

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



APPLICATION OF GUAM WATERWORKS
AUTHORITY TO ISSUE WATER AND
WASTEWATER SYSTEM REVENUE BONDS

DOCKET 05-16

ORDER

On November 22, 2005, Guam Waterworks Authority [GWA] petitioned the Guam Public Utilities Commission [PUC] for: a) authorization to enter into a series of guaranteed investment contracts to invest certain proceeds from revenue bonds authorized by PUC's October 27, 2005 Order; and b) an increase in the authorized limit for costs of issuance, as established in PUC's October 27, 2005 Order in this docket from \$870,000 to \$1.25 million and an increase in the authorized limit for underwriter's discount from \$1.26 million to \$1.41 million. By letter dated December 5, 2005, Georgetown Consulting Group [GCG], which serves as PUC's independent regulatory consultant, recommended that the petition be approved¹. GWA's chief financial officer has advised that GWA's financial advisers urge that GWA obtain regulatory approval of the petition at the earliest possible date in order to secure investment contract rates as close as possible to the bond yield to minimize any negative or positive arbitrage².

Under PUC's April 11, 2003 *Administrative Resolution*, the undersigned as PUC chairman is empowered with delegated authority to act on PUC's behalf, subject to the following conditions:

1. The requirement that the chairman certify that regulatory action on the petition cannot await PUC action at the next regulatory session, which in this instance in mid-January, 2006. After careful review of the petition, the undersigned finds good and reasonable cause to issue this certification.

¹ The GWA petition and GCG letter both refer to a percentage increase in the authorization for costs of issuance from 2.5% to 2.75%. Both GWA and GCG failed to recognize that in PUC's October 27, 2005 order the authorized ceiling related to closing costs was segregated between "costs of issuance" and "underwriter's discount" and was set at dollar amounts not a percentage. Accordingly, in the instant order, increased ceilings are approved, based upon GCG's recommendation, but in dollar amounts for both costs of issuance and underwriter's discount.

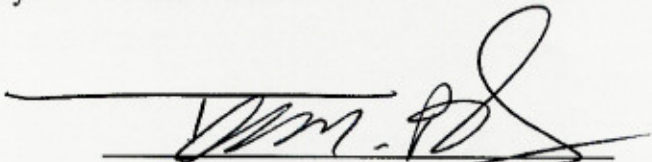
²December 5, 2005 email from CFO Wiegand to ALJ Boertzel.

2. The utility, which requests expedited regulatory action, must waive the final determination exception established in 12 GCA 12004. GWA has made this waiver in its December 8, 2005 email.
3. The utility's petition must be reviewed and supported by PUC's regulatory consultant. By its December 5, 2005 letter, GCG recommends approval of the petition.
4. The chairman must make a diligent effort to confer with other on-island commissioners and can act only if a majority of said commissioners do not oppose the petition. The undersigned certifies that he made this effort and that the petitions were not so opposed.
5. The Resolution prohibits its use to approve a petition for rate relief. The undersigned finds that neither petition requests rate relief.

After carefully reviewing the record in this proceeding, for good cause shown and in furtherance of the authority delegated by the *Administrative Resolution*, the undersigned, on behalf of the Guam Public Utilities Commission, **HEREBY ORDERS THAT:**

1. GWA is authorized to procure guaranteed investment contracts for the purpose of investing proceeds from the revenue bonds authorized under PUC's October 27, 2005 Order in this docket.
2. The authorized ceilings for costs of issuance and underwriter's discount in *Schedule A to Attachment C* of PUC's October 27, 2005 Order in this docket are increased respectively from \$870,000 to \$1.25 million and from \$1.26 million to \$1.41 million. GWA is authorized to utilize the contingency fund identified in the Order to fund these increased authorizations.

Dated this 19 day of December 2005.


Terrence Brooks, Chairman