

COPY

**PUBLIC UTILITIES COMMISSION  
OF GUAM**

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February 20, 2018

**VIA HAND DELIVERY**

The Honorable Governor Eddie Baza Calvo  
Governor of Guam  
Ricardo J. Bordallo Governor's Complex  
Adelup, Guam

The Honorable Benjamin J.F. Cruz  
Speaker, 34th Guam Legislature  
155 Hesler Street  
Hagatna, Guam 96910

Speaker Benjamin J.F. Cruz

FEB 20 2018  
Time: 4:02 [ ] AM [ ] PM File No. \_\_\_\_\_  
Received By: \_\_\_\_\_

Re: Guam Public Utilities Commission FY2017 Annual Report

Dear Governor Calvo and Speaker Cruz:

In accordance with the mandate of 12 GCA § 12104, the Guam Public Utilities Commission respectfully submits its Annual Report for Fiscal Year 2017.

During the past fiscal year, the Guam Public Utilities Commission ["GPUC"] has been able to address a substantial workload with existing resources. The Commission has continued its efforts to rely upon local consultants and to reduce its reliance on off-island consultants. The PUC has been successful in reducing costs of operation.

However, the workload of the GPUC is growing. When the federal receivership ends, GPUC will assume full regulatory responsibility for the Guam Solid Waste Authority ["GSWA"] and rate setting authority.

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CENTRAL FILES

RECEIVED BY: \_\_\_\_\_  
TIME: 3:50 pm 2/20/18

There have been continuing pressures upon rates, and the PUC has recently been obligated to raise rates for a number of the utilities. Rising fuel prices necessitated increases in the LEAC factor. For a period of one year, GPA and PUC attempted to minimize such increases by only providing for a 50% recovery of fuel costs. However, LEAC increases were necessary to ensure that the under recovery by GPA of its fuel costs did not become excessive. As of January 2018, the under recovery stood at \$18M.

On the positive side, despite its plans to build a new 180 MW plant through an independent power producer, GPA has stated on the record that it will not raise base rates through 2021.

In 2017, rates for the Guam Waterworks Authority were raised by 4%. GWA issued bonds in 2010, 2016, and will again issue bonds this year. Sufficient rates are required to fund debt service and to fund the massive water and waste water projects required by the Federal Stipulated Order.

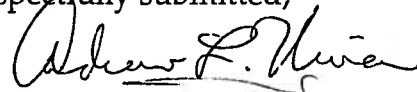
GPUC also approved a five-year rate plan for the Port Authority of Guam, which included 7% rate increases last year and commencing on January 1 of this year. Such increases were necessary to fund the repair and rehabilitation of the Port facilities, which have not been substantially improved since the 1970s. The anticipated PAG bond issuance will impose debt service payment requirements.

These rate increases clearly impact ratepayers. Since recent rate increases have been implemented by the GPUC for the utilities, it is hoped that the GPUC can avoid additional increases in the near future. If further increases are necessary, the GPUC will consider, as it always does, the potential impact of such increases upon the ratepayers and will attempt to mitigate that impact.

GPUC has no specific legislation to recommend at the present time.

The GPUC looks forward to working with the Executive and Legislative Branches of our Government in enacting legislation that will improve the operations of the utilities. If you have any questions concerning the operations of the Guam Public Utilities Commission, please let us know.

Respectfully submitted,



Andrew L. Niven  
Acting Chairman

Enclosure: Attachment A