

GUAM WATERWORKS AUTHORITY EPA ORDER – INTERIM FINANCIAL PLAN DOCKET 02-02



## PROPOSED MINIMUM FILING REQUIREMENTS

Prepared by Georgetown Consulting Group, Inc. September 15, 2003

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Our recommendations for the minimum filing requirements for GWA to comply with the EPA Order for the Interim Financial Plan (IFP) consists of two components:

- 1. For the rate increases requested in the filing, GWA should follow the PUC's rules and regulations dealing with the standard filing requirements. These are Rules 20 and 21. These rules require a petition, written testimony, schedules and exhibits and detailed working papers that are cross indexed to the filing exhibits.
- 2. For the portion of the filing that deals with the specifics of the EPA Stipulated Order for Preliminary Relief ("Stipulated Order") we have proposed a separate set of requirements. These requirements will similarly be comprised of written testimony, schedules and exhibits and working papers and should describe in detail as to how GWA has met the requirements of the EPA's Stipulated Order for Preliminary Relief.

These are both discussed separately below.

## GWA Rate Case Standard filing Requirements

The contents of Rule 20 should be carried over intact. This rule requires GWA to file a petition, prefiled written testimony in question and answer format, supporting schedules and work papers indexed to the schedules they support. The purpose of these requirements is for GWA to present its case in chief with all of the required supporting schedules, exhibits and work papers to carry its burden of proof in establishing the need for rate and any other relief that is sought.

Rule 21 of the PUC's Rules and Regulations were created on a generic basis for all utilities and we hereby conform and customize them for this specific proceeding. This rule describes a detailed set of schedules that should accompany GWA's rate filing. We provide a description of the schedules to be filed and in addition we have attached a proforma set of schedules.

## (a) Schedule A - Revenue Requirement

It is our understanding that GWA will seek two sets of rate relief for, at least FY 2004 and FY 2005.1 GWA's filing should consist of a complete set of supporting schedules for each of the two rate increases being requested. GWA should present a

<sup>1</sup> The ALJ has ruled that rate relief for FY 2006 and beyond will be consider as part of the Final Financial Plan.

consolidated (water and wastewater) summary of the revenue requirements of the utility using a three-year presentation of income, debt service and cash flow, consistent with the PUC-approved minimum filing requirements. For the rate relief sought to take effect during FY 2004 the first year presented should be the full twelve months of operations as presented in the most recent audit for FY 2002. The second year would be the actual results for the current FY 2003 and the last year should be FY 2004 with results presented both without and with the annual impact of the requested change in revenues during FY 2004. Contained within the prefiled testimony of GWA should be a full explanation of how the figures for FY 2004 were derived and supported by a CCU approved budget for FY 2004. For the rate relief sought to take effect during FY 2005, GWA should present data for FY 2003, FY 2004 and FY 2005 in a similar format as just described above. The figures for FY 2005 need to be completely supported by testimony, exhibits and work papers and the CCU approved budget for FY 2005 should accompany the filing. GWA should provide evidence that the CCU has approved its rate filing.

On Schedule A (a format for this and other schedules has been attached) should be a presentation of a pro forma income statement at a level of detail of the GWA's audit (at a minimum). There should also be a presentation for each of the required years' debt service (principal and interest) and the calculation of any coverage requirements of the lenders to GWA, as may be applicable in the future.

Finally, Schedule A should include a cash flow analysis with supporting schedules for each year showing the major categories of cash flow, i.e. cash derived from operations, capital expenditures (Schedule G), changes in working capital (Schedule H), contributions in aid of construction (Schedule H or I), grants (Schedule H or I), etc.

A SOURCE column on Schedule A should reference either other minimum filing requirement schedules or other documents filed with GWA's application to provide any relevant support needed.

## (b) Schedule B- Revenues

For the FY 2004 rate relief GWA should provide a schedule for FY 2002 and FY 2003 revenues for both the water and wastewater departments<sup>2</sup>. Information for these years should include customer counts and consumption by customer classification (residential, commercial, etc.) and by department. Revenues for each of the years should be segregated by customer classifications for each department, as well as by fixed (customer charge) versus variable (consumption) charges.

For FY 2002 and FY 2003, GWA should reconcile the difference (if any) between the number of customers and the amount of consumption and the revenues recorded for each.

<sup>2</sup> FY 2004 revenues (both with and without rate increases) are shown on Schedule J.

A similar set of schedules should be produced for rate relief sought in FY 2005.

## (c) Schedule C, C1 and C2 - Operating Expenses.

GWA should provide details of its operating and maintenance expenses on a consolidated and departmental (Water - Schedule C1 and Wastewater - Schedule C2) basis. The <u>minimum</u> level of detail of the expenses must be the level of detail of the monthly income statements provided to the PUC.

The sum of the various classifications of expenses should tie to the expense categories on Schedule A and the specific Schedule A line number should be identified. The sum of the expenses on Schedule C1 (water) and Schedule C2 (wastewater) should equal the total expenses on Schedule C.

In addition, GWA shall show the number of employees for each of the years shown on the schedule.

## (d) Schedule D - Water Purchases

GWA should provide sufficient information, by major contract, of all water purchased or forecasted to be purchased in all three years required in the minimum filing. GWA may combine lesser contracts into other, but major contracts such as with the Navy, Air force and Earthtech shall be separately indicated.

## (e) Schedule F - Debt Service.

GWA shall provide for each year a schedule the principal and interest payments for each component of debt (long-term or short-term) for each of the years. In addition, GWA should provide the terms and amortization period for each debt instrument within the capital structure.

## (f) Schedule G - Internally Funded Construction.

GWA shall provide for each schedule year a prioritized schedule of the capital improvement projects that were or will be internally funded. To the degree possible, construction should be segregated into water and wastewater components. Capital for projects that would serve both the water and wastewater customers should be classified as common. For each projected year internally funded projects should be provided.

## (g) Schedule H - Working Capital.

GWA shall provide for each schedule year, a schedule containing a detailed calculation of working capital, if such is a revenue requirement of the utility. For the year in which rate relief is being sought, the computation should include both with and without rate relief scenarios. GWA shall compute increases and decreases in balance sheet items as sources or uses of cash and determine whether the net results increases or

decreases its revenue requirements. GWA may at its option include other cash flow items (that may be presented in Schedule I) in its presentation of working capital.

## (h) Schedule I - Other Cash Flow Items.

If not included in Schedule H, GWA shall provide for each schedule year a schedule of actual or forecasted sources or uses of cash which may affect cash flow, such as insurance or dispute settlements, contributions in aid of construction, FEMA and DOI grants, funding of reserves required by the EPA Order, etc.

## (i) Schedule J - Proof of Revenues.

GWA shall file a proof of revenues, which demonstrates that the requested rate change will result in the total required revenues. Such proof of revenues should consist of all revenues that will be produced by the utility-proposed rates compared with the revenues that would result for existing rates. The Proof of Revenues shall be separately performed for both the water and wastewater department.

## (j) Schedule K - Externally Funded Construction.

GWA shall provide for each schedule year a schedule of externally funded projects, including project lists [current and forecasted] completion dates, and expended and unexpended bond (or other debt instrument).

## (k) Schedule L - Tariff Revisions

GWA shall file proposed tariff revisions which the requested tariff changes including any new tariffs requested for proposed new services, which clearly show the changes requested by the utility, i.e strikeout or other equivalent format. Upon the rendering of a decision by the PUC regarding the utility's requested rate changes, a complete set of all revised components of the utility's tariff will be filed with the Commission before the requested rates go into effect.

## Schedule Formats

In this electronic version the Schedule Formats are attached as an electronic Excel file. In the hard copy filed they are inserted here.

Guam Waterworks Authority
Minimum Filing Requirements
Exhibits A through J
TestYear: Fiscal 2004

Schedule A - Revenue Requirement (Combined)

1. 2. 3.			2002 A)		2003 B)	w/o	2004 Incr.	w.	2004 Incr. D)	SOURCE
4. 5.	OPERATING REVENUES									
6.	Water Revenues	\$	-	\$		S		S		Schedules B & J
7.	Wastewater Revenues									Schedules B & J
8.	Other Revenues									
9.	Intentionally Left Blank									
10.										
11.		_				-				Schedule J
12.	h	\$	-	\$	-	\$	-	\$	-	
13. 14.										
15.	OPERATING & MAINTENANCE EXPENSES									
16.		\$	2	\$	_	\$	2	S		
	Water Purchases	::70				•		*		Schedule D
18.	Intentionally Left Blank									
19.		\$	-	\$	-	\$	-	\$	-	Schedule C
20.										
	Salaries and Wages									
22.	Intentionally Left Blank Administrative and General Expenses									
	Intentionally Left Blank									
	Intentionally Left Blank									
	Intentionally Left Blank									
27.	Intentionally Left Blank									
	Intentionally Left Blank									
	Intentionally Left Blank									
	Intentionally Left Blank									
	Depreciation Expense Contractual Expense									
	Intentionally Left Blank									
	Intentionally Left Blank									
	Intentionally Left Blank									
36.		\$	-	\$	-	\$	-	\$		Schedule C
37.										
38.	Operating Net Income (Loss)	\$	-	\$	S <b>=</b> 10	\$		\$	*	
39.	Total Control of Control			-		-				
40.		\$	-	\$	*	\$	•	\$		
41.	San Barrier Britain at the state of the sta									
43.										
	Net Income (Loss)	\$	-	\$	-	\$	-	\$		
45.										
46.	Deprecation Expense on Contrib. Capital									
47.	NET INCREASE (DESPENSE)			_						
48.	NET INCREASE (DECREASE) in Capital	\$	-	\$	-	\$	•	\$	-	
50.										
	DEBT SERVICE									
52.										
53.	Principal									
54.	Interest									
55.		\$	-	\$	=	\$	-	\$	20	Schedule F
56.										
57. 58.	Coverage (TIER)									
59.	Coverage (TER)									
60.										
61.	CASH FLOW STATEMENT									
62.										
	Net Income (Loss)	\$		\$	-	\$	-	\$	-	
	Add: Depreciation		•		•		•		•	
	Subtract: Principal Payments Working Capital Changes		650		7		( <del>*</del>		•	Schedule F
	Working Capital Changes Capital Improvement Projects [Internal]									Schedule H
	Capital Improvement Projects [External]									Schedule G
	Construction Fund (LT Debt)									
	O&M, Renovation, Replacement Reserve									
	Intentionally Left Blank			S						
72.		\$	•	\$	-	\$	-	\$	•	

# GUAM WATERWORKS AUTHORITY Schedule B - Summary of Revenues

. Water Revenues		FY2002				FY2003		
	Customers	Consumption kGal	Customer Chge	Consumption	Customers	Consumption	Customer Chge	Consumption
· -	(A)	(B)	(C)	(D)	Œ	(F)	(G)	Έ
Agriculture/Irrigation Commercial			<del>(</del> 6)	<b>.</b>			<del>6</del>	
Government								
1.								
2. TOTALS			<b>€</b> 8	<b>⇔</b>	0	0	€	<b>⇔</b>
3.								
<ol> <li>Wastewater Revenues</li> </ol>								
6. Commercial I			<b>69</b>	<b>⇔</b>			•	
Government     Residential								
<ol> <li>Total Wastewater</li> </ol>	0	0	€ <del>0</del>	•	0	0	\$	<b>€</b> A
<ol> <li>Grand Total</li> <li>Total</li> </ol>	0	0	0	0	0	0	0	0
6. 7.								
9.5								
3.								
	See Schedule J fo	or Forecast Year I	Devenies					
• 7	See Schedule J for Forecast Year Revenues	or Forecast Year I	Revenues					

Schedule C - Operating Expenses (Combined)

		F	Y2002	F	Y2003	F	Y2004
			(A)		(B)	-	(C)
1. 2. 3. 4.	Water Purchases Navy Contract Earthtech Contract Other Contracts	\$	<b>E</b>	\$	8	\$	-
5. 6. 7. 8. 9.	Intentionally Left Blank Intentionally Left Blank Subtotal	\$	8	\$	=	\$	
10. 11. 12. 13.	Power Purchases - GPA  Salaries and Wages Salaries and Wages - Straight	\$		•			
15. 16. 17. 18.	Salaries and Wages - Straight Salaries and Wages - OT Intentionally Left Blank Pension and Benefits Intentionally Left Blank Intentionally Left Blank	3	-	\$		\$	
20. 21. 22.	Subtotal	\$	-	\$	=	\$	-
24. 25. 26. 27. 28. 29. 30. 31. 32. 33.	Administrative & General Chemicals Materials & Supplies Rental of Equipment Transportation Insurance Advertising Regulatory Expense Bad Debt Expense Miscellaneous Intentionally Left Blank Intentionally Left Blank	\$		\$	*	\$	,-
36. 37. 38.	Subtotal Depreciation	\$	<del>.</del>	\$	10	\$	77.0
40. 41. 42. 43. 44.	Contractual Legal Testing Other Intentionally Left Blank Intentionally Left Blank	\$	=	\$	5	\$	A
45.	Subtotal	\$	-	\$	-	\$	(E)
46. 47. 48. 49. 50.	Total Operating & Maint. Expense	\$	-	\$	j <del>ë</del>	\$	

52.

Schedule C1 - Operating Expenses (Water)

		FY	′2002	FV	/2003	F	Y2004
			(A)		(B)		(C)
			AND STATE OF THE S				
1.	Water Purchases						
2.	Navy Contract	\$	-	\$	-	\$	-
3.	Earthtech Contract						
4.							
5.	Intentionally Left Blank						
6.	Intentionally Left Blank						
7.	Subtotal	\$	23	\$	-	\$	-
8.							
9.							
	Power Purchases - GPA						
11.							
12.							
	Salaries and Wages			4			
	Salaries and Wages - Straight	\$	-	\$	≅	\$	158
	Salaries and Wages - OT						
	Intentionally Left Blank						
	Pension and Benefits						
	Intentionally Left Blank						
	Intentionally Left Blank					_	
	Subtotal	\$	-	\$	-	\$	-
21.							
22.	A						
	Administrative & General	Φ.		•			
	Chemicals	\$	-	\$	~	\$	-
	Materials & Supplies						
	Rental of Equipment						
	Transportation						
	Insurance						
	Advertising						
	Regulatory Expense Bad Debt Expense						
	Miscellaneous						
	Intentionally Left Blank						
	1. 17 L. 17 C. 18 T. 18 C. 18 C. 18 T. 18 T. 18 C.						
	Intentionally Left Blank Subtotal	\$		•		•	
36.	Subiolai	Φ	-	\$	-	\$	-
	Depreciation						
38.	Depreciation						
	Contractual						
	Legal	\$	2	\$	9	\$	929
	Testing	Ψ.	-	•	-	Ψ	
	Other						
	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$	-	\$		\$	- Si
46.		Ψ	m	Ψ	₹3	Ψ	
	Total Operating & Maint. Expense	\$	_	\$	2	\$	27
48.	operating & manie Expense	Ψ	_	•	=	Ψ	58
49.							
50.							
51.							
52.							

