

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF GUAM**

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**GUAM WATERWORKS AUTHORITY )  
APPLICATION FOR RATE RELIEF )**

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**DOCKET 00-01:A**

PUB. UTIL. COMMISSION  
*[Signature]*

**ORDER INSTITUTING PROCEEDING**

**WHEREAS**, in furtherance of proceedings in this docket<sup>1</sup> the Commission's regulatory consultant [Georgetown Consultant Group – GCG] has recommended in its November 3, 2000 report that Guam Waterworks Authority [GWA] undertake meter management and sewer hook-up initiatives as a high priority opportunity to increase revenues [the "revenue initiatives"];

**WHEREAS**, it is essential that GWA immediately undertake the revenue initiatives as part of the restoration of its infrastructure and to generate funds to begin the retirement of outstanding payables to its suppliers;

**WHEREAS**, for example, GWA owes Guam Power Authority [GPA] over \$13 million dollars for power services (up from \$7 million in October, 1999), which delinquent bill significantly affects GPA's ability to undertake necessary maintenance of its generating plants and its ability to fund necessary capital projects;

**WHEREAS**, GWA's preferred course of forming a public-private partnership to undertake the revenue initiatives has been obstructed by stalled legislation (Bill No. 432) which was introduced on June 5, 2000 in the 25<sup>th</sup> Guam Legislature;

**WHEREAS**, the Commission determines that it is in the public interest that a regulatory proceeding examine the options available to enable GWA to immediately undertake the revenue initiatives and that the Commission's regulatory authority be applied to cause these initiatives to proceed.

**NOW, THEREFORE**, in consideration of the above recitals, after review of the record in this docket, for good cause shown, and in the exercise of its audit powers under P.L. 25-05:12, the Commission on motion, made seconded and carried by the affirmative

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<sup>1</sup> The Commission's February 25, 2000 rate decision in this docket directed GWA to prepare and file by May 8, 2000 detailed action plans, with budget, timeline, action steps and revenue potential to test and repair all malfunctioning water meters; to identify, collect for and meter all unauthorized hook-ups to its water system; and to enforce and comply with the requirements of 10 GCA Chapter 48 [sewer connections]. In its May 26, 2000 report to the Commission, GCG determined that the GWA action plans did not satisfy the requirements of the February 25, 2000 order. Accordingly, the Commission, at its May 26, 2000 meeting directed Georgetown to prepare and submit the action plans anticipated by the February 25, 2000 order. These Georgetown plans are memorialized in reports filed on August 29, 2000 and November 3, 2000.


vote of at least five Commissioners at a duly convened special Commission meeting held on November 16, 2000, hereby **ORDERS THAT:**

1. The Commission's administrative law judge is directed to oversee prehearing activities, which will lead to public hearing during the Commission's February 2001 regulatory session to examine and select a funding and procurement process to enable GWA to immediately undertake the revenue initiatives. Funding vehicles which should be examined include a rate surcharge, the government of Guam's payment of outstanding GWA receivables, a bank loan, and the enactment of Bill 432.
2. As the February proceeding may result in the establishment of a surcharge, it shall be noticed as a rate proceeding.
3. In addressing a collateral regulatory matter in this docket, the Commission by its February 25, 2000 rate decision ordered that GWA and GCG should undertake a cost of service study, which would enable the Commission to make interim GWA lifeline rates permanent and to make other appropriate rate design adjustments to GWA rates. In furtherance of a protocol agreed to by GWA and GCG on August 9, 2000, GCG is hereby authorized, under ALJ oversight, to retain, pursuant to sub-contracting authority, a qualified consultant to undertake and present to the Commission during the February, 2001 regulatory session a cost of service study. At this session, the Commission will also entertain recommendations for rate design amendments to GWA rates and tariffs.


Dated this 17<sup>th</sup> of November, 2000.

  
Terrence M. Brooks

  
Joseph D. Torres

  
Filomena M. Cantoria

  
Edward C. Crisostomo

  
Vicente D. Gumataotao

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Joseph M. McDonald