

**GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
March 28, 2024
GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA**



MINUTES

The Guam Public Utilities Commission [PUC] conducted a special meeting commencing at 6:30 p.m. on March 28, 2024, pursuant to due and lawful notice. The meeting was called to order at 6:35 p.m. **Commissioners Jeffrey C. Johnson, Peter Montinola, Joseph McDonald, Rowena Perez-Camacho, Michael Pangelinan and Doris Flores-Brooks** were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

1. Approval of Minutes of February 29, 2024.

The Chairperson announced that the first item of business on the agenda was the approval of the minutes of February 29, 2024. Commissioner Pangelinan moved to approve the minutes of the February 29, 2024 meeting subject to corrections, which motion was seconded by Commissioner McDonald, the motion passed unanimously.

2. Guam Water Authority.

The Chairperson announced that the next item of business on the agenda was Guam Water Authority ("GWA") Docket 19-08, Petition to Approve a New Rate Design Structure, Concentric Energy Advisors Report, ALJ Report, and Proposed Order. Commissioner Pangelinan recused himself from all GWA matters as his law office represents GWA in an ongoing litigation.

ALJ Horecky noted the presence of Bickey Rimal of Concentric Energy Advisors ("CEA Rimal"), who was present via Zoom. ALJ Horecky provided an overview of proposed rate design changes, emphasizing their impact on signaling consumption patterns and the subsidy dynamic between residential and other ratepayer classes. He highlighted efforts to rectify the imbalance between water and wastewater rates, aiming to shift \$2 million from water to wastewater rates. However, he clarified that the approval tonight only pertains to the rate design structure itself, not its immediate implementation. While the principles outlined in the CEA report would not affect 2024 or 2025 rates, they may be integrated into future rates, earliest in 2026, pending PUC approval. This allows for further review of their impact before implementation.

Commissioner Flores-Brooks questioned the delay in implementing the proposed rate changes, to which ALJ Horecky explained it was at GWA's request, aiming for

implementation no earlier than 2026. He swiftly outlined the proposed changes, focusing on a shift from a two-tier to a three-tier system for residential water rates, with adjustments in pricing tiers. For wastewater rates, there is a shift from fixed fees to meter size-based charges for residential customers and the introduction of fixed base charges for non-residential customers, alongside slight increases in volumetric charges for both groups. These changes aim to better align costs with usage and address current imbalances. ALJ Horecky then invited questions and discussion on rate impacts, with further details available upon request.

Chairman Johnson thanked ALJ Horecky and invited CEA Rimal to comment. CEA Rimal acknowledged ALJ Horecky's comprehensive summary and expressed readiness to address any questions from the Commissioners or delve deeper into specific areas if needed.

When invited to provide comments to the docket, GWA GM Miguel Bordallo (GWA Bordallo) provided background on the analytical study and rate design, originally part of a comprehensive review stipulated between Georgetown and GWA. The study aims to increase flexibility for future rate adjustments while aligning costs with service. Despite prior discussions and presentations to PUC rate consultants, there was no consensus reached during adjudication. However, GWA still believes in the merits of the proposed structure. While it will not impact rates until at least 2026, GWA seeks PUC approval for future implementation. GWA Bordallo emphasized the need for aligning residential wastewater charges with usage, citing increased consumption during the pandemic. He expressed gratitude for Concentrics's involvement and highlighted the thorough vetting process.

A discussion ensued between the Commissioners, ALJ Horecky, CEA Rimal, and GWA Bordallo. Commissioner Flores-Brooks expressed concern about the tiering structure in the residential rates, particularly the impact on customers consuming between 3,000 and 5,000 gallons. She queried if an analysis was done on the number of affected customers. GWA Bordallo acknowledged the concern and mentioned that over 50% of residential customers use less than 5,000 gallons, but did not have specific data on those affected by the 3,000-to-5,000-gallon bracket. He noted that the breakpoint at 3,000 gallons was based on minimum health and sanitation requirements rather than the number of affected customers.

Commissioner Flores-Brooks raised concerns about the tiering structure, particularly regarding bill reductions for higher consumption levels under the proposed plan. GWA Bordallo clarified that while the cost per gallon might decrease within certain tiers, overall consumption would still result in higher bills. Commissioner Flores-Brooks emphasized the potential bill increases for customers consuming between 3,000 and 5,000 gallons. ALJ Horecky explained that the combined impact of water and wastewater charges might result in reductions for some customers, as indicated in Table 6 of the report. CEA Rimal provided additional insight into customer usage levels, indicating that

approximately 30% of customers fall within the 3,000-to-5,000-gallon range. Chairman Johnson reiterated that the current analysis provides a snapshot and future adjustments will be made based on evolving circumstances.

Commissioner Perez-Camacho expressed concerns about the impact on customers using 5.8 kGals, noting the combined water and wastewater charges. Commissioner Bordallo confirmed the impact. Commissioner Montinola sought clarification on the tiered billing structure, particularly regarding the transition between tiers and the potential impact on bills. Commissioner Horecky explained the process for reviewing and adjusting rates in 2026, emphasizing the flexibility to modify the implementation and spreading out the impact over several years. Commissioner Bordallo clarified that while the overall revenue requirement would remain the same, adjustments could be made within rate components based on the approved rate structure.

Commissioner Flores-Brooks raised questions about the potential impact of the rate design on different customer segments, particularly regarding who would see the most significant increase in rates. GWA Bordallo clarified that the rate design aimed to align with cost-of-service principles and mitigate impacts on vulnerable residential customers and struggling commercial sectors. Commissioner Montinola simplified the concept, explaining that the design aimed to balance costs based on usage, with larger users bearing more responsibility. Chairman Johnson affirmed that residential customers on fixed incomes would likely benefit most from the proposed structure.

Commissioner Perez-Camacho raised concerns about the impact of the rate design on residential water-only customers, particularly those on septic systems. She noted discrepancies in rate changes based on meter size and consumption levels. GWA Bordallo explained that the rate changes were influenced by the three-tier volumetric charge structure, which aims to align with national standards for basic health and sanitation. Commissioner Perez-Camacho suggested the possibility of adding a fourth block for consumption between 3,000 and 5,000 gallons to better accommodate the transition and ensure fairness in pricing. GWA Bordallo acknowledged the suggestion and highlighted the rationale behind the existing block structure, emphasizing the importance of sending pricing signals to encourage conservation without overly complicating the system.

Commissioner Flores-Brooks questioned the basis for using 3,000 gallons as the threshold for basic health and sanitation needs. GWA Bordallo explained that it was determined based on research within the industry and national affordability studies, considering factors like household size and median income. Commissioner Flores-Brooks expressed skepticism about the applicability of this threshold to Guam's population. GWA Bordallo agreed to provide additional justification for the chosen threshold. Commissioner Perez-Camacho then clarified that the rate structure was designed to encourage water conservation and achieve a balance between fixed and volumetric rates for both water and wastewater, which GWA Bordallo confirmed.

ALJ Horecky also addressed Commissioner Perez-Camacho's question by explaining that creating another block from 3,000 to 5,000 gallons would contradict the goal of reducing subsidies and achieving a balance between water and wastewater charges. Commissioner Montinola emphasized the mathematical aspect, highlighting that the proposed change from 5,000 to 3,000 gallons would result in only an \$8 increase for those using between 3,000 and 5,000 gallons, offset by a \$20 discount on the base rate for a three-quarter inch connection.

Commissioner Perez-Camacho inquired about updates on the aquifer study, recalling projections of potential issues within 10 years. GWA Bordallo explained that WERI produces an annual state of the aquifer report, with periodic studies on specific aspects like nitrates related to septic tanks. They also collaborate with WERI to request studies on certain topics. GWA Bordallo mentioned plans to address emerging contaminants like PFAS and their potential contribution from septic tanks, with WERI tasked to conduct a study on this in the coming year.

Commissioner Flores-Brooks raised questions regarding the shift of \$2 million from water to wastewater as part of the rate design. GWA Bordallo and ALJ Horecky explained that this shift aims to align revenues with expenses but won't adversely affect water since it currently over-recovers. They discussed the proposed rate structure, including changes in rates for different usage tiers and the potential impact on customers. The discussion also touched on the possibility of revisiting the rate design principles for implementation in FY 2026, with a focus on ensuring fairness and cost-effectiveness across all user classes.

Commissioner Flores-Brooks sought clarification on which customer class would bear the brunt of the \$2 million shift from water to wastewater. ALJ Horecky explained that while the majority of customers are residential, the impact would be felt more by commercial, hotel, and government sectors, which subsidize residential users. He noted that the impact varies within these classes, with low users being affected more significantly proportionally, although not necessarily in terms of absolute increase. He referred to GWA's figures, indicating an overall reduction in impact for residential customers compared to other classes.

Commissioner Montinola moved to approve the draft order granting the petition which motion was seconded by Commissioner McDonald after some discussion about lifeline thresholds and the possibility of future adjustments. The motion passed with five (5) in favor and one (1) recused.

3. Guam Solid Waste Authority.

The Chairperson announced that the next item of business on the agenda was Guam Solid Waste Authority ("GSWA") Docket 24-03, Petition to Approve a New Rate Design Structure, Concentric Energy Advisors Report, ALJ Report, and Proposed Order.

ALJ Horecky requested a short break, to which the Chairman allowed a five (5) minute recess.

(Recess was taken from 8:04 p.m. to 8:06 p.m.)

ALJ Horecky presented the application from the GSWA to increase funding for the temporary staffing services contract with Pacific Human Resource Services, Inc. (PHRS). The original contract approved by the PUC in November 2022 allocated \$2.2 million over three years, but due to unforeseen circumstances and increased demand for temporary employees, GSWA anticipates exceeding the approved amounts for Year 2 and Year 3 by \$768,701. This includes \$539,701 for Year 2 and \$229,000 for Year 3. The increase in funding is necessary to address operational challenges, including those resulting from Typhoon Mawar, and ensure the completion of essential services. GSWA has made efforts to reduce reliance on temporary staffing but still requires additional personnel.

ALJ Horecky recommended that the Commission approve the increase in funding, bringing the total contract amount to \$2,770,701. A proposed order reflecting these changes was submitted for consideration.

GSWA General Manager Irvin Slike (GSWA Slike) stated that while the intent is to transition towards a permanent workforce due to their higher caliber and dedication, unforeseen circumstances following Covid and Typhoon Mawar caused delays. Temporary workers who initially joined with the hope of securing permanent positions left due to changes in the labor market, while existing permanent staff faced issues like paternity leave or medical conditions. The increase in temporary staffing costs is temporary, and GSWA expects to improve as positions are filled. Additionally, sufficient revenues, including reimbursement for typhoon-related expenses and income from soil jobs, ensure that these increases will not impact rates. He invited further questions if needed

A discussion ensued between the Commissioners, GSWA Slike regarding the matter. During the discussion, Commissioner Flores-Brooks questioned a substantial 45% increase in the rate for sanitation workers from \$16.95 to \$24.56 under the PHR contract. GSWA Slike explained that while the rate is slightly higher than what GovGuam pays for permanent workers, it reflects the current market rate due to factors like the military buildup. Commissioner Montinola further clarified the bill rate for temporary workers and inquired about overtime, which GSWA Slike attributed to delays and backlogs in waste collection. He also noted a shift from difficulties in acquiring trucks to challenges in finding enough drivers.

Commissioner Perez-Camacho inquired about the number of trucks currently in operation and the status of new truck acquisitions. GSWA Slike mentioned having 10 serviceable trucks with ongoing maintenance to ensure increased uptime. He also noted

the receipt of five new trucks, with one expected at the month's end and four more by June 2025. Regarding staffing, he mentioned having four equipment operators and eight sanitation workers, with plans to reduce those numbers by April. Commissioner Perez-Camacho then asked about the ideal staffing levels for servicing the entire island, to which GSWA Slike suggested retaining at least two equipment operators and six to eight sanitation workers, potentially increasing to four equipment operators depending on labor market availability.

Commissioner McDonald inquired about the status of the electric trucks and GSWA Slike mentioned issues with registration and acquiring chargers. They are working on installation at the Layon Landfill. Regarding future contracts for temporary workers, Commissioner Montinola asked if they anticipate ongoing budgeting for this and if there are any restrictions in their current contract with PHRS regarding hiring temporary workers permanently. GSWA Slike indicated that while there are no restrictions, they anticipate the need for temporary labor to continue due to business fluctuations and competition for labor.

Commissioner Flores-Brooks asked GSWA Slike about the competition for personnel in the waste management industry and whether other companies are facing similar challenges. GSWA Slike mentioned that competition for labor is mainly coming from individuals transitioning from the waste management sector to construction. Additionally, Commissioner Flores-Brooks inquired about the status of recycling, to which GSWA Slike explained that due to a lack of market, plastic recycling is currently being buried at the landfill. However, he mentioned ongoing discussions with shipping companies in American Samoa and Fiji to potentially establish a cooperative recycling program that could lead to better market opportunities and free transportation of recyclables to various ports.

Commissioner Pangelinan raised questions regarding the preference of temporary workers for higher-paying positions in construction over permanent positions in waste management. GSWA Slike clarified that the issue lies in the pool of available workers opting for better-paying opportunities elsewhere. Commissioner Pangelinan also inquired about potential cost savings by hiring temporary workers through PHRS rather than employing permanent staff directly. GSWA Slike explained that while there may be initial cost savings without benefits, the long-term retention and stability of permanent employees often outweigh the temporary labor costs. Additionally, Commissioner Montinola asked about the establishment of hourly rates, to which GSWA Slike confirmed adherence to GovGuam schedules.

There being no further discussions, Commissioner Montinola moved to approve the draft order granting the petition which motion was seconded by Commissioner McDonald, and the motion passed unanimously.

4. Guam Waterworks Authority (Continued)

The Chairman announced the postponement of the discussion on the GWA Docket 24-06, concerning a petition for GWA's Upper Tumon Campus Improvements Tier Design Build, until the next meeting. ALJ Joephet Alcantara confirmed the postponement.

5. Guam Power Authority

The Chairperson announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 23-15, Petition of the Guam Power Authority to Approve the Award of 20 Megawatts Temporary Power, ALJ Report, and Proposed Order.

ALJ Horecky highlighted the lengthy and challenging process undertaken by GPA to secure 20 megawatts of temporary power. He commended GPA's persistence despite various setbacks, emphasizing the urgency to prevent potential load shedding, particularly with warmer weather approaching. The process involved legislative changes, including amendments to GPA's Organic Law and Emergency Procurement Law. Aggreko was selected as the sole bidder capable of providing power within the required timeframe of 100 days. Negotiations ensued to address changes requested by the Attorney General, eventually resulting in a signed contract between Aggreko and GPA, which was confirmed during the meeting. Despite the significant cost of the contract, it was deemed necessary to avoid load shedding.

With a signed contract now in hand, ALJ Horecky recommended the Commission approve the emergency procurement for temporary power, awarding Aggreko the responsibility to supply, install, operate, and maintain the power services at the Yigo CT site. He acknowledged the contract's significant cost but deemed it a reasonable measure to avert load shedding until the Ukudu plant is operational.

GPA GM John Benavente (GPA Benavente) expressed gratitude to the team for their efforts in finalizing the necessary signatures for the contract. He emphasized the importance of the Commission's approval, noting that the Notice to Proceed would commence on April 1st, with a projected contract period until July 5th - 11th. Acknowledging the rising load demands, particularly with the base load reaching 233 megawatts, he outlined ongoing efforts to address other machinery issues and additional support from the Department of Defense. GPA Benavente highlighted the significant cost of the temporary power, necessitating a reduction from 40 to 12 megawatts to align with the budget. He explained that despite the contract's cost, fuel savings would offset expenses, benefiting consumers. Stressing the critical need for the 20 megawatts to avoid load shedding, he outlined the timeline for machine arrival and operational readiness, aiming for completion by April and accommodating up to 40 megawatts by the end of June.

A discussion ensued between the Commissioners, GPA Benavente and GPA CFO John Kim concerning the matter.

The discussion primarily focused on the utilization of temporary power generators from Aggreko, plans for restoring old generators in Yigo, and updates on the Ukudu power plant project, with the key points as listed:

- Aggreko's 20 megawatts will be used temporarily at the Yigo site, with some units moved to the GPA site and others stored nearby until needed.
- GPA will seek Aggreko's expertise to assess and recommend repairs for existing units and to improve efficiency.
- The contract with Aggreko involves fixed capacity and operation fees, with potential fuel savings compared to older units.
- The two-year Aggreko contract is seen as a short-term solution until Ukudu power plant is fully operational, expected by January 2026.
- Ukudu's testing phase will begin around February 2025, with gradual commissioning of units and potential fuel savings once operational.
- There are penalties and incentives tied to Ukudu's completion date, with potential delays due to various factors including typhoons.
- The current GPA under-recovery is \$32 million, with a plan to achieve 50% recovery by July 2025.
- Fuel prices are increasing, impacting transportation costs and contributing to under-recovery.
- The temporary power from Aggreko is expected to help expedite the under-recovery process through fuel savings.

Overall, the discussions highlighted the importance of temporary solutions like Aggreko's generators while waiting for long-term projects like Ukudu to come online, as well as ongoing efforts to manage costs and improve efficiency in the face of challenges like rising fuel prices.

There being no further discussion, Commissioner McDonald moved to approve the draft order granting the petition which motion was seconded by Commissioner Montinola, and the motion passed unanimously.

6. Administrative Matters.

The Chairperson announced that the next item of business on the agenda was Administrative matters beginning with Resolution Number 24-01, regarding the

extension of Administrative Law Judge Services Agreement of the Guam Public Utilities Commission was discussed. ALJ Horecky noted that this resolution is similar to the one approved last August, and it aims to extend his services for another year.


There being no discussion on the matter, Commissioner Pangelinan moved to approve the Resolution which motion was seconded by Commissioner McDonald, and the motion passed unanimously.