Schedule C 2 - Operating Expenses (Wastewater)

			FY2002		Y2003		FY2004
		-	(A)		(B)	-	(C)
					/		<b>\</b> -/
1.							
2.	Power Purchases - GPA						
3.							
4.							
5.	Salaries and Wages						
6.	Salaries and Wages - Straight	\$	-	\$	#	\$	-
7.	Salaries and Wages - OT						
8.	Intentionally Left Blank						
9.	Pension and Benefits						
	Intentionally Left Blank						
	Intentionally Left Blank					_	
	Subtotal	\$	~	\$	-	\$	-
13.							
14.							
	Administrative & General	•				•	
	Chemicals	\$	•	\$	-	\$	-
	Materials & Supplies						
	Rental of Equipment Transportation						
	Insurance						
	Advertising						
	Regulatory Expense						
	Bad Debt Expense						
	Miscellaneous						
	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$		\$		\$	
28.							
29.	Depreciation						
30.							
31.	Contractual						
32.	Legal	\$	_	\$	2	\$	-
	Testing						
	Other						
	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$	5	\$	7	\$	75.0
38.	Tatal Casastian & Maint Functor	œ.		•		•	
40.	Total Operating & Maint. Expense	\$	-	\$		\$	-
41.							
42.							
43.							
44.							
45.							
46.							
47.							
48.							
49.							
50.							
51.							
52.							

Schedule D - Details of Water Purchases

		E)/		EV	2000	EV	2004
			2002		2003		2004
		,	(A)	8	(B)		(C)
1.	Water Purchases						
2.	Water i dionases						
3.							
4.	Navy Contract						
5.	Purchased kGal						
6.	Rate Per Kgal	\$	2	\$	2	\$	-
7.	Total Purchase Costs	\$	2	\$	<u> </u>	\$	<u>₽</u> 3
8	Other Costs					598.03	
9.	Total Costs	\$		\$	<u> </u>	\$	
10.		- <del>3.</del> 77		25 (2)		880	
	Earthtech Contract						
12.	Purchased kGal						
13.	Rate Per Kgal	\$	-	\$	-	\$	170
	Total Purchase Costs	\$	-	\$	-	\$	-
	Other Costs						
16.	Total Costs	\$	-	\$		\$	120
17.							
18.	Airforce Contract						
19.	Purchased kGal						
20.	Rate Per Kgal	\$	- 7	\$	-	\$	(=)
	Total Purchase Costs	\$		\$	÷.	\$	-
22.	Other Costs						
23.	Total Costs	\$	-	\$		\$	-
24.							
25.	Other Contract						
26.	Purchased kGal						
27.	Rate Per Kgal	\$	-	\$	-	\$	
28.	Total Purchase Costs	\$	æ):	\$	7	S	7
29.	Other Costs	**					
30.	Total Costs	\$	-	\$	-	\$	•
31.							
32.	Other Contract						
33.	Purchased kGal						
34.	Rate Per Kgal	\$	-	\$	-	\$	-
35.	Total Purchase Costs	\$	-	\$		\$	-
36.	Other Costs	19					
37.	Total Costs	\$	17.0	\$	7	\$	-
38.							
39.							
40.							
41.							
42.							

43. 44. 45. 46. 47. 48. 49. 50. 51.

Schedule F - Debt Service (Combined)

			(A)		(B)	(C)
1.	Series:					
2.	Principal	\$	(7 <u>2</u>	\$	-	\$ -
3.	Interest					
4.	Total	\$	=	\$	-	\$ -
5.						
6.	Series:					
7.	Principal	\$	-	\$	-	\$ -
8.	Interest					
9.	Total	\$	-	\$	-	\$ -
10.						
11.	TECP					
	Principal	\$	-	\$	-	\$ -
13.						
	Total	\$	-	\$	-	\$ 7
15.	VII. 212 10					
	Line of Credit	9				
	Principal	\$	-	\$	-	\$ -
18.						
19.	Total	\$	-	\$	(3)	\$ 7.0
20.						
21.	Total Deleviers	•				
22.	Total Principal	\$	-	\$	7	\$ 7
23.	Total Interest	_		-		 
24. 25.	Total Debt Service	\$	-	\$	7	\$ 20

25. 26.

27. 28.

29. 30.

31. 32.

33.

34. 35.

36. 37.

38. 39.

40. 41.

42.

43.

44. 45.

46. 47.

48.

49. 50.

51.

52.

Schedule G - Internally Funded Construction (Combined)

	Item	Department		/2002	F	/2003		2004
				(A)		(B)		(C)
1. 2.		Water	\$	-	\$	-	\$	-
3.								
4. 5.								
6.								
7.								
8.								
9.	12 120 0 2000 0							
10.	Subtotal Water		\$		\$	17.	\$	(#)
11. 12.								
13.		Wastewater						
14.		T T GOLD WGLOT						
15.								
16.								
17.								
18. 19.								
20.					-			
21.					32			
22.								
23.								
24. 25.	Subtotal Wastewater		\$	-	\$	-	\$	•
26.								
27.		Common						
28.								
29.								
30.								
31. 32.								
33.								
34.								
35.								
36.								
37.	Subtotal Common		\$	-	\$	100	\$	-
38. 39.								
40	Total Internally Funded		\$		\$	-	\$	
41.	. can meetinany i anaca		Ψ		Ψ	-	Φ	-
42.								
43.								
44.								
45. 46.								
47.								
48.								
49.								
50.								
51. 52.								
JZ.								

Schedule H - Working Capital

			Y2002	F	Y2003	F	Y2004	
			(A)		(B)	· ·	(C)	
1.	Accounts Receivable	\$		\$		\$		
2.	Intentionally Left Blank	Ψ		Ψ.	-	φ	-	
3.	Intentionally Left Blank							
4.	Intentionally Left Blank							
5.	Intentionally Left Blank							
6.	Intentionally Left Blank							
7.	Intentionally Left Blank							
8.	Intentionally Left Blank							
9.	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
15.								
16.	Accounts Payable							
17.	Intentionally Left Blank							
18.	Intentionally Left Blank							
19.	Intentionally Left Blank							
20.	Intentionally Left Blank							
21.	Intentionally Left Blank							
22.	Intentionally Left Blank							
23.	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank					2		
	Intentionally Left Blank							
28.								
29.	Intentionally Left Blank							
30.								
31.								
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	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank Intentionally Left Blank							
40.	Intertionally Lett Blank							
41.		•		•		•		
42.		\$	-	\$	-	\$	-	
43.								
44.	Increase/(Decrease in Working	Canitall		c		•		
45.	increase/(Decrease in Working (	Japital		\$	120	\$	-	
46.								
47.								
48.								
49.		Note:	Other Cash	flow itoms	may be el	nown con	arately as Sche	dula l
50.		WOLE.	Julei Gasii	now items	may be Si	lowii sepa	natery as SCHE	uule I
51.								
52.								
V dia .								

GUAM WATERWORKS AUTHORITY
Schedule J1- Proof of Revenues (Water)
Page 1

## **Current Rates**

	43 1	3 -	4	40	39	38	37.	36	35	34		3 5	3 -			2	28	27	26.	25.	24.	23.	22.	7	20.	19.	. 50	17.	1 .6	15	14.	13.	12.	=	10.	9	.00	7.	<u>,</u> 0	Ģ	4	ω !	٠ :	-1		
1														Succession	Acricultura														Commercial												Residential					
		ī	13	10 <sub>1</sub>	<b>ರ</b> ್ಷ	ବ୍ର	4"	ಷ	2	1 1/2"	-	3/4		Agriculture alla imganori	and Irrigation			12"	10"	og.	O <sub>2</sub>	4	ယူ	2"	1 1/2"	-1	3/4"		Commercial and Government	•	12"	10"	œ <u>"</u>	<u>ත</u>	4"	ယ <del>ူ</del>	2	1 1/2"	1"	3/4"			MICHENOICE	METER SIZE		
		•	A 4	69	69	69	69	69	69	69	69	4	3					69	69	69	49	49	49	-69	-69	60	69				69	69	69	69	69	69	60	69	69	49			ĺ			
		100.00	155.00	130.00	95.00	65.00	35.00	25.00	14.00	11.00	7.00	6.00						\$ 155.00	\$ 130.00	95.00	65.00	35.00	25.00	14.00	11.00	7.00	6.00				\$ 155.00	\$ 130.00	95,00	65.00	35.00	25.00	14.00	11.00	7.00	6.00		3	Nate	Date		
		6	n 1			69																			69		69											69					0	<u> </u>		
		1.10		1.19	1.19	1.19	1.19	1.19	1.19	1.19	-							3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56				2.40	2.4	2.40	2.40	2.4	2.40	2.4	2.40	2.40	2.4		(a)	DIOCK I Nate	100		
		9	0 (	9	9	9	9	9	9	9	9	9	2				,	တ	o	o	တ	0	o	o	o	o	0											0					ā	5		
																															2.85							2.85				(0)	Nate	Dioch A	Block 3	
																																										(0)	Customers	Cintomore		
																																										(E)	KGal	Consumption	Block 1	
î																																										Ĵ	KGal	Consumption	Block 2	
100000																																										(G=AXD)		revenues revenues	Basic	
																																										(G=AXD) (H=BXE)		Kevenues	Block 1	
																																										(I=CXF)		Kev	Block 2	
																																										(J=G+H+I)	Kevenues &	IOIAL		

44. TOTALS

GUAM WATERWORKS AUTHORITY Schedule J1- Proof of Revenues (Water) Page 2

## Proposed Rates

91.	90.	8 8	87.	86.	85	0 0	0 0	3 .	α α	79	78.	77.	76.	75.	74.	73.	75	7 3	7 0 0	60.	00.	87 0	6 O	2 .	64 5	62.	3 -	2 0	59. 60.	5 0	57.	56	55.	54.	53.	52	51	20 6	49	48	46.	45	à			
	1	REQUESTE		TOTALS												Sucarrai	Agriculture													Commercia											Kesidential	Donidontia				
		REQUESTED INCREASE IN REVENIJES				12	10	0	9	4	ယူ	2"	1 1/2"	7	3/4"	and miganon	Agriculture and Irrigation		1	ว่า c	2	p c	4 5	<u> </u>	<u>۱</u>	3 - 12	1 -	= 1	3/4"	Commercial and Government		12	10"	Og -	<b>ଟ୍</b>	4	ယူ ၊	2 - 2	1 17"	<b>-</b>	3/4"			METER SIZE		
	1																																										æ	Rate		
																																											(B)	Block 1 Rate		
																																											(C)	Rate		
				0																																							(D)	Customers		
				0																																							(E)	kGal	Block 1	
				0																																							(F)	kGal	Block 2	
				69																																							(G=AxD)	Kevenues \$	Basic	
				69 !																																							(H=BxE)	s s	Block 1	
				<b>€</b> 9																																							î	s Kevenues \$	Block 2	
		•		69																																								Revenues \$		

# GUAM WATERWORKS AUTHORITY Schedule J2- Proof of Revenues (WasteWater)

## **Current Rates**

40 42 42	38.	36.	ω ω ι 4 π	32	3 30	29.	27.	26.	25.	24.	22.	21.	20.	19.	18.	17.	16.	5 7	: ;3	12.	≓ ;	9	œ	7.	တာ ဂု	4.	ωŅ		
REQUESTED INCREASE IN REVENUES	Totals at Proposed Rates	Government	Collination		Commercial 2		Commercial 1			Residential					<b>Totals at Current Rates</b>		Government		Commercial 3		COMMERCIALZ			Commercial 1		Residential			
JES																										\$ 22.00	(A)	Rate	Basic
																	\$ 2.55		\$ 6.04		4.30			\$ 1.78			(B)	Block 1 Rate	
																	9 2 55		\$ 6.04		4.36		.53	\$ 1.78			(0)		Block 2
																											(D)	Customers	
											Proposed Rates																(E)		Block 1
											ates																(F)	kGal	Block 2 Consumption
	<b>⇔</b>													3	<del>()</del>												(G=AxD)	49	Basic Block 1 Revenues Revenues
															<del>69</del>												(H=BxE)	ss.	Block 1 Revenues
	<b>€</b> >														69												(I=CxF)		Block 2 Revenues
<b>⇔</b>	•														€A												(J=G+H+I)	71	s TOTAL

Guam Waterworks Authority
Minimum Filing Requirements
Exhibits A through J
TestYear: Fiscal 2005

Schedule A - Revenue Requirement (Combined)

1. 2. 3.		F	Y2003 (A)		2004 (B)	w/o	2005 o Incr.	w.	2005 Incr.	SOURCE
4.							10-12-1		00110	
5. 6.	OPERATING REVENUES Water Revenues	\$		\$		s		s		Schedules B & J
7.	Wastewater Revenues	Ψ		•		3	-	•	-	Schedules B & J
8.	Other Revenues									
9.	Intentionally Left Blank									
10. 11.										
12.		\$	-	\$		-S		\$		Schedule J
13.		*		*		•		•		
14.										
15.										
16. 17.		\$	-	\$	•	\$		\$		Schedule D
18.										Scriedule D
19.		\$		\$	-	\$	34	\$		Schedule C
20.										
21.	Salaries and Wages Intentionally Left Blank									
23.										
24.										
25.	^ ' 영향' ( ) - ' ( ) 전경 ( ) ' ( ) : '									
26.										
27.										
29.	[2] [1] [2] [2] [2] [2] [2] [2] [2] [2] [2] [2									
30.	- 11 이 전화되어 있다고 하다 수 있는데 이 전화되었다면 있다면 하면 있다.									
31.	5 - C - C - C - C - C - C - C - C - C -									
32.	[12] [14] [14] [15] [15] [15] [15] [15] [15] [15] [15									
33.	[ - 1 N H H H H H H H H H H H H H H H H H H									
35.										
36.		\$	-	\$	-	\$	-	\$	-	Schedule C
37.						035.0		10.00		***********
38.	Operating Net Income (Loss)	\$		\$	•	\$	•	\$	*	
40.	Interest Income	\$	-	\$	-	\$		\$		
41.	[ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [									
42.										
43. 44.		\$		\$		\$		S		
45.		*		*	<u>- 100</u>	4	(24)	•	- 70	
46.										
47. 48.		\$	-	\$		\$	-	\$		
49.		3.		- 8				•		
50.										
51. 52.	DEBT SERVICE									
53.	Principal									
54.										
55.		\$	-27	\$	-	\$	-	\$	-	Schedule F
56.										
57. 58.										
59.										
60.										
61.	CASH FLOW STATEMENT									
62. 63.	Net Income (Loss)	\$	1000		O.			•		
64.		φ	2	\$	-	\$	20	\$	_	
65.	111 (17 (17 (17 (17 (17 (17 (17 (17 (17		-				(#0)			Schedule F
	Working Capital Changes									Schedule H
-	Capital Improvement Projects [Internal]									Schedule G
68.	Capital Improvement Projects [External] Construction Fund (LT Debt)									
	O&M, Renovation, Replacement Reserve									
	Intentionally Left Blank									
72.		\$	-	\$		\$	•	\$	•	

