Gmail

Benjamin J.F. Cruz <senator@senatorbjcruz.com>

Submission of PUC FY2017 Citizen Centric Report

2 messages

Lou Palomo <lpalomo@guampuc.com>
To: Senator BJ Cruz <senator@senatorbjcruz.com>, Doris Flores Brooks <dfbrooks@guamopa.com>, OPA Admin <admin@guamopa.com>

Wed, May 23, 2018 at 9:46 AM

Dear Speaker BJ Cruz and Public Auditor Doris Flores Brooks,

In accordance with Public Law 30-127, enclosed is the 2017 Citizen Centric Report of the Guam Public Utilities Commission. Should you have any questions with regards to our submission, please contact our office for further assistance.

Sincerely,

Ms. Lou R. Palomo

Public Utilities Commission of Guam

414 West Soledad Avenue

GCIC Building, Suite 207

Hagatna, Guam 96910

Telephone: (671) 472-1907

Facsimile: (671) 472-1917

Email: lpalomo@guampuc.com

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GL#34-18-1916
Speaker Benjamin J.F. Cruz

MAY 23 2018

Time: 10:22 AM/PM Rcvd by

2017 Final CCR Guam Public Utilities Commission.pdf
376K

Benjamin J.F. Cruz <senator@senatorbjcruz.com>
To: Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: "<rennae@guamlegislature.org>" <rennae@guamlegislature.org>

Wed, May 23, 2018 at 10:22 AM

05/23/18	05/23/2018	Public Utilities Commission of Guam	Submission of PUC FY2017 Citizen Centric Report	34-18-1916

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Speaker Benjamin J.F. Cruz
I Mina'trentai Kuåttro Na Liheslaturan Guåhan
T 671-477-2520 | F 671-477-2522
http://www.senatorbjcruz.com

2018 MAY 23 PM 1:51

2 attachments

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2017 Final CCR Guam Public Utilities Commission.pdf
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Public Utilities Commission of Guam
FY2017 Citizen Centric Report

414 W. Soledad Avenue, GCIC Bldg., Suite 207 (671) 472-1907

About the Guam Public Utilities Commission

PUC is an independent regulatory commission, separate from the Executive and Legislative branches, which has been created by Guam law pursuant to requirements in Federal law. PUC is governed by seven commissioners who serve six-year terms under appointment by the Governor and confirmation by the Legislature. PUC's enabling legislation is contained in Title 12 Guam Code Annotated.

Under Guam law, PUC regulates the rates and rate impacting procurements of Guam Power Authority, Guam Waterworks Authority, the Guam Solid Waste Authority, the Port Authority of Guam and the Guam International Country Club (Guam Municipal Golf Course). PUC also has authority over certain aspects of the telecommunication companies that do business on Guam, including the E911 Surcharge.

The PUC is obligated by law to ensure that rates for each utility are sufficient to fund its necessary operations and to meet its contractual obligations, bond, and other financial obligations. The PUC must also ensure that rates for ratepayers are "just and reasonable," which means that rates reflect the costs of providing such utility services.

Ratepayer 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 a Public Utility; and
- the right to give input and participate in any proposed rate increase.

The PUC is required to conduct three public hearings for each rate increase. The PUC conducts various types of hearings on regulatory matters, including requests for rate increases, public opportunity to comment on proposed rulemaking, proposed agency action, and contested or disputed matters involving utilities or telecom companies.

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Mission

The PUC is a regulatory body that sets rates for certain utilities and entities on Guam.

Commissioners

The Governor of Guam appoints, with the advice and consent of the Guam Legislature:

- 2 members from the business community of Guam,
- 1 member who is a certified public accountant,
- 2 members (each of 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, and
- 2 members who are from the community at large.

The Commissioners during FY 2017 include:

Filomena M. Cantoria

Jeffrey C. Johnson

Joseph M. McDonald

Michael A. Pangelinan

Peter B. Montinola

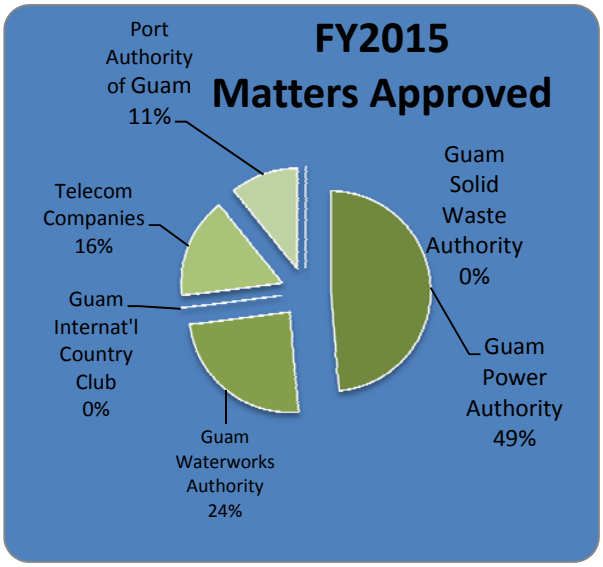
Rowena E. Perez

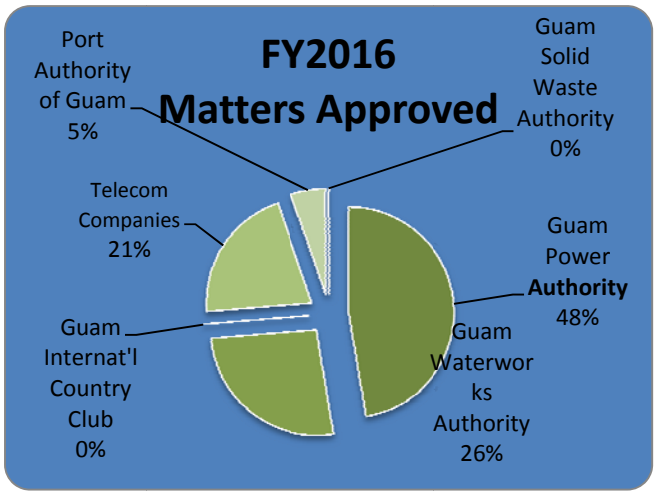
Andrew L. Niven

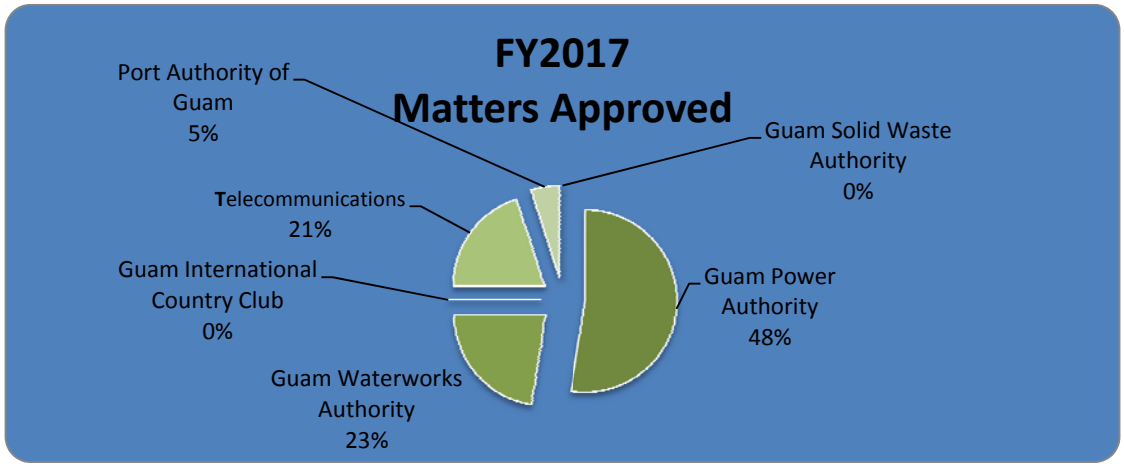
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How We Have Progressed

The Guam Public Utilities Commission strives for just and reasonable utility rates for the residents of Guam. Significant regulatory actions for FY 2017 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:







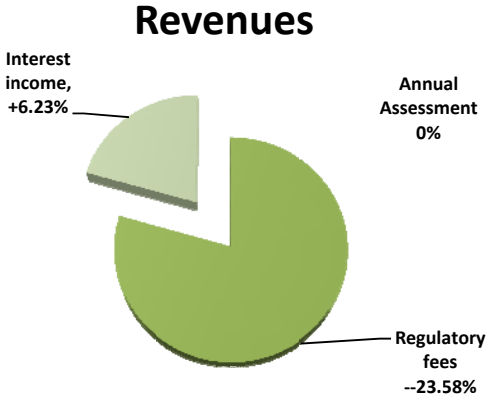
FY2017

	Numbers of matters heard	Number approved	Number denied	Number granted in part; denied in part
Guam Power Authority	28	21	1	6
Guam Waterworks Authority	10	9	0	1
Telecommunications	11	8	1	2
Guam International Country Club	0	0	0	0
Port Authority of Guam	3	2	1	0
Guam Solid Waste Authority	0	0	0	0

Revenues and Expenses

Revenues

For the Fiscal Years Ended September 30, 2017 and September 30, 2016

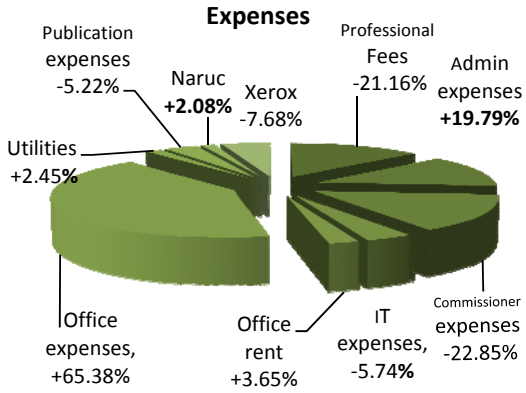


Revenues	2017	2016	% Change
Annual assessment	$492,500	$ 492,500	0%
Regulatory fees	$394,512	$ 516,234	-23.58%
Interest income	$ 702	$ 604	6.23%
Total*	$887,714	$1,009,338	-12.05%

*Amounts may not add due to rounding

Expenses

For the Fiscal Years Ended September 30, 2017 and September 30, 2016



Expenses	2017	2016	% Change
Professional fees	$ 551,539	$ 699,572	-21.16%
Administrative expenses	$ 57,500	48,000	19.79%
Commissioner expenses	$ 96,112	124,584	-22.85%
Depreciation expenses	$ 1,168	1,168	0%
IT expenses	$ 3,615	3,835	-5.74%
Bad debts	-	-	-
Office rent	$ 30,608	29,530	3.65%
Office expenses	$ 6,058	3,663	65.38%
Utilities	$ 4,438	4,332	2.45%
Publication expense	$ 23,553	24,829	-5.22%
Naruc expenses	$ 1,765	1,729	2.08%
Xerox	$ 3,872	4,194	-7.68%
Total*	$ 780,228	$ 945,436	-17.47%

*Amounts may not add due to rounding

Operational Expenses

PUC's 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. These expenses include 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.

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.

Outlook and Challenges Ahead



Commissioner Vacancies

The Public Utilities Commission currently does not have any commissioner vacancies. However, it is anticipated that there will be one vacancy later in 2018. PUC's enabling legislation mandates that any PUC action requires the affirmative vote of four commissioners at a meeting with a quorum of four commissioners.



PUC's Outlook

The PUC has been able to carry out its regulatory duties with a full complement of seven Commissioners, all of whom have substantial experience in hearing and deciding regulatory matters, and a staff of two contractual employees. Some of the work of the Commission is done by outside regulatory consultants. In recent years the Commission has been successful in reducing its consulting and regulatory costs. The Commission's longer-range plan is to build a solid staff of in-house contractual employees that can handle the caseload of the Commission. It is anticipated that PUC's scope of work will increase in FY 2018 when the federal receivership of the Guam Solid Waste Authority is ended and full rate making responsibility returned to the PUC. During FY 2017, PUC was able to handle its workload within budget and available regulatory resources.

Likelihood of Future Rate Proceedings

During the past year rate increases were implemented for GPA (fuel price increases), GWA (water rates), and the Port Authority (tariffs and rental rates). In the coming years there will be likely be continuing pressures upon the utilities to seek rate increases to repair and replace aging infrastructure. Although GPA will soon procure180MW of new generation capacity; it has stated on the record that it will not raise base rates through 2021. The Port has recently implemented two 7% rate increases, and additional increases of 7% and three annual increases of one percent have been approved by the PUC. GWA is presently planning a twenty-year capital improvement project plan, and will likely seek rate increases to fund those plans. It is also possible that GSWA will seek rate increases, as at present, the tipping fees of GSWA are not sufficient to pay the expenses and debt service on bonds. If further rate increases are necessary, PUC will continue to ensure that rates are "just" and "reasonable", and will attempt to mitigate the impact of such increases upon ratepayers

Prepared by: PUC Administrator Lourdes R. Palomo
and PUC Legal Counsel Frederick J. Horecky (*671) 472-1907*