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BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

**GUAM WATERWORKS
AUTHORITY'S FY2025-FY2029
RATE APPLICATION AND
REQUEST FOR RATE
INCREASES**

) **DOCKET NUMBER NO. 24-05**
)
) **ACCOUNTING ORDER TO PERMIT
GWA TO RECORD SELECTED
EXPENSES AS REGULATORY ASSETS
FOR RECOVERY IN FY 2026-FY2029 TO
STABLIZE RATE INCREASES FOR
GWA CUSTOMERS**

GWA ACCOUNTING ORDER

I. BACKGROUND

On August 28, 2024, Guam Waterworks Authority (GWA) and Georgetown Consulting Group (GCG) stipulated that the amortization of the Regulatory Asset set up as part of the FY2020 – FY2024 financial plan be evenly amortized over FY2025 – FY2029.

Additionally, in order to smooth out prospective rate increases, a new Regulatory Asset related to certain FY2025 and FY2026 expenses is to be created and amortized as discussed below.

The GPUC takes notice that the creation of Regulatory Assets in circumstances involving extraordinary expenses is a well-established regulatory practice both within this jurisdiction and in other regulatory environments. This practice is a recognized tool for balancing the utility's need for cost recovery with the customers' need for rate stability. By deferring the recognition of extraordinary expenses in FY 2025 and amortizing the amount in FY 2026 – FY 2029, GWA will be able to smooth necessary rate adjustments.

II. DISCUSSION

GWA, as ordered by the PUC on February 27, 2020, created a Regulatory Asset containing Docket 19-08 adjudication expenses including the cost of PUC mandated analytical studies, development of the Rate Adjudication Model (RAM), and associated regulatory expenses totaling approximately \$3.2 million. GWA auditors have indicated these expenses must be amortized as a Regulatory Asset or be written off. Write-off of the Regulatory Asset in one year would have a significant impact on GWA's debt service coverage calculation. As part of the August 28, 2024, stipulation, the parties agreed to request that this Regulatory Asset be amortized over the five year rate plan period, FY2025 – FY2029.

- 1 4. GWA amortize actual legal expenses related to the land ownership litigation
2 evenly in FY2027, FY2028, and FY2029 and amortize FY2025 power expenses
3 in FY2026 subject to the CPA firm GASB review.
- 4 5. GWA provide the PUC with an annual report on balances of the Regulatory Assets
5 and provide the PUC with accounting journal entries for this Regulatory Asset in
6 its filing for the FY 2026 annual true-up of its FY2025–FY2029 Financial Plan.

7 **SIGNATURES TO FOLLOW ON NEXT PAGE**

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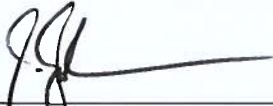
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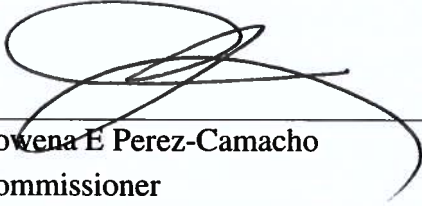
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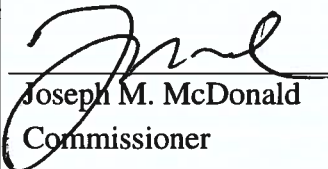
Dated this 24th day of September, 2024.



Jeffrey C. Johnson
Chairman

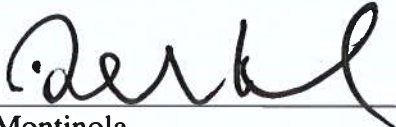


Rowena E Perez-Camacho
Commissioner

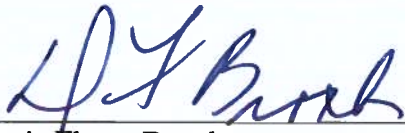


Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner