

**PUBLIC UTILITIES COMMISSION
OF GUAM**

Jeffrey C. Johnson
Chairman

Peter Montinola
Vice-Chairman

Commissioners
Joseph M. McDonald
Rowena E. Perez-Camacho
Michael A. Pangelinan
Doris Flores Brooks
Pedro S.N. Guerrero

Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932
Telephone: (671) 472-1907
Fax: (671) 472-1917
Email: info@guampuc.com

Lourdes R. Palomo
Administrator

Frederick J. Horecky
Chief Administrative Law Judge

Joephet R. Alcantara
Administrative Law Judge

Anthony R. Camacho
Legal Counsel

November 14, 2022

Vice Speaker Tina Rose Muña Barnes
Chairperson
Committee on Public Accountability, Human Resources,
Guam Buildup, *Hagåtña*, Revitalization, Regional Affairs,
Public Libraries, Telecommunications, and Technology
I Mina'trentai Sais Na Liheslaturan Guåhan
163 Chalan Santo Papa
Hågatña, Guam 96910

Re: Testimony of Chairman Jeffrey C. Johnson, Guam Public Utilities Commission, on
Bill No. 308-36(COR)

Dear Chairperson Muña Barnes:

The Guam Public Utilities Commission ["PUC"] appreciates the opportunity to
comment on proposed Bill No. 308-36(COR). The PUC opposes the Bill for the reasons
set forth in this Testimony.

- I. UNDER EXISTING LAW, THE PUBLIC UTILITIES COMMISSION, AND NOT
THE GUAM LEGISLATURE, IS RESPONSIBLE FOR DETERMINING WHAT THE
"ACTUAL EXPENSES" OF THE PROVIDERS ARE AND WHAT AMOUNTS
SHOULD BE DEDUCTED FROM SURCHARGE COLLECTIONS.

BILL NO. 308-36 (COR) IS CONTRARY TO, AND IN VIOLATION OF, THE LAW GOVERNING THE "911" SURCHARGE.

The current law governing deductions by local exchange carriers of administrative costs from monthly E-911 Surcharge collections has been in effect since 1999 and remains the law today. 12 GCA Ch. 12, Article 3, "911" Surcharge, §12303(c) provides:

"Each LEC, VOIP or CMRS provider shall be authorized to deduct from such remittances its actual expenses incurred for collection services, maintaining the PSAP database, and for reports and audits as may be required by the Commission; provided, such deductions are consistent with a Commission-approved budget for such expenses."¹

Bill No. 308-36 violates §12303(c) by imposing an arbitrary five-percent limitation and restriction upon the amounts that providers may deduct from the surcharge for administrative costs. Present law allows providers to deduct "actual expenses", but this Bill would deny providers the opportunity to deduct "actual expenses" from 911 surcharge collections. If providers' administrative costs exceed 5% of surcharge collections, this Bill will prohibit them from collecting "actual expenses." The Bill would deny providers the opportunity to recover their full expenses for administering the 911 surcharge.

It is not appropriate for the Legislature to deny recovery of the providers' actual expenses. The Legislature should not set arbitrary limitations on deductions. Deductions must be determined by the PUC in accordance with **"a Commission-approved budget for such expenses."** The present Law requires that the PUC, not the Legislature, determine the number and amount of such deductions based upon actual expenses.

II. BILL NO. 308-36 WOULD POTENTIALLY RESTRICT THE ABILITY OF THE PUBLIC UTILITIES COMMISSION TO COVER ITS EXPENSES IN CONDUCTING REGULATORY ACTIVITIES REQUIRED BY THE

¹ Public Law No. 25-55 Section 3(c), enacted June 30, 1999; 12 GCA §12303(c).

SURCHARGE LAW.

Present Law provides that “each LEC, VOIP, or CMRS provider is authorized to deduct from its “911” receipts, amounts necessary to cover the [PUC] expenses in conducting the regulatory activities required in the Act.² In its 911 surcharge regulatory activities, the PUC recovers the cost of such activities from surcharge collections. The providers deduct the PUC regulatory expenses from the surcharge collections and reimburse the PUC. However, with a flat 5% limitation, PUC will be unable to recover its costs if the providers’ administrative costs exceed 5% of surcharge collections.

There have been numerous dockets over the years in which the PUC has assessed regulatory fees and costs against the telecom providers for E911 matters. The extensive work of the PUC is setting up the system which authorized deductions by providers of administrative costs were funded by surcharge collections. The PUC was required to heavily utilize the services of consultants in this process.

In GTA Docket 18-02, the PUC recovered nearly \$4M from the Government of Guam that had been wrongfully taken from the E911 fund and transferred to the General Fund of the Government of Guam. For that regulatory proceeding, GTA was required to deduct from surcharge funds PUC fees in the approximate amount of \$20,000.00. If the Legislature adopts the so-called five percent limitation on deductions from surcharge collections set forth in Bill No. 308-36, it may well deprive the PUC of its ability to properly regulate E911.

For E911 reports done by consultants on the surcharge collections in prior years, consultant costs of \$15k to \$20k were deducted from the 911 fund for consultant charges in preparing the reports. This Bill ignores such costs and potentially would deprive the

² 12 GCA §12304(e).

PUC of a recovery of its 911 regulatory costs if the total administrative costs exceeded 5% of the 911 surcharge collections.

III. BILL NO. 308-36 INTERFERES WITH THE INDEPENDENT RATE-MAKING AUTHORITY OF THE GUAM PUBLIC UTILITIES COMMISSION UNDER BOTH THE ORGANIC ACT AND LOCAL LAW.

What the Legislature would do in Bill No.308-36 is to directly engage in ratemaking by determining what costs are allowable in the 911 surcharge. Allowable administrative costs for providers are a necessary element in determining the amount of the 911 surcharge. In 12 GCA Ch. 12, the Guam Legislature has already delegated rate-making functions concerning the 911 surcharge to the Guam Public Utilities Commission. The PUC is empowered to establish and amend the surcharge and determine the adequacy of the surcharge.³

For the Legislature to attempt to determine what expenses providers should be authorized to take for 911 surcharge collections is a direct interference in the setting and determination of the surcharge. Bill No. 308-36 would have the effect of interfering with the independent power of the PUC to determine the actual expenses which providers may take from the E911 surcharge collections.

The PUC is established in the Organic Act of Guam as “an **independent rate-making authority**” of the Government of Guam...” 48 USC §1423a, as amended by P.L. 98-454, Title II, §203, 98 Stat. 1733 (1984). The Legislature should not take away the independent rate making powers of the PUC. Bill No. 308-36 impinges upon the independent authority of the PUC to set surcharge rates and to determine what expenses providers should be able to deduct from monthly surcharge collections.

³ 12 GCA §12302(a) and (d).

In Public Law No. 26-18, the Guam Legislature determined “that a **strong public interest is served by maintaining a strong, independent Public Utilities Commission** (“Commission”), which is independent of the Executive and Legislative Branches.” The Legislature would intrude upon the independence of the PUC by removing its power to determine allowable provider expenses to be deducted from surcharge collections.

The Legislature should decline to consider Bill No. 308-36 and leave the power and authority to review and determine the expenses which may be deducted from surcharges collections to the PUC.

IV. THERE IS NO NEED OR JUSTIFICATION FOR BILL NO. 308-36; THE PUC ALREADY HAS IMPLEMENTED A SYSTEM FOR DETERMINING THE ACTUAL EXPENSES OF PROVIDERS WHICH MAY BE DEDUCTED FOR SURCHARGE COLLECTIONS.

Bill No. 308-36 presumes that there is a problem with surcharge collections and that somehow expenses must be reduced. It is not clear why GFD or the Legislature are focusing on the deductions for administrative costs. Neither this Bill nor the Guam Fire Department have claimed that the amount of 911 surcharge funds collected are insufficient to fund the system. Bill No. 308-36 indicates that in 2020, the Government of Guam collected over \$2,210,810.00 in surcharge revenues. For many years, the surcharge has exceeded \$2M. If GFD or anyone claims that the current 911 surcharge (\$1.00) is inadequate, they can request that the PUC increase the amount of the charge.

For the period of 2000-2003, the PUC conducted extensive administrative dockets and proceedings with the telecom providers to determine the amounts of “actual expenses” that the providers could deduct from the 911 surcharge collections. The PUC went through a lengthy and painstaking process by which it determined the amount of administrative fees allowed for the collection agent of each provider. These include E911 Emergency System Reimbursement Protocol Order, Docket 99-10, dated April 11,

2003; Order in the same docket, dated June 23, 2003; letter from Georgetown Consulting Group re E911 Reimbursement, June 3, 2003; and other more recent dockets, Order, Docket 99-10, April 18, 2011; and Order, PDS Docket 10-04, dated April 18, 2011. Copies of these documents are attached hereto collectively as Exhibit "A". These documents are only illustrative of the lengthy proceedings conducted by the PUC in determining reimbursement of "actual expenses". As indicated by the PUC Order in Docket 99-10, dated April 11, 2003:

"Guam Public Utilities Commission ["PUC"] is authorized by Public Law 25-55 to establish a protocol under which those companies who collect the 911 surcharge... are reimbursed for their *actual* expenses for collection services, maintaining the PSAP database, and for reports and audits as may be required by PUC."