- **Update regarding maturity of first Time Certificate of Deposit (TCD) [for informational purposes only]**

The Chairperson announced that the next item of business on the agenda was the Update regarding maturity of first Time Certificate of Deposit (TCD) [for informational purposes only]. PUC Administrator Lourdes R. Palomo (PUC Administrator) provided an update on the maturity of a first-time certificate of deposit. PUC Administrator informed the Commission that the certificate would mature the following day, accruing \$2,150. The decision was made to roll over the entire \$52,000, including interest, into the same account at Coast 360. Documents were prepared for the signatories to sign another application, and a letter to the bank would be drafted to indicate the decision to roll over the funds at the current interest rate of 4.5%, potentially fluctuating back to 4.3%. No resolution was deemed necessary unless there were changes to the signatories or account details. The Commission discussed interest rates, with some members suggesting it might be higher. Chairman Johnson concluded the discussion, expressing curiosity about future rates and concluding the meeting.

Chairman Johnson called for a motion to roll over the TCD, which was made by Commissioner Montinola and seconded by Commissioner Pangelinan. PUC Administrator clarified that while a resolution was not necessary, a motion was needed to record the decision. The motion passed unanimously.

There being no further business, the Commissioner Pangelinan moved to adjourn the meeting, which was seconded by Commissioner Montinola. The meeting adjourned at 9:22 p.m.



Jeffrey Johnson
Chairperson

ATTACHMENT A
THE GUAM PUBLIC UTILITIES COMMISSION
NOTICE OF PUBLIC MEETING

NOTICE IS HEREBY GIVEN that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on March 28, 2024, Suite 703, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

1. **Call to Order**
2. **Approval of Minutes of February 29, 2024**
3. **Guam Solid Waste Authority**
 - **GSWA Docket 24-03:** Petition to Increase Funding for Temporary Staffing Services Contract with Pacific Human Resource Services, Inc.; ALJ Report; and Proposed Order
4. **Guam Power Authority**
 - **GPA Docket No. 24-15:** Petition of the Guam Power Authority to Approve the Award of 20MW of Temporary Power; ALJ Report; and Proposed Order
5. **Guam Waterworks Authority**
 - **GWA Docket 24-06:** Petition for GWA to Procure Design-Build for GWA's Upper Tumon Campus Improvements; ALJ Report; and Proposed Order
 - **GWA Docket 19-08:** Petition to Approve a New Rate Design Structure; Concentric Energy Advisors Report; ALJ Report; and Proposed Order
6. **Administrative Matters**
 - **Resolution No. 24-01: Relative to Extension of Administrative Law Judge Services Agreement with the Guam Public Utilities Commission**
 - **Update regarding maturity of first Time Certificate of Deposit (TCD) [for informational purposes only]**
7. **Adjournment**

Further information about the meeting may be obtained from the PUC's Administrator Lourdes R. Palomo at 671-472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Mrs. Palomo.

This Notice is paid for by the Guam Public Utilities Commission

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:) GWA Docket 19-08
)
AMENDED PETITION TO APPROVE A)
NEW RATE DESIGN STRUCTURE FOR) **ORDER**
THE GUAM WATERWORKS)
AUTHORITY AS PROPOSED IN PUC)
GWA DOCKET 19-08)
_____)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] pursuant to the Amended Petition of the Guam Waterworks Authority [“GWA”] for PUC Review and Approval of GWA’s proposed rate design structure for water and wastewater rates, as properly introduced and on record in PUC GWA Docket 19-08.¹

BACKGROUND

The PUC adopts the Background statement in the ALJ Report dated February 26, 2024. As set forth in the ALJ Report, the PUC is now considering the following changes to GWA’s Rate Design: (1) replacement of a Two-Tier Volumetric Charge System in the Water Rate Structure with a Three-Tier Volumetric Charge System for Residential Customers; (2) a slight increase in Water Volumetric Charges for Commercial Classes; (3) regarding the Wastewater Rate Structure, a change in Residential monthly base charges from fixed to being based upon meter sizes; (4) implementation of wastewater fixed monthly base charges for Non-Residential Classes; (5) implementation of volumetric wastewater charges for residential customers; and (6) a slight increase in volumetric wastewater charges for non-residential customers.

¹ GWA Amended Petition, GWA Docket 19-08, dated April 3, 2023.

DETERMINATIONS

1. The PUC Consultant, Concentric Energy Advisors, has submitted a detailed report including a description of the rate design changes proposed by GWA and a rate evaluation. Overall, CEA has determined that all the changes proposed by GWA to the rate structure are reasonable, based on cost causation, and generally send appropriate price signals to customers.
2. It is appropriate for GWA to reduce the present subsidization by the water system of the wastewater system. The proposed rate design will reduce the inter-system subsidy and move the two systems closer to their cost of service.
3. The PUC adopts both the CEA Report and the ALJ Report dated February 26, 2024, and all findings, conclusions, and recommendations therein.
4. The adoption by GWA of a Three-Block Volumetric water charge for the residential class is reasonable from a conservation and cost causation standpoint.
5. Under the current Two-Tier structure, usage of 5.0 kGals or less monthly is billed at \$3.51/kGal; usage above 5 kGals monthly is billed at \$14.58/kGal. Under the proposed Three-Tier structure, the breakpoint of the First Block will be reduced from 5kGals to 3kGals. Such usage will be billed at \$3.50/kGal. In the Second Block, monthly usage from 3kGals to 10 kGals will be billed at \$7.50/kGal. In the Third Block, monthly usage above 10 kGals will be billed at \$15.00/kGal.
6. The proposed Three-Block Volumetric charge system for residential customers is in line with cost-of-service principles. The reduction of the breakpoint for the First Block from 5 kGals to 3kGals will mean that rate charges for residential customers are more in line with cost-of-service principles—the amount that residential ratepayers pay is closer to the cost of the water with which they are provided.

7. While the volumetric water rates for the non-residential classes increased marginally across the board, the non-residential water rate design is mostly unchanged in the proposed changes.
8. For Wastewater Rates, GWA proposes that residential customers will be charged a meter-based monthly fixed charge rather than the current monthly charge irrespective of meter size. Customers will have a greater incentive to conserve water. For the non-residential customers, GWA also proposes the introduction of a meter-based monthly fixed charge. These are reasonable structural changes for both the residential and non-residential customer charges.
9. Introduction of a fixed monthly charge for commercial customers is consistent with water utility practice in the United States. According to the PUC Consultant CEA, many utilities have both fixed monthly charges and volumetric charges for water and wastewater customers. A water utility may implement uniform rates plus a fixed charge. With a fixed monthly baseline charge, the utility recovers fixed costs from its customers regardless of their volumetric consumption. This is rational in that a water utility faces some costs that do not differ with consumption.
10. The introduction of a flat volumetric charge for residential wastewater services is a reasonable structural change from the current rate where customers pay a fixed monthly fee irrespective of the amount of wastewater they generate.
11. There is also a slight increase in the wastewater volumetric charges for the non-residential customers, which is also reasonable.
12. Both the CEA Report and the ALJ Report have provided a substantial amount of information concerning the impact of these structural rate design changes upon GWA ratepayers. The PUC fully adopts the rate impact findings of CEA and the ALJ, and adopts the supporting data and exhibits contained therein and incorporates them by reference into this Order.

13. The “average” residential customer will experience a decrease in their total water and wastewater bills resulting from the rate design structure changes. GWA has estimated that the average bill impacts from applying the rate design structure changes to the FY2024 rates would be an overall reduction in water and wastewater rates for the residential class, but increases in the average bill impact for commercial, hotel, and government classes within a range of 2.9% to 4.9%.
14. CEA has recommended that GWA phase-in the initial base fixed monthly wastewater charge to minimize the impact to low usage wastewater customers. This recommendation will be further considered by the PUC at such time when it determines that the rate design changes proposed by GWA should be implemented.
15. GWA has already indicated for the record that it does not intend to implement these rate design changes for FY2025 and not until FY2026 at the earliest. Before these rate design principles can be embedded in actual rates, the PUC must understand how the implementation of the rate design structure principles will affect rates in the year or years in which the new rate design structure is implemented.
16. After the PUC determines water and wastewater rates for FY2026, it will conduct further proceedings through its Consultant and ALJ, to recommend when the proposed rate design proposals should be implemented and whether there should be a phase-in of such implementation.

ORDERING PROVISIONS


After careful review and consideration of the above determinations, the GWA Amended Petition to Approve a New Rate Design Structure, the Concentric Energy Advisors Report dated February 20, 2024, the ALJ Report dated February 26, 2024, 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 the following:

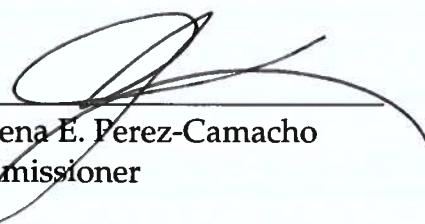
1. The findings, conclusions and recommendations in the CEA Report and the ALJ Report are hereby approved and adopted.
2. The rate design proposals of GWA, as described in the recommendations of said Reports, are approved in principle.
3. Before these rate design principles are embedded in rates, the PUC must first understand the applicable rates to which these principles are being applied. After the PUC determines new GWA water and wastewater rates for FY2025, 2026, and FY 2027, it will be in a better position to determine when the new rate design structure should be implemented and whether there should be a phase-in of such implementation.
4. After the adoption of FY2025, 2026 and FY2027 GWA rates, the PUC will conduct further proceedings, through its Consultant and the ALJ, to determine the years for which the rate design principles should be implemented and whether there should be a phase-in of such implementation.
5. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses are authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
Amended Petition to Approve
a New Rate Design Structure
GWA Docket 19-08
March 28, 2024


Dated this 28th day of March 2024.



Jeffrey C. Johnson
Chairman

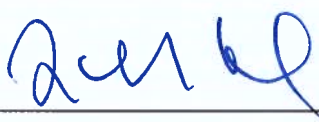


Rowena E. Perez-Camacho
Commissioner




Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)

GSWA Docket 24-03)

The Application of the Guam Solid Waste Authority to Increase the Funding for the Temporary Staffing Services Contract with Pacific Human Resources Services, Inc.)

ORDER



INTRODUCTION

This matter came before the Guam Public Utilities Commission [PUC] pursuant to the Guam Solid Waste Authority [“GSWA”] Petition to Increase Funding for the Temporary Staffing Services Contract with Pacific Human Resources Services, Inc. [“PHRS”].¹

BACKGROUND

On November 29, 2022, the PUC approved an award and contract between GSWA and Pacific Human Resources, Inc. [“PHRS”] for temporary Staffing Services.² The term of the PHRS contract is from October 1, 2022 through September 30, 2025. The PUC approved the total contract funding of \$2,002,000.00 allocated over 3 years: Year 1 (FY2023): \$1,100,000.00; Year 2 (FY2024): \$451,000.00; and Year 3 (FY2025): \$451,000.00.³ Due to “unforeseen operational challenges and increased demands for temporary employees, specifically equipment operators and sanitation workers,” GSWA anticipates exceeding the approved amount for Year 2 and Year 3 by the total amount of \$768,701.00 (\$539,701.00 for Year 2 and \$229,000.00 for Year 3).⁴

¹ GSWA Petition, GSWA Docket 24-03, dated March 12, 2024.

² PUC Order, GSWA Docket 23-02, dated November 21, 2022 at p. 10.

³ GSWA Petition, GSWA Docket 24-03, dated March 12, 2024, at p. 1.

⁴ Id.

Through GSWA Board Resolution No. 2024-006, Relative to Approval to Increase Funding for Temporary Staffing and Services Contract, dated March 7, 2024, the Board of Directors of the Guam Solid Waste Authority approved an increase in funding for the contract with Pacific Human Resources Inc. for Year 2 (FY2024) by \$539,701.00, and Year 3 (FY2025) by \$229,000.00 (total increase of \$768,701.00) to accommodate the increased demand for temporary staffing services.⁵

The new total contract award would now be, if the increase is approved by the PUC, \$2,770,701.00.

