

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



GUAM WATERWORKS AUTHORITY
PETITION TO USE INTEREST ON
BOND PROCEEDS

DOCKET 05-10

ORDER

On June 19, 2007, Guam Waterworks Authority [GWA] petitioned the Guam Public Utilities Commission [PUC] for authority to use interest, which has accrued on its revenue bond proceeds for capital expenses related to the Northern District STP Renovation Project. This project is required by the Stipulated Order, as amended, in Federal District Court of Guam Civil Case 02-00035 [*USA v. Guam Waterworks Authority and Government of Guam*].

GWA has made the filing pursuant to the requirement in PUC's October 27, 2005 order in this docket [Order], which requires that bond proceeds be used only for the purposes authorized by the Order. The Northern District project is not identified in the Order as an authorized use of bond proceeds. In its filing, GWA has assumed that accrued interest falls within the meaning of proceeds under the Order.

By report dated July 27, 2007, PUC's regulatory consultant Georgetown Consulting Group [GCG] has recommended that the petition be approved subject to the following recommendations:

1. PUC should find that the term "proceeds" in the Order includes interest and that the restrictions in sections 1[e] & [f] of the Order should apply to the use of such proceeds.
2. GWA should be ordered to provide PUC with a written opinion from bond counsel that the interest proceeds, as described in its petition, would not be required to flow through the revenue fund established by the bond indenture.
3. GWA should be ordered to make a full response to GCG's inquiry about the amount of funds expended toward compliance with Stipulated Order section 39 and the accounting for these expenditures, including a position on whether the expenditures from revenues for this project can be reimbursed to GWA from the interest accrued on the construction fund.

4. GWA should be reminded of its duty under section 1[g] of the Order to file quarterly reports to PUC.


After due consideration of GWA's petition and GCG's report, 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 ORDERS THAT:**

1. GWA's petition is approved.
2. GWA shall, not later than September 15, 2007, comply with the GCG recommendations stated above.
3. The term "proceeds", as used in the Order, includes interest accrued on bond funds.

Dated this 13th day of August 2007.



Terrence M. Brooks




Edward C. Crisostomo


Rowena E. Perez



Joseph M. McDonald



Filomena M. Cantoria



Jeffrey C. Johnson