,

This is in response to your email to our Director Birn.

As per record, the established E911 bank account was a savings account where revenue collections are being deposited into the account since 06/08/2018. To date, \$3,880,716 has also been paid back to E911 from General Fund.

With regards to the E911 and other funds expenditures, our normal process is still in place where General Fund checking account pays for all special fund's payables and payroll costs. General Fund checking account serves as central disbursement system for all line agency funds. DOA monitors the inter fund (due to/from) between General Fund and Other Funds including E911.

Attached are actual drawdowns (with supporting documents) made from the E911 bank account in 02/06/2019 for \$8,740 and \$6,910.75 in 05/09/2019.

Also, attached worksheet is E911 Statement of Cash, Revenues and Expenditures as of today and thus show E911 Fund owes General Fund by \$649,315.75. Since E911 Fund has no checking account and to be in compliance with the Order, we would like to request approval from PUC and Guam Fire Department Chief for Department of Administration to draw \$649,315.75 from E911 account to reimburse General Fund. If this is acceptable, we will continue to request for drawdown approval from PUC and GFD Chief in the future.

Please let us know should you need additional information or any question on the attached reports.

Sincerely,

Gaudencio "Goody" A. Rosario, *MPA*
Deputy Financial Manager
Department of Administration
Government of Guam
P.O. Box 884
Hagatna, Guam 96932
Tel: 671-475-1150; Fax: 671-472-8483
gaudencio.rosario@doa.guam.gov



Lourdes A.
son Guerrero
Governor

Joshua F. Tanorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ullislan Direktol)

Post Office Box 884 * Hagatna, Guam 96932
TEL (671) 475-1101/1250 * FAX (671) 477-
6788



Edward M. Birn
Director

Edlin C. Pangalanan
Deputy Director

From: Director, Edward M. Birn

Date: 6/19/19

DUE DATE: _____

To: // Deputy Director

// URGENT

// ASO

// ACTION/ATTENTION

// PC

// BRIEF ME

☒ Division of Accounts
Financial Manager

// PREPARE REPLY FOR DIRECTOR

// PREPARE REPLY FOR GOVERNOR

// Human Resources Division
Manager

// REPRESENT ME

// CIRCULATE

// General Services Agency
Chief Procurement Officer

// FILE/INFO

REMARKS: Check in Register 6/18/19-5 re 911
fund. Do we need a response to
PSC re dual signature? 6/19/19

2019 FEB - 6 AM 9:15

CHECK DISTRIBUTION

CHECK REGISTER TRANSMITTAL

Request No. 1st
 Dated: 2/5/2019

Payee	Check Date	Check Nos.	Check amount	Remarks
Various Special Fund Vendors	2/5/2019	665102-665105	12,810.46	SF: Custom & Quarantine
Various Special Fund Vendors	2/5/2019	665106-665121	136,003.13	SF: Highway Fund
Various Special Fund Vendors	2/5/2019	EFT	188.23	SF: Highway Fund
Various Special Fund Vendors	2/5/2019	665122-665130	31,356.30	SF: Real Property
Various Special Fund Vendors	2/5/2019	665131-665140	11,225.35	SF: Peals Board
Various Special Fund Vendors	2/5/2019	665141-665145	9,667.35	SF: Healthy Future
Westpac Hematology	2/5/2019	EFT	520.16	SF: Healthy Future
Various Special Fund Vendors	2/5/2019	665146-665148	4,794.69	SF: Contractor License Board
Xerox Corporation	2/5/2019	665149	3,587.48	SF: Guam Environmental Trust
The Guam Daily Post	2/5/2019	EFT	432.00	SF: Guam Environmental Trust
Various Special Fund Vendors	2/5/2019	665150-665155	2,166.00	SF: Chamorro Land Trust
Various Special Fund Vendors	2/5/2019	665156-665160	9,740.08	SF: E911 Surcharge
Xerox Corporation	2/5/2019	665161	983.22	SF: Banking Insurance Enforcar
Various Special Fund Vendors	2/5/2019	665162-665163	4,177.99	SF: Guam Invasive Species
			226,652.44	

Ms. Rose Please transfer from:

See listing attached.

\$226,652.44

Prepared by:

Julie Cruz, Accounting Tech Supervisor

Reviewed By:

Mike Pajural, General Accounting Supervisor

Approved By:

Edward M. Sim, DOA Director

Cleared for Payment By:

Rosita F. Fejuran, Treasurer of Guam

Revised: 07/11/2018

DRAFT	
Adjusted Book Balance:	10,767,241.00
less: Check Registers:	
1st Request	-226,652.00
2nd Request	
3rd Request	
4th Request	
less: Bonds/BPT & HOT	
Plus: Pending Deposits/Transfers:	
Federal Transfers -	
Federal Transfers -	
Other Transfers: (See listing attached)	226,652.00
Income Tax:	
Updated Book Balance:	10,767,241.00
Remarks:	

E911 Surcharge	8,740.08
Chamorro Land Trust	2,166.00
Customs & Quarantine	12,810.46
Guam Highway Fund	136,191.36
Real Property Tax	31,356.30
Healthy Future	10,187.51
Contractor's Lic. Board	4,794.69
Guam Environmental Trust	4,019.48
Banking Insurance Enforcer	983.22
Pearly Board	11,225.35
Guam Invasive Species	4,177.99

CHECK DISTRIBUTION

[illegible]

Approved By:

Cleared for Payment By:

Revised: 07/11/2018

Mike Cabral, General Accounting Supervisor

FEB 05 2019

Edward M. Birn, DOA Director,

Rosita F. Fejeran, Treasurer of Guam

REPORT : PR2VCHK
RUN DATE: 2/05/19

DEPARTMENT OF ADMINISTRATION
A/P PROOF CHECK REGISTER
CHECK DATE: 02/05/2019

PAGE NO : 1
RUN TIME: 8:26:42

E911 Sun Chong

<u>CHECK#</u>	<u>VENDOR</u>	<u>VENDOR NAME</u>	<u>CHECK AMT</u>	<u>DISCOUNT</u>	<u>CDE</u>	<u>CDE</u>	<u>TAX</u>	<u>DOA</u>
665156	G0097467	TELEGUAM HOLDINGS, LLC	372.61					
665157	G3277101	DOCOMO PACIFIC (GUAMCELL COM.)	599.96				Y	Y
665158	N0096228	COMPACIFIC DBA NET CIRCUIT	59.00					Y
665159	R0099545	ROYAL BICS	7,552.65					Y
665160	X0012204	XEROX CORPORATION	155.86					Y

FINAL TOTALS Count: 5

8,740.08

2/5/19

DISSEMINATION OFFICE

SPECIAL REVENUE ACCOUNT PAYMENT LISTING
AS OF 05/08/2019

TRANSFER REQUIRED TO THE GENERAL FUND

SRF NAME	SRF #	G/L #	Amount	Total Transfer
Community Health Center Fund	670226-670230	110510210	32,471.48	
Community Health Center Fund	EFT	110510210	713.46	33,184.94
Customs & Quarantine	670231-670240	120910210	9,683.68	
Customs & Quarantine	EFT	120910210	21.51	9,705.19
Guam Highway Fund	670241-670259	120810210	16,203.83	
Guam Highway Fund	EFT	120810210	766.11	16,969.94
TEFF	670260-670276	120510414	13,403.02	
TEFF	EFT	120510414	250.00	13,653.02
PEALS	670277-670284	121510210	2,719.46	
PEALS	EFT	121510210	192.00	2,911.46
GDOL Manpower Dev Fund	670285-670294	123210212	1,788.96	
Healthy Future	670295-670305	160210211	127,582.29	
Healthy Future	EFT	160210211	124,437.53	252,019.82
Contractors License Board	670306-670307	121310210	915.59	
E911	670308-670310	128110210	5,910.75	6,910.75
Chamorro Land Trust	670311-670313	162410210	11,616.63	
Chamorro Land Trust	EFT	162410210	768.00	12,384.63
Plant Inspect & Permit Fund	670314	160810210	360.00	
Environmental Trust Fund	670315-670317	124510210	1,699.09	
Environmental Trust Fund	EFT	124510210	763.00	2,462.09
Banking and Insurance Enf	670318-670319	161110210	1,461.00	
Criminal Injuries	670320-670322	132510210	17,776.59	
Criminal Injuries	EFT	132510210	166.54	17,943.13
Health Professional License	670323-670324	124110210	768.00	
Environmental Health	670325	160010210	1,400.00	
Total to transfer to the G/F:			374,838.52	374,838.52

Special Fund-6911

FORM : APS0020
DATE : 5/08/19

DEPARTMENT OF ADMINISTRATION
ACCOUNTS PAYABLE CHECK REGISTER

PAGE 1
TIME 10:26:43

PPX	CHECK-NO	CHECK-NAME	ID-NO	AMOUNT	CHECK-DATE
18	670308	MOTOROLA USFGMD	M0096824	6,548.85	5/08/2019
18	670309	MEGABYTE	M9271501	114.90	5/08/2019
18	670310	PEPSI-COLA BOTTLING COMPANY	P0431701	247.00	5/08/2019
FINAL TOTALS:				66,910.75	

RECORD COUNT: 3 CHECK AMOUNT:

to 5/8/19
6/18/19

6/18/19

E911 FUND Statement of Cash, Revenues and Expenditures as of 06/19/2019:

E911 Cash Activities	Sum of AMOUNT
Beginning Balance	1,120,177.55
Deposit - Interest	1,908.95
Deposits - JV	626,832.91
Deposits - repayment fr GF	3,880,716.00
Deposits - STF	653,622.90
Drawdown - Vendor Pymt	(30,921.84)
Grand Total	6,252,336.47

E911 Revenues	Sum of AMOUNT
Interest Earned	1,908.95
Repayment fr GF	3,880,716.00
Revenue Collections	1,480,300.01
Grand Total	5,362,924.96

E911 Expenditures	Sum of AMOUNT
Payroll Costs	809,281.60
Supply Purchase - GSA	1,694.71
Vendor Payment	69,105.48
Grand Total	880,081.79

Request for Drawdown:

Revenue Collections	1,480,300.01
Total Due to E911 Fund	1,480,300.01

Less:

Expenditures Paid by GF	(880,081.79)
Deposits made by TOG to E199	(1,280,455.81)
Drawdowns - Vendor Payments	30,921.84
Total payments by GF for E911	(2,129,615.76)

Net Due to General Fund from E911	(649,315.75)
--	---------------------

DEPT	ACCOUNT	TRNDATE	MON	DY	YR	TRANCODE	TRANS TYPE	TRAN_NO	AMOUNT	PRIORREF
10	128110210	10/17/2018	10	1	2018	600	Beginning Balance		1,120,127.55	
10	128110210	10/31/2018	10	31	2018	604	Deposit - Interest	J190610147	118.92	OCT'18 INT
10	128110210	11/27/2018	11	27	2018	604	Drawdown - Vendor Pymt	J19STF0071	(15,271.01)	110010413
10	128110210	11/30/2018	11	30	2018	604	Deposit - Interest	J190610285	114.89	NOV'18 INT
10	128110210	12/31/2018	12	31	2018	604	Deposit - Interest	J190610448	117.32	DEC'18 INT
10	128110210	1/31/2019	1	31	2019	604	Deposit - Interest	J190610639	117.34	JAN'19 INT
10	128110210	2/1/2019	2	1	2019	604	Deposits - IV	J190610726	29.00	TPS020119
10	128110210	2/6/2019	2	6	2019	604	Drawdown - Vendor Pymt	J19STF0149	(8,740.08)	110010413
10	128110210	2/11/2019	2	11	2019	604	Deposits - IV	J190610727	73,827.46	TPS021119
10	128110210	2/14/2019	2	14	2019	604	Deposits - IV	J190610728	647.00	TPS021819
10	128110210	2/15/2019	2	15	2019	604	Deposits - IV	J190610715	39,477.00	TPS021519
10	128110210	2/20/2019	2	20	2019	604	Deposits - STF	J19STF0167	181,264.61	110010413
10	128110210	2/20/2019	2	20	2019	604	Deposits - STF	J19STF0167	181,051.55	110010413
10	128110210	2/20/2019	2	20	2019	604	Deposits - STF	J19STF0167	178,424.58	110010413
10	128110210	2/20/2019	2	20	2019	604	Deposits - STF	J19STF0167	112,882.16	110010413
10	128110210	2/22/2019	2	22	2019	604	Deposits - IV	J190610754	67,436.63	TPS022219
10	128110210	2/26/2019	2	26	2019	604	Deposits - IV	J190610766	30.00	TPS022619
10	128110210	2/28/2019	2	28	2019	604	Deposit - Interest	J190610793	131.35	FEB'19 INT
10	128110210	3/15/2019	3	15	2019	604	Deposits - IV	J190610888	38,980.00	TPS031519
10	128110210	3/21/2019	3	21	2019	604	Deposits - repayment fr GF	J19STF0203	1,000,000.00	110010413
10	128110210	3/29/2019	3	29	2019	604	Deposit - Interest	J190610978	244.40	MAR'19 INT
10	128110210	4/2/2019	4	2	2019	604	Deposits - IV	J190610973	31.00	TPS040219
10	128110210	4/8/2019	4	8	2019	604	Deposits - IV	J190610999	67,010.35	TPS040519
10	128110210	4/11/2019	4	11	2019	604	Deposits - repayment fr GF	J19STF0228	1,000,000.00	110010413
10	128110210	4/15/2019	4	15	2019	604	Deposits - IV	J190611047	40,734.00	TPS041519
10	128110210	4/19/2019	4	19	2019	604	Deposits - repayment fr GF	J19STF0236	1,000,000.00	110010413
10	128110210	4/26/2019	4	26	2019	604	Deposits - repayment fr GF	J19STF0243	880,716.00	110010413
10	128110210	5/1/2019	5	1	2019	604	Deposits - repayment fr GF	J19STF0248	(653,622.47)	110010413
10	128110210	5/3/2019	5	3	2019	604	Deposit - Interest	J190611137	437.04	APR'19 INT
10	128110210	5/8/2019	5	8	2019	604	Deposits - repayment fr GF	J19STF0255	653,622.47	110010413
10	128110210	5/9/2019	5	9	2019	604	Drawdown - Vendor Pymt	J19STF0256	(6,910.75)	110010413
10	128110210	5/9/2019	5	9	2019	604	Deposits - IV	J190611196	67,211.04	TPS050919
10	128110210	5/10/2019	5	10	2019	604	Deposits - IV	J190611216	74,359.37	TPS051019
10	128110210	5/15/2019	5	15	2019	604	Deposits - IV	J190611233	40,979.00	TPS051519
10	128110210	5/31/2019	5	31	2019	604	Deposit - Interest	J190611334	627.69	MAY'19 INT
10	128110210	6/13/2019	6	13	2019	604	Deposits - IV	J190611407	40,934.00	TPS061319
10	128110210	6/14/2019	6	14	2019	604	Deposits - IV	J190611429	75,147.06	TPS061419
									6,252,336.47	

DEPT	ACCOUNT	TRDATE	MON	DY	YR	TRANCODE	TRANS TYPE	TRAN NO	AMOUNT	PRIORREF	VENDORNO	INVSICE	INVMON	INVDAY
01	328164201	10/11/2018	10	15	2018	593	Revenue Collections	JP01011518	73,751.21				0	0
01	328164201	10/15/2018	10	15	2018	593	Revenue Collections	JP0101518	679.00				0	0
01	328164201	10/16/2018	10	16	2018	593	Revenue Collections	JP0101618	38,010.00				0	0
01	328164201	10/18/2018	10	18	2018	593	Revenue Collections	JP0101818	68,611.34				0	0
01	328164201	10/31/2018	10	31	2018	593	Interest Earned	JP0610147	118.92	128110210			0	0
01	328164201	11/14/2018	11	14	2018	593	Revenue Collections	JP0111418	647.00				0	0
01	328164201	11/15/2018	11	15	2018	593	Revenue Collections	JP0111518	70,976.53				0	0
01	328164201	11/16/2018	11	16	2018	593	Revenue Collections	JP0111618	38,421.00				0	0
01	328164201	11/20/2018	11	20	2018	593	Revenue Collections	JP0112018	68,245.05				0	0
01	328164201	11/29/2018	11	29	2018	593	Revenue Collections	JP0112918	135.00				0	0
01	328164201	11/30/2018	11	30	2018	593	Interest Earned	JP0610285	174.89	128110210			0	0
01	328164201	12/14/2018	12	14	2018	593	Revenue Collections	JP0112418	74,413.16				0	0
01	328164201	12/17/2018	12	17	2018	593	Revenue Collections	JP0112718	38,441.00				0	0
01	328164201	12/27/2018	12	27	2018	593	Revenue Collections	JP0112718	28.00				0	0
01	328164201	1/3/2019	1	3	2019	593	Revenue Collections	JP01010319	67,001.70				0	0
01	328164201	12/31/2018	12	31	2018	593	Interest Earned	JP0610448	117.32	128110210			0	0
01	328164201	1/1/2019	1	1	2019	593	Revenue Collections	JP01010719	74,066.91				0	0
01	328164201	1/14/2019	1	14	2019	593	Revenue Collections	JP01011419	659.00				0	0
01	328164201	1/15/2019	1	15	2019	593	Revenue Collections	JP0101519	39,537.00				0	0
01	328164201	2/1/2019	2	1	2019	593	Revenue Collections	JP01020119	29.00				0	0
01	328164201	1/31/2019	1	31	2019	593	Interest Earned	JP0610639	117.34	128110210			0	0
01	328164201	2/11/2019	2	11	2019	593	Revenue Collections	JP01021119	73,877.46				0	0
01	328164201	2/14/2019	2	14	2019	593	Revenue Collections	JP01021419	647.00				0	0
01	328164201	2/15/2019	2	15	2019	593	Revenue Collections	JP01021519	39,477.00				0	0
01	328164201	2/22/2019	2	22	2019	593	Revenue Collections	JP01022219	67,436.63				0	0
01	328164201	2/26/2019	2	26	2019	593	Revenue Collections	JP01022619	30.00				0	0
01	328164201	2/28/2019	2	28	2019	593	Interest Earned	JP0610793	231.35	128110210			0	0
01	328164201	3/14/2019	3	14	2019	593	Revenue Collections	JP01031419	56,873.70				0	0
01	328164201	3/15/2019	3	15	2019	593	Revenue Collections	JP01031519	39,627.00				0	0
01	328164201	4/2/2019	4	2	2019	593	Revenue Collections	JP01040219	31.00				0	0
01	328164201	3/29/2019	3	29	2019	593	Interest Earned	JP0610978	244.40	128110210			0	0
01	328164201	4/5/2019	4	5	2019	593	Revenue Collections	JP01040519	67,010.35				0	0
01	328164201	4/11/2019	4	11	2019	593	Revenue Collections	JP01041119	74,585.49				0	0
01	328164201	4/15/2019	4	15	2019	593	Revenue Collections	JP01041519	40,734.00				0	0
01	328164201	4/23/2019	4	23	2019	593	Revenue Collections	JP01042319	35.00				0	0
01	328164201	4/22/2019	4	22	2019	593	Revenue Collections	JP01042219	67,676.01				0	0
01	328164201	5/3/2019	5	3	2019	593	Interest Earned	JP0611317	437.04	128110210			0	0
01	328164201	5/9/2019	5	9	2019	593	Revenue Collections	JP01050919	67,211.04				0	0
01	328164201	5/10/2019	5	10	2019	593	Revenue Collections	JP01051019	74,359.37				0	0
00	328150100	4/30/2019	4	30	2019	593	Repayment fr GF	JP0611218	3,880,716.00	E911			0	0
01	328164201	5/15/2019	5	15	2019	593	Revenue Collections	JP01051519	140,979.00				0	0
01	328154101	5/31/2019	5	31	2019	593	Interest Earned	JP0611334	627.69	128110210			0	0
01	328164201	6/5/2019	6	5	2019	593	Revenue Collections	JP01060519	27.00				0	0
01	328164201	6/13/2019	6	13	2019	593	Revenue Collections	JP01061319	40,934.00				0	0
01	328164201	6/14/2019	6	14	2019	593	Revenue Collections	JP01061419	75,147.06				0	0
									5,362,924.96					

