

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

DEPARTMENT OF PUBLIC WORKS
ESTABLISHMENT OF TIPPING AND
USER FEES PURSUANT TO P.L. 28-56

DOCKET 05-09



RATE ORDER

Public Law 28-56 directs the Guam Public Utilities Commission [PUC] to establish commercial, government and residential tipping and user fees to fund the activities of the Department of Public Works' [DPW] Division of Solid Waste Management [DSWM] in discharging its statutory duties and those imposed by Federal District Court of Guam Consent Decree [Consent Decree] in Civil Case No. 02-22.

On September 20, 2005 Georgetown Consulting Group [GCG - PUC's regulatory consultant] issued a Report, which recommends the following *interim* service fee increases:

Service Fee	Current	Proposed [Interim]
Residential pick-up	\$8 per month	\$10 per month
Tipping fee [compacted]	\$16/cubic yd.	\$20/cy
Tipping fee [uncompacted]	\$4/cy	\$5/cy
Self drop [under 3 cy]	\$2/pickup	\$2.50/pickup
Self drop [over 3 cy]	\$4/cy	\$5/cy

On October 17, 2005, GCG and DPW entered into a stipulation, which recommends that:

1. PUC adopt the above proposed fees as a first step toward volume and cost based rates.
2. The GCG report should be found to satisfy the requirement in 10 GCA 51118[e] that fees be based on an actuarial cost of service analysis.
3. The additional revenues created by the proposed fee increases, which are estimated to be \$1.3 million in FY06 [net of uncollectible allowance], should be restricted and spent only pursuant to PUC order.
4. PUC should await the management audit required under 10 GCA 51118[e] before establishing a variable residential tipping fee.

5. A targeted residential lifeline tipping fee should be established with other permanent fees during the April 2006 regulatory session.
6. DPW should provide PUC with quarterly reports, commencing with quarter beginning October 2005, on DSWM's revenues and expenses, including income statements and balance sheets. Reports should be filed within 21 days after the close of each quarter [*the first report due January 21, 2006*].
7. PUC should conduct a quarterly review of DPW's compliance with this rate order and of the adequacy of the proposed interim rates.
8. PUC should immediately undertake the focused management audit of DSWM operations as required by 10 GCA 51118[e].
9. Any DPW procurement or obligation relating to DSWM in excess of \$50,000 should require PUC's prior review and approval. The contract review protocol, which PUC established to regulate the procurements of Guam Power Authority and Guam Waterworks Authority should be adopted as the review protocol for these procurements and obligations.

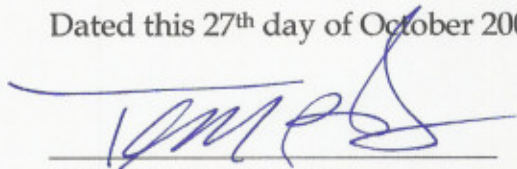
PUC conducted a public workshop at 6:00 p.m. on October 17, 2005 to receive a briefing on the GCG report and the Stipulation. In addition, PUC conducted public rate hearings at 6:00 p.m. October 25, 2005 in Hagatna, at 5:00 p.m. October 26, 2005 in Agat and at 6:30 p.m. October 26, 2005 in Dededo on the proposed interim fee increases.

After due consideration of the record in this docket, including public comments regarding the proposed interim fee increases, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission **HEREBY FINDS AND ORDERS THAT:**

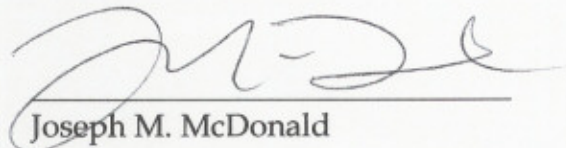
1. DPW, including DSWM, is subject to PUC jurisdiction pursuant to 10 GCA 51118[e].
2. The stipulated recommendations from GCG and DPW, as discussed above, should be and are hereby adopted. DPW is ordered to comply with the recommendations, subject to instructions from PUC's administrative law judge [ALJ].

3. The proposed interim fee increases are hereby approved for services rendered on and after November 1, 2005. PUC recognizes that this is but the first of a series of rate increases, which will be necessary to support the \$93 million borrowing required to enable DPW to comply with the Consent Decree. The GCG Report satisfies the requirement in 10 GCA 51118[e] that fees shall be based on an actuarial cost of service analysis.
4. Under separate order, ALJ will be authorized to oversee the focused management audit of DSWM's existing operations.
5. The contract review protocol, in form attached hereto, shall govern the regulatory review of DSWM procurements and obligations.
6. ALJ is hereby authorized and directed to oversee regulatory proceedings, which will lead to PUC's consideration of a variable residential rate, including a lifeline component, and of the implementation of permanent fees.
7. PUC emphasizes that the revenue created by the interim fee increases shall be restricted funds and shall not be spent without prior PUC authorization.

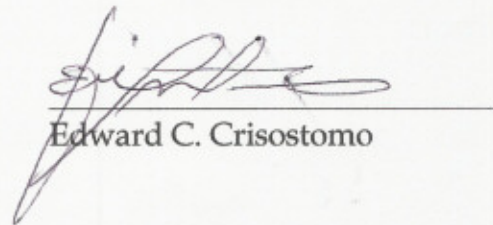
Dated this 27th day of October 2005.



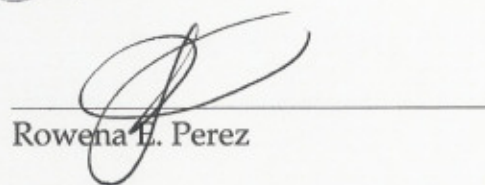
Terrence M. Brooks



Joseph M. McDonald



Edward C. Crisostomo



Rowena L. Perez