

6. GPA contends that a "one-for-one" credit means that the utility is not only foregoing the variable component of the energy rate but is also foregoing the fixed component of the rate. GPA proposes the adoption of "Rate Schedule C." Such schedule would apply to all ratepayers with the ability to generate power and deliver that power to the GPA Distribution system.
7. For all power generated at the establishment the credit under Rate Schedule C would be based on measured KWh delivered to GPA's distribution system multiplied by the LEAC. As ALJ Horecky has recused himself from hearing this matter, the Report on Rate Schedule C will be prepared by ALJ Mair.
8. As a part of its rate case, on June 18, 2013, GPA filed a Petition requesting PUC approval of a "Tax Exempt Commercial Paper Program" up to \$30 Million, including a Letter of Credit facility [GPA Docket 13-07]. Such program would be used as a financing vehicle for urgent projects in the next several years prior to bond issuance. GPA asserts that, without the use of Commercial Paper, the base rate could be higher. Funds would be used for environmental costs of \$5.5M for ten peaking units to meet US EPA air quality regulations, Smart grid Project cost overruns, Cabras 1 & 2 overhauls/repairs, and numerous other specified capital improvements projects.
9. On July 31, 2013, GPA filed an Amended Petition in GPA Docket 13-07. There, GPA indicates the finding of its Bond Counsel that, due to bond indenture provisions, a commercial paper program is "unfeasible at this time." GPA now proposes to issue senior lien bonds in the amount of \$30 Million, to be sold through a private placement with Barclay's for a term of ten years, at a short term [24 month] interest rate not to exceed 3%. However, said financing has not yet been approved by the Guam Legislature. It is not addressed by the Stipulation of the Parties in this matter and is therefore not a part of this Report. The PUC can subsequently address issues involving this short term financing at such time as it is approved by the Legislature and properly brought before the PUC.
10. On June 20, 2013, a scheduling conference was held in this Docket for the purpose of the scheduling of discovery, submission of testimony, prehearing conferences, the evidentiary hearing, and other matters related to the resolution of this proceeding. GPA, GCG, and the Navy presented their positions on the respective schedule.

11. At a result of the discussions at the hearing, and the agreement of the parties, the ALJ adopted the schedule for these proceedings attached hereto as Exhibit "1", subject to the right of the PUC to reschedule matters for convenience or cause.
12. In the Scheduling Order issued June 20, 2013, the ALJ ruled that certain issues would not be considered as a part of the FY2014 Base Rate proceedings, but would be deferred for later consideration or as matters in separate dockets:
 - a. Self-Insurance Fund Cap;
 - b. Integrated Resource Plan Issues;
 - c. Financial Targets set forth in the FMP;
 - d. Quarterly Levelized Energy Adjustment Charge (LEAC);
 - e. Long-Term Equity Ratio;
 - f. Previously agreed upon or PUC Ordered Debt Service Coverage Ratios (the Current DSCRs in effect); however, as previously ordered, parties will have a limited opportunity to present positions concerning the applicability of 1.4x coverage for subordinate debt;
 - g. Revenue Decoupling;
 - h. AED Cost Allocation Methodology;
 - i. Regulation of Electric Service Providers other than GPA.
13. In the conduct of these proceedings, the parties closely adhered to the ordered Schedule. Discovery was conducted by the parties and testimonies were filed with the PUC in accordance with the Schedule.
14. On September 11, 2013, the ALJ conducted a Prehearing Conference. The purpose of the hearing was to advise the ALJ of the status of negotiations between the parties. The parties (GPA, Navy, and GCG) presented argument and position statements concerning a number of issues, including: revenue requirements for

GPA for FY2014; the appropriate subordinate debt service coverage ratio (which GCG argued was 1.3x and GPA contended was 1.4x); and whether GPA's net metering tariff should be adopted.

15. In accordance with the Ratepayer Bill of Rights, three public hearings were conducted on September 12 and 13, 2013, at Hagatna, Agat, and Dededo. A summary of the public comments and testimonies is set forth herein.
16. At the "evidentiary" public hearing conducted in Hagatna at the GCIC Building on September 12, 2013, GPA and Georgetown Consulting Group ("GCG") presented an oral stipulation concerning GPA's revenue requirements for FY 2014. The Stipulation essentially provides for a 6% increase on base rates and 1.9% average increase on the total bill. The rate increase would provide GPA with an additional \$9.038M in revenue.
17. On September 18, 2013, GCG, GPA, and Navy filed a written Stipulation with the PUC. Said Stipulation is attached hereto as Exhibit "2".
18. On September 20, 2012, the ALJ issued his Report herein, which report includes proposed findings on the contested rate issues.

Stipulation

19. The Parties to the Stipulation are GCG and GPA. Navy is not a signatory. Rather than repeating the provisions of Stipulation in detail, this Report will set forth the highlights thereof:
 - A. GPA should be awarded a base revenue increase of \$9.038M. This requires an average increase of 6% on base rates or an overall average increase of 1.9% on total bills.
 - B. The impacts on the different classes of ratepayers varies depending on various factors. For example for the average residential ratepayer utilizing 1,000 kWh per month, the increase over the total bill will be 3.41%. (See Sample Rate Calculations attached hereto as Exhibit "3").

- C. GCG and GPA have agreed to certain reductions in the FY2014 budget originally proposed by GPA, including a reduction of wage expense in the amount of \$726,000 (reduction of 10 FTEs); a reduction of \$158,000 for working capital allowance; a beginning cash balance reduction of \$658,000; reduction of GPA's non-labor expense by \$663,000, which is offset by an increase of \$400,000 to cover the impact of increases in retiree cost of living allowances recently enacted into law (which GPA is required to fund). The net recommended reduction of GPA's non-labor expense is \$263,000.
- D. If the adjustments recommended are approved by the PUC, GPA's debt service coverage ratio ("DSCR") for its senior debt would be 2.20x for the test year, which is in excess of the PUC standard for ratemaking purposes of 1.75x.
- E. The DSCR for combined senior and subordinate debt would be 1.38x, which is less than the 1.4x originally sought by GPA in its petition, but greater than the 1.31x advocated by GCG in its testimony.
- F. There is no agreement between GPA and GCG as to the appropriate target for the DSCR on combined senior and subordinate debt for ratemaking purposes. GCG and GPA agree that this matter should be referred to the ALJ for a decision and recommendation to the PUC, based on the existing evidentiary record.
- G. The parties have addressed various Rate Design Issues. As to Cost Allocation, the parties agree that GPA will provide new customer weighting factors for use in the TLCOSS and CCOSS in GPA's next multi-year base rate proceeding.
- H. The newly developed customer weighting factors will include, but not be limited to, the influence of GPA's deployment of Advanced Metering Infrastructure (AMI) on customer-related costs for Navy and for each class of civilian service.
- I. GCG and GPA agree on the allocation of Emergency Water Well and other Revenue [however, the ALJ notes that Navy disagrees with the

position of GCG and GPA; the issue of the allocation of Emergency Water Well "Other Revenues" has been referred to the ALJ for determination and recommendation to the PUC].

- J. In general, both GPA and GCG support movement of class revenue requirements for residential, commercial and Street Lighting rate schedules toward parity with allocated costs of service by rate schedule. The Parity Adjustments agreed to address revenue requirements for FY2014 through FY2016.
- K. The agreed upon Parity Adjustments for FY2015 and FY2016 will apply only to the Residential, Street Lighting and the Commercial rate schedules.
- L. The Parity Adjustment for the Residential class for each fiscal year addressed by this Cost Allocation and Rate Structure Stipulation (i.e. FY2014, 2015 and FY2016) will be calculated based on 10% of the computed FY2014 revenue for Commercial and Street Lighting rate schedules.
- M. The increase in the Residential Revenue requirement for each year that results from the Parity Adjustment will be offset by decreases in the revenue requirements for the Commercial and Street Lighting classes. The allocation of decreased revenues will be in proportion to the amount by which the revenue for each commercial and street lighting rate schedule exceeds the fully allocated costs of service for the class.
- N. The Parties agree to implementation of the rate design changes that GPA has proposed for Rate Schedules S and G (Non-Demand Commercial and Governmental Rate Schedules).
- O. With regard to Rate Design for Demand-Metered Commercial and Governmental Rate Schedules (i.e. Rate Schedules J, K, L, and P), the Parties agree that smaller and lower-load factor customers within each rate class warrant protection against inordinately large percentage increases in their charges for electric service.