DEPT	ACCOUNT	TRNDATE	MON	DY	YR	TRANCODE	TRANS TYPE	TRAN_NO	AMOUNT
42	5281A184280ES281250	10/15/2018	10	15	2018	170	Vendor Payment	0560523	10,104.00
42	5281A184280ES281111	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	(1,822.15)
42	5281A184280ES281113	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	(602.81)
42	5281A194280ES281111	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	(28,510.22)
42	5281A194280ES281112	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	(1,351.86)
42	5281A194280ES281113	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	(11,347.14)
42	5281A184280ES281111	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	1,822.15
42	5281A184280ES281113	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	602.81
42	5281A194280ES281111	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	28,510.22
42	5281A194280ES281112	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	1,351.86
42	5281A194280ES281113	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	11,347.14
42	5281A184280ES281111	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	1,822.15
42	5281A184280ES281113	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	602.81
42	5281A194280ES281111	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	28,510.22
42	5281A194280ES281112	10/17/2018	10	17	2018	490	Payroll Costs	LABOR1013	1,351.86
42	5281A194280ES281113	10/30/2018	10	30	2018	490	Payroll Costs	LABOR1027	30,864.10
42	5281A194280ES281112	10/30/2018	10	30	2018	490	Payroll Costs	LABOR1027	2,087.45
42	5281A194280ES281113	10/30/2018	10	30	2018	490	Payroll Costs	LABOR1027	11,014.00
42	5281A194280ES281111	11/14/2018	11	14	2018	490	Payroll Costs	LABOR1110	33,115.55
42	5281A194280ES281112	11/14/2018	11	14	2018	490	Payroll Costs	LABOR1110	1,474.65
42	5281A194280ES281113	11/14/2018	11	14	2018	490	Payroll Costs	LABOR1110	11,034.25
42	5281A194280ES281111	11/28/2018	11	28	2018	490	Payroll Costs	LABOR1124	38,356.05
42	5281A194280ES281112	11/28/2018	11	28	2018	490	Payroll Costs	LABOR1124	965.75
42	5281A194280ES281113	11/28/2018	11	28	2018	490	Payroll Costs	LABOR1124	11,298.81
42	5281A194280ES281111	12/6/2018	12	6	2018	490	Payroll Costs	LABOR1124	358.43
42	5281A194280ES281112	12/6/2018	12	6	2018	490	Payroll Costs	LABOR1124	90.27
42	5281A194280ES281113	12/6/2018	12	6	2018	490	Payroll Costs	LABOR1124	97.56
42	5281A184280ES281290	12/10/2018	12	10	2018	170	Vendor Payment	0665159	7,552.65
42	5281A194280ES281111	12/12/2018	12	12	2018	490	Payroll Costs	LABOR1208	32,979.21
42	5281A194280ES281112	12/12/2018	12	12	2018	490	Payroll Costs	LABOR1208	1,029.74
42	5281A194280ES281113	12/12/2018	12	12	2018	490	Payroll Costs	LABOR1208	10,996.12
42	5281A184280ES281250	12/17/2018	12	17	2018	170	Vendor Payment	0563962	2,755.13

42	5281A194280ES281363	12/21/2018	12	21	2018	170	Vendor Payment	0664322	1,398.45
42	5281A194280ES281363	12/21/2018	12	21	2018	170	Vendor Payment	0664322	375.19
42	5281A194280ES281363	12/21/2018	12	21	2018	170	Vendor Payment	0664322	1,664.54
42	5281A194280ES281363	12/21/2018	12	21	2018	170	Vendor Payment	0664322	688.97
42	5281A194280ES281363	12/21/2018	12	21	2018	170	Vendor Payment	0664322	75.95
42	5281A194280ES281363	12/21/2018	12	21	2018	170	Vendor Payment	0664322	42.95
42	5281A194280ES281111	12/26/2018	12	26	2018	490	Payroll Costs	LABOR1222	29,529.57
42	5281A194280ES281112	12/26/2018	12	26	2018	490	Payroll Costs	LABOR1222	1,235.69
42	5281A194280ES281113	12/26/2018	12	26	2018	490	Payroll Costs	LABOR1222	10,940.29
42	5281A194280ES281363	12/31/2018	12	31	2018	170	Vendor Payment	0663925	149.99
42	5281A194280ES281363	12/31/2018	12	31	2018	170	Vendor Payment	0663925	149.99
42	5281A184280ES281230	1/2/2019	1	2	2019	170	Vendor Payment	0664852	534.00
42	5281A184280ES281230	1/2/2019	1	2	2019	170	Vendor Payment	0664852	169.00
42	5281A194280ES281111	1/9/2019	1	9	2019	490	Payroll Costs	LABOR0105	36,506.05
42	5281A194280ES281112	1/9/2019	1	9	2019	490	Payroll Costs	LABOR0105	463.38
42	5281A194280ES281113	1/9/2019	1	9	2019	490	Payroll Costs	LABOR0105	10,999.22
42	5281A194280ES281230	1/8/2019	1	8	2019	170	Vendor Payment	0663956	2,182.95
42	5281A194280ES281230	1/8/2019	1	8	2019	170	Vendor Payment	0663956	2,182.95
42	5281A194280ES281230	1/8/2019	1	8	2019	170	Vendor Payment	0663956	2,182.95
42	5281A194280ES281363	1/8/2019	1	8	2019	170	Vendor Payment	0664322	368.01
42	5281A194280ES281240	1/15/2019	1	15	2019	170	Vendor Payment	0665158	59.00
42	5281A194280ES281111	1/23/2019	1	23	2019	490	Payroll Costs	LABOR0119	30,603.46
42	5281A194280ES281112	1/23/2019	1	23	2019	490	Payroll Costs	LABOR0119	442.57
42	5281A194280ES281113	1/23/2019	1	23	2019	490	Payroll Costs	LABOR0119	11,247.08
42	5281A194280ES281363	1/22/2019	1	22	2019	170	Vendor Payment	0665157	149.99
42	5281A194280ES281363	1/22/2019	1	22	2019	170	Vendor Payment	0665157	149.99
42	5281A194280ES281363	1/22/2019	1	22	2019	170	Vendor Payment	0665157	149.99
42	5281A194280ES281363	1/22/2019	1	22	2019	170	Vendor Payment	0665157	149.99
42	5281A194280ES281111	2/6/2019	2	6	2019	490	Payroll Costs	LABOR0202	33,391.48
42	5281A194280ES281112	2/6/2019	2	6	2019	490	Payroll Costs	LABOR0202	346.86
42	5281A194280ES281113	2/6/2019	2	6	2019	490	Payroll Costs	LABOR0202	11,286.10
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	1,340.04
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	1,340.04

42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	688.97
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	42.95
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	75.95
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	1,606.92
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	688.97
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	42.95
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	75.95
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	1,612.92
42	5281A194280ES281363	2/6/2019	2	6	2019	170	Vendor Payment	0665759	377.27
42	5281A194280ES281240	1/22/2019	1	22	2019	170	Vendor Payment	0667514	720.00
42	5281A184280ES281290	1/22/2019	1	22	2019	170	Vendor Payment	0667518	1,119.00
42	5281A194280ES281240	1/23/2019	1	23	2019	170	Vendor Payment	0667506	3,281.25
42	5281A194280ES281240	2/8/2019	2	8	2019	170	Vendor Payment	0667020	176.00
42	5281A194280ES281240	2/6/2019	2	6	2019	170	Vendor Payment	0667514	3,040.00
42	5281A194280ES281230	1/30/2019	1	30	2019	190	Vendor Payment	0667226	2,622.25
42	5281A194280ES281230	1/30/2019	1	30	2019	190	Vendor Payment	0667226	257.25
42	5281A194280ES281240	1/29/2019	1	29	2019	170	Vendor Payment	0667020	109.00
42	5281A194280ES281240	2/1/2019	2	1	2019	170	Vendor Payment	0667506	19.75
42	5281A194280ES281363	2/14/2019	2	14	2019	170	Vendor Payment	0667493	149.99
42	5281A194280ES281363	2/14/2019	2	14	2019	170	Vendor Payment	0667493	149.99
42	5281A194280ES281111	2/20/2019	2	20	2019	490	Payroll Costs	LABOR0216	31,741.00
42	5281A194280ES281112	2/20/2019	2	20	2019	490	Payroll Costs	LABOR0216	350.87
42	5281A194280ES281113	2/20/2019	2	20	2019	490	Payroll Costs	LABOR0216	11,640.18
42	5281A194280ES281230	2/21/2019	2	21	2019	170	Vendor Payment	EFT 032119	216.00
42	5281A194280ES281240	3/1/2019	3	1	2019	390	Supply Purchase - GSA	500039197	960.57
42	5281A194280ES281111	3/1/2019	3	1	2019	490	Payroll Costs	LABOR0216	318.08
42	5281A194280ES281113	3/1/2019	3	1	2019	490	Payroll Costs	LABOR0216	89.09
42	5281A194280ES281111	3/6/2019	3	6	2019	490	Payroll Costs	LABOR0302	32,016.75
42	5281A194280ES281112	3/6/2019	3	6	2019	490	Payroll Costs	LABOR0302	2,710.29
42	5281A194280ES281113	3/6/2019	3	6	2019	490	Payroll Costs	LABOR0302	11,720.63
42	5281A194280ES281363	3/8/2019	3	8	2019	170	Vendor Payment	0667357	369.42
42	5281A194280ES281111	3/20/2019	3	20	2019	490	Payroll Costs	LABOR0316	33,611.59
42	5281A194280ES281112	3/20/2019	3	20	2019	490	Payroll Costs	LABOR0316	1,100.76
42	5281A194280ES281113	3/20/2019	3	20	2019	490	Payroll Costs	LABOR0316	11,558.12

