

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GSWA Docket 24-04
)
PETITION FOR APPROVAL OF GSWA'S)
THREE-YEAR FINANCIAL RATE PLAN) **ALJ REPORT**
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)
_____)



I.
INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to Guam Solid Waste Authority's ["GSWA"] Petition for Approval of GSWA's Three-Year Financial Rate Plan.¹ In GSWA Board Resolutions 2023-007 and 2023-009, the Board of Directors of GSWA approved the filing with the PUC of a rate model and financial plan, and the establishment of new rates for special waste.² The GSWA Petition indicates that GSWA has complied with 12 GCA § 12102.1 & § 12102.2 of the Ratepayers' Bill of Rights, which require that GSWA's ratepayers receive clear and adequate notice of the proposed rate increases.³

10 GCA §51A104(A)(4) provides that GSWA may "establish and modify from time to time **with approval of the PUC** reasonable rates and charges for the collection, transportation, disposal, storage, recycling, and processing of solid waste to recover the full cost of providing solid waste management services, and collect money from customers using such services."⁴ (emphasis added).

¹ GSWA Petition for Approval of GSWA's Three-Year Financial Rate Plan, GSWA Docket 24-04, dated August 12, 2024 (hereinafter "GSWA Petition").

² Id. at Exhibit A, pgs. 7-14.

³ Id. at p. 2.

⁴ 10 GCA §51A104(A)(4).

ALJ Report
Petition for Approval for
GSWA's Three-Year Financial Rate Plan
GSWA Docket 24-04
August 8, 2025

For FY2026, GSWA seeks to increase residential and commercial trash collection rates, and to implement certain other new rates, as indicated in the following chart⁵:

	Current Rate	FY2026		FY2027	
		Rate	Increase	Rate	Increase
Residential Rate	30.00	35.00	5.00	35.00	0.00
Residential Transfer Station (minimum charge)	7.50	11.55	4.05	11.55	0.00
Residential Transfer Station (half cab)	15.00	23.10	8.10	23.10	0.00
Residential Transfer Station (above cab)	22.50	34.65	12.15	34.65	0.00
Commercial Discount (per ton)	15.60	12.00	-3.60	10.00	-2.00
Commercial Rate (per ton)	171.60	190.00	18.40	190.00	0.00
Government Rate (per ton)	171.60	190.00	18.40	190.00	0.00
Contaminated Soil Rate	N/A	250.00	0.00	250.00	0.00
Asbestos Rate	N/A	450.00	0.00	450.00	0.00
Fats, Oils, & Grease (FOG) Rate	N/A	271.00	0.00	271.00	0.00
Power Poles / Junk Tires	N/A	300.00	0.00	300.00	0.00
Special Waste Report Review Fee	N/A	200.00	0.00	200.00	0.00

Rate increases are also requested for services at the Residential Transfer Stations, reductions in the Commercial Discount rate per ton, an increase in the government rate per ton, and the establishment of new rates for contaminated soil, Asbestos, Fats, Oils & Grease (FOG), Power Pole/Junk Tires, and a Special Waste Report Review Fee.⁶

⁵ Notice of Public Hearing, GSWA Docket 24-04, dated June 17, 2025.

⁶ Id.

Residential rates in FY2026 would increase monthly an additional \$5.00, for a total monthly residential bill of \$35.00. Monthly commercial and government rates per ton would increase from a current rate of \$171.60 up to \$190.00 in FY2026.⁷

II.
THE 2020 PUC MANAGEMENT AUDIT OF GSWA FOUND THAT
GSWA DEMONSTRATED A NEED FOR SUBSTANTIAL RATE
INCREASES; THE AUDIT RECOMMENDED HIGHER RATE
INCREASES THAN GSWA IS SEEKING IN THIS RATE
PROCEEDING.

10 GCA § 51A119 provides that "The...Public Utilities Commission... shall perform a management audit of the... operations of the GSWA ...".⁸ On October 15, 2020, the PUC Solid Waste Consultant, Municipal Solid Waste (MSW) s, submitted a Final Report to the Public Utilities Commission (Management Audit of the Guam Solid Waste Authority).⁹

In the Executive Summary of the Final Report dated October 23, 2020, MSW found that the commercial landfill tipping fee at that time was \$171.60 per ton. That is the same commercial and government tipping fee rate that is in effect today. MSW determined as follows:

"The single rate increase was found to require increasing the landfill tipping fee to \$223 per ton, which is a 30% increase. The stair-step rate increase spread these adjustments over four years, although ending at a slightly higher tipping fee of \$225... This analysis suggests that significant

⁷ Id.

⁸ 10 GCA § 51A119.

⁹ Municipal Solid Waste (MSW) Consultants, Final Report to the Public Utilities Commission (Management Audit of the Guam Solid Waste Authority), dated October 15, 2020, GSWA Petition at Exhibit E, pgs. 61-134. This is the Report that GSWA attached to its Petition. However, MSW filed an updated Final Report on October 23, 2020, which was the actual Final Report. The October 23, 2020, Report contains an Executive Summary.

rate increases are needed in the near future but that the need for this rate increase may be mitigated somewhat but likely not eliminated, if the revenue base is expanded to include most or all Guam households.”¹⁰

The ALJ notes that, in the current Petition, GSWA is only seeking to raise the commercial and government tipping fee rates to \$190 per ton, which is far less than the \$223 per ton rate that MSW recommended in 2020.

MSW made the following findings regarding update of the rate model and analysis in 2020:

“The GSWA currently charges participating households \$30.00 per month for collection services. The tip fee currently being charged at the Layon Landfill is \$171.60 per ton. The first [rate] iteration calls for an approximately 30 percent increase in the household monthly charge and tip fee, raising them to \$39.00 and \$223.00, respectively. The second [rate] iteration calls for two separate increases designed to scale up revenue sufficiency more slowly. The monthly household rate increases to \$35.00 in 2022 and then \$38.00 in 2024. The tip fee increases to \$205.00 in 2022 and then \$225.00 in 2024.”¹¹

It is noteworthy that MSW proposed higher rates for implementation in 2022 and 2024 than GSWA is now proposing for FY2026. MSW recommended that monthly residential fees be increased from \$30.00 up to \$35.00 in 2022 and then \$38.00 in 2024. However, GSWA only seeks one increase of the residential rate up to \$35.00 in FY2026. In 2020, MSW recommended that the commercial and government rate be increased from \$171.60 to \$225.00.

¹⁰ Municipal Solid Waste (MSW) Consultants Final Report to the Public Utilities Commission (Management Audit of the Guam Solid Waste Authority), October 23, 2020, at p. E-4.

¹¹ Id. at pgs. 3-4.

In its Order dated October 29, 2020, in GSPA Docket 19-01, the PUC approved and adopted the Final Report of MSW Consultants as the PUC Management Audit of GSPA.¹²

III. **PUBLIC HEARINGS**

12 GCA § 12117(a) requires that the PUC hold at least three (3) public hearings on any change in proposed rates or charges. The public hearings must be held in locations in Northern Guam, Central Guam, and Southern Guam. In addition, the PUC must publish notice at least once a week over a period of three weeks indicating the rates that are proposed to be established.

In accordance with the requirements of law, the PUC published proper notice and conducted the following public hearings: (1) 6:30p.m., June 17, 2025, Suite 205 Oka Building, Tamuning; (2) 6:30p.m., June 18, 2025, Asan-Maina Mayor's Office; and (3) 6:30 p.m., June 19, 2025, Dededo Senior Citizens Center. The Administrative Law Judge, Management of GSPA, and staff of the PUC made all necessary arrangements for the conduct of the public hearings and were present at the times and dates of each scheduled public hearing.

At the public hearing in Tamuning, the Administrative Law Judge commenced the hearing by noting that the PUC Management Audit of GSPA, the GSPA consultant, Utility Financial Services, and the GSPA management "have all found and determined that GSPA is currently under-funded and does not have

¹² PUC Order, GSPA Docket 19-01, MSW Consultants' Final PUC Management Report of GSPA, dated October 29, 2020, at p. 5.

sufficient revenues to cover its current obligations and expenses.”¹³ The ALJ explained the increases in rates requested and the other rate changes proposed, including new special rates for services.

Mr. Irvin Slike, General Manager for GSWA, testified that the requested rate increases were the first ones requested by GSWA since 2012, 13 years ago.¹⁴ He indicated that the residential increase of \$5.00 per month and the increases in commercial rate would generate about \$3.1 million. This amount would fund the capital improvement program and self-closure and post-closure care funds for the landfill.¹⁵

According to Mr. Slike, as early as 2020, the PUC Management Audit and the findings of PUC consultant Municipal Solid Waste [“MSW”] determined that GSWA was under-funded and did not have sufficient rates. MSW had recommended a \$5.00 per month increase in the rate for residential ratepayers.¹⁶ The GSWA consultant Utility Financial Services recommended a \$5.00 monthly increase to \$35 for residential ratepayers followed by an increase to \$38 in the second year, and another \$2.00 to a maximum of \$40.00 in the third year.¹⁷

One reason that GSWA did not make an earlier request for a rate increase was that it had received ARPA funds in 2022 and 2023 in the approximate amount of \$3M per year. In FY2024, ARPA funds, available cash for operations, was projected to decrease by \$2.5M. In 2024, GSWA also received \$1.8M from a post

¹³ Public Hearing, Tamuning, Guam, June 17, 2025 (TRANSCRIPT OF PUBLIC HEARING), at p. 3.

¹⁴ Id. at p. 7.

¹⁵ Id. at p. 6.

¹⁶ Id. at p. 7.

¹⁷ Id. at p. 7.

Mawar Typhoon clean-up project. The ARPA and post Mawar clean-up funds will no longer be available to GSWA, thus necessitating the rate increases.¹⁸ The rate increases were necessary to fund GSWA's capital improvement program.¹⁹

No member of the public appeared at this hearing to present testimony on the rate increases requested by GSWA.