# GUAM WATERWORKS AUTHORITY Schedule B - Summary of Revenues

Customers Consumption Customer Chge Consumption Customer S S	4 10 0	· α io ¬		5 4 3 2 4			_
Consumption Customer Chige Consumption Customers Consumption Customers Chigal \$ \$ (C) (D) (E) \$ . \$ . \$ . (E) \$ \$	Grand Total	1. 2. Total Wastewater 3.	Commercial II Commercial III Commercial III Government Residential	TOTALS  Wastewater Revenues	Agriculture/Irrigation Commercial Government Residential Lifeline		Water Revenues
Consumption Customer Chge Consumption Customers Consumption (E)  (B) (C) (D) (E)  \$ - \$ - \$ - 0  0 \$ - \$ - 0  0 0 0 0 0 0						Customers (A)	
ustomer Chye Consumption Customers C  \$ (C) (D) (E)  - \$ .  - \$ .  0  0  0  0						Consumption kGal (B)	FY2003
Consumption Customers C  \$ (D) (E)  \$ .				<b>⇔</b>		Customer Chge \$ (C)	
0 0 0		49	•	<b>.</b>			
	0			0		Customers (E)	
Customer C \$ (G)				0			EY2004
'hge		€9	49	250	•	Customer Chge \$ (G)	
Consumption \$ (H)		\$	<b>.</b>			Consumption \$ (H)	

See Schedule J for Forecast Year Revenues

Schedule C - Operating Expenses (Combined)

		FY	2003	FY	/2004	FY	/2005
			(A)		(B)		(C)
	TOTAL CONTRACTOR CONTR						
1.	Water Purchases						
2.	Navy Contract Earthtech Contract	\$	7.	\$	. 5	\$	=
4.	Other Contracts						
5.	Intentionally Left Blank						
6.	Intentionally Left Blank						
7.	Subtotal	\$		\$		\$	
8.		-		*		•	
9.							
10.	Power Purchases - GPA						
11.							
12.							
	Salaries and Wages						
	Salaries and Wages - Straight	\$	1.5	\$	-	\$	(T)
	Salaries and Wages - OT						
	Intentionally Left Blank						
	Pension and Benefits						
	Intentionally Left Blank						
	Intentionally Left Blank Subtotal	\$		\$		\$	
21.	Subtotal	J.	-	Ф	15	ð.	Ξ,;
22.							
	Administrative & General						
	Chemicals	\$	_	\$		\$	-
	Materials & Supplies			***		•	
	Rental of Equipment						
	Transportation						
	Insurance						
29.	Advertising						
	Regulatory Expense						
	Bad Debt Expense						
	Miscellaneous						
	Intentionally Left Blank						
	Intentionally Left Blank	_		_		_	
	Subtotal	\$	-	\$		\$	=
36.	Depreciation						
38.	Depreciation						
	Contractual						
	Legal	\$	-	\$	-	\$	_
	Testing			*		•	
	Other						
43.	Intentionally Left Blank						
	Intentionally Left Blank						
45.	Subtotal	\$	-	\$	14	\$	<del>-</del>
46.							
	Total Operating & Maint. Expense	\$	-	\$	-	\$	-
48.							
49.							
50.							
51. 52.							
JZ.							

Schedule C1 - Operating Expenses (Water)

		FY	2003	ΕV	′2004	EV	(2005
			(A)		(B)		(C)
			v 1		\-/		(-)
1.	Water Purchases						
2.	Navy Contract	\$	-	\$	-	\$	-
3.	Earthtech Contract						
4.	Other Contracts						
5.	Intentionally Left Blank						
6.	Intentionally Left Blank						
7.	Subtotal	\$	100	\$	-	\$	
8.							
9.							
10.	Power Purchases - GPA						
11.							
12.							
13.	Salaries and Wages						
	Salaries and Wages - Straight	\$	-	\$	-	\$	=
	Salaries and Wages - OT						
	Intentionally Left Blank						
	Pension and Benefits						
18.	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$	) <del>-</del> 1	\$	-	\$	-
21.				7.1		8	
22.							
23.	Administrative & General						
24.	Chemicals	\$	894	\$	-	\$	2
25.	Materials & Supplies			22.54		.00 TO .0	
	Rental of Equipment						
	Transportation						
	Insurance						
29.	Advertising						
30.	Regulatory Expense						
	Bad Debt Expense						
	Miscellaneous						
33.	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$		\$		\$	
36.							
37.	Depreciation						
38.							
39.	Contractual						
40.	Legal	\$	~	\$	-	\$	_
	Testing						
42.	Other						
43.	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$	-	\$	-	\$	-
46.							
47.	Total Operating & Maint. Expense	\$	-	\$	320	\$	_
48.	and the set of the set			trene		8000	
49.							
50.							
51.							
52.							

Schedule C 2 - Operating Expenses (Wastewater)

			FY2003	F	Y2004	F	Y2005
			(A)		(B)		(C)
							2.5
1. 2. 3.	Power Purchases - GPA						
4. 5. 6. 7. 8. 9.	Salaries and Wages Salaries and Wages - Straight Salaries and Wages - OT Intentionally Left Blank Pension and Benefits	\$	÷	\$	÷	\$	Č.
	Intentionally Left Blank						
	Intentionally Left Blank					_	
	Subtotal	\$	≅.	\$	-	\$	-
13. 14.							
	Administrative & General						
	Chemicals	\$	9	\$	12	\$	2
17.	Materials & Supplies	1037000		(A.B.)		3700	
18.	Rental of Equipment						
	Transportation						
	Insurance						
	Advertising						
	Regulatory Expense Bad Debt Expense						
	Miscellaneous						
	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$	-	\$		\$	
28.							
	Depreciation						
30.	2						
	Contractual	6		•		e	
	Legal Testing	\$	-	\$	-	\$	-
	Other						
	Intentionally Left Blank						
	Intentionally Left Blank						
	Subtotal	\$	7	\$	15	\$	
38.		100					
	Total Operating & Maint. Expense	\$	-	\$	/ <del>-</del>	\$	-
40. 41.							
42.							
43.							
44.							
45.							
46.							
47.							
48.							
49. 50.							
51.							
52.							

Schedule D - Details of Water Purchases

		FY	2003	F١	2004	FY	2005
		<u> </u>	(A)	***************************************	(B)		(C)
1.	Water Purchases						
2.							
3.							
4.	Navy Contract						
5.	Purchased kGal						
6.	Rate Per Kgal	\$	-	\$	-	\$	ä
7.	Total Purchase Costs	\$	-	\$	-	\$	2
8.	Other Costs			-			
9.	Total Costs	\$	-	\$	-	\$	_
10.							
	Earthtech Contract						
	Purchased kGal			2		9	
	Rate Per Kgal	\$	-	\$	0.70	\$	7.
	Total Purchase Costs	\$	-	\$	-	\$	=
	Other Costs			_			
17.	Total Costs	\$	-	\$	-	\$	-
	Airforce Contract						
	Purchased kGal						
	Rate Per Kgal	•		œ		6	
	Total Purchase Costs	\$ \$		\$ \$	£75.	\$ \$	=
	Other Costs	ā	V.T.)	Φ		Ф	-
	Total Costs	\$		\$		\$	
24.	1041 0000	Ų		Ψ		Ψ	=
1170000	Other Contract						
	Purchased kGal						
27.	Rate Per Kgal	\$		\$	n - 1	\$	
	Total Purchase Costs	\$	_	\$		\$	-
29.	Other Costs						
30.	Total Costs	\$		\$	-	\$	-
31.							
32.	Other Contract						
	Purchased kGal						
	Rate Per Kgal	\$		\$	-	\$	( <del>*</del>
	Total Purchase Costs	\$		\$	970	\$	-
	Other Costs					_	
	Total Costs	\$	-	\$	-	\$	
38.							
39.							
40.							
41.							
42.							

43. 44.

45.

46. 47.

48. 49.

50. 51.

52.

Schedule F - Debt Service (Combined)

			2003		2004		2005
			(A)		(B)		(C)
1.	Series:						
2.	Principal	\$	-	\$	-	\$	-
3.	Interest						
4.	Total	\$	-	\$	-	\$	-
5.							
6.	Series:						
7.	Principal	\$	-	\$	=	\$	-
8.	Interest						
9.	Total	\$	-	\$	=	\$	-
10.							
11.	TECP						
12.	Principal	\$	-	\$	=	\$	_
13.	Interest						
14.	Total	\$	-	\$	-	\$	-
15.	AND THE PROPERTY WARRANT						
16.	Line of Credit	121		650			
17.	Principal	\$	-	\$	-	\$	-
18.	Interest						
19.	Total	\$	2	\$	-	\$	-
20.							
21.		_				(2)	
22.	Total Principal	\$	-	\$	-	\$	-
23.	Total Interest						
24.	Total Debt Service	\$	-	\$	-	\$	-
25.							
26.							

27.

28.

29.

30.

31.

32. 33.

34.

35.

36.

37.

38.

39. 40.

41.

42.

43.

44. 45.

46. 47.

48.

49. 50.

51.

52.

Schedule G - Internally Funded Construction (Combined)

	Item	Department	E	<b>/2003</b>	EV	/2004	E1	/2005
	item	Department		(A)		(B)		(C)
1.		Water	\$				6	
2.		vvalei	J		\$	-	\$	-
3.								
4.								
5. 6.								
7.								
8.								
9.	2 2 1 1 1 1 1 1 1				7			
10. 11.	Subtotal Water		\$	·= 1	\$	150	\$	-
12.								
13.		Wastewater						
14.								
15. 16.								
17.								
18.								
19.								
20. 21.								
22.								
23.							_	
	Subtotal Wastewater		\$	-	\$	-	\$	-
25. 26.								
27.		Common						
28.								
29. 30.								
31.								
32.								
33.								
34. 35.								
36.								
37.	Subtotal Common		\$	-	\$	(T)	\$	
38.								
39. 40	Total Internally Funded		\$	_	\$	-	\$	-
41.	rotal internally i andea		•		Ψ	-	Ψ	
42.								
43. 44.								
45.								
46.								
47.								
48. 49.								
50.								
51.								
52.								

Schedule H - Working Capital

		F	Y2003		FY2004	4	FY2005	5
			(A)		(B)	-	(C)	
					_		-	
1.	Accounts Receivable	\$	-		\$	~	\$	(A)
2.	Intentionally Left Blank							
3.	Intentionally Left Blank							
4.	Intentionally Left Blank							
5.	Intentionally Left Blank							
6.	Intentionally Left Blank							
7.	Intentionally Left Blank							
8.	Intentionally Left Blank							
9.	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
13.	Intentionally Left Blank							
	Intentionally Left Blank							
15.								
	Accounts Payable							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
23.	Intentionally Left Blank							
24.	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
27.	Intentionally Left Blank							
28.	Intentionally Left Blank							
29.	Intentionally Left Blank							
30.	04-0-15-4-4							
31.	Other Cash Flow Items (I)							
32.	Intentionally Left Blank							
33.	Intentionally Left Blank							
34.	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
37.	Intentionally Left Blank							
	Intentionally Left Blank							
	Intentionally Left Blank							
40.								
41.		\$	-		\$	-	\$	-
42.								
43.								
	Increase/(Decrease in Working C	apital)			\$		\$	-
45.								
46.								
47.								
48.			0//		••		5053 0535 mc7556444 <u>5</u> 4444	
49.		Note:	Other (	Cash flow	items ma	y be show	wn separately	as Schedule I
50.								
51.								
52.								

# GUAM WATERWORKS AUTHORITY Schedule J1- Proof of Revenues (Water) Page 1

## **Current Rates**

		Ba	Basic				8	Block 2		Block 1 Consumption	Block 2 Consumption	Basic Revenues	Block 1		Block 2 Revenues	TOTAL	
÷	METER SIZE	8	Rate	Blo	Block 1 Rate	ate	œ	Rate	Customers	kGal	kGal	s	- 1		s	Revenues \$	69
လက်		3	€		(B)		_	(c)	<u>(a)</u>	(E)	(F)	(G=AxD)	(H=BxE)		(I=CxF)	(J=G+H+I)	÷
	Residential																
ń,	3/4"	69	6.00	69	73	2.40	69	2.85									
9		69	7.00	69	7		69	2.85									
7.	1 1/2"	69	1.00		2	2.40	69	2.85									
89	2"	8	4.00		2	2.40	69	2.85									
9.	 	\$	25.00	69	2		69	2.85									
10.	"4	89	5.00		2		€9-	2.85									
1.	9	89	5.00		2		69	2.85									
12.		69	5.00	(500)	N		69	2.85									
13.	10"	\$ 13	130.00	49	2		69	2.85									
14	12"	\$ 15	5.00		2	2.40	69	2.85									
15.																	
	Commercial and Government																
17.																	
18.	3/4"	69	6.00	49	3	3.56											
19.	1,	69	7.00	69	6	3.56											
20.	1 1/2"	69	11,00	69	3	3.56											
21.	2"	69	14.00		6	3.56											
22.	"n		5.00		3	3.56											
23.	4"	89	35.00	69	3	3.56											
24.	0		5.00		6	3.56											
25.			5.00	69	6	3.56											
26.	10"	-	130.00	0.505.0	6	3.56											
27.	12"	\$ 15	5.00	69	6	3.56											
28.																	
30. Agrici	Agriculture and Irrigation																
31.																	
32.	3/4"	69	6.00	69	-	1.19											
33.	-	49	7.00		+	1.19											
34.	1 1/2"	\$	1.00	69	-	1.19											
35.	2"		4.00		+	19											
36.	 "E		5.00	49	+	1.19											
37.	"4	ਲ **	35.00		+	1.19											
38.	9	\$	5.00	0.77.70	-	19											
39.	8"	9	5.00	49		1.19											
40	10"	\$ 13	000		-	1.19											
.14	12"	\$ 155.00	5.00	0.00.00	+	1.19											
42.																	
44. TOTALS	ILS								0	0	0	69	49	69		· s	101

# GUAM WATERWORKS AUTHORITY Schedule J1- Proof of Revenues (Water) Page 2

## Proposed Rates

AL les \$	(1+H)																																							ş	ï				
TOTAL Revenues \$	(J=G+H+I)																																							4	9		69		
																																											•		
Block 2 Revenues	(I=CxF)																																							6	A				
Basic Block 1 Revenues Revenues \$	(H=BxE)																																												
s Rev																																								6	n				
Basic evenue \$	(G=AxD)																																							9					
8	۳																																								A				
2 ption																																								c	0				
Block 2 Consumption kGal	(F)																																												
																																								c	5				
Block 1 Consumption kGal	(E)																																												
Cons																																													
mers																																								c	0				
Customers	(a)																																												
	I																																												
Block 2 Rate	(C)																																												
ж 1 Ra	(B)																																												
Basic Rate	<u>8</u>																																										NUES		
	l													ĭ																													REVE		
SIZE														/ernme														ation															ASE IN		
METER SIZE			1176	1.1	1 1/2"	2"2	رية ال	4"	9		10"	12"		nd Go		3/4"	-	1 1/2"		3.	"4	į,		10"	12"			d Irrig		7.4	1 175"	2"."	n	"4	9		10"	12"					INCRE		
_		10147						*	_	~	-4:00		-	ercial a					. •		•	Ĩ	-					ture ar	,					•	-	1				u	0		STED		
		Donishandian	Pesine											commercial and Government														Agriculture and Irrigation												TOTALS	10 AL		REQUESTED INCREASE IN REVENUES		
		5. 6		. α	j q	50.	57	52.	53.	54	55.	28.		28.	29.	.09	61.	62.	63.	64.	65.	.99	. 79	68.	.69	70.	71	72.	73	4.	7 2	7.5	78.	79.	80.	81.	82.	83.	84,		87.	88.	89.	90.	

# GUAM WATERWORKS AUTHORITY Schedule J2- Proof of Revenues (WasteWater)

## **Current Rates**

	9.5	200													
TOTAL	Revenues \$	(J=G+H+I)						,						· •	, 69
Block 2 Revenues	\$	(I=CxF)						· •>							
Block 1 Revenues	- 13	(H=BxE)						· ·						69	
Basic Revenues	- 1	(G=AxD)						· 69						69	
Block 2 Consumption	kGal	(F)							ates						
Block 1 Consumption	kGal	(E)							Proposed Rates						
	Customers	Q)													
Block 2	Rate	(O		1.78	4.36	6.04	2.55								
	e			69	↔	69	69								
	Block 1 Rate	(B)		1.78	4.36	6.04	2.55								
Basic		<b>(</b> E)	\$ 22.00	69	S	<i>6</i> 3	49								
	÷	. v.	Residential	6. 7. Commercial 1 8.	9. 10. Commercial 2 11.	12. 13. Commercial 3 14.	15. 16. Government 17.	18. Totals at Current Rates 19. 20.	22. 23. 24. Residential 25.	27. Commercial 1	29. 30. Commercial 2 31.	33. Commercial 3 34. 35.	36. Government 37.	38. Totals at Proposed Rates	40. 41. REQUESTED INCREASE IN REVENUES 42
					337 33 3	· 20 45	100 (G = 10.50)	2000							

## GWA Interim Financial Plan Additional filing Requirements.

The requirements of the IFP are set out in paragraphs 28 & 29 of the Stipulated Order. The major items are:

- The period of the IFP is from the date of approval, which we estimate to be during March 2004, until the approval date of the Final Financial Plan (FFP), which we estimate to be June 2005.
- 2. The IFP should detail how revenue will be generated to cover the cost of compliance activities and deliverables required by the Stipulated Order as well as any other anticipated expenses including:
  - a. All existing debt and anticipated debt service;
  - b. Buildup of financial reserves.
- 3. The IFP requires the submission of a restructured user fee system.

As previously indicated GWA's filing must contain prefiled testimony, supporting exhibits and work papers that establish that GWA has met the requirements of the Stipulated Order with regard to the IFP.

In order to develop our proposed filing requirements for the review of the GWA IFP, a brief discussion of the process that we believe will be required of GWA will be useful. Given the requirements of the IFP as outlined above, we believe that GWA will have to go through the following processes and present their findings to the PUC for review and approval with the prefiled testimony and supporting material described above:

- 1. Inventory all of the requirements of the Stipulated Order for Preliminary Relief for capital and operating requirements as well as implementation dates.
- 2. Determine the baseline financial data to be used Operating Statement & Balance Sheet
- Determine the Sources of funds available to GWA from all sources Grants and EPA & GEPA funds.
- 4. Determine the least cost financial strategy to fulfill the requirements of the Stipulated Order.

The PUC's review and approval process for the IFP should focus on whether adequate and appropriate data has been acquired, analyzed and utilized appropriately for the various processes described above. Although it is possible that there could be differing approaches to craft the IFP, we believe that many of the elements that we have described above should be the minimum required to be filed.

## Requirements of the Stipulated Order

 For each of the first 49 paragraphs of the Stipulated Order that have a financial impact in the years in which rate relief is being requested, the following information should be presented by GWA for review and evaluation:

- a. Overall cost for the requirement for the period presented in the IFP broken out by:
  - i. Operating expense;
  - Cash flow requirements, such as the establishment of various operating reserves;
  - Capital expense including engineering design; construction observation; Regulatory/Program Management; and Other Project Administration.
  - iv. Funding source: Bonds; Existing Cash Flow; Grants; EPA and GEPA funds.
- b. Deadlines.
- c. Source and Work papers for each estimate. It is likely that in many cases the estimate for the period of the IFP will be a segment of a longer period required for the entire requirement to be implemented. This should be presented in the detailed work-papers.
- 2. Other requirements not directly listed as a project in the Stipulated Order should also be presented for review and evaluation. This is because the Stipulated Order has a requirement that requires GWA to "properly operate and maintain all facilities and systems of treatment and control ..."3. This will require GWA to identify:
  - a. Annual Renewals and Replacements to the extent not explicit in the Stipulated Order that are required to adequately operate and maintain all facilities.
  - b. Revenue enhancement projects.
  - Potential applications to be undertaken by outside management, if required.
  - d. Implementation of procedures required to improve performance to conform to the National Pollution Discharge Elimination System ("NPDES").
- Identification of all debts and liabilities for review and evaluation that need to be covered by revenues including: required payments to the Pension fund; required payments to creditors (IBM for the GWA computer); vendors; others.4
- 4. Identification of restricted reserves and funds for review and evaluation that need to be set up.5

To the extent that GWA is seeking to change an existing law or a requirement of the Stipulated Order this should be clearly identified, supported by prefiled testimony identifying clearly the basis for the change proposed, the likelihood of the request for change being granted and the impact on GWA's filing if the change is not implemented.6

4 This is a requirement of paragraph 28 of the Stipulated Order and should be a specific requirement of the financial impact of the ordering paragraph.

<sup>3</sup> Stipulated Order, page 2.

<sup>5</sup> This is a requirement of paragraph 32 of the Stipulated Order. These reserves need to be fully developed within two years – by June 5, 2005.

<sup>6</sup> GWA has indicated that it will seek a change in Guam law with regard to the role that GEDA is to play in the acquisition of debt; a change in the requirement to fund specific operating reserves in a specific period of time.

Attached to this letter we have developed a matrix that displays the information requirements that we believe should be presented to the PUC for review and approval. We would also point out that the requirements developed here would be developed in a manner similar to the requirements developed in the Financial Plan and compliance Schedules developed by GWA and transmitted to the USEPA on January 31, 2002 in response to the Consent Order. The USEPA had approved the original Financial Plan but it was never implemented. Many of the projects and requirements in the Stipulated Order carry over from the prior Financial Plan.

## Baseline Financial Data

The ability of GWA to undertake all of the requirements of the Stipulated Order must be analyzed in the context of its current and future operations. The current operating and financial data are therefore an appropriate starting point over which the Stipulated Order requirements will be superimposed. This will provide the tools to develop the financial strategy as to how the requirements will be implemented and the appropriate development of the future level of rates and the amount of debt financing required. Some of this information will overlap with the requirements previously set out as minimum rate case filing requirements.

## Requirements for baseline financial data to be provided in the filing:

- Use FY 2003 as the starting point. Data should be normalized to reflect annual effects of the recent changes and efficiencies implemented in FY 2003.
- 2. Planning and projections for FY 2004 through FY 2006. The reason that this goes beyond the period of the IFP described above of February 2004 through June 2005 is that a key element in the financial plan will be to determine the appropriate level of debt, both short (if applicable) and long term. Access to the long-term debt markets will be determined in large part through GEDA's efforts under current Guam law. Subsequent issuance of debt will also be required to meet all of the requirements of the Stipulated Order. To the extent that GWA's IFP proposes and anticipates changes in Guam law this should be specifically identified and highlighted for the PUC in prefiled testimony and testimony from appropriate GEDA officials with regard to their point of view of the advisability of the proposals as well as the likelihood of obtaining long term debt in the time frame under consideration should be provided. Contingency plans in the event that the changes sought by GWA are not successful should be presented and described in detail by both GWA and GEDA.
- Assumptions for baseline revenue growth and baseline expense growth for the projection period.
- Assumptions for enhanced revenues from meter program and other non-baseline revenue growth; assumptions for expense savings from any efficiencies.
- Operating income impact of Stipulated Order requirements. Given that GWA is currently in violation of many USEPA regulations the cost of bringing the operation into compliance.

## Funds Available to GWA

The funds available to GWA will impact the amount of funds that need to be borrowed and the overall financial strategy. For the period provided in the financial plan information on the following should be documented and provided with the filing:

- Sewer "Seed Money" for the sewer connection program through USEPA Section 319 funds.
- USEPA grant funds. Prior USEPA correspondence says that this is approximately \$1.45 million annually for FY 2003 through FY 2006. Based on Congressional appropriations.
- Other potential appropriations from EPA are from Special Appropriations and Deep Well Grant Project.
- 4. Short-term debt.
- Long-term debt.
- 6. Internally generated funds.

## Least Cost Financial Strategy

There is an extended discussion on the least cost financial strategy that was contained in GWA's original Financial Plan and Compliance Schedules. The essential conclusion of the prior plan was that funding all of the USEPA requirements through an increase in rates alone would be prohibitive. The requirements in the Stipulated Order are even greater than the requirements in the prior Consent Order. The IFP should identify the least cost financial strategy being requested for approval by the PUC and indicate the contingency plans in the event that the strategy is not successful.

### AND

### DEVELOPMENT OF THE INTERIM PLAN

2/2004 - 7/2005

Compliance Monitor  EPA Approval Process  In a Provides 30-day turnaround General Manager  Chief Engineer  Chief Financial Officer  Chief Financial Officer  Chief Financial Officer  Conflict of Interest  Conflict of Inte		No No No No No No No No No Yes: Incremental cost to existing operating/capital budget? No
		No No No
ly A • • • • • • • • • • • • • • • • • •		No No
tly A • • • • • • • • • • • • • • • • • •		No No
ly A • • • • • • • • • • • • • • • • • •		No
hy A • • • • • • • • • • • • • • • • • •	III Start vacancies Continuous	
D • Fill and Train all perators  A • GWA draft reorgan  B • EPA Comments on 1  C • GWA Finalized Pla  D • EPA Comments on 1  E • Final Reorganizatio	led as DRCs June 15, 2003	No
< B O O D E	fied level December 5, 2003	Ves. Incremental Training Costs and Salary Increments; Grant
		money?
	plans September 5, 2003	003 Yes: May require outside assistance
• • •	nn specified	No
• • •	EPA + 90	Yes: May require outside assistance
	n not specified	No
	EPA + 30	No
	EPA + 180	Yes: Requires Phase in Plan and Associated Costs of new and retrained
		Staff
Master Plans A. • Draft Scope of Work and Draft RFP	Draft RFP July 5, 2003	Yes: May require outside assistance
B. • EPA responds to drafts	peilied not specified	No
C. • GWA finalizes RFP	EPA + 30	Yes: May require outside assistance
D. List of Five qualified offerors and qualifications	ors and qualifications EPA + 30 + 60	Yes: May require outside assistance

DEVELOPMENT OF INTERIM PLAN (IP) 2/2004 – 7/2005

	24		Details aire Actions	Cut Danc	Impace on it and i maiora Considerancia 1111
	E.		GWA selects qualified candidate(s) and awards	EPA approval of	Yes: May require outside assistance
			contract(s)	offerers + 45	
	F0		GWA Obtains Master Plans Including:	Complete draft	Yes: Cost of plans originally estimated to be \$1 million. Payments
			twenty year plan using 10-state standards as	due around	should be spread over period. Should also have Impact Fee and
			guideline	December 1, 2004	revenues. Should also have connection fees for sewer.
8		þ.	twenty year plan using Hawaii Water Standards	and Final Plan due	
		Ç	cost/benefit of water conservation	around March 1,	
10		ġ.	Evaluation of control process (SCADA) & MIS	2005	
	9	e.	Five Year plan for revenues (including user fees		
			and sewer connection fees)		
		٠.	Five-year plan of O&M, projected budgets. capital		
			budgets consistent with master plan and financial		
			reserves		
	FI	•	GWA completes leak detection study	December 5, 2003	Yes: Incremental Costs for outside assistance. May have grant funds
					available?
	F2	•	GWA completes water budget quantifying and	February 5, 2004	Yes: Incremental costs for outside assistance. May have grant funds
			describing sources and uses of potable water		available
	F3		GWA to locate, map treatment facilities,	March 5, 2004	Yes: Incremental costs for outside assistance. May have grant funds
			waterweells, collection systems, etc.		available
	F4	•	GWA to develop hydraulic analyses and model for	June 5, 2004	Yes: Incremental costs for outside assistance. May have grant funds
			water system(s)		available
Interim Disinfection Program	Ą	•	GWA to develop program	Sept 5, 2003	Yes: GWA may require outside assistance
	В		EPA Comments on program	not specified	
	O		Implementation of approved plan	EPA+30	Yes: GWA may require outside assistance; grant may be available;
					some capital costs
	0		Annual reports and updates	ongoing	
Interim Chlorine Residual Level	V	•	GWA to develop program	September 5, 2003	Yes: GWA may require outside assistance; grant funds may be
Monitoring Program					available

### AND DEVELOPMENT OF INTERIM PLAN (IP) 2/2004 - 7/2005

C	ă —	Description	Steps	Det	Details and Actions	Due Date	Impacts on IP and Financial Considerations Y/N
C			В	•	EPA Comments on Program	not specified	
ection and Response A • Develop program  C • Implementation of Program  C • Regin Implementation of Program  C • Semiamural reports on inventory adequacy  C • Semiamural reports on inventory adequacy  C • Semiamural reports on inventory adequacy  C • Submit 1st indicating size of standby generator for adapticable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Com			ن د	•		EPA+30	Yes: GWA may require outside assistance; grant may be available;
Develop program							some capital costs
Program			D	•	Annual reports and updates	ongoing	
Program   Parts Inventories for Wastewater   A	3 Le	eak Detection and Response	Y	•	Develop program	December 5, 2003	Yes: GWA may require outside assistance
Water Meter Improvement       A       • Implementation of Program       EPA+30         Program       B       • Bright Implementation of Program       Innespecified         C       • Bright Implementation of Program       EPA+30         C       • Bright Implementation of Program       EPA+30         C       • Achieve goal of fully and accurately read water       June 5, 2006         consumption       consumption       December 5, 2003         and Water       A       Develop and maintain 6b-day inventory       December 5, 2003         A       Seminamual reports on inventory Adequacies       December 5, 2003         C       Seminamual reports on inventory adequacy       Ongoing         C       Seminamual reports on inventory adequacy       December 5, 2003         C       Seminamual reports on inventory adequacy       Ongoing         C       Seminamual reports on inventory and accurately read water       September 5, 2003         B       EPA Comments       December 5, 2003         C       Respond to EPA Comments       EPA + 30         D       Respond to EPA Comments       December 5, 2005         D       Supply generators for all applicable locations       June 5, 2005         D       Supply generators for all applicable locations       June 5, 2003	Pr	rogram	В	•	EPA Comments on Program	not specified	
Water Meter Improvement       A       • Develop program       September 5, 2003         Program       C       • Begin Implementation of Program       EPA + 30         C       • Begin Implementation of Program       EPA + 30         EPA + 30       EPA Comments on Program       EPA + 30         C       • Achieve goal of fully and accurately read water       June 5, 2006         C       • Achieve goal of fully and accurately read water       December 5, 2003         and Water       B       • Report on Inventory Adequacies       December 5, 2003         C       • Semiamunal reports on inventory adequacy       Origoling         C       • Semiamunal reports on inventory adequacy       December 5, 2003         C       • Semiamunal reports on inventory accided Tools & Equip       December 5, 2003         C       • Semiamunal reports on inventory accided Tools & Equip       December 5, 2003         B       • Provide a Report on Needed Tools & Equip       December 5, 2003         C       • Respond to EPA Comments       EPA + 30         C       • Respond to EPA Comments       EPA + 30         D       • Suppily generators for all applicable locations       June 5, 2003         D       • Suppily generators for all applicable more and perform       September 5, 2003			ن	•		EPA + 30	Yes: Outside Assistance; capital costs; revenue enhancement?;
Water Improvement         A         • Develop program         September 5, 2003           Program         B         • EPA Comments on Program         Indeptified           C         • Regin Implementation of Program         EPA + 30           D         • Achieve goal of fully and accurately read water         June 5, 2006           B         • Achieve goal of fully and accurately read water         June 5, 2006           Parts Inventories for Wastewater         A         • Develop and maintain 60-day inventory         December 5, 2003           and Water         B         • Report on Inventory Adequacies         December 5, 2003           C         • Semiannual reports on inventory adequacy         Ongoing           Routine Maintenance Report         A         • Provide a Report on Needed Tools & Equip         December 5, 2003           Standby Generators         A         • Provide a Report on Needed Tools & Equip         December 5, 2003           C         • Submit list indicating size of standby generator for         September 5, 2003           B         • EPA Comments on List         EPA + 30           C         • Respond to EPA Comments         EPA + 30           C         • Respond to EPA Comments         Inne 5, 2005           D         • Respond to EPA Comments         Inne 5, 2005							operating cost savings
Program  C Begin Implementation of Program  EPA + 30  EPA + 30  C C Achieve goal of fully and accurately read water  December 5, 2006  C Semiannual reports on inventory Adequacies  C Semiannual reports on inventory adequacy  C September 5, 2003  C Submit list indicating size of standby generator for September 5, 2003  C Respond to EPA Comments  C Respond to EPA Comments  D Supply generators for all applicable locations  June 5, 2005  D Supply generators for all applicable locations  June 5, 2005  D Supply generators for all applicable locations  June 5, 2005	<b>A</b>	fater Meter Improvement	A	•	Develop program	September 5, 2003	Yes: GWA may require outside assistance
Parts Inventories for Wastewater  Parts Inventories for Wastewater  Parts Inventories for Wastewater  Parts Inventories for Wastewater  A • Develop and maintain 60-day inventory  C • Semiannual reports on inventory Adequacies  C • Semiannual reports on inventory adequacy  Routine Maintenance Report  A • Submit list indicating size of standby generator for  Standby Cenerators  A • Submit list indicating size of standby generator for  each applicable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  June 5, 2005  June 5, 2005  B • EPA Comments  C • Respond to EPA Comments  June 5, 2005  C • Respond to EPA Comments  June 5, 2005  Prepare Inventory of UG storage and perform  September 5, 2005	P	rogram	В	•	EPA Comments on Program	not specified	
Parts Inventories for Wastewater			٥	•	Begin Implementation of Program	EPA + 30	Yes: Additional Capital Costs and operating costs; offset by revenue
Parts Inventories for Wastewater  A • Develop and maintain 60-day inventory and Water  B • Report on Inventory Adequacies  C • Semiannual reports on inventory adequacy  Routine Maintenance Report  A • Drovide a Report on Needed Tools & Equip  December 5, 2003  C • Semiannual reports on inventory adequacy  Routine Maintenance Report  A • Submit list indicating size of standby generator for September 5, 2003  each applicable location  B • EPA Comments  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  June 5, 2005  June 5, 2005  B EPA + 30  Drecember 5, 2003  each applicable location  B • EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  June 5, 2005  June 5, 2003  each applicable location  B • EPA Comments  C • Respond to EPA Comments  C • Respond to EPA Comments  June 5, 2005  June 5, 2003							enhancement and operating cost reductions
Parts Inventories for Wastewater A • Develop and maintain 60-day inventory December 5, 2003  and Water B • Report on Inventory Adequacies December 5, 2003  C • Semiannual reports on inventory adequacy Ongoling  Routine Maintenance Report A • Provide a Report on Needed Tools & Equip December 5, 2003  Standby Generators A • Submit list indicating size of standby generator for September 5, 2003  each applicable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  Underground Storage Tanks A • Prepare Inventory of UG storage and perform September 5, 2003			Q	•	Achieve goal of fully and accurately read water	June 5, 2006	Yes: Additional Capital Costs and operating costs for three years; offset
Parts Inventories for Wastewater  and Water  and Water  B • Report on Inventory Adequacies  C • Semiannual reports on inventory adequacy  Routine Maintenance Report  A • Provide a Report on Needed Tools & Equip  Standby Generators  A • Submit list indicating size of standby generator for September 5, 2003  each applicable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  Underground Storage Tanks  A • Prepare Inventory of UG storage and perform  September 5, 2003  June 5, 2005					consumption		by revenue enhancement and operating cost reductions for current and
Parts Inventories for Wastewater A • Develop and maintain 60-day inventory  and Water  B • Report on Inventory Adequacies  C • Semiannual reports on inventory adequacy  Routine Maintenance Report  A • Provide a Report on Needed Tools & Equip  Standby Generators  A • Submit list indicating size of standby generator for September 5, 2003  each applicable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  Underground Storage Tanks  A • Prepare Inventory of UG storage and perform  September 5, 2003  FPA + 30  B • Prepare Inventory of UG storage and perform  September 5, 2003							subsequent years; grant monies?
and Water  Routine Maintenance Report  A • Provide a Report on Needed Tools & Equip  December 5, 2003  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  D • Supply generators of Underground Storage Tanks  A • Prepare Inventory of UG storage and perform  September 5, 2003  B • EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  September 5, 2003  June 5, 2005  June 5, 2005	Pa	arts Inventories for Wastewater	A	•	Develop and maintain 60-day inventory	December 5, 2003	Yes: Additional up front capital costs
Routine Maintenance Report A • Provide a Report on Needed Tools & Equip  Standby Generators  A • Submit list indicating size of standby generator for september 5, 2003  each applicable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  D • Supply generators for all applicable locations  Tune 5, 2005  B • Supply generators for all applicable locations  D • Supply generators of Underground Storage Tanks  A • Prepare Inventory of UG storage and perform  September 5, 2005	an	nd Water	B	•	Report on Inventory Adequacies	December 5, 2003	No
Routine Maintenance Report   A   • Provide a Report on Needed Tools & Equip   December 5, 2003			b	•	Semiannual reports on inventory adequacy	ongoing	No
Standby Generators A • Submit list indicating size of standby generator for september 5, 2003 each applicable location B • EPA Comments on List C • Respond to EPA Comments D • Supply generators for all applicable locations Underground Storage Tanks A • Prepare Inventory of UG storage and perform September 5, 2003	Re	outine Maintenance Report	A	•	Provide a Report on Needed Tools & Equip	December 5, 2003	Yes, in conjunction with inventory requirement (above) and ongoing
Standby Generators A • Submit list indicating size of standby generator for September 5, 2003 each applicable location B • EPA Comments on List C • Respond to EPA Comments C • Respond to EPA Comments D • Supply generators for all applicable locations June 5, 2005  Underground Storage Tanks A • Prepare Inventory of UG storage and perform September 5, 2003							O & M
each applicable location  B • EPA Comments on List  C • Respond to EPA Comments  C • Respond to EPA Comments  D • Supply generators for all applicable locations  June 5, 2005  Underground Storage Tanks  A • Prepare Inventory of UG storage and perform  September 5, 2003	St	andby Generators	A	•	Submit list indicating size of standby generator for	September 5, 2003	No
B • EPA Comments on List not specified  C • Respond to EPA Comments  D • Supply generators for all applicable locations  D • Supply generators for all applicable locations  June 5, 2005  Underground Storage Tanks  A • Prepare Inventory of UG storage and perform  September 5, 2003					each applicable location		
C • Respond to EPA Comments EPA+30  D • Supply generators for all applicable locations June 5, 2005  Underground Storage Tanks A • Prepare Inventory of UG storage and perform September 5, 2003			В	•	EPA Comments on List	not specified	No
D • Supply generators for all applicable locations June 5, 2005  Underground Storage Tanks A • Prepare Inventory of UG storage and perform September 5, 2003	17		v	•	Respond to EPA Comments	EPA + 30	No
Underground Storage Tanks A Prepare Inventory of UG storage and perform September 5, 2003			q	•	Supply generators for all applicable locations	June 5, 2005	Yes: Incremental CIPs and possible bonding? Grants?
		nderground Storage Lanks	٧	•	Prepare Inventory of UG storage and perform	September 5, 2003	No
temporary closures as required					temporary closures as required		

### AND DEVELOPMENT OF INTERIM PLAN (IP) 2/2004 - 7/2005

_	Description	Steps	Details and Actions	Due Date	Impacts on IP and Financial Considerations Y/N
		В	EPA Comments on List and Closures	not specified	No
		٥	GWA responds to EPA and performs additional	EPA + 30	
			required tasks		
61	Emergency Plan	Ą	Develop Plan for Typhoon, Earthquake, etc.	December 5, 2004	Assume "in house/"?
		В	EPA Comments on Plan	not specified	No
		ر	Implement Plan	EPA + 30	No
20	Preventive Maintenance Program	A	Develop Draft Plan for System-wide maintenance	June 5, 2004	Yes: Incremental Software for existing IBM system; outside assistance
		B	EPA Comments on Plan	not specified	No
		٥	Implementation of Plan	EPA + 30	Possible incremental O&M may be offset by costs incurred through
					lack of maintenance?
71	Operations & Maintenance	A	Submit a Plan & Schedule for Developing the	December 5, 2003	No
	Manuals		Manuals		
		В	EPA Comments on Plan	not specified	No
		U	Complete O&M manuals including procedures for	June 5, 2005	Yes: Some Publication assistance at a minimum; some overlap with
			on-going updates and changes		CMMS system (# 20) and Emergency Plan (# 19)
77	GWA Authority	Ą	Report on the steps to autonomy	July 5, 2003	Yes: Incremental Legal expense?
		8	EPA Comments on Report	not specified	No
		Ç	Implementation of Action leading to Autonomy	EPA + 30	No?
23	Standard Operating Procedures	Ą	Prepare Draft SOP manual on procurements and	December 5, 2003	Yes: Some overlap with #21 and #22
			compliance with statutes		
		В	EPA comments on Draft SOP manual	not specified	No
		C	Implement SOP with procedures for updates and	EPA + 30	No
			changes		
24	Vulnerability Assessment	Ą	Submission of Complete Assessment	December 5, 2003	? Some overlap with #19-23?
		В	Emergency Response Plan	June 5, 2004	
52	Trade Organizations	Ą	Join AWWA and WEF	September 5, 2003	Minor

### AND DEVELOPMENT OF INTERIM PLAN (IP) 2/2004 - 7/2005

Develop Procedures for fiscal management and control, budgeting, accounting and financial planning  EPA Comments on Procedures  EPA Comments on Procedures  Submit Annual Budgets to EPA in format required ongoing  Develop and Submit Financial Plan to EPA and PUC including identification of all existing debt  Prepare Kate Filing as may be required per 28.a including proposed changes in tariffs  GWA notifies EPA of PUC approval of interim plan  FUC approval of Master Plan and Financial Plan  Fuc approval of Master Plan  Fuc approval of Master Plan  Fur A comments  Fuc approval of Master Plan  Fund Reserves  Fund Reserves  June 5, 2005  J	,	Description	Steps	Details and Actions			
Procedures  Procedures  B • EPA Comments on Procedures  C • Implement Procedures  C • Implement Procedures  PTC including identification of all existing debt  B • EPA Comments on Procedures  PTC including proposed changes in DEA and December 5, 2003  PTC including proposed changes in artification of all existing debt  B • Implementation of plan in DEA and December 5, 2003  A proproval of Friencial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  A PUC approval of Master Plan and Financial Plan  B EPA Comments  C C BEA Comments  C B PUR Comments  D PUR Comments  C B PUR Comments on Plans  C B PUR Co	26	Financial Standard Operating	V		I management and	June 5, 2004	Yes: GWA may require outside assistance
B		Procedures		control, budgeting, accounti	ng and financial		
B				planning			
Ammai Budgets A • Submit Annual Budgets to EPA in format required ongoing Interim Financial Plan A • Develop and Submit Huancial Plan to EPA and December 5, 2003 PUC including identification of all existing debt B • Prepare Kate Filing as may be required per 28.a including proposed changes in tariffs Approval of Financial Plan A • PUC approval of PUC approval of interim plan A • PUC approval of Master Plan and Financial Plan A • PUC approval of Master Plan and Financial Plan A • PUC approval of Master Plan and Financial Plan A • PUC approval of Master Plan and Financial Plan A • PUC approval of Master Plan and Financial Plan B • Prepare and submit annual forceast of revenues and costs consistent with budgets and rates C • CWA Implements 5-year programs Financial Reserves B • Plan O&M and Keplacement Reserves B • Plan O&M and Keplacement Reserves C • EPA Comments on Plans C • EPA Comments o			В			not specified	No
Annual Budgets to EPA in format required ongoing Incerim Phanelal Plan  PUC including identification of all existing debt  A • Prepare Rate Filling as may be required per 28,a  including proposed changes in tariffs  A • PUC approval of Plan  A • PUC approval of Master Plan and Financial Plan  A • Prepare and submit annual forecast of interim plan  March 5, 2003  C • CWA miplements 5-year programs  Financial Reserves  B • Plan ORM and Replacement Reserves  C • CWA Implements 5-year programs  Financial Reserves  B • Plan ORM and Replacement Reserves  C • EPA Comments on Plans  D • Implement Reserves  A • Develop program for penalties and disconnection  September 5, 2005  June 5, 2005  June 5, 2005  C • EPA Comments on Plans  C • EPA Comments on Plans  D • Implement Reserves  A • Develop program for penalties and disconnection  September 5, 2005  C • EPA Comments on Plans  D • Implement procedures  C • EPA Comments on Plans  D • Implement Reserves  A • Develop program for penalties and disconnection  September 5, 2005  C • EPA Comments on Plans  D • Implement Reserves  A • Develop program for penalties and disconnection  September 5, 2005  C • EPA Comments on Plans  D • Implement procedures  D • Implement Reserves  A • Develop program for penalties and disconnection  September 5, 2005  C • EPA Comments on Plans  D • Finalties and disconnection  September 5, 2005  D • EPA Comments on Plans  D • Finalties and disconnection  September 5, 2005  D • Finalties and disconnection  D • Fina			b			EPA + 30	No
Interim Financial Plan   A   • Develop and Submit Financial Plan to EPA and PUC including identification of all existing debt	27	Annual Budgets	A		A in format required	ongoing	Yes. Possible request for rates and changes in tariffs.
PUC including identification of all existing debt  B • Prepare Rate Filing as may be required per 28.a including proposed changes in tariffs  Approval of Intertin Plan  A • GWA notifies EPA of PUC approval of interim plan  B • Implementation of Plan  A • PUC approval of Master Plan and Financial Plan  A • PUC approval of Master Plan and Financial Plan  A • PUC approval of Master Plan and Financial Plan  A • PUC approval of Master Plan and Financial Plan  A • PUC approval of Master Plan and Financial Plan  C of Comments  B • EPA Comments  C of Comments  C of Comments on Plans  D of Implement Reserves  September 5, 2003  September 5, 2003  B of Develop programs for equires  C of EPA Comments on Plans  C of EPA Comments on Plans  D of Plans Reserves  C of EPA Comments on Plans  D of Plans Reserves  C of EPA Comments on Plans  D of Plans Reserves  C of EPA Comments on Plans  D of Plans Plans	28	Interim Financial Plan	A		al Plan to EPA and	December 5, 2003	Ves: May require outside assistance; surcharge available for PUC costs
Approval of Intertin Plan A GWA notifies EPA of PUC approval of intertin plan A PUC approval of Master Plan and Financial Plan A PUC approval of Master Plan and Financial Plan A PUC approval of Master Plan and Financial Plan A PUC approval of Master Plan and Financial Plan A PUC approval of Master Plan and Financial Plan B PUC approval of Master Plan and Financial Plan Costs consistent with budgets and rates B EPA Comments C CWA Implements 5-year programs C CWA Implements 5-year programs C CWA Implement Reserves B Plan C&M and Replacement Reserves B Plan C&M and Replacement Reserves C BPA + 30 C BPA Comments on Plans C BPA + 30 C BPA Comments on Plans C BPA + 30 C BPA Comments on Plans C BPA + 30 C BPA Comments on Plans C BPA + 30 C BPA + 30 C BPA Comments on Plans C BPA + 30 C BPA COmments on Plans C BPA + 30 C BPA COmments on Plans C BPA COMMENT OF PLAN COM				PUC including identification	of all existing debt		
Approval of Interim Plan A • GWA notities EPA of PUC approval of interim plan A • Implementation of Plan A • PUC approval of Master Plan and Financial Plan A • Puc approval of Master Plan and Financial Plan B • Prepare and submit annual torecast of revenues and costs consistent with budgets and rates B • EPA Comments C • GWA Implements 5-year programs C • GWA Implements 5-year programs C • BA Comments on Plans C • EPA Comments on Plans D • Implement Reserve Plan C • EPA Comments on Plans C • EPA Comments on Plans C • EPA Comments on Plans D • Implement Reserves C • EPA Comments on Plans D • Implement Reserves C • EPA Comments on Plans D • Implement Reserves D •			F		be required per 28.a in tariffs	December 5, 2003	Yes: May require outside assistance
Approval of Financial Plan A PUC approval of Master Plan and Financial Plan A Prepare and submit annual torecast of revenues and 2065;  Five Year Plan C osts consistent with budgets and rates B EPA Comments C o GWA Implements 5-year programs C o GWA Implements 5-year programs C o Bebt Service Reserves B o Plan O&M and Replacement Reserves B Plan O&M and Replacement Reserves C o EPA Comments on Plans C b Pund Reserve Plan C o EPA Comments on Plans C o EPA Comments and disconnection C o EPA Comments on Plans	29	Approval of Interim Plan	A		proval of interim plan	March 6, 2003	No
Approval of Financial Plan A • PUC approval of Master Plan and Financial Plan 2005;  Five Year Plan A • Prepare and submit annual forecast of revenues and June 5, 2005  costs consistent with budgets and rates B • EPA Comments C • GWA Implements 5-year programs C • GWA Implements 5-year programs EPA + 30  Financial Reserves B • Plan O&M and Replacement Reserves C • EPA Comments on Plans C • EPA Comments on Plans C • EPA + 30  E • Fund Reserve Plan E • Fund Reserves C • EPA Comments on Plans C • EPA + 30  E • Fund Reserves C • EPA Comments on Plans C • EPA + 30  E • Fund Reserves C • EPA Comments on Plans C • EPA + 30  E • Fund Reserves C • EPA Comments on Plans C • EPA Comments on Plans D • Implement Reserves C • EPA Comments on Plans D • Implement Procedures C • EPA Comments on Plans D • Implement Procedures C • EPA Comments on Plans D • Implement Procedures C • EPA Comments on Plans D • Implement Procedures			h	Implementation of		March 2003	No
Five Year Plan  A • Prepare and submit annual torecast of revenues and June 5, 2005  costs consistent with budgets and rates  B • EPA Comments  C • GWA Implements 5-year programs  EPA + 30  C • GWA Implement Reserve  B • Plan O&M and Replacement Reserves  C • EPA Comments on Plans  C • EPA Comments on Plans  C • EPA Comments on Plans  E • Fund Reserves  A • Develop program for penalties and disconnection  September 5, 2003  June 5, 2003  June 5, 2003  June 5, 2003  June 5, 2005  C • EPA Comments on Plans  E • Fund Reserves  June 5, 2005  C • EPA Comments on Plans  June 7, 2005  June 5, 2005  June	30	Approval of Financial Plan	A	PUC approval of	n and Financial Plan	September 5,	Yes.
Five Year Plan						2005?	
C • CWA Implements 5-year programs	31	Five Year Plan	A	Prepare and submit	seast of revenues and	June 5, 2005	No
Financial Reserves  Financial Reserves  Financial Reserves  Financial Reserves  Financial Reserves  Financial Reserves  A • Debt Service Reserve  B • Plan O&M and Replacement Reserves  C • EPA Comments on Plans  C • EPA Comments on Plans  D • Implement Reserve Plan  EPA + 30  E • Fund Reserve Plan  E • Fund Reserves  September 5, 2003  B • Develop program for penaltics and disconnection  September 5, 2003  C • EPA Comments on Plans  E • Fund Reserves  A Develop program for penaltics and disconnection  September 5, 2003  C • EPA Comments on Plans  FPA + 30  FPA				costs consistent with budgets a	ind rates		
Financial Reserves  A • Debt Service Reserve  B • Plan O&M and Replacement Reserves  C • EPA Comments on Plans  C • EPA Comments on Plans  D • Implement Reserve Plan  E • Fund Reserve  A • Develop program for penalties and disconnection  B • Develop program for penalties and disconnection  September 5, 2003  June 5, 2005  C • EPA Comments on Plans  E • Fund Reserve  D • Develop program for penalties and disconnection  September 5, 2003  C • EPA Comments on Plans  FPA + 30  Implement Reserve  A • Develop program for penalties and disconnection  September 5, 2003  C • EPA Comments on Plans  FPA + 30			В			not specified	No
Financial Reserves A • Debt Service Reserve Issuance + 30  B • Plan O&M and Replacement Reserves September 5, 2003  C • EPA Comments on Plans  D • Implement Reserve Plan  EPA + 30  Late Payments  A • Develop program for penaltics and disconnection September 5, 2003  B • Develop programs or plans  C • EPA Comments on Plans  Fry + 30  September 5, 2003  C • EPA Comments on Plans  Fry + 30  Fry + 30		1	U		ograms	EPA + 30	Costs possibly included in above tlems
B • Plan O&M and Replacement Reserves September 5, 2003  C • EPA Comments on Plans not specified  D • Implement Reserve Plan  E • Fund Reserve Plan  Late Payments  A • Develop program for penalties and disconnection September 5, 2003  B • Develop enforcement procedures September 5, 2003  C • EPA Comments on Plans  Instrumentation of Plans  FPA + 30  Instrumentation of Plans  FPA + 30  Instrumentation of Plans	32	Financial Reserves	Ą			Issuance + 30	Assume funds are from bond proceeds
C • EPA Comments on Plans not specified  D • Implement Reserve Plan  EPA + 30  Late Payments  A • Develop program for penalties and disconnection September 5, 2003  B • Develop enforcement procedures September 5, 2003  C • EPA Comments on Plans  Instrumentation of Plans  Instrumentation of Plans			В		leserves	September 5, 2003	No
Late Payments  Late Payments  A • Develop program for penalties and disconnection  B • Develop enforcement procedures  C • EPA + 30  June 5, 2005  September 5, 2003  C • EPA Comments on Plans  FPA + 30			o			not specified	No
Late Payments A • Develop program for penalties and disconnection September 5, 2003  B • Develop enforcement procedures September 5, 2003  C • EPA Comments on Plans not specified			Q			EPA + 30	3-months O&M may be funded w ith LOC till funded by rates
Late Payments A • Develop program for penalties and disconnection September 5, 2003 B • Develop enforcement procedures September 5, 2003 C • EPA Comments on Plans not specified			a			June 5, 2005	Small impact
Develop enforcement procedures September 5, 2003     EPA Comments on Plans not specified     Implementation of Plans	33	Late Payments	A		and disconnection	September 5, 2003	No
EPA Comments on Plans not specified Implantation of Plans			В		sez	September 5, 2003	No
Implementation of Dlans			O			not specified	No
Impellicutation of Figure			9	Implementation of Plans		EPA + 30	Should result in net benefit over prior years

### AND DEVELOPMENT OF INTERIM PLAN (IP)

### 2/2004 - 7/2005

A         • Develop program for connection         December 5, 2004           B         • EPA Comments on Plan         not specifies           C         • Implement Plan         EPA + 30           B         • Submit Plan for Construction         August 5, 2003           C         • EPA Comments         June 5, 2006           B         • Develop design schedule and baseline monitoring         December 5, 2003           C         • EPA Comments         June 5, 2006           B         • Develop design schedule and baseline monitoring         December 5, 2003           C         • EPA Comments         Inot specified           D         • Program Completion         June 5, 2006           B         • Provide Engineering Assessment to EPA         December 5, 2003           B         • Provide Engineering Assessment to EPA         December 5, 2003           B         • Provide Engineering Assessment to EPA         December 5, 2004           C         • EPA Comments         Inot specified           E         • EPA Comments         December 5, 2003           B         • EPA Comments         December 5, 2003           B         • EPA Comments         December 5, 2003           B         • Develop plan to treat well varier resources         Decemb	Description	Steps	ğ	Details and Actions	Due Date	Impacts on IP and Financial Considerations Y/N
B         • EPA Comments on Plan         not specifies           C         • Implement Plan         EPA+30           A         • Develop design schedule and baseline monitoring         December 5, 2003           B         • Submit Plan for Construction         August 5, 2003           C         • EPA Comments         June 5, 2006           B         • Develop design schedule and baseline monitoring         December 5, 2003           B         • Develop design schedule and baseline monitoring         December 5, 2003           C         • EPA Comments         Intermediation           C         • EPA Comments         Index specified           B         • Provide Engineering Firm for Assessment to EPA         December 5, 2003           B         • Provide Engineering Assessment to EPA         December 5, 2003           B         • Provide Engineering Assessment to EPA         December 5, 2003           B         • Provide Engineering Assessment to EPA         December 5, 2003           B         • Provide Engineering Assessment to EPA         December 5, 2003           B         • Develop Plan to treat well water resources         December 5, 2003           B         • EPA Comments         December 5, 2003           B         • Develop plan to treat well water resources         Dece	Sewer Hook-up Revolving Fund	Y	•		December 5, 2004	Use available Funds from GEPA water planning committee
C • Implement Plan  B • Submit Plan for Construction  C • EPA Comments  D • Program Completion  A • Develop design schedule and baseline monitoring  D • Program Completion  A • Develop design schedule and baseline monitoring  D • Program Completion  A • Develop design schedule and baseline monitoring  D • Program Completion  A • Retain Langineering Firm for Assessment  D • Program Completion  A • Retain Langineering Assessment to EPA  B • Provide Engineering Assessment to EPA  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA comments  C • EPA Comments  D • Plan for corrective action and design  EPA - 180  EPA Comments  C • EPA Comments  D • Plan for corrective action plan  EPA - 3003  A • Develop Plan to treat well water resources  D • Develop Plan to treat well water resources  D • Develop interm corrective action plan  C • Implement Plan  EPA - 3003  A • Develop Schedule for Repair  C • Complete Panned Renovations  D • EPA Comments  B • EPA Comments  C • Complete Project  A • Develop Schedule for Repair  C • Complete Project  C • Complete Project  C • Complete Project  D • EPA Comments  D • EP		В	•	EPA Comments on Plan	not specifies	No
A         • Develop design schedule and baseline monitoring         December 5, 2003           B         • Submit Plan for Construction         August 5, 2003           C         • Program Completion         June 5, 2006           B         • Submit Plan for Construction         June 5, 2006           B         • EPA Comments         August 5, 2003           C         • EPA Comments         June 5, 2006           B         • Program Completion         August 5, 2003           C         • EPA Comments         June 5, 2006           B         • Provide Engineering Firm for Assessment in not specified         June 5, 2006           C         • EPA Comments         December 5, 2003           B         • Plan for corrective action and design         EPA + 180           C         • Plan for corrective action and design         EPA + 180           E         • PA comments         Develop Plan to treat well water resources         December 5, 2003           B         • EPA Comments         Develop Interm corrective action plan         EPA + 30           C         • Implement Plan         EPA + 30           B         • EPA Comments         Develop Schedule for Repair           C         • Complete Planned Renovations         December 5, 2003		Ç	•		EPA + 30	Increased revenues over incremental capital and operating costs
B • Submit Plan for Construction  C • EPA Comments  D • Program Completion  A • Develop design schedule and baseline monitoring  B • Submit Plan for Construction  C • EPA Comments  D • Program Completion  A • Retain Engineering Firm for Assessment  B • Provide Engineering Assessment to EPA  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA + 180  December 5, 2003  B • Provide Engineering Assessment to EPA  C • EPA Comments  C • EPA Comments  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA + 180  December 5, 2004  A • Develop Plan to treat well water resources  December 5, 2003  A • Develop merin corrective action plan  C • Implement Plan  C • LPA Comments  B • EPA Comments  C • LPA Comments  C • LPA Comments  December 5, 2003  A • Develop schedule for Repair  A • Develop Schedule for Repair  C • Complete Project  C • Complete Project  December 5, 2003  A • Develop Schedule for Repair  A • Develop Schedule for Repair  December 5, 2003  A • Develop Schedule for Repair  A • Develop Schedule for Repair  December 5, 2003  A • Develop Schedule for Repair  December 5, 2003  A • Develop Schedule for Repair  December 5, 2003  A • Develop Schedule for Repair  December 5, 2003  A • Develop Schedule for Repair  December 5, 2003  A • Develop Schedule for Repair  December 5, 2003	Agana Ocean Outfall	¥	•	Develop design schedule and baseline monitoring	December 5, 2003	Incremental Costs already incurred? Grant available? See prior plan.
C • EPA Comments  D • Program Completion  A • Develop design schedule and baseline monitoring  B • Submit Plan for Construction  C • EPA Comments  D • Program Completion  A • Retain Engineering Firm for Assessment  B • Provide Engineering Firm for Assessment  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA + 180  D • Plan for corrective action and design  EPA + 180  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA + 180  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA + 180  C • EPA Comments  D • Plan for corrective action plan  F • Complete Project  C • Implement Plan  C • Implement Plan  B • EPA Comments  C • Implement Plan  C • Complete Planned Renovations  D • Develop Schedule for Repair  A • Develop Schedule for Repair  C • Complete Project  C • Complete Project  D • Develor Schedule For Repair  D • Develop Schedule For Repair		8	•	Submit Plan for Construction	August 5, 2003	Yes. Outside Engineering assistance required?
D • Program Completion  A • Develop design schedule and baseline monitoring  B • Submit Plan for Construction  C • EPA Comments  D • Program Completion  A • Retain Engineering Firm for Assessment to EPA  B • Provide Engineering Firm for Assessment  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  EPA + 180  Develop Plan to treat well water resources  December 5, 2003  A • Develop Plan to treat well water resources  C • Implement Plan  C • Implement Plan  C • Implement Plan  C • Implement Plan  C • Complete Planned Renovations  December 5, 2003  A • Develop Schedule for Repair  C • Complete Planned Renovations  December 5, 2003  A • Develop Schedule for Repair  C • Complete Project  C • Complete Project  December 5, 2003  A • Develop Schedule for Repair  A • Develop Schedule for Repair  December 5, 2003  December 5, 2004  C • Complete Project  C • Complete Project  December 5, 2003  December 5, 2004  December 5, 2004  December 5, 2004  A • Develop Schedule for Repair  December 5, 2003  December 5, 2004  December 5, 2004  December 5, 2004  A • Develop Palanned Renovations  December 5, 2004  December 5		ρ	•	EPA Comments	not specified	No
A • Develop design schedule and baseline monitoring December 5, 2003  B • Submit Plan for Construction  C • EPA Comments  A Retain Engineering Firm for Assessment  B • Provide Engineering Assessment to EPA  • Provide Engineering Assessment to EPA  • Plan for corrective action and design  E • EPA Comments  C • EPA Comments  F • Complete project  A • Develop Plan to treat well water resources  B • EPA Comments  C • Implement Plan  C • Implement Plan  B • EPA Comments  C • Implement Plan  C • Lepa Comments  C • Lepa Comments  B • EPA Comments  C • Louplete Planned Renovations  B • EPA Comments  C • Complete Planned Renovations  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  C • Louplete Planned Renovations  December 5, 2003  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  December 5, 2004  August 5, 2003  December 5, 2004  August 5, 2003  December 5, 2004  August 5, 2003  December 5, 2004  December 5, 2004  August 5, 2003  December 5, 2004  December 5, 2004  August 5, 2003  December 5, 2004  December 5, 2004  August 5, 2003  December 5, 2004  December 5, 2004  August 5, 2003  December 5, 2004  December 5, 2004  August 5, 2003  December 5, 2004  December 5, 2004  August 5, 2003  December 5, 2004		a	•		June 5, 2006	Capital Costs Covered by Bonds
B • Submit Plan for Construction  C • EPA Comments  D • Program Completion  A • Retain Engineering Firm for Assessment  B • Provide Engineering Assessment to EPA  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  E • EPA + 180  D • Plan for corrective action and design  E • EPA + 180  D • Plan for corrective action and design  E • EPA + 180  D • Plan for corrective action and design  E • EPA + 180  C • Implement Plan  A • Develop Plan to treat well water resources  B • EPA Comments  C • Implement Plan  C • Implement Plan  A • Develop interim corrective action plan  C • Complete Planned Renovations  B • EPA Comments  C • Complete Planned Renovations  D • EPA Comments  C • Complete Planned Renovations  D • EPA Comments  D • EPA Com	Northern District Ocean Outfall	A	•	Develop design schedule and baseline monitoring	December 5, 2003	Incremental Costs afready incurred? Grant available? See prior plan.
C • EPA Comments  D • Program Completion  A • Retain Engineering Firm for Assessment  B • Provide Engineering Firm for Assessment  C • EPA Comments  C • EPA Comments  D • Plan for corrective action and design  E • EPA comments  E • EPA Comments  C • EPA Comments  E • EPA Comments  B • EPA Comments  C • Implement Plan  C • Implement Plan  C • Implement Plan  C • Complete Planned Renovations  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  C • Implement Plan  C • Complete Planned Renovations  December 5, 2004  C • Complete Project  C • Complete Project  December 5, 2004  December 5, 2003  Rember 5, 2003  Rember 5, 2004  Rember 5, 2004  Rember 5, 2003  Rember 5, 2004  Rember 6, 2004  Rember 7, 2004  Rember 8, 2004  Rember 8, 2004  Rember 8, 2004  Rember 8, 2004  Rember 9, 2004  Rember 9		В	•		August 5, 2003	Yes. Outside Engineering assistance required?
D       • Program Completion       June 5, 2006         A       • Retain Engineering Firm for Assessment       not specified         B       • Provide Engineering Assessment to EPA       December 5, 2003         C       • EPA Comments       December 5, 2004         F       • Complete project       December 5, 2004         F       • Develop Plan to treat well water resources       December 5, 2003         B       • EPA Comments       December 5, 2003         B       • EPA Comments       December 5, 2003         B       • Develop Interm corrective action plan       EPA+30         C       Implement Plan       September 5, 2003         B       • EPA Comments       Develop Interm corrective action plan       September 5, 2003         B       • Develop Interm corrective action plan       August 5, 2003         B       • Develop Schedule for Repair       August 5, 2003         B       • EPA Comments       August 5, 2003		Ų	•	EPA Comments	not specified	No
A Retain Engineering Firm for Assessment not specified B Provide Engineering Assessment to EPA C = EPA Comments D = Plan for corrective action and design EPA+180  EPA+180  EPA+180  December 5, 2003  F = Complete project A = Develop Plan to treat well water resources B = EPA Comments C = Implement Plan C = Implement Plan B = EPA Comments C = Complete Planned Renovations C = Complete Planned Renovations December 5, 2003  A = Develop Schedule for Repair A = Develop Schedule for Repair C = Complete Project C = Complete Project Develop Schedule For Repair December 5, 2003  A = Develop Schedule For Repair December 5, 2003  C = Complete Project Develop Schedule For Repair December 5, 2003		a	•	Program Completion	June 5, 2006	Capital Costs Covered by Bonds
B • Provide Engineering Assessment to EPA  C • EPA Comments  D • Plan for corrective action and design  E • EPA comments  F • Complete project  A • Develop Plan to treat well water resources  B • EPA Comments  C • Implement Plan  C • Implement Plan  C • Complete Planned Renovations  B • EPA Comments  C • Complete Planned Renovations  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  C • Complete Planned Repair  C • Complete Project  December 5, 2003	Assessment of Chaot Wastewater	Ą	•	Retain Engineering Firm for Assessment	not specified	Incremental Expense over existing budget? See prior plan
C • EPA Comments  D • Plan for corrective action and design  EPA+180  EPA+180  December 5, 2004  A • Develop Plan to treat well water resources  B • EPA Comments  C • Implement Plan  B • EPA Comments  C • Implement Plan  C • Complete Planned Renovations  B • EPA Comments  C • Complete Planned Renovations  December 5, 2003  A • Develop Schedule for Repair  A • Develop Schedule for Repair  C • Complete Project  C • Complete Project  December 5, 2003  December 5, 2004  A • Develop Schedule for Repair  December 5, 2003  December 5, 2004  C • Complete Project  December 5, 2003	Pump Station et al.	8	•		December 5, 2003	See above
D       Plan for corrective action and design       EPA+180         E       • EPA comments       not specified         F       • Complete project       December 5, 2004         A       • Develop Plan to treat well water resources       December 5, 2004         B       • EPA Comments       Implement Plan         C       • Implement Plan       September 5, 2003         B       • EPA Comments       not specified         C       • Complete Planned Renovations       December 5, 2003         A       • Develop Schedule for Repair       August 5, 2003         B       • EPA Comments       not specified         C       • Complete Project       December 5, 2003         B       • EPA Comments       December 5, 2003         B       • Complete Project       December 5, 2003		þ	•	EPA Comments	not specified	No
E       e       EPA comments       not specified         A       e       Develop Plan to treat well water resources       December 5, 2004         B       e       EPA Comments       not specified         C       Implement Plan       EPA + 30         A       Develop interim corrective action plan       September 5, 2003         B       EPA Comments       not specified         C       Complete Planned Renovations       December 5, 2004         A       Develop Schedule for Repair       August 3, 2003         B       EPA Comments       not specified         C       Complete Project       December 5, 2003         B       EPA Comments       not specified         C       Complete Project       December 5, 2003		a	•		EPA + 180	Yes. Capital Cost to be funded with bonds
F • Complete project  A • Develop Plan to treat well water resources  B • EPA Comments  C • Implement Plan  A • Develop interim corrective action plan  B • EPA Comments  C • Complete Planned Renovations  A • Develop Schedule for Repair  A • Develop Schedule for Repair  C • Complete Project  December 5, 2004  A • Develop Schedule for Repair  December 5, 2004  A • Develop Schedule for Repair  December 5, 2004  C • Complete Project  December 5, 2004  December 5, 2004		EI .	•		not specified	No
A • Develop Plan to treat well water resources  B • EPA Comments  C • Implement Plan  A • Develop interim corrective action plan  B • EPA Comments  C • Complete Planned Renovations  A • Develop Schedule for Repair  A • Develop Schedule for Repair  C • Complete Project  December 5, 2003  August 5, 2003  December 5, 2004  C • Complete Project  December 5, 2003  December 5, 2003  December 5, 2003  December 5, 2003		-	•	Complete project	December 5, 2004	Yes: Capital Costs to be funded with bonds
B • EPA Comments  C • Implement Plan  A • Develop interim corrective action plan  B • EPA + 30  C • Complete Planned Renovations  A • Develop Schedule for Repair  A • Develop Schedule for Repair  C • Complete Project  December 5, 2004  August 5, 2003  December 5, 2004  C • Complete Project  December 5, 2004  December 5, 2003  December 5, 2003	Water Transmission Line	A	•		December 5, 2003	Yes; Outside assistance may be required
C • Implement Plan September 5, 2003  B • EPA Comments  C • Complete Planned Renovations  A • Develop Schedule for Repair  A • Develop Schedule for Repair  B • EPA Comments  C • Complete Project  C • Complete Project  December 5, 2003  August 5, 2003  December 5, 2003	Construction Plan	В	•	EPA Comments	not specified	No
A • Develop interim corrective action plan September 5, 2003  B • EPA Comments  C • Complete Planned Renovations  A • Develop Schedule for Repair  B • EPA Comments  C • Complete Project  December 5, 2004  August 5, 2003  December 5, 2004  August 5, 2003  C • Complete Project  December 5, 2004		C	•		EPA + 30	Yes
B • EPA Comments not specified  C • Complete Planned Renovations December 5, 2004  A • Develop Schedule for Repair August 5, 2003  B • EPA Comments not specified  C • Complete Project December 5, 2003	Northern District STP	Ą	•	Develop interim corrective action plan	September 5, 2003	? See prior plan.
C • Complete Planned Renovations December 5, 2004  A • Develop Schedule for Repair August 5, 2003  B • EPA Comments not specified  C • Complete Project December 5, 2004	Renovations	В	•	EPA Comments	not specified	No
A • Develop Schedule for Repair August 5, 2003  B • EPA Comments not specified  C • Complete Project December 5, 2003		٥	•	Complete Planned	December 5, 2004	Yes; Capital costs funded with bond proceeds. See prior plan
B • EPA Comments not specified C • Complete Project December 5, 2003	Agana Main Sewage Pump	A	•		August 5, 2003	No
Complete Project December 5, 2003	Station Diverter Box	B	•	EPA Comments	not specified	No
		٥	•	Complete Project	December 5, 2003	Yes. Incremental O&M and Capital? Grants?