Bill No. 308-36 would in effect destroy the carefully crafted system in the law for regulating the 911 surcharge and determining the actual expenses of providers.

V. THE PROPOSED FIVE PERCENT LIMITATION IS NOT REASONABLE; THERE IS INSUFFICIENT AND INADEQUATE DATA TO JUSTIFY THE FIVE PERCENT LIMITATION IN BILL NO. 308-36.

The Bill refers in its "Findings" section to claims by GFD representatives claim that roughly 15% of the 911 collections are retained by service providers for administrative costs. As will subsequently be discussed, the PUC believes that there is no data or research study to justify this allegation.

To begin with, the Legislative Findings in Bill No. 308-36 indicate that "agency representatives of the Guam Fire Department" sought the assistance of Senators concerning the portion of surcharge collections retained by the providers. There is no indication in the Bill that such representatives presented evidence or proof that 15% of the monthly surcharge collections is retained by the providers for administrative costs. A Bill should not be based upon oral allegations.

The GFD has never presented any claim to the PUC regarding the deductions by providers, or alleged that the amount of funds received for E911 is insufficient or inadequate. 12 GCA §12302(d) requires that GFD “shall petition the Commission” if it has any concerns about the surcharge or the cost of administrative deductions.⁴ Since GFD has failed to take any action to bring these concerns before the PUC, such concerns should not be entertained by the Legislature, but should be directed to the PUC.

For its “findings”, Bill 308-36 relies upon a Report by the Office of Public Accountability, Report No. 2010-06, issued in October 2010. This report is **over 12 years old**. All of the data referred to in the report comes from fiscal years 2004, 2005, and 2006-2009. This data is completely out of date and inapplicable to the administrative expenses which providers may be required to deduct at the present time. A Bill should not rely upon such outdated information for its conclusions. An effort should be made to at least obtain current and updated information.

The PUC previously prepared annual reports on the E911 surcharge collections, but that legal requirement was removed by the Legislature from the law. PUC Reports on the E911 surcharge, from fiscal years 2011 through 2017, indicated that the total annual amount per year retained by collection agents to cover their administrative costs was roughly \$144,000. Out of annual surcharge remittances averaging over \$2M, the total amount of administrative costs for all telecommunication companies in Guam was in the range of \$144,000 annually.

Figures from PUC 911 Reports indicate that for FY2015-FY2017, administrative expenses for collection agents constitute at most, slightly over 7% of surcharge collections. That is not much more than the 5% the OPA claimed was in the upper range of provider deductions in the United States in 2010. With the increasing cost of services and

⁴ 12 GCA §12302(d).

inflation, a 7% cost factor is not unreasonable, excessive, or shocking. By dividing \$144,000 by the number of telecom companies (5), the average administrative cost per company per year would be \$28,000.00 per year, or \$2,400 per month. The annual collection agent costs also included approximately \$20,000 per year, which was what was paid to the PUC consultant for preparing the annual summary reports on E911 funds. GTA, as the incumbent LEC, paid the expenses of the annual summary report and deducted that expense from the E911 receipts.

Furthermore, Bill 308-36 arbitrarily limits provider deductions for administrative costs to five percent based upon deductions taken in certain US states in 2010 (North Dakota, New York City, and Pennsylvania). It has not been established that such a percentage is reasonable for Guam. Guam's market is entirely different from that of those states. Provider cost of administrative services in Guam may well be higher than those in the states. Guam has a far smaller customer base and far fewer number of telecom providers.⁵

Furthermore, there is no indication as to what expenses are allowable in those other jurisdictions. As previously referenced, the PUC funds its E911 regulatory activities through deductions from the E911 surcharge collections. This may or may not be true in other jurisdictions. Administrative costs vary considerably from jurisdiction to jurisdiction. Without far more research and detailed information, the Legislature should not adopt a Bill that could deprive the PUC of adequate funds to undertake its 911 regulatory functions.

VI. CONCLUSION

⁵ Federal Communications Commission, Thirteenth Annual Report to Congress on State Collection and Distribution of 911 and Enhanced 911 Fees and Charges for the Period January 1, 2020, to December 31, 2020, dated December 31, 2021.

In accordance with the Organic Act, and local law governing the Public Utilities Commission, it is the PUC that must determine the actual expenses of telecom providers which may be deducted from 911 surcharge collections. This is not a proper or appropriate role for the Guam Legislature.

For the reasons set forth in this testimony, Bill No. 308-36 should be rejected by the Legislature. If GFD has concerns with the number or amount of deductions from surcharge collections, it should address those concerns in a petition to the PUC.

Sincerely,



Jeffrey C. Johnson
Chairman
Guam Public Utilities Commission

Enclosure: Exhibit A

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

911 EMERGENCY SYSTEM

DOCKET 99-10



REIMBURSEMENT PROTOCOL ORDER

The Guam Public Utilities Commission ["PUC"] is authorized by Public Law 25-55 to establish a protocol under which those companies who collect the 911 surcharge ["Collection agents"], are reimbursed for their *actual* expenses for "collection services, maintaining the PSAP database, and for reports and audits as may be required by PUC" ["Collection expenses"] [P.L. 25-55:3(c)].

At Collection agents' request, PUC directed its regulatory consultant [Georgetown] to propose a reimbursement protocol. Georgetown's November 25, 2002 proposal was referred to Collection agents for comment. Only GTA and IT&E responded by letters dated respectively December 24, 2002 and March 21, 2003.

On April 1, 2003, the Commission routed to the Collection agents for comment, a draft reimbursement protocol, which incorporated the Georgetown proposal and GTA and IT&E comments. After carefully considering further responses from the Collection agents and on motion duly made, seconded and carried by the affirmative vote of four Commissioners, PUC hereby adopts the following protocol:

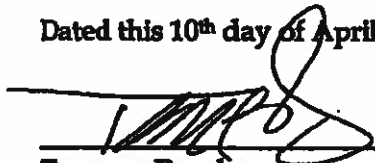
1. Those businesses, which have been certified by the PUC to be Collection agents, are entitled, in accordance with the terms of this protocol, to obtain reimbursement for their Collection expenses from the commencement of their collection services.
2. Collection expenses may include *incremental* expenses, which are incurred in routine business operations to bill, collect and disburse the 911 surcharge. Examples of such authorized expenses include: billing protocol programming expenses; expenses related to tracking and collection of surcharge payments; costs incurred in providing the PUC with reports and studies; billing platform upgrade for CMRS prepaid customers; and expenses associated with maintaining and delivering the

Exhibit "A"

customer database to the Guam Fire Department [GTA only].
Collection agents shall not seek reimbursement for overhead.

3. For historic service expenses, [those incurred prior to April 1, 2003], a Collection agent may file with the PUC on or before May 1, 2003 a petition for reimbursement, which contains a detailed description [date, description of expense] of each expense for which reimbursement is sought. A Collection agent shall verify under penalty of law that its petition is true and correct. The PUC will consider and act on these petitions during its June 2003 regulatory session. PUC reserves the right to award historic reimbursement under an extended recovery schedule, which in no event will a recovery schedule exceed 24 months.
4. On a going forward basis, Collection agents may file with PUC on or before May 1, 2003 a verified petition for reimbursement of monthly expenses, based on a documented expense forecast. During the June session, the PUC will take action on these petitions and will further establish a process by which such reimbursement forecasts are tried up with actual data on an annual basis.
5. Any Collection Agent may petition the PUC to review and amend this protocol for good cause shown.
6. The PUC's administrative law judge is authorized and directed to oversee the implementation of this protocol order and to make such findings and rulings as may be reasonably necessary to implement its terms and policies.

Dated this 10th day of April, 2003.


Terrence Brooks


Joseph McDonald


Filomena Cantoria


Edward Crisostomo


Gerald Woa

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

E911 EMERGENCY SYSTEM

DOCKET 99-10



ORDER

On April 11, 2003, the Commission issued a Reimbursement Protocol Order, under which collection agents are authorized to petition for their actual expenses in providing collection services for the 911 system. Collection agents were served with a copy of the Order. In response to the Order, only Guam Telephone Authority [GTA] and IT&B Overseas Inc. [ITE] filed timely petitions for historic and prospective reimbursement.

By letters dated June 3, 2003 and June 16, 2003 *[copies enclosed]*, Georgetown reports that based on its examination of the petitions, it recommends that the Commission make the following reimbursement awards:

1. ITE: Historic collection costs through March 2003 65,958
 Forecasted prospective monthly recurring expenses 676

Payment plan: \$4,340 per month beginning July 2003 through December 2004. Commencing January 2005, this amount will be reduced to \$676 per month until further Commission order.