At the public hearing in Asan-Maina, Mr. Slike gave a presentation on GSWA's justification for the rate increases. A true and correct copy of said presentation is attached hereto as Exhibit "1".²⁰

The first witness to testify was Adrian Gogue a resident of Chalan Pago and a residential customer for the Curbside Program of GSWA, Trash and Recycling. He commended GSWA for its effort to help beautify Guam and make the environment safe for future generations. He recognized that the collection operation was not easy. He felt that the website of GSWA was "functional and it provides the public with general information that I think is very beneficial."²¹ He personally approved of the \$5.00 increase for residential customers.

He spoke about issues such as missed collections on weekends and absence of reporting on the website. He has now signed up for automatic alerts. He recognized that monthly fees had not increased for GSWA customers for nearly 15 years. He stated: "...the residential trash program increases seemed

¹⁸ Id.

¹⁹ Id.

²⁰ Exhibit 1, Guam Solid Waste Authority Public Hearing on Proposed Rate Increase.

²¹ Public Hearing, Asan-Maina, June 18, 2025 (TRANSCRIP OF PUBLIC HEARING) at pgs. 17-31.

reasonable for me...".²² He believed that there needed to be improvement in the customer telephone service, as on many occasions when he called to report a missed pick up, no one answered. There also needed to be follow through on notifications given. There is a need to improve customer service. He was confused when a GSWA agent told him that recycling was not part of the service fee of \$30.00. He believes recycling pick up should be done at no extra cost. He also believed that for an increase in trash fees, there should be a credit given for missed pick-ups.

Mr. Slike indicated that the General Manager does have the ability to credit for missed pick-ups. If Mr. Gogue sends him a message, GSWA can process a credit. Mr. Slike also corrected the understanding of customer service representatives that recycling is not free.²³ Mr. Gogue also mentioned that the increase in transfer station fees was very steep. Mr. Slike indicated that the transfer station fees were "horribly-under-funded" at \$7.50.²⁴

The ALJ thanked Mr. Gogue for his testimony.

At the public hearing at the Dededo Senior Citizen Center on June 19, 2025, Kathrine Kakigi, Comptroller of GSWA, testified that the residential rate increase was needed to fund \$3M per year debt relating to the Construction of the New Cell. To fund the debt there is an equitable allocation in the rate increases between residential customers and

²² Id. at p. 19.

²³ Id. at p. 25.

²⁴ Id. at p. 29.

residential commercial haulers.²⁵ The obligation to perform post-closure care for the landfill is required by the federal Consent Decree.

Also, there is a requirement for construction of a new cell at Leyan. Public discussion ensued between Ms. Kakigi and customers concerning recycling collection, hauling of materials to Mr. Rubbishman, and payment of fees by GSWA to Mr. Rubbishman for sorting of recycled materials. Ms. Kakigi indicated that there was not a market for recycled materials from Guam.²⁶

Testimony was then presented by Mr. Paul Llanes. He felt that the rate hike for the increase in the fee for trash brought to the transfer station from \$7.50 was too high. Comptroller Kakigi indicated that the cost for the transfer stations is higher than what GSWA collects. GSWA provides staff and drivers to pick up the waste and containers. Few customers go to the Agat and Malojoj transfer stations, an average of only 2 to 3 customers an hour. In comparing the revenues to the costs, GSWA realized that it is "undercharging for that service."²⁷ GSWA is considerably under-charging for that service and that is why there is a need for a 54% increase.²⁸

Cora Montellano, a prior board member of GSWA who is up for renewal, testified as a resident of Dededo in support of the GSWA petition for a rate increase. GSWA's budget is not adequate for replacement of trucks. Also, the

²⁵ Public Hearing, Dededo, June 19, 2025 (TRANSCRIPT OF PUBLIC HEARING) at p. 9.

²⁶ Id. at p. 19.

²⁷ Id. at p. 24.

²⁸ Id.

closure fund for the Layon Landfill has not been funded, or for new cells. This rate increase is needed to fund GSWA capital expenditures.²⁹

The Vice Mayor of Dededo, Ann San Agustin Leon Guerrero was concerned that increasing a residential rate to \$35 could cause more illegal dumping. There was discussion as to the possibility of a transfer station in northern Guam.³⁰

The next witness was Mr. Charles Santos. He was concerned about green waste. Mr. Roman Perez stated that green waste could be taken to the Northern hardfill. The meeting then was adjourned.

IV.

**ALL EVIDENCE BEFORE THE COMMISSION IN THIS DOCKET
SUPPORT A FINDING THAT THE RATE INCREASES AND NEW
RATES REQUESTED BY GSWA ARE NECESSARY, JUST, AND
REASONABLE.**

A. MSW 2024 Final Report

From October 19, 2024, through April 29, 2025, Municipal Solid Waste Consultants conducted an independent evaluation of the GSWA Rate Case at the request of the Administrative Law Judge. MSW filed its Independent Evaluation with the PUC on April 29, 2025. Copies of the Report have been provided to the PUC Commissioners.

Table 2-1 of the Report, Historical Financial Performance of the GSWA Solid Waste Operations Fund, is attached hereto as Exhibit "2".³¹ In every year from FY2019 through budget FY2024, GSWA experienced a "normalized deficit"

²⁹ Id. at pgs. 29-30.

³⁰ Id. at pgs. 35-42

³¹ MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 2.

between \$105,907 and \$2,669,301.³² MSW found that, based upon the historical financial performance, GSWA cannot maintain the current level of operations at a breakeven level.³³ In MSW's forecasted revenue requirements for FY2026 and FY2027, based upon the new rates, the GSWA will experience deficits in FY2026 of \$993,381 and a deficit of \$2,362,489 in FY2027. See Tables 5-4, 5-5, 5-6 and 5-7 attached hereto as Exhibit "3". When the recommended reserve targets are added to the calculations, a deficit is shown for FY2026 in the amount of \$2,383,095 and \$5,133,747 for FY2027.³⁴

B. The Utility Financial Solutions, LLC, Cost of Service & Solid Waste Unbundling Study

Utility Financial Solutions, LLC ("UFS") is the rate consultant for GSWA in this proceeding. This study is attached as Exhibit "D" to GSWA's Petition.³⁵

The UFS Study demonstrates that, if there were no changes in GSWA rates for the period of FY2026-2028, GSWA would suffer operating deficits between \$2,512,889 to \$3,777,517. See, Table 1/Financial Statements (Base Case), attached hereto as Exhibit "4".³⁶ UFS, as did MSW, takes the position that GSWA must have a minimum cash reserve based on an assessment of working capital needs to fund operating expenses, capital improvements, annual debt service payments, and landfill tipping costs. Based on these assumptions, UFS finds that GSWA should maintain a minimum of \$4,050,782 in cash reserves for 2025.³⁷

³² Id. at p. 2.

³³ Id.

³⁴ Id. at pgs. 24-26.

³⁵ GSWA Petition, Exhibit D, at pgs. 38-59.

³⁶ Exhibit "4", UFS Table 1, Financial Statements, GSWA Petition at p. 47.

³⁷ Id. at p.48.

UFS has determined that the average cost of service for Residential ratepayers is \$38.86 per customer. The present revenues for the residential class based upon a monthly fee of \$30.00 are not sufficient to cover the cost of service for residential customers.³⁸ Also, in recommending adequate residential rates for GSWA, UFS has recommended a residential rate of \$35.00 in FY2026 and \$37.00 in FY2028. UFS states: "GSWA is projected to require increases in rates charged to customers in order to adequately fund operating expenses, debt service payments, and eventual funding of landfill closure and post closure reserves."³⁹

C. GSWA Rate Calculations

Like UFS, GSWA's rate calculations also show that if there were no rate increases, GSWA would experience deficits in operating income for projected years FY2026 and 2027 in the amounts of approximately \$2.5M and \$3.5M respectively.⁴⁰ If the proposed Rate Changes are approved, GSWA would still have a deficit in operating income projected for FY2027 in the amount of \$505,932.00. It is not clear what level of cash reserves GSWA has included in its projected revenues for FY2026 and 2027. GSWA's financial calculations for rate impact are attached hereto as Exhibit "5".⁴¹

Ms. Kakigi's testimony also indicates: "Similar to MSW, UFS found rate increases are necessary to ensure financial stability of GSWA."⁴² GSWA is also seeking PUC approval for implementation of Special Handling Rates, which includes Contaminated Soil Rate, Asbestos Rate, Fats, Oil & Grease (FOG), Power Pole/Junk Tires, and Special Waste

³⁸ Id. at p. 52.

³⁹ Id. at p. 58.

⁴⁰ Testimony of Kathrine B. Kakigi, GSWA Petition at p. 24.

⁴¹ Exhibit "5", GSWA Financial Statements. Id. at pgs. 23-25.

⁴² Id. at p. 25.

Report Review Fee. The rates for the special waste materials are calculated on a per-ton basis. GSWA stated as follows concerning the special handling rates:

GSWA is also seeking PUC approval for implementation of special handling rates. There are additional precautions taken to dispose of special materials properly and safely, and result in a higher cost to GSWA for handling of these materials. The rates are developed using the cost of tonnage disposal at the landfill and transfer station, density ratio for special materials, and associated record keeping and reporting costs. UFS has also approved the special waste handling rates and recommended that they be included in GSWA's rate schedule.⁴³

All the evidence supports the conclusion that the rate increases sought by GSWA, as set forth at pgs. 1-2 of this Report, are necessary, just, and reasonable. The rate increases sought by GSWA should be approved by the PUC.

V.

THE EVIDENCE IN THE RECORD DEMONSTRATES THAT THE RATE INCREASES SOUGHT BY GSWA WILL NOT RAISE SUFFICIENT REVENUES FOR ITS OBLIGATIONS IN FY2027 AND SUBSEQUENT YEARS; FOR FY2027, THE MONTHLY RESIDENTIAL RATE SHOULD BE INCREASED TO \$38.00 AND THE COMMERCIAL/GOVERNMENT RATE TO \$193.00.

MSW, USF, and GSWA all agree that one increase in residential fees from \$30.00 to \$35.00 for FY2026 is not sufficient to meet GSWA's financial needs and obligations in FY2027 and beyond.