- P. The Parties agree to implement the Customer Charge increases that GPA proposes for Rate Schedules J, K, L, and P for FY2014. The parties agree to implement the changes in energy rate block changes that GPA has proposed for Rate Schedules J, K, L, and P, as well as the initial Energy Block charges that GPA proposes for each of those rate schedules.
- Q. Both GPA and GCG support a phased implementation of demand charge increases for the next three fiscal years based upon an agreed schedule: a 33% increase for FY2014 over FY2013 levels; a 25% increase for FY2015 over FY2014 levels, and a 25% increase for FY2016 over FY2015 levels.
- R. The parties agree that the GPA Residential class revenue requirement resulting from this proceeding will be such that the Residential Lifeline Block Charge will equal precisely 60% of the resulting Residential Tail Block Charge in FY14, equal precisely 70% of the resulting Residential Tail Block Charge in FY15, and equal precisely 80% of the resulting Residential Tale Block Charge in FY16.
- S. The parties have also reached certain agreements concerning proposed Private Lighting and Street Lighting Rates for LED (Light Emitting Diode) lights. GPA has agreed to make a filing in the near future with the PUC with regard to LED Street Lighting which will include rates to be charged for LED street lights, and a position statement on the development of cost-based maintenance-only charges for LED street lights that are purchased directly by the customer or separately financed by the customer through GPA.
- T. GPA and GCG were not able to reach agreement on GPA's proposed changes to Schedule C, GPA's Net Metering tariff. This matter has been referred to ALJ Mair for a decision and recommendation to the PUC based upon the existing evidentiary record.

Public Comment

20. This Report will outline the public comments made at the three public hearings, except for those dealing with GPA's proposed Tariff on Net Metering. The public comments on Net Metering will be covered in the Report of ALJ Mair.
21. At the Hagatna Public Hearing on September 12, 2013, nine individuals presented public testimony. The majority of these dealt with the net metering issue. However, a number of individuals testified on GPA's proposed rate increase. All individuals testifying opposed the rate increase.
22. Raymond Guevara, a student at UOG, testified that his parents and grandparents were struggling with energy costs. They were trying to use less energy, but still paying more. Ratepayers should not have to pay more expense for power. If the rates are raised, people will have to cut back on other aspects of living, such as eating out, shopping, etc. Guam has one of the lowest per capita incomes in the US.
23. Al Yanger testified that rate hikes were an emotional issue. His 80-year-old mother must turn off a light bulb when rates are raised. Rate increases affect lives and in particular his mother. This is an issue involving emotion.
24. Mr. Gabriel Simon is a representative of Ken Corp. a hotel operator. He testified that in U.S. Mainland, hotels spend roughly 4-6% of their revenues for utilities. However, here in Guam it is 14-16%. Rate increases will be crippling, and Guam's hotel and tourism industry will lose its competitive edge. It's much cheaper to fly to, and stay, in Thailand than in Guam. Ken Corp. spends roughly \$45,000 a day on utilities. The recent LEAC reduction helped, but a portion of that will be lost through this rate increase. He requests a postponement of the rate increase.
25. Elva Morey is a student at the University of Guam. She testified that the more GPA increases rates, the more people will save power. She is going green and has joined the green army at the University of Guam. Her experience in Chuuck three years ago was that there was only four hours of power per day. If GPA increases the rates, people are going to turn off the lights.

26. On September 13, 2013, at 5:00 p.m. a public hearing was conducted at the Asan Community Center. Four individuals testified against the proposed GPA rate increase.
27. Asan Mayor Margaret Blas indicated concern with the base rate increase; power rates have sky rocketed. The Manamko and the disabled cannot survive- -some of them do not have air conditioning for medical issues. We need to work together as a community to minimize rate increases. Some people have even asked the Mayor for help to pay the power increase.
28. Viqui Gayer testified that rates should not be raised unless the minimum wage is raised. Many expenses, including water and vehicle licenses have increased. The people are the shareholders of GPA - we can save \$38M by getting rid of smart meters. GPA's plan in 2015 is to double our rates. The people at the very top are making money, are corrupt. GPA is fleecing the people, only looking after itself. Power rates should not be raised at all.
29. Anita Calceta, a lifelong resident of Asan, testified that she works two jobs. The power bill rate increases are taking a toll on her family, and it is difficult for them to bear with it. It will be difficult to make ends meet. Her parents also live with her, and what they earn goes to pay power bills. It takes the money they are trying to conserve for things to buy their children.
30. Millie Artero stated that people are suffering as a result of the rate increases. It is difficult to conserve. Power rates are increasing, but incomes are not increasing. People cut back when the rates are raised, but the more they cut back, the more they pay.
31. A public hearing was also held on September 13, 2013, at 7:00 p.m. at the Dededo Senior Citizen Center. Eight individuals testified; none were in favor of the rate increase.
32. Rosa Ceribo, testified that for five or six years, her family had not used their stove in order to cut down on power. Her power rates have risen substantially since June of this year when her family was paying over \$400 per month; her September ____ bill was \$723.66. She wonders why this has occurred, and believes that the rates have gone up due to the installation of smart meters. She believes that GPA should not rob the people. She does not agree with the power rate increase.

33. Antoinette Aguon testified that when her family power bill was \$596 in April, they turned off all the appliances except the refrigerator. Last month the bill was still nearly \$300. GPA has been borrowing \$57M and we also have to pay for GPA's building. There are many people who can't pay the power the rates. At night she uses a flashlight in her house. She doesn't understand the basis for the 1.8% rate increase, and doesn't like the idea of people having to tap into their budgets to pay these increases.
34. Zaira Araos, a student at UOG, testified that GPA's rate petition did not include a discussion of the hardships imposed by the rate increase upon the people of Guam. Guam has one of the lowest per capita incomes in all of the United States, \$12,846. Raising the rates does not do any good. GPA's petition should have included information on the impact of the rate increase on Guam customers.
35. Roger Das testified that his rate has gone from \$224 per month six to seven months ago to \$339 per month now. He doesn't use his range or a freezer, and uses only one air conditioner and a television set. He also shut down the washer/dryer. Yet, even though he is cutting down on use of appliances, his power rates are going up.

Contested Issues

The ALJ hereby presents his findings on two of the contested issues in this proceeding.

"Other Revenues-Emergency Water Well Service"

36. In his written testimony, Navy Representative Maurice Brubaker indicates that, in its transmission level cost of service study, GPA has allocated "Other Revenues" entirely based on a direct assignment to the civilian classes. "Other Revenues" include the following categories of revenues: Late Charge-Turn Offs, Miscellaneous Service; Rent from Electric Property/ Pole Attachment; Others; Emergency Water Well; and Smart Grid Revenues. "Other Revenues" total \$8,864,692.
37. Navy, through Mr. Brubaker, agrees to GPA's proposed allocation of other revenues, except for its direct assignment of revenues associated with Emergency Water Well service to the civilian classes. Revenues associated with Emergency Water Well Service equal \$2,713,139.

38. As the basis for his disagreement with GPA's cost allocation, Mr. Brubaker points to Appendix A of the Utility Service Contract (USC) between GPA and Navy, Section III.E., which states that other income and revenue will be a credit to cost of service; "...items will be specifically assigned, consistent with cost of service principles, or allocated in proportion to rate base if they cannot be specifically assigned."
39. Mr. Brubaker recommends that the emergency water well revenues be allocated based upon their respective allocations of the total non-fuel production costs in the TLCOS study for Navy and the civilian classes. Mr. Brubaker suggests that GPA provides for the operation and maintenance of the water well and waste water emergency generators. Since both Navy and the civilian classes are allocated a portion of GPA's total non-fuel production-related costs, it follows that it is appropriate to allocate the revenues received from the provision of emergency water well service to both the civilian classes and Navy. Consistent with the USC, it is appropriate to assign these revenues to both the civilian classes and Navy based on cost of service principles.
40. Since Navy is allocated approximately 17.9% of GPA's total non-fuel production costs, Mr. Brubaker recommends that 17.9% of the Emergency Water Well Revenues, which total \$2,713,139, should be allocated to Navy. This would amount to \$480,295, and pursuant to the TLCOS Study would reduce Navy's cost of service by \$427,296.
41. According to Mr. Brubaker's Supplemental Rebuttal Testimony, the parties later adjusted the cost of service to the Navy to \$21,190,172.
42. In his rebuttal testimony, GPA Witness Joseph Trainor disagrees with Mr. Brubaker's proposition that the total non-fuel production costs is a more appropriate allocator of emergency water well/waste water revenues than the actual forecast of revenue by class. According to Mr. Trainor, Mr. Brubaker ignores the language in the USC which only allocates revenues if the item " **...cannot be specifically assigned.**" Mr. Trainor states that GPA's allocation method is specifically assigning these revenues based on how the revenues are collected. He believes that there is no need to allocate these revenues on a general allocator such as total non-fuel production costs. The direct causal relationship is the superior method.

43. At the Pre-Hearing Conference, GCG witness Bruce Oliver stated that only costs associated with Navy service should be allocated to Navy. The Emergency water well costs are all billed to civil customers. There is no "causation linkage" as Navy does not bear the costs for the emergency water well generators.
44. The Parties also filed final statements on this issue (in lieu of hearing).
45. Navy indicates that all of the investment for the emergency water well generators is included in GPA's generation costs that are allocated to both Navy and civilian customers. Navy has been allocated approximately 18% of the total costs (fixed and non-fuel variable generation) associated with the emergency water well generators used only to provide Emergency Water Well service to civilian customers. Navy believes that, since it is allocated 18% of the cost of the emergency diesel generators, cost of service principles require that the revenue received from customers be allocated in the same way that the underlying costs are allocated. Navy proposes that 18% of the surcharge revenues from the provision of the emergency water well service be allocated to it; alternatively, then 100% of the costs of the emergency generators should be assigned to the civilian classes.
46. GPA contends that Navy's argument is truly based upon principles of cost allocation, and not revenue allocation. GPA contends that production costs and maintenance expense for the emergency water backup generators involve allocation of production costs and can be brought up "in a later proceeding." GPA can also suggest that the parties have agreed that production costs would be brought up in a later proceeding. GPA takes issue with the use of the 12 CP allocation of production costs. All parties "agreed to table production cost allocation issues if GPA agreed to use the 12 CP in this proceeding."
47. Appendix A of the Utilities Service Contract, Section III.E. states that other income and revenue will be a credit to cost of service: "**...items will be specifically assigned, consistent with cost of service principles, or allocated in proportion of rate base if they cannot be specifically assigned.**" Here the revenues from the Emergency water well service can be specifically assigned to a particular class of ratepayer. GPA's allocation method is specifically assigning these revenues based on how these revenues are collected. Revenues attributable to Emergency Water Well/ Waste Water were allocated directly based on the amount of revenue collected by rate schedule. Emergency Water Well/Waste Water Charge is collected from all customers except the Navy. As Attachment 1 to Navy's Reply

Statement indicates, the emergency water well surcharge is billed to civilian customers . No amount of the surcharge revenues are paid to GPA by the Navy. Under general cost of service principles, it is difficult to comprehend why Navy should be assigned the benefit of revenues to which it does not contribute.

48. Navy's argument appears to be premised upon a fairness argument that assignment of fixed O & M expenses to Navy for the water well generators requires that it be assigned a portion of the emergency water well revenues. No direct authority has been cited for this proposition. At present, the ALJ finds that there is an insufficient record before the PUC as to exactly what the annual O & M expense for the emergency water well generators is. Both GPA and GCG point out that Navy has not quantified the annual fixed operation and maintenance ("O&M") expenses, depreciation, interest and margin associated with the emergency diesel generators or the annual non-fuel related production expenses that GPA has incurred or can be expected to incur from the operation of such generators.
49. Thus, Navy has not provided the PUC with a basis for assessing whether the amount of cost for which Navy seeks compensation reasonable approximates or exceeds the level of revenue that Emergency Water Well/Waste Water Charge Revenue that it seeks to have assigned to Navy.
50. At present there is an insufficient factual basis for the PUC to determine what the production costs are for the emergency water well generators, nor has Navy quantified any adjustments to GPA's production cost allocations. Navy's belief that GPA's production cost allocation is in error should not change the revenue allocation.
51. However, the ALJ does not agree with GCG that Navy's alleged agreement to the allocation of emergency water well revenues to the civilian classes in Phase I of this proceeding (even if true) precludes or prevents Navy from raising this issue. Navy should be allowed the opportunity in future proceedings to demonstrate that a portion of production costs for the emergency water well generators are not properly assigned to it. If Navy seeks to pursue this matter further, the issue should be in the context of the anticipated examination of production cost allocation alternatives.
52. The ALJ recommends that Navy not be allocated any portion of the Emergency Water Well/Waste Water revenues in this proceeding.

"Subordinate Debt Coverage Ratio (SDCR)"

53. The subordinate debt coverage ratio concerns the amount of available cash that GPA has in relation to its total amounts of debt (both senior debt and subordinate debt).
54. With regard to certain Phase II issues in this Docket, in May of 2013, a dispute developed between GPA and GCG concerning the appropriate subordinate debt service coverage ratio that GPA should use for rate making purposes.
55. In this proceeding, GCG and GPA agreed that, for rate making purposes, GPA would use the following method of calculation:

$$\frac{(\text{Gross Revenue and Income}) - (\text{Operating and Maintenance Expenses Net of depreciation})}{[\text{Total Debt Service Cost}]}$$

56. GPA suggested that this formula would "allow the Commission to analyze the financial strength of GPA from the perspective of an investor in the entire utility organization, not simply from the view of an investor in subordinate bonds."
57. However, the parties did not agree concerning the appropriate standard for the SDCR. GCG argued that the PUC should reconsider the current standard of 1.4x for subordinate debt service coverage and reset the regulatory standard at 1.3x.
58. In its Order dated May 28, 2013, the PUC approved the agreed upon formula of calculation of the debt service coverage ratio on subordinate debt. It found that it was appropriate to utilize a formula for the calculation of the debt service coverage upon subordinate debt in a manner that analyzes the financial strength of GPA in the perspective of the overall strength of the utility organization, not merely from the view of an investor in subordinate bonds.
59. However, as to the current DSCR standard of 1.4x for subordinate debt, the Commission found that such standard should remain in effect as it has previously been approved through PUC Order. The Parties were allowed to revisit the issue of the appropriate standard for SDCR in the context of this FY2014 rate petition.
60. It is uncontested that the present debt service coverage ratio standard for subordinate debt, as adopted by the PUC, is 1.4x.

61. In its Order dated June 3, 2010, in GPA Docket 10-01, the PUC stated as follows:
"the Commission affirms its commitment to support a debt service coverage ratio of 1.75x on senior debt including the proposed Revenue bonds and 1.4x on the Subordinate Revenue Bonds proposed." (Emphasis added).
62. GCG has contended that the SDCR of 1.4x was originally based upon a ratio that only included subordinate debt and not both senior debt and subordinate debt. In his testimony of behalf of GCG, Jamshed Madan recommends that a standard of 1.3x combined debt coverage be used in this proceeding. He contends that, in the Stipulation agreed to by GPA in Phase I, GPA agreed to SDCRs in the range of 1.3x for FY2014 and 2015. In accordance with that Stipulation, GCG believes there was an agreed subordinate debt service coverage ratio of 1.3x.
63. GCG further alleges that subordinate debt is a relatively small fraction of total debt and is scheduled to be retired in 2015. GCG contends that the issue of the appropriate level of setting the SDCR is a \$5.7M issue. When a higher subordinate debt coverage ratio is set, GPA requires more revenue to meet such ratio. GPA proposes a SDCR of 1.43x in this case. GCG contends that adopting a lower DSCR would reduce the overall rate increase on the total bill in this case from 2.2% down to 1.1%.
64. GPA disputes the contention that it ever agreed to a 1.31x DSCR for subordinate debt in the Stipulation approved by the PUC in Phase I. It indicates that the 1.31x DSCR for subordinate debt in Phase I was the compromise result of a settlement, not an agreement for future filings. (Testimony of General Manger Joaquin Flores).
65. GPA Witness Joseph Trainor recommends that the PUC confirm the continued use of the SDCR of 1.4x for ratemaking purposes for GPA.
66. He contends that the DSCR target value needs to be higher because GPA would have to meet its subordinated debt payment obligations with the same available financial resources available to pay just Senior Debt. The "cushion" needs to be larger since the cushion also includes the payment required for subordinated debt.
67. The SDCR presented by GPA (1.4x) is an important benchmark used by the capital markets to determine GPA's access to capital at reasonably efficient terms regardless of whether or not GPA has subordinated debt. This value should

continue to be set at the currently adopted value of 1.4x to keep GPA's current investment grade credit rating.

68. Mr. Trainor rejects GCG's argument that GPA "stipulated to a 1.31 SDCR in Phase I." He points out that the GPUC approved value at the time of the Stipulation for SDCR was 1.4x. GPA, in order to obtain a rate increase of \$9M on a temporary basis, agreed to a rate which resulted to a SDCR of 1.31. However, GPA knew it would be filing another rate request in 6 months and it never formally agreed to a SDCR of 1.31x in the Stipulation.
69. GPA, through Mr. Trainor, contends that GCG has offered no evidence in this proceeding, other than its unsupported opinion, that indicates that a 1.31x SDCR is adequate for GPA's short or long-term financial health. GCG fails to address whether its recommendations would provide sufficient financial health adequate to maintain GPA's current credit rating.
70. GPA has presented its "FINANCIAL MEMORANDUM": Debt Rating Criteria and the Utility Ratemaking Process, dated April 15, 2013 (prepared by Black & Veatch). It is undisputed that the credit rating of a utility directly affects the cost at which the utility can obtain its capital through bonds for the development, operations and maintenance of its generation, transmission, and distribution services.
71. If the credit rating of a utility is low, the cost for it to borrow funds will likely be higher.
72. It is certainly likely that GPA will need to access capital markets again in the near future. Maintaining GPA's financial strength is important to insure that it will be able to access the bond market in the future with as favorable conditions as possible for ratepayers.
73. In the 2012 Refunding/Restructuring Bonds issued by GPA, upgrades to GPA's credit rating had a substantial impact in reducing the interest paid by ratepayers on the GPA bonds.
74. It is important that the financial strength of a utility such as GPA be maintained and that its financial condition be improved, to the extent possible.

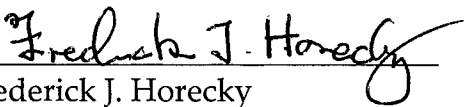
75. GPA has presented evidence in the record that maintenance by the PUC of a Subordinated Debt Coverage Ratio of 1.4x is important to GPA's credit rating. A further downgrade would leave GPA at junk bond status and limit its ability to raise capital and obtain financing in the future.
76. The FINANCIAL MEMORANDUM indicates that the financial strength of a utility, including its debt ratio, is one of the important rating factors for Moody's Credit Rating Report.
77. The FINANCIAL MEMORANDUM indicates that the extent to which the utility's ratemaking process impedes the timely recovery or adequacy of debt service coverage would imply a lower financial score. Stable or improving debt service coverage is an important indicator of financial stability. Declines in the coverage ratio could contribute to a weakening in the credit quality of the utility.
78. Overall, Black & Veatch believes that maintaining GPA's SDCR at 1.4x will be a factor in improving the financial health of GPA and its credit rating; overtime, maintenance of the current SDCR should help to reduce GPA's cost to serve its customers.
79. For the reasons set forth in the FINANCIAL MEMORANDUM and others offered by GPA, the PUC should maintain its presently set debt service coverage ratio for subordinate debt at 1.4x.
80. A proponent who would seek to change the current SDCR of 1.4x, set by the PUC in GPA Docket No. 10-01, has the burden by the preponderance of the evidence to establish that the present standard should be departed from and that a new standard should be adopted.
81. In this case, the ALJ does not believe that GCG has met the burden to establish that the SDCR should be changed from 1.4x to 1.3x.
82. GCG contends that it recommended the original 1.4x SDCR, but using a formula which only took subordinate debt into account and not the combined total of senior and subordinate debt.

83. However, Black & Veatch has presented an analysis suggesting, based upon its review of GPA financials for FY2010 and 2011, that the SDCRs are calculated by the S&P methodology (the method which has since been adopted by the PUC).
84. In any event, GCG has not presented a substantial justification for departing from the present 1.4x standard for SDCR. During the Prehearing Conference, GCG representatives stated that they believed the 1.3x standard would be sufficient. However, there has been no concrete evidence presented which would establish or tend to establish that 1.3x standard is appropriate or adequate.
85. Issues concerning the financial strength and credit ratings of GPA must be taken very seriously by the PUC. The PUC would not wish to take an action in lowering the SDCR of GPA if such action could lead to a downgrade in GPA's credit rating.
86. The PUC should do what it can to maintain GPA's financial health but particularly to protect the long term interests of the ratepayers. Changing the current PUC SDCR standard could have the effect of saddling ratepayers with additional interest costs and expenses for future bond issuances.
87. It is probably true that, by reducing the SDCR to 1.3x, in the short term there could be some reduction of rates and the amount of revenues needed to fund GPA's operations.
88. However, as witness Joseph Trainor has pointed out, there are factors other than SDCR which affect GPA's level of revenues, such as days of cash on hand. The ALJ does not think that the benefits to ratepayers of cutting some amount from GPA revenues justifies the potential risks of lowering the SDCR. The financial strength of GPA as a utility is important and should be maintained.
89. The ALJ recommends that the current SDCR standard adopted by the PUC, 1.4x, should be maintained.

Recommendations

90. The undersigned recommends that the PUC approve the Stipulation of the parties.
91. The recommendation concerning Revenue Requirements and Rate Design Issues (Cost Allocation and Rate Structure) should be approved. There are certain Drivers that have led to the request for the proposed rate increase: a decline in revenues experienced by GPA due to a loss in sales, and the fact that the capitalized interest for GPA's 2010 bond will be fully utilized at the beginning of FY 2014. There have also been unexpected costs, such as the legislative mandate for the COLA increases for retirees. After a dispassionate and thorough review of the revenue requirements for GPA for FY2014, GCG, the PUC's Consultant, and GPA have concurred that GPA does need the revenue increases approved in the Stipulation.
92. The Commission should determine that the proposed rates, as well as the recommendations, set forth in the Stipulation are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.
93. The parties should be ordered to perform the additional obligations set forth in the Stipulation as they have agreed.
94. The ALJ recommends that Navy not be allocated any portion of the Emergency Water Well/Waste Water revenues in this proceeding.
95. The PUC should affirm the SDCR of 1.4x.
96. The ALJ will subsequently submit a proposed Decision herein. The PUC should review such proposed decision, and make the determinations which are necessary to reach a decision on GPA's FY2014 Base Rate Filing.

Dated this 20th day of September, 2013.



Frederick J. Horecky
Administrative Law Judge
Public Utilities Commission

5. The ALJ and the parties agreed at the hearing that consideration of certain issues raised in the FY2014 Rate Petition may be deferred or delayed until after rates are established for FY2014.
6. Upon the agreement of the parties, the following are issues which do not need immediate consideration or resolution by the PUC in the FY2014 Base Rate Proceeding:
 - a. Self-Insurance Fund Cap;
 - b. Integrated Resource Plan Issues;
 - c. Financial Targets set forth in the FMP;
 - d. Quarterly Levelized Energy Adjustment Charge (LEAC);
 - e. Long-Term Equity Ratio;
 - f. Previously agreed upon or PUC Ordered Debt Service Coverage Ratios (the Current DSCRs in effect); however, as previously ordered, parties will have a limited opportunity to present positions concerning the applicability of 1.4x coverage for subordinate debt;
 - g. Revenue Decoupling;
 - h. AED Cost Allocation Methodology;
 - i. Regulation of Electric Service Providers other than GPA.
7. On the record at the hearing, the ALJ indicated certain exceptions for which the parties could raise issues related to the above subjects if they directly impact issues in the FY2014 rate case.
8. By agreement of the parties at the hearing, "Revenue Decoupling" will be the subject of a separate docket. "Revenue Decoupling" is hereby assigned GPA Docket 13-08.

9. A separate docket, GPA Docket 13-09, is also hereby established for "Regulation of Electric Service Providers other than GPA"; issues in said docket can be considered in accordance with such time schedule as may be established by the PUC. GPA shall petition the PUC for specific actions or remedies that it seeks.
10. The "Net Metering Tariff" shall be considered as a part of the FY2014 Rate Proceeding.
11. The ALJ will subsequently issue a ruling concerning the manner in which the Commercial Paper program issue will be addressed by the PUC. GPA has raised such issue in its Rate Petition, as well as in a Petition for Contract Review in GPA Docket 13-07. For the time being, the parties may conduct discovery on this issue, and, unless ordered otherwise, address such issue in their testimonies.
12. Discovery is appropriate in this proceeding, as the rate filing involves various issues such as an alleged decline in revenues due to loss of sales, the need for a commercial paper program, rate design, and others.
13. The Parties may initiate requests for information and other discovery without prior approval of the ALJ; however, all discovery requests shall be filed electronically with the PUC, with an e-mail copy to the ALJ.

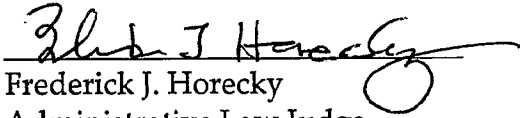
Having reviewed the Proposed Schedule, and good cause appearing, the ALJ **ORDERS** as follows:

1. The Schedule, attached hereto as Exhibit "1", is hereby adopted as the schedule for proceedings in this Docket, with the exceptions noted herein.
2. Discovery and the submission of testimony shall be conducted in accordance with the dates and deadlines set forth in Exhibit "1".
3. The Hearings and other meetings referenced in Exhibit "1" shall be held on the dates indicated therein.
4. PUC will attempt to schedule the ALJ Hearings and the Village Hearings in accordance with the schedule, but reserves the right to reschedule the same for convenience or cause.

PRELIMINARY ORDER
Guam Power Authority's
FY2014 Base Rate Filing
GPA Docket 11-09
June 20, 2013

5. Similarly, scheduling of dates for the ALJ Decision, PUC Meeting, and the Implementation of New Rates are subject to the further revision by the PUC, at its discretion.
6. The parties hereto shall comply with their duties and obligations as set forth in Exhibit "1"; all proceedings herein shall be conducted in accordance with the Commission's Rules of Practice and Procedure.

SO ORDERED this 20th day of June, 2013.


Frederick J. Horecky
Administrative Law Judge
Public Utilities Commission

GPA DOCKET 11-09

FY2014 BASE RATE CASE SCHEDULE

- | | |
|--|--|
| 1. Formal Discovery on GPA's Filing Commences | Already Authorized |
| 2. Formal Discovery on GPA Completed ¹ | 08/09/13 |
| 3. Initial Testimony of Navy and GCG | 08/23/13 |
| 4. Navy, GCG, GPA Rebuttal Testimony ² | 09/04/13 |
| 5. ALJ Pre-Hearing Conference | 09/09/13 at 9:00 a.m.
(PUC Conference Room) |
| 6. ALJ Hearings on GPA Docket 11-09
including Hagatna Evidentiary Hearing | 09/10/13 - 09/12/13 |
| 7. Village Hearings (South and North) | 09/13/13 |
| 8. ALJ Decision | 09/20/13 |
| 9. PUC Meeting | 09/24/13 |
| 10. Implementation of New Rates | 10/01/13 |

¹ Responses due within 5 business days

² Rebuttal testimony restricted to issues raised in initial testimonies. All direct and rebuttal testimonies should be accompanied by electronic versions of the exhibits and work papers, executable in native format with all formulas intact

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF GUAM**

IN THE MATTER OF:

DOCKET 11-09

GUAM POWER AUTHORITY'S 2011

MULTI-YEAR BASE RATE FILING

(TEST YEAR FY2014)

)
)
)
)
)
)

**STIPULATION RE FY2014
REVENUE REQUIREMENT
AND RATE DESIGN ISSUES**

The GUAM POWER AUTHORITY ("GPA") and GEORGETOWN CONSULTING GROUP, INC. ("GCG"), which serves as an independent regulatory consultant to the GUAM PUBLIC UTILITIES COMMISSION ("PUC") (the "Parties"), hereby stipulate as follows:

Background

1. GPA petitioned the PUC for a base revenue increase of \$10.938 million for the fiscal year starting October 1, 2014 (the test year being FY2014). According to GPA, such a revenue increase would require an average increase in base rates of 7.3% or an average increase of 2.2% on total bills.

2. After reviewing and analyzing GPA's petition, in accordance with and subject to the instructions of the PUC's Administrative Law Judge ("ALJ"), GCG submitted testimony recommending adjustments to certain of GPA's revenue requirements for the test year. In its testimony, GCG recommended an increase in base revenues of only \$5.238 million, which, if approved, would result in an average base rate increase of 3.5% or 1.1% on total bills.

3. The ALJ conducted a pre-hearing conference on Wednesday, September 11, 2013, at which the Parties discussed the outstanding issues and argued their respective positions. (The Navy, which is an intervener in this docket, also participated in the pre-hearing conference, but is not a party to this Stipulation, which does not address the single issue raised by the Navy.) The ALJ encouraged the Parties to meet and confer and attempt to resolve or narrow the remaining issues.

4. GPA and GCG representatives thereafter did meet and confer and were able to resolve most, but not all, of the differences in their respective positions. As a result, the Parties orally presented their joint recommendations to the ALJ at the evidentiary hearing which took place on the evening of Thursday, September 12, 2013.

5. This Stipulation is intended to memorialize the Parties' agreement and their joint recommendations.

Revenue Requirements

6. The Parties recommend the following to the ALJ and the PUC for the test year FY2014:

A. GPA should be awarded a base revenue increase of \$9.038 million. This requires an average increase of 6% on base rates or an overall average increase of 1.9% on total bills. The impacts on the different classes of ratepayers will vary depending on various factors, including the continuing gradual implementation of rate design changes previously approved by the PUC in Phase I of this docket. The rate increases for some classes of ratepayers will be greater than 1.9%, while the increases for other classes will be less.

B. The wage expense sought by GPA in its petition should be reduced by \$726,000, representing the expense reduction related to a reduction of 10 FTEs in the test year.

C. GPA's working capital allowance should be reduced by \$158,000 and its beginning cash balance reduced by \$658,000.

D. GPA's non-labor expense should be reduced by \$663,000; however, this reduction should be offset by an increase of \$400,000 to cover the impact of increases in the retiree cost of living allowance recently enacted into law which GPA is required to fund. This results in a net recommended reduction of GPA's non-labor expense of \$263,000.

7. If these adjustments are approved by the PUC, GPA's debt service coverage ratio ("DSCR") for its senior debt would be 2.20x for the test year, which is in excess of the PUC standard for ratemaking purposes of 1.75x. The DSCR for combined senior and subordinate debt would be 1.38x. This subordinated DSCR is less than the 1.43x originally sought by GPA in its petition, but greater than the 1.31x advocated by GCG in its testimony.