2. GTA: Historic collection costs through December 2002 387,641
 Costs for the period January 2003 through June 2003 59,718
 Forecasted prospective monthly recurring expenses 7,393

Payment plan: \$28,929 per month beginning July 2003 through December 2004. Commencing January 2005, this amount will be reduced to \$7,393 per month until further Commission order.

Georgetown further recommends that on or before May 1, 2005, ITE and GTA should file with the Commission a full reconciliation of funds withheld and costs incurred for the period ending March 2005. Georgetown recommends that the Commission conduct proceedings during the June 2005 regulatory session to review these reconciliation reports and make appropriate adjustments in payment awards.

After review and consideration of the Georgetown report and on motion duly made, seconded and carried by vote of the undersigned Commissioners, the Commission **HEREBY ORDERS THAT:**

1. GTA and ITE are hereby authorized to deduct from their 911 collection receipts, the sums described and according to the schedule set forth in this Order for the purpose of obtaining reimbursement for costs which they have incurred and will incur in serving as collection agents.
2. GTA and ITE shall keep full and accurate records of their reimbursements and of their ongoing expenses in serving as collection agents. On or before May 1, 2005, they shall file with the Commission a full reconciliation report of these expenses and reimbursements, in such form as may be directed by the Commission's administrative law judge.
3. A copy of this Order will be served on each collection agent. By his May 7, 2003 memorandum, the Commission's administrative law judge has set a July 18, 2003 filing deadline for collection agents who have not yet sought reimbursement to petition the Commission.

Dated this 23rd day of June, 2003.


Terrence M. Brooks


Joseph M. McDonald


Gerald M. Woo


Edward C. Crisostomo


Filomena M. Cantoria


Rowena B. Perez


Richie K. T. Lim

GEORGETOWN CONSULTING GROUP, INC.
716 DANBURY RD.
RIDGEFIELD, CT. 06877

Jamshed K. Madan
Michael D. Dirmeier



Telephone (203) 431-0231
Facsimile (203) 438-8420
emargerison@snet.net

Edward R. Margerison
Jean Dorrell

June 3, 2003

Harry Boertzel, Esq. ALJ
THE GUAM PUBLIC UTILITIES COMMISSION
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: E911 Reimbursement

Dear Harry,

This letter is in response to your May 7, 2003 memo to the 911 collection agents in which you directed Georgetown Consulting Group (GCG) to review the petitions of all Collection Agents regarding reimbursement of prospective and historic collection and reporting costs. Only petitions from Guam Telephone Authority (GTA) and IT&E Overseas, Inc. (IT&E) have been received as of this date. These petitions and GCG recommendations are to be discussed during the June regulatory session. A copy of this letter is being sent to GTA and IT&E for their review. Public hearings have provisionally been set for June 16, 2003.

On April 11, 2003 the PUC established a protocol for reimbursement for the costs of the collection agents (such as IT&E and GTA) related to E911 surcharge management. This would establish the amount to be reimbursed for actual expenses for "collection, services, maintaining a PSAP database and for reports and audits as may be required by the PUC."¹

Specifically the PUC narrowed the definition of these collection expenses as follows:²

Collection expenses may include *incremental* expenses, which are incurred in routine operations to bill, collect and disburse the 911 surcharge. Examples of such authorized expenses include: billing protocol programming expenses; expenses related to tracking and collection of surcharge payments; costs incurred in providing the PUC with reports and studies; billing platform upgrade for CMRS prepaid customers; and expenses associated with maintaining and delivering the customer

¹ PL25-55(e)

² PUC Protocol Order, Paragraphs 2 and 3, Docket 99-10, April 10, 2003.

database to the Guam Fire Department (GTA only). Collection agents shall not seek reimbursement for overhead.

For historic service expenses, [those incurred prior to April 1, 2003], a Collection agent may file with the PUC on or before May 1, 2003 a petition for reimbursement, which contains a detailed description [date, description of expense] of each expense for which reimbursement is sought. A Collection agent shall verify under penalty of law that its petition is true and correct. The PUC will consider and act on these petitions during its June 2003 regulatory session. PUC reserves the right to award historic reimbursement under an extended recovery schedule, which in no event will a recovery schedule exceed 24 months.

On December 24, 2002, GTA/GTA Cellular filed a study with the PUC and requested reimbursement of expenses associated with E911. These expenses are for both the landline and cellular postpaid services. Our recommendation and discussion consolidates these entities for E911 surcharge purposes as we have done in the past. We are making recommendations regarding prepaid cellular services in this letter.