In its 2019 Management Audit, MSW recommended Rate Iterations #1 & #2. In Iteration #1, it recommended raising the monthly residential rate to \$39.00 by FY2024, and a tipping fee of \$223 per ton. Under alternative Iteration #2, MSW recommended raising the residential fee to \$35.00 per month and a tipping fee of \$205.00 per ton for

⁴³ GSWA Petition at p. 49.

FY2022; for FY2024, MSW recommended a residential increase to \$38.00 per month and a tipping fee of \$225.00 per ton.⁴⁴

In its 2024 Final Report, MSW analyzed the rate impact of a \$5.00 residential increase for FY2025; the FY2025 \$5.00 increase in residential rates has now been deferred to FY2026. MSW determined: "...the proposed rate increases will generate an operating surplus only in FY2025, but that the new rates become insufficient by year 2."⁴⁵ MSW also pointed out:

"As a final point of consideration, not only do the projected rates need to cover the full cost of ongoing operations, but also provide a financial cushion for the GSWA to withstand unforeseen impacts. All solid waste utilities should operate with an unrestricted cash reserve in case of emergencies. While different organizations set different cash reserve policies, MSW Consultants suggests that 90 days' full system cost is an appropriate target."

MSW recommended that GSWA maintain an Operating Reserve (25%) ranging from \$5.5M in FY2025 up to \$6,444,186 in FY2027.⁴⁶

MSW concluded that GSWA's current residential collection rates, RTS delivery fees, and disposal tip fees are not sufficient to fund the underlying services. It also determined that "the full cost of managing GSWA's system will continue to increase given that growth rates for households and tonnages are low, rate increases should be considered necessary on a routine basis going forward." The conclusion was that "GSWA's proposed rate increases are warranted and necessary for the health of the GSWA." It

⁴⁴ GSWA Petition at p. 88.

⁴⁵ MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 29.

⁴⁶ Id. at p. 30.

appears likely that the requested rate increases will continue to fall short of full system cost recovery.⁴⁷

In the August 2024 Financial Protection Updates, UFS set projected rate increases on a track where no island wide collection was approved. At that time, residential rates were projected to increase as follows:

Table 4- Projected Rate Track - No IWC Agencies and Small Commercial		
Fiscal Year	Residential Rate	Gov Agencies and Small Commercial
2025	\$33.00	\$185.00
2026	\$35.00	\$190.00
2027	\$35.00	\$190.00
2028	\$37.00	\$193.00
2029	\$37.00	\$193.00

At that time, UFS already saw a need to increase the residential rates after FY2026 beyond the \$35.00 monthly residential fee. Commercial and government rates were also scheduled to increase.⁴⁸ Increases in rates were required to adequately fund operating expenses, debt service payments, and eventual funding of land cell closure and post closure reserves.⁴⁹ UFS concurs that the rate increases sought by GSWA in this proceeding are not sufficient to adequately fund its operations.

⁴⁷ Id. at p. 31.

⁴⁸ GSWA Petition at p. 49.

⁴⁹ Id. at p. 58.

In 2020, MSW projected that the rate increases by FY2024 would range around 30%, or an increase of approximately \$10 per customer over the present bill. Such an increase would have raised the monthly residential bill from \$30.00 to \$40.00. The MSW calculations are further support for raising monthly residential rates in FY2027 to \$38.00.⁵⁰

VI.
IN COMPLIANCE WITH LAW, AN ADEQUATE MANPOWER &
STAFFING ANALYSIS OF GSWA HAS BEEN PROVIDED FOR THIS
RATE CASE.

In the 2020 MSW Final Report, which the PUC adopted as its GSWA Management Audit, MSW provided a "Manpower & Staffing Analysis" of GSWA. Before PUC can approve any rate increase for a public utility, it must compare GSWA with "at least (4) other utilities in the US mainland which provides similar services to a comparable number of customers."⁵¹ This study was prepared to assist GSWA in filing a rate case. The statutorily mandated manpower & staffing study was accomplished by MSW.

MSW provided a study which complies with the statutory requirements. Based upon an overview of 4 selected cities, MSW concluded that:

"GSWA is maintaining a slightly larger collection system than necessary to service its customer base. However, this may be appropriate if GSWA is obligated to collect from non-customers and/or support other services (e.g., illegal dump cleanups), which may not be the case in the benchmark cities. Furthermore, GSWA maintains incrementally more customer service staff. This is to be expected from a non-exclusive provider of service who must track current customers, and manage new customer onboarding and suspension of accounts for former customers."⁵²

⁵⁰ MSW 2020 Final Report, GSWA Petition at p. 88.

⁵¹ 12 GCA § 12102.2(d).

⁵² MSW Consultants, Final Report to the Public Utilities Commission (Management Audit of the Guam Solid Waste Authority), dated October 23, 2020, Id., at p. 4-4.

Regarding manpower & staffing, MSW found that the "non-mandatory collection policy hampers GSWA productivity and increases management burdens."⁵³

MSW has also conducted a "Management & Operational Evaluation" of GSWA. MSW finds that "the current management staffing configuration is appropriate for the GSWA's current break down of directly managed and contracted operations."⁵⁴ In the 2024 MSW GSWA Rate Case Independent Evaluation, MSW updated its evaluation of GSWA staffing and found: "while the specific mix of employees and staffing agency hires may not track exactly, we are persuaded that the staffing count and plan is reasonable."⁵⁵

The testimony of GSWA Comptroller Kathrine Kakigi indicates that GSWA included full funding of 54 FTE in its FY2024 budget": "GSWA's current staffing level is 52 employees" (as of September 2024).⁵⁶ Financial statements supplied by the CFO indicate that GSWA projected personnel expenses for FY2024 – FY2027 only increased from \$4M to \$4,491,302.00.⁵⁷

In response to the question as to whether GSWA had included the staffing study as required as part of its petition, Ms. Kakigi responded as follows:

"Yes. GSWA had a staffing study performed by MSW consultants on the GSWA Collection System. MSW observed that GSWA does not service 100% of its residential customer base. The fact that GSWA does not have mandatory collection provides detrimental impacts on productivity and efficiency. One is greater impact on customer account management in

⁵³ Id., at p. 4-6.

⁵⁴ Id., at p. 6-1.

⁵⁵ MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 10.

⁵⁶ GSWA Petition at p. 28.

⁵⁷ GSWA Petition at p. 6.

having to keep track of customer base, charge, and recover appropriate fees, and manage open/closed accounts. The second detrimental impact is Collection efficiency, GSWA routes must pass by non-customers to reach customers.

MSW noted current regulations require annual research on benchmarking manpower/staffing. They recognize that in practice, unless GSWA changes their collection system from semi-automated to fully automated and enforce mandatory residential collection, it is not likely that manpower/staffing research is necessary on an annual basis but should be performed every four to five years.”⁵⁸

Both GSWA and MSW have provided updates to the prior staffing and manpower study. MSW's position is that the elements of such a study do not change significantly for GSWA from year to year. The MSW staffing study has been sufficiently updated by both GSWA and MSW for purposes of this rate case.

The ALJ finds that the provided Manpower & Staffing Study complies with the requirements of Guam statutes for the purposes of this rate case.

VII.

THE HOST COMMUNITY PREMIUM BENEFIT SHOULD BE RAISED IN FY2026 FROM \$300,000.00 TO A TOTAL OF \$350,000 FOR THE HOST VILLAGES (\$175,000.00 EACH FOR CHALAN PAGO/ORDOT AND INALAHAN); THESE INCREASES WOULD BE AT THE SAME PERCENTAGE AS THE RATE INCREASES REQUESTED BY GSWA.

In 2020, in GSWA Docket 12-02, the Mayors of Chalan Pago-Ordot and Inalahan requested that the PUC implement a Host Community Premium Surcharge rate of inflation adjustment pursuant to 10 GCA Ch. 51, § 51405(c).⁵⁹ At that time, the village mayors were seeking a raise in the HCP surcharge to “help offset Guam’s 15.78% Rate

⁵⁸ GSWA Petition at p. 28.

⁵⁹ PUC Order, GSWA Docket 12-02, dated May 28, 2020.

of Inflation since 2011.”⁶⁰ Among other matters, the Mayor of Chalan Pago-Ordot stated that additional funding was needed to pay for the new Mayor's Office, which includes a centralized complex with various sport facilities.

GSWA has determined that it would be equitable to increase the Host Community Premium Charge to the same extent that GSWA's rates are being increased. Neither GSWA nor the host villages have had any increase since 2012. If GSWA's rates are increased by 17%, a similar increase should be granted to the Host community villages. This would increase the total present host community premium surcharge amount from \$300,000.00 per annum to \$350,000.00. For FY2026, the Host Premium Surcharge for residential customers should be \$0.36 monthly; the Host Premium Surcharge for commercial/government customer (the tipping fee) should be \$3.37 per ton monthly. This will be a reduction from the current monthly residential fee of \$0.38 and the current monthly tipping fee of \$3.57 per ton. See Exhibit "6" attached hereto, GSWA's Recommendation for FY2026 Host Community Premium Surcharge Rates.⁶¹

VIII.
THE INCREASES IN FEES THAT GSWA SEEKS FOR THE SERVICES
OF THE RESIDENTIAL TRANSFER STATIONS ARE JUSTIFIED AND
SHOULD BE APPROVED BY THE PUC.

As previously stated, the PUC is required to approve rates **“to recover the full cost of providing solid waste management services, and collect money from customers using such services.”** 10 GCA § 51A104(A)(4) (emphasis added). The problem with the Residential Transfer Stations, particularly the Agat and Malojloj stations, is that they are not providing sufficient revenues to enable GSWA to pay the costs of such facilities.

⁶⁰ ALJ Report, GSWA Docket 12-02, dated May 22, 2020 at p. 2.

⁶¹ Exhibit "6", GSWA's Recommendation for FY2026 Host Community Premium Surcharge Rates.

The level of usage of such stations does not provide sufficient revenues for their operations.

