

# CITIZEN 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 the 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 the 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 the 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 POSITION

The membership of the Commission is comprised as follows:

**2-members** from the business community

**2-members** who are from the community at large

**1-member** who is 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.

## **PUC MEMBERS IN FY2022**

Jeffrey C.  
Johnson  
Chairman

Peter B.  
Montinola  
Vice-Chairman

Joseph M.  
McDonald  
Commissioner

Rowena E.  
Perez-Camacho  
Commissioner

Michael A.  
Pangelinan  
Commissioner

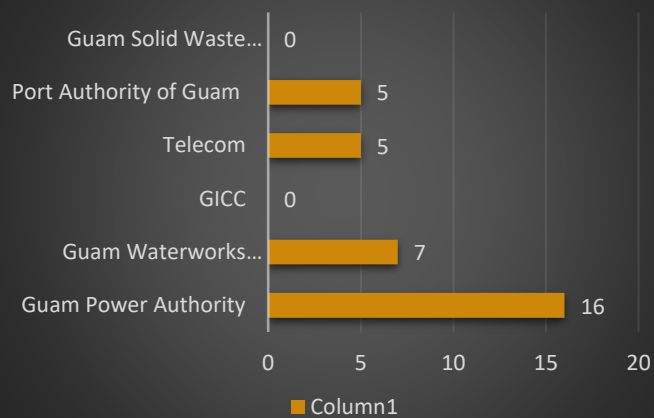
Doris Flores  
Brooks  
Commissioner

Pedro S.N.  
Guerrero  
Commissioner

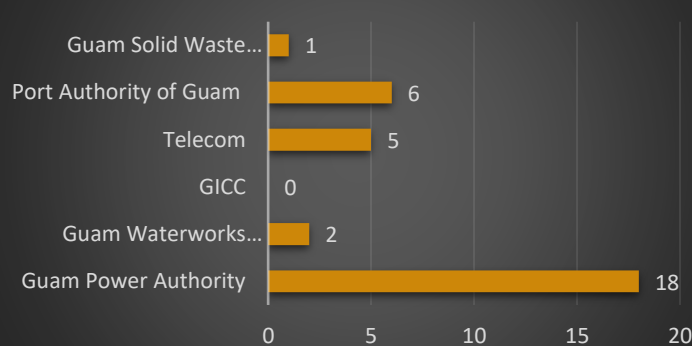
## HOW WE HAVE PROGRESSED

The Guam Public Utilities Commission strives for just and reasonable utility rates for the residents of Guam. Significant regulatory actions for FY2022 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:

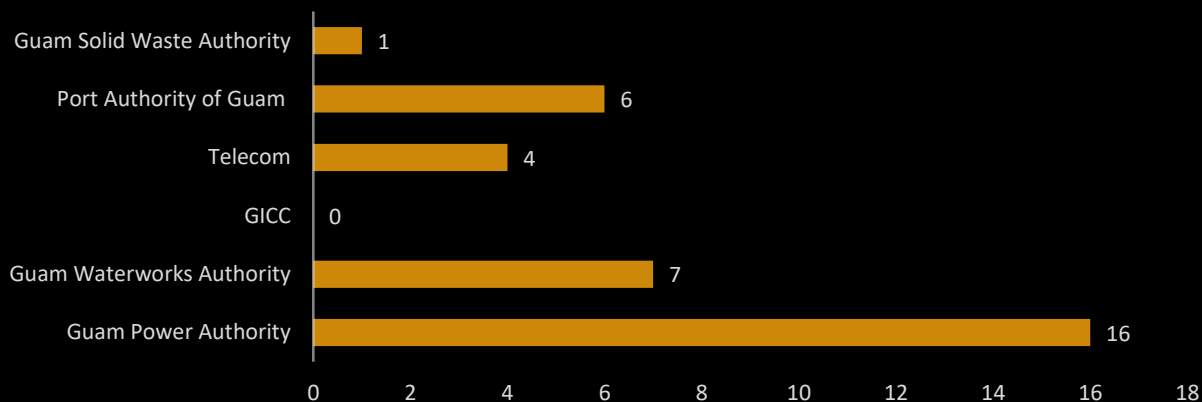
### 2020 Matters Approved



### 2021 Matters Approved



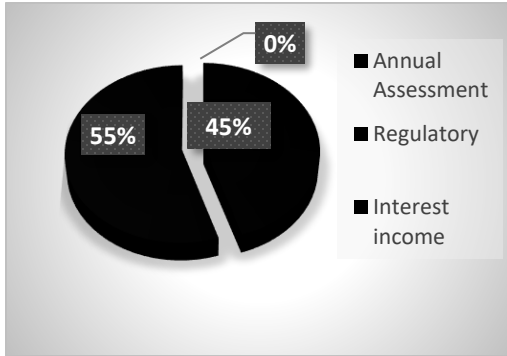
### 2022 Matters Approved



FY2022	Numbers of matters heard	Number approved	Number denied	Number granted in part; denied in part
<u>Guam Power Authority</u>	20	16	2	2
<u>Guam Waterworks Authority</u>	10	7	0	3
<u>Telecommunications</u>	4	4	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

# REVENUE AND EXPENSES

For the Fiscal Years Ended September 30, 2022  
and September 30, 2021



Revenues	2022	2021	% Change
Annual Assessment	\$ 495,000	\$510,000	-3%
Regulatory fees	\$ 506,516	\$ 452,849	11%
Interest income	\$ 53.05	\$ 97.00	-81%
Total*	\$1,001,569	\$ 962,946	4%

Expenses	2022	2021	% Change
Administrative- Professional Fees	\$ 144,046	\$ 170,870	-19%
Regulatory - Professional Fees	\$ 506,516	\$ 452,849	11%
Administrative expenses	85,360	75,293	12%
Commissioner expenses	99,902	102,256	-2%
Depreciation expenses	2,715	630	77%
IT expenses	5,200	6,790	-31%
Office rent	32,607	28,513	13%
Office expenses	5,485	9,502	-73%
Utilities	4,310	4,374	-15%
Publication expenses	26,249	40,988	56%
Naruc expenses	0.00	0.00	0%
Xerox	4,053	3,417	16%
Total*	\$ 916,443	\$ 895,482	2%

\*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 <a href="http://www.quampuc.com/about-us">http://www.quampuc.com/about-us</a>. Previous financial statements can be found at the Guam Legislature's website at <a href="http://www.guamlegislature.com">http://www.guamlegislature.com</a>.</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

## Major PUC Actions in FY2022

- based upon rapidly rising fuel oil prices, the PUC increased the Levelized Energy Adjustment Clause Factor from \$0.171458 per kWh in February 2022 to \$0.318576 per kWh in November 2022.
- suspended a GPA policy that would have required new net metering customers to include battery storage in their systems; GPA had not justified the policy nor completed studies that the PUC had required.
- approved the ten-year GPA/Navy Utility Service Agreement; Navy recognized GPA as its electric service provider and the regulatory authority of the PUC to set base rates for GPA electricity service. The Navy also transferred certain generation and transmission facilities to GPA.



- approved the Contract with TEMES Inc. for the Cabras 2 overhaul.
- issued a Rate Decision in Phase 2 of the GWA rate case; GWA requested increases of 10% in FY2022, and FY2023, and 7% in FY2024. PUC did not award an increase for FY2022 but awarded increases of 5.5% for both FY2023 and 2024.
- authorized a procurement for an IDIQ Contract for Construction Management for GWA's Island wide Sewer Collection/Transmission System Repair, Rehabilitation, and Replacement project for up to \$13M.
- approved the Port Authority Procurement Contract Award to Sumitomo Mitsui Construction Company for the Rehabilitation of Hotel Wharf and Highway 11 Roadway Reconstruction at a cost of \$46,331,895.00.
- authorized GSWA to extend the Leyon Landfill Operator Contract for three years, and to enter certain amendments with the Operator GGH Guam which produces savings to GSWA of \$6.3M, increases waste acceptance at the facility to 100,000 tons per year, and provides additional soil cover placement for cells 1,2, and 3.

## PUC's Outlook

In FY2022, the PUC carried out its regulatory duties within budget and successfully handled its ongoing workload. There was an increase in the number of regulatory matters handled by the PUC as compared to the prior fiscal year.



PUC anticipates that its scope of work will increase in the upcoming fiscal year with possible rate increase requests from several utilities. In the course of its regulatory duties over the past year, the PUC has noted that the operational costs of the utilities have increased substantially due to inflation and other factors. These increased costs could place pressure on the utilities to seek rate increases.



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