

FY2021 CITIZENS CENTRIC REPORT

About the Guam Public Utilities Commission

- An independent regulatory commission, separate from the Executive and Legislative branches, created by Federal law.
- Governed by seven commissioners who serve six-year terms under appointment by the Governor and confirmation by the Legislature.
- Regulates the rates and rate impacting procurements of Guam Power Authority, Guam Waterworks Authority, the Guam Solid Waste Authority, the Port Authority of Guam, and the Guam International Country Club (Guam Municipal Golf Course).
- Tariff and rate setting, and regulatory duties, for telecommunication companies, including the E911 Surcharge.

Mission

The PUC sets rates for ratepayers that are “just and reasonable”; utilities must establish that the rates charged are based upon the reasonable cost of service. The PUC conducts a hearing process that protects the fundamental rights of Ratepayers. The PUC must also establish rates that are adequate to cover the full cost of the utilities in providing such service.

Ratepayer Bill of Rights

When a utility seeks a rate increase, the PUC must conduct proceedings in accordance with the rights of ratepayers under the Ratepayer Bill of Rights. The fundamental rights of the ratepayers include:

- **the right to receive clear and adequate notice of any proposed rate increase;**
- **the right to be fully informed about and to fully evaluate any proposed rate increase, as well as the finances of a Public Utility; and**
- **the right to give input and participate in any proposed rate increase.**

Three public hearings are held for each rate increase: one each in central, northern, and southern villages.

Commissioners

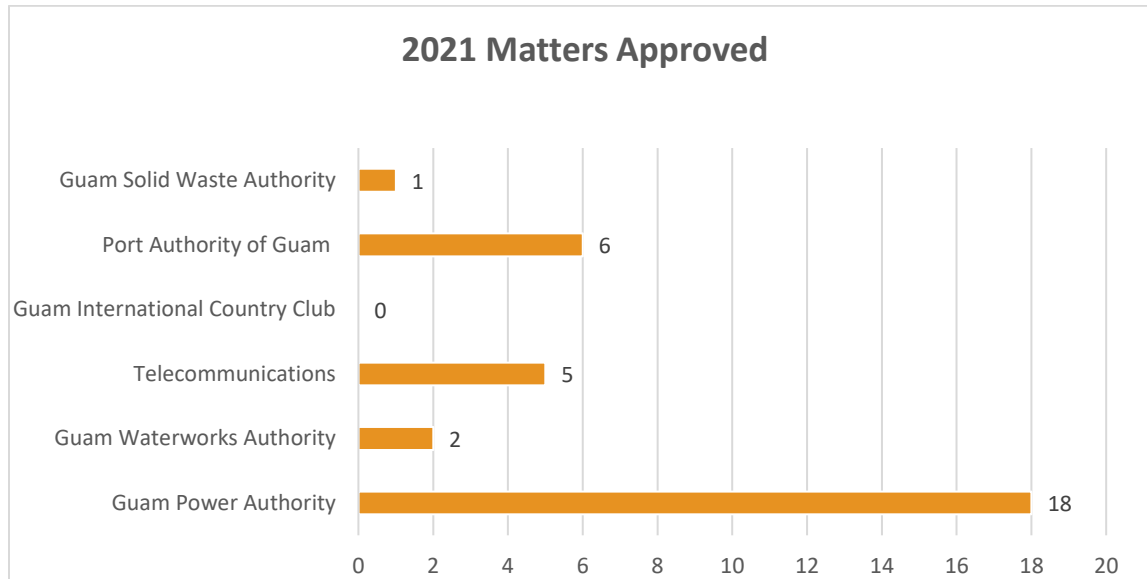
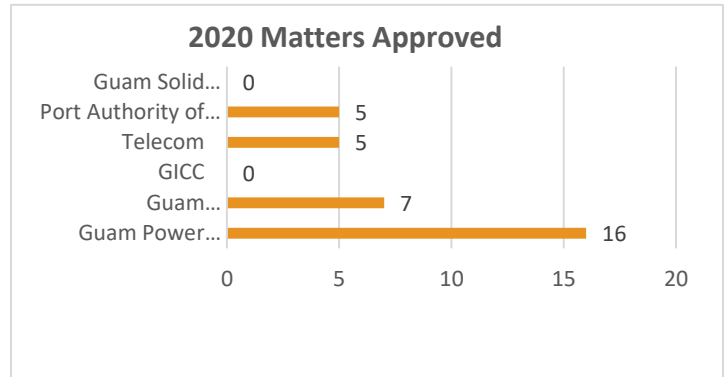
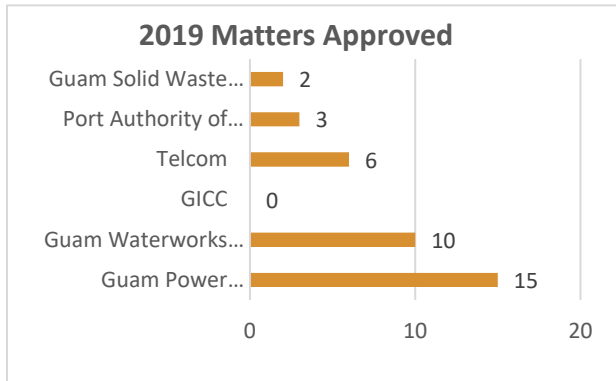
The membership of the Commission is comprised as follows:

2-members from the business community of Guam, 1-member who is a certified public accountant, 2-members (each of whom have training and experience in at least one of the following areas: power generation, telephone, water/sewer utilities, or marine terminal operations/transportation via ocean common carrier) with an additional requirement that the two members have training or experience in different areas, and 2-members who are from the community at large.

PUC members in FY2021 are: Jeffrey C. Johnson – Chairman, Peter B. Montinola – Vice Chairman, Commissioners Joseph McDonald, Rowena E. Perez-Camacho, Michael A. Pangilinan, Doris Flores Brooks, Pedro S.N. Guerrero

HOW WE HAVE PROGRESSED

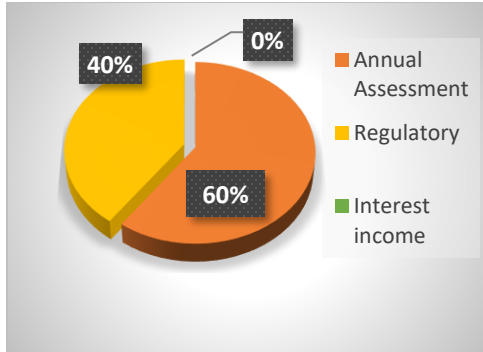
The Guam Public Utilities Commission strives for just and reasonable utility rates for the residents of Guam. Significant regulatory actions for FY2021 are listed below. The following graphs show how the workload of the PUC for matters approved was apportioned between the utilities during the last three fiscal years:



FY2021	Numbers of matters heard	Number approved	Number denied	Number granted in part; denied in part
<u>Guam Power Authority</u>	18	14	3	1
<u>Guam Waterworks Authority</u>	2	2	0	0
<u>Telecommunications</u>	5	5	0	0
<u>Guam International Country Club</u>	0	0	0	0
<u>Port Authority of Guam</u>	6	6	0	0
<u>Guam Solid Waste Authority</u>	1	1	0	0

Revenues and Expenses

For the Fiscal Years Ended September 30, 2021 and September 30, 2020



Revenues	2021	2020	% Change
Annual Assessment	\$ 510,000	\$459,300	10%
Regulatory fees	\$ 452,849	\$ 839,522	-85%
Interest income	\$ 97	\$ 439	-352%
Total*	\$ 962,946	\$1,299,261	-35%

Expenses	2021	2020	% Change
Administrative- Professional Fees	\$ 170,870	\$ 201,305	-18%
Regulatory - Professional Fees	\$ 452,849	\$ 839,522	- 85%
Administrative expenses	75,293	54,000	28%
Commissioner expenses	102,256	99,987	2%
Depreciation expenses	630	1,168	- 85%
IT expenses	6,790	3,570	47%
Office rent	28,513	30,273	-6.2%
Office expenses	9,502	4,772	50%
Utilities	4,374	4,354	.46%
Publication expenses	40,988	52,315	- 28%
Naruc expenses	0.00	1,878	0%
Xerox	3,417	4,018	-18%
Total*	\$ 895,482	\$ 1,297,162	-45%

*Amounts may not add due to rounding.

Administrative Budget	Operational Expenses
<p>The administrative budget covers the Commission's administrative expenses, including staff, office facilities, Commissioner Stipends and training, professional fees, and other operational expenses.</p> <p>PUC is classified as another stand-alone governmental unit, not a component unit of GovGuam, and therefore is not included in the annual GovGuam audits. Most recent financial statements can be found at PUC's website at http://www.quampuc.com/about-us. Previous financial statements can be found at the Guam Legislature's website at http://www.quamlegislature.com.</p>	<p>PUC's operational expenses can be divided into two categories and are budgeted and collected as follows:</p> <p>General administrative expenses, which are budgeted each fiscal year by PUC and divided and assessed among the regulated utilities.</p> <p>Regulatory expenses, which are incurred pursuant to a Commission resolution, dated August 13, 2007. This expense includes professional and out-of-pocket expenses, which are billed to specific utilities under regulatory dockets assigned to them to cover the expense of handling specific regulatory proceedings related to them.</p>

Outlook and Challenges Ahead

PUC's Outlook

During the second year of the Covid pandemic, the PUC was able to conduct its meetings, carry out its regulatory duties, and handle its ongoing workload. The PUC was fully operational and functional, despite having a staff of only one full-time employee, one part-time employee and a few consultants. In accordance with P.L. 36-34, PUC has broadcast its meetings live, and continues to improve and upgrade its broadcast capabilities. During FY2021, PUC was able to handle its workload within budget and available regulatory resources. PUC anticipates that its scope of work will remain steady in FY2022, and that it will have sufficient personnel to continue to handle its workload.

Major PUC Actions in FY2021

- based upon a nearly doubling of fuel prices, and an increase in GPA's fuel under-recovery to in excess of \$20M, the PUC increased the Levelized Energy Adjustment Clause Factor from 8 cents per kWh in February 2021 to over 17 cents per kWh in December 2021.
- created a new "Condominium Service Rate Schedule, which reduced power rates for most condominium and apartments residents from commercial rates to rates equivalent to those for residential customers.
- approved the amendment of the Energy Conversion for the construction of the new 198MW Ukudu Power Plant; KEPCO was authorized to construct a 41MW reserve facility at Cabras rather than a 65MW reserve facility at Ukudu.
- approved the Piti 8 & 9 Contract for Conversion to Ultra Low Sulfur Diesel with Marianas Energy Company.
- conducted Phase 2 of the GWA rate case, which will adjudicate the water rates for GWA in fiscal years 2022 through 2024.
- authorized GWA to issue an IFB for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement project.
- approved several Port Authority of Guam projects including construction management services for the rehabilitation of H-Wharf and Highway 11 Roadway Reconstruction, demolition and disposal of five inoperable port cranes, and the awarding of a Performance Management Contract to Matson Navigation Company regarding assistance with the gantry cranes.
- approved the MSW Management Audit of GSWA, which concluded that rate increases would be necessary to enable GSWA to meet its full costs.



This report was prepared by:
PUC Chief Administrative Law Judge Frederick J. Horecky
and PUC Administrator Lourdes R. Palomo