### DEVELOPMENT OF INTERIM PLAN (IP) 2/2004 – 7/2005

	Description	Steps	Details and Actions	Due Date	impacts on it and r mancial Considerations I/IN
	Ugum Surface Water Treatment	Ą	Develop scope and plan for project	September 5, 2003	6
	Plant	B	EPA Comments on scope and plan	not specified	No
		ں	Complete Project	June 5, 2006	Yes. Capital costs to be funded with bond proceeds
200	Agana STP Renovation	V	Develop Interim Corrective Plan	September 5, 2003	Yes. Outside engineering assistance may be required See prior plan.
		B	EPA Comments on Plan	paticads tou	No
		٥	Complete Project	June 4, 2005	Yes; Capital costs to be funded with bond proceeds
1 1 1 1	Agat, Baza Gardens and Umatac-	Y	Plan to bring these plants into compliance	September 5, 2003	Yes; Outside Engineering. See prior plan.
9250	Meriao STP Renovations	В	EPA Comments on Plan	not specified	No
		Ç	Complete Project	June 5, 2005	Yes: Capital Costs to be Funded with bonds
1	Santa Rita Spring Booster Pump	A	Plan for Design and Construction	August 5, 2003	Costs may have already been incurred?
/1503	Station Rehabilitation	8	EPA Comments	not specified	No
		٥	Complete Project	no date specified	Yes. Completion date may be in completed plan of June 21, 2002
+	Rehab/Replace Drinking Water	A	Develop Phase I and Phase 2 Plan	December 5, 2003	Yes. Outside assistance may be required
95	Wells	8	EPA Comments	pajjoads jou	No
		þ	Complete Phase 1	June 5, 2005	Yes: Capital Cost to be funded with bonds
		q	Complete Phase 2	June 5, 2007	Yes: Capital Cost to be funded with bonds
	Operator Training Program	¥	Develop Program	December 5, 2003	No
		В	EPA Comments	Not Specified	No
		b	Implement Program	EPA + 30	
100	Other Training Programs	A	Develop Program	June 5, 2004	
		В	EPA Comments	not specified	
		b	Implement Program	EPA + 30	
	Notice of Non-Compliance	Ą	Submission of notice of non-compliance of above	ongoing	No
	Compliance Progress Reports	В	Quarterly Compliance Re ports	ongoing (begin	No
				January 28 2004)	

### FINANCIAL CONSIDERATIONS RESULTING FROM STIPLULATED ORDER OF CONSENT

Estimated by:	GWA(A)	Committee	Consumanna	Prior EPA Plan (C)			\$1,500,000(C)					\$2,300,000 (C)												\$4,500,000 (C)							
Debt/Bonds	6											8												<b>v</b> e					\$		
Grants	Other																						<b>\$</b>	<b>\$</b>					•		
Grants	EPA/GEPA												\$		¢	₩	٠,	\$		49											
Operating	Expense				s	\$	s			\$	į.	;		6 88	,	ż		\$		s						S	s		\$		
Capital										\$	6	s	S	1 1	A	8	S						\$	\$		S			•	\$	
Revenue																							\$	\$							
Incremental to	FY03 Actual	4	Costs		Å	¥	Ā			<b>&gt;</b>	Ą	٨	<b>&gt;</b>		,	Ā	<b>→</b>	¥		<b>+</b>			<u></u>	Å		Å	¥		<b>X</b>	¥	
Step					В	В	В			A,C,E,F	A-E	F0	-		F2	F3	77	Q-V		A-C			A-C	A-D		A-C	A		A-E	A-C	
Description					Chief Engineer	Chief Financial Officer	Certification of Directly	Responsible Charge	Operators DRCs	GWA Reorganization	Master Plans							Interim Disinfection	Program	Interim Chlorine Residual	Level Monitoring	Program	Leak Detection Program	Water Meter	Improvement Program	Parts Inventory	Routine Maintenance	Reporting	Standby Generators	Underground Storage	Tasks
-					4	2	00			6	01							F		71			13	41		15	91		E	128	

### FINANCIAL CONSIDERATIONS RESULTING FROM STIPLULATED ORDER OF CONSENT

Estimated by:	GWA(A)	Consultant(B)	Prior EPA Plan (C)	\$1,500,000(C)													\$6,000,000 (C)		\$4,400,000(C)	\$4,300,000(C)			\$2,000,000(C)	\$1,600,000(C)			\$3,800,000(C)
Debt/Bonds			•												\$				\$		\$	49	\$	\$	\$		\$
Grants	Other																\$										
Grants	EPA/GEPA								0													\$					
Operating	Expense			\$		\$	s	\$		S	s	s	S	S							S						
Capital				\$											ø		•		S	\$	\$	S	S	\$	\$		\$
Revenue																S	\$										
Incremental to	FY03 Actual	Costs		¥		<u> </u>	>	Ā		4	<b>*</b>	4	Y	<u> </u>	Ā	٨	<b>*</b>		Y	Ā	4	Ā	4	Ā	¥		Y
Step		113:11		A-C		A-C	Ą	A-C		A-B	A-B	A-B	A	A	A-E	A-D	A-C		A-D	A-D	A-F	A-C	A-C	A-C	A-C		A-C
Description				Preventive Maintenance	Program	O&M Manuals	GWA Authority	Standard Operating	Procedures	Vulnerability Assessment	Financial SOPs	Interim Financial Plan	Approval of Master Plan	Five Year Plan	Financial Reserves	Late Payments	Sewer Hook-up	Revolving Fund	Agana Ocean Outfall	Ocean District Outfall	Chaot Assessment	Water Transmission Line	Northern District STP	Agana Station Box	Ugum Surface Water	Treatment Plant	Agana STP Renovation
				07		17	77	57		24	97	28	30	3	32	33	34		33	36	37	38	39	40	4		74



BEFORE THE GUAM PUBLIC UTILITES COMMISSION

REGULATORY REVIEW OF GWA
INTERIM FINANCIAL PLAN
REQUIRED BY STIPULATED ORDER
FOR PRELIMINARY RELIEF IN
U.S. V. GWA and the Government of Guam
CV02-00035 (U.S. District Court of Guam)

DOCKET NO. 02-35

SUPPLEMENTAL TESTIMONY OF: SIMON A. SANCHEZ, II AND RANDALL V. WIEGAND

September 28, 2004

- Q. Please state your names and titles.
- 2 A. Our names are Simon A. Sanchez, II, Chairman of the Consolidated
- 3 Commission on Utilities and Randall V. Wiegand, Chief Financial Officer of
- 4 the Guam Waterworks Authority.

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- 6 **Q**. Please state the purpose of your testimony.
- 8 A. The purpose of our testimony is to provide some recently obtained
- 9 information to the Public Utilities Commission as the result of meetings with
- potential bond underwriters for the Guam Waterworks Authority.
- Q. What is the supplemental information you wish to provide?
- 14 A. On September 22, 2004 we attended and participated in an interview of
- 15 five candidates to be the underwriter for the Guam Waterworks Authority's
- upcoming bond financing.
- 18 The candidate firms were:
- 19 UBS Financial Services
- 20 Merrill Lynch

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JP Morgan 1 Citigroup 2 Lehman Brothers 3 4 Each of the five firms had submitted proposals in response to a Request For 5 Proposals (RFP) that had been issued by the Guam Economic Development and Commerce Authority (GEDCA). The proposals were rated by a team of 7 evaluators from GEDCA and GWA. The September 22 meeting was 8 scheduled in Los Angeles to allow GWA for an opportunity to meet with 9 and interview the underwriters face to face to supplement the "paper" 10 evaluation. 11 12 In the RFP, the underwriters were advised that GWA intended to issue a 13 Bond Anticipation Note as a means of obtaining interim financing until the 14 question of a potential privatization of the Authority had been explored at 15 which time the Note would be taken out by permanent financing. Each of 16 the firms was asked to comment on the financing plan and was encouraged 17 to provide any alternative proposals. 18

- One of the most interesting proposals received was a recommendation to
- 2 pursue permanent financing of the initial \$70 million offering via a bond
- 3 issuance with an option for the bonds to be callable at par value for purposes
- of a possible privatization of the Authority no earlier than two years after the
- 5 issuance of the notes. The bonds could have a feature of capitalizing all
- 6 interest costs for the first one or two years which would mean that GWA
- would have no debt service costs for the first one or two years after the
- 8 receipt of the funds.

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- Another option that was discussed was the bifurcation of the debt issuance in
- accordance with the asset life of certain equipment funded with the bonds.
- Under this scenario, for instance, GWA may be able to include the financing
- of its meter program under a 10 year term while the remainder of the bonds
- may be financed using a 30-40 year term.
- Each of the firms was also given an opportunity to make a rate strategy
- proposal to the evaluation team. The consistent theme across all of the
- underwriters is that GWA's alternatives for obtaining funds will
- dramatically improve once an investment grade rating is achieved. Some of
- the underwriters indicated it would be impossible for GWA to obtain an

- investment grade rating within the next two years. However, the firms
- whom we believe knew the most about GWA's current turnaround (e.g.
- 3 O&M cost reductions, recent and proposed rate hikes, change in
- 4 governance) indicated that an investment grade rating would be achievable
- 5 over the next few months through a combination of:
- 1) Strong presentations by management of a plan for revitalizing the utility;
- 2) a well grounded consulting engineer's report confirming the
  projected project costs and further detailing how debt service
  coverage would be achieved in the future; and
  - 3) necessary phased-in rate increases from an independent Public Utilities Commission demonstrating a willingness to work with GWA to insure GWA could service the new debt and continue the much needed overhaul of the Authority.

We discussed some of our timing issues such as:

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--- the need for future GWA rate increases would be partially offset by
additional revenues from the automated meter reading program as well as
additional savings from operations as efficiencies improve;

-- capitalized interest would help allay the need for sizeable rate
increases now and suggested that perhaps it would make sense to delay the
significant portion of the increases until more information about the
additional revenues and additional savings were known;
-- whether the rating agencies may be comforted by the fact that the
PUC will establish a policy of ensuring GWA debt service coverage does
not drop below 1.75 times.

8 The unanimous response we received was that because of GWA's poor 9 historical record and because there is not a consistent record of rate increases 10 demonstrating the willingness of GWA and the PUC to aggressively pursue 11 rate increases, a clear commitment to additional phased-in rate increases 12 would be essential in order for GWA to achieve an investment grade rating. 13 They indicated that there are a lot of utilities that can provide brilliant 14 explanations for why rates shouldn't be increased, but that in many cases, 15 there is not an actual willingness to grant the increases. The uniform 16 response we received from all of the underwriters was that GWA and the 17 PUC would need to demonstrate an on-going willingness to raise rates over 18 time in order for the GWA to obtain an investment grade rating and be able 19 to take advantage of the lower cost financing alternatives. 20

1 Q. What is the central message intended for the PUC by this supplemental testimony? 3 4 A. The PUC needs to be advised (and is already aware) that GWA is 5 working in an extremely fluid environment. New information is received 6 almost on a daily basis. GWA's plan for moving forward improves with 7 every additional relationship that is developed with its consultants, 8 underwriters, and engineers. While GWA is constantly examining 9 alternatives for identifying lowest cost financing alternatives for its 10 ratepayers, the only financing plan that has been reviewed and approved by 11 the Consolidated Commission on Utilities is the plan to issue a BAN in the 12 approximate amount of \$70 million, meter financing of \$13 million, and 13 short term borrowing of approximately \$8 million. While better alternatives 14 may develop as GWA progresses with its revitalization plan, the fact 15 remains that rating agencies will demand a record of support for appropriate 16 rate increases from the PUC. 17 **B.** Additionally, the inescapable reality is that within the next few years, 18 GWA will issue more than \$160 million in long-term debt and will be facing 19

annual debt service costs of approximately \$15 million. The additional

revenues and savings from improved management and operations will not be 1 anywhere near enough to fund this amount, and thus, the debt service will 2 need to be primarily funded through graduated rate increases that continue 3 now from the work begun with the April rate hike. Even though GWA 4 acknowledges the actual financing vehicles that ultimately fund the GWA 5 capital plan may provide lower immediate costs, the financing plan considered by the PUC at this time should be consistent with the overall 7 phased-in plan rate adopted by the CCU last year, the ignored phased-in rate 8 hike plan offered by Georgetown Consulting Group a few years ago and as 9 reflected in the approved budget and the minimum filing requirement 10 schedules. 11 12 GEDCA will be hiring GWA's underwriter in the next few weeks. With 13 its new underwriter, GEDCA and BoA, GWA can finalize the best 14 permanent financing approach for all. However, we still must get gradual 15 rate relief from the PUC now in order to avoid huge rate increases later. 16 Gradual rate hikes phased in over time will be more attractive to 17 lenders/bond markets since it shows our commitment to insuring 18 repayment while recognizing that a phased in approach also helps rate 19

payers adjust over time. It also allows projects to be built sooner at the

lowest interest rates possible from a good bond rating in order to produce efficiencies that will lower the amount of rate hikes needed down the 2 road. 3 4 Similar to the painful but necessary GPA LEAC adjustments from last 5 October, when the dollars recovered helped improve GPA's operations and balance sheet in order to generate rate payer savings down the road, 7 continuing graduated rate increases now will produce significant savings 8 to rate payers later. 9 10 Everyone gets a win with this approach 11 12 Q. Does this conclude your testimony? 13 A. Yes. 14

### BEFORE THE PUBLIC UTILITIES COMMISSION OF GUAM

### GUAM WATERWORKS AUTHORITY EPA ORDER – INTERIM FINANCIAL PLAN

DOCKET 02-02



### Resolution

The Guam Public Utilities Commission [PUC], after due consideration and for just cause shown, finds that:

- 1. PUC is charged by section 28 of the District Court of Guam's June 5, 2003 Stipulated Order For Preliminary Relief [Civil Case No. 02-00035 "EPA Order"] to review and approve an Interim Financial Plan, including necessary rate relief, by which Guam Waterworks Authority [GWA] will be able to fund the activities, projects and duties required of it by the EPA Order until a Final Financial Plan is approved in early 2006;
- On October 29, 2003, GWA, in accordance with the requirements of Public Law 26-23, published a 90 day notice of its intention to petition for PUC approval of rate relief necessary to fund an Interim Financial Plan, which petition should be filed with PUC in late January 2004;
- 3. Pursuant to the requirements of the EPA Order, GWA was required to submit its proposed Interim Financial Plan, with collateral petition for rate relief, with PUC not later than October 5, 2003. The consequent three month delay in making this filing has created a sense of urgency in both expediting regulatory action on the anticipated petition and on starting the revenue stream necessary to enable GWA to comply with the requirements of the EPA Order;
- 4. PUC's administrative law judge is responsible under PUC Rule 24 et. sec. with overseeing the prehearing process by which GWA's petition for approval of rate relief and its Interim Financial Plan will be brought before PUC for consideration during the March 2004 regulatory session.
- 5. GWA's petition may present a threshold regulatory issue of whether to entertain GWA's rate relief requirements for the entire Interim Financial Plan period in March 2004 or to consider these requirements in an incremental manner by fiscal year. A decision on this potential threshold

Page 2 - Resolution - December 16, 2003

issue will require a careful examination of: a] GWA's ability to satisfy, in its January 2004 petition, the minimum filing requirements for each increment of rate relief it requires during the Interim Financial Plan; b] the reliability of financial projections for out-years; c] the importance of starting the Interim Financial Plan revenue stream at the earliest possible date given the timeline mandated by the EPA Order; d] the likelihood that subsequent events [external financing requirements, private management contracts, accounts receivable, etc.] may impact financial projections; and e] whether an incremental approach to regulatory review of the rate relief required by the Interim Financial Plan would best enable PUC to discharge the duties expected of it under EPA Order. PUC finds that under the circumstances regulation would be best served if this threshold issue, if it arises, is adjudged by PUC's administrative law judge pursuant to his authority under PUC Rule 24 et. sec.

NOW, THEREFORE, in due consideration of the above findings and on motion made, seconded and carried by the vote of the undersigned commissioners, the Guam Public Utilities Commission HEREBY RESOLVES THAT:

- The authority of PUC's administrative law judge [ALJ] to adjudicate and rule on the threshold issue, as defined and described above, is hereby confirmed and approved.
- 2. PUC hereby reaffirms its commitment to discharge the duties conferred upon it by the EPA Order in a timely and independent manner.

Dated this 16th day of December 2003.

Terrence M. Brooks

Gerald M. Woo

Rowena E. Perez

Livit

Filomena M. Cantoria

Richie T. Lim

Joseph M. McDonald