

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM**



GUAM WATERWORKS AUTHORITY -)
USEPA ADMINISTRATIVE CONSENT ORDER)
_____)

DOCKET 02-02

GUAM WATERWORKS AUTHORITY -)
REVENUE CYCLE AUDIT)
_____)

DOCKET 02-01

CONSOLIDATED ORDER

By this consolidated order, the Commission, after careful deliberation and for good cause shown, issues the following directives and makes delegations of authority to implement further regulatory activities in the subject dockets.

1 Docket 02-02 [USEPA Administrative Consent Order].

At a December 3, 2001 workshop, the Commission received Georgetown Consulting Group's [GCG] report and recommendations concerning the financial plan, which Guam Waterworks Authority [GWA] is required to submit to USEPA by January 31, 2002. GWA supports the proposed financial plan. The Commission commends GCG on the significant effort represented in its thorough and well reasoned report, which will be instrumental in both satisfying USEPA requirements and in establishing the strategic process by which GWA will achieve its public mission of providing safe, reliable, reasonably priced water and wastewater treatment services to the people of Guam.

Pursuant to delegation of authority in the Commission's September 13, 2001 Order [Dockets 00-01 and 01-08], ALJ has been empowered and directed to: a) facilitate the finalization of the financial plan and its submission by GWA to USEPA; b) report to the Legislature on necessary legislation to implement the plan; and c) oversee the implementation of the plan once approved by USEPA. The Commission confirms this delegation of authority, including, without limitation, the authority to visit USEPA, if deemed necessary by ALJ, as part of the process of securing approval of the plan. In furtherance of its audit authority under P.L. 25-05:12 and its authority under P.L. 26-34:14, the Commission directs GWA to provide its full cooperation in Commission activities in this docket.

2. Docket 02-01 [Revenue Cycle Audit].

Pursuant to the Commission's September 13, 2001 Order, GCG has undertaken and reported to the Commission on its revenue cycle audit of GWA. The audit report makes 38 recommendations, which have been incorporated into a GWA – GCG stipulation dated December 10, 2001. It is apparent from the implementation matrix, which is attached to the stipulation, that funding authorization will be necessary from the Legislature in order to undertake most of the audit recommendations.

The Commission finds that the prompt implementation of the audit recommendations is essential if GWA is going to be able to: a) capture savings through improved operations; b) realize lost revenues; and c) establish the autonomous operational and fiscal platform necessary to access financial markets to fund its compliance with the USEPA consent order. Under the proposed financial plan, GWA must be ready and able to access the financial market for short term financing [\$18 million dollars] in April 2002 and for the first tranche of its long term financing [\$64 million dollars] in October 2003. This will not occur unless there is a focused collaboration between the Legislature, Guam Economic Development Authority, the Commission and GWA.

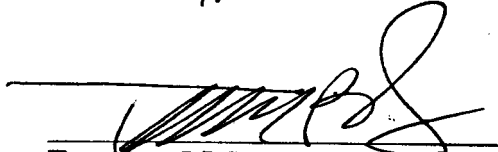
In furtherance of the above findings, the Commission authorizes and directs ALJ to: a) oversee the implementation of the audit recommendations under a timeline which is consistent with eliminating unreasonable expenses, realizing potential revenues and establishing the operational and fiscal platform necessary for GWA to implement its USEPA approved financial plan; b) seek necessary legislative action to authorize funding for the audit recommendations; and c) establish GWA reporting requirements to the Commission.

During the December 6, 2001 Commission workshop on the GCG revenue audit report, Senators Brown and Forbes expressed interest in the Commission undertaking an operations audit of GWA. ALJ is directed to develop and transmit to the senators a cost estimate and scope of work for this audit.

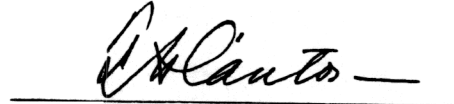
A collateral GCG report, dated November 29, 2001, addresses GWA management and operational problems in servicing the Tiyan complex as a customer. A GCG – GWA stipulation, dated December 5, 2001 proposes remedial action to resolve the Tiyan problems. ALJ is hereby authorized and directed to issue appropriate orders as he may determine are necessary and appropriate to implement the stipulation or as the same should in his judgment be amended or expanded.

This consolidated order was duly adopted by the Commission at its December 11, 2001 meeting by the affirmative vote of the undersigned.

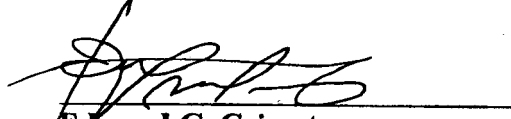
Dated this 11th day of December, 2001.




Terrence M. Brooks



Filomena M. Cantoria



Edward C. Crisostomo



Joseph M. McDonald



Gerald M. Woo