

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GUAM WATERWORKS AUTHORITY [GWA]  
AND GUAM POWER AUTHORITY [GPA]  
JOINT PETITION REGARDING \$4.7  
MILLION GPA LOAN TO GWA.

DOCKET 98-01



GWA PETITION FOR AUTHORIZATION  
TO UTILIZE RATE STABILIZATION  
TRUST FUNDS.

ORDER

The Guam Public Utilities Commission [PUC] is in receipt of September 6 and 7, 2005 joint petitions from respectively GWA and GPA for expedited authorization to enter into a \$4.7 million dollar bridge loan, which would enable GWA to undertake remedial procurements required by the June 5, 2003 Consent Decree [Consent Decree] in Federal District Court Civil Case 02-35. On September 6, 2005 GWA also petitioned PUC for authority to utilize funds on deposit in the Rate Stabilization Trust Account [Trust Account], which was established by PUC's October 14, 2004 rate order. The funds would be used to enable GWA to certify procurements relating to the Hagatna Treatment Facility Refurbishment Project [Hagatna Project], which is mandated by the Consent Decree.

Under PUC's April 11, 2003 *Administrative Resolution*, Chairman Terrence Brooks 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 petitions cannot await PUC action at the next regulatory session, which in this instance in mid-October, 2005. After careful review of the petitions and GWA's September 20, 2005 letter, the undersigned finds good and reasonable cause to issue this certification.
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 September 20, 2005 letter.
3. The utility's petition must be reviewed and supported by PUC's regulatory consultant. By its September 16, 2005 letter, Georgetown Consulting Group, which serves as PUC's independent regulatory consultant, supports regulatory approval of the petitions, subject to

conditions which have been accepted by GWA and are incorporated into this Order.

4. The requirement that the chairman make a diligent effort to confer with other on-island commissioners and act only if a majority of said commissioners [*in this instance two commissioners*] do not oppose the petitions. 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.

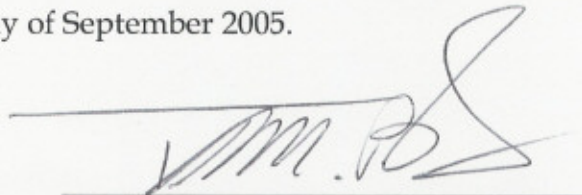
After reviewing the petitions, letters and email communications, which constitute the record of this proceeding, for good cause shown and in furtherance of the authority delegated by the *Administrative Resolution*, the undersigned on behalf of the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. GPA is authorized to loan to GWA and GWA is authorized to borrow from GPA the sum of \$4.7 million dollars under the following terms and conditions:
  - a. The loan term shall be the earlier of 364 days from the loan date or the date revenue bonds are issued to GWA. Interest on the loan shall accrue from the loan date until payment at the 90 day TCD rate plus 1%, which rate shall be adjusted on a quarterly basis. Until the loan funds are drawn down by GWA, GPA shall continue to hold them in TCDs, the interest thereon shall inure to GWA's benefit. The loan will be unsecured.
  - b. Without prior PUC authorization, GWA shall use the loan proceeds only for the following purposes: \$2.5 million for payments due for master planning; \$1.8 million for generator equipment, heavy equipment and vehicles; and \$400,000 for general capital expenses; provided, however, that with the approval of the Consolidated Commission on Utilities [*CCU*], GWA may reassign funds among these three categories by an amount not to exceed ten percent.
  - c. GWA's counsel shall file with PUC an opinion that the loan does not contravene 12 GCA 14201[b].
  - d. The loan documents shall be presented for PUC's administrative law judge's [ALJ] prior review and approval. ALJ is authorized to

approve non-material amendments and clarifications of the terms recited in subparagraph [a] above.

- e. CCU shall file with PUC a resolution, which makes a commitment to assure that GWA will comply with its obligations under the loan agreement.
2. GWA is authorized to identify deposits, not to exceed \$2 million dollars, in the Trust Account as a basis for certifying the availability of funds for procurements related to the Hagatna Project subject to the following conditions:
    - a. GWA may withdraw from the Trust Account an amount not to exceed \$2 million dollars for procurements related to the Hagatna Project in the event the revenue bond financing, which is subject to Docket 05-10, is not issued on or before April 1, 2005.
    - b. Any funds withdrawn by GWA pursuant to subparagraph [a] shall be refunded to the Trust Account from the revenue bond proceeds.
  3. ALJ is authorized and empowered to oversee the implementation of this order, including without limitation, the authority to interpret it in furtherance of its intent.
  4. GWA shall pay for the regulatory expenses which PUC has incurred in considering these petitions for expedited regulatory action.

Dated this 23<sup>rd</sup> day of September 2005.

A handwritten signature in black ink, appearing to read 'T. Brooks', is written over a horizontal line. The signature is stylized and cursive.

Terrence Brooks, Chairman