

BEFORE THE PUBLIC UTILITIES COMMISSION
OF GUAM

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PUBLIC UTILITIES
COMMISSION

GUAM WATERWORKS AUTHORITY)
APPLICATION FOR RATE RELIEF)

DOCKET 00-01:A

ORDER

On February 28, 2001, the Guam Public Utilities Commission [Commission] conducted an investigative hearing on the following regulatory topics concerning Guam Waterworks Authority [GWA]:

1. A financial and statutory process to enable GWA to undertake the restoration of its infrastructure and operational systems.
2. A report from Deloitte & Touche on its GWA cost of service study [DT Study].
3. GWA payables and receivables.

This hearing was in furtherance of the Commission's November 17, 2000 Order Instituting Proceeding [Attachment A], which identified these topics as requiring immediate Commission attention.

Georgetown Consulting Group [GCG] and GWA recommend, by stipulation filed on February 28, 2001 [Attachment B], that the Commission conduct a May, 2001 regulatory hearing to address: a) rate issues raised by the DT study; and b) regulatory action to enable GWA to resolve its accounts payable to GPA and other vendors.

After considering the information presented at the February 28, 2001 hearing and in the exercise of its judgment and for good cause shown, the Commission at a duly noticed and convened meeting on March 6, 2001 and by the affirmative vote of the Commissioners who have signed below, **HEREBY ORDERS THAT:**

- 1 The Commission's administrative law judge [ALJ] shall oversee prehearing activities, which shall lead to a public rate hearing during the May, 2001 regulatory session for consideration of the following matters:
 - a. Establishment of a permanent lifeline rate for water and wastewater services. This is an important regulatory step for GWA ratepayers as permanent lifeline rates provides them with statutory protection that the lifeline rates will not be increased unless GWA's overall cost of service increases by more than 20%.
 - b. Establishment of private water well rates as mandated by P.L. 22-47


- c. Rate issues and other recommendations presented in the DT Study.
 - d. Necessary regulatory action to enable GWA to establish a payment schedule to retire its outstanding payables, including amounts owed under GPA Tariff E. As part of this aspect of the rate proceeding, ALJ shall oversee a Georgetown study of GWA's accounts receivable and its collection and disconnection policy, which shall be presented to the Commission at the hearing.
2. The Commission finds that the most effective way for GWA to undertake its strategic initiatives plan [SIP], including meter upgrades, illegal water connections and sewer connections, is with the assistance of a strategic partner. Special legislation is necessary to enable this partnership to occur. GWA asserts that amendments are necessary to the BOT legislation [P.L. 24-37 as amended by P.L. 24-294] in order for it to serve as the legislative platform for the partnership. GWA asserts that Bill 22 [COR], as written, would provide an adequate legislative platform for the SIP. Georgetown testified that it has not analyzed these two pieces of legislation and is, therefore, not prepared to take a position on the adequacy of the legislation. Accordingly, ALJ is directed to oversee Georgetown's preparation of a position paper, not later than April 1, 2001, on the adequacy of the two pieces of legislation and on the merits of GWA's SIP as a framework for restoring its infrastructure and operational systems. Upon ALJ's approval of the Georgetown report, it shall be filed with the 26th Guam Legislature for its consideration.

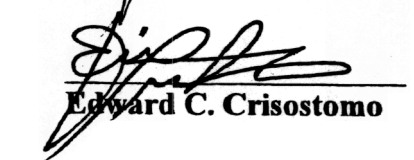
Dated this 6th day of March, 2001


Terrence M. Brooks


Filomena M. Cantoria


Joseph M. McDonald


Joseph D. Torres


Edward C. Crisostomo