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BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:	GWA DOCKET NO. 24-05
GUAM WATERWORKS AUTHORITY'S FY2025 -2029 RATE APPLICATION AND REQUEST FOR RATE INCREASES	**JOINT STIPULATION RE:** **FY 2026 ANNUAL TRUE_UP OF GWA'S FIVE-YEAR FINANCIAL PLAN & FY2025 - FY2029 RATE INCREASES**

This **JOINT STIPULATION** is between GUAM WATERWORKS AUTHORITY ("GWA") and the GUAM PUBLIC UTILITY COMMISSION'S ("PUC") consultants, GEORGETOWN CONSULTING GROUP, Inc. ("GCG") hereinafter referred to as the Parties. The stipulation outlines a proposed settlement concerning the true-up of FY 2026 rate revenue recovery approved by the PUC in its Rate Decision Order dated September 24, 2024.

I. BACKGROUND

WHEREAS, the PUC previously approved GWA's Five-Year Financial Plan on September 24, 2024 in Docket 24-05, which forecasted a 9.68% increase in rate revenues from FY 2025 to FY 2026 as a result of a proposed 10.75% increase to non-lifeline components in FY 2026, and

WHEREAS, GWA filed an advanced FY 2026 True-Up Petition on April 25, 2025 for the PUC's review and confirmed the filing on May 29, 2025, supported by a Rate Application Model (RAM) providing all the minimum filing requirements in 12 GCA Chapter 12 and data required by the PUC rules, and

ORIGINAL

WHEREAS, GWA provided RAM updates during this proceeding to reflect new developments to enable consideration of the most recent data available to facilitate determination of necessary rate relief for FY 2026 including updated terms of the short-term financing instrument, revenue bond debt service schedules based on the selection of a five-year interest-only debt structure by GWA's debt financing team (including GEDA, Financial Advisors, and Bond Counsel) and the final pricing of GWA's Series 2025A bond issue that closed on August 6, 2025; and

WHEREAS, GCG submitted documents supporting positions in stipulation discussions with GWA on July 31, 2025[1] and GWA and GCG conducted in person stipulation negotiations in good faith from August 4 to August 7, 2025 continuing through August 29, 2025; and

WHEREAS, rate design issues are not addressed in this true-up proceeding, and

WHEREAS, the Parties have agreed to the following stipulation for purposes of determining the amount jointly to be recommended to the GPUC for adoption as the FY 2026 revenue requirements that replaces and supersedes the amounts in the prior stipulation entered in Docket 24-05 dated August 28, 2024.

NOW THEREFORE, the Parties Agree to the following Stipulated Provisions which it recommends for approval by the PUC:

I. PROPOSED STIPULATIONS

In support of GWA's FY 2026 rate revenue recovery level, GWA and GCG now stipulate the following adjustments (and affirmations of) GWA's FY 2026 Annual True-Up filing which are summarized in the attached *Schedule A-3: Historical and Forecasted Operating Results with Stipulated Adjustments* and recommended to be reflected in the PUC's FY2026 Rate Decision and Order.

[1] These documents are confidential and to be used for stipulation purposes only.

The specific stipulated adjustments agreed to are enumerated below:

1) **Projected Revenues**
   a) **Interest Income – Operating Fund.** The Parties stipulate to adjust GWA's filed FY 2026 Annual True-Up projection by increasing the assumed interest earnings rate on Operating Fund balances from 3.15 percent to 5.0 percent resulting in an increase in projected FY 2026 revenues of $666,000.
   b) **Bad Debt Adjustment** - The Parties stipulate to adjust GWA's filed FY 2026 Annual True-Up projection by decreasing the assumed bad debt expense rate from 0.74 percent to 0.724 percent resulting in an increase in projected FY 2026 revenues of $50,000.
   c) **Billed to Audited Revenue Adjustment** - The Parties stipulate to adjust GWA's filed FY 2026 Annual True-Up projection of this adjustment from a negative $2.11 million to a negative $0.75 million, resulting in an increase in projected FY 2026 revenues of $1.36 million.
2) **Projected Operating Expenses:**
   a) **Advertising Expense.** The Parties stipulate to adjust GWA's filed FY 2026 Annual True-Up projection by decreasing the projected Advertising expense from roughly $300,000 to $200,000 resulting in a decrease in projected FY 2026 expenses of $100,000.
   b) **Audit and Computer Maintenance Expense.** The Parties stipulate to adjust GWA's filed FY 2026 Annual True-Up projection by decreasing the projected Audit and Computer Maintenance Expense from $3.24 million to $2.99 million resulting in a decrease in projected FY 2026 expenses of $250,000.
   c) **Contractual - Other Expense.** The Parties stipulate to adjust GWA's filed FY 2026 Annual True-Up projection by decreasing the projected Contractual – Other expense

from $3.06 million to $2.81 million resulting in a decrease in projected FY 2026 expenses of $250,000.

3) Adjustment to Targeted Rate Revenue Recovery for FY 2026.

The stipulated adjustments are summarized in the table below:

Stipulated Adjustments	FY 2026 As Filed	FY 2026 As Stipulated	Difference
Interest Income	$1,213,144	$1,879,457	$666,313
Bad Debt Adjustment	($1,062,843)	($1,013,704)	$49,140
Billed Revenue Adjustment	($2,106,294)	($750,000)	$1,356,294
Revenue Increase			**$2,071,747**
Advertising Expense	($298,617)	($198,617)	$100,000
Audit & Computer Maint. Exp.	($3,240,318)	($2,990,318)	$250,000
Contractual-Other Expense	($3,061,776)	($2,811,776)	$250,000
Expense Decrease			**$600,000**
Total			**$2,671,747**

As a result of the stipulated adjustments to revenues and expenses, the Parties agree to reduce the targeted FY 2026 revenue recovery level by $4.40 million), from $154.88 million to $150.48 million for the FY 2026 Rate Decision.[2] The Parties further agree that the stated revenue recovery level will be achieved by an 8.2% rate adjustment to all non-lifeline rate components and a legislative surcharge of 3.55%, effective October 1, 2025.

4) The Parties-agree that all future True Up petitions will provide a table laying out all the values in the Commission's prior order for the fiscal year being trued up compared with the values used in the petition and provide a narrative for the adjustments.

[2] No work effort was undertaken in this proceeding to adjust values for FY 2027/FY 2028/FY 2029.

5) The Parties agree that the ALJ shall conduct a proceeding after the Commission order in this proceeding to get input from all Parties as to the process and boundaries of what is permissible as adjustments in a true up proceeding. The ALJ's recommendations, as accepted or modified by the Commission, shall be made in a timely fashion to guide GWA's filing in the subsequent true up proceeding for FY 2027 rates.

CONCLUSION

The Parties hereby agree and stipulate the above stated revenue recovery level of $150.48 million for FY 2026 and the corresponding 8.2% rate adjustment for all non-lifeline rate components, effective October 1, 2025, for recommendation to the GUAM PUBLIC UTILIES COMMISSION for consideration and approval in GWA Docket 24-05.

SO STIPULATED this 30th day of August 2025.

GUAM WATERWORKS AUTHORITY	**GEORGETOWN CONSULTING GROUP, INC (GCG**
THERESA G. ROJAS, ESQ. Legal Counsel	JAMSHED MADAN Chief Officer

Attachments

Schedule S: Comparison of Filing to Stipulated Adjustments

Schedule A-3: Historical and Forecasted Operating Results with Stipulated Adjustments

Proposed Modified Accounting Order

True-Up Schedule A-3

Historical and Forecasted Operating Results under Stipulated Changes to Rate Filing

		Historical Year FY 2024		Current Year FY 2025		Forecast Year FY 2026
Non-Lifeline Rate Increase		16.70%		11.50%		8.20%
Lifeline Rate Increase		16.70%		11.50%		0.00%
Legislative Surcharge		3.80%		3.50%		3.55%
CASH SOURCES						
Water Rate Revenues	$	80,933,624	$	91,958,431	$	97,864,411
Wastewater Rate Revenues		45,314,878		48,209,243		52,614,063
Other Revenues		591,327		515,000		515,000
Rate Revenue Adjustment		1,547,307		(1,906,280)		(750,000)
Bad Debt Adjustment		(229,334)		(947,847)		(1,013,704)
Total Operating Revenues[1]	$	128,157,801	$	137,828,546	$	149,229,771
Interest / Investment Income		3,000,398		2,089,615		1,879,457
Rate Stabilization Transfers Out (In)		-		(9,500,000)		2,200,000
TOTAL SOURCES	**$**	**131,158,199**	**$**	**130,418,162**	**$**	**153,309,228**
CASH USES						
Power Purchases		21,892,448		21,994,230		17,601,227
Water Purchases		8,662,002		9,059,465		6,957,710
Salaries & Benefits[2]		29,243,503		33,366,815		37,356,545
Admin & General[3]		9,313,498		10,375,244		13,210,419
Contractual Expense		5,237,504		6,885,371		9,488,428
Retiree Expense		8,661,999		4,476,615		4,623,703
O&M Subtotal	$	83,010,953	$	86,157,740	$	89,238,032
Fees, Short-Term Financing Program		-		270,853		384,004
Interest, Short-Term Financing Program		-		67,373		1,156,654
Debt Service		38,515,885		37,921,715		51,791,279
Internally Funded Capital (IFCIP)		2,342,943		17,000,000		15,000,000
TOTAL USES	**$**	**123,869,781**	**$**	**141,417,680**	**$**	**157,569,969**
Net Annual Cash Flow	**$**	**7,288,419**	**$**	**(10,999,519)**	**$**	**(4,260,741)**
DEBT SERVICE COVERAGE						
Net Revenues	$	48,147,246	$	44,260,422	$	64,071,196
Adjustment, Regulatory Asset		-		1,500,000		1,500,000
Adjustment, Capitalized Labor		3,321,043		4,337,686		4,856,351
Adjustment, Other[4]		6,593,175		701,500		708,515
Revenues Available for Debt Service	$	58,061,464	$	50,799,608	$	71,136,062
Total Debt Service		38,515,885		37,921,715		51,791,279
Debt Service Coverage		**1.507**		**1.340**		**1.374**
OTHER INFORMATION						
SDC Revenues		1,698,842		1,165,000		1,165,000
Depreciation		30,172,311		29,424,588		29,996,235
Net Operating Income	**$**	**19,994,422**	**$**	**27,748,904**	**$**	**36,016,855**
Non-Operating Revenues (Expenses)		9,965,399		13,267,170		13,553,831
Interest Expense		(26,805,659)		(27,476,715)		(40,826,279)
Capital Contributions		2,999,184		34,488,000		30,000,000
Change in Net Position	**$**	**6,153,346**	**$**	**48,027,359**	**$**	**38,744,407**

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 this calculation of annual net cash flow

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

4 - 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 2024	increase	FY 2025	change	FY 2026
Proposed Rate Increase [1]		***11.5%***		***8.2%***	
Water Rates					
Monthly Base Charge [2]					
3/4 inch	$30.62	$3.52	$34.14	$2.80	$36.94
1 inch	$35.73	$4.11	$39.84	$3.27	$43.11
1.5 inch	$56.06	$6.45	$62.51	$5.13	$67.64
2 inch	$71.41	$8.21	$79.62	$6.53	$86.15
3 inch	$127.55	$14.67	$142.22	$11.67	$153.89
4 inch	$178.55	$20.53	$199.08	$16.33	$215.41
6 inch	$331.57	$38.13	$369.70	$30.32	$400.02
8 inch	$484.59	$55.73	$540.32	$44.31	$584.63
10 inch	$663.15	$76.26	$739.41	$60.64	$800.05
12 inch	$790.63	$90.92	$881.55	$72.29	$953.84
Volumetric Rates					
Residential					
Tier 1 Threshold	5 kgals		5 kgals		5 kgals
Tier 2 Threshold	above		above		above
Tier 1 Rate	$3.51	$0.40	$3.91	$0.00	$3.91
Tier 2 Rate	$14.58	$1.68	$16.26	$1.34	$17.60
Non-Residential [3]					
Commercial-1	$18.12	$2.08	$20.20	$1.66	$21.86
Commercial-2	$18.12	$2.08	$20.20	$1.66	$21.86
Commercial-3	$18.12	$2.08	$20.20	$1.66	$21.86
Hotels	$18.12	$2.08	$20.20	$1.66	$21.86
Government	$18.12	$2.08	$20.20	$1.66	$21.86
GWA	$18.12	$2.08	$20.20	$1.66	$21.86
Agriculture	$5.82	$0.67	$6.49	$0.54	$7.03
Irrigation	$6.02	$0.69	$6.71	$0.56	$7.27
Wastewater Rates					
Residential Flat Rate	$32.14	$3.70	$35.84	$0.00	$35.84
Volumetric Rates					
Commercial-1	$9.99	$1.15	$11.14	$0.92	$12.06
Commercial-2	$24.34	$2.80	$27.14	$2.23	$29.37
Commercial-3	$33.75	$3.88	$37.63	$3.09	$40.72
Hotels	$24.34	$2.80	$27.14	$2.23	$29.37
Government	$14.28	$1.64	$15.92	$1.31	$17.23
Leachate	$14.72	$1.69	$16.41	$1.35	$17.76
Navy	$14.28	$1.64	$15.92	$1.31	$17.23
Legislative Surcharge					
Surcharge	3.80%		3.50%		3.55%

1 - The proposed FY 2026 rate adjustment of 8.2% is 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 Adjustment[1]

	Meter Size	Kgals	FY 2025	Increase	Forecast Year FY 2026	% Change
Customer Class						
Residential	3/4 inch	1	$75.08	$2.92	$78.00	3.9%
Residential	3/4 inch	2	$78.99	$2.92	$81.91	3.7%
Residential	3/4 inch	3	$82.90	$2.92	$85.82	3.5%
Residential	3/4 inch	4	$86.81	$2.92	$89.73	3.4%
Residential	3/4 inch	5	$90.72	$2.92	$93.64	3.2%
Residential	3/4 inch	6	$107.55	$4.32	$111.87	4.0%
Residential	3/4 inch	7	$124.38	$5.71	$130.09	4.6%
Residential	3/4 inch	9	$158.04	$8.50	$166.54	5.4%
Residential	3/4 inch	12	$208.53	$12.68	$221.21	6.1%
Residential	3/4 inch	15	$259.02	$16.87	$275.89	6.5%
Commercial-1	3/4 inch	23	$728.35	$60.31	$788.66	8.3%
Commercial-1	1.5 inch	50	$1,571.24	$130.13	$1,701.37	8.3%
Commercial-2	2 inch	270	$11,794.72	$975.35	$12,770.07	8.3%
Commercial-3	3/4 inch	41	$2,169.99	$179.37	$2,349.36	8.3%
Hotel	2 inch	400	$17,433.97	$1,441.69	$18,875.66	8.3%
Hotel	4 inch	970	$42,283.60	$3,496.61	$45,780.21	8.3%
Government	3/4 inch	50	$1,739.77	$143.95	$1,883.72	8.3%
Government	1.5 inch	150	$5,178.01	$428.44	$5,606.45	8.3%
Agriculture	3/4 inch	16	$141.61	$11.82	$153.43	8.3%
Irrigation	3/4 inch	10	$104.78	$8.75	$113.53	8.4%

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 S

Comparison of Filing to Stipulated Adjustments

	GWA FY 2026 True-Up Filing		Filing w/ Stipulated Adjustments		Difference	
		FY 2026		FY 2026		FY 2026
Non-Lifeline Rate Increase		*varies* [1]		*8.20%*		
Lifeline Rate Increase		*varies* [1]		*0.00%*		
Legislative Surcharge		*3.10%*		*3.55%*		
CASH SOURCES						
Water Rate Revenues	$	97,753,408	$	97,864,411	$	111,003
Wastewater Rate Revenues		57,121,153		52,614,063		(4,507,090)
Rate Revenue Subtotal	$	154,874,561	$	150,478,475	$	(4,396,086)
Other Revenues		515,000		515,000		-
Rate Revenue Adjustment		(2,106,294)		(750,000)		1,356,294
Bad Debt Adjustment		(1,062,843)		(1,013,704)		49,140
Total Operating Revenues[2]	$	152,220,423	$	149,229,771	$	(2,990,653)
Interest / Investment Income		1,213,144		1,879,457		666,313
Rate Stabilization Transfers Out (In)		2,200,000		2,200,000		-
TOTAL SOURCES	**$**	**155,633,568**	**$**	**153,309,228**	**$**	**(2,324,340)**
CASH USES						
Power Purchases		17,601,227		17,601,227		-
Water Purchases		6,957,710		6,957,710		-
Salaries & Benefits[3]		37,356,545		37,356,545		-
Admin & General[4]		13,310,419		13,210,419		(100,000)
Contractual Expense		9,988,428		9,488,428		(500,000)
Retiree Expense		4,623,703		4,623,703		-
O&M Subtotal	$	89,838,032	$	89,238,032	$	(600,000)
Fees, Short-Term Financing Program		358,404		384,004		25,600
Interest, Short-Term Financing Program		1,303,735		1,156,654		(147,081)
Debt Service		52,337,390		51,791,279		(546,111)
Internally Funded Capital (IFCIP)		15,000,000		15,000,000		-
TOTAL USES	**$**	**158,837,561**	**$**	**157,569,969**	**$**	**(1,267,592)**
Net Annual Cash Flow	**$**	**(3,203,993)**	**$**	**(4,260,741)**	**$**	**(1,056,748)**
DEBT SERVICE COVERAGE						
Net Revenues	$	65,795,536	$	64,071,196	$	(1,724,340)
Adjustment, Regulatory Asset		840,800		1,500,000		659,200
Adjustment, Capitalized Labor		4,856,351		4,856,351		-
Adjustment, Other[5]		708,515		708,515		-
Revenues Available for Debt Service	$	72,201,202	$	71,136,062	$	(1,065,140)
Total Debt Service		52,337,390		51,791,279		(546,111)
Debt Service Coverage		**1.380**		**1.374**		**(0.006)**
OTHER INFORMATION						
SDC Revenues		1,165,000		1,165,000		-
Depreciation		29,996,235		29,996,235		-
Net Operating Income	**$**	**38,407,508**	**$**	**36,016,855**	**$**	**(2,390,653)**
Non-Operating Revenues (Expenses)		13,553,831		13,553,831		-
Interest Expense		(41,372,390)		(40,826,279)		546,111
Capital Contributions		30,000,000		30,000,000		-
Change in Net Position	**$**	**40,588,948**	**$**	**38,744,407**	**$**	**(1,844,541)**

1 - GWA's filing previously anticipated implementation of a new Rate Design Structure (see March 28, 2024 Order p. 2-4: in re GWA's Amended Petition to Approve a new Rate Design Structure, GWA Docket 19-08).

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 included as an offset to rate revenues (per audited financials)

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

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: **GUAM WATERWORKS AUTHORITY'S FY2025 -2029 RATE APPLICATION AND REQUEST FOR RATE INCREASES**	**GWA DOCKET NO. 24-05** **ACCOUNTING ORDER TO PERMIT GWA TO RECORD SELECTED LEGAL EXPENSES AS REGULATORY ASSETS FOR RECOVERY IN FY 2027-FY2029**

GWA ACCOUNTING ORDER

BACKGROUND

On September 24, 2024 the GPUC issued an Accounting Order in conjunction with its Rate Decision and Order in Docket No. 24-05: *Accounting Order to Permit GWA to Record Selected Expenses as Regulatory Assets for Recovery in FY2026-2029 to Stabilize Rate Increases for GWA Customers.*

Following a GWA review[1] of applicable bond indenture requirements, accounting standards, and a June 2025 interpretation from bond counsel, in August 2025, Guam Waterworks Authority (GWA) and Georgetown Consulting Group (GCG) stipulated that this Accounting Order should be clarified. Accordingly, the PUC issues this revised Accounting Order to clarify the PUC's September 24, 2024, Accounting Order for Docket No. 24-05.

ORDER

The Guam Public Utilities Commission **HEREBY ORDERS**:

i. Expenses related to the adjudication of the FY 2020 - FY 2024 rate case (Docket 19-08) have now been recognized in debt service coverage for prior periods, notification of which has been posted to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website. GWA will therefore write off for financial statement purposes any such expenses.

ii. GWA will 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[2] and beyond and be amortized over five years beginning in the first year subsequent to

[1] Involving consultation with GWA's Auditors and Bond Counsel.

[2] These extraordinary expenses are excluded from calculation of Debt Service Coverage per GWA's Bond Indenture.

the termination of the litigation. Any such litigation expenses incurred prior to FY 2026 will not be included in the regulatory asset.

iii. GWA shall provide an annual report on the amortization of the legal expense regulatory asset consistent with this clarified order.

SO ORDERED by the Guam Public Utilities Commission.

Dated this ___th day of September, 2025.

______________________	______________________
Jeffrey Johnson	Rowena E Perez-Camacho
Chairman	Commissioner
______________________	______________________
Joseph M. McDonald	Michael A. Pangelinan Commissioner
Commissioner	Commissioner
______________________	______________________
Peter Montinola	Doris Flores Brooks
Commissioner	Commissioner