The three transfer stations operated by GSWA are the Harmon, Agat, and Malojloj stations. Each of the transfer stations is designed for members of the public to drop off their residential waste, recyclables, or bulky waste. The facility at Harmon accepts Household Hazardous Waste (HHW).⁶² The Agat and Malojloj Transfer Stations only produce 4% and 3% of refuse tonnage handled by GSWA annually (681 & 642 tons respectively).⁶³ MSW raised the issue of the "Need for Residential Transfer Stations" in its Management Audit Report:

"The three transfer stations handle a small portion of the island waste. Due to the higher volume of throughput, The Harmon Street facility appears to have the volume to justify its cost of operation. Longer term, GSWA should consider tracking the number of cars, tonnage delivered, and cost at the Agat and Malojloj transfer stations and decide if the operating hours should be further reduced or even if the facilities should be closed. Should mandatory curbside refuse and recycling collection be implemented on Guam, this would also lead to the likely closure of these facilities (which would no longer be needed because everyone would receive the curbside service), with the exception of the HHW receiving area at the Harmon Street convenience center."⁶⁴

In its 2024 GSWA Rate Case Independent Evaluation, MSW indicated that the fees collected from the residential transfer stations was \$384,023 for FY2023.⁶⁵ The RTS operations require the staffing of 6 employees which constituted 9% of GSWA's total

⁶² MSW Final Report with the PUC, dated October 15, 2020, GSWA Petition at Exhibit E, pgs. 2-8.

⁶³ Id.

⁶⁴ Id. at p. 6-2.

⁶⁵ MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 2.

staffing.⁶⁶ In addition, the vehicle related expense allocations for RTS Operations are approximately 13%.⁶⁷

The testimony of GSWA Comptroller Kathrine Kakigi states that the cost of service per customer at the residential transfer stations is \$13.10; however, the projected revenues per/customer is only \$8.51. For FY2023, the cost-of-service study indicated a variance between revenues and costs for usage of the residential transfer stations. The cost of service in \$/customer was \$640,155.00; however, there was a deficiency in projected revenues of only \$415,819.00. Because of the deficiency in revenues produced by the transfer stations, GSWA has requested fee increases for the Residential Transfer Stations.⁶⁸ Ms. Kakigi's testimony is supported by the Cost-of-Service Study of Utility Financial Solutions, LLC, GSWA's consultant.⁶⁹

If PUC does not raise the rates for the use of the transfer stations as requested by GSWA, it would fail to meet the mandate of 10 GCA § 51A104(A)(4) that it establish rates and charges that allow GSWA to recover the full cost of providing solid waste management services at the Residential Transfer Stations.

IX.
FOR THIS THREE YEAR FINANCIAL RATE PLAN CASE, THE PUC
SHOULD RETAIN JURISDICTION OVER THIS MATTER,
MAINTAIN THE DOCKET AS OPEN, AND CONDUCT A TRUE-UP
PROCEEDING FOR FY2028.

GSWA filed this case as a "THREE-YEAR FINANCIAL RATE PLAN." The case was originally scheduled to cover fiscal years 2025, 2026, and 2027. However, the case has

⁶⁶ Id. at p. 10.

⁶⁷ Id. at p. 12.

⁶⁸ Testimony of Kathrine B. Kakigi, GSWA Petition at p. 12.

⁶⁹ GSWA Petition, Exhibit D, at pgs. 10-11.

now changed to focus upon fiscal years 2026, 2027, and 2028. There is a need to maintain this docket in an open status for FY2028. In its Petition, GSWA has recommended one change that would be applicable for FY2028, a further reduction in the commercial discount per ton to \$10.00 for the third year of its plan.

The reason for keeping the case open for FY2028 is that there is considerable uncertainty at present as to what rates GSWA will need for that year. There is pending legislation, Bill No. 30-38, which would create mandatory island wide-trash collection. If such legislation becomes a reality, there will be a considerable impact upon rates. GSWA has previously indicated that residential rates per month could drop to \$22.00 per month if mandatory island-wide trash collection becomes law. However, island wide mandatory service will also bring a cost of approximately \$4M for new trash bins.

The PUC needs to retain jurisdiction to properly assess what rates should be established for FY2028. A true-up proceeding should be conducted, commencing in June, 2027, to assess what the rates should be for the following fiscal year. For the foregoing reasons, the ALJ requests that the PUC keep this docket open through FY2028.

RECOMMENDATIONS

For the reason set forth herein, the Administrative Law Judge recommends that the PUC:

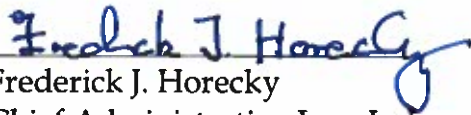
1. Approve all rates set forth in the Chart set forth at pg. 2 of this Report for FY2026 and FY2027.
2. Approve increases in the monthly residential rate to \$38.00 and in the Commercial/Government rates to \$193.00 for FY2027.

ALJ Report
Petition for Approval for
GSWA's Three-Year Financial Rate Plan
GSWA Docket 24-04
August 8, 2025

3. Adjust the Host Community Premium Benefit and the Host Community Surcharge as set forth in Section VII. of the ALJ Report.
4. Maintain this docket in an open status docket and conduct true-up proceedings during FY2027 to set GSWA's rates for FY2028.

A Proposed Order is submitted herewith for the Commissioner's consideration.

Respectfully submitted this 8th day of August, 2025.


Frederick J. Horecky
Chief Administrative Law Judge



GUAM SOLID WASTE AUTHORITY

Public Hearing on Proposed Rate Increase



About GSWA

The Guam Solid Waste Authority (GSWA) was established as an autonomous public corporation under P.L. 31-20 on April 4, 2011. This legislation created an agency to manage the operations that were previously handled by the Solid Waste Management Division of the Department of Public Works.

The legislation's primary goal was to enable the Government of Guam (GovGuam) to eventually resume full control over solid waste management operations, including all related responsibilities and governance.

After 11 years under the management of a Federal Receiver, the District Court of Guam transferred the day-to-day operations of GSWA to its Board and a new management team on April 30, 2019.

Mission

The mission of the Guam Solid Waste Authority is to provide a safe and healthy environment for the people of Guam through proper, timely, and efficient collections of refuse materials throughout the villages and urban areas to assure their proper disposal in legally permitted facilities.



BOARD OF DIRECTORS



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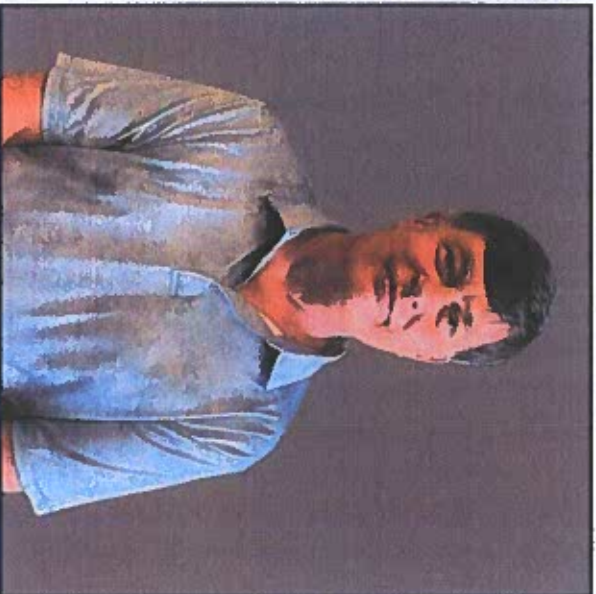


James "Jim" Oehlerking
Member



Corazon Montellano
Member

MANAGEMENT



Irvin Stike
General Manager



Kathrine Kakigi,
Comptroller



Roman Perez
SWM Operations Superintendent



Alicia Fejeran,
Chief of Administration



Danny Galiza,
Engineer Supervisor

GSWA SERVICES

**Curbside
Trash &
Recycling
Collection**

**Bulky Waste
Collection**

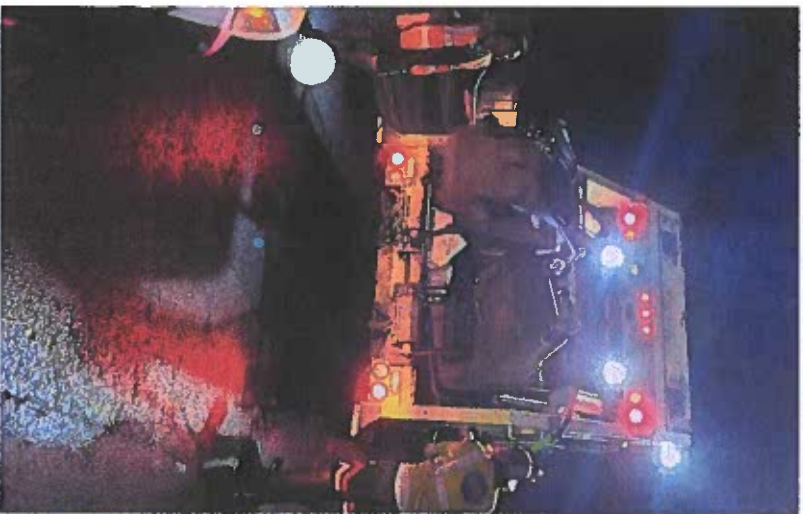
**Residential
Transfer
Stations**

**Household
Hazardous
Waste
Facility**

**Hauler-Only
Transfer
Station**

**Layon
Landfill**

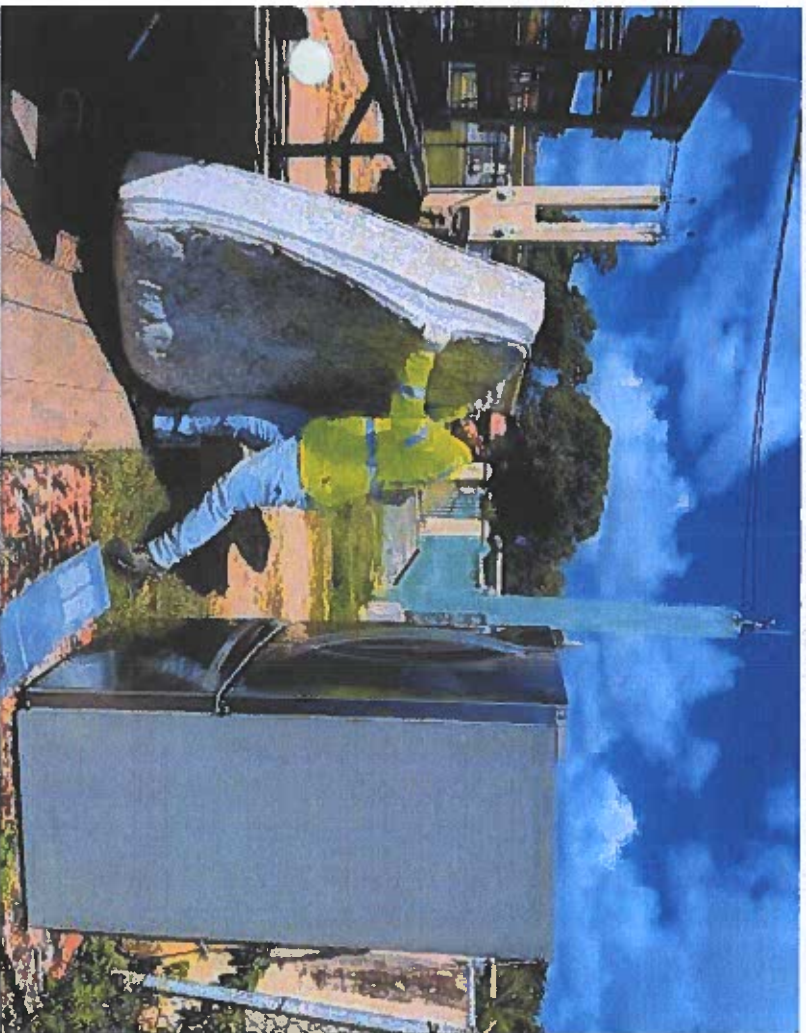
GSWA SERVICES



Curbside Trash & Recycling Collection

- 21,359 Registered Customers;
- 95-gallon carts are provided to customers;
- Trash is collected weekly;
- Recycling is collected twice per month;
- Accepted recycling includes cardboard, cans, and plastic bottles;
- GSWA has implemented automated side-loading refuse trucks;
- Monthly fee is \$30.38

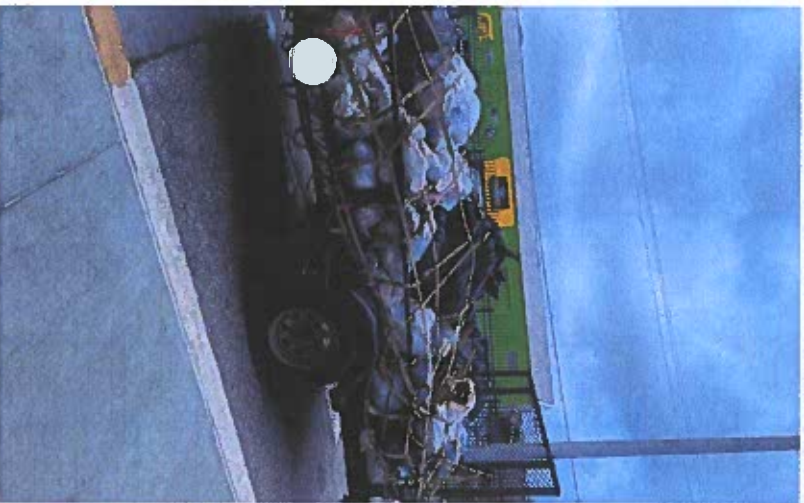
GSWA SERVICES



Curbside Bulky Waste Collection

- Customers in good standing receive up to two (2) free appointments per calendar year, up to five (5) items per appointment;
- Customers may request for additional appointments for \$25.00;
- Non-customers may also request for BW collection for a fee of \$25.00 for up to five (5) items;
- GSWA can collect appliances such as refrigerators, water heaters, washers/dryers, and air conditions, and furniture such as sofas, beds, tables, and chairs

GSWA SERVICES



Residential Transfer Stations

- Convenience centers located at Harmon, Agat, and Malojloj for customers to self-haul trash and recycling;
- Household trash is \$7.50 to \$22.50 based on volume which is measured by the pay attendant;
- Bulky items such as sofas, mattresses, and boxsprings are accepted for \$7.50 per item;
- Cardboard and glass bottles/jars are accepted for free

GSWA SERVICES



Household Hazardous Waste Facility

- Located at the Harmon Transfer Station;
- Customers may drop off everyday toxic household items such as antifreeze, brake fluid, used cooking oil, batteries, pesticides, and weed killers;
- Up to 15-gallons or 100-lbs per day per customer;
- Household products which are considered poisonous, combustible, flammable, or corrosive should be disposed at the HHW Facility;
- Electronics such as TVs, computers, radios, printers, and DVD players are also accepted;
- HHW brought to the facility are accepted for free

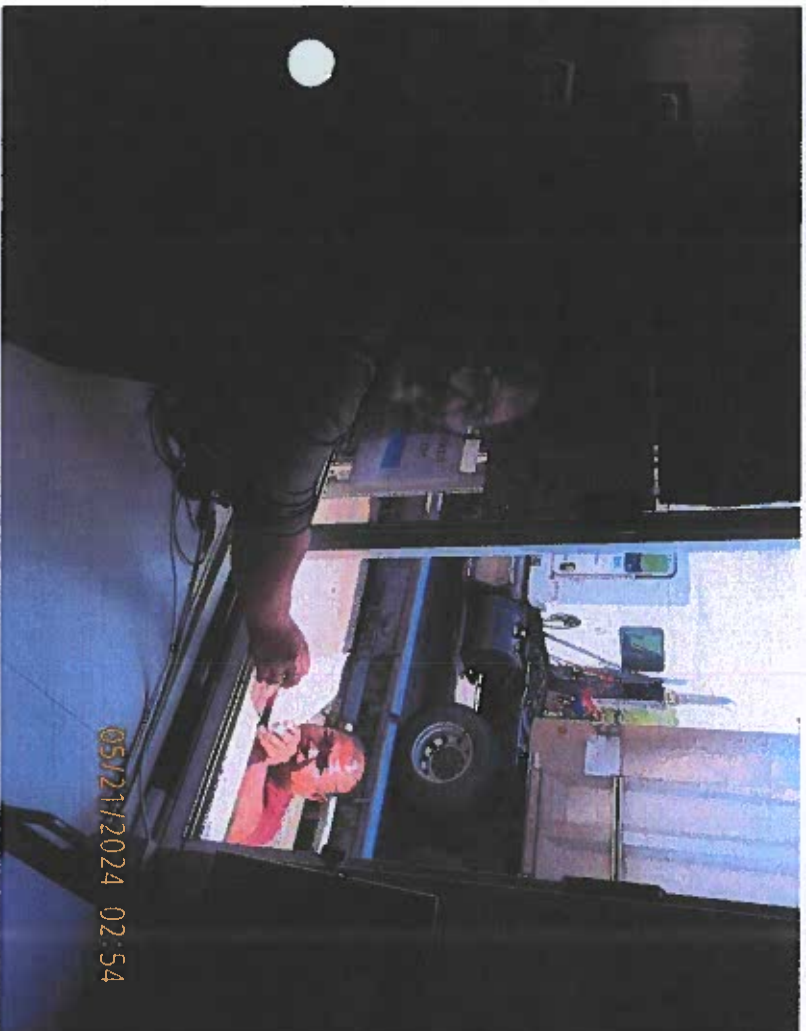
GSWA SERVICES



Hauler-Only Transfer Station

- Commercial haulers and GovGuam agencies haul waste to the Hauler-Only transfer station located in Harmon Industrial Park;
- Trucks are weighed on GSWA's scales to determine the weight of each load;
- Haulers are billed at \$171.60 per ton;
- GSWA's contractor consolidates the waste and hauls it to the Layon Landfill for disposal.

GSWA SERVICES



Layon Landfill

- Located in Maloilo, Guam;
- Layon Landfill uses current technology in its design, operation, and construction to ensure environmental protection in compliance with Guam and Federal requirements;
- Special waste is disposed directly to the Layon Landfill by appointment

Projected Rates without IWC Implementation

Projected Rates Currently Pending PUC Approval			
	Residential Rate	Commercial/Gov Rate	
Current	\$ 30.00	\$ 171.60	
FY-2025	\$ 33.00	\$ 185.00	
FY-2026	\$ 35.00	\$ 190.00	
FY-2027	\$ 35.00	\$ 190.00	
FY-2028	\$ 38.00	\$ 193.00	

Projected Rates with IWC Implementation			
	Residential Rate	Commercial/Gov Rate	
Current	\$ 30.00	\$ 171.60	
FY-2025	\$ 22.50	\$ 190.00	
FY-2026	\$ 22.50	\$ 190.00	
FY-2027	\$ 22.50	\$ 190.00	
FY-2028	\$ 22.50	\$ 190.00	

Residential Rates with IWC:

- Servicing additional customers would not require more routes or resources.
- By distributing costs over a larger customer base, IWC allows residential rates to decrease.

Commercial Rates with IWC:

- Costs would be distributed across more customers, keeping the rate increase at \$190.00.

TIPPING FEE REVENUES with RATE INCREASES effective October 1, 2025

	BASE	Rate Increase	Total Revenues	
Commercial	10,635,656	1,499,900	12,135,556	14.10%
Government/Small Commercial	1,582,775	169,715	1,752,490	10.72%
Residential	7,888,341	1,314,723	9,203,064	16.67%
Residential Transfer Stations	386,580	208,753	595,333	54.00%
Interest and Other Income	25,000	0	25,000	
Reactivation/Restoration	53,223	0	53,223	
Reimbursement - Recycling Fund	400,000	0	400,000	
Host Community Premium Surcharge	300,000	0	300,000	
Total:	21,271,575	3,193,091	24,464,666	

Rates:

	Current	Proposed	% Change
Commercial (Net Discount)	156.00	178.00	14.1%
Government/Small Commercial	171.60	190.00	10.7%
Residential	30.00	35.00	16.7%
Residential Transfer Stations (Minimum)	7.50	11.55	54.0%
Residential Transfer Stations (Half Cab)	15.00	23.10	54.0%
Residential Transfer Stations (Above Cab)	22.50	34.65	54.0%

Rate Increases primarily to fund the following:

Layon - New Cell Development	900,000
Layon - Cell Closure	400,000
Layon - Post Closure Care	1,300,000
Equipment Replacement Fund	580,635
Total	3,180,635

FY2025 and FY2025 Revenue Assumptions

FY2025:

- Projection for March 2025 to September 30, 2025
- Commercial, Other Commercial, and Residential revenues were projected for FY2025 based on the following method:
 - *Total Revenues from the last 12 months ending January 2025, excluding the two highest months, divided by 10.*
 - *Residential – Divide the sum of the previous 12 months by 12.*

FY2026:

- After computing the FY2025 monthly average, the following increases are assumed for FY2026.
 - Commercial Tonnage Growth .35%
 - Government/Small Commercial .35%
 - Residential Growth .45%
- The FY2026 numbers are then multiplied by the rate increase percentages:
 - Commercial Tonnage 10.7%
 - Government/Small Commercial 14.1%
 - Residential 16.7%

A scenic landscape photograph of a coastline. In the foreground, a steep, forested hillside slopes down towards the water. The trees are dense and green, with some yellowing foliage visible on the upper right. The middle ground shows a calm body of water, likely a bay or fjord, with a small, rocky island or headland visible in the distance. The water is a deep blue, and the sky above is a lighter, hazy blue. The overall scene is peaceful and natural.

Si Yu'os Ma'ase

GSWA Rate Case Independent Evaluation

Table 2-1 is a condensed version of the historical financial performance of the GSWA Solid Waste Operations Fund through FY 2024 from the GSWA Petition. As shown, this fund has operated at a deficit for all but one year over this five-year time period. Of concern, these deficits occurred despite the injection of significant grant funding from the American Rescue Plan Act of 2021 (ARPA). Further, starting in FY23 the Operations Fund began receiving a recurring \$400,000 transfer from the Recycling Revolving Fund. Absent these sources of revenue, the Operations Fund would have operated at a deficit for all five years for which actual results are reported.

Table 2-1 Historical Financial Performance of the GSWA Solid Waste Operations Fund

	FY19	FY20	FY21	FY22	FY23	FY24 Budgeted
Revenue						
Commercial Tip Fees	\$9,736,079	\$8,563,649	\$8,672,301	\$9,127,106	\$11,008,769	\$9,758,051
Governmental Tip Fees	\$1,520,396	\$1,444,278	\$1,545,101	\$906,344	\$2,102,919	\$987,518
Residential Collection Fees	\$7,130,480	\$7,432,086	\$7,442,841	\$7,967,130	\$7,789,913	\$7,951,648
RTS Fees	\$339,067	\$360,175	\$447,657	\$415,819	\$384,023	\$396,396
Host Community Fees	\$342,921	\$317,064	\$325,188	\$323,690	\$375,780	\$300,000
Other Misc Revenues	\$270,811	\$100,137	\$89,105	\$46,876	\$146,104	\$34,888
ARPA Grant Funding	\$0	\$0	\$545,732	\$2,393,778	\$3,473,564	\$0
Transfer In - Recycling Revolving Fund	\$0	\$0	\$0	\$0	\$400,000	\$400,000
Subtotal Revenues	\$19,339,754	\$18,217,389	\$19,067,925	\$21,180,743	\$25,681,072	\$19,828,501
Expenditures						
Salaries & Benefits	\$2,153,189	\$2,498,510	\$2,366,692	\$2,453,368	\$3,388,155	\$4,022,582
Temporary Staffing Contract	\$956,594	\$959,718	\$1,175,095	\$1,442,895	\$1,299,283	\$500,000
Layon Operations Contract	\$3,649,082	\$3,290,388	\$3,623,178	\$3,755,578	\$4,877,722	\$4,550,000
Harmon Hauler Contract	\$2,912,720	\$2,905,443	\$3,103,218	\$3,358,248	\$4,028,599	\$3,639,422
Other Contracts	\$4,982,491	\$3,701,412	\$3,556,962	\$3,620,821	\$2,621,695	\$2,020,785
Post Closure Care	\$2,177,713	\$2,653,920	\$2,247,971	\$2,533,056	\$2,400,350	\$2,000,000
Debt Service	\$1,086,633	\$3,059,332	\$3,042,521	\$3,044,146	\$3,045,854	\$2,997,000
Host Community Benefits	\$342,921	\$317,064	\$325,188	\$323,690	\$375,780	\$300,000
Supplies	\$388,472	\$303,712	\$301,303	\$494,644	\$860,740	\$751,655
Utilities	\$159,962	\$149,204	\$144,470	\$175,541	\$184,108	\$190,015
Capital Outlay	\$56,488	\$8,350	\$45,980	\$188,760	\$464,753	\$680,635
Other Misc Expenditures	\$579,396	\$342,352	\$214,335	\$499,010	\$317,363	\$445,708
Subtotal Expenditures	\$19,445,661	\$20,189,405	\$20,146,913	\$21,889,757	\$23,864,402	\$22,097,802
Surplus (Deficit)	(\$105,907)	(\$1,972,016)	(\$1,078,988)	(\$709,014)	\$1,816,670	(\$2,269,301)
Normalized Surplus (Deficit)	(\$105,907)	(\$1,972,016)	(\$1,624,720)	(\$3,102,792)	(\$2,056,894)	(\$2,689,301)

Based solely on historical financial performance as shown above, it does not appear that GSWA can maintain its current level of operations at breakeven without either (a) increasing its rates, or (b) reducing the cost of its operations.

3. SYSTEM DESCRIPTION

3.1 Facilities Under Management

GSWA owns and manages the following facilities:

Residential Transfer Stations (RTSs): Three RTSs are operated by the GSWA: Harmon Street Transfer Station, Agat Transfer Station, and Malojloj Transfer Station. These transfer stations receive a combination of residential waste, recyclables, and bulky waste from residents, who are charged fees based on the volume of material delivered. Table 3-1 summarizes the reported deliveries of municipal solid waste to

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RTS Fees	\$339,067	\$360,175	\$447,657	\$415,819	\$384,023	\$396,396
Host Community Fees	\$342,921	\$317,064	\$325,188	\$323,690	\$375,780	\$300,000
Other Misc Revenues	\$270,811	\$100,137	\$89,105	\$46,876	\$146,104	\$34,888
ARPA Grant Funding	\$0	\$0	\$545,732	\$2,393,778	\$3,473,564	\$0
Transfer In - Recycling Revolving Fund	\$0	\$0	\$0	\$0	\$400,000	\$400,000
Subtotal Revenues	\$19,339,754	\$18,217,389	\$19,067,925	\$21,180,743	\$25,681,072	\$19,828,501
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Normalized Surplus (Deficit)	(\$105,907)	(\$1,972,016)	(\$1,624,720)	(\$3,102,792)	(\$2,056,894)	(\$2,669,301)

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GSWA Rate Case Independent Evaluation

Table 5-3 Customer & Tonnage Projections, FY25-FY27

Service	Unit	Actual FY24	Projected FY25	Projected FY26	Projected FY27
Residential Household Curbside Collection	Households	21,548	21,548	21,548	21,548
RTS Minimum	Deliveries	36,827	35,917	36,276	36,638
RTS Half Cab	Deliveries	5,573	5,834	5,892	5,951
RTS Above Cab	Deliveries	756	980	989	999
Landfill Base Tip Fee (Govt/Small Commercial)	Tons	8,439	8,439	8,469	8,498
Commercial Hauler Tip Fee	Tons	86,353	65,469	65,698	65,928

5.3 Projected Revenue Needs

FY25 (Test Year) revenue needs, shown in Table 4-19, are escalated through the three-year forecast period in Table 5-4. GSWA will require revenue that is sufficient to cover these projected system costs. As shown, the full system cost escalates significantly in FY26, driven by the increased need to fund Layon Landfill cell development, closure and post-closure reserves.

Table 5-4 Projected Revenue Requirements, FY25-FY27

Recast System Expense		MSW Projected FY25	Forecast FY26	Forecast FY27
4.1	GSWA-Provided Collection and Facility Operations Mgmt	\$7,272,698	\$7,490,879	\$7,715,605
4.2	Layon Operations Contracts	\$4,697,880	\$4,838,816	\$4,983,981
4.2a	Extraordinary Excess Tonnage Fees	\$300,000	\$0	\$0
4.3	Harmon Hauler Contract	\$4,052,676	\$4,214,783	\$4,383,374
4.4	Ordot Post Closure Care	\$0	\$0	\$0
4.5	Recycling/Other Programs	\$615,512	\$633,977	\$652,997
4.6	GEPA Appropriation	\$202,992	\$202,992	\$202,992
4.7	Other Contracts	\$403,324	\$415,424	\$427,886
4.8	Receiver	\$0	\$0	\$0
4.9	Reserves	\$200,000	\$2,400,000	\$3,356,545
5	Host Community Benefits	\$300,000	\$300,000	\$300,000
4.11	Debt Service	\$3,049,833	\$3,051,604	\$3,057,479
4.12	Other Miscellaneous Expenses	\$920,218	\$675,614	\$695,883
Subtotal Expenditures		\$22,015,133	\$24,224,089	\$25,776,742

On the revenue side, the rates requested by GSWA in Table 5-1 are applied to the projected residential customers, RTS deliveries, and disposal tonnages shown in Table 5-3 to arrive at a three-year projection of system rate revenues. As shown in Table 5-5, rate revenues start at almost \$21.6 million and escalate to \$22.9 million by FY27.

GSWA Rate Case Independent Evaluation

Table 5-5 Rate Revenue Forecast, FY25-FY27

Rate Description	Projected Revenues		
	FY25	FY26	FY27
Residential Household Curbside Collection	\$8,533,008	\$9,050,160	\$9,050,160
RTS Minimum	\$414,836	\$418,984	\$423,174
RTS Half Cab	\$134,754	\$136,101	\$137,462
RTS Above Cab	\$33,940	\$34,279	\$34,622
Landfill Base Tip Fee (Govt/Small Commercial)	\$1,348,933	\$1,390,239	\$1,395,105
Commercial Hauler Tip Fee	\$11,090,408	\$11,694,226	\$11,867,012
Total	\$21,555,878	\$22,723,989	\$22,907,535

Table 5-6 incorporates extraordinary (one-time) revenue from a contaminated soil disposal project culminating in FY2025, as well as other sources of funding (non-rate-related) to arrive at a total revenue projection. Significant sources of non-rate revenue include planned inbound transfers from the Recycling Revolving Fund, which were reported to be recurring by GSWA; host community fees, which are a pure pass-through (i.e., offsetting amounts in both projected revenue and projected expenditures); interest income; and other miscellaneous revenues. A three percent bad debt allowance has also been incorporated into this forecast based on historical bad debt levels.