42	5281A194280ES281111	3/22/2019	3	22	2019	490	Payroll Costs	LABOR0316	2,782.08
42	5281A194280ES281113	3/22/2019	3	22	2019	490	Payroll Costs	LABOR0316	779.26
42	5281A194280ES281230	3/26/2019	3	26	2019	170	Vendor Payment	0668235	33.25
42	5281A194280ES281363	3/28/2019	3	28	2019	170	Vendor Payment	0668749	688.97
42	5281A194280ES281363	3/28/2019	3	28	2019	170	Vendor Payment	0668749	75.95
42	5281A194280ES281363	3/28/2019	3	28	2019	170	Vendor Payment	0668749	42.95
42	5281A194280ES281363	3/28/2019	3	28	2019	170	Vendor Payment	0668749	1,612.54
42	5281A194280ES281230	3/27/2019	3	27	2019	170	Vendor Payment	0668750	47.50
42	5281A194280ES281230	3/27/2019	3	27	2019	170	Vendor Payment	0668750	28.50
42	5281A194280ES281363	3/29/2019	3	29	2019	170	Vendor Payment	0668749	1,339.68
42	5281A194280ES281363	3/29/2019	3	29	2019	170	Vendor Payment	0668749	688.97
42	5281A194280ES281363	3/29/2019	3	29	2019	170	Vendor Payment	0668749	75.95
42	5281A194280ES281363	3/29/2019	3	29	2019	170	Vendor Payment	0668749	42.95
42	5281A194280ES281363	3/29/2019	3	29	2019	170	Vendor Payment	0668749	1,612.54
42	5281A194280ES281111	4/3/2019	4	3	2019	490	Payroll Costs	LABOR0330	30,323.77
42	5281A194280ES281112	4/3/2019	4	3	2019	490	Payroll Costs	LABOR0330	1,965.68
42	5281A194280ES281113	4/3/2019	4	3	2019	490	Payroll Costs	LABOR0330	10,827.72
42	5281A194280ES281230	4/12/2019	4	12	2019	170	Vendor Payment	0670310	33.25
42	5281A194280ES281230	4/16/2019	4	16	2019	170	Vendor Payment	0670310	28.50
42	5281A194280ES281111	4/17/2019	4	17	2019	490	Payroll Costs	LABOR0413	29,678.88
42	5281A194280ES281112	4/17/2019	4	17	2019	490	Payroll Costs	LABOR0413	1,421.87
42	5281A194280ES281113	4/17/2019	4	17	2019	490	Payroll Costs	LABOR0413	10,810.49
42	5281A194280ES281230	4/19/2019	4	19	2019	170	Vendor Payment	0670310	95.00
42	5281A194280ES281230	4/19/2019	4	19	2019	170	Vendor Payment	0670310	9.50
42	5281A194280ES281111	4/26/2019	4	26	2019	490	Payroll Costs	LABOR0413	662.40
42	5281A194280ES281113	4/26/2019	4	26	2019	490	Payroll Costs	LABOR0413	9.60
42	5281A194280ES281240	4/25/2019	4	25	2019	170	Vendor Payment	0670309	45.00
42	5281A194280ES281240	4/29/2019	4	29	2019	170	Vendor Payment	0670309	69.90
42	5281A194280ES281230	4/29/2019	4	29	2019	170	Vendor Payment	0670310	42.75
42	5281A194280ES281230	4/29/2019	4	29	2019	170	Vendor Payment	0670310	9.50
42	5281A194280ES281230	4/29/2019	4	29	2019	170	Vendor Payment	0670308	2,182.95
42	5281A194280ES281230	4/29/2019	4	29	2019	170	Vendor Payment	0670308	2,182.95
42	5281A194280ES281230	5/1/2019	5	1	2019	170	Vendor Payment	0670310	28.50

[illegible]

Fred Horecky

From: Fred Horecky <horeckylaw@teleguam.net>
Sent: Sunday, July 14, 2019 11:00 AM
To: 'Edward M. Birn'
Cc: 'Gaudencio A Rosario'; 'Lester Carlson'; 'lpalomo@guampuc.com'; 'daniel.stone@gfd.guam.gov'; 'Pacita A. Uncangco'
Subject: RE: E911 Investigation, GTA Docket 18-02

Thank you.

Sincerely,

Fred Horecky
Chief Administrative Law Judge
Guam Public Utilities Commission
c/o Law Office of Frederick J. Horecky
643 Chalan San Antonio, Ste. 102B
Tamuning, Guam 96913
(w)646-8274/5
(f) 646-8403
horeckylaw@teleguam.net

CONFIDENTIALITY NOTICE: This email transmission, and any documents, files or previous email messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, do not read it. You are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify us by reply email, by forwarding this to horeckylaw@teleguam.net or by telephone at (671) 646-8274, and destroy the original transmission and its attachments without reading or saving in any manner. Thank you.

From: Edward M. Birn <Edward.Birn@doa.guam.gov>
Sent: Sunday, July 14, 2019 10:16 AM
To: Fred Horecky <horeckylaw@teleguam.net>
Cc: Gaudencio A Rosario <Gaudencio.Rosario@doa.guam.gov>; Lester Carlson <lester.carlson@bbmr.guam.gov>; lpalomo@guampuc.com; daniel.stone@gfd.guam.gov; Pacita A. Uncangco <Pacita.Uncangco@doa.guam.gov>
Subject: Re: E911 Investigation, GTA Docket 18-02

I will ask Pat to schedule late morning on the 23rd

Sent from my iPhone

On Jul 13, 2019, at 7:56 PM, Fred Horecky <horeckylaw@teleguam.net> wrote:

Ed,

If possible, can we please schedule our meeting at the earliest possible time? Is July 23 feasible? Thanks.

Sincerely,

Fred Horecky
Chief Administrative Law Judge
Guam Public Utilities Commission
c/o Law Office of Frederick J. Horecky
643 Chalan San Antonio, Ste. 102B
Tamuning, Guam 96913
(w)646-8274/5
(f) 646-8403
horeckylaw@teleguam.net

CONFIDENTIALITY NOTICE: This email transmission, and any documents, files or previous email messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, do not read it. You are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is **STRICTLY PROHIBITED**. If you have received this transmission in error, please immediately notify us by reply email, by forwarding this to horeckylaw@teleguam.net or by telephone at (671) 646-8274, and destroy the original transmission and its attachments without reading or saving in any manner. Thank you.

From: Edward M. Birn <Edward.Birn@doa.guam.gov>
Sent: Sunday, July 14, 2019 2:40 AM
To: Fred Horecky <horeckylaw@teleguam.net>; Gaudencio A Rosario <Gaudencio.Rosario@doa.guam.gov>; Lester Carlson <lester.carlson@bbmr.guam.gov>
Cc: lpalomo@guampuc.com; daniel.stone@gfd.guam.gov; Lester Carlson <lester.carlson@bbmr.guam.gov>; Pacita A. Uncangco <Pacita.Uncangco@doa.guam.gov>
Subject: Re: E911 Investigation, GTA Docket 18-02

Fred:

I am off-island until July 23. I certainly think that it will be helpful to meet before the PUC meeting since we have a different position from that which you set out.

I have included Lester in this discussion since he has an input to this.

Pat, please calendar a meeting as soon as you can that is acceptable to Mr. Horecky in our calendars as soon as Mr. Carlson and I get back.

EDWARD M BIRN
Director
Department of Administration
ITC Building
2nd Floor, Suite 224
590 South Marine Corps Drive
Tamuning, Guam 96913

Office Phone: (671) 475-1250/1101

Fax Phone: (671) 477-6788

From: Fred Horecky <horeckylaw@teleguam.net>

Sent: Saturday, July 13, 2019 1:17 AM

To: Gaudencio A Rosario

Cc: lpalomo@guampuc.com; Edward M. Birn; daniel.stone@gfd.guam.gov

Subject: RE: E911 Investigation, GTA Docket 18-02

Gentlemen:

I am preparing my Report for the PUC Meeting on July 25. I would like to better understand your position, and determine if there is a way to resolve these issues. Can we meet Tuesday or Wednesday morning (June 16 or 17), 10:00 a.m. to discuss this matter? I could come to your office. Please let me know at your earliest convenience. Thank you.

Sincerely,

Fred Horecky
Chief Administrative Law Judge
Guam Public Utilities Commission
c/o Law Office of Frederick J. Horecky
643 Chalan San Antonio, Ste. 102B
Tamuning, Guam 96913
(w)646-8274/5
(f) 646-8403
horeckylaw@teleguam.net

CONFIDENTIALITY NOTICE: This email transmission, and any documents, files or previous email messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, do not read it. You are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is **STRICTLY PROHIBITED**. If you have received this



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GTA Docket 18-02

**Request for Investigation of Certain
Transfers of Money from the Enhanced
911 Emergency Reporting System Fund.**

SECOND STATUS REPORT- UPDATE

On July 23, 2019, the ALJ met with various officials at the Department of Administration including: Ed Birn, Director; Edith Pangelinan, Deputy Director, Prudencio Rosario, Deputy Financial Manager, and Lestor Carlson, Director of BBMR.

Said officials confirmed that since June of 2018, DOA has maintained a separate E911 savings bank account where all revenue collections for E911 are deposited. They indicated that there is a separate E911 fund maintained for E911. All expenditure transactions are made from the E911 Fund and tracked in that fund. Expenditures are paid from general funds but always tracked through the E911 Fund. DOA's position is that the E911 Fund is separate and apart from the General Fund, and complies fully with 12 GCA § 12304(b). In DOA's view, 12 GCA § 12304(b) does not require DOA to maintain a separate bank account.

DOA also points out that the E911 Fund is audited annually as a separate fund.

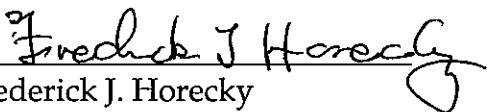
DOA pays expenses from the E911 fund as requested by the Guam Fire Department, such as payroll, vendor, and utility expenses. All such expense payments are therefore essentially approved by GFD. GFD is a line agency of the Government, and it has no accounting function separate from that of DOA. DOA handles all accounting functions for GFD, as it does with all line agencies of the Government of Guam, such as payment of payroll and other expenses.

DOA indicated that it would be cumbersome and burdensome to require the Fire Chief to sign all checks regarding E911 expenditures. However, at the request of the ALJ, DOA agreed to notify the Fire Chief of all requests by DOA that the E911 Fund be reimbursed for expenditures by the revenue savings bank account. In other words, before DOA would reimburse the E911 fund for expenses from the savings bank account, it would notify the Fire Chief in writing the funds from the savings bank account would reimburse the E911 fund, and afford the Fire Chief five days to raise any issue or objection to such reimbursement.

The ALJ concurs with the explanation provided by DOA and BBMR; the notification procedure suggested by DOA will ensure that the Fire Chief is duly advised of any reimbursement of the E911 fund by the Savings Account. Therefore, the ALJ recommends that paragraph 1 of the ORDERING PROVISIONS of the PUC Order in this Docket, dated January 17, 2019, be amended as follows:

1. The Department of Administration does maintain a separate savings bank account for all E911 revenues deposited. E911 expenses are paid from the E911 fund, which is maintained as a separate account from the General Fund. Before DOA reimburses the E911 fund for any expenses from the E911 revenue savings account, DOA shall provide notice of such reimbursement to the Fire Chief and afford the Fire Chief at least 5 days to raise any issue or objection to the reimbursement of the E911 Fund from the revenue savings bank account.

Dated this 23rd day of July, 2019.


Frederick J. Horecky
Chief Administrative Law Judge

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GSWA Docket 19-01
)
PUC Management Audit of GSWA (Scope)
of Work for Management Audit prepared) **ORDER**
by MSW Consultants))
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the mandate of the Guam Legislature that the PUC perform a management audit of the existing operations of the Guam Solid Waste Authority ["GSWA"].
2. In Public Law 34-058: 3, enacted on November 1, 2017, the Guam Legislature added 10 GCA § 51A119, which provides as follows:

"Management Audit by Public Utilities Commission. The Public Utilities Commission (PUC) shall perform a management audit of the existing operations of the Guam Solid Waste Authority. Said audit shall be initiated within sixty (60) days from the date of enactment of this Act and, to the maximum extent possible, completed by December 30, 2017. The PUC *shall* have the full authority and powers conferred upon it by its enabling legislation in Chapter 12 of Title 12 GCA."

BACKGROUND

3. In September of 2018, MSW Consultants was selected by the Commission to advise it on matters involving the Guam Solid Waste Authority. Starting in October of 2018, the ALJ began discussions with MSW Consultants concerning whether it could undertake the Management Audit of GSWA.
4. The ALJ filed his report herein on July 20, 2019. Therein he details efforts he undertook with MSW Consultants to define the scope of the audit and its cost.
5. From the ALJ's statement of the qualifications of MSW Consultants, MSW appears to be capable of performing the audit. It possesses an extensive data base of municipal solid waste operations in the United States; it also would be assisted in this undertaking by an engineering firm, Golder Associates, that has extensive experience in municipal solid waste operations. MSW Consultants maintains a

proprietary municipal solid waste and recycling collection model for use in validating productivity and efficiency metrics of operating systems.

6. The ALJ and MSW Consultants undertook a deliberative process to refine the scope of the Audit and to set an appropriate cost.
7. GSWA has been involved in the process of establishing the scope for the audit and has evidenced a "buy-in" to that process.
8. The PUC adopts the findings and recommendations of the ALJ in his Report.

DETERMINATIONS

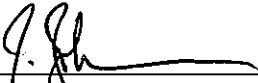
9. The Legislature has mandated that a management audit of GSWA be undertaken. 10 GCA § 51A119 also mandates that Public Utilities Commission perform the management audit of the existing operations of GSWA.
10. The PUC may undertake the audit through the auspices of its consultant, MSW Consultants.
11. The "FINAL PROPOSAL" of MSW for the Management Audit is attached as Exhibit "1" to the ALJ Report.
12. The PUC finds that the proposed tasks set forth in the Scope of the Management Audit should be undertaken, and that the results of the audit should assist GSWA in undertaking its management functions.
13. The tentative Management Audit Schedule should be approved, and the authorized Management Audit Budget total should be \$278,400.

ORDERING PROVISIONS

Upon consideration of the record herein, 10 GCA § 51A119, and the ALJ Report, and for good cause shown, upon motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. The PUC hereby approves the FINAL PROPOSAL of MSW Consultants for the Management Audit of GSWA.
2. The tentative Management Audit Schedule is approved, and the authorized Management Audit Budget total shall be \$278,400.

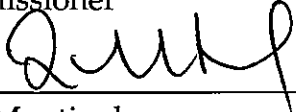
Dated this 25th day of July, 2019.



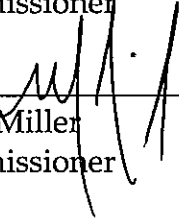
Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Mark Miller
Commissioner



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:)	GSWA DOCKET 19-02 &
)	ADMINISTRATIVE DOCKET
CONTRACT REVIEW)	
PROTOCOL FOR THE GUAM)	ORDER
SOLID WASTE AUTHORITY)	
)	

Pursuant to its authority under 12 G.C.A. § 12105, the Guam Public Utilities Commission (the “PUC”) establishes the following protocol to identify and review regulated contracts and obligations of the Guam Solid Waste Authority (“GSWA”):

1. The following GSWA contracts and obligations shall require prior PUC approval under 12 G.C.A. § 12105:
 - a) All capital improvement projects (CIP) in excess of \$750,000 whether or not a project extends over a period of one year or several years.
 - b) All internally financed contracts utilizing O&M funds in excess of \$750,000, whether or not the contract extends over a period of one year or several years.
 - c) All capital items by account group utilizing O&M funds, which in any year exceed \$750,000.
 - d) All professional service contracts in excess of \$750,000.
 - e) All externally funded loan obligations and other financial obligations, such as lines of credit, bonds, etc., in excess of \$750,000, and any use of such funds through contract or otherwise.
 - f) Any contract or obligation not specifically referenced above which exceeds \$750,000, not including individual contracts within an approved capital improvement project (“CIP”) or contract.
 - g) Any internally funded contract in excess of a CIP expenditure ceiling, which the PUC shall establish on or before November 15th of each fiscal year.
 - h) Any agreement to compromise or settle disputed charges for services by GSWA, when the amount of the waived charges would exceed \$750,000.

2. For contracts that involve the receipt by GSWA of revenues or reimbursement of costs in excess \$750,000, the following procedure will apply:
 - a) GSWA is permitted to evaluate the contract without PUC approval.
 - b) Prior to entering into the contract, GSWA will provide the following to the PUC:
 - i) GSWA's governing body resolution authorizing the contract.
 - ii) A petition describing the contract along with supporting documentation.
 - c) The contract will be deemed approved unless rejected by the PUC within thirty (30) calendar days after an adequate filing (as determined by the ALJ) has been made by GSWA pursuant to subsection (b) of this Section.
3. Emergency procurements, which are made by GSWA pursuant to 5 G.C.A. § 5215, shall not require PUC approval; provided, however, that GSWA shall file with the PUC a report for any emergency procurement contract over \$750,000 within sixty (60) calendar days following the entry into such contract explaining the need for the procurement and providing supporting documentation and approvals for the emergency.
4. With regard to multi-year contracts:
 - a) The term of a contract will include all options for extension or renewal.
 - b) The test to determine whether a contract exceeds the \$750,000 threshold for PUC review and approval (the review threshold) is the total bid amount of the procurement, including all costs incurred in any renewal options.
 - c) For a multi-year contract with fixed terms and fixed annual costs, GSWA must obtain PUC approval if the total costs over the entire procurement term exceed the review threshold. No additional PUC review shall be required after the initial review process.
 - d) For multi-year procurements with fixed terms and variable annual costs, GSWA shall seek PUC approval of the contract if the aggregate cost estimate for the entire term of the procurement exceeds its review threshold. On each anniversary date during the term of the procurement,

GSWA shall file a cost estimate for the coming year of the procurement. GSWA shall seek PUC approval in the event a procurement subject to this Section should exceed 120% of the aggregate cost initially approved by the PUC.

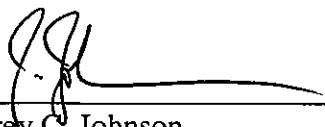
5. On or before September 15th of each year, GSWA will use best efforts to file with the PUC its capital improvement budget for the coming fiscal year, plus estimates for the subsequent two (2) fiscal years. The filing shall contain a description of each CIP contained with the budget and estimates. Project descriptions should be sufficiently detailed to identify the specific location and type of equipment to be purchased, leased, or installed. For capital items that are subject to review by account group, GSWA shall file information equivalent to that submitted to its governing body for these items.
6. With respect to any contract or obligation which requires PUC approval under this Order, GSWA shall initiate the regulatory review process through a petition, which shall be supported with the following:
 - a) A resolution from the GSWA Board of Directors that the proposed contract is reasonable, prudent and necessary, and that the GSWA Board of Directors has authorized GSWA to proceed with the procurement, subject to PUC review and approval.
 - b) The documentation on which the GSWA Board of Directors based its approval under subsection (a) above, which shall include, at a minimum, a report from management or an independent third party, which contains the following:
 - i. A description of the project, including timeframes, time, constraints, deadlines, and a justification of its need.
 - ii. The projected source of funding for the project with appropriate justification and documentation.
 - iii. A finding that the contract is necessary within the context of other utility priorities.
7. If during any fiscal year, GSWA desires to undertake a contract or obligation covered by Section 1, for which approval has not otherwise been received, it may file an application with the PUC for approval of such contract or obligation, which shall contain the information required in Section 6 above.
8. GSWA shall, on or before December 1st of each year, file a report on the contracts and obligations approved by the PUC for the prior fiscal year pursuant to this Protocol. This report shall show the amount approved by the PUC and the actual expenditures incurred during the preceding fiscal year for each such contract and

obligation and other changes from the prior filing in cost estimates, start dates and in service or completion dates.