On May 03, 2003 (after receiving and extension of the deadline by you) IT&E filed a petition for reimbursement of expenses (historic through March 2003) and provides an estimated monthly expenditure amount on an ongoing basis. While IT&E provides an estimate of the cost for the platform for collection E911 surcharge from prepaid customers, IT&E does not intend to make any collections for prepaid wireless service.

Recommendations:

After reviewing the petitions and related cost studies of both GTA/GTA Cellular and IT&E it is our recommendation that:

1. The historic costs be estimated through June 2003 and be recovered over a reasonable period of time consistent with the PUC Reimbursement Protocol Order.
2. Historic costs be amortized over and collected over a period of eighteen (18) months beginning with the July collections and disbursements related to the E911 surcharge.
3. Current monthly expenses be withheld from the E911 fund beginning in July 2003 and each month thereafter in a constant amount.
4. The costs and reimbursements be reviewed by the PUC in June 2005³ at which time any true-up requirement and re-estimation of monthly collection and reporting costs will be provided by the agents for the next two year period.

³ It is assumed that the Agent will file the requisite information at least two months before the next two-year period,

Harry M. Boertzel, ALJ

June 03, 2003

Page 3 of 7

Guam Telephone Authority

As we indicated before, GTA and GTA Cellular filed a detailed cost study related to the programming, reporting, accounting and collection of E911 funds. This study was done by means of a survey of GTA employees regarding time spent on the E911 collection and accounting. We point out here that GTA has assigned a dedicated employee at the request of the Guam Fire Department (GFD) for issues related to E911 that would otherwise be performed by a GFD employee. GTA has conservatively included 1/2 of this employee's cost into the study. We do not believe that there is anything inappropriate by this procedure from a financial standpoint. The costs of the employee will be paid by GTA and reimbursed through the E-911 fund or the employee would be paid directly by the GFD if the employee was an E-911 employee.

We have reviewed GTA's study and work papers and find that it is reasonable for the purpose intended. Consistent with that study and our recommended amortization period of 18 months for the recovery of costs incurred prior to July 1, 2003, we recommend that GTA retain a total of \$31,489 per month beginning in July 2003 to recover past and current costs associated with E911. This amount should be reduced to \$9,953 per month beginning January 2005, until further PUC order. GTA should file for a new amount of costs to be retained beginning July 2005 on or before May 1, 2005. Such filing should include a full reconciliation of funds withheld and costs incurred for the period ending June 2005. The following table summarizes the calculation of these amounts for GTA and GTA Cellular (postpaid only):

i.e. May 1, 2005.

TABLE 1
GTA Cost Reimbursement

Historic Costs thru December 31, 2002

	Start Up	Recurring	TOTAL
Programming	\$24,081	\$ 35,933	\$ 59,994
Tracking/Collection		216,349	216,349
Dedicated Employee		43,580	43,580
PUC Reporting	8,000		8,000
Sub-Total			<u>\$327,923</u>
January-June 2003		59,718	59,718
Amortization Total			<u>\$387,641</u>
Period (mos)			18
Monthly Amortization			\$ 21,536
Ongoing Monthly Expenses			<u>9,953</u>
Total Withheld per Month thru Dec '04			<u>\$ 31,489</u>
<i>Prospective Monthly Costs</i>			TOTAL
Program Maintenance			\$ 1,081
Tracking/Collection			6,312
Dedicated Employee			2,660
PUC Reporting			-
Monthly Recurring Expenses			<u>\$ 9,953</u>

GTA has also indicated that it has implemented an interim measure to collect E-911 charges for the prepaid wireless operations. GTA believes that their approach is reasonable in that GTA estimates the number of lines active for any month on the prepaid wireless platform and then charges its reseller the required \$1 fee per active line. GTA has requested that it receive a specific PUC waiver for this interim practice. GTA also indicates that at the current time it has only a minimal amount of prepaid customers (currently approximately 500 customers) and that in its view fully complying with the E-911 requirements would require a substantial investment (\$87,000 one time costs and \$17,500 annually thereafter). This would cost substantially more than the current revenue and would be a detriment to the E-911 fund.

Our assessment of the current situation with regard to the prepaid wireless operations is that the GTA interim measure substantially meets all of the requirements of collection. The concerns appear to be more form over substance. For example, GTA is concerned that it does not individually charge each active line specifically \$1 per month, whereas it bills the reseller \$1 for each active line and

Harry M. Boertzel, ALJ

June 03, 2003

Page 5 of 7

then allows the reseller charge the end user a market based price that includes in aggregate the \$1 fee. GTA has requested a waiver from the PUC for the interim procedure and we recommend that the Commission find that the interim procedure meets the requirements for collection.

IT&E Overseas

As we indicated earlier, IT&E filed a request for reimbursement of historic expense for post paid cellular customers. In addition, it provided information concerning ongoing monthly costs. We have reviewed IT&E costs and work papers and find that they are reasonable for these purposes. The following table below shows the determination of the proposed monthly withholding of E911 funds by IT&E.

We recommend that IT&E retain a total of \$4,340 per month beginning in July 2003 to recover past (through June 30, 2003) and current costs associated with E911. This amount shall be reduced to \$676 per month beginning January 2005, until further PUC order. IT&E should file for a new amount of costs to be retained beginning July 2005 on or before May 1, 2005. Such filing should include a full reconciliation of funds withheld and costs incurred for the period ending June 2005. The following table summarizes the calculation of these amounts for GTA and GTA Cellular (postpaid only):

TABLE 2
IT&E Cost Reimbursement

Historic Costs thru March 31, 2003

	Start Up	Recurrin	TOTAL
		\$	
Programming	\$28,800	\$ 8,640	\$37,440
Tracking/Collection	6,000	11,077	17,077
PUC Reporting	-	9,413	9,413
Sub-Total			<u>\$63,930</u>
April-June 2003		2,028	2,028
Amortization Total			<u>\$65,958</u>
Period (mos)			18
Monthly Amortization			\$ 3,664
Ongoing Monthly Expenses			<u>676</u>
Total Withheld per Month thru Dec '04			<u>\$ 4,340</u>

<i>Prospective Costs</i>	TOTAL
Program Maintenance	\$ 240
Tracking/Collection	308
PUC Reporting	<u>128</u>
Monthly Recurring Expenses	<u>\$ 676</u>

IT&E's position with regard to not collecting or providing funds for E-911 on the prepaid wireless platform is on record with the Commission. There appears to be no change in this position. We continue to be concerned with this action providing an unfair advantage in a competitive field. We note that GTA's interim solution provides for a reasonable estimate for lines in use by month and we believe a similar system would be appropriate for IT&E to implement.

Harry M. Boertzel, ALJ
June 03, 2003
Page 7 of 7

We invite a response from the agents to this letter and look forward to discussing these and other related matters with the agents.

Cordially,

Jamshed Madan

Jamshed Madan
Cc: Bill Blair, Esq.
Walter Schweikert
Collection Agents

C:\GUAM\QFD\Fiscal\2003\06_03_03 Cost Reimbursement Letter.doc

GEORGETOWN CONSULTING GROUP, INC.

716 Danbury Road
Ridgefield, CT 06877



Jamshed K. Madan
Michael D. Dirmeyer

Telephone (203) 431-0231
Facsimile (203) 438-8420

Edward R. Margerison
Jenn Dorrell

jamadan@snet.net

June 16, 2003

Harry M. Boertzel, ALJ for
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: GPUC Docket 99-10 GFD E911- Reimbursement

Dear Harry,

This letter is being provided to you to update the Public Utilities Commission (PUC or Commission) on the status of our recommendations with regard to reimbursement for the Collection Agents contained in our letter of June 3, 2003. In that letter we made recommendations with regard to the reimbursements for both GTA and ITE, the only collection Agents that requested reimbursement and provided supporting cost studies.

During the regulatory meeting on June 16, 2003, GTA provided updated information indicating that a major cost for reimbursement on a going forward basis had been changed due to a change in circumstance. GTA has provided me a letter documenting this change that I have attached to this letter.

Based on this updated information, GTA's reimbursement from July 1, 2003 through December 2004 should be \$28,929 per month and \$7,393 per month beginning January 1, 2005.

If you have any questions please do not hesitate to call.

Cordially,

Jamshed K. Madan

CC: William J. Blair, Esq.
All Collection Agents

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

In re:)
) PDS Docket 10-04
)
Compliance Issues regarding E911)
and Petition for Reimbursement of)
Administrative Costs)

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of Pacific Data Systems Inc. [PDS] for Reimbursement of E911 Collection Agent Costs.¹

BACKGROUND

2. On January 13, 2011, Georgetown Consulting Group Inc, the regulatory consultant of the PUC, issued Reports on PDS Petition for Reimbursement of the E911 Administrative Costs and on issues relative to PDS compliance with its E911 collection duties and responsibilities. ²
3. PUC Counsel has also filed his Report recommending that the PUC adopt the recommendations of GCG.³
4. The PUC adopts the recitation of the background facts set forth in the GCG and Legal Counsel Reports.

DETERMINATIONS

5. PDS violated the statutory requirement of Public Law 25-55 by not remitting the E911 surcharge amounts collected to the Department of Administration no later than forty-five (45) days *after* the end of the month in which the amount is collected.⁴

¹ Letter from PDS to PUC Legal Counsel dated September 14, 2010 re: Reimbursement of 911 Collection Agent Costs at p.1.

² GCG Report Re: E911 Fiscal 2010 Surcharge Summary, sub paragraph (3), PDS Docket 10-04, filed January 13, 2011; GCG Report Re: PDS Request for Reimbursement of E911 Administrative Costs, Docket 10-04, filed January 13, 2011.

³ PUC Counsel Report, PDS Docket 10-04, issued April 3, 2011.

⁴ Public Law 25-55, Section 3(b), enacted June 30, 1999.

ORDER
Petition for Reimbursement of
Administrative Costs
PDS Docket 10-04
April 18, 2011

6. PDS violated the statutory procedure by deducting its expenses from the remittances [actual expenses incurred for collection services] without approval by the PUC.⁵
7. PDS also violated its duty under PUC Order to by failing to remit surcharge collections to DOA, by deducting administrative fees from said remittances without PUC approval, and by failing to comply with its quarterly reporting obligations.⁶
8. However, it does not appear that the violations of PDS were willful. PDS' obligations with respect to E911 surcharge collections may not have been adequately explained at the time it received a Certificate of Authority from the PUC. PDS' Certificate of Authority was issued by the PUC on March 16, 2005; it contained no references to E911 obligations. There is no indication in the PUC records that Collection Agent letters and notices were sent to PDS. The goal of the PUC should be to get PDS into compliance on a going forward basis.⁷
9. PDS has further indicated its good faith by the filing of its petition with the PUC for approval of its collection costs and expenses relative to the E911 surcharge.
10. PDS should be allowed to keep all surcharges collected through January 2011 in full satisfaction of all claims for reimbursement.
11. Starting February 2011, reimbursement to PDS should be \$469 per month. PDS should remit all amounts collected in excess of \$469 per month to the Department of Administration, as required by the E911 Law. In the required quarterly filings, PDS should positively affirm that it has fully collected the outstanding amounts.⁸

⁵ Id., Section 3(c)

⁶ PUC Order, Docket 99-10, issued June 24, 2002.

⁷ GCG Report Re: E911 Fiscal 2010 Surcharge Summary, Docket 99-10, filed January 13, 2011, at p.3.

⁸ Id.

ORDER
Petition for Reimbursement of
Administrative Costs
PDS Docket 10-04
April 18, 2011

ORDERING PROVISIONS

After careful review and consideration of the Petition of PDS, the above determinations, the Reports of GCG and PUC Counsel, and the record herein, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The PDS Petition for Reimbursement of Collection Agent Costs is hereby approved.
2. PDS is hereby authorized to keep all surcharges collected through January 2011 in full satisfaction of all claims for reimbursement.
3. Starting February 2011, reimbursement to PDS for Collection Agent Costs shall be \$469 per month. PDS shall remit all amounts collected in excess of \$469 per month to the Department of Administration, as required by the E911 Law.
4. PDS shall make all quarterly filings and any other filings required by law or PUC Order. In the required quarterly filings, PDS should positively affirm that it has fully collected the outstanding amounts.⁹
5. All regulatory expenses and fees in this docket shall be paid in accordance with the PUC Order, Docket 99-10, dated February 25, 2000, and PUC Order, Docket 99-10, dated June 24, 2002: "Pursuant to Commission Order dated February 25, 2000, the Commission has designated GTA as the Collection Agent responsible for paying from its surcharge receipts, the Commission's regulatory expenses which are incurred under the E-911 Act. GTA shall pay any Commission invoice for expenses incurred under the E-911 within 30 days of receipt."¹⁰

Dated this 18th day of April, 2011.

⁹ Id.

¹⁰ PUC Order, Docket 99-10, dated June 24, 2002, Section 2i at p. 2.

ORDER
Petition for Reimbursement of
Administrative Costs
PDS Docket 10-04
April 18, 2011

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Filomena M. Cantoria
Commissioner

Rowena E. Perez
Commissioner

Michael A. Pangelinan
Commissioner