

**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 ) **ORDER**  
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**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.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup>

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."<sup>4</sup> (emphasis added).

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

<sup>2</sup> Id. at Exhibit A, pgs. 7-14.

<sup>3</sup> Id. at p. 2.

<sup>4</sup> 10 GCA §51A104(A)(4).

For FY2026, GSWA seeks to increase residential and commercial trash collection rates, and to implement certain other new rates, as indicated in the following chart<sup>5</sup>:

|   | Current<br>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.<sup>6</sup>

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

<sup>6</sup> Id.

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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.<sup>7</sup>

The Administrative Law Judge filed his Report in this docket on August 8, 2025.<sup>8</sup>  
The PUC adopts the conclusions and recommendations in the ALJ Report.

### **DETERMINATIONS**

Based upon the evidence in the record, and the conclusions and recommendations in the ALJ Report, the PUC makes the following determinations:

- A. 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.**

On October 15, 2020, the PUC Solid Waste Consultant, Municipal Solid Waste (MSW), submitted a Final Report to the Public Utilities Commission (Management Audit of the Guam Solid Waste Authority).<sup>9</sup>

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

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<sup>7</sup> Id.

<sup>8</sup> ALJ Report, GSWA Docket 24-04, dated August 8, 2025.

<sup>9</sup> 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.

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 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.”<sup>10</sup>

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 \$225 per ton rate that MSW recommended in 2020.

MSW made the following findings regarding update of the rate model and analysis in 2020, which findings were adopted by the PUC:

“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.”<sup>11</sup>

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. GSWA only seeks one increase of the residential rate up to \$35.00 in FY2026.

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<sup>10</sup> 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.

<sup>11</sup> Id. at pgs. 3-4.

In its Order dated October 29, 2020, in GSWA Docket 19-01, the PUC approved and adopted the Final Report of MSW Consultants as the PUC Management Audit of GSWA.<sup>12</sup> The PUC Management Audit justifies the rate increases in the monthly residential fee and the tipping fees (commercial and government) that GSWA seeks in its Petition.

**B. The Testimony presented in the Public Hearings in this matter overwhelmingly supports the rate increases which GSWA requests in its Petition.**

In the ALJ Report submitted herein, there is a detailed presentation of the testimony given during the public hearings. The material presented in the ALJ Report on "PUBLIC HEARINGS" is incorporated herein by reference.<sup>13</sup>

**C. All Evidence before the Commission in this Docket supports a finding that the rate increases and new rates requested by GSWA are necessary, just, and reasonable.**

1. 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.

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<sup>12</sup> PUC Order, GSWA Docket 19-01, MSW Consultants' Final PUC Management Report of GSWA, dated October 29, 2020, at p. 5.

<sup>13</sup> ALJ Report, GSWA Docket 24-04, dated August 8, 2025, III. PUBLIC HEARINGS, at pgs. 5-10.

Table 2-1 of the Report, Historical Financial Performance of the GSWA Solid Waste Operations Fund, is attached to the ALJ Report as Exhibit "2".<sup>14</sup> In every year from FY2019 through budget FY2024, GSWA experienced a "normalized deficit" between \$105,907 and \$2,669,301.<sup>15</sup> MSW found that, based upon the historical financial performance, GSWA cannot maintain the current level of operations at a breakeven level.<sup>16</sup> 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 to the ALJ Report 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.<sup>17</sup>

## 2. 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.<sup>18</sup>

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 to the ALJ Report as Exhibit "4".<sup>19</sup> 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

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<sup>14</sup> MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 2.

<sup>15</sup> Id. at p. 2.

<sup>16</sup> Id.

<sup>17</sup> Id. at pgs. 24-26.

<sup>18</sup> GSWA Petition, Exhibit D, at pgs. 38-59.

<sup>19</sup> Exhibit "4", UFS Table 1, Financial Statements, GSWA Petition at p. 47.

expenses, capital improvements, annual debt service payments, and landfill tipping costs. Based on these assumptions, USF finds that GSWA should maintain a minimum of \$4,050,782 in cash reserves for 2025.<sup>20</sup>

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.<sup>21</sup> 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."<sup>22</sup>

### 3. 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.<sup>23</sup> 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 to the ALJ Report as Exhibit "5".<sup>24</sup>

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<sup>20</sup> Id. at p.48.

<sup>21</sup> Id. at p. 52.

<sup>22</sup> Id. at p. 58.

<sup>23</sup> Testimony of Kathrine B. Kakigi, GSWA Petition at p. 24.

<sup>24</sup> Exhibit "5", GSWA Financial Statements. Id. at pgs. 23-25.

Ms. Kakigi's testimony also indicates: "Similar to MSW, UFS found rate increases are necessary to ensure financial stability of GSWA.<sup>25</sup> 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 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.<sup>26</sup>

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.

**D. 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,

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<sup>25</sup> Id. at p. 25.

<sup>26</sup> GSWA Petition at p. 49.



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 FY2022; for FY2024, MSW recommended a residential increase to \$38.00 per month and a tipping fee of \$225.00 per ton.<sup>27</sup>

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.<sup>28</sup> 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.<sup>29</sup>

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

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<sup>27</sup> GSWA Petition at p. 88.

<sup>28</sup> MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 29.

<sup>29</sup> Id. at p. 30.

appears likely that the requested rate increases will continue to fall short of full system cost recovery.<sup>30</sup>

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<br>Agencies and Small Commercial |                     |   |
|---|---------------------|---|
| Fiscal Year   | Residential<br>Rate | Gov Agencies and<br>Small<br>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.<sup>31</sup> Increases in rates were required to adequately fund operating expenses, debt service payments, and eventual funding of land cell closure and post closure reserves.<sup>32</sup> UFS concurs that the rate increases sought by GSWA in this proceeding are not sufficient to adequately fund its operations.

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<sup>30</sup> Id. at p. 31.

<sup>31</sup> GSWA Petition at p. 49.

<sup>32</sup> 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.<sup>33</sup>

**E. In compliance with law, an adequate Manpower & Staffing Analysis 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.”<sup>34</sup> 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.”<sup>35</sup>

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<sup>33</sup> MSW 2020 Final Report, GSWA Petition at p. 88.

<sup>34</sup> 12 GCA § 12102.2(d).

<sup>35</sup> 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.”<sup>36</sup>

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.”<sup>37</sup> 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.”<sup>38</sup>

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).<sup>39</sup> Financial statements supplied by the CFO indicate that GSWA projected personnel expenses for FY2024 – FY2027 only increased from \$4M to \$4,491,302.00.<sup>40</sup>

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 having to keep track of customer base, charge, and recover appropriate

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<sup>36</sup> Id., at p. 4-6.

<sup>37</sup> Id., at p. 6-1.

<sup>38</sup> MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 10.

<sup>39</sup> GSWA Petition at p. 28.

<sup>40</sup> GSWA Petition at p. 6.

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.”<sup>41</sup>

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 existing Manpower & Staffing Study complies with the requirements of Guam statutes for the purposes of this rate case.

**F. The Host Community Premium Benefit should be raised in FY2026 to a total of \$350,000.00 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).<sup>42</sup> The PUC may increase the Host Community premium surcharge, but is not obligated to do so and is not required to link the surcharge to inflation rates.

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<sup>41</sup> GSWA Petition at p. 28.

<sup>42</sup> PUC Order, GSWA Docket 12-02 dated May 28, 2020.

At that time, the village mayors were seeking a raise in the HCP surcharge to “help offset Guam’s 15.78% Rate of Inflation since 2011.”<sup>43</sup> 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 customers (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 to the ALJ Report, GSWA’s Recommendation for FY2026 Host Community Premium Surcharge Rates.

**G. 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 revenue to enable GSWA to pay the costs of such facilities. The level of usage of such stations does not provide sufficient revenue for their operations.

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<sup>43</sup> ALJ Report, GSWA Docket 12-02, dated May 22, 2020 at p. 2.

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).<sup>44</sup> The Agat and Malojloj Transfer Stations only produce 4% and 3% of refuse tonnage handled by GSWA annually (681 & 642 tons respectively).<sup>45</sup> 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."<sup>46</sup>

In its 2024 GSWA Rate Case Independent Evaluation, MSW indicated that the fees collected from the residential transfer stations was \$384,023 for FY2023.<sup>47</sup> The RTS operations require the staffing of 6 employees which constituted 9% of GSWA's total staffing.<sup>48</sup> In addition, the vehicle related expense allocations for RTS Operations are approximately 13%.<sup>49</sup>

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<sup>44</sup> MSW Final Report with the PUC, dated October 15, 2020, GSWA Petition at Exhibit E, pgs. 2-8.

<sup>45</sup> Id.

<sup>46</sup> Id. at p. 6-2.

<sup>47</sup> MSW Consultants, 2024 Final Report, GSWA Rate Case Independent Evaluation, dated April 29, 2025, at p. 2.

<sup>48</sup> Id. at p. 10.

<sup>49</sup> Id. at p. 12.

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.<sup>50</sup> Ms. Kakigi's testimony is supported by the Cost-of-Service Study of Utility Financial Solutions, LLC, GSWA's consultant.<sup>51</sup>

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.

**H. 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 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.

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<sup>50</sup> Testimony of Kathrine B. Kakigi, GSWA Petition at p. 12.

<sup>51</sup> GSWA Petition, Exhibit D, at pgs. 10-11.



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.

### **ORDERING PROVISIONS**

After careful review and consideration of the above determinations, the Report and Recommendations of the ALJ, MSW Consultants 2024 Final Report, GSWA Rate Case Independent Evaluation, and the entire record herein, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS THAT:**

1. All rulings and orders of the ALJ in this proceeding are confirmed and ratified. All motions not heretofore granted or denied are denied. No other matters currently require discussion.
2. GSWA is ordered and directed to perform and carry out all obligations and duties set forth in this Order.

3. GSWA is authorized to implement the rates set forth in the following Chart for the fiscal years indicated:

|   | Current Rate | FY2026 |          | FY2027 |          |
|---|--------------|--------|----------|--------|----------|
|   |              | Rate   | Increase | Rate   | Increase |
| Residential Rate                              | 30.00        | 35.00  | 5.00     | 38.00  | 3.00     |
| 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    | 193.00 | 3.00     |
| Government Rate (per ton)                     | 171.60       | 190.00 | 18.40    | 193.00 | 3.00     |
| 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     |

4. The Rates approved by the PUC are "Just" and "Reasonable" pursuant to 12 GCA § § 12116 and 12118.
5. GSWA's Three-Year Financial Rate Plan, as updated, meets all filing requirements in 12 GCA Chapter 12 and the PUC Rules.
6. The Host Community Premium Benefit shall be raised in FY2026 to a total of \$350,000.00 for the Host Villages (\$175,000.00 each for Chalan Pago/Ordot and Inalahan).

7. For FY2026, the Host Premium Surcharge for residential customers shall be \$0.36 monthly; the Host Premium Surcharge for commercial/ government customer (the tippling fee) shall be \$3.37 per ton monthly. With these reduced surcharge fees, GSWA represents that it will collect the increased Host Community Premium Benefit of \$350,000.00.
8. PUC jurisdiction is retained over this matter and this docket shall be maintained in an open status.
9. Rate True-Up proceedings shall be conducted in FY2027 to set GSWA's rates for FY2028.
10. GSWA 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 is 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.
11. The ALJ is authorized and directed to oversee such administrative tasks and to issue such additional orders as may be reasonable and necessary to implement this Decision.

**[SIGNATURES FOLLOW ON THE NEXT PAGE]**

Order  
Petition for Approval for  
GSWA's Three-Year Financial Rate Plan  
GSWA Docket 24-04  
August 28, 2025

Dated this 28th day of August, 2025.



Jeffrey C. Johnson  
Chairman



Joseph M. McDonald  
Commissioner

Peter Montinola  
Commissioner



Rowena E. Perez-Camacho  
Commissioner



Michael A. Pangelinan  
Commissioner



Doris Flores Brooks  
Commissioner