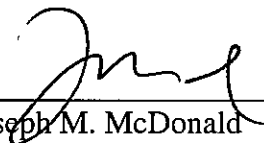
9. GSWA shall not incur expenses for PUC approved internally financed contracts and obligations in excess of 10% over the amount authorized by the Commission without prior PUC approval. In the event that GSWA estimates that it will exceed the PUC approved level of expenditures by more than 10%, it shall submit to the PUC the revised estimate and full explanation of all additional costs. GSWA shall not increase the amount of any externally financed obligation without prior PUC approval.
10. GSWA shall file with the PUC monthly financial reports within five (5) business days of presentation of such monthly financial reports to its governing body.
11. To the extent GSWA submits a filing to the PUC under this Order which the PUC staff believes is incomplete or deficient, it shall notify GSWA within fifteen (15) calendar days thereof with specific indication of the alleged incompleteness or deficiency.
12. The PUC staff will use best efforts to be prepared for hearing within thirty (30) calendar days of a complete GSWA filing under the terms of Section 6 above. The PUC's administrative law judge is authorized, in his judgment, to shorten the above thirty (30) day period for good cause shown by GSWA.
13. Within the context of a rate or management audit proceeding, the PUC staff may review the prudence of all procurement or obligations, whether or not subject to review herein.
14. The PUC's administrative law judge is authorized to interpret the meaning of any provision of this Order, in furtherance of the contract review process.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

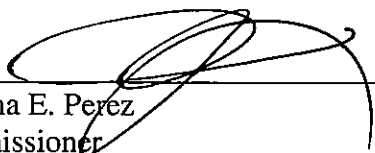
Dated this 25th day of July, 2019.



Jeffrey C. Johnson
Chairman



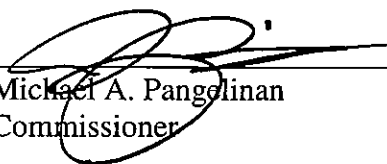
Joseph M. McDonald
Commissioner



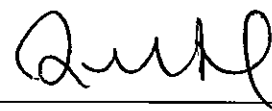
Rowena E. Perez
Commissioner



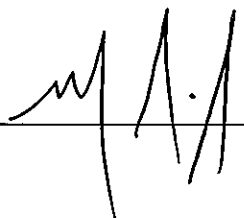
Filomena M. Cantoria
Commissioner



Michael A. Pangolinan
Commissioner



Peter Montinola
Commissioner



Mark Miller
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



**REQUEST FOR APPROVAL OF THE
CONTRACT FOR ULSD PIPELINE
WITH AYM INTERNATIONAL, INC.**

GPA DOCKET 19-02

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the June 13, 2019 Petition for Approval of the Contract for ULSD Pipeline with AYM International, Inc. (the “Petition”), filed by the Guam Power Authority (“GPA”).

On July 23, 2019, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

In October 2018, the PUC reviewed the procurement of GPA’s pipeline project that would supply Ultra Low Sulfur Diesel (“ULSD”) fuel to the Piti Tank Farm, with tie-ins to Piti Power Plants 7, 8, and 9. Based on its review, the PUC found that “[t]he primary purpose of the pipeline is to provide a system for the receipt of ULSD shipments from F-1 dock into the GPA Fuel Bulk Storage Facility.”¹ Specifically, the pipeline will deliver ULSD to the Tenjo and Piti 7 (TEMES) plants, with tie-ins to Piti Plants No. 8 and

¹ PUC Order, GPA Docket 19-02, p. 2 (Oct. 25, 2018).

9 (MEC). And while the new pipeline will not directly serve the planned New Generation Plants in Harmon, such pipeline is necessary since the contractor for the New Generation Plants can build its own pipeline from the Fuel Tank Farm to the New Generation facility.²

The PUC further found that GPA “needs a pipeline for ULSD to its powerplants”; particularly that this pipeline would tie-in to the Tenjo and Piti 7 plants, and could be used to send fuel to the Piti 8 and 9 plants, and that it is “critical” for the subsequent pipeline for the new generation plants.³ The PUC determined that there was a “clear need for such a Pipeline”; and, therefore, approved GPA’s procurement for a new ULSD pipeline.⁴

On January 24, 2019, GPA issued Invitation to Bid (“ITB”) 027-19, which advertised the design-build project for the new ULSD pipeline system. Three qualified bidders responded to the ITB.⁵ On April 2, 2019, GPA’s evaluation team determined AYM International, Inc. to be lowest responsive and responsible bidder.⁶

On May 28, 2019, the Guam Consolidated Commission on Utilities (the “CCU”), through GPA Resolution No. 2019-06, authorized GPA to seek PUC for approval of the contract award to AYM International, Inc.; and subject to the PUC’s approval, authorized GPA to enter into such contract with AYM International, Inc. for \$2,495,944.⁷

² PUC Order, GPA Docket 19-02, p. 2.

³ PUC Order, GPA Docket 19-02, p. 3 (Oct. 25, 2018).

⁴ PUC Order, GPA Docket 19-02, p. 5.

⁵ GPA Resolution No. 2019-06, p. 1 (May 28, 2019).

⁶ GPA Resolution No. 2019-06, p. 1.

⁷ GPA Resolution No. 2019-06, p. 2.

A. Contract Review Protocol

Pursuant to 12 G.C.A. § 12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's express approval. Furthermore, GPA's Contract Review Protocol requires that "[a]ll professional service procurements in excess of \$1,500,000" require "prior PUC approval . . . which shall be obtained before the procurement process is begun."⁸

B. GPA Tank Farm New ULSD Pipeline System Contract

Based on the subject contract and corresponding bid documents, the contractor is responsible for providing the following. According to the technical specifications submitted by GPA, the contractor will be required to prepare the design drawings, calculations, and specifications for the new ULSD pipeline system.⁹

The design shall include "a 24-inch pipeline including gate valves and fittings from the U.S. Navy tie-in to Tanks 1934 and 1935, 12-inch pipeline including gate valves and fitting from Tanks 1934 and 1935 to the new pump station, 6-inch pipeline including valves and fittings from pump station to Piti No. 7, 8 and 9 Power Plants and pump station including its components and an 8-inch manifold, concrete berm, pad and roofing. The design shall also include pipeline pedestals/supports and painting works."¹⁰

⁸ GPA's Contract Review Protocol ("GPA CRP"), Administrative Docket 00-04, p. 1 (Feb. 15, 2008) (emphasis omitted).

⁹ Technical Specifications, 01010-1.

¹⁰ Technical Specifications, 01010-1.

Upon approval of the design drawings and specifications, the contractor will install the pipelines, including the gate valves and fittings; pipeline pedestals and supports; and a new roof-covered pump station, with motor pumps and electrical controls.¹¹

The contractor is further required to paint the new pipeline system and pump station, including all the components; and perform the testing and commissioning of the entire pipeline system, which includes the submission of all required certifications.¹²

The contract requires that the contractor complete the project “ready for use and operation” within two hundred seventy (270) calendar days.¹³ Further, the contract contains standard protections that GPA includes in its construction procurements. For instance, the contract also contains a liquidated damages provision, which obligates the contractor to pay \$1,000 each day beyond the two hundred seventy (270) day timeline.¹⁴ In addition, the contract contains a standard indemnity provision, which protects GPA from lawsuit arising from contractor’s negligence.¹⁵ The contractor is also required to maintain liability and all other related insurance.¹⁶

C. Cost

GPA originally estimated the total cost of the contract at \$5,900,000.¹⁷ However, it now appears that the total cost of the contract is less than originally projected.

¹¹ Technical Specifications, 01010-1; 01010-2.

¹² Technical Specifications, 01010-2.

¹³ Formal Contract, FC-2; SP-1.

¹⁴ Formal Contract, FC-3; SP-1.

¹⁵ Formal Contract, FC-4; GC-14.

¹⁶ Formal Contract, GC-13.

¹⁷ PUC Order, GPA Docket 19-02, p. 2.

In particular, based on the Bid Schedule submitted by AYM International, the bid indicates a total price of \$3,495,944. More specifically, the cost of the contract consists of the following: \$292,645 for the design; \$220,000 for mobilization and demobilization; \$1,972,225 for the new ULSD pipelines and pedestals, and construction; \$770,000 for the new pump station; \$182,074 for paint and painting; and \$59,000 for testing a commissioning.

GPA submitted that the funding source for the entire project will be from the Cabras 3 and 4 insurance proceeds.¹⁸ The use of the insurance proceeds may be appropriate in this instance since the contract relates to GPA's fuel system.

D. GPA Resolution No. 2019-06

The Petition is supported by GPA Resolution No. 2019-06 issued by the CCU at its May 28, 2019 meeting (the "Resolution"). In the Resolution, the CCU found that GPA is "mandated by United States Environmental Protection Agency (USEPA) to significantly reduce power plant emissions"; and that in order to comply, GPA must use ULSD oil to fuel its power plants.¹⁹ According to GPA, it is required by the U.S. E.P.A. to use ULSD to fuel its power plants by 2021.²⁰ Accordingly, GPA intends to build a pipeline system to supply ULSD oil to the Piti Tank Farm and TEMES 7, MEC 8 and 9 power plants.²¹

¹⁸ Petition, p. 1; GPA Resolution No. 2019-06, p. 2.

¹⁹ Resolution No. 2019-06, p. 1.

²⁰ Petition, p. 1.

²¹ Resolution No. 2019-06, p. 1.

According to the CCU, GPA adequately announced the bid for the design and construction for the new ULSD pipeline system, and that from three qualified bidders, GPA identified AYM International, Inc. as the lowest responsive and responsible bidder.²² Funding for the project has already been allocated from GPA's Cabras 3 and 4 Insurance Settlement.²³ Accordingly, as indicated in the Resolution, the CCU authorized GPA to seek PUC for approval of the contract award to AYM International, Inc.; and conditioned on the PUC's approval, authorized GPA to enter into such contract with AYM International, Inc. at a cost of \$2,495,944.²⁴

CONCLUSION

Based on the documentation provided by GPA, along with the record before the Commission, the ALJ found that the PUC has determined that there is a "clear need" for a new ULSD pipeline when it approved the underlying procurement. Indeed, the PUC has previously determined that GPA "needs a pipeline for ULSD to its powerplants"; particularly that this pipeline would tie-in to the Tenjo and Piti 7 plants, and could be used to send fuel to the Piti 8 and 9 plants, and that it is "critical" for the subsequent pipeline for the new generation plants²⁵ since the contractor for the New Generation Plants can build its own pipeline from the Fuel Tank Farm to the New Generation facility.²⁶

²² Resolution No. 2019-06, p. 1.

²³ Resolution No. 2019-06, p. 2.

²⁴ GPA Resolution No. 2019-06, p. 2.

²⁵ PUC Order, GPA Docket 19-02, p. 3.

²⁶ PUC Order, GPA Docket 19-02, p. 2.

Additionally, the ALJ further found that GPA is “mandated by United States Environmental Protection Agency (USEPA) to significantly reduce power plant emissions”; and that in order to comply, GPA must use ULSD oil to fuel its power plants²⁷; and that it must do so by 2021.²⁸ Accordingly, this new ULSD pipeline system to the Piti Tank Farm and TEMES 7, MEC 8 and 9 power plants, satisfies both a practical need, as well as fulfilling a legal obligation to reduce harmful emissions.²⁹

The ALJ further found that the subject contract contains standard protections for GPA, which include liquidated damages, indemnity protecting GPA from lawsuit arising from contractor’s negligence, and insurance. Accordingly, the proposed contract is adequate to protect the interests of GPA and its ratepayers. AYM International, Inc.’s bid is also \$2.4 million less than what was originally projected. AYM International, Inc. is the same contractor who completed the Dededo Substation upgrade in 2016. The ALJ, therefore, finds the instant contract to be reasonable, prudent, and necessary.

Based on the documentation provided by GPA in this docket, and for the other reasons set forth herein, the ALJ recommended that the PUC approve GPA’s Petition. Accordingly, GPA should be authorized to enter into a contract with AYM International, Inc. at a cost of \$2,495,944.00.

The Commission hereby adopts the findings made in the July 23, 2019 ALJ Report, and therefore, issues the following:

²⁷ Resolution No. 2019-06, p. 1.

²⁸ Petition, p. 1.

²⁹ Resolution No. 2019-06, p. 1.

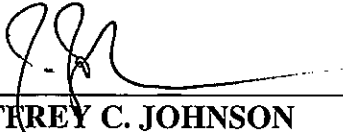
ORDERING PROVISIONS

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:

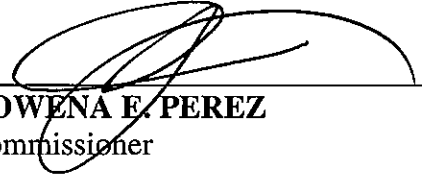
1. That the instant Petition is hereby APPROVED.
2. GPA is authorized to enter into the proposed contract with AYM International, Inc. at a cost of \$2,495,944.00 for a new ULSD pipeline system to the Piti Tank Farm and TEMES 7, MEC 8 and 9 power plants.
3. GPA is authorized to expend from the Cabras 3 and 4 insurance funds, the sum of \$2,495,944.00 for the subject contract.
4. GPA 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 matter. 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 25th day of July, 2019.



JEFFREY C. JOHNSON
Chairman



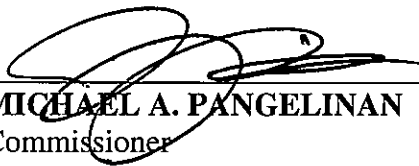
ROWENA E. PEREZ
Commissioner



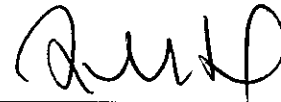
JOSEPH M. MCDONALD
Commissioner



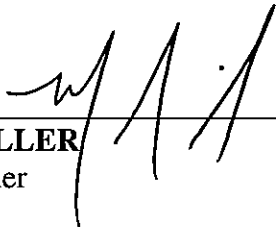
FILOMENA M. CANTORIA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner



MARK MILLER
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA DOCKET 19-10)

THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO INCREASE)
THE COST OF ITS UTILITY ENERGY)
SERVICE CONTRACT WITH SIEMANS)
INDUSTRY, INC.)
_____)

PUC ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to increase the cost of its Utility Energy Service Contract with Siemens Industry, Inc [Siemens].¹
2. GPA's Utility Energy Service Contract was awarded to Siemens on May 15, 2017 and has an initial term of five years beginning June 1, 2017, with an optional renewal for five additional years.
3. GPA is requesting the PUC's authorization to increase the costs of its Utility Energy Contract with Siemens to \$1,933,000.²

BACKGROUND

4. Under the GPA/Siemens Utility Energy Service Contract, Siemens was to provide technical assistance to several of GPA's Demand Side Management Programs and Energy Service Contract Activities and the first project Siemens worked on was to provide energy efficient programs for the University of Guam Sea Grant Office for the amount of \$12,274, paid for using GPA Demand Side Management Funds, and Siemens completed this project.³

¹ GPA Petition to increase the cost of its Utility Energy Service Contract with Siemens Industry, Inc., GPA Docket 19-10, dated June 24, 2019 [GPA's Petition].

² Id. at line 17, page 1.

³ GPA/Siemens Contract attached as Exhibit A to Consolidated Commission on Utilities [CCU] Resolution No. 2019-08, attached to GPA' Petition, at page 1, and CCU Resolution No. 2019-08 at page 1 and Exhibit C.

5. GPA tasked Siemens to conduct a feasibility study on Guam Department of Education [GDOE] Schools for energy efficiency and renewable projects and to demonstrate a pilot project demonstrating cost savings through these programs for the amount of \$500,000, paid for using savings from GPA's bond financing, and Siemens completed the study and began the pilot project.⁴
6. While working on the GDOE feasibility study, GPA, GDOE, and Siemens collaborated in developed grant proposals for several lighting retrofit projects at various GDOE schools and submitted them to the U.S. Department of the Interior [U.S. DOI] and in September, 2019, it awarded GPA a \$1,200,000 for lighting retrofit projects at George Washington High School [GWHS] and Southern High School [SHS], and the amounts of \$295,315 and \$954,685 of this grant were earmarked for Siemens under the Utility Energy Service Contract for GWHS and SHS respectively, these projects were to begin in June, 2019, and these amounts were to be paid using the grant funds.⁵
7. The Guam Energy Office [GEO] requested that GPA execute a portion of GEO's grant for Smart Energy Schools in which GPA was to provide energy audits and conference support to educate schools on the smart use of energy. GPA earmarked the amount of \$61,100, from GEO's grant funds, to Siemens under the Utility Energy Service Contract for this project.
8. GPA's request to increase the contract costs to \$1,933,000 was based on its anticipation of receiving a federal grant for an Electric School Bus Pilot Project which GPA anticipated to pay Siemens the amount of \$110,000, from this grant, for work Siemens will provide under the Utility Energy Service Contract.⁶ However, GPA informed the Commission that it was not awarded this grant.
9. On May 28, 2019, the CCU authorized GPA to petition the PUC to approve expending up to \$1,933,374 under the GPA/Siemans Utility Energy Service Contract.⁷

⁴ Id.

⁵ CCU Resolution 2019-07 at page 1 and Exhibit C.

⁶ Id.

⁷CCU Resolution 2019-07 at page 1.

10. PUC Counsel issued his report on July 22, 2019.

DETERMINATIONS

10. GPA's Contract Review Protocol states that for multi-year procurements with fixed terms and variable annual costs, GPA shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its \$1,500,000 review threshold.⁸
11. Here, GPA did not seek prior PUC approval of this contract because at the time of its award, its aggregate cost estimate did not exceed the contract review threshold of \$1,500,000.
12. However, as set forth above, the cost of the contract reached the PUC's contract review threshold in two years. The cost of the projects that Siemens has completed under the contract is currently \$512,274. Siemens portion of the grant funded projects that GPA has been tasked with or awarded which Siemens will be undertaking pursuant to the contract, will increase the contract's cost to \$1,823,374. This amount is less than the \$1,933,374 GPA requested because it does not include the \$110,000 GPA would have paid to Siemens if GPA was awarded the Electric Bus Pilot Project grant.
13. Hence, pursuant to GPA's Contract Review Protocol, GPA must now seek the PUC's approval because the contract's projected costs have exceeded the \$1,500,000 contract review threshold by \$323,374 for the grant funded projects that GPA has been tasked with or awarded.
14. Due to the fact that Guam's population is expected to increase due to the military build-up which is currently underway, Demand Side Management Programs such as those which Siemens is working on under the contract will become increasingly important to keep the costs of operating the Island wide Power System down by decreasing the demand for electricity. Further, GDOE is one of the Government of Guam's largest consumers of energy and the Demand Side Management Programs that Siemens is working on will likely go far in making GDOE less energy dependent through energy efficiency.

⁸ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at page 2.