DETERMINATIONS

1. GSWA's Contract Review Protocol

The PUC previously approved the Award and Contract to PHRS for Temporary Staffing in the amount of \$2,002,000.00.⁶ However, at present, GSWA seeks to increase the funding for the PHRS contract in the amount of \$768,701.00, from \$2,002,000.00 to a new total of \$2,770,701.00. Par. No. 9 of the Contract Review Protocol between the Guam Solid Waste Authority and the Guam Public Utilities Commission provides as follows:

"GSWA shall not incur expenses for PUC approved internally financed contracts and obligations in excess of 10% over the amount authorized by the Commission without prior PUC approval. In the event that GSWA estimates that it will exceed the PUC approved level of expenditures by more than 10%, it shall submit to the PUC the revised estimate and full explanation of all additional costs."⁷

⁵ Exhibit 2 to GSWA Petition, dated March 7, 2024.

⁶ PUC Order, GSWA Docket 23-02, dated November 29, 2022, at p. 3.

⁷ The Contract Review Protocol for the Guam Solid Waste Authority, GSWA Docket 19-02 & Administrative Docket, par. 9 at p.4.

Here, the increase contemplated by GSWA constitutes roughly a 38% increase in the contract amount originally approved by the PUC. Therefore, the proposed increase in funding for the PHRS Contract requires prior review and approval by the PUC.⁸

2. GSWA Explanation and Justification for Additional Funding for Temporary Staffing Services.

In its contract approval request to the PUC in 2022 for the PHRS contract, GSWA assumed that “[T]he approved budget allocation for Year 2 and 3 was intended to cover the employment costs of 2 equipment operators and 6 sanitation workers.”⁹ However, as of today, GSWA has a total of 18 temporary employees, far exceeding the initial projections.¹⁰ In GSWA Docket 23-02, GSWA indicated that it has been unsuccessful in recruiting for positions such as Sanitation Worker and Equipment Operator.

From October 1, 2023 to April 1, 2024, there have been and will be 18 temporary employees: 6 Equipment Operators and 12 Sanitation Workers. From April 1, 2024 to April 28, 2024, GSWA will have 16 temporary employees: 6 Equipment Operators and 10 Sanitation Workers. From April 28, 2024 to September 30, 2024, GSWA will have 12 temporary employees: 4 Equipment Operators and 8 Sanitation Workers.¹¹

⁸ Contract Review Protocol for the Guam Solid Waste Authority, GSWA Docket 19-02 & Administrative Docket, Order, dated July 29, 2019, par. 9 at p. 4.

⁹ GSWA Petition at p. 1.

¹⁰ Id.

¹¹ PHRS Breakdown Projected Cost Estimates, submitted by GSWA CFO Kathrine Kakigi to PUC ALJ Fred Horecky, in an email dated March 18, 2024: attached to the ALJ Report as Exhibit “1”.

The total cost for temporary employees for FY2024, from October 1, 2023, to September 30, 2024 is \$946,493.02.¹² GSWA indicates that it has hired 2 permanent sanitation workers effective April 1, 2024 and foresees filling the 4 permanent equipment operators by April 28, 2024, which will bring down the temporary staffing from 18 to 12.¹³

As indicated by GSWA, its funding for temporary employees under the PHRS contract for FY2024 (Year 2) is short by \$539,701.00.¹⁴ For FY2025 (Year 3) the budget shortfall in funding will be \$228,862.14.¹⁵ Therefore, the total budget shortfall, for Years 2 and 3 of the PHRS Contract is \$768,701.00.¹⁶

In GSWA Docket 23-02, the PUC held that: “GSWA has demonstrated a pressing and urgent need to contract with PHRS for the hiring of Sanitation Workers and Heavy Equipment Operators.”¹⁷ GSWA indicates that: “[T]he aftermath of Typhoon Mawar resulted in extensive operational backlogs necessitating the hiring of additional personnel to address these challenges. This increased demand for temporary employees has persisted in Year 2 and is anticipated to extend in the Year 3 to ensure the timely completion of essential services and the catch-up of operational activities.”¹⁸

The impact of Typhoon Mawar resulted in a substantial increase in workload and operational challenges for GSWA. GSWA was mandated to collect substantial amounts

¹² Id.

¹³ GSWA Petition, GSWA Docket 24-03, dated March 12, 2024, at p. 1.

¹⁴ Id.

¹⁵ Exhibit “1”, PHRS Breakdown Projected Cost Estimates, attached hereto.

¹⁶ Id.

¹⁷ PUC Order, Approval for Award and Contract to PHRS for Temporary Staffing, GSWA Docket 23-02, dated November 29, 2022 at p. 7.

¹⁸ GSWA Petition, GSWA Docket 24-03, dated March 12, 2024 at p. 1.

of refuse from the residents of Guam. It was also tasked with managing an increase of refuse at residential transfer stations.¹⁹

GSWA has explained and justified the necessity for additional funding for temporary staffing services.

CONCLUSION

The PUC finds that GSWA's request to increase the funding of the PHRS contract for Years 2 and 3 in the additional amount of \$768,701.00 is essential to manage the ongoing operational demands of GSWA and to enable it to meet its commitment in providing essential services to the residents of Guam.

The positions of sanitation worker and equipment operator are essential and critical for GSWA's operations. The reduction in the numbers of temporary employees from 18 to 12 in FY2024 indicates that GSWA is making prudent efforts to reduce the number of employees required under the PHRS contract. The PUC should approve the increase in funding for the PHRS Contract for Temporary Staffing Services in the amount of \$768,701.00 (\$539,701.00 for Year 2 and \$229,000.00 for Year 3). The funding for the PHRS contract should be increased from \$2,002,000.00 to a new total of \$2,770,701.00.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GSWA to Increase Funding for the Temporary Staffing Services Contract with Pacific Human Resources Services, Inc. ["PHRS"], the ALJ Report, and the record herein, for

¹⁹ GSWA Petition at p.1.

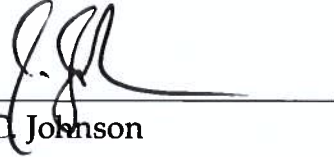
good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The request by GSWA to increase funding for the PHRS Contract for Temporary Staffing Services in the amount of \$768,701.00 (\$539,701.00 for Year 2 and \$229,000.00 for Year 3) is approved.
2. GSWA is authorized to expend up to the total contract amount of \$2,770,701.00 for years 1, 2, and 3.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Order
Approval to Increase Funding
for PHRS Contract for
Temporary Staffing Services
GSWA Docket 24-03
March 28, 2024

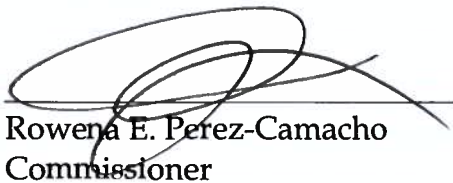
Dated this 28th day of March, 2024.



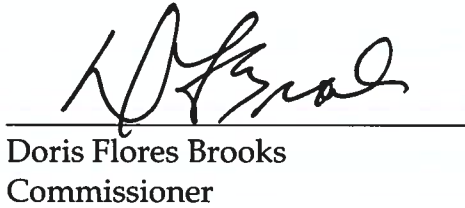
Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



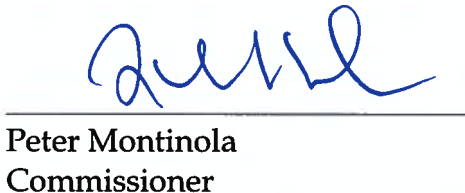
Rowena E. Perez-Camacho
Commissioner



Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 24-15
)
GUAM POWER AUTHORITY AWARD)
OF 20 MW OF TEMPORARY POWER) **ORDER**
)
)
)
)
_____)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Second Amended Petition of the Guam Power Authority [“GPA”] for Review and Approval for the Award of a Contract to Aggreko International Projects Limited (hereinafter “Aggreko”) for the Supply, Installation, Operation, and Maintenance of 20MW of Temporary Power Services at the Yigo CT site.¹

BACKGROUND

The PUC adopts the Background statement in the Administrative Law Judge Report dated March 23, 2023.² It further adopts the conclusions and recommendations therein.

DETERMINATIONS

1. GPA has demonstrated the need to procure 20MW of Temporary Power. Attached as Exhibit “B” to its Petition, GPA has presented a Determination Need and an explanation as to why the procurement is required³:

¹ GPA Second Amended Petition to Approve the Award of 20MW of Temporary Power, GPA Docket 24-15, dated March 13, 2024.
² ALJ Report, GPA Docket 24-15, dated March 23, 2024, at pgs. 1-3.
³ GPA Second Amended Petition at p. 3.

“Emergency procurement of 40MW of Temporary Power Services is required to maintain sufficient reserves and prevent load shedding due to potential outages of the Cabras 1 & 2 units. The Ukudu Power Plant’s 14.5-month delay and degradation of ILP participant generators further amplify the issue. The emergency generators must be operational by May 2024 to prevent extensive load shedding during the summer which is typically the year’s peak demand period.”⁴

Due to cost factors, GPA has since reduced its original request to 20MW of temporary power services. Unless GPA is quickly able to bring additional power into the IWPS, there is a strong possibility that further load shedding will occur in May and the summer months beyond: “The emergency generators must be operational by May 2024 to prevent extensive load shedding by the summer, which is typically the year’s peak demand period.”⁵

GPA has proposed the best plan it can come up with to quickly provide additional power. In its bid, Aggreko was the one vendor who indicated an ability to supply the temporary power within 100 days of contract execution.⁶ With a two-year term for the proposed contract, GPA will hopefully have sufficient power to handle system load until the Ukudu plant begins operation in late 2025 or early 2026.

2. Public Law 37-81 authorizes GPA to procure 20MW of Temporary Power Services, subject to the Approval of the PUC.

The Law was approved by the Legislature and then enacted by the Governor on March 8, 2024. The Law amends a section of the GPA Enabling Act, 12 GCA §8113.15, which authorizes GPA to procure 20MW of temporary power generation at the Yigo site on a two (2) year base contract. The provision extends the normal 90-day limitation on emergency procurement to two (2) years for this procurement only. The procurement

⁴ GPA Second Amended Petition, Exhibit “B”.

⁵ Id.

⁶ GPA Second Amended Petition at p. 3.

provisions whereby a procurement is “stayed” upon the filing of a protest are waived for this procurement. The Law also provides for the review and approval of the procurement by the Attorney General as to form and legality within five days of the receipt of the procurement package from GPA.

3. GPA has complied with most of the requirements for an “Emergency Procurement”, pursuant to 5 GCA §5215 and Public Law 37-81.

The General Manager of Guam Power Authority, John Benavente, has issued a Certificate of Emergency with a Determination of Need for Emergency Procurement. See GPA Petition, Exhibits A (Certificate of Emergency, Dec. 7, 2023, Verified Feb. 1, 2024 & B (Determination of Need, Dec. 11, 2023). GPA has satisfied most of the requirements of 5 GCA §5215, Emergency Procurements and Public Law 37-81.

The Certificate of Emergency incorporates by reference the contents of the appended Determination of Need. The GPA General Manager certifies that the contents of the appended Determination of Need are true, correct and complete. Certified copies have been provided to the Governor and the Speaker. In affirming the Determination of Need, the GPA General Manager certifies that there is an imminent threat to public health; that the threat of load shedding could not have been foreseen through the reasonable and prudent use of management procedures and could not have been addressed by other methods of source selection.

The Governor of Guam has approved the Certificate of Emergency in writing.⁷ The Determination of Need executed by the General Manager of GPA meets the requirements of §5215(c) and includes a statement that there is a threat to public health, welfare and safety: “the threat of load shedding looms with the pending repairs to the diesel power plants and projected increase in power demand beginning in May 2024.

⁷ GPA Second Amended Petition, Exhibit D-2.

Monthly load shedding schedules have been and will continue to be issued monthly until sufficient backup generating capacity is achieved.”⁸

4. As of this Afternoon, the Remaining Requirements of Public Law 37-81 have been complied with.

In accordance with Public Law 37-81, the Attorney General must review and approve the proposed contract as to the contract’s form and legality within five (5) calendar days of receipt of the procurement package from GPA.⁹ The Attorney General reviewed the contract and returned it to GPA for revisions. These included prohibitions against gratuities, kickbacks and favors, prohibitions against contingent fees, a statement concerning ethical standards, and a prohibition against employment of sex offenders. Some of the revisions dealt with dispute remedies, such as removing provisions requiring mediation and arbitration.¹⁰

GPA implemented changes requested by the Attorney General. Just this afternoon, Aggreko has signed the contract with GPA and the Attorney General has approved the contract as to form and legality. He has executed the contract. the contract may now be reviewed and approved by the PUC.

5. The Cost of the Contract is expensive, but GPA does not appear to have other options.

The draft contract between GPA and Aggreko provides for a cost of approximately \$25M over the two-year base period. The terms provide for a capacity charge of

⁸ GPA Second Amended Petition, Exhibit A, at p. 2.

⁹ Public Law 37-81 at p. 2.

¹⁰ <https://edition.pagesuite-professional.co.uk/html5/reader/production/default.aspx?pubname=&edid=bf5bbe31-1f6f-40f1-bc2a-10e9f0535da4&pnum=1>, The Guam Daily Post, March 18, 2024, at pgs. 1, 7.

\$27.35/kW/month; a fixed O & M charge of \$192,081.00/month; and an energy conversion rate of \$9.00/MWH. The cost also included a one-time \$1M fee for the initial mobilization of the project.¹¹

This cost is very high, which is probably to be expected when a contractor must deliver to Guam and provide 20 MW of power on a temporary basis. However, Aggreko is the only contractor that can provide temporary power within one hundred days. The only options available are for GPA to either purchase power from Aggreko or suffer the possible consequences of load shedding.

ORDERING PROVISIONS

After review of the record herein, including GPA's Petition for Review and Approval for the Award of a Contract to Aggreko International Projects Limited for the Supply, Installation, Operation, and Maintenance of 20MW of Temporary Power Services at the Yigo CT site, and the ALJ Report, 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 Emergency procurement for 20MW of Temporary Power is now approved. All requirements of 5 GCA §5215 and Public Law 37-81 have been satisfied.
2. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and

¹¹ GPA Second Amended Petition at p. 3.

Order
Approval for Award to Aggreko
for 20MW of Temporary Power
GPA Docket 24-15
March 28, 2024

12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public
Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Order
Approval for Award to Aggreko
for 20MW of Temporary Power
GPA Docket 24-15
March 28, 2024

Dated this 28th day of March, 2024.



Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner

**PUBLIC UTILITIES COMMISSION
OF GUAM**

Jeffrey C. Johnson
Chairman

Peter B. Montinola
Vice-Chairman

Commissioners
Joseph M. McDonald
Rowena E. Perez-Camacho
Michael A. Pangelinan
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Administrator

Colleen N.S. Chlarson
Administrative Assistant

Frederick J. Horecky
Chief Administrative Law Judge

Joephet R. Alcantara
Administrative Law Judge

Anthony R. Camacho
Legal Counsel



RESOLUTION NO. 24-01

**RELATIVE TO EXTENSION OF ADMINISTRATIVE LAW JUDGE SERVICES
AGREEMENT WITH THE GUAM PUBLIC UTILITIES COMMISSION**

WHEREAS, the Guam Public Utilities Commission (“PUC”) is an autonomous instrumentality independent of the Executive and Legislative Branches of the Government of Guam;

WHEREAS, the PUC has the authority to retain consultants pursuant to 12 GCA Section 12103 (a), which provides that “[T]he Commission shall retain **on an as needed basis** those professional services required by the Commission in the performance of its duties”.

WHEREAS, Frederick J. Horecky (“Horecky”) has served as PUC Counsel, Administrative Law Judge, and Chief Administrative Law Judge for the Commission during the last sixteen-year period; and

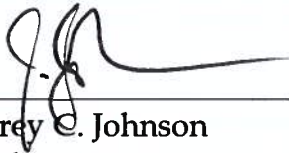
WHEREAS, the Administrative Law Judge Service Agreement with Horecky will terminate on March 31, 2024; and

WHEREAS, the PUC wishes to continue to retain Horecky’s services as ALJ during a “transition period”, to complete certain matters that he has already undertaken, including the GSWA Rate case, the GWA Rate case, LNG matter involving GPA, LEAC and other matters, and to assure the PUC has adequate ALJ services to handle its workload;

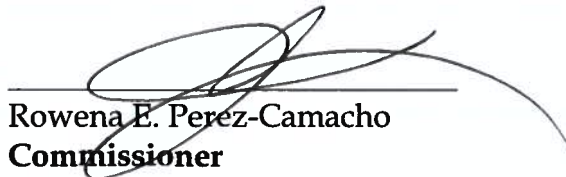
NOW THEREFORE, in due consideration of the above recitals and for good cause shown, the PUC hereby resolves that:

1. The services of current Administrative Law Judge Frederick J. Horecky are extended for a one-year period, commencing on March 31, 2024, and ending on March 30, 2025. Such services may be further extended, subject to mutual agreement of the parties.
2. Horecky' s services after March 30, 2024, shall be governed by the same terms and conditions set forth in his previous Administrative Law Judge Services Agreement.
3. Horecky will not be required to undertake administrative duties for the Commission. However, the Commission, though its Commissioners and Staff, may consult Horecky on any matter and may assign him substantive work on rate cases, regulatory dockets, or other regulatory matters.

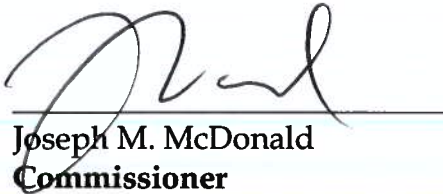
SO ORDERED this 28th day of March, 2024.



Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner