

PUBLIC UTILITIES COMMISSION OF GUAM

414 West Soledad Avenue / GCIC Building Suite 207/ Hagåtña, Guam 96910

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2023 CITIZEN CENTRIC REPORT



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ABOUT THE GUAM PUBLIC UTILITIES COMMISSION [PUC]

- An Independent regulatory commission, separate from the Executive and Legislative Branches, created by Federal Law.
- Governed by seven commissioners who serve six-terms under the appointment by the Governor and confirmation by the Legislature.
- Regulates the rates and rate impacting procurements of Guam Power Authority, Guam Waterworks Authority, the Guam Solida Waste Authority, the Port Authority of Guam, and the Guam International Country Club (Guam Municipal Golf Course).
- Tariff and rate setting, and regulatory duties, for telecommunication companies, including the E911 Surcharge.

PUC MEMBERS IN FY2023

Jeffrey C.
Johnson
Chairman

Peter B.
Montinola
Vice-Chairman

Joseph M.
McDonald
Commissioner

Rowena E.
Perez-Camacho
Commissioner

Michael A.
Pangelinan
Commissioner

Doris Flores
Brooks
Commissioner

Pedro S.N.
Guerrero
Commissioner

MISSION

The PUC sets rates for ratepayers that are "just and reasonable"; utilities must establish that the Rates charged are based upon the reasonable cost of service. The PUC conducts a hearing process that protects the fundamental rights of the Ratepayers. The PUC must also establish rates that are adequate to cover the full cost of the utilities in providing such service.

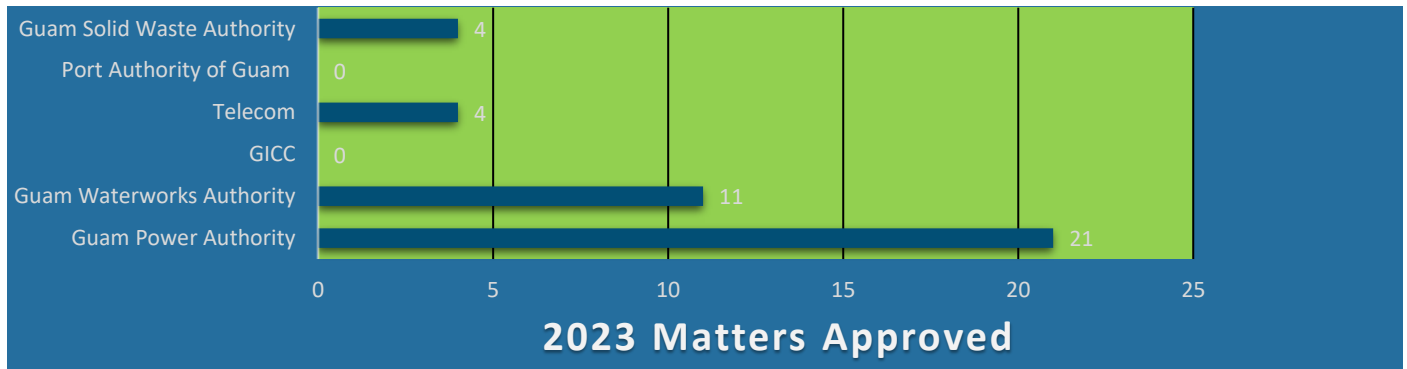
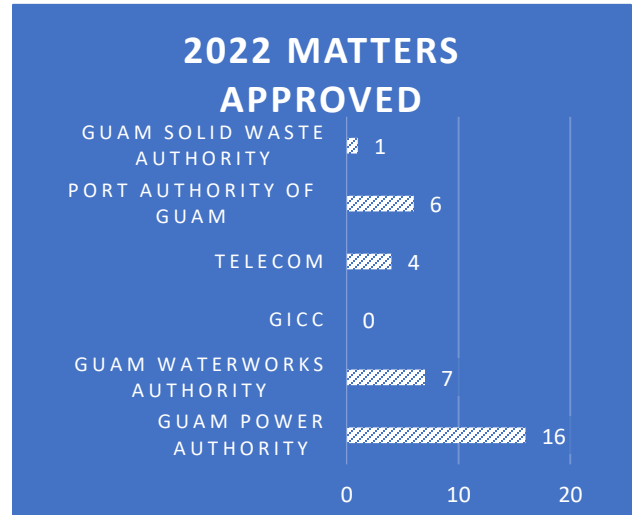
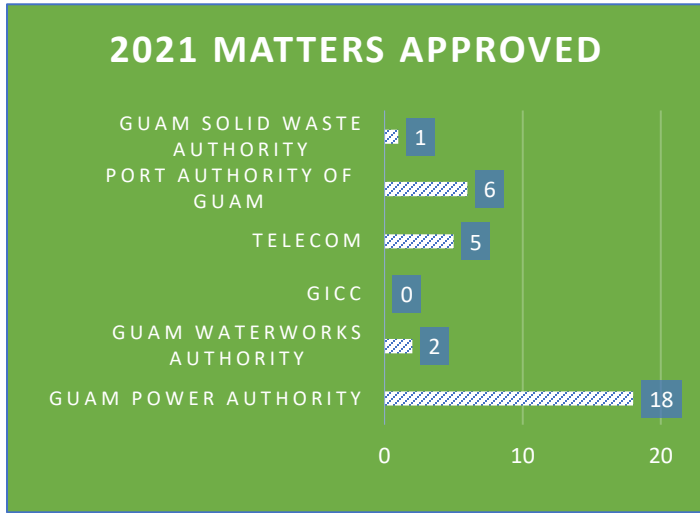
RATEPAYERS BILL OF RIGHTS

When a utility seeks a rate increase, the PUC must conduct proceedings in accordance with the rights of ratepayers under the Ratepayer Bill of Rights. The fundamental rights of the Ratepayers include:

- The right to receive clear and adequate notice of any proposed rate increase;
- the right to be fully informed about and to fully evaluate any proposed rate increase, as well as the finances of the Public Utility; and
- the right to give input and participate in any proposed rate increase. Three Public Hearings are held for each rate increase; one each in the Central, Northern and Southern villages.

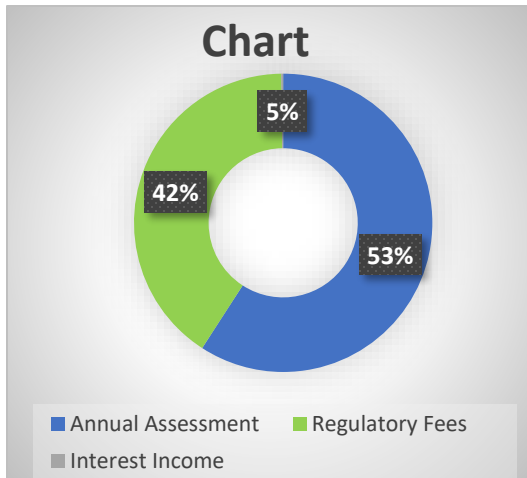
HOW WE HAVE PROGRESSED

The Guam Public Utilities Commission strives for just and reasonable utility rates for the residents of Guam. Significant regulatory actions for FY2023 are listed below. The following graphs show how the workload of the PUC for matters approved was apportioned between the utilities during the last three fiscal years



FY2023	Numbers of matters heard	Number approved	Number denied	Number granted in part; denied in part
Guam Solid Waste Authority	4	4	0	0
Port Authority of Guam	0	0	0	0
Telecommunications	4	4	0	0
Guam International Country Club	0	0	0	0
Guam Waterworks Authority	11	11	0	0
Guam Power Authority	21	21	0	0

REVENUE AND EXPENSES



**For the Fiscal Years Ended September 30, 2023
and September 30, 2022**

REVENUES	2023	2022	%Change
Annual Assessment	\$490,000	\$ 495,000	-1.01%
Regulatory Fees	\$336,914	\$ 506,516	-33.48%
Interest Income	\$1,686.00	\$ 53.05	30.78%
TOTAL*	\$828,600	\$1,001,569	-17.27%

*Amounts may not add due to rounding.

Expenses	2023	2022	% Change
Administrative- Professional Fees	\$ 214,060	\$ 144,046	+48.61%
Regulatory - Professional Fees	336,914	506,516	-27.56%
Administrative expenses	84,395	85,360	-1.13%
Commissioner expenses	142,278	99,902	+42.42%
Depreciation expenses	0	2,715	- 100%
IT expenses	6,523	5,200	+25.44%
Office rent	30,154	32,607	-7.52%
Office expenses	2,842	5,485	-48.19%
Utilities	4,271	4,310	- .90%
Publication expenses	43,659	26,249	+66.33%
Naruc expenses	2,181	0.00	+100%
Xerox	4,221	4,053	+4.15%
Total*	\$ 871,498	\$ 916,443	+4.90%

Administrative Budget

The administrative budget covers the Commission's administrative expenses, including staff, office facilities, Commissioner Stipends and training, professional fees, and other operational expenses.

PUC is classified as another stand-alone governmental unit, not a component unit of GovGuam, and therefore is not included in the annual GovGuam audits. Most recent financial statements can be found at PUC's website at <http://www.guampuc.com/about-us>. Previous financial statements can be found at the Guam Legislature's website at <http://www.guamlegislature.com>.

Operational Expenses

PUC operational expenses can be divided into two categories and are budgeted and collected as follows: General administrative expenses, which are budgeted each fiscal year by PUC and divided and assessed among the regulated utilities. **Regulatory expenses, which are incurred pursuant to a Commission resolution, dated August 13, 2007. This expense includes professional and out-of-pocket expenses, which are billed to specific utilities under regulatory dockets assigned to them to cover the expense of handling specific regulatory proceedings related to them.**

OUTLOOK and CHALLENGES AHEAD

Major PUC Actions in FY2023

- PUC provided supportive testimony for Bill No. 351-36, endorsing the implementation of a Virtual Power Plant Program (VPPP) and emphasizing the benefits of diversifying solar generation sources for Guam rate-payers.
- submitted opposing testimony for Bill 208-36, emphasizing the PUC's responsibility and independent rate-making authority as established by the Organic Act and Guam Laws for Guam rate payers.
- approved GPA's goal to build a 50-megawatt renewable plant on the U.S. Navy land to enhance renewable energy and reduce costs to ratepayers.
- maintain the Levelized Energy Adjustment Clause [LEAC] for the period from February 1, 2023 to July 31, 2023.
- GWA sought PUC approval for the reallocation of GWA's Series 2020A bond proceeds (\$103 million) which aimed to secure additional funding for court-ordered repair, etc. and projects related to reservoir tanks, inspection and request replacement design of water and sewer utilities crossing bridges. This request followed a prior allocation for \$30,425,000.
- approved GWA Annual True-up for FY23 at a rate of 16.7 percent for GWA instead of the initially proposed 16.1 percent this decision followed a comprehensive overview by Chief ALJ Horecky, who highlighted GWA's substantial request for a \$28 million increase, the largest in PUC true-up history.
- it was necessary to approve and to accommodate contract amount surpassing GSWA's \$750,000 threshold. Given its limited operational of garbage trucks; it was deemed essential.
- PUC moved to approve the Chairman's order and authorized the additional amount of \$23,115.98, resulting in a revised total cost of \$1,379,969.98 for the GSWA trucks.

PUC's Outlook

In FY2023, the PUC has actively engaged in the review of proposed bills, contributing valuable testimony to the Guam Legislature.

PUC is eager to collaborate with both the Executive and Legislative branches of our government to enact legislation that enhances the efficiency of Guam's utilities. As an ongoing commitment, the PUC remains ready to provide valuable insights to the Legislative branch on any proposed legislation that may impact the utilities and rate payers of Guam.

PUC anticipates that its scope of work will increase in the upcoming fiscal year with possible rate increase requests from several utilities. In the course of its regulatory duties over the past year, the PUC has noted that the operational costs of the utilities have increased substantially due to inflation and other factors. These increased costs could place pressure on the utilities to seek rate increases.

COMMISSIONERS POSITION

The membership of the Commission is comprised as follows:

2-members from the Business Community, **2**-members from the Community, **1**-member who is Certified Public Accountant and **2**-members (each whom have training and experience in at least one of the following areas: Power generation, telephone, water/sewer utilities, or (marine terminal operations/transportation via ocean common carrier) with an additional requirement that the two members have training or experience in different areas.

This report was prepared by: PUC Administrator Lourdes R. Palomo and Reviewed by PUC Administrative Law Judge Frederick J. Horecky.

PUBLIC UTILITIES COMMISSION OF GUAM

Jeffrey C. Johnson
Chairman

Peter B. Montinola
Vice Chairman

Commissioners

Joseph M. McDonald
Michael A. Pangelinan
Rowena E. Perez-Camacho
Doris Flores-Brooks

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Lourdes R. Palomo
Administrator

Colleen Nichole S. Chlarson
Administrative Assistant

Frederick J. Horecky
Chief Administrative Law
Judge

Joephet R. Alcantara
Administrative Law Judge

Anthony R. Camacho
Legal Counsel

Date: August 30, 2024

Honorable Benjamin J.F. Cruz
Office of Public Accountability
Suite 401, DNA Building
238 Archbishop Flores St.
Hagåtña, Guam 96910

Honorable Therese M. Terlaje
Speaker of the 37th Guam Legislature
163 Chalan Santo Papa
Hagåtña, Guam 96910

Dear Benjamin J.F. Cruz and Senator Therese M. Terlaje,

On behalf of the Public Utilities Commission of Guam and in compliance to P.L. 36-127, I hereby submit its FY2023 Citizen Centric Report.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Lourdes R. Palomo
Administrator
PUC of Guam