Table 5-6 Total Revenue Forecast, FY25-FY27

Revenues	MSW Projected FY25	Forecast FY26	Forecast FY27
Commercial Tip Fees	\$11,090,408	\$11,694,226	\$11,867,012
Governmental Tip Fees	\$1,348,933	\$1,390,239	\$1,395,105
Residential Collection Fees	\$8,533,008	\$9,050,160	\$9,050,160
Extraordinary Excess Tonnage Revenue	\$1,300,000	\$0	\$0
Bad Debt on Residential Collection	(\$255,990)	(\$271,505)	(\$271,505)
RTS Fees	\$583,529	\$589,364	\$595,258
Host Community Fees	\$300,000	\$300,000	\$300,000
Other Misc Revenues (Restoration/Trash Tags Fees)	\$53,223	\$53,223	\$53,223
Interest Income	\$25,000	\$25,000	\$25,000
Transfer In - Recycling Revolving Fund	\$400,000	\$400,000	\$400,000
Total Revenue Forecast	\$23,378,111	\$23,230,708	\$23,414,253

5.4 Projected Financial Performance

Table 5-7 compares the projected total revenues in Table 5-6 with the system revenue requirements in Table 5-4. This forecast suggests that the proposed rate increases will generate an operating surplus only in FY25, but that the new rates become insufficient by year two.

GSWA Rate Case Independent Evaluation

Table 5-7 Projected Operating Results, FY25-FY27

Financial Performance	MSW Projected FY25	Forecast FY26	Forecast FY27
Total Revenues	\$23,378,111	\$23,230,708	\$23,414,253
Total Expenditures	\$22,015,133	\$24,224,089	\$25,776,742
Surplus (Deficit)	\$1,362,978	(\$993,381)	(\$2,362,489)
Recommended Operating Reserve (25%)	\$5,503,783	\$6,056,022	\$6,444,186

As a final point of consideration, not only do the projected rates need to cover the full cost of ongoing operations, but also provide a financial cushion for the GSWA to withstand unforeseen impacts. All solid waste utilities should operate with an unrestricted cash reserve in case of emergencies. While different organizations set different cash reserve policies, MSW Consultants suggests that 90 days' full system cost is an appropriate target.

Table 5-8 incorporates the current unrestricted cash balance available to GSWA at the outset of FY25. As shown, GSWA's proposed rate increase does not enable it to achieve targeted operating reserves at any time in the forecast period. As a result, by FY27, GSWA will have only a 19-day reserve even with the projected rate increases.

Table 5-8 Projected Cash Reserves, FY25-FY27

	2025	2026	2027
Operations Fund Cash			
Starting Balance	\$3,303,330	\$4,666,308	\$3,672,927
Revenues	\$23,378,111	\$23,230,708	\$23,414,253
Expenditures	\$22,015,133	\$24,224,089	\$25,776,742
Ending Balance	\$4,666,308	\$3,672,927	\$1,310,438
Reserve Target	\$5,503,783	\$6,056,022	\$6,444,186
Reserve Surplus/Deficit	(\$837,475)	(\$2,383,095)	(\$5,133,747)
<i>Actual Days</i>	<i>77 Days</i>	<i>55 Days</i>	<i>19 Days</i>

6. CONCLUSIONS

MSW Consultants has evaluated and compiled significant details about the current and projected operations and financial performance of the GSWA and its collection and facility operations. We have applied conventional solid waste utility enterprise funding principles to evaluate GSWA's cost to provide services, inclusive of direct operating expense, projected vehicle replacement, and various long term funding requirements for Layon landfill cell development, cell closure and landfill post closure. We have omitted expenses associated with the Ordot Dump, based on our

Utility Revenue Requirements

To determine revenue requirements, the revenues and expenses for fiscal years 2021, 2022, 2023, and 2024 budget were analyzed, with adjustments made to reflect projected operating characteristics. *The projected financial statements are for cost of service purposes only.*

Table 1 is the projected financial statement under the base case for the Solid Waste Department from 2025 - 2029 with no changes to GSWA rates.

Table 1 – Financial Statements (Base Case)

Description	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Cash Inflows					
Collection Sales					
Residential	\$ 8,091,500	\$ 8,127,912	\$ 8,164,487	\$ 8,201,228	\$ 8,238,133
Residential Transfer Station	389,034	388,320	390,067	397,868	405,826
Residential Uncollectable Accounts	(242,745)	(243,837)	(244,935)	(246,037)	(247,144)
Government Agencies and Small Commercial	1,092,072	1,095,894	1,099,730	1,103,579	1,107,441
Major Commercial Haulers (with discount)	10,506,710	10,543,483	10,580,386	10,617,417	10,654,578
Interest and Other Income (DSF)	25,000	25,000	25,000	25,000	25,000
Reactivation / Restoration / Trash Tags	53,223	53,463	53,463	53,703	53,945
Miscellaneous - Reimbursement	400,000	400,000	400,000	600,000	600,000
Ordot Net Transfer at Sunset	-	891,572	-	-	-
Host Community Premium Surcharge	300,000	300,000	300,000	300,000	300,000
Cash Inflows	\$ 20,614,794	\$ 21,581,806	\$ 20,768,198	\$ 21,052,758	\$ 21,137,779
Cash Outflows					
Personnel Expense	\$ 4,325,376	\$ 4,407,558	\$ 4,491,302	\$ 4,576,636	4,663,593
Contractual Services	11,894,149	12,026,883	12,161,197	12,305,916	12,452,356
Adjustments for operator	(720,000)	(740,000)	(740,000)	(740,000)	(740,000)
Travel	24,575	25,042	25,518	25,821	26,129
Supplies / Vehicle	620,000	631,780	643,784	651,445	659,197
Equipment	5,305	5,406	5,509	5,574	5,640
Utilities - power and water	192,276	195,929	199,652	202,028	204,432
Post Closure Care					
New cell closure expenses	\$ 756,545	\$ 3,356,545	\$ 3,356,545	\$ 3,396,488	\$ 3,436,906
Other Expenditures					
Capital Outlays	\$ 580,635	\$ 580,635	\$ 580,635	\$ 580,635	\$ 580,635
Debt Service Payment	3,049,833	3,051,604	3,057,479	3,058,229	3,062,146
Host Community Premium Benefits	300,000	300,000	300,000	300,000	300,000
Miscellaneous	247,608	252,313	257,106	260,166	263,262
Drug Testing	1,000	1,000	1,000	1,000	1,000
Total Cash Outflows	\$ 21,277,302	\$ 24,094,695	\$ 24,339,726	\$ 24,623,938	\$ 24,915,296
Operating Income	\$ (662,508)	\$ (2,512,889)	\$ (3,571,529)	\$ (3,571,180)	\$ (3,777,517)

Minimum Cash Reserve

Table 2 details the minimum level of cash reserves required to help ensure timely payment of bills, replacement of assets, and to provide financial stability of the utility. The methodology used to establish this target is based on an assessment of working capital needs to fund operating expenses, capital improvements, annual debt service payments, and landfill tipping costs. Based on these assumptions, GSWA should maintain a minimum of \$4,050,782 in cash reserves for 2025 and \$4,334,424 in 2029.

Table 2 – Minimum Cash Reserves (Base Case)

Description	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Minimum Cash Reserve Levels Determinants					
Operation & Maintenance (excluding cash fund transfers)	\$ 16,890,289	\$ 17,105,911	\$ 17,345,067	\$ 17,588,586	\$ 17,835,609
Historical Rate Base	25,485,929	25,592,935	25,936,968	26,892,967	28,050,854
Minimum Cash Reserve Allocation					
Operation & Maintenance (excluding cash fund transfers)	16.4%	16.4%	16.4%	16.4%	16.4%
Historical Rate Base	5.0%	5.0%	5.0%	5.0%	5.0%
% Assets Depreciated	72%	71%	70%	68%	65%
Calculated Minimum Cash Level					
Operation & Maintenance (excluding cash fund transfers)	\$ 2,776,486	\$ 2,811,931	\$ 2,851,244	\$ 2,891,274	\$ 2,931,881
Historical Rate Base	1,274,296	1,279,647	1,296,848	1,344,648	1,402,543
Minimum Cash Reserve Levels	\$ 4,050,782	\$ 4,091,577	\$ 4,148,092	\$ 4,235,923	\$ 4,334,424
Projected Cash Reserves	\$ 3,956,323	\$ 1,443,434	\$ (2,128,095)	\$ (5,699,275)	\$ (9,476,791)



GUAM SOLID WASTE AUTHORITY

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JOSHUA F. TENORIO
Lt. Governor of Guam

IRVIN L. SLIKE
General Manager



Included in the UFS reports are the financial statements projections using Current Rates (Base Case) and financial statement projections using Proposed Rates, FY2024 reflects additional revenues and cost associated with Typhoon Mawar and Soil Disposal:

Cash inflows				
Collection Sales				
Description	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Residential	8,126,450.00	8,091,500.00	8,127,912.00	8,164,487.00
Residential Transfer Station	396,396.00	389,034.00	388,320.00	390,067.00
Residential Uncollectable Accounts	(243,794.00)	(242,745.00)	(243,837.00)	(244,935.00)
Government Agencies and Small Commercial	1,263,995.00	1,092,072.00	1,095,894.00	1,099,730.00
Major Commercial Haulers(with discount)	10,477,526.00	10,506,710.00	10,543,483.00	10,580,386.00
ARPA Funding	-	-	-	-
Reactivation/Restoration/Trash Tags	34,888.00	53,223.00	53,463.00	53,463.00
Miscellaneous- Reimbursement	400,000.00	400,000.00	400,000.00	400,000.00
Interest and Other Income (DSF)		25,000.00	25,000.00	25,000.00
Ordot Net Transfer at Sunset			891,571.00	
Typhoon Revenue	1,476,778.00	-	-	-
Disposal of Soil	2,714,641.00	-	-	-
Host Community Premium Surcharge	300,000.00	300,000.00	300,000.00	300,000.00
Operating Revenue	24,946,880.00	20,614,794.00	21,581,806.00	20,768,198.00
Total Cash Inflows	24,946,880.00	20,614,794.00	21,581,806.00	20,768,198.00

Cash Outflows				
Description	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Personnel Expense	4,002,582.00	4,325,376.00	4,407,558.00	4,491,302.00
Contractual Services	13,628,429.00	11,894,149.00	12,026,883.00	12,161,197.00
Adjustments for operator	-	(720,000.00)	(740,000.00)	(740,000.00)
Inflation Payment	1,900,000.00	-	-	-
Receiver Fees	1,100,000.00			
Travel	24,286.00	24,575.00	25,042.00	25,518.00
Supplies/ Vehicle	751,655.00	620,000.00	631,780.00	643,784.00
Equipment	10,242.00	5,305.00	5,406.00	5,509.00
Vehicle Maintenance				
Utilities - Power and Water	190,015.00	192,276.00	195,929.00	199,652.00
Communications				
Layon Post-closure/New Cell expenses	200,000.00	756,545.00	3,356,545.00	3,356,545.00
Capital outlays	680,635.00	580,635.00	580,635.00	580,635.00
Debt Service Payment	2,997,000.00	3,049,833.00	3,051,604.00	3,057,479.00
Host Community Premium Benefit	300,000.00	300,000.00	300,000.00	300,000.00
Miscellaneous	244,708.00	247,608.00	252,313.00	257,106.00
Drug Testing	1,000.00	1,000.00	1,000.00	1,000.00
Total other Operating Expenses	26,030,552.00	21,277,302.00	24,094,695.00	24,339,727.00
Total cash outflows	26,030,552.00	21,277,302.00	24,096,695.00	24,339,727.00
Operating Income	(1,083,672.00)	(662,508.00)	(2,512,889.00)	(3,571,529.00)



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General Manager



Summary of the Financial Statements using the proposed Rate Changes:

Cash Inflows				
Collection Sales				
Description	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Residential	8,126,450.00	8,698,363.00	9,482,564.00	9,525,235.00
Residential Transfer Station	396,396.00	389,034.00	388,320.00	390,067.00
Residential Uncollectable Accounts	-243,794.00	-260,951.00	-284,477.00	-285,757.00
Government Agencies and Small Commercial	1,263,995.00	1,156,031.00	1,213,403.00	1,217,650.00
Major Commercial Haulers(with discount)	10,477,526.00	11,183,585.00	12,030,385.00	12,208,137.00
ARPA Funding	-	-	-	-
Reactivation/Restoration/Trash Tags	34,888.00	53,223.00	53,463.00	53,463.00
Miscellaneous- Reimbursement	400,000.00	400,000.00	400,000.00	400,000.00
Interest and Other Income (DSF)		25,000.00	25,000.00	25,000.00
Ordot Net Transfer at Sunset			891,572.00	
Typhoon Revenue	1,476,778.00		-	
Disposal of Soil	2,714,641.00		-	
Host Community Premium Surcharge	300,000.00	300,000.00	300,000.00	300,000.00
Operating Revenue	24,946,880.00	21,944,285.00	24,500,228.00	23,833,795.00
Total Cash Inflows	24,946,880.00	21,944,285.00	24,500,228.00	23,833,795.00

Cash Outflows				
Description	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Personnel Expense	4,002,582.00	4,325,376.00	4,407,558.00	4,491,302.00
Contractual Services	13,628,429.00	11,894,149.00	12,026,883.00	12,161,197.00
Adjustments for operator	-	-720,000.00	-740,000.00	-740,000.00
Inflation Payment	1,900,000.00	-	-	-
Receiver Fees	1,100,000.00	-	-	-
Travel	24,286.00	24,575.00	25,042.00	25,518.00
Supplies/ Vehicle	751,655.00	620,000.00	631,780.00	643,784.00
Equipment	10,242.00	5,305.00	5,406.00	5,509.00
Vehicle Maintenance				
Utilities - Power and Water	190,015.00	192,276.00	195,929.00	199,652.00
Communications				
Layon post-closure/New Cell expenses	200,000.00	756,545.00	3,356,545.00	3,356,545.00
Capital outlays	680,635.00	580,635.00	580,635.00	580,635.00
Debt Service Payment	2,997,000.00	3,049,833.00	3,051,604.00	3,057,479.00
Host Community Premium Benefit	300,000.00	300,000.00	300,000.00	300,000.00
Miscellaneous	244,708.00	247,608.00	252,313.00	257,106.00
Drug Testing	1,000.00	1,000.00	1,000.00	1,000.00
Total other Operating Expenses	26,030,552.00	21,277,302.00	24,094,695.00	24,339,727.00
Total cash outflows	26,030,552.00	21,277,302.00	24,094,695.00	24,339,727.00
Operating Income	-1,083,672.00	666,982.00	405,533.00	-505,932.00

The assumptions for the revenues and expenses are listed below:



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Fiscal Year	Residential Rate Adjustments	Major Commercial Haulers Rate Adjustments	Gov Agencies and Small Commercial Rate Adjustments	Government Tonnage Growth	Commercial Tonnage Growth	Avg Residential Growth	Residential Transfer Growth	Inflation	Hauler Waste Station Contractual Inflation	Landfill Cost Change
2024	0.00%	0.00%	0.00%	-39.89%	-4.83%	4.23%	0.50%	1.90%	7.00%	1.10%
2025	10%	8.60%	7.80%	-13.60%	0.28%	-0.43%	-2.50%	1.90%	1.20%	1.20%
2026	6.10%	5.10%	2.70%	0.35%	0.35%	0.45%	0.40%	1.90%	7.00%	1.90%
2027	0%	1.10%	0.00%	0.35%	0.35%	0.45%	0.40%	1.90%	7.00%	1.90%

The table 2 details the minimum level of cash reserves GSWA would like to establish and is based on assessment of working capital to fund operating expenditures, capital improvements, annual debt service payments and landfill tipping costs

Description	Projected 2025	Projected 2026	Projected 2027
Minimum Cash Reserve Levels Determinants			
Operation & Maintenance (excluding cash fund transfers)	16,890,289	17,105,911	17,345,067
Historical Rate Base	25,485,929	25,592,935	25,936,968
Minimum Cash Reserve Allocation			
Operation & Maintenance (excluding cash fund transfers)	16.40%	16.40%	16.40%
Historical Rate Base	5%	5%	5%
Calculated Minimum Cash Level			
Operation & Maintenance (excluding cash fund transfers)	2,776,486	2,811,931	2,851,244
Historical Rate Base	1,274,296	1,279,647	1,296,848
Minimum Cash Reserve Levels	4,050,782	4,091,577	4,148,092

Similar to MSW, UFS found rate increases are necessary to ensure financial stability of GSWA. GSWA is requesting the PUC issue an order granting:

Fee rate adjustments based on the following categories:

Commercial Heavy Transfer Station Tonnage	
CUSTOMERS	
Total	

Annualized YTD	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023	YE 2024	Annualized YTD 2025
2013												
59,530.50	68,970.52	62,281.83	64,340.85	64,145.15	63,366.66	62,039.47	54,470.69	54,513.53	60,877.58	65,254.50	69,246.00	85,147.85

Special Landfill Tonnage	
CUSTOMERS	
Total	

Annualized YTD	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023	YE 2024	Annualized YTD 2025
2013												
7,735.57	9,058.92	8,590.73	9,547.82	9,868.40	9,371.24	9,855.76	8,648.18	9,998.97	4,230.06	4,405.82	9,069.59	10,667.93

TOTAL BILLABLE TONS	
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67,256.07	69,837.44	70,852.56	73,888.27	74,113.55	72,726.90	70,595.23	63,118.87	64,512.56	65,107.64	69,660.32	78,014.59	75,815.48
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Residential Customers	
CUSTOMERS	
Number of customers registered	

YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023	YE 2024	YE 2025
16,602	17,304	17,848	18,255	19,002	19,250	19,864	20,301	21,264	21,767	21,636	21,568	21,985

HCB fee per ton
HCB fee per customer

\$ 3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57
\$ 0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38

Total fee - billable tons
Total fee - residential customers
TOTAL HCB BILLED
Proposed change
OVER(SHORT)

\$ 240,139.87	\$ 249,319.66	\$ 252,943.64	\$ 263,781.12	\$ 264,585.38	\$ 259,670.73	\$ 253,452.97	\$ 225,334.37	\$ 230,309.84	\$ 225,294.27	\$ 248,687.34	\$ 278,512.09	\$ 270,661.26
75,705.12	78,806.24	80,474.88	83,242.80	86,649.12	88,236.00	80,578.84	92,572.56	98,863.84	99,257.52	98,680.16	99,350.08	100,297.20
315,844.99	328,225.90	333,418.52	347,023.92	351,234.50	347,906.73	344,032.81	317,906.93	327,273.69	324,551.79	347,347.50	378,862.17	370,958.46
												350,000.00
												\$ 20,958.46

ALLOCATION OF OVERAGE - Billable tons
ALLOCATION OF OVERAGE - Residential
Total allocation:

Proposed decrease - Billable tons
Proposed decrease - Residential

\$ 0.20												\$ 15,291.86
\$ 0.02												\$ 5,666.61

Adjusted total fee - billable tons
Adjusted total fee - residential customers
ADJUSTED TOTAL HCB BILLED

\$ 255,369.41												\$ 255,369.41
94,630.59												94,630.59
\$ 350,000.00												\$ 350,000.00

RECOMMENDED FY2026 RATES
Proposed price per ton
Proposed price per customer

\$ 3.37												\$ 3.37
\$ 0.36												\$ 0.36