15. It is also important to note that despite a total contract price of \$1,823,374, GPA is only expending, approximately, \$523,374 of its own funds because it will be using approximately \$1,300,000 of grant funds to pay for Siemens' services under the contract.
16. GPA's request is reasonable, prudent and necessary. The PUC approves GPA's request to increase the costs of its Utility Energy Contract with Siemens to \$1,823,374.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition to increase the costs of its Utility Energy Contract with Siemens to \$1,823,374, the PUC Counsel Report, and 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 Petition to increase the costs of its Utility Energy Contract with Siemens to \$1,823,374 is hereby approved.
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 the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

///

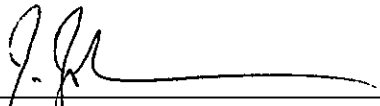
///

///

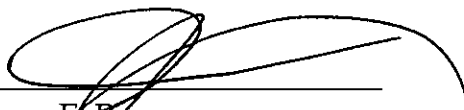
///

///


Dated this 25th day of July, 2019.



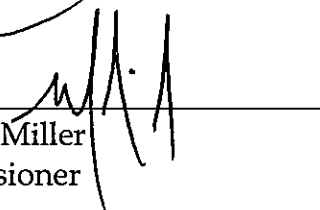
Jeffrey C. Johnson
Chairman



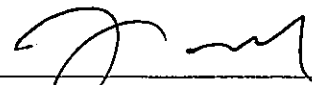
Rowena E. Perez
Commissioner




Michael A. Pangelinan
Commissioner



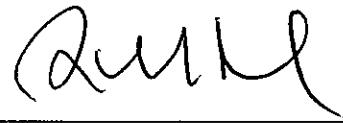
Mark G. Miller
Commissioner



Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Peter Montinola
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 19-11
)
The Guam Power Authority Levelized)
Energy Adjustment Clause (LEAC)) **ORDER**
)
)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to set the LEAC Factor effective August 1, 2019.¹
2. In its Petition, GPA requests that the Levelized Energy Adjustment Clause Factor ["LEAC"] be maintained at \$0.154242/kWh effective for meters read on or after August 1, 2019.²
3. GPA seeks to maintain the LEAC Factor at the same level implemented on May 1, 2018.³

BACKGROUND

4. For the upcoming LEAC period, GPA believes that there will continue to be "instability in world-wide fuel prices." ⁴ According to GPA, the market will remain within the \$72-74/bbl. range during the period. However, GPA's Petition indicates that maintenance of the LEAC factor at the same rate for the upcoming LEAC period will still result in a projected under-recovery on January 31, 2020, of approximately \$9.7M.⁵
5. In Consolidated Commission on Utilities Resolution No. 2019-08, the CCU authorized the GPA General Manager to petition the PUC for the LEAC rate to

¹ GPA Petition to Set the LEAC Factor effective August 1, 2019, GPA Docket 19-11, filed June 12, 2019.

² Id. at p. 1.

³ See ALJ Report, GPA Docket 19-07, filed January 29, 2019 at p. 1.

⁴ GPA Petition to Set the LEAC Factor effective August 1, 2019, GPA Docket 19-11, filed June 12, 2019, at p. 1.

⁵ Id.

remain at \$0.154242/kWh for the period from August 1, 2019 through January 31, 2020.⁶

6. The CCU noted that the original projection for the market price of fuel for the period of February 1, 2019 through July 31, 2019 was \$66.73/bbl. However, the current projection for the same period is \$72.87/bbl. and the projected price of fuel for the period ending January 31, 2020 is \$74.18/bbl.⁷
7. The CCU further determined that it would not petition the PUC for a change in the LEAC factor for secondary voltage service customers as well as alternative voltage customers for the upcoming LEAC period.⁸
8. Finally, the CCU recognize that the most recent Morgan Stanley market projections indicate falling fuel prices over the next year; GPA intends to take advantage of this market to reduce the current under-recovery for fuel.⁹

DETERMINATIONS

9. The ALJ filed his Report dated July 18, 2019; he continues to be concerned that GPA has a large under-recovery of its fuel expenses.
10. As the ALJ indicated in his Report in GPA Docket 19-07, dated January 29, 2019:

“A significant fact is that the LEAC factor accepted by GPA for the last three LEAC periods has not been fully adequate to reimburse GPA for its fuel costs. The purpose of the LEAC factor under Tariff Z is for GPA to recover the projected fuel expense for the next six-month LEAC period. Ideally, the LEAC factor would fully reimburse GPA for its fuel costs in the upcoming period.

The LEAC mechanism is a “pass through”, which means that it is designed to cover all of GPA’s fuel expenses. Ratepayers are supposed to pay a fuel charge that will fully reimburse GPA for its costs of fuel.

⁶ Guam Consolidated Commission on Utilities Resolution No. 2019-08, Authorizing the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission for No Change in the Levelized Energy Adjustment Clause, adopted on May 28, 2019.

⁷ Id.

⁸ Id.

⁹ Id.

Yet, it is an established fact that GPA's acceptance of the current LEAC factor has consistently resulted in an under-recovery by GPA of its fuel costs in the last three LEAC periods. That means that the LEAC factor was set at a lower rate than was necessary to fully recover GPA's fuel costs."¹⁰

11. To explore GPA's fuel cost under-recovery situation, the ALJ issued Requests for Information to GPA. A true and correct copy of GPA's Responses to GPUC Requests for Information, filed June 12, 2019, is attached to the ALJ Report as Exhibit "1".¹¹
12. The following GPA fuel cost under-recovery information can be gleaned from the GPA responses:

GPA LEAC UNDER-RECOVERY

Date	Under-Recovery Balance
01/31/2019	\$13,336,698.41
05/31/2019	\$12,975,911.19
07/31/2019	\$10,598,569 (estimated)
01/31/2020	\$3,928,744 (estimate)

13. There has been a gradual reduction in the under-recovery balance. As of June 12, GPA indicated that there could be a substantial reduction in the LEAC under-recovery to \$3,928,744 as of January 31, 2020. This estimate of the LEAC under-recovery was substantially less than the figure of \$9.7M indicated in GPA's LEAC Filing.¹²
14. The PUC has previously determined that, before the LEAC factor is set for a particular period, an updated LEAC fuel forecast price should be prepared based upon the average of the five-day period which is ten days before the meeting at which the PUC determines the LEAC factor.¹³

¹⁰ ALJ Report, GPA's LEAC Filing, GPA Docket 19-07, dated January 29, 2019.

¹¹ GPA Responses to GPUC Requests for Information, GPA Docket 19-11, filed July 5, 2019.

¹² GPA Petition to Set the LEAC Factor effective August 1, 2019, GPA Docket 19-11, filed June 12, 2019, at p. 1.

¹³ PUC LEAC Order, GPA Docket 15-27, dated January 25, 2016, at p. 2.

15. The ALJ requested that the GPA Assistant CFO update fuel prices in accordance with prior PUC protocol.¹⁴ On July 18, 2019, GPA Assistant Chief Financial Officer Cora Montellano submitted such updated analysis for the period of July 8-12, 2019.¹⁵ That updated analysis is attached to the ALJ Report as Exhibit "2".¹⁶
16. Exhibit "2" shows that the fuel prices are slightly lower compared to the original filing in June. While the estimated under-recovery for the period ending January 31, 2020 is not as low as that submitted by GPA on June 12, 2019, that under-recovery balance changed from \$9.7 million when the Petition was filed to \$8.4 million now.
17. The current LEAC factor should be maintained in place in order to further reduce GPA's LEAC under-recovery balance.
18. In response to Request for Information No. 3, GPA had previously estimated (using forward fuel prices of the Morgan Stanley Asia Morning Call of June 18 to June 24, 2019) that the current under-recovery balance **should be fully recovered by May 2020**.¹⁷
19. Because of higher recent fuel prices, there is some question as to whether the entire under-recover balance will disappear by May 2020. However, Thus, there is a likelihood that the fuel under-recovery will decrease considerably before the next LEAC period begins in February 2020.

ORDERING PROVISIONS

After carefully reviewing the record in this proceeding, having considered the LEAC Filing of GPA and the PUC Administrative Law Judge Report, and after discussion at a duly noticed regular meeting held on July 25, 2019, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. GPA is authorized to maintain the Fuel Recovery Factor at \$0.154242/kWh effective for meters read on or after August 1, 2019.

¹⁴ Email from PUC ALJ Fred Horecky to GPA Assistant Chief Financial Officer Cora Montellano dated July 12, 2019.

¹⁵ Email from GPA Asst. CFO Cora Montellano to PUC ALJ Fred Horecky, dated July 18, 2019, with updated Fuel Price Analysis for Proposed LEAC Rate, with average forward fuel pricing from July 8-12, 2019.

¹⁶ Exhibit "2", GPA Updated Proposed LEAC rate, submitted July 18, 2019.

¹⁷ GPA Response to GPUC Request for Information (RFI #3), GPA Docket 19-11, filed July 2, 2019, at p. 2.

2. The current singular LEAC factors are hereby maintained at the same present rates, effective August 1, 2019, as shown in the following table:

LEAC

Delivery Classification \$ per kWh

Secondary -	\$ 0.154242
Primary – 13.8 KV	\$ 0.149579
Primary – 34.5 KV	\$ 0.149148
Transmission – 115 KV	\$ 0.147312

For the entire LEAC period, these changes represent a 0% increase in the total bill for a residential customer utilizing an average of 1,000 kilowatt hours per month.


3. GPA should file for a change in the LEAC factors to be effective February 1, 2020, on or before December 15, 2019.
4. As requested by GPA, the forecast of the Working Capital Fund Requirement will remain the same, so there will not be a change in the Working Capital Surcharge for the period of August 1, 2019, through January 31, 2020.
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.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Dated this 25th day of July, 2019.



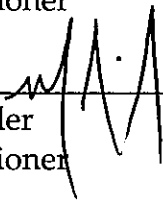
Jeffrey C. Johnson
Chairman



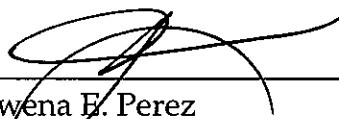
Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Mark Miller
Commissioner



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner