



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

June 6, 2024

Jeffrey C. Johnson, Chairman
Frederick J. Horecky, Chief Administrative Law Judge
Guam Public Utilities Commission
Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

Reference: GWA Docket No. 24-05

Hafa Adai Chairman Johnson and CALJ Horecky:

With the attached petition, the Guam Waterworks Authority hereby confirms its FY2025–FY2029 Financial Plan and proposed rates and charges filing submitted as a draft on March 8, 2024. The documents and Rate Application Model (RAM) submitted on that date include a brief transmittal, supporting testimony, and all schedules required under the Guam Public Utilities Commission (PUC) administrative order prescribing rules for practice and procedure (Docket No. 00-04: Rule 20. Standard Filing Requirements). This confirmation and filing follows PUC direction outlined in the December 2023 Order related to the timing of GWA’s initial draft and final rate applications and is complete for purposes of adjudication of Docket 24-05.

In March, we provided a copy of the public posting of proposed rates and charges required under the Ratepayer Bill of Rights and posted the FY2025-FY2029 Financial Plan and Capital Improvement Program (CIP) on our website. Additionally, in May GWA issued the attached mailing to all of its customers regarding GWA’s proposed rates and charges. Information on how to submit comments or questions about GWA’s rate application was included on-line and in the mailing. To date, no comments have been submitted.

We note that over the intervening period since GWA’s initial draft filing in March 2024, we have had the opportunity to respond to information requests and conduct several workshops with PUC consultants Georgetown Consulting Group (GCG) to facilitate timely review and adjudication of this docket. GWA has outlined how monthly billing data (posted to an accessible file-sharing location on February 20, 2024) was used to develop our revenue forecasts, discussed its capital program including Partial Consent Decree-related obligations, and reviewed how draft schedules are generated in the RAM. We look forward to timely additional workshops and stipulation negotiations.

Insofar as there are several matters that could not practically be addressed by the (PUC ordered) date of our final rate application filing, we anticipate that stipulation negotiations may be particularly productive. Specifically, we note that adjustments may be made given that:

- GWA’s personnel compensation plan, incorporating market-based salary adjustments, was approved by the CCU on May 28, 2024.
- Navy FY2024 water rates have been adjusted upwards twice this fiscal year and are now 2.44x initial FY2024 rates.
- Legislation authorizing the use of Tax-Exempt Commercial Paper and granting GWA additional bond authorization in the amount of \$560 million was passed by the Guam Legislature on May 31, 2024 and was signed into law by the Governor on June 5, 2024.

As noted in our March 2024 filing (with some updates here):

- With the PUC approval of GWA's rate design structure petition, rate adjustments to implement the approved rate design could be requested in conjunction with the FY2026 annual true-up.
- GWA anticipates filing a separate petition to advance a Customer Assistance Program (CAP) to address low-income water affordability, also potentially impacting the FY2026 annual true-up. *Bill 273-37 (COR) Relative to Authorizing Guam Waterworks Authority to Establish a Customer Assistance Program* is currently before the Guam Legislature and was moved to the 3rd reading file on May 30, 2024. The bill if passed into law will provide Legislative authorization for the CAP that the PUC previously indicated was necessary to advance the program. *Bill 304-37 (COR) Appropriation of Five Million Dollars (\$5,000,000) from the General Fund to Guam Waterworks Authority to Fund a Customer Assistance Program* is also before the Guam Legislature.
- GWA also anticipates filing a separate petition to secure authorization for a self-insurance surcharge similar to that approved by the PUC and implemented by the Guam Power Authority (GPA).

We reiterate that this FY2025–FY2029 financial plan and application for rate relief focuses narrowly on the central financial issues noted in our FY2024 Annual True-Up filing and underscored in recent credit rating agency reviews. As illustrated in Schedule A-1 that projects untenable outcomes under existing rates, GWA is in a precarious financial position such that adequate and timely rate relief is required.

This submittal reflects GWA's compliance with all PUC requirements for a rate relief request, including the public posting of the requested increases as spelled out in the Ratepayer Bill of Rights. We are prepared to respond to forthcoming discovery requests, conduct additional workshops as may be necessary and participate in stipulation negotiations as directed by the PUC.

Regards,



MIGUEL C. BORDALLO, P.E.
General Manager

xc: Jamshed Madan, Georgetown Consulting Group, Inc.
Larry Gawlik, Georgetown Consulting Group, Inc.
Robert Young, Georgetown Consulting Group, Inc.
Dan Stathos, Georgetown Consulting Group, Inc.
Bill Norris, Georgetown Consulting Group, Inc.

Theresa G. Rojas, Esq., General Counsel, Guam Waterworks Authority
Taling Taitano, Chief Financial Officer, Guam Waterworks Authority
Chris Budasi, Assistant General Manager-Admin. & Support, Guam Waterworks Authority
Gilda Mafnas, Deputy Chief Financial Officer, Guam Waterworks Authority
Eric Rothstein, Galardi Rothstein Group
Cody Stanger, Galardi Rothstein Group