

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:

PROCESS AND BOUNDARIES FOR
DETERMINATION OF ADJUSTMENTS
FOR ANNUAL TRUE UP OF GWA'S
FIVE-YEAR FINANCIAL PLANS

This **JOINT STIPULATION** is between GUAM WATERWORKS AUTHORITY ("GWA") and the GUAM PUBLIC UTILITY COMMISSION'S ("GPUC") consultants, GEORGETOWN CONSULTING GROUP, Inc. ("GCG") hereinafter referred to as the Parties. The stipulation outlines a proposed settlement concerning the process and boundaries of what is permissible as adjustments for the current and prospective annual true-up proceedings of GWA's Five-Year Financial Plans.

I. BACKGROUND

WHEREAS, the GPUC Ordering Provision no. 8 of the GPUC Order Re: Annual True-Up for FY2026 Rates issued on September 25, 2025, states:

"The ALJ is ordered to conduct a proceeding subsequent to the Commission's issuance of its Order in this proceeding to obtain 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 FY2027 rates;" and

1 as to the basis for the prior projections within the new schedule. GWA believes the basis of
2 comparison should be the GPUC-approved 5-year rate plan (which is consistent with
3 historical annual true-up procedures and the ALJ's June 5, 2025, ruling). GCG believes the
4 basis of comparison should be the most recent forecasts from expanded true-up filings that
5 they have recommended (and with which GWA disagrees). Regardless of the comparison
6 year chosen, the Parties have agreed to the Schedule M format presented as Exhibit A.

7 3. GWA and GPUC Staff shall adhere to the True-Up process timeline presented as Exhibit B
8 (which anticipates future GPUC action to occur earlier, with targeted resolution and approval
9 on true-up petitions in August rather than September).

10 4. GWA and GPUC staff agree that with the ongoing implementation of GWA's Water Loss
11 Control Program and the documented issues affecting GWA's ability to meet water loss
12 goals, GWA will modify current reporting on the status of the Water Loss Control Program
13 as follows:

14 a. 2025 Baseline Report: GWA will coordinate with designated GPUC Staff (engineer) and
15 submit by the end of February 2026 a status report focused on:

- 16 i. Status of capital projects implementing water losses
- 17 ii. Status of projects intended to reduce reliance on Navy water
- 18 iii. Summary of expenditures, milestones achieved and near-term risks.

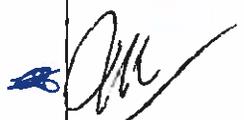
19 b. Informal Mid-Year Review: GWA and designated GPUC staff (engineer) will conduct
20 an informal mid-year working session (no formal filing requirement) to:

- 21 i. Review progress since annual baseline
- 22 ii. Identify completed or newly initiated projects
- 23 iii. Capture measurable achievements
- 24 iv. Confer on recommended adjustments to schedule or priorities as needed

25 c. Year-End Reconciliation and Report: GWA and designated GPUC Staff (engineer) will

- 26 i. Reconvene in early December to finalize content for year-end update, confirm
27 project status and information (expenditures, outcomes, etc.), and resolve any
28 open issues prior to formal annual reporting
- ii. For each year remaining in the current 5-year CIP, GWA will complete and
submit a formal annual report in January incorporating:

- 1. Full year accomplishments



True-Up Schedule M

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

	True-Up Filing for FY 2027	Prior Projections		
	FY 2027	FY 2027	Difference	% Diff.
Non-Lifeline Rate Increase	8.50%	7.75%	0.75%	
Lifeline Rate Increase	0.00%	0.00%	0.00%	
Legislative Surcharge	3.25%	3.00%	0.25%	
CASH SOURCES				
Water Service Revenues	107,330,291	105,820,745	1,509,546	1.4%
Legislative Surcharge	3,145,776	2,975,382	170,394	5.7%
Water Rate Revenues	\$ 110,476,067	\$ 108,796,127	\$ 1,679,940	1.5%
Wastewater Service Revenues	47,109,098	44,921,999	2,187,099	4.9%
Legislative Surcharge	1,134,788	976,396	158,392	16.2%
Navy Revenues (w/surcharge)	11,980,781	11,434,336	546,445	4.8%
Wastewater Rate Revenues	60,224,667	57,332,731	2,891,936	5.0%
Other Revenues	525,000	515,000	10,000	1.9%
Rate Revenue Adjustment	(850,000)	(2,259,091)	1,409,091	-62.4%
Bad Debt Adjustment	(1,213,129)	(1,144,739)	(68,390)	6.0%
Total Operating Revenues	\$ 169,162,605	\$ 163,240,028	\$ 5,922,577	3.6%
Interest / Investment Income	1,000,000	946,746	53,254	5.6%
Rate Stabilization Transfers Out (in)	(2,500,000)	(1,250,000)	(1,250,000)	100.0%
TOTAL SOURCES	\$ 167,662,605	\$ 162,936,774	\$ 4,725,831	2.9%
CASH USES				
Power Purchases	18,118,107	19,473,468	(1,355,361)	-7.0%
Water Purchases	6,977,709	12,916,590	(5,938,881)	-46.0%
Salaries & Benefits ²	38,652,719	38,435,950	216,769	0.6%
Admin & General ³	13,865,924	15,517,545	(1,651,621)	-10.6%
Contractual Expense	9,651,500	9,667,501	(16,001)	-0.2%
Retiree Expense	4,819,489	4,759,489	60,000	1.3%
O&M Subtotal	\$ 92,085,448	\$ 100,770,543	\$ (8,685,095)	-8.6%
Interest, Short-Term Financing Program	1,341,233	5,233,806	(3,892,573)	-74.4%
Debt Service	52,003,946	38,276,815	13,727,131	35.9%
Internally Funded Capital (IFCIP)	14,000,000	12,000,000	2,000,000	16.7%
TOTAL USES	\$ 159,430,627	\$ 156,281,164	\$ 3,149,463	2.0%
Net Annual Cash Flow	\$ 8,231,978	\$ 6,655,610	\$ 1,576,368	23.7%
DEBT SERVICE COVERAGE				
Net Revenues	\$ 75,577,157	\$ 62,166,231	\$ 13,410,926	21.6%
Adjustment, Regulatory Asset	(618,000)	(1,277,200)	659,200	-51.6%
Adjustment, Capitalized Labor	5,024,853	4,996,674	28,180	0.6%
Adjustment, Other ⁴	725,980	715,600	10,380	1.5%
Revenues Available for Debt Service	\$ 80,709,990	\$ 66,601,304	\$ 14,108,686	21.2%
Total Debt Service	53,345,179	43,510,621	9,834,558	22.6%
Debt Service Coverage	1.513	1.531	(0.018)	

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

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

Proposed Annual True-Up Schedule			<i>(1 month)</i>	<i>(3 months)</i>	<i>(2 weeks)</i>
			Preparation of Filing	Review / Discovery	Stipulation Negotiations
March	1	Audit of prior FY complete			
	15	Budget development for TU year complete			
April	1				
	15	GWA Filing / Review Period Begins with Opening Workshop to Explain Filing			
May	1	Initial RFIs RFI #1 Response (10 calendar days)			
	15	Follow-Up RFIs			
June	1	RFI #2 Response (10 calendar days)			
	15	Additional RFIs if necessary Additional Workshops (if necessary)			
July	1				
	15	PUC Consultant's Report / Negotiations Begin			
August	1	Signed Stipulation to ALJ			
	15	ALJ Report PUC Action			
September	1				
	15	Budget submitted to CCU / Trustee			