



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) **GWA Docket 24-05**
)
)
GWA PETITION FOR APPROVAL OF)
GWA'S SECOND FIVE-YEAR) **ORDER RE: ANNUAL TRUE-UP FOR**
FINANCIAL PLAN (BASE RATE) **FY2026 RATES**
INCREASES); ANNUAL TRUE-UP)
SUBMISSION, PROJECTION, AND)
REQUEST FOR FISCAL YEAR 2026)
RATES)

INTRODUCTION

This matter is a True-Up proceeding for the establishment of GWA's FY2026 rates. The matter comes before the Guam Public Utilities Commission ["PUC"] upon GWA's filing of an advanced FY2026 True-Up Petition on April 25, 2025, and the JOINT STIPULATION between GWA and PUC Consultant Georgetown Consulting Group, Inc. ["GCG"], dated August 30th, 2025.¹ The Joint Stipulation outlines a proposed settlement concerning the True-Up of FY2026 rate revenue recovery approved by the PUC in its Rate Decision Order dated September 24, 2024. Effective October 1, 2025, for FY2026, PUC had authorized GWA "to implement an Across-the-board 10.75% increase in water and wastewater rates."² However, the PUC indicated that the authorized rate increase for FY2026 was "subject to change in the annual true-up proceedings", and ordered that a true-up proceeding would be conducted for the projected FY2026 rate increase.³

ADOPTION OF THE JOINT STIPULATION AND ALJ REPORT

¹ A Copy of JOINT STIPULATION is attached hereto as Exhibit "I".

² Id.; the actual GWA increase in the Rate Application Model was 10.75% on the non-lifeline rates.

³ Id.

The PUC adopts in full all the recommendations and conclusions in the JOINT STIPULATION and the ALJ Report. Such recommendations and conclusions are adopted herein by reference and constitute the determinations of the PUC.

ORDERING PROVISIONS

After careful review and consideration of the record herein, the GWA FY2026 True-Up Petition dated April 25, 2025, the JOINT STIPULATION dated August 30, 2025, the ALJ Report, the updated RAM submitted herein, and other submittals and documents filed herein, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** the following:

1. All rulings and orders of the ALJ in this proceeding are confirmed and ratified.
2. The conclusions and recommendations of the Parties in the JOINT STIPULATION, the ALJ Report, and the Final RAM FY2026 True-Up, and the adjustments and schedules set forth therein, are APPROVED and ADOPTED.
3. The adjustments and affirmations of GWA's FY2026 Annual True-Up filing, as summarized in Schedule A-3, attached hereto, Historical and Forecasted Operating Results with Stipulated Adjustments, are fully approved and adopted.
4. All adjustments to projected revenues and projected operating expenses, as set forth in the JOINT STIPULATION and the table included therein, are approved and adopted.
5. As a result of the stipulated adjustments to revenues and expenses agreed to by the Parties, the targeted FY2026 revenue recovery level is reduced by \$4.40 million from \$154.88 million to \$150.48 million for purposes of this FY2026 True-Up Order. The 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%.
6. Effective October 1, 2025, GWA is authorized to implement an 8.2% rate increase to all non-lifeline rate components and a legislative surcharge of 3.55%.
7. All future GWA 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 values used in the petition and a narrative provided by GWA for the adjustments.

8. 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.
9. The customer water and wastewater rates set forth in the final RAM and in the exhibits to the ALJ Report are hereby adopted and approved. The rates proposed by the Parties in the JOINT STIPULATION and the final RAM are just and reasonable pursuant to 12 GCA §§ 12116 and 12118.
10. The proposed Accounting Order, to Permit GWA to Record Selected Legal Expenses as Regulatory Assets for Recovery in FY2027-FY2029, is approved.
11. Based upon the recommendation of the Parties in the JOINT STIPULATION, the stated recovery level of \$150.48 million for FY2026 shall be used in any subsequent rate design phase for the FY2026 True-Up.
12. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses are authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

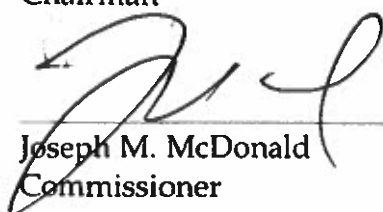
Dated this 25th day of September, 2025.



Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner



Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner

True-Up Schedule A-3

Historical and Forecasted Operating Results under Stipulated Changes to Rate Filing

	Historical Year	Current Year	Forecast Year
	FY 2024	FY 2025	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 Revenues¹	\$ 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	\$ 7,288,418	\$ (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	1.607	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	\$ 18,994,422	\$ 27,748,904	\$ 38,016,855
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