



1 **THERESA G. ROJAS, ESQ.**
 2 Legal Counsel
 3 Guam Waterworks Authority
 4 Gloria B. Nelson Public Service Building
 5 688 Route 15, Suite 304
 6 Mangilao, Guam 96913
 Telephone No: (671) 300-6848
 Fax No: (671) 648-3290
 Email: tgrojas@guamwaterworks.org

7 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 **IN THE MATTER OF:**) GWA DOCKET NO. 24-05
 10 **GUAM WATERWORKS AUTHORITY'S**)
 11 **FY2025-2029 APPLICATION AND**) **GWA ANNUAL TRUE-UP**
 12 **REQUEST FOR RATE INCREASES**) **SUBMISSION, PROJECTION, AND**
 13) **REQUEST FOR FY 2027 RATES**

14 **COMES NOW**, the GUAM WATERWORKS AUTHORITY ("GWA"), by and through
 15 its counsel of record, THERESA G. ROJAS, ESQ., and hereby files GWA's Annual True-up
 16 Submission, Projection, and Request for approval of Fiscal Year 2027 rates. The following
 17 attachments, in compliance with the Guam Public Utilities Commission's ("GPUC") September
 18 25, 2025, True-Up Order for FY2026 Rates and the GPUC's February 26, 2026, Order on the
 19 Process and Boundaries for GWA's Annual True Up (Ordering Provision No. 8 Proceedings),
 20 are enclosed:

- | | | |
|----|------------------------|--|
| 21 | 1. Attachment A | GWA General Manager Transmittal Letter |
| 22 | 2. Attachment B | CCU GWA Resolution No. 15-FY2026 ¹ |
| 23 | 3. Attachment C | Explained Minor Differences In Forecasted Debt Service
Relative to the CCU Filing |

24
 25
 26
 27 ¹ CCU GWA Resolution No. 15-FY2026 incorporates the FY 2026 True-Up and FY 2027 Budget Report
 28 (narrative).

ATTACHMENT A

GWA General Manager Transmittal Letter



GUAM WATERWORKS AUTHORITY

Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913

P.O. Box 3010, Hagåtña, Guam 96932

Tel. No. (671) 300-6846/47 Fax No. (671) 648-3290

April 13, 2026

Jeffrey C. Johnson, Chairman
Frederick J. Horecky, Chief Administrative Law Judge
Anthony Camacho, Legal Counsel
Guam Public Utilities Commission
Suite 807, DNA Building
238 Archbishop Flores Street
Hagåtña, Guam 96910

Hafa Adai Chairman Johnson,

The Guam Waterworks Authority (“GWA”) is pleased to submit its FY 2027 True-Up package that presents projected FY 2026 financial performance information and proposed FY 2027 revenue requirements in compliance with the February 26, 2026 Order on the Process and Boundaries for Determination of Adjustments for Annual True Up of GWA's Five-Year Financial Plans (Ordering Provision No. 8 Proceedings).

Attached as Attachment B is Consolidated Commission on Utilities (“CCU”) Resolution No. 15-FY2026 Relative to Approving the Guam Waterworks Authority FY 2026 True-Up and FY 2027 Budget, approved on March 30, 2026. The resolution incorporates the FY 2026 True-Up and FY 2027 Budget Report (Narrative), which present water and wastewater rates and charges, and related bill impacts, under the non-lifeline rate adjustment of 7.75% and legislative surcharge of 3.55% applied to non-lifeline rate components. The legislative surcharge approved in the Five-Year Financial Plan has been adjusted to cover the retiree expenses projected for FY 2027. Subsequent to the approval, it was discovered that minor updates were necessary to forecasted debt service; see attachment C for an explanation.

GWA notes that FY 2027 revenue projections in this filing are based on the existing Guam Public Utilities Commission (“GPUC”)-approved rate structure. The Rate Design Report prepared by Concentric, the GPUC’s rate design consultant, was not provided to GWA until March 20, 2026. Because GWA was required to prepare this filing for the Consolidated Commission on Utilities (“CCU”) review on March 30, 2026, and file with the GPUC by April 15, 2026, and because the GPUC has not yet formally adopted the rate design recommendations, GWA has prepared revenue projections based on the existing GPUC-approved rate structure. GWA reserves the right

to address rate design changes in appropriate proceedings before the GPUC, which are separate and distinct from the annual true-up process. If the GPUC approves rate design changes in the future, GWA will work with the GPUC's consultants to determine the nominal rates necessary to achieve targeted rate revenue levels.

The supporting minimum filing requirement ("MFR") schedules and narrative discussion that document the factors precipitating the proposed FY 2027 revenue requirements are also provided, including the new Schedule M and accompanying narrative. The MFR includes supporting schedules required under the GPUC administrative orders prescribing rules for practice and procedure (Docket No. 00-04: Rule 20, Standard Filing Requirements), as well as Schedule K providing proposed rates by customer class, Schedule L providing bill impact information, and, per the February 26, 2026 Order, Schedule M comparing the True-Up Year to the GPUC's Approved Five-Year Rate Plan. Key FY 2027 budget highlights include:

- Projected FY 2027 Operating Revenues of \$159.9 million, representing \$11.3 million above projected FY 2026 revenues, driven by the 7.75% non-lifeline rate increase;
- Cash Operations & Maintenance expenses of \$97.1 million, which is \$3.7 million below the GPUC-approved Five-Year Plan, reflecting continued cost discipline;
- Total debt service of \$57.6 million, comprising \$51.7 million in revenue bond debt service on existing debt (including estimated refunding savings from the Series 2026 Bonds); \$5.1 million of new debt service on the proposed \$100 million new money component of the Series 2026 Bonds; plus \$0.8 million in short-term construction financing interest;
- Internally funded capital improvements ("IFCIP") of \$12.0 million;
- Total cash uses budget of \$166.9 million, supported by operating revenues and a \$2.5 million Rate Stabilization Fund ("RSF") draw;
- Targeted FY 2027 debt service coverage of 1.30x, meeting the bond indenture minimum of 1.25x; and
- Setting the legislative surcharge of 3.55% on non-lifeline components to fully fund FY 2027 retiree benefit expenses of \$4.8 million — the statutory purpose of the surcharge.

Accordingly, this submittal meets all requirements for the GPUC's consideration of GWA's FY 2027 annual true-up filing. An updated RAM Model with supporting workpapers is provided with the filing. This submission is made in advance of the filing deadline of April 15, 2026.

Separately, on March 16th, in compliance with Ordering Provision 8 of Docket No. 24-05 order 8, GWA transmitted the 2025 Baseline Report for the Water Loss Control Program, bringing required reporting up to date.

We are prepared to address any questions or concerns regarding this filing and look forward to the GPUC's timely review and decision on this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Miguel C. Bordallo', written in a cursive style.

MIGUEL C. BORDALLO, P.E.

General Manager

xc:

Theresa G. Rojas, General Counsel, Guam Waterworks Authority
Taling Taitano, Chief Financial Officer, Guam Waterworks Authority
Gilda Mafnas, Deputy Chief Financial Officer, Guam Waterworks Authority
Chris Budasi, Assistant General Manager of Administration and Support
Cody Stanger, Pole Bridge Advisors
Eric Rothstein, Pole Bridge Advisors

ATTACHMENT B

CCU GWA Resolution No. 15-
FY2026

Incorporating
GWA'S FY2026 TRUE-UP
AND FY2027 BUDGET
NARRATIVE at pp. B-013-033



GWA RESOLUTION NO. 15-FY2026

**RELATIVE TO APPROVING THE GUAM WATERWORKS AUTHORITY ANNUAL
FISCAL YEAR 2026 TRUE-UP AND FISCAL YEAR 2027 BUDGET**

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities (“CCU”) has plenary authority over financial, contractual, and policy matters relative to the Guam Waterworks Authority (“GWA”); and

WHEREAS, the Guam Waterworks Authority (“GWA”) is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, Fiscal Year (FY) 2027 is the third (3rd) year of GWA’s Five (5) Year FY 2025-FY 2029 Rate Plan approved by the CCU on March 4, 2024, in GWA Resolution 11-FY2024, and GWA’s FY 2025-FY 2029 Rate Decision was issued by the Guam Public Utilities Commission (PUC) on September 24, 2024, in GWA Docket 24-05, approving an across-the-board rate increase of 11.5% for FY 2025 for lifeline and non-lifeline rates; and

WHEREAS, the PUC authorized rate adjustments and rate revenue increases for FY 2026 (10.75%), FY 2027 (7.75%), FY 2028 (7.75%), and FY 2029 (7.75%) are subject to change in the annual true-up proceedings and are not final until approved by the PUC in the annual true-up proceedings; and

WHEREAS, the PUC approved on September 25, 2025, under GWA Docket 24-05, an 8.2% rate increase (less than the PUC-authorized 10.75%) on all non-lifeline rate components and a legislative surcharge of 3.55% for FY 2026 based on the FY 2025 True-Up and FY 2026 Budget filing (referred to by the PUC as the FY 2026 True-Up) and a Joint Stipulation between GWA and GCG; and

1 **WHEREAS**, the PUC, pursuant to Ordering Provision No. 8 of GWA Docket 24-05,
2 issued its Order on the Process and Boundaries for Determination of Adjustments for Annual
3 True-Up of GWA's Five-Year Financial Plans dated February 26, 2026, which established the
4 procedures and boundaries governing annual true-up proceedings, including a Joint Stipulation
5 between GWA and the PUC's consultant, Georgetown Consulting Group, Inc. ("GCG"), the
6 PUC's consultant responsible for reviewing GWA's five-year financial plan; and GWA and
7 GCG jointly agreed to a true-up proceeding schedule, approved by the PUC in that Order, under
8 which GWA agreed to file its FY 2026 True-Up and FY 2027 Budget with the PUC on or before
9 April 15, 2026; and

10
11 **WHEREAS**, while the PUC approved the new rate design structure, in principle, as
12 proposed in Docket 19-08 in the March 28, 2024 Order, the Rate Design Report prepared by
13 Concentric, the PUC's rate design consultant, was provided to GWA on March 20, 2026; and

14
15 **WHEREAS**, GWA has not had sufficient opportunity to fully vet the report's
16 recommendations or project revenues based on recommendations in the Rate Design Report; and
17 furthermore, the PUC has not yet formally adopted the recommendations contained in the Rate
18 Design Report; and

19
20 **WHEREAS**, as a result of the foregoing timing constraints and the PUC's pending
21 review of the Concentric rate design recommendations, GWA has prepared the revenue
22 projections in the FY 2027 Budget using the existing PUC-approved rate design in order to be
23 prepared for the March 30, 2026 CCU review and approval and the April 15, 2026 PUC
24 deadline, however GWA reserves the right to address rate design changes in FY 2027 before the
25 PUC; and

26
27 **WHEREAS**, GWA Management has formulated and thoroughly reviewed the FY 2026
28 projected year end results in conjunction with the development of Management's proposed FY
29 2027 budget and does hereby submit said FY 2026 true-up and FY 2027 budget to the CCU for
30 their approval; and

1 **WHEREAS**, attached are True-Up Schedule A-1 *Historical and Forecasted Operating*
2 *Results with PUC-Ordered FY 2027 Rate Revenues* showing projected FY 2027 financial results
3 at the previously authorized 7.75% non-lifeline rate increase and the 3.00% surcharge as
4 established in the Five-Year Plan, and demonstrating that without the proposed 3.55% surcharge
5 and RSF transfer, debt service coverage would be reduced to 1.23x, which is below the bond
6 indenture minimum of 1.25x; True-Up Schedule A-2 *Historical and Forecasted Operating*
7 *Results with Proposed FY 2027 Rate Adjustments and RSF Transfers* showing projected FY
8 2027 financial results at the proposed 7.75% non-lifeline rate increase and the proposed 3.55%
9 surcharge, including a \$2.5 million Rate Stabilization Fund draw, yielding a debt service
10 coverage ratio of 1.30x; True-Up Schedule M *Comparison of True-Up Year to the PUC's*
11 *Approved Five-Year Rate Plan for the Same Year* comparing the proposed FY 2027 True-Up to
12 the PUC's approved Five-Year Plan for the same year, highlighting variances in revenues,
13 Operating & Maintenance ("O&M") expenses, debt service, and debt service coverage; True-Up
14 Schedule K setting forth the proposed FY 2027 rates and charges by customer class; and True-
15 Up Schedule L showing the bill impacts of the proposed rate adjustments by customer class and
16 usage level; and the *FY 2026 True-Up and FY 2027 Budget Narrative* describing in detail the
17 basis for GWA's proposed rates, revenues, and expenditures; all attached hereto; and

18
19 **WHEREAS**, based on procurement results of approved projects in the Five Year CIP
20 plan, the current available funds (grants, bond proceeds, revenues, System Development
21 Charges, short term financing), and the regulatory schedules imposed by USEPA in the Consent
22 Decree and other Federal regulations, GWA anticipates returning to the bond market in FY 2026
23 to refund prior bonds and issue new money of approximately \$100 million to bridge capital
24 financing gaps and ensure compliance with the required USEPA Consent Decree regulatory
25 schedules, with the incremental debt service from this anticipated issuance (both refunding
26 savings and debt service associated with the new money component) reflected in the FY 2027
27 budget; GWA may also pursue additional bond financing in FY 2027 as capital program
28 requirements are further refined; and

29
30 **WHEREAS**, the proposed FY 2027 water and sewer rates, which are projected to
31 recover approved FY 2027 rate revenue levels in the FY 2025-FY 2029 Rate Plan, and the

1 legislative surcharge set at 3.55%, charged on non-lifeline rate components, are necessary to
2 maintain financial stability and meet GWA's obligatory requirements such as bond debt
3 covenants; the 3.55% surcharge, which exceeds the 3.00% established in the five-year rate plan
4 for FY 2027, is necessary to fund retiree benefit expenses of \$4.8 million in FY 2027, which is
5 the statutory purpose of the legislative surcharge; and
6

7 **WHEREAS**, the proposed rates and charges are anticipated to generate an additional
8 \$11.3 million in rate revenues (inclusive of bad debt and other revenues) which are necessary to
9 meet O&M expenses and debt service on the short-term construction financing program and the
10 FY 2026 and FY 2027 revenue bonds; and
11

12 **WHEREAS**, the impact of the proposed rates (including surcharge adjustments) on
13 residential and non-residential customers varies based on meter size and usage levels as reflected
14 in True-Up Schedules K and L attached hereto; and
15

16 **WHEREAS**, Operating Revenues are projected to reach \$159.9 million in FY 2027
17 derived from approximately \$104.7 million in water sales and surcharges, \$56.9 million in
18 wastewater service charges and surcharges (inclusive of \$11.4 million in Navy wastewater
19 service charges and surcharges), \$600 thousand in Other Revenues, and a \$2.3 million reduction
20 to account for bad debt as shown in Schedule A-2 and further described in the FY 2026 True-Up
21 and FY 2027 Budget Narrative ; and
22

23 **WHEREAS**, Operating Costs representing cash uses in FY 2027 are earmarked at \$39.3
24 million in salaries and benefits (exclusive of a \$4.4 million capitalized labor adjustment), \$19.3
25 million in power costs, \$7.4 million in water purchases, \$16.4 million in administrative and
26 general expenses (exclusive of bad debt expense), \$9.9 million in contractual services, and \$4.8
27 million in retiree supplemental annuities and health care, as shown in Schedule A-2 and further
28 described in the FY 2026 True-Up and FY 2027 Budget Narrative, for a combined FY 2027 total
29 of \$97.1 million, \$3.7 million less than proposed in the Five Year Financial Plan as shown in
30 Schedule M; and
31

1 **WHEREAS**, FY 2027 non-cash adjustments to GWA’s budget include depreciation
2 expense of \$30.8 million, capitalized labor of \$4.4 million, and bad debt expense of \$2.3 million
3 bringing the FY 2027 Operations and Maintenance Budget to \$134.6 million; and
4

5 **WHEREAS**, the foremost and principal cost driver for this year’s true up filing is
6 GWA’s obligatory requirement for protecting public health and environment impacted by
7 inflationary pressures, capital financing requirements, and uncertainty from changing Federal
8 policy and the various conflicts involving the U.S.; and
9

10 **WHEREAS**, the FY 2027 Budget represents management’s best estimates of resources
11 necessary to conduct its strategic objectives consistent with the Authority’s mission; and
12

13 **WHEREAS**, the projected debt service related to the financing of the CIP has been
14 incorporated into this true-up, with GWA’s short-term interest projected to be approximately
15 \$44.9 thousand in FY 2026 and to increase to \$771.1 thousand in FY 2027, and revenue bond
16 debt service projected to increase to \$50.3 million in FY 2026 and \$57.5 million FY 2027
17 (inclusive of short-term financing interest, exclusive of short-term financing program fees); and
18

19 **WHEREAS**, the proposed FY 2027 rates, estimated revenues and costs will allow GWA
20 to transfer \$2.5 million out of the Rate Stabilization Fund in FY 2027 to meet the projected debt
21 service coverage of 1.42x in FY 2026 and the targeted debt service coverage of 1.30x in FY
22 2027; and
23

24 **WHEREAS**, without the FY 2027 rate adjustments or use of Rate Stabilization reserves,
25 GWA’s debt service coverage will be reduced to 1.23x (as reflected in Schedule A-1), or .02x
26 below the bond indenture requirement of 1.25x; and
27

28 **WHEREAS**, critical internally funded capital improvement projects are forecasted to
29 cost \$12 million in FY 2027; and
30

1 **WHEREAS**, the budget transfer authority will allow the General Manager to address any
2 unanticipated changes in future conditions.

3
4 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
5 does hereby approve the following:

- 6 1. The recitals set forth above hereby constitute the findings of the CCU.
- 7 2. The CCU affirms management's recommended rates and charges, which
8 include a 7.75% increase of all non-lifeline rates, are consistent with the
9 existing PUC-approved rate design and are projected to recover FY 2027
10 Operating Revenues inclusive of legislative surcharges of 3.55% charged on
11 non-lifeline rate components. (Schedule A-2).
- 12 3. The CCU affirms management's proposed FY 2027 (cash uses) budget of
13 \$166.8 million, including \$97.1 million in Operations & Maintenance
14 expenses and other cash flow requirements such as total debt service (revenue
15 bond debt service and short-term construction financing interest) and
16 internally funded CIPs (Schedule A-2).
- 17 4. The CCU finds that the projected debt service coverage of 1.42x for FY 2026
18 and the targeted debt service coverage of 1.30x for FY 2027, along with the
19 prescribed use of Rate Stabilization transfers, are just and reasonable.
- 20 5. The CCU authorizes management to hire personnel at the salary and benefit
21 expenditure level specified in Schedule A-2 for Fiscal Year 2027.
- 22 6. The CCU hereby further authorizes the General Manager up to 10% transfer
23 authority between and among Operations & Maintenance budget expenses as
24 necessary to meet the mission of GWA; any transfers above 10% require CCU
25 approval.
- 26 7. The CCU authorizes management to submit the FY 2026 True-Up and FY
27 2027 Budget with the recommended rates and charges to the PUC, with
28 revenue projections based on the existing PUC-approved rate design, and
29 acknowledges that GWA's use of the existing rate design reflects the timing

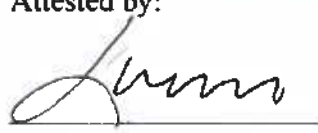
constraints described herein and does not constitute a waiver of GWA's right to address rate design matters in future proceedings before the PUC.

RESOLVED, that the Chairman certified, and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED, this 30th day of March 2026.

Certified by:

Attested by:



FRANCIS E. SANTOS

MELVIN F. DUENAS

Chairperson

Secretary

SECRETARY'S CERTIFICATE

I, **MELVIN F. DUENAS**, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES:	<u>4</u>
NAYS:	<u>0</u>
ABSENT:	<u>1</u>
ABSTAIN:	<u>0</u>

///

///



True-Up Schedule A-1

Historical and Forecasted Operating Results with PUC-Ordered FY 2027 Rate Revenues (5-Yr Rate Plan)

	Historical Year	Current Year	Forecast Year
	FY 2025	FY 2026	FY 2027
Non-Lifeline Rate Increase	11.50%	8.20%	7.75%
Lifeline Rate Increase	11.50%	0.00%	0.00%
Legislative Surcharge	3.50%	3.55%	3.00%
CASH SOURCES			
Water Service Revenues	87,919,655	94,128,507	105,820,745
Legislative Surcharge	2,842,669	3,106,526	2,975,382
Water Rate Revenues	\$ 90,762,324	\$ 97,235,034	\$ 108,796,127
Wastewater Service Revenues	39,706,906	41,530,922	44,921,999
Legislative Surcharge	956,189	1,033,870	976,396
Navy Revenues (w/surcharge) ¹	9,768,751	10,348,166	11,434,336
Wastewater Rate Revenues	\$ 50,431,847	\$ 52,912,958	\$ 57,332,731
Other Revenues	709,295	600,000	515,000
Rate Revenue Adjustment	3,791,255	-	(2,259,091)
Bad Debt Adjustment	(2,004,924)	(2,096,997)	(1,144,739)
Total Operating Revenues²	\$ 143,689,797	\$ 148,650,994	\$ 163,240,028
Interest / Investment Income	5,553,756	4,813,263	946,746
Rate Stabilization Transfers Out (In)	(9,500,000)	-	(1,250,000)
TOTAL SOURCES	\$ 139,743,553	\$ 153,464,257	\$ 162,936,774
CASH USES			
Power Purchases	19,917,470	17,015,631	19,318,601
Water Purchases	7,421,447	7,139,774	7,357,766
Salaries & Benefits ³	31,680,032	36,782,650	39,258,731
Admin & General ⁴	12,090,362	12,846,497	16,373,202
Contractual Expense	5,989,602	8,286,242	9,917,478
Retiree Expense	4,565,086	4,775,058	4,839,856
O&M Subtotal	\$ 81,663,999	\$ 86,845,852	\$ 97,065,634
Fees, Short-Term Financing Program	-	180,569	256,003
Interest, Short-Term Financing Program	-	44,915	771,103
Debt Service	39,280,087	50,307,670	56,729,972
Internally Funded Capital (IFCIP)	4,456,808	15,000,000	12,000,000
TOTAL USES	\$ 125,400,894	\$ 152,379,006	\$ 166,822,712
Net Annual Cash Flow	\$ 14,342,659	\$ 1,085,251	\$ (3,885,938)
DEBT SERVICE COVERAGE			
Net Revenues	\$ 58,079,554	\$ 66,618,405	\$ 65,871,140
Adjustment, Regulatory Asset	-	-	-
Adjustment, Capitalized Labor	3,502,354	4,082,874	4,357,719
Adjustment, Other ⁵	(2,423,233)	706,100	729,100
Revenues Available for Debt Service	\$ 59,158,675	\$ 71,407,379	\$ 70,957,959
Total Debt Service	39,280,087	50,352,585	57,501,075
Debt Service Coverage	1.506	1.418	1.234

1 - Surcharge revenues from the Navy, under the 3.00% surcharge rate, are estimated to be \$329,580

2 - Includes leachate and Navy revenues; excludes system development charge revenues

3 - Capitalized labor, which does not represent a cash impact, is not included in this calculation of annual net cash flow

4 - Excludes bad debt expense since this line item is instead included as an offset to rate revenues (per audited financials)

5 - Includes retiree COLA and end-of-year pension and OPEB adjustments

True-Up Schedule A-2

Historical and Forecasted Operating Results with Proposed FY 2027 Rate Adjustments and RSF Transfers

	Historical Year	Current Year	Forecast Year
	FY 2025	FY 2026	FY 2027
Non-Lifeline Rate Increase	11.50%	8.20%	7.75%
Lifeline Rate Increase	11.50%	0.00%	0.00%
Legislative Surcharge	3.50%	3.55%	3.55%
CASH SOURCES			
Water Service Revenues	87,919,655	94,128,507	101,338,746
Legislative Surcharge	2,842,669	3,106,526	3,364,079
Water Rate Revenues	\$ 90,762,324	\$ 97,235,034	\$ 104,702,826
Wastewater Service Revenues	39,706,906	41,530,922	44,345,972
Legislative Surcharge	956,189	1,033,870	1,132,678
Navy Revenues (w/surcharge) ¹	9,768,751	10,348,166	11,376,015
Wastewater Rate Revenues	\$ 50,431,847	\$ 52,912,958	\$ 56,854,666
Other Revenues	709,295	600,000	600,000
Rate Revenue Adjustment	3,791,255	-	-
Bad Debt Adjustment	(2,004,924)	(2,096,997)	(2,252,722)
Total Operating Revenues²	\$ 143,689,797	\$ 148,650,994	\$ 159,904,770
Interest / Investment Income	5,553,756	4,813,263	4,443,012
Rate Stabilization Transfers Out (In)	(9,500,000)	-	2,500,000
TOTAL SOURCES	\$ 139,743,553	\$ 153,464,257	\$ 166,847,782
CASH USES			
Power Purchases	19,917,470	17,015,631	19,318,601
Water Purchases	7,421,447	7,139,774	7,357,766
Salaries & Benefits ³	31,680,032	36,782,650	39,258,731
Admin & General ⁴	12,090,362	12,846,497	16,373,202
Contractual Expense	5,989,602	8,286,242	9,917,478
Retiree Expense	4,565,086	4,775,058	4,839,856
O&M Subtotal	\$ 81,663,999	\$ 86,845,852	\$ 97,065,634
Fees, Short-Term Financing Program	-	180,569	256,003
Interest, Short-Term Financing Program	-	44,915	771,103
Debt Service	39,280,087	50,307,670	56,729,972
Internally Funded Capital (IFCIP)	4,456,808	15,000,000	12,000,000
TOTAL USES	\$ 125,400,894	\$ 152,379,006	\$ 166,822,712
Net Annual Cash Flow	\$ 14,342,659	\$ 1,085,251	\$ 25,070
DEBT SERVICE COVERAGE			
Net Revenues	\$ 58,079,554	\$ 66,618,405	\$ 69,782,148
Adjustment, Regulatory Asset	-	-	-
Adjustment, Capitalized Labor	3,502,354	4,082,874	4,357,719
Adjustment, Other ⁵	(2,423,233)	706,100	729,100
Revenues Available for Debt Service	\$ 59,158,675	\$ 71,407,379	\$ 74,868,967
Total Debt Service	39,280,087	50,352,585	57,501,075
Debt Service Coverage	1.506	1.418	1.302

1 - Surcharge revenues from the Navy, under the 3.55% proposed surcharge rate, are estimated to be \$390,003

2 - Includes leachate and Navy revenues; excludes system development charge revenues

3 - Capitalized labor, which does not represent a cash impact, is not included in this calculation of annual net cash flow

4 - Excludes bad debt expense since this line item is instead included as an offset to rate revenues (per audited financials)

5 - Includes retiree COLA and end-of-year pension and OPEB adjustments

True-Up Schedule K

Rates and Proposed Rate Adjustments for the Forecast Year

	FY 2025	increase	FY 2026	change	FY 2027
Proposed Rate Increase¹		8.20%		7.75%	
Water Rates					
Monthly Base Charge²					
3/4 inch	\$34.14	\$2.80	\$36.94	\$2.87	\$39.81
1 inch	\$39.84	\$3.27	\$43.11	\$3.35	\$46.46
1.5 inch	\$62.51	\$5.13	\$67.64	\$5.25	\$72.89
2 inch	\$79.62	\$6.53	\$86.15	\$6.68	\$92.83
3 inch	\$142.22	\$11.67	\$153.89	\$11.93	\$165.82
4 inch	\$199.08	\$16.33	\$215.41	\$16.70	\$232.11
6 inch	\$369.70	\$30.32	\$400.02	\$31.01	\$431.03
8 inch	\$540.32	\$44.31	\$584.63	\$45.31	\$629.94
10 inch	\$739.41	\$60.64	\$800.05	\$62.01	\$862.06
12 inch	\$881.55	\$72.29	\$953.84	\$73.93	\$1,027.77
Volumetric Rates					
Residential					
Tier 1 Threshold	5 kgals		5 kgals		5 kgals
Tier 2 Threshold	above		above		above
Tier 1 Rate	\$3.91	\$0.00	\$3.91	\$0.00	\$3.91
Tier 2 Rate	\$16.26	\$1.34	\$17.60	\$1.37	\$18.97
Non-Residential³					
Commercial-1	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Commercial-2	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Commercial-3	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Hotels	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Government	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
GWA	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Agriculture	\$6.49	\$0.54	\$7.03	\$0.55	\$7.58
Irrigation	\$6.71	\$0.56	\$7.27	\$0.57	\$7.84
Wastewater Rates					
Residential Flat Rate	\$35.84	\$0.00	\$35.84	\$0.00	\$35.84
Volumetric Rates					
Commercial-1	\$11.14	\$0.92	\$12.06	\$0.94	\$13.00
Commercial-2	\$27.14	\$2.23	\$29.37	\$2.28	\$31.65
Commercial-3	\$37.63	\$3.09	\$40.72	\$3.16	\$43.88
Hotels	\$27.14	\$2.23	\$29.37	\$2.28	\$31.65
Government	\$15.92	\$1.31	\$17.23	\$1.34	\$18.57
Leachate	\$16.41	\$1.35	\$17.76	\$1.38	\$19.14
Navy	\$15.92	\$1.31	\$17.23	\$1.34	\$18.57
Legislative Surcharge					
Surcharge	3.50%		3.55%		3.55%

1 - The FY 2026 rate adjustment and proposed FY 2027 rate adjustment are applied to non-lifeline rate components only

2 - Monthly base charges for the Agriculture customer class are roughly 96.6% of stated base charge

3 - Non-residential volumetric water rates are applied to all levels of demand

True-Up Schedule L

Bill Impacts by Customer Class based on Proposed Rate Adjustment¹

			Forecast Year			
Meter Size	Kgals		FY 2026	Increase	FY 2027	% Change
Customer Class						
Residential	3/4 inch	1	\$78.00	\$2.97	\$80.97	3.81%
Residential	3/4 inch	2	\$81.91	\$2.97	\$84.88	3.63%
Residential	3/4 inch	3	\$85.82	\$2.97	\$88.79	3.46%
Residential	3/4 inch	4	\$89.73	\$2.97	\$92.70	3.31%
Residential	3/4 inch	5	\$93.64	\$2.97	\$96.61	3.17%
Residential	3/4 inch	6	\$111.87	\$4.39	\$116.26	3.92%
Residential	3/4 inch	7	\$130.09	\$5.81	\$135.90	4.47%
Residential	3/4 inch	9	\$166.54	\$8.65	\$175.19	5.19%
Residential	3/4 inch	12	\$221.21	\$12.91	\$234.12	5.84%
Residential	3/4 inch	15	\$275.89	\$17.16	\$293.05	6.22%
Commercial-1	3/4 inch	23	\$788.66	\$61.37	\$850.03	7.78%
Commercial-1	1.5 inch	50	\$1,701.37	\$132.39	\$1,833.76	7.78%
Commercial-2	2 inch	270	\$12,770.07	\$992.17	\$13,762.24	7.77%
Commercial-3	3/4 inch	41	\$2,349.36	\$182.47	\$2,531.83	7.77%
Hotel	2 inch	400	\$18,875.66	\$1,466.56	\$20,342.22	7.77%
Hotel	4 inch	970	\$45,780.21	\$3,556.92	\$49,337.13	7.77%
Government	3/4 inch	50	\$1,883.72	\$146.49	\$2,030.21	7.78%
Government	1.5 inch	150	\$5,606.45	\$435.99	\$6,042.44	7.78%
Agriculture	3/4 inch	16	\$153.42	\$11.98	\$165.40	7.81%
Irrigation	3/4 inch	10	\$113.53	\$8.88	\$122.41	7.82%

¹ - With the exception of the Agriculture and Irrigation customer classes, bill impact calculations assume billable wastewater flows are 80% of water demand for both residential and non-residential customers

True-Up Schedule M

Comparison of True-Up Year to the PUC's Approved Five-Year Rate Plan for the Same Year

	Current True-Up Filing	Approved Five-Year Plan	Difference	% Diff.
	FY 2027	FY 2027		
Non-Lifeline Rate Increase	7.75%	7.75%	0.00%	
Lifeline Rate Increase	0.00%	0.00%	0.00%	
Legislative Surcharge	3.55%	3.00%	0.55%	
CASH SOURCES				
Water Service Revenues	101,338,746	105,820,745	(4,481,999)	-4.2%
Legislative Surcharge	3,364,079	2,975,382	388,698	13.1%
Water Rate Revenues	\$ 104,702,826	\$ 108,796,127	\$ (4,093,301)	-3.8%
Wastewater Service Revenues	44,345,972	44,921,999	(576,027)	-1.3%
Legislative Surcharge	1,132,678	976,396	156,282	16.0%
Navy Revenues (w/surcharge)	11,376,015	11,434,336	(58,320)	-0.5%
Wastewater Rate Revenues	\$ 56,854,666	\$ 57,332,731	\$ (478,065)	-0.8%
Other Revenues	600,000	515,000	85,000	16.5%
Rate Revenue Adjustment	-	(2,259,091)	2,259,091	-100.0%
Bad Debt Adjustment	(2,252,722)	(1,144,739)	(1,107,983)	96.8%
Total Operating Revenues¹	\$ 159,904,770	\$ 163,240,028	\$ (3,335,258)	-2.0%
Interest / Investment Income	4,443,012	946,746	3,496,266	369.3%
Rate Stabilization Transfers Out (In)	2,500,000	(1,250,000)	3,750,000	-300.0%
TOTAL SOURCES	\$ 166,847,782	\$ 162,936,774	\$ 3,911,008	2.4%
CASH USES				
Power Purchases	19,318,601	19,473,468	(154,867)	-0.8%
Water Purchases	7,357,766	12,916,590	(5,558,824)	-43.0%
Salaries & Benefits ²	39,258,731	38,435,950	822,780	2.1%
Admin & General ³	16,373,202	15,517,545	855,658	5.5%
Contractual Expense	9,917,478	9,667,501	249,977	2.6%
Retiree Expense	4,839,856	4,759,489	80,367	1.7%
O&M Subtotal	\$ 97,065,634	\$ 100,770,543	\$ (3,704,909)	-3.7%
Fees, Short-Term Financing Program	256,003	5,266,486	(5,010,483)	-95.1%
Interest, Short-Term Financing Program	771,103	5,233,806	(4,462,703)	-85.3%
Debt Service	56,729,972	38,276,815	18,453,157	48.2%
Internally Funded Capital (IFCIP)	12,000,000	12,000,000	-	0.0%
TOTAL USES	\$ 166,822,712	\$ 161,547,650	\$ 5,275,062	3.3%
Net Annual Cash Flow	\$ 25,070	\$ 1,389,124	\$ (1,364,054)	-98.2%
DEBT SERVICE COVERAGE				
Net Revenues	\$ 69,782,148	\$ 62,166,231	\$ 7,615,917	12.3%
Adjustment, Regulatory Asset	-	(1,277,200)	1,277,200	-100.0%
Adjustment, Capitalized Labor	4,357,719	4,996,674	(638,954)	-12.8%
Adjustment, Other ⁴	729,100	715,600	13,500	1.9%
Revenues Available for Debt Service	\$ 74,868,967	\$ 66,601,304	\$ 8,267,662	12.4%
Total Debt Service	57,501,075	43,510,621	13,990,454	32.2%
Debt Service Coverage	1.302	1.531	(0.229)	

1 - Includes leachate and Navy revenues; excludes system development charge revenues

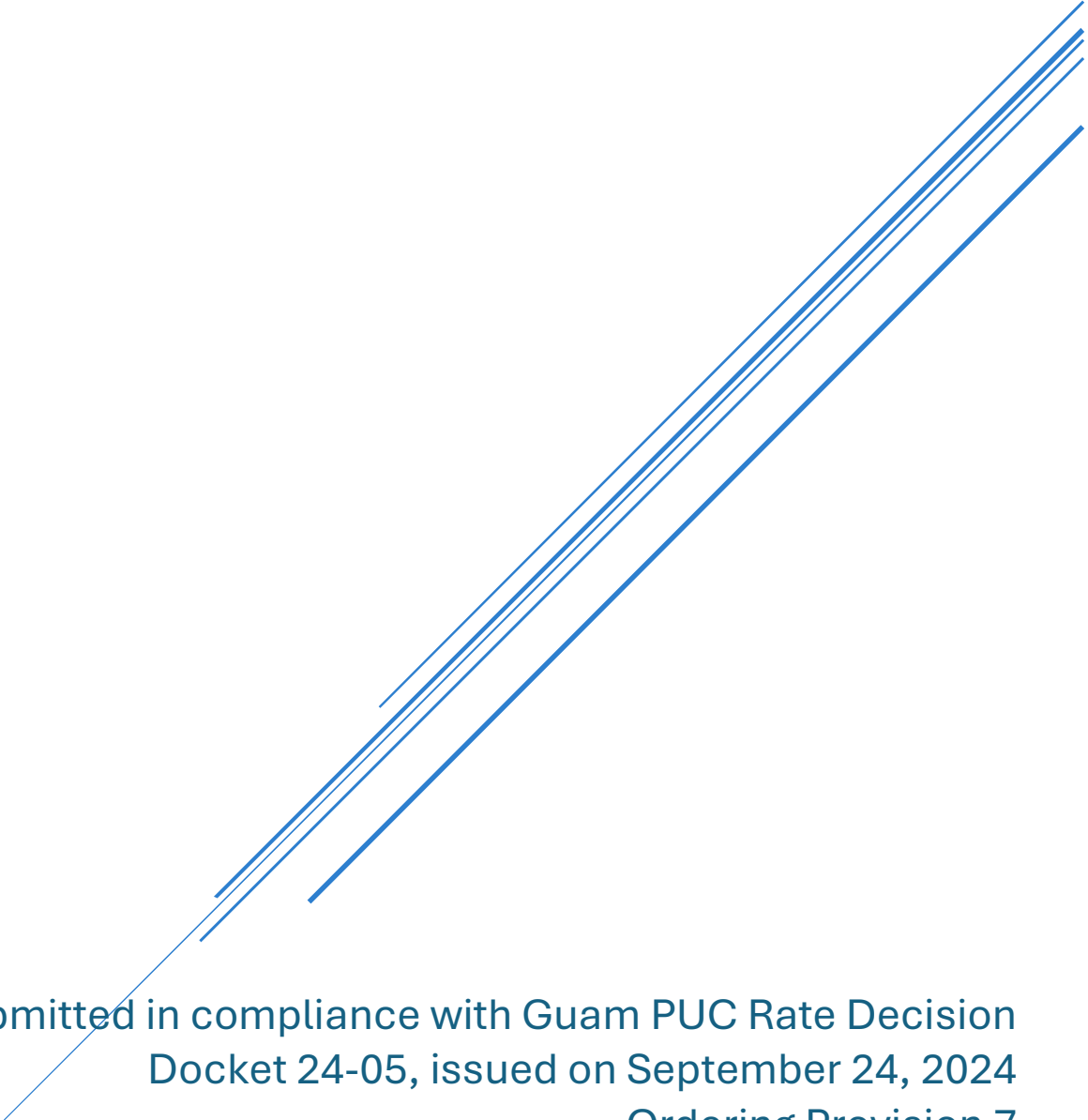
2 - Capitalized labor, which does not represent a cash impact, is not included in the calculation of annual net cash flow but is recognized as an adjustment in the debt service coverage calculation

3 - Excludes bad debt expense since this line item is instead included as an offset to rate revenues (per audited financials)

4 - Includes retiree COLA and end-of-year pension and OPEB adjustments

GUAM WATERWORKS AUTHORITY FY 2026 TRUE-UP AND FY 2027 BUDGET

GWA Docket 24-05



Submitted in compliance with Guam PUC Rate Decision
Docket 24-05, issued on September 24, 2024
Ordering Provision 7
April 15, 2026



Table of Contents

Executive Summary.....	2
Introduction.....	3
FY 2026 Financial Performance.....	4
Projected FY 2027 Financial Performance	5
Revenues.....	7
Rate Design.....	7
Revenue Projections.....	8
Operations and Maintenance	9
Operations and Maintenance Expenses.....	9
Utilities.....	9
Salaries and Benefits	10
Administrative and General	11
Contractual	12
Retiree Benefits	12
Capital Financing.....	12
Capital Financing Needs	13
Capital Financing Strategy Evolution	13
Short-Term Construction Financing.....	13
Series 2025 Revenue Bonds / Guaranteed Investment Contract.....	14
Internally Financed Capital / System Development Charges	Error! Bookmark not defined.
Conclusions.....	14
Appendix A GWA Operating Divisions	16
General Manager.....	17
Legal	17
Administrative Services Division	17
Compliance and Safety	18
Engineering.....	18
Operations and Maintenance	19
Finance	20

Executive Summary

This submission presents the Guam Waterworks Authority's (GWA) FY 2026 True-Up and FY 2027 Budget proposed rate increases in accordance with the Public Utilities Commission (PUC) Rate Decision in Docket 24-05. Now in the third year of its approved five-year financial plan, GWA seeks to implement rate adjustments tailored to meet forecasted operational and capital financing needs. Revenue projections in this filing are based on the existing PUC-approved rate structure, as the Concentric rate design report was received on March 20, 2026, and the PUC has not yet formally adopted those recommendations; GWA reserves the right to address rate design changes in appropriate proceedings before the PUC.

This true-up confirms that GWA's FY 2026 financial performance was favorable relative to the FY 2026 projections contained in the prior year's true-up filing (the "FY 2025 True-Up and FY 2026 Budget," referred to by the PUC as the FY 2026 True-Up), with cost savings achieved in the following key areas—Navy water purchases, power costs, salaries, administrative and general expenses, and contractual services. These favorable variances are expected to enable GWA to achieve a debt service coverage ratio of 1.42x in FY 2026, exceeding the 1.38x forecast established in the five-year rate plan (and the 1.37x target in the approved FY 2026 budget), without draws from the Rate Stabilization Fund.

For FY 2027, GWA projects operating revenues of \$159.9 million, sufficient to support \$97.1 million in operations and maintenance expenses and \$57.5 million in total debt service (comprising \$56.7 million in revenue bond debt service and \$0.8 million in short-term construction financing interest). The budget also supports \$12.0 million in internally financed capital improvements. GWA's proposed rate adjustment does not vary from the rate adjustment already approved by the PUC as part of the five-year rate plan: 7.75% on non-lifeline rate components. A 3.55% legislative surcharge on non-lifeline rate components is necessary to fund retiree benefit expenses, which is the statutory purpose of the legislative surcharge. These proposed rate adjustments will meet forecasted revenue requirements while achieving a debt service coverage ratio of 1.30x.

GWA's financing strategy relies on the Series 2025 revenue bonds (\$250 million in proceeds), a \$50 million revolving loan facility to support short-term capital needs, federal grants, and System Development Charge revenues. Given the magnitude of GWA's capital program and the requirements of the USEPA Consent Decree, GWA anticipates adding a new money component of approximately \$100 million to the Series 2026 Refunding Bonds to bridge capital financing gaps. The \$5.1 million incremental debt service associated with these bond proceeds is reflected in the FY 2027 budget. This comprehensive financial plan is necessary to fund extensive infrastructure improvements and meet regulatory mandates.

GWA notes that recent geopolitical developments, including the conflict involving Iran, and ongoing changes in Federal policy and funding priorities, introduce significant uncertainty that may materially affect these projections. GWA will monitor these developments and address any material impacts in future true-up filings.

Introduction

GWA is completing the second year of its fourth five-year financial plan (FY 2025 through FY 2029) and rate relief application with the Public Utilities Commission of Guam (PUC). GWA received across-the-board water and wastewater basic, lifeline, and non-lifeline rate increases of 11.5 percent for FY 2025 and non-lifeline rate increases of 8.2 percent for FY 2026, which was lower than the PUC-authorized increase of 10.75% in the current five-year financial plan.

While pro forma system-wide non-lifeline rate increases of 7.75 percent in FY 2027 were approved in the Rate Decision for Docket 24-05, those approved rates are subject to change in the annual true-up proceedings and are not final until approved by the PUC. The PUC also approved the concept of a new rate design structure in principle in Docket 19-08 on March 28, 2024; however, the Rate Design Report prepared by Concentric, the PUC's rate design consultant, was not provided to GWA until March 20, 2026. Because GWA was required to prepare this filing for CCU review on March 30, 2026, and file with the PUC by April 15, 2026, and because the PUC has not yet formally adopted the rate design recommendations, GWA has prepared revenue projections based on the existing PUC-approved rate structure. GWA reserves the right to address rate design changes in appropriate proceedings before the PUC. Rate and charge increases and associated bill impacts vary by customer class as shown in Schedules K and L, which are provided to the PUC as part of the minimum filing requirements.

The FY 2027 true-up rates presented herein provide for an increase in rate revenues relative to projected FY 2026 of approximately \$11.3 million (inclusive of bad debt and other rate revenue adjustments) to cover projected FY 2027 operations and maintenance (O&M) expenses, debt service, and internally financed capital expenditures.

For the true-up to determine proposed FY 2027 rates, GWA management has thoroughly reviewed its revenue requirements and other requisites such as rate covenants and financial policies and considered known and measurable changes in costs and conditions. Based on these analyses, GWA has determined and recommends the rates by customer class, as set forth in Schedule K submitted to the PUC as part of the minimum filing requirements. These recommended rates are based on the existing PUC-approved rate structure and are needed to meet increased operating costs and capital financing expenses and achieve debt service coverage levels. The proposed rates generate FY 2027 rate revenue levels consistent with those authorized by the PUC as part of the five-year rate plan.

FY 2027 operating costs are earmarked at \$39.3 million in salaries and benefits (exclusive of \$4.4 million in capitalized labor); \$19.3 million in power costs; \$7.4 million in water purchases; \$16.4 million in administrative and general expenses (exclusive of bad debt); \$9.9 million in contractual expenses; and \$4.8 million in retiree supplemental annuities and health care, for a combined total of \$97.1 million¹. The proposed FY 2027 budget, as recommended, allows GWA to maintain sufficient staffing levels to meet increasing regulatory compliance needs, operations and maintenance and customer service mandates.

¹ This total excludes depreciation (\$30.8 million) and bad debt expense (\$2.3 million), which are non-cash items included within GWA's full O&M budget but not reflected in the cash O&M subtotal.

FY 2027 revenue bond debt service is projected to be \$56.7 million, reflecting the Series 2025 Bonds (\$250 million in proceeds), an estimated \$0.33 million reduction in FY 2027 debt service attributed to refunding savings from the Series 2026 Bonds, and incremental debt service associated with an anticipated \$100 million of new money proceeds from the Series 2026 Bonds to address capital funding gaps and maintain compliance with USEPA Partial Consent Decree and other regulatory compliance schedules. The incremental debt service associated with this anticipated FY 2026 issuance is reflected in the FY 2027 budget. Short-term construction financing program interest is expected to total approximately \$0.8 million in FY 2027, bringing total debt service (revenue bond debt service plus short-term financing interest) to approximately \$57.5 million. Internally financed capital improvements are forecast to be \$12.0 million. Minimum debt service coverage is targeted at 1.30x, supported by a \$2.5 million draw from Rate Stabilization Fund reserves, representing an incremental step toward compliance with the PUC's established policy of a 1.50x coverage level despite significant increases in GWA's debt load.

FY 2026 Financial Performance

GWA's projected FY 2026 financial performance compares favorably to the PUC-approved FY 2026 budget (CCU Resolution 01-FY2026, Exhibit A, "Approved FY 2026 Budget"). Total Sources of \$153.5 million marginally exceeded the approved budget of \$153.3 million, driven by significantly higher-than-projected interest income on operating funds, which offset slightly lower operating revenues and eliminated the need for the \$2.2 million Rate Stabilization Fund draw that was included in the approved budget. Projected debt service coverage of 1.42x exceeds the approved FY 2026 target of 1.37x.

- Projected Operating Revenues of \$148.7 million are approximately \$0.6 million below the Approved FY 2026 Budget of \$149.2 million, reflecting modest differences in billing determinants relative to projections.
- Interest and investment income on operating fund accounts is projected at \$4.8 million, approximately \$2.9 million above the Approved FY 2026 Budget of \$1.9 million, reflecting a reclassification of one of the interest-bearing accounts and higher-than-anticipated fund balances and interest rate conditions.
- No Rate Stabilization Fund draw was required, compared to the \$2.2 million draw included in the Approved FY 2026 Budget, as favorable O&M performance and higher interest income together provided sufficient debt service coverage.
- Power expenses are projected at \$17.0 million, approximately \$0.6 million below the Approved FY 2026 Budget of \$17.6 million, reflecting reductions in GPA's LEAC rate that took effect during FY 2026.
- Water Purchase expenses are projected at \$7.1 million, approximately \$0.1 million above the Approved FY 2026 Budget of \$7.0 million, a modest increase reflecting slightly higher Navy water usage relative to projections.
- Salaries and Benefits are projected at \$36.8 million, approximately \$0.6 million below the Approved FY 2026 Budget of \$37.4 million, reflecting paced hiring relative to authorized positions.

- Administrative and General expenses are projected at \$12.8 million, approximately \$0.4 million below the Approved FY 2026 Budget of \$13.2 million, with favorable variances in regulatory expense, training, and advertising partly offset by higher sludge disposal costs.
- Contractual expenses are projected at \$8.3 million, approximately \$1.2 million below the Approved FY 2026 Budget of \$9.5 million, primarily due to delayed procurements in audit and computer maintenance, equipment rental, and other service categories.
- Retiree expenses are projected at \$4.8 million, approximately \$0.2 million above the Approved FY 2026 Budget of \$4.6 million, reflecting higher-than-anticipated health insurance premiums and supplemental annuity costs.

In aggregate, FY 2026 (cash) O&M expenses are projected at \$86.8 million, approximately \$2.4 million below the Approved FY 2026 Budget of \$89.2 million.

Revenue bond debt service is projected at \$50.3 million, approximately \$1.5 million below the Approved FY 2026 Budget of \$51.8 million, reflecting the actual terms of the Series 2025 Bond issuance. Short-term construction financing interest is expected to total approximately \$0.2 million in FY 2027 (fees of \$0.2 million are excluded from debt service coverage calculations), approximately \$1.3 million below the approved budget of \$1.5 million, as the revolving loan facility is not anticipated until later in the current fiscal year. Internally funded capital of \$15.0 million is on track with the approved budget.

Overall, Total Uses of \$152.4 million are approximately \$5.2 million below the Approved FY 2026 Budget of \$157.6 million, reflecting the combined O&M, debt service, and delays in implementing the short-term revolving credit facility. Combined with higher interest income and the elimination of the RSF draw, these results are projected to enable GWA to exceed its approved FY 2026 debt service coverage target of 1.37x, with a projected achievement of 1.42x, while also beginning to rebuild Rate Stabilization Fund reserves.

Projected FY 2027 Financial Performance

GWA's projected FY 2027 financial performance is also similar to that projected for the Rate Decision in Docket 24-05 in many respects, despite the earlier-than-anticipated issuance of long-term revenue bonds. Projected FY 2027 financial performance reflects the existing PUC-approved rate structure,² O&M expenses that are lower than those approved in the Rate Decision, debt service on the Series 2025 Bonds, debt service savings from the Series 2026 Bonds, and additional long-term and short-term debt instruments to satisfy FY 2027 capital encumbrance requirements. FY 2027 performance also assumes use of \$2.5 million of Rate Stabilization Fund reserves to enable incremental improvement of projected debt service coverage to the 1.30x minimum, which is considerably lower than the same metric within the Rate Decision forecast. Specific similarities and differences include:

- GWA's proposed rate adjustment of 7.75% for non-lifeline rate components remains unchanged relative to the Rate Decision. GWA is proposing that the legislative surcharge on

² The Concentric rate design report was received on March 20, 2026 and the PUC has not yet formally acted upon the rate design.

non-lifeline rate components be set at 3.55%, compared to the 3.00% surcharge established in the Rate Decision for FY 2027. The higher surcharge is necessary to fund retiree benefit expenses, which is the statutory purpose of the legislative surcharge.

- Projected Operating Revenues of \$159.9 million in FY 2027 compare to the Rate Decision cash-flow forecast value of \$163.2 million. Total Sources, which include interest income of \$4.4 million and a Rate Stabilization Fund draw of \$2.5 million, are projected at \$166.8 million compared to \$162.9 million in the Rate Decision. Differences reflect lower rate revenues under the existing rate structure, higher interest earnings, and the use of RSF reserves rather than a contribution.
- Despite the impact of rising fuel prices, projected power expenses in FY 2027 of \$19.3 million are comparable to \$19.5 million in the Rate Decision forecast.
- FY 2027 Water Purchase expenses are forecast to be \$7.4 million as compared to \$12.9 million in the Rate Decision forecast.
- FY 2027 Salaries and Benefits are forecast to be \$39.3 million, slightly above the \$38.4 million in the Rate Decision forecast.
- FY 2027 Admin and General expenses are forecast to be \$16.4 million as compared to \$15.5 million in the Rate Decision forecast.
- FY 2027 Contractual expenses are forecast to be \$9.9 million as compared to \$9.7 million in the Rate Decision forecast.
- FY 2027 Retiree expenses are forecast to be \$4.8 million, roughly equivalent to the Rate Decision forecast.

In aggregate, FY 2027 (cash) O&M expenses are forecast to be \$97.1 million, \$3.7 million lower than the \$100.8 million included in the Rate Decision forecast. These variances largely reflect continuing lower Navy water purchase expenses, reductions in the Guam Power Authority's LEAC (levelized energy adjustment clause), as well as paced increases in staffing levels and compensation. Lower costs are anticipated to help absorb anticipated increases in capital financing expenses required to fund GWA's capital program.

Debt service continues to represent the largest deviation from the Rate Decision forecast, which assumed higher levels of financing capacity from short-term instruments and deferred issuance of long-term debt. FY 2027 total debt service (revenue bond debt service plus short-term financing program interest) is anticipated to be \$57.5 million, \$14.0 million higher than assumed levels in the Rate Decision forecast. This difference is due to (1) debt service on the Series 2025 Bonds that provided proceeds of \$250 million for the capital program and (2) interest expense on the short-term financing program that is just 15% of forecasted levels in the Rate Decision. The \$0.8 million of forecasted short-term financing interest for FY 2027 assumes that GWA secures a \$50 million revolving line of credit sometime before the end of FY 2026 and begins to issue loans against the revolver in FY 2027. Cash-financed CIP (i.e., internally funded capital) for FY 2027 is anticipated to be \$12.0 million, equal to that anticipated in the Rate Decision forecast.

Another difference in GWA's current FY 2027 forecast includes the absence of a regulatory asset adjustment. The Regulatory Asset adjustment was anticipated to be \$1.3 million and includes CoreTech litigation expenses and the amortization of the prior five-year rate case. However, as part

of the amended accounting order approved with the FY 2026 True-Up (which reflected guidance provided by GWA's disclosure counsel), expenses for the prior five-year rate case were reflected in the periods in which they occurred and debt service coverage for those years was restated. The amortization of this regulatory asset was therefore not necessary. The accounting order also calls for the amortization of FY 2026 CoreTech litigation expenses in the first year subsequent to the termination of the litigation. To date, FY 2026 litigation expense has been minimal and GWA cannot know whether the litigation will be resolved in the current fiscal year. GWA therefore currently estimates that there will not be a regulatory asset adjustment in FY 2027.

The final noteworthy difference is related to the capitalized labor adjustment, which was \$5.0 million in the Rate Decision forecast (set at 13% of Salaries and Benefits). Capitalized labor as a percentage of Salaries and Benefits historically has been 11.3%, 11.8%, and 10.0% in FY 2023, FY 2024, and FY 2025, respectively. GWA has used the three-year historical average, 11.1%, to estimate capitalized labor of \$4.4 million for FY 2027.

Revenues

As described in the Rate Design section, the FY 2027 rate revenue forecast is based on the existing PUC-approved rate structure. FY 2027 billing determinants, such as number of accounts and billable volumes, have been updated based on recently observed statistics within GWA's billing system. Operating Revenues are projected to be \$159.9 million, and consist of water rate revenues (\$104.7 million), wastewater rate revenues (\$56.9 million), other revenues (\$0.6 million), and a bad debt adjustment of (\$2.3 million). Total Sources are forecast to be \$166.8 million and include interest/investment income of \$4.4 million and a Rate Stabilization Fund draw of \$2.5 million. Total Sources are \$3.9 million higher than those included in the Rate Decision forecast, driven by higher operating fund interest earnings and the use of RSF reserves, partly offsetting lower rate revenues relative to the Rate Decision forecast.

Rate Design

The PUC approved a new rate design structure in principle in Docket 19-08 on March 28, 2024. The Rate Design Report prepared by Concentric, the PUC's rate design consultant, was provided to GWA on March 20, 2026. Because GWA was required to prepare this true-up filing for CCU review on March 30, 2026, and for PUC filing by April 15, 2026, GWA did not have sufficient time to vet the report's recommendations or project revenues based on any revised rate design. Furthermore, the PUC has not yet formally adopted the recommendations contained in the Rate Design Report.

Accordingly, the FY 2027 rate revenue forecast presented herein is based on the existing PUC-approved rate structure. GWA reserves the right to address rate design changes in appropriate proceedings before the PUC, which are separate and distinct from the annual true-up process. If the PUC approves rate design changes in the future, GWA will work with the PUC's consultants to determine the nominal rates necessary to achieve targeted rate revenue levels.

Rate Revenue Projections

GWA continues to employ a revenue forecasting infrastructure that considers key trends (such as customer growth and usage patterns) and price elasticity responses to rate adjustments. GWA's FY 2027 revenue forecasts employ the methodology introduced in conjunction with the Comprehensive Review and Update process and used to determine the FY 2025 through FY 2029 rate plan. Assumptions include:

- Residential account growth varies by meter size but is assumed to be 0.25% per year for water accounts and 0.30% for wastewater accounts for the most common meter size (3/4 inch) to reflect historical trends.
- Smaller meter (3/4 inch) water accounts are expected to grow 0.50% for Commercial-1 customers and decrease -1.0% for Agriculture customers. Other meter sizes and other customer classes are expected to remain flat or decrease slightly.
- Consistent with historical trends, smaller meter (3/4 inch) sewer accounts are expected to grow 0.50% for Commercial-1 customers. Small and larger meter size accounts for all other customers are expected to remain flat or decrease slightly.
- Water demand per account for residential customers has decreased 1.4 percent per year since FY 2019 on a compounded growth basis and is expected to continue to decline at 0.7% per year. Commercial-1 customers and Commercial-2 customers are expected to also decline at 0.3% and 3.0% per year, respectively. Hotels and the Government class are projected to continue a slow rebound from COVID levels, with water demand per account increasing 5.0% per year for Hotels and 1.5% for Government customers (the resulting FY 2027 statistics for these last two customer classes are still below pre-COVID levels despite the upward trend). Demand per account for Commercial-3, Agriculture, and Irrigation customers is expected to remain constant.
- Price elasticity factors of 1.0 for residential and 1.5 for non-residential are applied to demand per account forecasts. These factors reflect the expected percentage decrease in demand per account for every 10.0% increase in the real price of water (i.e., after accounting for inflation). Based on a proposed 7.75% adjustment to non-lifeline rate components, GWA's revenue forecast uses the following estimated FY 2027 price elasticity impacts (corresponding decreases in demand per account) to develop the rate revenue forecast: for residential customers, the reduction in consumption is expected to be -0.21% and a -0.71% decrease for non-residential customers.
- The combined impacts of the growth, price elasticity assumptions, and price-independent consumption adjustments result in a total water demand forecast of 5.064 million kgals, a 0.06% increase from estimated FY 2026 water demand. Overall, GWA's billable water demand has decreased 1.7% per year, on a compounded basis, from FY 2023 through FY 2025.
- Billable wastewater flows include the Navy (assumed to grow at 2% per year) and leachate customers (no growth). Billable wastewater flows are projected to be 1.924 million kgals in FY 2027, a 1.5% increase over estimated FY 2026 levels.

Notably, GWA continually tests the revenue forecast methodology by comparing actual historical revenue results to forecasted performance using the same historical billing determinant data. Predicted revenue values were within 0.12% of actual revenue performance for the most recently completed fiscal year (FY 2025), indicating a very strong correlation between billing determinants and revenue forecasts. The very small variance can be explained by pro-rated bills for customers that either begin or terminate service in the middle of a billing cycle. GWA’s FY 2027 gross rate revenue forecast of \$161.6 million (before the bad debt adjustment of \$2.3 million and rate revenue adjustment, which together reduce net operating revenues to \$159.9 million) is grounded by reference to historical customer trends, comparisons of billed and audited totals, and established economic principles.

Other Operating and Non-Operating Revenues

Other operating revenues are expected to total \$0.6 million in FY 2027 and include fees and charges for services such as installing meters, inspections, reconnections, and illegal connections, among others.

For FY 2027, rate revenue adjustments—which have historically reflected the difference between audited and billed rate revenues—has been set to \$0. Revenue adjustments for the two most recent fiscal years have been positive, while this same adjustment was negative (i.e., a reduction in revenues) for the four years prior to the trend reversing. Overall, an assumption of no adjustment—either positive or negative—is consistent with the average for the most recent 7-year period (0.04%).

Bad debt expense, as a percentage of rate revenues, was 1.51% for FY 2025 and has averaged 1.59% over the last eight years. GWA has used an assumption of 1.50% to estimate this revenue offset within the FY 2027 forecast, resulting in a bad debt estimate of \$2.3 million.

Interest and investment income on GWA’s operating fund accounts was \$4.8 million in FY 2026 and is forecasted to decline to \$4.4 million in FY 2027, reflecting observed downward trends in interest rates. This decline represents a modest headwind to debt service coverage in FY 2027 relative to FY 2026 performance, partially offsetting the benefit of lower O&M expenses.

Finally, in contrast to the assumption that GWA would *contribute* \$1.25 million to the RSF as part of the Rate Decision forecast, GWA’s updated forecast assumes *use of* \$2.5 million in RSF funds to bolster coverage and meet the minimum 1.3x target.

Operations and Maintenance

Operations and Maintenance Expenses

Utilities

Row Labels	FY24 Audited Actuals	FY25 Unaudited Actuals	FY26 Approved (True-Up)	FY26 Projected Actuals	FY27 PUC Dock. 24-05 (5 Year Plan)	FY27 True-Up	FY27 True Up vs. 5-Year Plan
Water Purchases	8,662,001.60	7,421,447.33	6,957,709.50	7,139,773.53	12,916,590.00	7,357,765.74	(5,558,824.26)
Power Purchases	21,892,447.53	19,917,470.14	17,601,227.39	17,015,630.81	19,473,468.00	19,318,601.19	(154,866.81)
Grand Total	30,554,449.13	27,338,917.47	24,558,936.89	24,155,404.34	32,390,058.00	26,676,366.93	(5,713,691.07)

Annual utility costs continue to remain transitional. During the development of the FY 2025-FY 2029 Five-Year Plan, GWA received notice from the Department of Defense of a rate adjustment for water and wastewater purchases, which increased the water cost per kilogallon (kgal) from \$10.36 to \$24.07. The Department of Defense later notified GWA of an amended water rate cost per kgal, reducing the rate from \$24.07 to \$9.69 per kgal in FY 2025, and is currently assessing a \$10.89 per kgal rate for FY 2026. For FY 2027, GWA is estimating a potential 5% increase to the cost of water and sewer per kgal, which represents a per kgal cost of \$11.43 and \$43.14, respectively.

The projected water and sewer purchases budgeted for FY 2027 amount to \$7.4 million, which is based on 579,567 water kgals and 16,936 sewer kgals using the projected rate of \$11.43/kgal and \$43.14 per kgal, respectively. The projected volume of Navy water purchases reflects lower consumption relative to the five-year rate plan, driven by GWA’s ongoing water loss reduction program, which has increased the availability of GWA’s own water supply and reduced reliance on purchased Navy water.

GWA’s FY 2027 projected power expense reflects the commissioning of GPA’s Ukudu Power Plant, which operates on liquefied natural gas and runs at a lower fuel cost than the legacy Cabras oil-fired plants it has largely replaced, contributing to the sustained reductions in GPA’s LEAC rate. GWA’s FY 2027 projected power expense also incorporates GPA’s recently approved \$0.03 increase to the base rate for maintenance costs associated with operating the Ukudu plant. Additionally, it should be noted that GPA has reduced the Levelized Energy Adjustment Clause (LEAC) rate from \$0.2088 (effective February 1, 2025), to \$0.1555 (effective August 1, 2025), to \$0.1358 (effective January 1, 2026).

Due to the ongoing global conflicts directly affecting the price of oil, GPA was prompted to provide a cost analysis update to the CCU relative to the projected impact on the LEAC rates. Per GPA’s analysis, the high end projected LEAC adjustment would be \$0.1754, an increase of \$0.0396 from the current LEAC rate. However, GPA noted their intent to keep the current LEAC rate of \$0.1358 intact through July 2026. As such, GWA’s FY 2027 projected power expense is \$19.3M, which utilizes GPA’s high end LEAC adjusted rate of \$0.1754. Consumption of kwh over the past several years has generally remained consistent, averaging about 57.7 million kwh per year.

Salaries and Benefits

Row Labels	FY24 Audited Actuals	FY25 Unaudited Actuals	FY26 Approved (True-Up)	FY26 Projected Actuals	FY27 PUC Dock. 24-05 (5 Year Plan)	FY27 True-Up	FY27 True Up vs. 5-Year Plan
Salaries and Wages	19,979,204.92	24,089,241.49	25,288,919.52	25,099,364.14	26,518,192.10	27,253,512.67	735,320.57
Pension and Benefits	9,264,297.88	11,219,907.80	12,067,625.00	11,683,285.36	11,917,758.30	12,005,218.08	87,459.78
Capitalized Labor and Benefits	(3,321,043.10)	(2,894,499.33)	(4,856,350.79)	(4,388,910.61)	(4,996,673.55)	(5,103,635.00)	(106,961.45)
Grand Total	25,922,459.70	32,414,649.96	32,500,193.73	32,393,738.89	33,439,276.85	34,155,095.75	715,818.90

In FY 2027, salaries and benefits are projected at \$34.16 million (net of estimated capitalized labor). This total includes:

- 1) pay for performance adjustments and the approved migration to the 40th market percentile based on the market review study of US Mainland water utility salaries in 2022;
- 2) overtime for eligible employees at 6% of their base pay; and

- 3) holiday work and night differential for eligible employees at approximately 2% and 1% of base pay,

Total benefits comprise 30.6% of base salaries, which include retirement, Medicare, life insurance, and medical/dental insurance contributions. Capitalized labor in FY 2027 is projected at \$4.4 million. The Guam Waterworks Authority (GWA) maintains its commitment to hire personnel at the salary and benefit expenditure level noted above in order to meet increasing regulatory compliance needs, operations and maintenance and customer service mandates.

Administrative and General

Row Labels	FY24 Audited Actuals	FY25 Unaudited Actuals	FY26 Approved (True-Up)	FY26 Projected Actuals	FY27 PUC Dock. 24-05 (5 Year Plan)	FY27 True-Up	FY27 True Up vs. 5-Year Plan
Sludge Removal	1,099,837.04	1,336,335.04	1,166,098.10	1,769,613.94	804,672.59	1,622,396.79	817,724.20
Chemicals	1,882,200.10	2,615,143.33	2,985,591.28	2,727,265.63	4,648,420.50	4,301,143.33	(347,277.17)
Materials & Supplies	1,367,801.20	2,681,314.63	2,275,444.31	2,309,474.26	3,091,061.17	3,091,061.17	(0.00)
Transportation	504,105.38	738,450.32	778,080.63	847,724.03	1,031,471.76	1,031,471.76	0.00
Communications	136,781.42	131,982.11	238,912.34	155,142.46	246,079.71	167,650.00	(78,429.71)
Claims	144,593.41	84,431.25	250,180.00	251,646.37	259,920.50	351,180.00	91,259.50
Insurance	1,803,101.40	1,878,913.94	1,963,000.00	1,876,043.71	2,021,890.00	1,962,500.00	(59,390.00)
Training & Travel	198,700.77	489,051.50	786,528.92	607,335.23	865,211.81	865,211.81	(0.00)
Advertising	68,894.50	58,259.72	198,616.75	153,081.10	295,730.25	295,730.25	0.00
Miscellaneous	1,526,250.59	1,596,437.78	2,029,492.08	1,789,310.68	2,007,457.25	2,307,457.25	300,000.00
Regulatory Expense	552,292.02	212,101.44	538,475.00	359,859.90	245,629.25	377,400.00	131,770.75
Grand Total	9,284,557.83	11,822,421.06	13,210,419.41	12,846,497.32	15,517,544.79	16,373,202.36	855,657.57

In FY 2026, GWA is tracking to expend approximately \$12.8M in Administrative and General expenses, which is consistent with the upward trajectory from what was expended in FY 2024 and FY 2025. For FY 2027, GWA is anticipating expenses exceed what was initially contemplated in the Five-Year Plan, particularly in the following areas:

- Sludge – GWA disposed of 7,629 tons in FY 2025, and is projected to dispose 9,151 tons in FY 2026. Additionally, the cost per ton has increased from \$175.17 in FY 2025 to \$193.37 in FY 2026. Therefore, GWA is projecting an increase in sludge expenses for FY 2027 based on the current tonnage of sludge disposal and the increase to the cost per ton.
- Claims – GWA is expecting an increase in Road Related Damages and Personal Property expenses pursuant to ongoing settlements currently being mediated.
- Miscellaneous – GWA is anticipating entering into a Collection Services contract to bolster collections of billings in arrears, which is anticipated to improve collections, but correspondingly increases expenses for services rendered to collect accounts in arrears.
- Regulatory Expense – GWA recognizes there was an increase to the annual Public Utilities Commission Assessment Order in FY 2026, and anticipates that same amount to be invoiced in FY 2027. Further, GWA is requesting an additional \$100K above the Five-Year Plan for the purpose of anticipated expenses associated with the review and approval of a new rate design during FY 2027, which will be separate and apart from the annual True-Up rate case costs.

Contractual

Row Labels	FY24 Audited Actuals	FY25 Unaudited Actuals	FY26 Approved (True-Up)	FY26 Projected Actuals	FY27 PUC Dock. 24-05 (5 Year Plan)	FY27 True-Up	FY27 True Up vs. 5-Year Plan
Audit & Computer Maint.	1,842,704.71	1,789,005.85	2,990,318.20	2,216,257.56	3,229,058.45	3,229,058.45	0.00
Building rental	582,808.04	586,376.86	909,372.00	868,968.93	726,533.16	801,372.00	74,838.84
Equipment rental	124,257.31	453,605.94	794,384.55	459,610.74	776,568.04	776,568.04	0.00
Legal	559,014.15	448,384.06	1,550,000.00	1,450,000.00	1,000,000.00	1,000,000.00	0.00
Laboratory	674,297.95	286,139.48	432,576.76	781,763.60	673,676.65	788,815.00	115,138.35
Other	1,454,422.21	2,426,090.23	2,811,776.49	2,509,641.56	3,261,664.22	3,321,664.22	60,000.00
Grand Total	5,237,504.37	5,989,602.42	9,488,428.00	8,286,242.39	9,667,500.52	9,917,477.71	249,977.19

In FY 2026, GWA is tracking to expend approximately \$8.2M in Contractual expenses, which is \$2.3M more than what was expended in FY 2025 due to costs associated with the Dieldren Response (to include any potential legal expenses associated), increased rental expenses to temporarily relocate the Upper Tumon Warehouse while the Warehouse is being renovated, and the current rates for Information Technology services required to efficiently operate the GWA’s infrastructure. For FY 2027, GWA is anticipating expenses exceed what was initially contemplated in the Five-Year Plan, particularly in the following areas:

- Building Rental – Continuation of the requirement of a temporary Warehouse while the Upper Tumon warehouse is being renovated.
- Laboratory – To cover the remainder of the Government of Guam’s share to administer the OneGuam Water Resources Information Program Memorandum of Understanding with the Water and Environmental Research Institute of the Western Pacific (WERI), University of Guam and the United States Geological Survey.
- Other – Grounds Maintenance for Wastewater Pump Stations, which will reduce the need for GWA Utility Trades Helpers to perform such services and remain focused on GWA infrastructure.

Retiree Benefits

Row Labels	FY24 Audited Actuals	FY25 Unaudited Actuals	FY26 Approved (True-Up)	FY26 Projected Actuals	FY27 PUC Dock. 24-05 (5 Year Plan)	FY27 True-Up	FY27 True Up vs. 5-Year Plan
Retiree Supp. Annuities and health c	3,208,145.82	3,807,586.31	3,915,187.72	4,068,958.48	4,030,143.81	4,110,756.19	80,612.38
Contribution to Government of Guam	701,500.00	757,500.00	708,515.00	706,100.00	729,345.34	729,100.00	(245.34)
Grand Total	3,909,645.82	4,565,086.31	4,623,702.72	4,775,058.48	4,759,489.15	4,839,856.19	80,367.04

The FY 2027 estimated costs for retiree benefits are \$4.8 million and include supplemental annuities of \$360,230 for 85 retirees, health insurance premiums of \$3.75 million for 317 retirees, and Cost of Living Allowance (COLA) payments of \$729,100 for 317 retirees.

Capital Financing

GWA’s capital improvement program is the principal driver of projected FY 2026 and FY 2027 debt service costs. After accounting for the proceeds of the Series 2025 Bonds, GWA’s capital program is anticipated to require additional encumbrances of \$53.5 million in FY 2026 and \$280.6 million in FY 2027 in inflated dollars, though GWA is continuing to analyze these requirements and actual encumbrances may vary as project scopes, schedules, and cost estimates are refined. These

estimates reflect revised cost estimates for critical projects based on higher construction bids that GWA has received over the last year. The importance of capital financing on favorable terms has led GWA to both carefully evaluate capital improvement program needs and investigate both short-term and long-term debt instruments – the relative merits of which are a function of credit market conditions and credit availability.

Capital Financing Needs

GWA's financing needs, encumbrance requirements, and available financing options have been the subject of extensive review and analysis. The capital program reflects an update of GWA's Integrated Water Resources Master Plan (that is pending publication), review of requirements of GWA's Partial Consent Decree with USEPA as well as other regulatory requirements (e.g., relating to PFAS and Dieldrin), evolution of the Water Loss Control Program, and input from GWA field operations personnel.

Capital Financing Strategy Evolution

Given the magnitude of GWA's capital program, arrangement of capital financing on favorable terms is essential. This requires a portfolio management approach that strategically employs short-term and long-term debt instruments and investment vehicles based on market conditions. Notably, these conditions have changed materially since the issuance of the Rate Decision in Docket 24-05. Where Tax-Exempt Commercial Paper (TECP) was initially anticipated to provide relatively low-cost short-term construction financing and enable deferral of long-term "takeout" revenue bonds, recent market developments indicate that immediate issuance of long-term (new money) revenue bond indebtedness coupled with a Guaranteed Investment Contract (GIC) to limit or eliminate "negative carry" of bond proceeds is an option that should be strongly considered. In addition, a Revolving Loan credit facility offers several advantages relative to TECP and will enable GWA to move project encumbrances forward at relatively limited costs in terms of facility fees. Accordingly, GWA's capital financing plan – primarily for FY 2026 and FY 2027 encumbrances requirements, involves an assumption that GWA will secure a \$50 million Revolving Loan credit facility at the end of FY 2026 and include a \$100 million new money component with the Series 2026 refunding transaction. The new money component is assumed to be interest only payments for three years. GWA anticipates returning to the bond market in FY 2026 and/or FY 2027 to raise additional bond proceeds to address funding gaps and ensure compliance with USEPA Consent Decree regulatory schedules. The timing and amount of any such issuance will depend on capital expenditure progress, market conditions, and available credit capacity. With respect to investment of bond proceeds, while a Guaranteed Investment Contract (GIC) was initially considered, GWA was subsequently advised that vendor availability for GIC products was limited. Accordingly, GWA has aggressively deployed proceeds in Time Certificates of Deposit (TCDs) and is actively evaluating other government-backed investment instruments to optimize the yield on bond proceeds and minimize negative carry while maintaining liquidity.

Short-Term Construction Financing

GWA is working to establish a \$50 million Revolving Loan facility before the end of FY 2026, subject to credit market conditions and the resolution of pending litigation. This facility is projected to impose

fees of approximately \$181,000 in FY 2026 and \$256,000 in FY 2027 and interest charges of \$45,000 in FY 2026 and \$771,000 in FY 2027 based on GWA's projected capital project encumbrance and expenditure schedules.

Other Funding Sources

In addition, GWA continues to anticipate funding of capital projects with receipt of federal grants, SDC revenues, and internal (e.g., current revenue) funding. GWA expects to receive \$42.6 million and \$30.0 million in grants that will be available to meet encumbrances in FY 2026 and FY 2027, respectively. GWA further anticipates that it will continue to fund capital with current revenues (IFCIP) and SDC revenues. IFCIP funding is anticipated at \$15.0 million in FY 2026 and \$12.0 million in FY 2027 while SDC revenues are projected to fund \$750,000 in growth-related projects annually. Finally, interest revenues on restricted balances that may be used to fund capital projects are expected to total just over \$6 million annually in both FY 2026 and FY 2027.

Conclusions

GWA's FY 2026 True-Up and FY 2027 budget and financial plan demonstrates prudent financial management and effective execution of the five-year rate plan approved in Docket 24-05. The Authority's continued efforts to control costs and optimize its capital financing strategy have resulted in a financial position that supports necessary investment in system reliability and regulatory compliance.

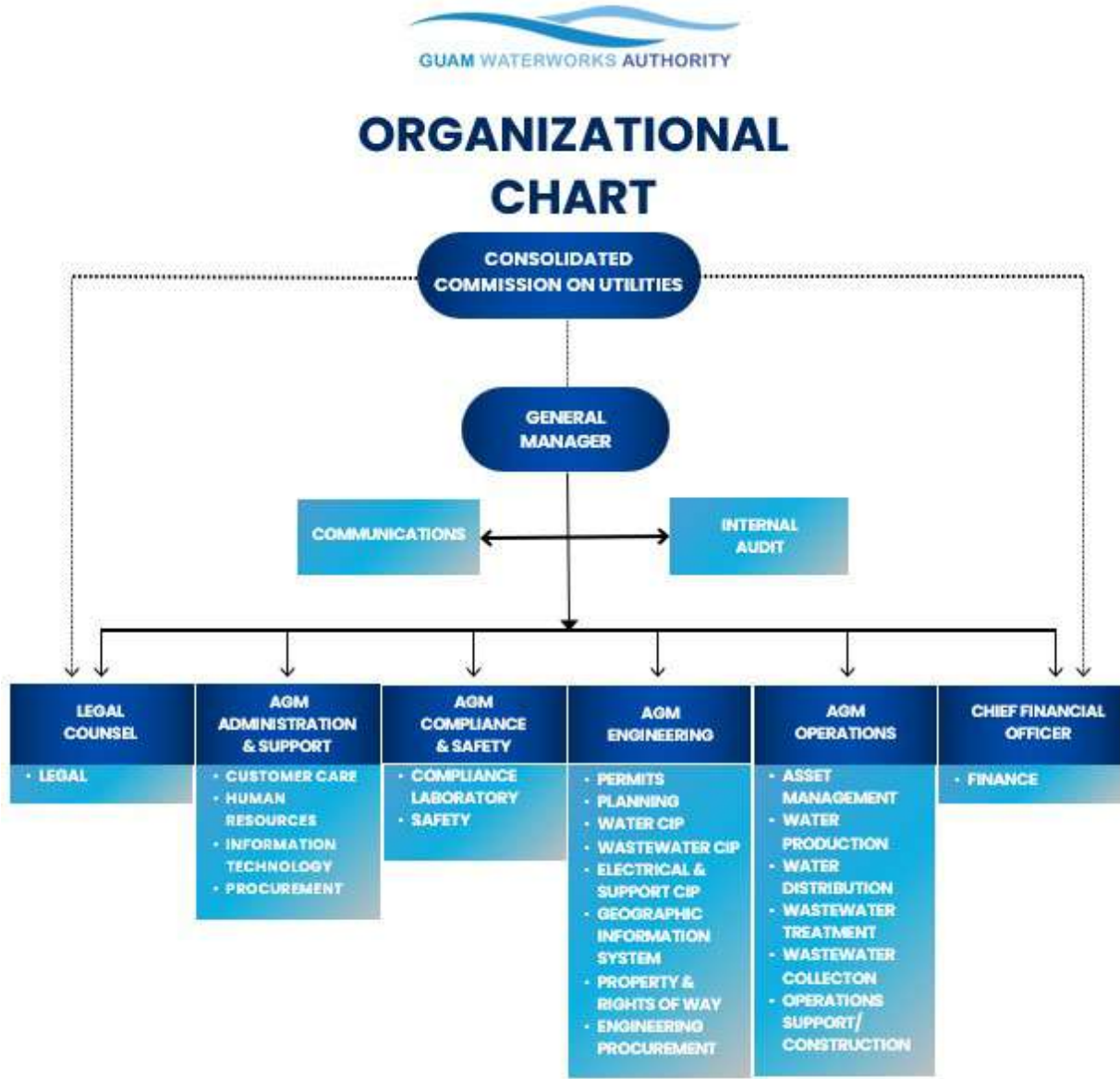
GWA's FY 2026 financial performance confirms that management's cost control efforts continue to yield results, with O&M expenses approximately \$11.9 million below the five-year rate plan forecast. Favorable FY 2026 performance allowed GWA to achieve a debt service coverage ratio of 1.42x without drawing on Rate Stabilization Fund reserves. However, the substantial increase in debt service resulting from the Series 2025 Bond issuance highlights the growing capital financing burden and underscores the importance of continued rate relief.

Despite this progress, GWA's financial condition remains challenging due to ongoing and growing capital demands under the USEPA Partial Consent Decree, and uncertainty related to changing Federal policy and global conditions affecting fuel prices and supply chains. Approval of the proposed FY 2027 rate adjustments of 7.75% on non-lifeline rates and a 3.55% legislative surcharge on non-lifeline rate components—the latter necessary to fund retiree benefit expenses consistent with the statutory purpose of the surcharge—is essential to meet debt service obligations, fund operations, and maintain creditworthiness. The Authority cautions that failure to adopt the proposed rates may jeopardize its ability to fund critical infrastructure improvements and comply with the Partial Consent Decree and other regulatory obligations.

Revenue projections in this filing are based on the existing PUC-approved rate structure, as the Concentric rate design report was received on March 20, 2026, after GWA had mostly finalized the analytical work and development of schedules for this filing, and the PUC has not yet acted on those recommendations. GWA will address rate design matters in appropriate proceedings before the PUC, separate from the annual true-up process.

Conversely, if the FY 2027 rate projections prove conservative, improved financial outcomes will help build reserves and may reduce the magnitude of future rate adjustments. In light of these factors, GWA respectfully requests that the PUC approve the proposed FY 2026 True-Up and FY 2027 rates to support sound financial stewardship and continued progress toward long-term utility sustainability.

Appendix A GWA Operating Divisions



Consolidated Commission on Utilities (CCU)

The Consolidated Commission on Utilities (CCU) provides governance and regulatory oversight for the Guam Waterworks Authority and the Guam Power Authority. The CCU establishes policy direction, approves rates and major financial actions, and ensures accountability and sound utility

management in the public interest. Operating and administrative costs of the CCU are shared by GWA and GPA in accordance with applicable law and agreements.

General Manager

The Office of the General Manager provides executive leadership and oversight of the Authority's administrative, operational, engineering, financial, and compliance functions. The Office supports executive coordination, policy implementation, and organizational performance. Executive management—including the Chief Financial Officer, Legal Counsel, Public Outreach Coordinator, and Assistant General Managers for Operations, Compliance and Safety, Engineering, and Administration and Support—report to the General Manager. Internal Audit reports administratively to the General Manager.

Communications

The Communications Section manages public information and outreach related to GWA services, infrastructure, and initiatives. Core functions include media relations, public education, community engagement, emergency response and recovery messaging and monitoring external trends to ensure timely and accurate information is provided to the public.

Internal Audit

The Internal Audit Division reports administratively to the General Manager and functionally to the Audit Committee of the Consolidated Commission on Utilities. The Division provides independent audit, investigative, and advisory services to add value and strengthen GWA's operations through the development and execution of an annual audit plan approved by the General Manager and the Audit Committee.

Legal

The Legal Section provides legal advice and representation for the Authority in accordance with statutory requirements. Responsibilities include advising management and the Consolidated Commission on Utilities, supporting administrative law matters such as rate regulation and personnel actions, and assisting with regulatory compliance and enforcement. Procurement review and litigation functions remain statutory responsibilities of the Office of the Attorney General of Guam and are typically delegated to GWA's Legal Counsel.

Administrative Services Division

The Administrative Services Division provides internal and external support services essential to GWA's daily operations and service delivery. The Division's sections support customer service, workforce management, technology systems, and resource acquisition in a coordinated and compliant manner.

Customer Care

The Customer Service Section serves as the primary point of contact for GWA ratepayers. The Section manages service requests, billing inquiries, collections, and meter reading functions to support accurate billing and responsive customer service across multiple service locations and online channels.

Human Resources

The Human Resources Section administers personnel functions including recruitment, classification and compensation, employee relations, training, benefits, and performance management. The Section ensures compliance with labor laws and personnel policies while supporting a productive and professional workforce.

Information Technology

The Information Technology Section manages GWA's technology infrastructure, enterprise systems, cybersecurity, and user support systems. The Section ensures secure and reliable systems operations and supports automation and digital tools that improve efficiency and customer engagement. I

Procurement and Supply Management

The Procurement and Supply Management Section is responsible for the acquisition and control of goods, services, equipment, and materials in accordance with Guam procurement laws and GWA policies. Core functions include issuing solicitations, evaluating bids, administering contracts, and managing inventory and warehouse operations to support agency-wide needs.

Compliance and Safety

The Compliance & Safety Division oversees regulatory compliance, environmental monitoring, and workplace safety to support operational integrity and public health responsibilities.

Compliance Programs

The Compliance Programs Section monitors GWA's water and wastewater systems and customer connections to ensure regulatory compliance and system protection. Functions include cross-connection control, backflow prevention, and wastewater source control programs. Including fats, oils, and grease (FOG) and industrial pretreatment. The Section supports compliance with applicable federal and local environmental regulations. .

Laboratory

The Laboratory Section operates a certified analytical laboratory responsible for sampling and analysis to verify compliance with drinking water, wastewater, and air quality requirements. Functions include monitoring bacteria, FOG, and industrial discharges to support regulatory reporting and operational decision making.

Safety

The Safety Section conducts workplace safety inspections and provides training to promote safe operations and compliance with occupational safety requirements.

Engineering

The Engineering Division provides planning, engineering, and technical support to GWA operations and oversees the development and delivery of the Authority's water and wastewater capital improvement program. The Division also manages permitting, utility verifications, property and rights of way coordination, and infrastructure planning in support of system expansion, rehabilitation, and regulatory compliance.

Capital Improvement – Water

The CIP Water Section plans, designs, and manages construction of capital projects for the potable water system, including wells, reservoirs, treatment facilities, pump stations, and transmission and distribution systems.

Capital Improvement – Wastewater

The CIP Wastewater Section plans, designs, and manages construction of capital projects for the wastewater system, including collection systems, pump stations, force mains, and treatment facilities.

Capital Improvement – Support

The CIP Support Section plans, designs, and manages capital projects that support water and wastewater operations, including SCADA, controls, electrical systems, and facilities.

Permitting and New Area Development

The Permitting and New Area Development Section reviews development-related requests to ensure adequate system capacity and compliance with GWA standards. Functions include development review, utility verifications, service connections, inspections, and acceptance of private utilities.

Planning and Grants

The Planning and Grants Section secures, manages, and reports on grant funding and supports infrastructure planning, land use reviews, community outreach, and coordination of capital project procurement.

Geographical Information Systems (GIS)

The GIS Section manages spatial data, mapping, and field verification to support planning, infrastructure management, environmental compliance, and emergency response.

Operations and Maintenance

The Operations and Maintenance Division is responsible for continuous operation, maintenance, and emergency response for GWA's water and wastewater systems on a 24-hour, seven-day basis.

Asset Management

The Asset Management Section oversees preventive and corrective maintenance, maintains the asset registry, manages the computerized maintenance management system (CMMS), tracks maintenance costs and inventories, and develops asset management plans and business cases.

Construction and Maintenance

The Construction and Maintenance Section provides operational support services and performs limited construction and rehabilitation work that does not require contracted capital improvement projects.

Water Production

The Water Production Section operates and maintains water sources and treatment facilities to ensure a reliable potable water supply.

Water Distribution

The Water Distribution Section manages the transmission and delivery of treated potable water, including reservoir and booster station operations, line maintenance, leak detection, and large meter maintenance.

Wastewater Collection

The Wastewater Collection Section operates and maintains sewer collection infrastructure, including mains, manholes, pump stations, force mains, and emergency spill response.

Wastewater Treatment

The Wastewater Treatment Section operates and maintains GWA's wastewater treatment plants, organized by service area, to ensure reliable treatment and compliance support

System Control Center/Dispatch

The System Control Center and Dispatch Section provides 24/7 system monitoring and coordination, through SCADA and manages emergency dispatch services for customer-reported operational issues.

Finance

The Finance Division manages the Authority's financial planning and controls to support operations and capital programs. Core functions include budgeting, accounting, cash and debt management, financial reporting, payroll, billing and payment processing, and rate applications to the Guam Public Utilities Commission. The Division also ensures compliance with financial regulations and supports external audit requirements.

ATTACHMENT C

Explained Minor Differences in Forecasted Debt Service

Minor Differences in Forecasted Debt Service Relative to the CCU Filing

After receiving approval for the rate filing from the CCU, it was discovered that estimated annual savings from the Series 2026 Bonds had been incorrectly applied to forecasted debt service. GWA anticipates closing on the Series 2026 Bonds late in FY 2026 and estimated annual debt service savings are projected to begin in FY 2027. Accordingly, GWA has modified the MFR schedules for the PUC filing.

Notably, this adjustment results in relatively minor changes to cash flow and debt service coverage but does not result in revisions to the proposed FY 2027 rates. A brief comparison is presented below.

PUC Filing	FY 2026	FY 2027
Existing debt, including Series 2025	\$ 50,634,625	\$ 52,007,955
Refunding savings	-	(326,955)
New money debt, Series 2026	\$ -	\$ 5,109,517
Interest, short-term financing program	44,915	771,103
Total Debt Service	\$ 50,679,540	\$ 57,561,621
<i>Debt Service Coverage</i>	<i>1.409</i>	<i>1.301</i>

CCU Filing	FY 2026	FY 2027
Existing debt, including Series 2025	\$ 50,634,625	\$ 52,007,955
Refunding savings	(326,955)	(387,500)
New money debt, Series 2026	\$ -	\$ 5,109,517
Interest, short-term financing program	44,915	771,103
Total Debt Service	\$ 50,352,585	\$ 57,501,075
<i>Debt Service Coverage</i>	<i>1.418</i>	<i>1.302</i>

ATTACHMENT D

MFR Schedules and Narrative for New Schedule M

True-Up Schedule A-1

Historical and Forecasted Operating Results with PUC-Ordered FY 2027 Rate Revenues (5-Yr Rate Plan)

	Historical Year	Current Year	Forecast Year
	FY 2025	FY 2026	FY 2027
Non-Lifeline Rate Increase	11.50%	8.20%	7.75%
Lifeline Rate Increase	11.50%	0.00%	0.00%
Legislative Surcharge	3.50%	3.55%	3.00%
CASH SOURCES			
Water Service Revenues	87,919,655	94,128,507	105,820,745
Legislative Surcharge	2,842,669	3,106,526	2,975,382
Water Rate Revenues	\$ 90,762,324	\$ 97,235,034	\$ 108,796,127
Wastewater Service Revenues	39,706,906	41,530,922	44,921,999
Legislative Surcharge	956,189	1,033,870	976,396
Navy Revenues (w/surcharge) ¹	9,768,751	10,348,166	11,434,336
Wastewater Rate Revenues	\$ 50,431,847	\$ 52,912,958	\$ 57,332,731
Other Revenues	709,295	600,000	515,000
Rate Revenue Adjustment	3,791,255	-	(2,259,091)
Bad Debt Adjustment	(2,004,924)	(2,096,997)	(1,144,739)
Total Operating Revenues²	\$ 143,689,797	\$ 148,650,994	\$ 163,240,028
Interest / Investment Income	5,553,756	4,813,263	946,746
Rate Stabilization Transfers Out (In)	(9,500,000)	-	(1,250,000)
TOTAL SOURCES	\$ 139,743,553	\$ 153,464,258	\$ 162,936,774
CASH USES			
Power Purchases	19,917,470	17,015,631	19,318,601
Water Purchases	7,421,447	7,139,774	7,357,766
Salaries & Benefits ³	31,680,032	36,782,650	39,258,731
Admin & General ⁴	12,090,362	12,846,497	16,373,202
Contractual Expense	5,989,602	8,286,242	9,917,478
Retiree Expense	4,565,086	4,775,058	4,839,856
O&M Subtotal	\$ 81,663,999	\$ 86,845,852	\$ 97,065,634
Fees, Short-Term Financing Program	-	180,569	256,003
Interest, Short-Term Financing Program	-	44,915	771,103
Debt Service	39,280,087	50,634,625	56,790,518
Internally Funded Capital (IFCIP)	4,456,808	15,000,000	12,000,000
TOTAL USES	\$ 125,400,894	\$ 152,705,960	\$ 166,883,257
Net Annual Cash Flow	\$ 14,342,659	\$ 758,297	\$ (3,946,484)
DEBT SERVICE COVERAGE			
Net Revenues	\$ 58,079,554	\$ 66,618,406	\$ 65,871,140
Adjustment, Regulatory Asset	-	-	-
Adjustment, Capitalized Labor	3,502,354	4,082,874	4,357,719
Adjustment, Other ⁵	(2,423,233)	706,100	729,100
Revenues Available for Debt Service	\$ 59,158,675	\$ 71,407,380	\$ 70,957,959
Total Debt Service	39,280,087	50,679,540	57,561,621
Debt Service Coverage	1.506	1.409	1.233

1 - Surcharge revenues from the Navy, under the 3.00% surcharge rate, are estimated to be \$329,580

2 - Includes leachate and Navy revenues; excludes system development charge revenues

3 - Capitalized labor, which does not represent a cash impact, is not included in this calculation of annual net cash flow

4 - Excludes bad debt expense since this line item is instead included as an offset to rate revenues (per audited financials)

5 - Includes retiree COLA and end-of-year pension and OPEB adjustments

True-Up Schedule A-2

Historical and Forecasted Operating Results with Proposed FY 2027 Rate Adjustments and RSF Transfers

	Historical Year	Current Year	Forecast Year
	FY 2025	FY 2026	FY 2027
Non-Lifeline Rate Increase	11.50%	8.20%	7.75%
Lifeline Rate Increase	11.50%	0.00%	0.00%
Legislative Surcharge	3.50%	3.55%	3.55%
CASH SOURCES			
Water Service Revenues	87,919,655	94,128,507	101,338,746
Legislative Surcharge	2,842,669	3,106,526	3,364,079
Water Rate Revenues	\$ 90,762,324	\$ 97,235,034	\$ 104,702,826
Wastewater Service Revenues	39,706,906	41,530,922	44,345,972
Legislative Surcharge	956,189	1,033,870	1,132,678
Navy Revenues (w/surcharge) ¹	9,768,751	10,348,166	11,376,015
Wastewater Rate Revenues	\$ 50,431,847	\$ 52,912,958	\$ 56,854,666
Other Revenues	709,295	600,000	600,000
Rate Revenue Adjustment	3,791,255	-	-
Bad Debt Adjustment	(2,004,924)	(2,096,997)	(2,252,722)
Total Operating Revenues²	\$ 143,689,797	\$ 148,650,994	\$ 159,904,770
Interest / Investment Income	5,553,756	4,813,263	4,443,012
Rate Stabilization Transfers Out (In)	(9,500,000)	-	2,500,000
TOTAL SOURCES	\$ 139,743,553	\$ 153,464,258	\$ 166,847,782
CASH USES			
Power Purchases	19,917,470	17,015,631	19,318,601
Water Purchases	7,421,447	7,139,774	7,357,766
Salaries & Benefits ³	31,680,032	36,782,650	39,258,731
Admin & General ⁴	12,090,362	12,846,497	16,373,202
Contractual Expense	5,989,602	8,286,242	9,917,478
Retiree Expense	4,565,086	4,775,058	4,839,856
O&M Subtotal	\$ 81,663,999	\$ 86,845,852	\$ 97,065,634
Fees, Short-Term Financing Program	-	180,569	256,003
Interest, Short-Term Financing Program	-	44,915	771,103
Debt Service	39,280,087	50,634,625	56,790,518
Internally Funded Capital (IFCIP)	4,456,808	15,000,000	12,000,000
TOTAL USES	\$ 125,400,894	\$ 152,705,960	\$ 166,883,257
Net Annual Cash Flow	\$ 14,342,659	\$ 758,297	\$ (35,476)
DEBT SERVICE COVERAGE			
Net Revenues	\$ 58,079,554	\$ 66,618,406	\$ 69,782,148
Adjustment, Regulatory Asset	-	-	-
Adjustment, Capitalized Labor	3,502,354	4,082,874	4,357,719
Adjustment, Other ⁵	(2,423,233)	706,100	729,100
Revenues Available for Debt Service	\$ 59,158,675	\$ 71,407,380	\$ 74,868,967
Total Debt Service	39,280,087	50,679,540	57,561,621
Debt Service Coverage	1.506	1.409	1.301

1 - Surcharge revenues from the Navy, under the 3.55% proposed surcharge rate, are estimated to be \$390,003

2 - Includes leachate and Navy revenues; excludes system development charge revenues

3 - Capitalized labor, which does not represent a cash impact, is not included in this calculation of annual net cash flow

4 - Excludes bad debt expense since this line item is instead included as an offset to rate revenues (per audited financials)

5 - Includes retiree COLA and end-of-year pension and OPEB adjustments

True-Up Schedule B-1

Rate Revenues and Billing Determinants by Class, Historical Year¹

FY 2025	Customer Accounts²	Volume (kgals)	Base Charge Revenues	Volume Revenues	Surcharge Revenues	Total Revenues
Water System						
Residential	40,285	1,347,993	\$ 16,538,972	\$ 21,917,911	\$ 1,389,612	\$ 39,846,495
Residential (lifeline)		1,706,961		6,674,016		6,674,016
Commercial 1+	2,468	621,477	1,459,713	12,531,488	469,016	14,460,218
Commercial 2-	24	86,423	48,672	1,743,254	63,062	1,854,987
Commercial 3	283	126,465	180,469	2,554,589	95,727	2,830,785
Hotels	54	678,575	154,908	13,707,218	485,175	14,347,301
Government	361	468,398	394,014	9,457,665	321,509	10,173,189
Agriculture	307	59,205	134,673	382,071	17,167	533,910
Irrigation	27	3,532	16,323	23,700	1,401	41,424
Subtotal, Billed Revenues	43,810	5,099,028	\$ 18,927,743	\$ 68,991,912	\$ 2,842,669	\$ 90,762,324
Adjustments ³						660,619
Water Revenues						\$ 91,422,943
Wastewater System						
Residential	24,810	-	\$ 12,394,781	\$ -	\$ -	\$ 12,394,781
Commercial 1+	1,920	381,935	-	4,313,422	154,729	4,468,151
Commercial 2-	21	68,623	-	1,859,743	65,161	1,924,904
Commercial 3	273	97,441	-	3,633,904	127,187	3,761,090
Hotels	50	451,244	-	12,248,348	428,692	12,677,040
Government	267	314,902	-	5,010,750	171,684	5,182,435
Leachate		15,287	-	245,959	8,737	254,695
Navy		592,865	-	9,438,407	330,344	9,768,751
Subtotal, Billed Revenues	27,341	1,922,297	\$ 12,394,781	\$ 36,750,533	\$ 1,286,533	\$ 50,431,847
Adjustments ³						3,130,636
Wastewater Revenues						\$ 53,562,483
System Rate Revenues						\$ 144,985,426

1 - Excludes non-revenue accounts (i.e. GWA) and related consumption

2 - Average number of customers billed monthly during the fiscal year

3 - Post billing revenue adjustments based on audited financials

True-Up Schedule B-2

Rate Revenues and Billing Determinants by Class, Current Year Estimates ¹

FY 2026	Customer Accounts²	Volume (kgals)	Base Charge Revenues	Volume Revenues	Surcharge Revenues	Total Revenues
Water System						
Residential	40,380	1,337,851	\$ 18,066,998	\$ 23,510,860	\$ 1,476,014	\$ 43,053,871
Residential (lifeline)		1,695,825		6,620,729		6,620,729
Commercial 1+	2,478	642,470	1,587,081	14,023,332	554,170	16,164,583
Commercial 2-	24	75,807	52,723	1,654,646	60,612	1,767,980
Commercial 3	284	128,029	194,536	2,794,519	106,111	3,095,167
Hotels	54	679,295	166,211	14,827,114	532,263	15,525,588
Government	362	440,126	428,354	9,606,719	356,245	10,391,318
Agriculture	306	58,189	144,853	408,455	19,642	572,951
Irrigation	27	3,272	17,623	23,754	1,469	42,846
Subtotal, Billed Revenues	43,915	5,060,864	\$ 20,658,379	\$ 73,470,129	\$ 3,106,526	\$ 97,235,034
Adjustments ³						-
Water Revenues						\$ 97,235,034
Wastewater System						
Residential	24,883	-	\$ 12,407,826	\$ -	\$ -	\$ 12,407,826
Commercial 1+	1,926	394,812	-	4,754,290	168,777	4,923,067
Commercial 2-	21	60,193	-	1,765,218	62,665	1,827,884
Commercial 3	273	98,647	-	4,010,865	142,386	4,153,251
Hotels	50	451,331	-	13,235,697	469,867	13,705,564
Government	267	295,895	-	5,090,626	180,717	5,271,343
Leachate		15,000	-	266,400	9,457	275,857
Navy		580,000	-	9,993,400	354,766	10,348,166
Subtotal, Billed Revenues	27,421	1,895,877	\$ 12,407,826	\$ 39,116,497	\$ 1,388,636	\$ 52,912,958
Adjustments ³						-
Wastewater Revenues						\$ 52,912,958
System Rate Revenues						\$ 150,147,992

1 - Excludes non-revenue accounts (i.e. GWA) and related consumption

2 - Average number of customers billed monthly during the fiscal year

3 - Post billing revenue adjustments; other adjustments based on current year forecast

True-Up Schedule B-3

Rate Revenues and Billing Determinants by Class, Forecast Year Estimates ¹

FY 2027	Customer Accounts²	Volume (kgals)	Base Charge Revenues	Volume Revenues	Surcharge Revenues	Total Revenues
Water System						
Residential	40,475	1,328,803	\$ 19,514,939	\$ 25,169,573	\$ 1,586,300	\$ 46,270,812
Residential (lifeline)		1,684,355		6,575,950		6,575,950
Commercial 1+	2,486	638,341	1,714,109	15,016,746	593,945	17,324,801
Commercial 2-	24	72,992	56,810	1,717,118	62,974	1,836,902
Commercial 3	284	127,117	209,636	2,990,383	113,601	3,313,620
Hotels	54	708,420	179,096	16,665,334	597,977	17,442,407
Government	362	443,592	461,580	10,435,347	386,841	11,283,768
Agriculture	303	57,208	154,714	432,986	20,863	608,564
Irrigation	27	3,249	18,991	25,434	1,577	46,003
Subtotal, Billed Revenues	44,015	5,064,076	\$ 22,309,876	\$ 79,028,871	\$ 3,364,079	\$ 104,702,826
Adjustments ³						-
Water Revenues						\$ 104,702,826
Wastewater System						
Residential	24,957	-	\$ 12,439,541	\$ -	\$ -	\$ 12,439,541
Commercial 1+	1,933	392,274	-	5,091,916	180,763	5,272,679
Commercial 2-	21	57,958	-	1,831,632	65,023	1,896,654
Commercial 3	273	97,944	-	4,291,326	152,342	4,443,668
Hotels	50	470,681	-	14,874,721	528,053	15,402,774
Government	267	298,225	-	5,529,737	196,306	5,726,043
Leachate		15,000	-	287,100	10,192	297,292
Navy		591,600	-	10,986,012	390,003	11,376,015
Subtotal, Billed Revenues	27,501	1,923,683	\$ 12,439,541	\$ 42,892,444	\$ 1,522,682	\$ 56,854,666
Adjustments ³						-
Wastewater Revenues						\$ 56,854,666
System Rate Revenues						\$ 161,557,492

1 - Excludes non-revenue accounts (i.e. GWA) and related consumption

2 - Average number of customers billed monthly during the fiscal year

3 - Post billing revenue adjustments

True-Up Schedule C

Comparison of Operating Expense by Major Cost Category

	Historical		Current Year		Forecast
	FY 2025		FY 2026		FY 2027
Expense Category					
Power Purchases	\$ 19,917,470	-14.6%	\$ 17,015,631	13.5%	\$ 19,318,601
Water Purchases	7,421,447	-3.8%	7,139,774	3.1%	7,357,766
Salaries & Benefits ¹	35,309,149	4.2%	36,782,650	6.7%	39,258,731
Admin & General	12,090,362	6.3%	12,846,497	27.5%	16,373,202
Contractual Expense	5,989,602	38.3%	8,286,242	19.7%	9,917,478
Retiree Expense	4,565,086	4.6%	4,775,058	1.4%	4,839,856
O&M Subtotal, Cash Basis	\$ 85,293,116	1.8%	\$ 86,845,852	11.8%	\$ 97,065,634
Budget Adjustments					
+ Depreciation	29,427,589	0.5%	29,567,220	4.0%	30,751,472
- Capitalized Labor ²	(3,502,354)	16.6%	(4,082,874)	6.7%	(4,357,719)
+ Bad Debt Expense ³	2,004,924	4.6%	2,096,997	7.4%	2,252,722
O&M Subtotal, Annual Budget Reporting	\$ 113,223,275		\$ 114,427,195		\$ 125,712,109

1 - Costs for the historical year (FY 2025) exclude the GASB pension adjustment

2 - Within GWA's operating budget, capitalized labor expense is credited against the Salaries & Benefits line item

3 - Consistent with GWA's audited financials, bad debt expense is shown as a revenue item in Schedule A; however, bad debt is typically included within GWA's operating budget under the Admin & General cost category

True-Up Schedule C-2

Budgeted Operating Expense by Object Class

	Historical	Current Year	Forecast
	FY 2025	FY 2026	FY 2027
Object Class			
06 Water Purchases	\$ 7,421,447	\$ 7,139,774	\$ 7,357,766
07 Power Purchases	19,917,470	17,015,631	19,318,601
08 Salaries and Wages*	24,089,241	25,099,364	27,253,513
09 Pension and Benefits	11,219,908	11,683,285	12,005,218
10 Capitalized Labor and Benefits	(3,502,354)	(4,082,874)	(4,357,719)
11 Sludge removal	1,336,335	1,769,614	1,622,397
12 Chemicals	2,615,143	2,727,266	4,301,143
13 Materials & Supplies	2,949,256	2,309,474	3,091,061
14 Transportation	738,450	847,724	1,031,472
15 Communications	131,982	155,142	167,650
16 Claims	84,431	251,646	351,180
17 Insurance	1,878,914	1,876,044	1,962,500
18 Training & Travel	489,052	607,335	865,212
19 Advertising	58,260	153,081	295,730
20 Miscellaneous	1,596,438	1,789,311	2,307,457
21 Regulatory Expense	212,101	359,860	377,400
22 Bad Debts Provision	2,004,924	2,096,997	2,252,722
23 Depreciation Expense	29,427,589	29,567,220	30,751,472
24 Audit & Computer Maint.	1,789,006	2,216,258	3,229,058
25 Building rental	586,377	868,969	801,372
26 Equipment rental	453,606	459,611	776,568
27 Legal	448,384	1,450,000	1,000,000
28 Laboratory	286,139	781,764	788,815
29 Other	2,426,090	2,509,642	3,321,664
30 Retiree annuities & health care	3,807,586	4,068,958	4,110,756
31 Retiree COLA	757,500	706,100	729,100
O&M Subtotal	\$ 113,223,276	\$ 114,427,195	\$ 125,712,109

* The historical year excludes the GASB pension adjustment

True-Up Schedule D

Navy Water Purchases

	Historical	Current Year	Forecast
	FY 2025	FY 2026	FY 2027
Navy Contract (FENA)			
Purchased Water (Kgals)	757,360	584,184	579,567
Rate per Kgal ¹	\$9.69	\$10.89	\$11.43
Percent Change in Rate		12.4%	5.0%
Water Purchase Costs	\$ 6,510,157	\$ 6,361,764	\$ 6,627,056
Other Costs	\$ -	\$ -	\$ -
Water Purchases	\$ 6,510,157	\$ 6,361,764	\$ 6,627,056
Other Contract			
Purchased Sewer (Kgals)	21,593	19,122	16,936
Rate per Kgal ²	\$43.87	\$40.69	\$43.14
Percent Change in Rate		-7.3%	6.0%
Sewer Purchase Costs	\$ 911,290	\$ 778,010	\$ 730,710
Total Purchases	\$ 7,421,447	\$ 7,139,774	\$ 7,357,766

1 - The water rate decreased from \$9.69 to \$7.46 midway through FY 2025 (April)

2 - The sewer rate decreased from \$43.87 to \$41.09 midway through FY 2025 (April)

True-Up Schedule F

Debt Service and Other Financing Charges

	Historical	Current Year	Forecast
	FY 2025	FY 2026	FY 2027
Issuance			
2016 Revenue Bonds			
Principal	\$ 925,000	\$ 965,000	\$ 1,015,000
Interest	4,094,500	4,048,250	4,000,000
Total Payment	\$ 5,019,500	\$ 5,013,250	\$ 5,015,000
2017 Refunding Revenue Bonds			
Principal	\$ 2,485,000	\$ 2,610,000	\$ 2,740,000
Interest	2,883,000	2,758,750	2,628,250
Total Payment	\$ 5,368,000	\$ 5,368,750	\$ 5,368,250
2020A Revenue Bonds			
Principal	\$ -	\$ -	\$ -
Interest	6,700,000	6,700,000	6,700,000
Total Payment	\$ 6,700,000	\$ 6,700,000	\$ 6,700,000
2020B Refunding Revenue Bonds			
Principal	\$ -	\$ -	\$ -
Interest	4,489,343	4,489,343	4,489,343
Total Payment	\$ 4,489,343	\$ 4,489,343	\$ 4,489,343
2024A Refunding Revenue Bonds			
Principal	\$ 2,960,000	\$ 3,110,000	\$ 3,260,000
Interest	6,678,750	6,530,750	6,375,250
Total Payment	\$ 9,638,750	\$ 9,640,750	\$ 9,635,250
2024B Refunding Revenue Bonds			
Principal	\$ 4,075,000	\$ 4,280,000	\$ 4,495,000
Interest	2,563,750	2,360,000	2,146,000
Total Payment	\$ 6,638,750	\$ 6,640,000	\$ 6,641,000
2025A Revenue Bonds			
Principal	\$ -	\$ -	\$ -
Interest	1,425,744	12,782,532	14,159,113
Total Payment	\$ 1,425,744	\$ 12,782,532	\$ 14,159,113
Capitalized Interest Proceeds	-	-	-
Existing Debt Service	\$ 39,280,087	\$ 50,634,625	\$ 52,007,955
Other Debt			
Proposed Debt Service		-	4,782,563
Interest, Short-Term Financing Program		44,915	771,103
Total Debt Service	\$ 39,280,087	\$ 50,679,540	\$ 57,561,621

True-Up Schedule G

Internally Funded CIP, Actual and Planned Expenditures

	FY 2025	FY 2026	FY 2027
Project	Actual	Planned	Planned
WATER			
Water Loss Control	\$ 66,954		\$ 100,000
Hydrants			
Main Lines & Valves		500,000	150,000
Pumps & Motors	1,896,072		
Submersible Cables			250,000
Chlorine Equipment	249,465		
Critical Parts	111,650		1,781,907
Facility Improvements			785,459
Well Equipment Overhaul		3,500,000	
Rehab and Replace BPSs			
Well Repair		1,000,000	
Pumps & Motors			400,000
Pipes		200,000	
Pumping Equipment			510,000
Facility Improvements			
Water Subtotal	\$ 2,324,140	\$ 5,200,000	\$ 3,977,366
WASTEWATER			
Pumps & Motors			\$ 1,250,000
Manhole Rehabilitation		500,000	
Pipes			
Collection System Replacements			60,000
Emergency Replacements			450,000
Hydraulic Modeling	23,929		
Specialized Equipment			150,000
Treatment Plant Improvement			2,052,643
Wastewater Subtotal	\$ 23,929	\$ 500,000	\$ 3,962,643
OTHER			
GWA Warehouse, Test Bench Improvements		\$ 1,500,000	
Meter Replacement		4,000,000	
Fleet Maintenance Facility			
GIS Software			75,000
Office Equipment			276,450
Transportation, Light Fleet	865,594		1,288,000
Transportation, Heavy Equipment	519,510		1,450,000
IT Applications Software - Implementation			700,000
IT New Hardware	114,920		270,541
General Plant Improvement	492,471	2,100,000	
Specialized/Field Equipment	116,244	1,700,000	
Other Projects Subtotal	\$ 2,108,739	\$ 9,300,000	\$ 4,059,991
Grand Total	\$ 4,456,808	\$ 15,000,000	\$ 12,000,000

True-Up Schedule G-2

Externally Funded Capital Improvement Projects (Grants)

	FY 2027
External Funding	
EPA Grants	\$ 30,000,000
Externally Funded Projects (subject to change*)	
Fats, Oils & Grease Receiving Station	5,000,000
Hagatna Redundant Force Main	10,000,000
General Waterline Replacement	10,136,634
Miscellaneous Booster Pump Station Upgrades	5,000,000
Dieldrin Mitigation	2,000,000
Total Project Costs	\$ 32,136,634

** Grant requests are made for multiple projects and GWA will not know the award amount until the end of FY 2026*

True-Up Schedule H

Other Revenues, Interest Revenues & Revenue Adjustments

	Historical	Current	Forecast
	FY 2025	FY 2026	FY 2027
Other Revenues			
Cash Short/Over	\$ (328)	\$ -	\$ -
W- Illegal Connection	171,611	134,000	134,000
W- Install Fee	170,924	170,000	170,000
W- Reconnect Fee	134,605	135,000	135,000
W- NSF Checks	4,260	4,425	4,425
Miscellaneous (GSWA)	75	75	75
Rent - GTA lease	27,000	27,000	27,000
Miscellaneous Admin	93,858	55,500	55,500
W- Account Analysis	50	-	-
W- Special Reading Fee	-	-	-
W- Inspect Fee	4,300	4,000	4,000
Honey - Bucket	70,500	70,000	70,000
Liquidated Damages	32,420	-	-
Special Damages	20	-	-
Total Other Revenues	\$ 709,295	\$ 600,000	\$ 600,000
Interest Revenues & Adjustments			
Interest Revenues ¹	\$ 5,553,756	\$ 4,813,263	\$ 4,443,012
Revenue Adjustments ²	\$ 3,791,255	\$ -	\$ -

1 - Interest revenues on operating reserves and associated accounts

2 - Adjustment from billed to audited revenues (includes accruals, unbilled consumption, and other post-billing adjustments)

True-Up Schedule I

Other Cash Flow Items

	<i>Historical</i>	<i>Current Year</i>	<i>Forecast</i>
	FY 2025	FY 2026	FY 2027
Other Cash Flow Items			
Rate Stabilization Transfers Out (In) ¹	\$ (9,500,000)	\$ -	\$ 2,500,000
Short-term financing fees	-	180,569	256,003
Total Other Cash Flow Items	\$ (9,500,000)	\$ 180,569	\$ 2,756,003

1 - Rate stabilization transfers may vary based on actual financial performance

True-Up Schedule J-1

Proof of Water System Revenues, Forecast Year

Customer Class

	RES	COM-1	COM-2	COM-3	HOT	GOV	AG	IRR	TOTAL
BILLING DETERMINANTS									
Water Demand (kgals)									
Tier 1 (up to 5 kgals)	1,684,355								
Tier 2 (above)	1,328,803	638,341	72,992	127,117	708,420	443,592	57,208	3,249	
Subtotal	3,013,158	638,341	72,992	127,117	708,420	443,592	57,208	3,249	5,064,076
Water Accounts by Meter Size									
3/4 inch	40,018	1,664	2	167	3	126	242	12	
1 inch	300	289	2	29	1	40	33	4	
1.5 inch	89	290	4	45	2	70	20	5	
2 inch	26	144	5	27	8	47	8	6	
3 inch	9	23	2	6	3	30	-	-	
4 inch	17	44	4	8	19	28	-	-	
6 inch	14	29	3	2	13	15	-	-	
8 inch	2	1	2	-	4	4	-	-	
10 inch	-	2	-	-	1	2	-	-	
12 inch	-	-	-	-	-	-	-	-	
Subtotal	40,475	2,486	24	284	54	362	303	27	44,015
WATER RATES									
Volumetric Rates									
Tier 1 (up to 5 kgals)	\$ 3.910								
Tier 2 (above)	\$ 18.970	\$ 23.560	\$ 23.560	\$ 23.560	\$ 23.560	\$ 23.560	\$ 7.580	\$ 7.840	
Monthly Base Charges by Meter Size									
3/4 inch	\$ 39.810	\$ 39.810	\$ 39.810	\$ 39.810	\$ 39.810	\$ 39.810	\$ 38.450	\$ 39.810	
1 inch	\$ 46.460	\$ 46.460	\$ 46.460	\$ 46.460	\$ 46.460	\$ 46.460	\$ 44.880	\$ 46.460	
1.5 inch	\$ 72.890	\$ 72.890	\$ 72.890	\$ 72.890	\$ 72.890	\$ 72.890	\$ 70.430	\$ 72.890	
2 inch	\$ 92.830	\$ 92.830	\$ 92.830	\$ 92.830	\$ 92.830	\$ 92.830	\$ 89.710	\$ 92.830	
3 inch	\$ 165.820	\$ 165.820	\$ 165.820	\$ 165.820	\$ 165.820	\$ 165.820	\$ 160.230	\$ 165.820	
4 inch	\$ 232.110	\$ 232.110	\$ 232.110	\$ 232.110	\$ 232.110	\$ 232.110	\$ 224.250	\$ 232.110	
6 inch	\$ 431.030	\$ 431.030	\$ 431.030	\$ 431.030	\$ 431.030	\$ 431.030	\$ 416.450	\$ 431.030	
8 inch	\$ 629.940	\$ 629.940	\$ 629.940	\$ 629.940	\$ 629.940	\$ 629.940	\$ 608.630	\$ 629.940	
10 inch	\$ 862.060	\$ 862.060	\$ 862.060	\$ 862.060	\$ 862.060	\$ 862.060	\$ 832.890	\$ 862.060	
12 inch	\$ 1,027.770	\$ 1,027.770	\$ 1,027.770	\$ 1,027.770	\$ 1,027.770	\$ 1,027.770	\$ 993.000	\$ 1,027.770	
WATER RATE REVENUES									
Volume Revenues									
Tier 1 (up to 5 kgals)	\$ 6,585,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Tier 2 (above)	25,207,384	15,039,305	1,719,697	2,994,875	16,690,370	10,451,023	433,637	25,472	
Subtotal	\$ 31,793,212	\$ 15,039,305	\$ 1,719,697	\$ 2,994,875	\$ 16,690,370	\$ 10,451,023	\$ 433,637	\$ 25,472	\$ 79,147,592
Base Charge Revenues									
3/4 inch	\$ 19,117,399	\$ 794,926	\$ 955	\$ 79,779	\$ 1,433	\$ 60,193	\$ 111,659	\$ 5,733	
1 inch	167,256	161,123	1,115	16,168	558	22,301	17,772	2,230	
1.5 inch	77,847	253,657	3,499	39,361	1,749	61,228	16,903	4,373	
2 inch	28,963	160,410	5,570	30,077	8,912	52,356	8,612	6,684	
3 inch	17,909	45,766	3,980	11,939	5,970	59,695	-	-	
4 inch	47,350	122,554	11,141	22,283	52,921	77,989	-	-	
6 inch	72,413	149,998	15,517	10,345	67,241	77,585	-	-	
8 inch	15,119	7,559	15,119	-	30,237	30,237	-	-	
10 inch	-	20,689	-	-	10,345	20,689	-	-	
12 inch	-	-	-	-	-	-	-	-	
Subtotal	\$ 19,544,255	\$ 1,716,684	\$ 56,896	\$ 209,951	\$ 179,365	\$ 462,273	\$ 154,947	\$ 19,020	\$ 22,343,391
FORECAST CALIBRATION									
Calibration factor	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	
Calibrated Revenues	\$ 51,260,461	\$ 16,730,856	\$ 1,773,928	\$ 3,200,019	\$ 16,844,430	\$ 10,896,927	\$ 587,700	\$ 44,425	\$ 101,338,746
LEGISLATIVE SURCHARGE									
Surcharge	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	
Surcharge Revenues	\$ 1,586,300	\$ 593,945	\$ 62,974	\$ 113,601	\$ 597,977	\$ 386,841	\$ 20,863	\$ 1,577	\$ 3,364,079
Totals by Class	\$ 52,846,761	\$ 17,324,801	\$ 1,836,902	\$ 3,313,620	\$ 17,442,407	\$ 11,283,768	\$ 608,564	\$ 46,003	\$ 104,702,826

True-Up Schedule J-2

Proof of Wastewater System Revenues, Forecast Year

	Customer Class								
	RES	COM-1	COM-2	COM-3	HOT	GOV	Leachate	NAVY	TOTAL
BILLING DETERMINANTS									
Billable Flows (kgals)									
Subtotal	-	392,274	57,958	97,944	470,681	298,225	15,000	591,600	1,923,683
Wastewater Accounts by Meter Size									
3/4 inch ¹	28,701	1,336	-	160	2	76			
1 inch	148	210	1	27	1	32			
1.5 inch	56	221	4	42	2	49			
2 inch	22	95	5	27	8	39			
3 inch	9	20	2	6	3	27			
4 inch	16	31	4	8	18	26			
6 inch	13	17	3	2	12	13			
8 inch	2	1	2	-	4	4			
10 inch	-	1	-	-	-	2			
12 inch	-	-	-	-	-	-			
Subtotal	28,967	1,933	21	273	50	267			31,511
WASTEWATER RATES									
Volumetric Rates									
Rate per Kgal	\$ -	\$ 13.00	\$ 31.65	\$ 43.88	\$ 31.65	\$ 18.57	\$ 19.14	\$ 18.57	
Monthly Base Charges by Meter Size									
3/4 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.5 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 inch	\$ 35.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WASTEWATER RATE REVENUES									
Volume Revenues									
Subtotal	\$ -	\$ 5,099,565	\$ 1,834,383	\$ 4,297,772	\$ 14,897,067	\$ 5,538,045	\$ 287,100	\$ 10,986,012	\$ 42,939,944
Base Charge Revenues									
3/4 inch	\$ 12,343,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 inch	63,544	-	-	-	-	-	-	-	-
1.5 inch	24,084	-	-	-	-	-	-	-	-
2 inch	9,426	-	-	-	-	-	-	-	-
3 inch	3,799	-	-	-	-	-	-	-	-
4 inch	6,953	-	-	-	-	-	-	-	-
6 inch	5,699	-	-	-	-	-	-	-	-
8 inch	860	-	-	-	-	-	-	-	-
10 inch	-	-	-	-	-	-	-	-	-
12 inch	-	-	-	-	-	-	-	-	-
Subtotal	\$ 12,458,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,458,228
FORECAST CALIBRATION									
Calibration factor ²	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	NA	NA	
Calibrated Revenues	\$ 12,439,541	\$ 5,091,916	\$ 1,831,632	\$ 4,291,326	\$ 14,874,721	\$ 5,529,737	\$ 287,100	\$ 10,986,012	\$ 55,331,984
LEGISLATIVE SURCHARGE									
Surcharge	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	
Surcharge Revenues	\$ -	\$ 180,763	\$ 65,023	\$ 152,342	\$ 528,053	\$ 196,306	\$ 10,192	\$ 390,003	\$ 1,522,682
Totals by Class	\$ 12,439,541	\$ 5,272,679	\$ 1,896,654	\$ 4,443,668	\$ 15,402,774	\$ 5,726,043	\$ 297,292	\$ 11,376,015	\$ 56,854,666

1 - Includes multi-unit residential customers that are assessed the flat rate for wastewater service

2 - Navy and leachate revenues are not included in the revenue forecast calibration analysis and are therefore not subject to the adjustment factor

True-Up Schedule K

Rates and Proposed Rate Adjustments for the Forecast Year

	FY 2025	increase	FY 2026	change	FY 2027
Proposed Rate Increase¹		8.20%		7.75%	
Water Rates					
Monthly Base Charge²					
3/4 inch	\$34.14	\$2.80	\$36.94	\$2.87	\$39.81
1 inch	\$39.84	\$3.27	\$43.11	\$3.35	\$46.46
1.5 inch	\$62.51	\$5.13	\$67.64	\$5.25	\$72.89
2 inch	\$79.62	\$6.53	\$86.15	\$6.68	\$92.83
3 inch	\$142.22	\$11.67	\$153.89	\$11.93	\$165.82
4 inch	\$199.08	\$16.33	\$215.41	\$16.70	\$232.11
6 inch	\$369.70	\$30.32	\$400.02	\$31.01	\$431.03
8 inch	\$540.32	\$44.31	\$584.63	\$45.31	\$629.94
10 inch	\$739.41	\$60.64	\$800.05	\$62.01	\$862.06
12 inch	\$881.55	\$72.29	\$953.84	\$73.93	\$1,027.77
Volumetric Rates					
Residential					
Tier 1 Threshold	5 kgals		5 kgals		5 kgals
Tier 2 Threshold	above		above		above
Tier 1 Rate	\$3.91	\$0.00	\$3.91	\$0.00	\$3.91
Tier 2 Rate	\$16.26	\$1.34	\$17.60	\$1.37	\$18.97
Non-Residential³					
Commercial-1	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Commercial-2	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Commercial-3	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Hotels	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Government	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
GWA	\$20.20	\$1.66	\$21.86	\$1.70	\$23.56
Agriculture	\$6.49	\$0.54	\$7.03	\$0.55	\$7.58
Irrigation	\$6.71	\$0.56	\$7.27	\$0.57	\$7.84
Wastewater Rates					
Residential Flat Rate	\$35.84	\$0.00	\$35.84	\$0.00	\$35.84
Volumetric Rates					
Commercial-1	\$11.14	\$0.92	\$12.06	\$0.94	\$13.00
Commercial-2	\$27.14	\$2.23	\$29.37	\$2.28	\$31.65
Commercial-3	\$37.63	\$3.09	\$40.72	\$3.16	\$43.88
Hotels	\$27.14	\$2.23	\$29.37	\$2.28	\$31.65
Government	\$15.92	\$1.31	\$17.23	\$1.34	\$18.57
Leachate	\$16.41	\$1.35	\$17.76	\$1.38	\$19.14
Navy	\$15.92	\$1.31	\$17.23	\$1.34	\$18.57
Legislative Surcharge					
Surcharge	3.50%		3.55%		3.55%

1 - The FY 2026 rate adjustment and proposed FY 2027 rate adjustment are applied to non-lifeline rate components only

2 - Monthly base charges for the Agriculture customer class are roughly 96.6% of stated base charge

3 - Non-residential volumetric water rates are applied to all levels of demand

True-Up Schedule L

Bill Impacts by Customer Class based on Proposed Rate Adjustment¹

Customer Class	Meter Size	Kgals	Forecast Year			
			FY 2026	Increase	FY 2027	% Change
Residential	3/4 inch	1	\$78.00	\$2.97	\$80.97	3.81%
Residential	3/4 inch	2	\$81.91	\$2.97	\$84.88	3.63%
Residential	3/4 inch	3	\$85.82	\$2.97	\$88.79	3.46%
Residential	3/4 inch	4	\$89.73	\$2.97	\$92.70	3.31%
Residential	3/4 inch	5	\$93.64	\$2.97	\$96.61	3.17%
Residential	3/4 inch	6	\$111.87	\$4.39	\$116.26	3.92%
Residential	3/4 inch	7	\$130.09	\$5.81	\$135.90	4.47%
Residential	3/4 inch	9	\$166.54	\$8.65	\$175.19	5.19%
Residential	3/4 inch	12	\$221.21	\$12.91	\$234.12	5.84%
Residential	3/4 inch	15	\$275.89	\$17.16	\$293.05	6.22%
Commercial-1	3/4 inch	23	\$788.66	\$61.37	\$850.03	7.78%
Commercial-1	1.5 inch	50	\$1,701.37	\$132.39	\$1,833.76	7.78%
Commercial-2	2 inch	270	\$12,770.07	\$992.17	\$13,762.24	7.77%
Commercial-3	3/4 inch	41	\$2,349.36	\$182.47	\$2,531.83	7.77%
Hotel	2 inch	400	\$18,875.66	\$1,466.56	\$20,342.22	7.77%
Hotel	4 inch	970	\$45,780.21	\$3,556.92	\$49,337.13	7.77%
Government	3/4 inch	50	\$1,883.72	\$146.49	\$2,030.21	7.78%
Government	1.5 inch	150	\$5,606.45	\$435.99	\$6,042.44	7.78%
Agriculture	3/4 inch	16	\$153.42	\$11.98	\$165.40	7.81%
Irrigation	3/4 inch	10	\$113.53	\$8.88	\$122.41	7.82%

¹ - With the exception of the Agriculture and Irrigation customer classes, bill impact calculations assume billable wastewater flows are 80% of water demand for both residential and non-residential customers

True-Up Schedule M

Comparison of True-Up Year to the PUC's Approved Five-Year Rate Plan for the Same Year

	Current True-Up Filing	Approved Five-Year Plan	Difference	% Diff.
	FY 2027	FY 2027		
Non-Lifeline Rate Increase	7.75%	7.75%	0.00%	
Lifeline Rate Increase	0.00%	0.00%	0.00%	
Legislative Surcharge	3.55%	3.00%	0.55%	
CASH SOURCES				
Water Service Revenues	101,338,746	105,820,745	(4,481,999)	-4.2%
Legislative Surcharge	3,364,079	2,975,382	388,698	13.1%
Water Rate Revenues	\$ 104,702,826	\$ 108,796,127	\$ (4,093,301)	-3.8%
Wastewater Service Revenues	44,345,972	44,921,999	(576,027)	-1.3%
Legislative Surcharge	1,132,678	976,396	156,282	16.0%
Navy Revenues (w/surcharge)	11,376,015	11,434,336	(58,320)	-0.5%
Wastewater Rate Revenues	\$ 56,854,666	\$ 57,332,731	\$ (478,065)	-0.8%
Other Revenues	600,000	515,000	85,000	16.5%
Rate Revenue Adjustment	-	(2,259,091)	2,259,091	-100.0%
Bad Debt Adjustment	(2,252,722)	(1,144,739)	(1,107,983)	96.8%
Total Operating Revenues¹	\$ 159,904,770	\$ 163,240,028	\$ (3,335,258)	-2.0%
Interest / Investment Income	4,443,012	946,746	3,496,266	369.3%
Rate Stabilization Transfers Out (In)	2,500,000	(1,250,000)	3,750,000	-300.0%
TOTAL SOURCES	\$ 166,847,782	\$ 162,936,774	\$ 3,911,008	2.4%
CASH USES				
Power Purchases	19,318,601	19,473,468	(154,867)	-0.8%
Water Purchases	7,357,766	12,916,590	(5,558,824)	-43.0%
Salaries & Benefits ²	39,258,731	38,435,950	822,780	2.1%
Admin & General ³	16,373,202	15,517,545	855,658	5.5%
Contractual Expense	9,917,478	9,667,501	249,977	2.6%
Retiree Expense	4,839,856	4,759,489	80,367	1.7%
O&M Subtotal	\$ 97,065,634	\$ 100,770,543	\$ (3,704,909)	-3.7%
Fees, Short-Term Financing Program	256,003	5,266,486	(5,010,483)	-95.1%
Interest, Short-Term Financing Program	771,103	5,233,806	(4,462,703)	-85.3%
Debt Service	56,790,518	38,276,815	18,513,703	48.4%
Internally Funded Capital (IFCIP)	12,000,000	12,000,000	-	0.0%
TOTAL USES	\$ 166,883,257	\$ 161,547,650	\$ 5,335,608	3.3%
Net Annual Cash Flow	\$ (35,476)	\$ 1,389,124	\$ (1,424,600)	-102.6%
DEBT SERVICE COVERAGE				
Net Revenues	\$ 69,782,148	\$ 62,166,231	\$ 7,615,917	12.3%
Adjustment, Regulatory Asset	-	(1,277,200)	1,277,200	-100.0%
Adjustment, Capitalized Labor	4,357,719	4,996,674	(638,954)	-12.8%
Adjustment, Other ⁴	729,100	715,600	13,500	1.9%
Revenues Available for Debt Service	\$ 74,868,967	\$ 66,601,304	\$ 8,267,662	12.4%
Total Debt Service	57,561,621	43,510,621	14,051,000	32.3%
Debt Service Coverage	1.301	1.531	(0.230)	

1 - Includes leachate and Navy revenues; excludes system development charge revenues

2 - Capitalized labor, which does not represent a cash impact, is not included in the calculation of annual net cash flow but is recognized as an adjustment in the debt service coverage calculation

3 - Excludes bad debt expense since this line item is instead included as an offset to rate revenues (per audited financials)

4 - Includes retiree COLA and end-of-year pension and OPEB adjustments

SCHEDULE M SUMMARY

Below please find a brief explanation of the FY 2027 differences between the Five-Year Plan and the FY 2027 True Up.

CASH SOURCES

Water Service Revenues – Projected water service revenues of \$101.3 million are \$4.5 million (4.2%) lower than the \$105.8 million included in the Five-Year Plan forecast. The variance reflects updates to forecasted billing determinants to incorporate FY 2025 results, which resulted in slightly lower (2.2%) billable water demand. Water service revenues are also lower because GWA’s proposed FY 2027 water rates are lower than those approved in the Five-Year Plan forecast.

Water Legislative Surcharge – The proposed water legislative surcharge of \$3.4 million is \$388,698 higher than the \$3.0 million included in the Five-Year Plan forecast. This increase results from GWA’s proposed surcharge rate of 3.55% applied to non-lifeline rate components, compared to the 3.00% surcharge established in the Five-Year Plan for FY 2027. The higher surcharge rate is necessary to fully fund retiree benefit expenses, which is the statutory purpose of the legislative surcharge.

Wastewater Service Revenues – Projected wastewater service revenues of \$44.3 million are \$576,027 (1.3%) lower than the \$44.9 million included in the Five-Year Plan forecast, reflecting updates to forecasted billing determinants based on recently observed FY 2025 statistics within GWA’s billing system. Billable wastewater flows are projected to be 1.924 million kgals in FY 2027, a 1.4% decrease over estimated levels in the Five-Year Plan. Wastewater service revenues are also lower because GWA’s proposed FY 2027 wastewater rates are lower than those approved in the Five-Year Plan forecast.

Wastewater Legislative Surcharge - The proposed wastewater legislative surcharge of \$1.1 million is \$156,282 higher than the \$976,396 included in the Five-Year Plan forecast, consistent with the proposed increase in the surcharge rate from 3.00% to 3.55% applied to non-lifeline wastewater rate components to fund retiree benefit expenses.

Navy Revenues (w/surcharge) – Projected Navy revenues of \$11.4 million are \$58,320 (0.5%) lower than the \$11.4 million included in the Five-Year Plan forecast. These revenues represent wastewater service charges billed to military installations in northern Guam, and grow in line with the assumed 2% annual growth in billable Navy wastewater flows. The minor variance from the Five-Year Plan forecast reflects updated billing determinants and the proposed change in the legislative surcharge rate.

Other Revenues – Other operating revenues are projected at \$600,000, higher than the \$515,000 included in the Five-Year Plan forecast, to reflect increased FY 2025 revenues in this category. Other Revenues include fees and charges for services such as installing meters, inspections, reconnections, and illegal connections, among others.

Rate Revenue Adjustment – The FY 2027 True-Up projects no rate revenue adjustment (\$0), compared to a (\$2.3 million) negative adjustment included in the Five-Year Plan forecast, resulting in

Schedule M Summary

a favorable variance of \$2.3 million. Rate revenue adjustments, which reflect the difference between audited and billed revenues, have been both positive and negative in recent fiscal years. The assumption of no adjustment is consistent with the average for the most recent 7-year period (0.04%).

Bad Debt Adjustment – The FY 2027 bad debt adjustment is projected at (\$2.3 million), which is \$1.1 million (96.8%) higher than the (\$1.1 million) included in the Five-Year Plan forecast. FY 2025 bad debt expense increased to 1.51% largely due to the termination of ARPA funded utility assistance programs. GWA has applied a bad debt rate of 1.50% of rate revenues—consistent with the FY 2025 rate and below the 8-year average of 1.59%—resulting in a larger bad debt estimate than originally projected in the Five-Year Plan.

Interest / Investment Income – Interest and investment income on GWA’s operating fund accounts is projected at \$4.4 million, which is \$3.5 million (369.3%) higher than the \$946,746 included in the Five-Year Plan forecast. This change is primarily attributed to a determination by GWA’s auditors that one of the primary interest-bearing accounts can be used to meet debt service requirements.

Rate Stabilization Transfers Out (In) – The FY 2027 True-Up assumes a draw of \$2.5 million from the Rate Stabilization Fund (RSF), compared to a \$1.25 million contribution to the RSF included in the Five-Year Plan forecast—a variance of \$3.75 million. The updated forecast and lower proposed rates require use of RSF reserves to bolster debt service coverage and meet the minimum 1.30x target, driven primarily by the substantially higher debt service resulting from the Series 2025 Bond issuance (relative to the Five-Year Plan).

Total Sources – In aggregate, Total Sources of \$166.8 million are \$3.9 million (2.4%) higher than the \$162.9 million included in the Five-Year Plan forecast. Significantly higher interest and investment income (\$3.5 million favorable) and the use of \$2.5 million in Rate Stabilization Fund reserves offset lower rate revenues under the proposed rates and forecasted billing determinants.

CASH USES

Power Purchases – Projected power purchases of \$19.3 million are \$154,867 (0.8%) lower than the \$19.5 million included in the Five-Year Plan forecast. Despite rising fuel prices, costs remain comparable due to efficiencies from GPA’s Ukudu Power Plant. The projection incorporates GPA’s approved base rate increase for maintenance costs associated with operating the Ukudu plant, as well as GPA’s estimated adjustment to the Levelized Energy Adjustment Clause (LEAC) associated with increased costs of oil attributed to the Iran Conflict, with GPA’s high-end projected LEAC rate of \$0.1754 applied.

Water Purchases – Projected water purchases of \$7.4 million are \$5.6 million (43.0%) lower than the \$12.9 million included in the Five-Year Plan forecast as a result of two factors: (1) the estimated rate per kgal charged by the Navy (\$11.43) is much lower relative to the Five-Year Plan, and (2) lower Navy

Schedule M Summary

water purchase volumes driven by GWA's ongoing water loss reduction program, which has increased availability of GWA's own supply and reduced reliance on purchased Navy water.

Salaries & Benefits – Projected salaries and benefits of \$39.3 million are \$822,780 (2.1%) higher than the \$38.4 million included in the Five-Year Plan forecast. The increase is attributed to the planned salary migration to the 40th percentile, annual pay for performance incentives, and ensuring the Engineering business unit is sufficiently staffed to keep up with the demand of Capital Improvement Projects associated with the Partial Consent Decree.

Admin & General – Projected administrative and general expenses of \$16.4 million are \$855,658 (5.5%) higher than the \$15.5 million included in the Five-Year Plan forecast. The increase is attributed to higher expenses projected for sludge disposal, claims, regulatory expenses, and collection services.

Contractual Expense – Projected contractual expenses of \$9.9 million are \$249,977 (2.6%) higher than the \$9.7 million included in the Five-Year Plan forecast. The increase is attributed to the continued need for temporary warehouse rental while the Upper Tumon warehouse is being renovated, and additional laboratory costs associated with the OneGuam Water Resources Information Program Memorandum of Understanding with WERI.

Retiree Expense – Projected retiree expenses of \$4.8 million are \$80,367 (1.7%) higher than the \$4.8 million included in the Five-Year Plan forecast. Costs cover supplemental annuities of \$360,230 for 85 retirees, health insurance premiums of \$3.75 million for 317 retirees, and COLA payments of \$729,100 for 317 retirees.

Fees, Short-Term Financing Program – Projected fees for the short-term financing program are \$256,003 in FY 2027, which is \$5.0 million (95.1%) lower than the \$5.3 million included in the Five-Year Plan forecast. The Five-Year Plan assumed GWA could access higher levels of short-term financing capacity through Tax-Exempt Commercial Paper (TECP) or other instruments. Reflecting credit market conditions, GWA's updated financing strategy instead relies more on additional revenue bond debt (as noted below) and less on short-term instruments. The forecasted fees assume GWA will secure a \$50 million Revolving Loan credit facility before the end of FY 2026.

Interest, Short-Term Financing Program - Projected interest on the short-term financing program is \$771,103 in FY 2027, which is \$4.5 million (85.3%) lower than the \$5.2 million included in the Five-Year Plan forecast. The Five-Year Plan assumed substantially greater reliance on short-term debt instruments. The FY 2027 True-Up reflects GWA's updated capital financing strategy utilizing a \$50 million Revolving Loan facility, with interest charges of \$771,000 based on projected capital project encumbrance and expenditure schedules.

Revenue Bond Debt Service – FY 2027 revenue bond debt service is projected at \$56.8 million, which is \$18.5 million (48.4%) higher than the \$38.3 million included in the Five-Year Plan forecast. This represents the largest variance from the Five-Year Plan and is driven by: (1) debt service on the Series 2025 Bonds, which was not anticipated until much later in the five-year planning period but provided \$250 million in proceeds for the capital program; (2) an estimated \$0.33 million reduction

Schedule M Summary

in FY 2027 debt service attributed to refunding savings from the Series 2026 Bonds; and (3) incremental debt service associated with an anticipated \$100 million new money component of the Series 2026 Bonds to address capital funding needs and maintain compliance with the USEPA Partial Consent Decree.

IFCIP - Internally Funded Capital Improvement Program (IFCIP) expenditures are projected at \$12.0 million for FY 2027, unchanged from the \$12.0 million included in the Five-Year Plan forecast (0.0% variance). GWA continues to fund a portion of its capital program with current revenues, exclusive of System Development Charge revenues projected at \$750,000 annually for growth-related projects.

Total Uses – In aggregate, Total Uses of \$166.9 million are \$5.3 million (3.3%) higher than the \$161.5 million included in the Five-Year Plan forecast. The increase is driven almost entirely by the \$18.5 million increase in revenue bond debt service resulting from long-term debt issuance, largely offset by a \$5.6 million decrease in water purchases, a \$5.0 million reduction in short-term financing program fees, and a \$4.5 million reduction in short-term financing program interest, all reflecting GWA's updated capital financing strategy. Cash O&M expenses of \$97.1 million are \$3.7 million lower than the Five-Year Plan forecast, providing further offset.

DEBT SERVICE COVERAGE

Net Revenues – Net revenues before adjustments are projected to be \$69.8 million, \$7.6 million (12.3%) higher than the \$62.2 million included in the Five-Year Plan. Higher net revenues are attributed to higher total sources, including interest income and RSF transfers, and lower operating expenses relative to the Five-Year Plan.

Adjustment, Regulatory Asset – GWA's FY 2027 forecast does not anticipate a regulatory asset adjustment. The CoreTech litigation has not yet concluded as of the date of this rate filing. The amended accounting order calls for GWA to “create a Regulatory Asset for regulatory accounting purposes for uncertain and extraordinary legal expenses that may occur in FY 2026 and beyond related to litigation regarding the ownership of land at the site of the Northern District Wastewater Treatment Plant. The Parties agree that a Regulatory Asset may be created for the actual amount expended for this purpose in FY 2026 and beyond and be amortized over five years beginning in the first year subsequent to the termination of the litigation. Any such litigation expenses incurred prior to FY 2026 will not be included in the regulatory asset.” Because it is uncertain when the litigation will be resolved, the rate filing does not anticipate the creation of a regulatory asset in FY 2027. Adjustments to the filing will be made if and when the litigation is resolved.

Adjustment, Capitalized Labor – The capitalized labor adjustment is anticipated to be \$4.4 million in FY 2027, \$638,954 (12.8%) lower than the \$5.0 million assumed in the Five-Year Plan. Capitalized labor was 10.0% of salaries and benefit expense in FY 2025 and has averaged 11.1% over the last three fiscal years. GWA applies the three-year average to estimate capitalized labor for FY 2027.

Schedule M Summary

Adjustment, Other – This category includes cost-of-living adjustments for retirees as well as end-of-year pension benefits adjustments. GWA estimates these adjustments at \$729,100 for FY 2027, slightly higher (1.9%) than the estimate in the Five-Year Plan.

Revenues Available for Debt Service – Revenues available for debt are projected to be \$74.9 million, \$8.3 million (12.4%) higher than the \$66.6 million estimated in the Five-Year Plan.

Total Debt Service – This category includes revenue bond debt service and interest payments on the short-term financing program. Total debt service is projected to be \$57.6 million in FY 2027, \$14.1 million (32.3%) higher than the \$43.5 million included in the Five-Year Plan.

Debt Service Coverage – Debt service coverage is projected to be 1.30x, 0.23x lower than the 1.53x estimate included in the Five-Year Plan. Although revenues available for debt are \$8.3 million higher than the Five-Year Plan, total debt service is also \$14.1 million higher than the previous forecast.

ATTACHMENT E

Updated RAM Model and Associated Workpapers

Note: Attachment(s) E are Excel Files Electronically Transmitted to the GPUC