8. Notwithstanding the compromise reflected in paragraph 7 above, there is still no agreement between GPA and GCG as to what the appropriate target for the DSCR on combined senior and subordinate debt should be for ratemaking purposes. In Phase II of this docket, the Parties agreed on the method of computation for the DSCR for senior and subordinate debt, which was approved by the PUC. The Parties were allowed in this phase of the docket to continue to argue their respective positions with regard to what the appropriate coverage standard should be. GPA continues to recommend that the PUC

affirm the 1.4x DSCR standard for ratemaking purposes as ordered in Phase II. GCG continues to believe that a lower DSCR of 1.3x would be more appropriate. It should be noted that GPA's subordinate debt service in the test year will be \$15.333 million out of a total debt service of \$40.647 million, and the existing subordinate debt is scheduled to be paid off in October 2015. Given their continuing disagreement on this issue, GCG and GPA agree that the matter should be referred to the ALJ for a decision and recommendation to the PUC, based on the existing evidentiary record.

9. Exhibit A attached hereto summarizes the agreed adjustments.

Rate Design Issues

10. Cost Allocation Issues

A. Customer Weighting Factors

- i. The Parties agree that GPA will provide new customer weighting factors for use in the TLCOSS and CCOSS in GPA's next multi-year base rate proceeding.
- ii. The newly developed customer weighting factors will include, but will not be limited to, the influence of GPA's deployment of Advanced Metering Infrastructure (AMI) on customer-related costs for Navy and for each class of civilian service.

B. GCG and GPA agree on the allocation of Emergency Water Well and Other Revenue. GCG and GPA proposed for the purposes of this proceeding, and without precedent for subsequent proceedings, that GPUC accept the allocation of Other Revenue within the TLCOS, including the allocation of Emergency Water Well revenue.

11. Rate Structure Issues (Rate Design)

A. Class Revenue Requirements

- i. Both GPA and GCG support movement of class revenue requirements for Residential, Commercial and Street Lighting rate schedules toward parity with allocated costs of service by rate schedule. Parity Adjustments agreed upon under this Stipulation address FY 2014, FY 2015, and FY 2016 revenue requirements by rate schedule.
- ii. The agreed upon Parity Adjustments for FY 2015 and FY 2016 will apply only to the Residential, Street Lighting and the Commercial rate schedules. This stipulation will be revenue neutral for GPA.
- iii. The Parity Adjustment for the Residential class for each fiscal year addressed by this Cost Allocation and Rate Structure Stipulation (i.e., FY 2014, FY 2015 and FY 2016) will be calculated based on 10 percent of the computed FY 2014 revenue for Commercial and Street Lighting rate schedules.
- iv. The increase in the Residential revenue requirement for each year that results from the Parity Adjustment will be offset by decreases in the revenue requirements for the Commercial and Street Lighting classes. The allocation of decreased revenues will be in proportion to the amount by which the revenue for each Commercial and Street Lighting rate schedule exceeds the fully allocated costs of service for the class.

B. GPA's Proposed Rate Design for Non-Demand Commercial and Governmental Rate Schedules: The Parties agree to implementation of the rate design changes that GPA has proposed for Rate Schedules S and G.

C. Rate Design for Demand-Metered Commercial and Governmental Rate Schedules (i.e., Rate Schedules J, K, L, and P).

- i. The Parties agree that smaller and lower-load factor customers within each rate class warrant protection against inordinately large percentage increases in their charges for electric service.

- ii. The Parties agree to implement the Customer Charge increases that GPA proposes for Rate Schedules J, K, L, and P for FY 2014.
- iii. The Parties agree to implement the changes in energy rate block changes that GPA has proposed for Rate Schedules J, K, L, and P, as well as the Initial Energy Block charges that GPA proposes for each of those rate schedules.
- iv. Both GPA and GCG support a phased implementation of demand charge increases for FY 2014, FY 2015 and FY 2016 based on the following schedule of demand charge increases:
 - i. FY 2014 33% over FY 2013 levels
 - ii. FY 2015 25% over FY 2014 levels
 - iii. FY 2016 25% over FY 2015 levels.
- v. After implementing the agreed FY 2014 customer charge increases, the agreed upon energy block structure changes, the agreed upon initial energy block charges, and the agreed upon demand charge increases for FY 2014, 2015 and FY 2016, the balance of the revenue requirement for each fiscal year for each rate schedule will be recovered through the tail block energy charge.

D. Rate Design Residential Rate Design: The Parties agree that the language of paragraph 27 of the May 7, 2012 Stipulation, which states:

“Between 2012 and 2016, the subsidy in the Lifeline Block would be progressively decreased until, in 2016, the Lifeline Block would equal 80% of the “Tail Block Charge” (i.e., the charge for all kWh use in excess of 500 kWh per customer per month) ... in FY 2014, the Lifeline Block Charge will equal 60% of the Tail Block Charge; in FY 2015, the Lifeline Block Charge will equal 70% of the Tail Block Charge; and in FY 2016, the Lifeline Block Charge will equal 80% of the Tail Block Charge.”

The parties agree that GPA Residential class revenue requirement resulting from this proceeding such that the Residential Lifeline Block Charge will equal precisely 60% of the resulting Residential Tail Block Charge in FY 14, equal

precisely 70% of the resulting Residential Tail Block Charge in FY 15, equal precisely 80% of the resulting Residential Tail Block Charge in FY 16.

E. Private Lighting and Street Lighting Rates (Street Lighting) for LED Lights:

- i. The Parties agree that presently there are Light Emitting Diode ("LED") street lighting fixtures on GPA's system for which there are no appropriately applicable rates, and it is anticipated that the number of public and private LED street lights is expected to increase significantly in the foreseeable future.
- ii. The Parties agree that charges for LED street lighting fixtures should be reflective of GPA's costs of providing service to such lighting fixtures which are not reasonably approximated by GPA's present rates for street lights.
- iii. The Parties recognize that municipalities have expressed desires for both greater use of LED street lights and more total street lights.
- iv. GPA represents that it is currently developing a plan to address the municipalities concerns and will be making a separate filing relating to increased use of LED street lights, financing an expansion of the number of LED street lighting fixtures deployed for municipalities, and rate to be charge for LED street lights within the few months.
- v. GCG is supportive of GPA's efforts in this area, and agrees that the provision of expanded LED street lighting at a cost of services based rates, which include the capital cost of new LED street light installations, the revenue to cost ratio consistent with each street lighting class and estimated O&M costs (including fuel costs) for the applicable size and type of LED Street Light, is consistent with the public interest.
- vi. The Parties agree that GPA's planned filing with respect to LED Street Lighting will include a position statement on the development of cost-based maintenance-only charges for LED street lights that are purchased

directly by the customer or separately financed by the customer through GPA.

Net Metering

12. GPA and GCG have not reached agreement on GPA's proposed changes to Schedule C, GPA's Net Metering tariff. Given their continuing disagreement on this issue, GCG and GPA agree that the matter should be referred to the ALJ for a decision and recommendation to the PUC, based on the existing evidentiary record.

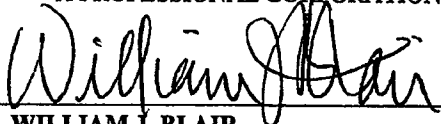
Navy Issues

13. Navy did not participate in the discussions and negotiations leading up to the agreed recommendations made in this Stipulation. There is one unresolved issue related to Navy. GPA and GCG have taken the same position with regard to that issue.

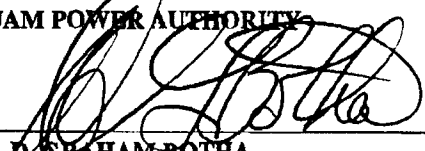
SO STIPULATED this 18th day of September, 2013.

**GEORGETOWN CONSULTING
GROUP, INC.**

BY: **BLAIR STERLING JOHNSON
& MARTINEZ**
A PROFESSIONAL CORPORATION

BY: 
WILLIAM J. BLAIR
Attorneys for Georgetown Consulting Group, Inc.

GUAM POWER AUTHORITY

BY: 
D. GRAHAM BOTHA
Legal Counsel

ATTACHMENT: EXHIBIT A

Exhibit A
Exhibit GCG-1

Test Year: 2014
Individual Responsible:
Georgetown Consulting Group

Row #	Description	GPA Phase 2 Proposed FY 2014 (A)	Labor Adjustment (B)	WCF Rate Decrease (C)	Working Capital (D)	Other O&M (E)	TECP (F)	Barclay (G)	Target Subordinate (H)	GCG Phase 2 Proposed FY 2014 Sum A-H 1.9%
1	% Increase on Total Bill	2.3%								
2										
3	Proforma Income Statement:									
4	Existing Base Rate Revenues	\$ 150,181								\$ 150,181
5	Fuel Revenues	323,664								323,664
6	Add Revenues from Smart Grid Implem.	4,142								4,142
7	WCF Surcharge	7,954		(1,039)						8,915
8	Miscellaneous Revenues	2,010								2,010
9	Revenue from Allowed Rate Change									
10	% Of Base Rate Revenue	7.3%								8.0%
11	Number of Months Rate Change Effective	12								12
12	Amount of Additional Revenues	10,938								9,033
13	Total Revenues	\$ 498,889							\$ (1,900)	\$ 495,950
14	Production Fuel	\$ 323,664								\$ 323,664
15	IPP Costs	18,250								18,250
16										
17	Production Non-fuel	\$ 24,027	\$ (225)			\$ (82)				\$ 23,721
18	Transmission and Distribution	12,576	\$ (118)			(49)				12,416
19	Administrative and General	35,398	\$ (331)			(120)				34,945
20	Customer Accounting	5,615	\$ (52)			(19)				5,543
21	Total O&M Expenses	\$ 77,614	\$ (726)			\$ (263)				\$ 76,825
22	Depreciation	34,924								34,924
23	Payments Made in Lieu of Taxes	-								-
24										
25	Total Operating Expenses	\$ 454,452								\$ 453,463
26										
27	Earnings From Operations	\$ 44,437								\$ 42,487
28										
29	Other Revenues (Expenses):									
30	Investment Income	\$ 2,294								\$ 2,294
31	Interest expense (ST Debt)	(838)					838	(840)		(840)
32	Interest expense (1993/1999 Revenue Bonds)	-								-
33	Interest expense (2010 Senior Lien TIE Bond)	(7,999)								(7,999)
34	Interest expense (2010 Sub. Taxable Bond)	(2,048)								(2,048)
35	Interest expense (2012 Revenue Bond)	(17,000)								(17,000)
36	Interest expense (2014 Revenue Bond)	-								-
37	Interest expense (IPPs)	(10,020)								(10,020)
38	AFUDC	1,670								1,670
39	Amortization of Issuance Costs	347								347
40	Other Income (Expense)	-								-
41										
42	Net Earnings/Loss Before Capital Contrib.	\$ 10,843								\$ 8,890
43										
44	Capital Contributions									
45	DOE Smart Grid Funding	1,943								1,943
46	Other Grant Funded CIP	-								-
47										
48	Increase (Decrease) in Net Assets	\$ 12,786								\$ 10,833
49										
50	DEBT SERVICE COVERAGE CALCULATION WITH IPP ACCOUNTING CHANGE									
51										
52										
53										
54										
55	Earnings From Operations	\$ 44,437								\$ 42,487
56										
57	Add Interest Income (Net of Const. Fund Interest)	1,675								1,675
58	Add Depreciation	34,924								34,924
59	Balance Available for Debt Service	\$ 81,036								\$ 79,086
60										
61	Senior Bond Interest	\$ 24,998								\$ 24,998
62	Senior Bond Principal	455								455
63	Total Senior Debt Service	\$ 25,454								\$ 25,454
64										
65	Debt Service Coverage (Senior Bonds)	3.18								3.11
66										
67	Total Debt Service (Senior and Subordinate)									
68	Total Bond Interest	\$ 13,600								\$ 13,600
69	Total Bond Principal	27,047								27,047
70	Total Debt Service	\$ 40,647								\$ 40,647
71										
72	Debt Service Coverage (Subordinate Bonds)	1.99								1.95

Exhibit A
Exhibit GCG-1

Test Year: 2014
Individual Responsible:
Georgetown Consulting Group

[illegible]

**GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE R - RESIDENTIAL**

RATE SCHEDULE R				
	Existing Rate - After Life Line Change	Effective 10/1/13		
SINGLE PHASE				
Class Average kWh				1,000
Monthly Charge	10.00	11.00		11.00
Non-Fuel Energy Charge				
First 500 KWH	0.03981	0.04982		24.91
Over 500 KWH	0.09296	0.09916		49.58
Emergency Water-well charge	0.00279	0.00279		1.40
Insurance Charge	0.00290	0.00290		2.90
WCF Surcharge	0.00466	0.00466		4.66
Total Electric Charge before Fuel Recovery Charges				94.45
Fuel Recovery Charge	0.18205	0.18205		182.05
Total Electric Charge				<u>\$276.50</u>
Increase in Total Bill				<u>\$9.11</u>
% Total Increase Over Total Bill				3.41%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE G - SMALL NON DEMAND (SINGLE PHASE)

RATE SCHEDULE G-1				
SINGLE PHASE Class Average kWh	Existing Rates		Effective 10/1/13	
	Current	Proposed	Current	Proposed
Monthly Charge				
Non-Fuel Energy Charge				
First 350 kWh per month	200	350		
Over 350 kWh per month	1,011	861		
Emergency Water-well charge	1,211	1,211		
Insurance Charge	1,211	1,211		
WCF Surcharge	1,211	1,211		
Total Electric Charge before Fuel Recovery Charges				
Fuel Recovery Charge	0.18205	\$ 183.99	0.18205	\$ 196.50
Total Electric Charge		\$ 220.47		\$ 220.47
Increase in Total Bill		\$ 404.46		\$ 416.97
% Total Increase Over Total Bill				12.51
				3.19%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE G - SMALL NON DEMAND (THREE PHASE)

RATE SCHEDULE G-3				
THREE PHASE Class Average kWh	Existing Rates		Effective 10/1/13	
	Current	Proposed	Current	Proposed
Monthly Charge				
Non-Fuel Energy Charge				
First 500 kWh per month	400	500		
Over 500 kWh per month	1,460	1,360		
Emergency Water-well charge	1,860	1,860		
Insurance Charge	1,860	1,860		
WCF Surcharge	1,860	1,860		
Total Electric Charge before Fuel Recovery Charges				
Fuel Recovery Charge	0.18205	\$ 278.59	0.18205	\$ 290.66
Total Electric Charge		\$ 338.62		\$ 338.62
Increase in Total Bill		\$ 617.21		\$ 629.28
% Total Increase Over Total Bill				12.07
				2.0%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE J - SMALL DEMAND (SINGLE PHASE)

RATE SCHEDULE J1			
Existing Rates		Effective 10/1/13	
SINGLE PHASE KWH	8,928 23	8,928 23	
DEMAND (kW Billed)			
Monthly Charge			
Demand Energy charge	30.66 \$	30.66 \$	38.33 \$
Non-Fuel Energy Charge	2.96 \$	68.08	3.94 \$
First 2000 KWH per month	1,500	2,000	0.13893 \$
Over 2000 KWH per month	7,428	6,928	0.09565 \$
Emergency Water-well charge	8,928	8,928	0.00279 \$
Insurance Charge	8,928	8,928	0.00290 \$
WCF Surcharge	8,928	8,928	0.00466 \$
Total Electric Charge before Fuel Recovery Charges			
Fuel Recovery Charge	0.18205	1,110.03 \$	0.18205
Total Electric Charge		1,625.38 \$	
Increase in Total Bill		2,735.41 \$	
% Total Increase Over Total Bill			1.0%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE J - SMALL DEMAND (THREE PHASE)

RATE SCHEDULE J3			
Existing Rates		Effective 10/1/13	
THREE PHASE KWH	21,994 68	21,994 68	
DEMAND (kW Billed)			
Monthly Charge			
Demand Energy charge	30.66 \$	30.66 \$	38.33 \$
Non-Fuel Energy Charge	2.79 \$	189.72	3.71 \$
First 5000 KWH per month	5,000	5,000	0.15043 \$
Over 5000 KWH per month	16,994	16,994	0.09245 \$
Emergency Water-well charge	21,994	21,994	0.00279 \$
Insurance Charge	21,994	21,994	0.00290 \$
WCF Surcharge	21,994	21,994	0.00466 \$
Total Electric Charge before Fuel Recovery Charges			
Fuel Recovery Charge	0.18205	2,771.26 \$	0.18205
Total Electric Charge		4,004.10 \$	
Increase in Total Bill		6,775.36 \$	
% Total Increase Over Total Bill			1.5%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE P - LARGE POWER SERVICE (THREE PHASE)

THREE PHASE KWH DEMAND (kW Billed)	RATE SCHEDULE P			
	Existing Rates		Effective 10/1/13	
Monthly Charge				
Demand Energy Charge	47.40	\$ 47.40	55.07	\$ 55.07
Non-Fuel Energy Charge	4.30	\$ 2,231.70	5.72	\$ 2,968.68
First 55000 KWH per month	55,000	\$ 7,054.85	0.14728	\$ 8,100.40
Over 55000 KWH per month	171,974	\$ 14,072.63	0.07777	\$ 13,374.42
Emergency Water-well charge	226,974	\$ 633.26	0.00279	\$ 633.26
Insurance Charge	226,974	\$ 658.22	0.00290	\$ 658.22
WCF Surcharge	226,974	\$ 1,057.70	0.00466	\$ 1,057.70
Total Electric Charge before Fuel Recovery Charges		\$ 25,755.76		\$ 26,847.74
Fuel Recovery Charge	0.18205	\$ 41,321.52	0.18205	\$ 41,321.52
Total Electric Charge		\$ 67,077.29		\$ 68,169.27
Increase in Total Bill				\$ 1,091.98
% Total Increase Over Total Bill				1.6%

**GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE K - SMALL GOVERNMENT DEMAND (SINGLE PHASE)**

		RATE SCHEDULE K1			
		Existing Rates		Effective 10/1/13	
SINGLE PHASE					
Class Average kWh	Block Units				
Class Average Demand (kW Billed)	Current Proposed				
Monthly Charge			11,098		11,098
Demand Energy charge			38		38
Non-Fuel Energy Charge					
First 3600 KWH per month	2,000	0.14720	\$ 294.40	0.17028	\$ 613.03
Over 3600 KWH per month	9,098	0.10415	\$ 947.56	0.09454	\$ 708.89
Emergency Water-well charge	11,098	0.00279	\$ 30.96	0.00279	\$ 30.96
Insurance Charge	11,098	0.00290	\$ 32.18	0.00290	\$ 32.18
WCF Surcharge	11,098	0.00466	\$ 51.72	0.00466	\$ 51.72
Total Electric Charge before Fuel Recovery Charges			\$ 1,520.10		\$ 1,651.43
Fuel Recovery Charge		0.18205	\$ 2,020.44	0.18205	\$ 2,020.44
Total Electric Charge			\$ 3,540.54		\$ 3,671.86
Increase in Total Bill					\$ 131.33
% Total Increase Over Total Bill					3.7%

**GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE K - SMALL GOVERNMENT DEMAND (THREE PHASE)**

		RATE SCHEDULE K3			
		Existing Rates		Effective 10/1/13	
SINGLE PHASE					
Class Average kWh	Block Units				
Class Average Demand (kW Billed)	Current Proposed				
Monthly Charge			22,721		22,721
Demand Energy charge			60		60
Non-Fuel Energy Charge					
First 7000 KWH per month	7,000	0.14782	\$ 1,034.74	0.16732	\$ 1,171.26
Over 7000 KWH per month	15,721	0.10048	\$ 1,579.65	0.09949	\$ 1,564.01
Emergency Water-well charge	22,721	0.00279	\$ 63.39	0.00279	\$ 63.39
Insurance Charge	22,721	0.00290	\$ 65.89	0.00290	\$ 65.89
WCF Surcharge	22,721	0.00466	\$ 105.88	0.00466	\$ 105.88
Total Electric Charge before Fuel Recovery Charges			\$ 3,123.21		\$ 3,332.16
Fuel Recovery Charge		0.18205	\$ 4,136.45	0.18205	\$ 4,136.45
Total Electric Charge			\$ 7,259.66		\$ 7,468.61
Increase in Total Bill					\$ 208.95
% Total Increase Over Total Bill					2.9%

**GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE S - SMALL GOVERNMENT NON DEMAND (SINGLE PHASE)**

SINGLE PHASE Class Average kWh	RATE SCHEDULE S1			
	Existing Rates		Effective 10/1/13	
		913		913
Monthly Charge				
Non-Fuel Energy Charge				
First 300 KWH per month	200	300	0.16260	\$ 67.63
Over 300 KWH per month	713	613	0.13755	\$ 76.20
Emergency Water-well charge	913	913	0.00279	\$ 2.55
Insurance Charge	913	913	0.00290	\$ 2.65
WCF Surcharge	913	913	0.00466	\$ 4.25
Total Electric Charge before Fuel Recovery Charges				\$ 167.44
Fuel Recovery Charge			0.18205	\$ 166.22
Total Electric Charge				\$ 333.65
Increase in Total Bill				\$ 16.06
% Total Increase Over Total Bill				5.1%

**GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE S - SMALL GOVERNMENT NON DEMAND (THREE PHASE)**

THREE PHASE Class Average kWh	RATE SCHEDULE S3			
	Existing Rates		Effective 10/1/13	
		1,833		1,833
Monthly Charge				
Non-Fuel Energy Charge				
First 500 KWH per month	400	500	0.18377	\$ 127.89
Over 500 KWH per month	1,433	1,333	0.13478	\$ 169.57
Emergency Water-well charge	1,833	1,833	0.00279	\$ 5.11
Insurance Charge	1,833	1,833	0.00290	\$ 5.32
WCF Surcharge	1,833	1,833	0.00466	\$ 8.54
Total Electric Charge before Fuel Recovery Charges				\$ 330.59
Fuel Recovery Charge			0.18205	\$ 333.70
Total Electric Charge				\$ 664.29
Increase in Total Bill				\$ 33.64
% Total Increase Over Total Bill				5.3%

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE L - LARGE GOVERNMENT SERVICE

SINGLE PHASE Class Average kWh Class Average Demand (kW Billed)	Block Units Current Proposed	RATE SCHEDULE L			
		Existing Rates		Effective 10/1/13	
Monthly Charge			131,151 356		131,151 356
Demand Energy charge		47.40 4.30	\$ 47.40 \$ 1,530.80	59.25 5.72	\$ 59.25 \$ 2,036.32
Non-Fuel Energy Charge					
First 25000 KWH per month	25,000	0.20756	\$ 5,189.00	0.16495	\$ 6,268.16
Over 25000 KWH per month	106,151	0.08639	\$ 9,170.38	0.09262	\$ 8,627.57
Emergency Water-well charge	131,151	0.00279	\$ 365.91	0.00279	\$ 365.91
Insurance Charge	131,151	0.00290	\$ 380.34	0.00290	\$ 380.34
WCF Surcharge	131,151	0.00466	\$ 611.16	0.00466	\$ 611.16
Total Electric Charge before Fuel Recovery Charges			\$ 17,295.00		\$ 18,348.71
Fuel Recovery Charge		0.18205	\$ 23,876.56	0.18205	\$ 23,876.56
Total Electric Charge			\$ 41,171.56		\$ 42,225.28
Increase in Total Bill					\$ 1,053.72
% Total Increase Over Total Bill					2.6%