35GL-19-0043
Speaker Tina Rose Muna Barnes

RECEIVED
DATE: 1/22/19
8:35AM

PUBLIC UTILITIES COMMISSION
OF GUAM

Jeffrey C. Johnson
Chairman

Commissioners
Joseph M. McDonald
Filomena M. Cantoria
Rowena E. Perez
Michael A. Pangelinan
Peter Montinola
Mark Miller

Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932
Telephone: (671) 472-1907
Fax: (671) 472-1917
Email: info@guampuc.com

Lourdes R. Palomo
Administrator

Frederick J. Horecky
Chief Administrative Law Judge

Joephet R. Alcantara
Administrative Law Judge

Anthony R. Camacho
Legal Counsel

January 18, 2019

2019 JAN 22 AM 8:51

VIA HAND DELIVERY

The Honorable Lourdes A. Leon Guerrero
Maga'haga of Guam
Ricardo J. Bordallo Governor's Complex
Adelup, Guam

The Honorable Speaker Tina Muna Barnes
Speaker, 35th Guam Legislature
Guam Congress Building
163 Chalan Santa Papa
Hagatna, Guam 96910

Re: Guam Public Utilities Commission FY2018 Annual Report

Dear Governor Leon Guerrero and Speaker Barnes:

In accordance with the mandate of 12 GCA § 12104, the Guam Public Utilities Commission respectfully submits its Annual Report for Fiscal Year 2018.

During the past fiscal year, the Guam Public Utilities Commission ["GPUC"] has been able to address a substantial workload with existing resources. The Commission has continued its efforts to rely upon local consultants and to reduce its reliance on off-island consultants. The PUC has been successful in reducing costs of operation.

The Guam Solid Waste Authority ["GSWA"] is also with the regulatory oversite supervision of the GPUC. However, due to the ongoing federal receivership, the duties of the GPUC regarding GSWA have been limited. It is anticipated that, when the federal receivership ends, the responsibilities of GPUC will increase in relation to the GSWA. In anticipation of its future role, GPUC has already retained a Solid Waste

0043

Consultant. GPUC hopes to shortly commence a management audit of GSWA, which GPUC is statutorily mandated to undertake.

In the past year, due to the need to replace utility plant and equipment, as well as rising costs, the PUC was obligated to raise rates for the Guam Waterworks Authority and the Port Authority of Guam. Rising fuel prices also necessitated increases in the LEAC [Levelized Energy Adjustment Clause] factor for the Guam Power Authority. However, a recent down turn in fuel prices raises the possibility that there may be some relief to ratepayers with LEAC decreases. The LEAC under-recovery of GPA was $18M in January of 2018; however, by July 31, 2019, is anticipated that the under-recovery will be reduced to $5M.

GPA, with the assistance of the GPUC, has made substantial progress towards the construction of a new 180MW plant which will be operated by an independent power producer. GPA has selected seven prequalified bidders, and the technical specifications for the new plant have been submitted to those bidders. GPA should be selecting a contractor to build and operate the plant within the next few months.

The GPUC approved a 7% rate increase for the Port Authority of Guam effective January 1, 2018. In addition, GPUC assisted PAG to successfully issue $72.6M in revenue bonds. GPUC worked collaboratively with PAG to ensure that the bond issuance would be successful, and that PAG would have sufficient funds to finance various Port improvements, including replacement of the old administration building, payment of prior loans, replacement and relocation of water lines, repair and expansion of its equipment, and maintenance and repair of Warehouse No. 1 and the Golf Pier.

Since recent rate increases have been implemented by the GPUC for the utilities, it has hoped that the GPUC can avoid additional increases in the near future. GPUC never lightly implements an increase in rates; rates are only increased when the GPUC determines, after due deliberation, that such increase(s) are necessary and "just and reasonable."

GPUC has no specific legislation to recommend at the present time.

The GPUC looks forward to working with the Executive and Legislative Branches of our Government in enacting legislation that will improve the operations of the utilities. As always, GPUC will provide assistance and comment to the legislative branch on any legislation affecting the utilities and/or operation.

Doc. No. 35GL-19-0043.

If you have any other questions concerning the operations of the Guam Public Utilities Commission, please let us know.

Respectfully submitted,

Jeffrey C. Johnson
Chairman

Enclosure: Attachment A

Attachment A
Significant Regulatory Action – FY2018

Guam Power Authority

Date	*Docket*	*Action*
10/26/17	GPA 18-01	GPA petitioned the PUC to approve the procurement of Residual Fuel Oil No. 6 for the Baseload Power Generating Plants. As a result of the Cabras Plant Explosion, GPA was now relying more heavily upon diesel fuel. Usage of RFO has declined from 2.6M barrels in FY2015 to 2.1M barrels in FY2017. The proposed contract would be for three years, with options for two additional 1-year terms. Under the proposed contract, the RFO requirement would be approximately 2M barrels per year. The PUC has previously held that RFO No. 6 is needed for the baseload power plants and is essential to the operation of those plants. The PUC approved GPA's request to procure RFO; the annual cost of RFO is roughly $121M.
11/30/17	GPA 18-02	GPA petitioned the PUC to approve the procurement for a 180-Megawatt Power Plant. In October 2016, the PUC had authorized GPA to proceed ahead with the procurement, subject to further PUC review. Previously PUC had clarified that the procurement was not limited to combined cycle plants or any particular type of technology. GPA had not completed the technical proposal for its procurement, but had hired a consultant to assist with such proposal. In its current petition, GPA requested that PUC approve the first step in a 3-step procurement process, which was "a request for qualifications." The RFP which seek bidders that could meet certain prequalification requirements, including past experience, projects built, and the construction of at least two plants of 100MW. RFQ bidders would be required to establish financial capability, ability to raise debt financing, and to fund the cost of development. The only issue before the PUC was GPA's request to issue an RFQ. Subsequently, step two would involve issuance of a technical proposal. Price offers would be submitted

		by proponents at Step 3. Although GPA had not previously conducted a 3-step procurement, PUC Counsel found that such a process was supported by 5 GCA § 5211(h). PUC Commissioners ordered the removal of provisions from the RFQ which limited experience qualifications to fossil fuel fired plants and natural gas technologies. The RFQ qualifications were too narrow and could limit the bidders that could participate with alternative fuel or LPG. GPA agreed to revise its RFQ to accept other technologies and power sources. Subject to the suggested revisions being made to the RFQ, the PUC authorized GPA to issue a Request for Qualifications as a part of a 3-step procurement process for the proposed 180MW Power Plant.
11/30/17	GPA 17-20	GPA filed its third petition to approve the refinancing of 2010 Series A Revenue Bonds. GPA was seeking to refund $95M out of the entire $150M 2010 Bond Issuance. Savings were projected to be $300,000. The Commission voted to adjourn its meeting and reconvene on December 5, 2017. The Guam Legislature had not yet approved the bond refunding.
12/05/17	GPA 17-20	GPA continued to request PUC approval for the refunding of its 2010 Series A Revenue Bonds. The projected savings would range between $301,000 and $463,000 depending upon whether all or a portion of the 2010 Series A Revenue Bonds were refunded. The Guam Legislature passed Public Law 34-69, which expressly approved GPA's issuance of revenue bonds for the purpose of refunding all or a portion of its outstanding 2010 Series Revenue Bonds. The GEDA Board also approved the issuance of GPA's refunding bonds. GPA's consultants had approved the bond documents. The PUC approved GPA's petition to refund all or a portion of the 2010 Series A Bonds through a Long-Term Debt Order and a separate Order, subject to conditions: the gross annual savings for the full refunding was reduced from $350,000 to $300,000, and the amount required for partial refunding was reduced from $300,000 to $250,000; the Total Interest Cost percentage was increased from 4.22% to 4.32%. The savings provisions were changed to refer to a "average annual cash flow savings."

01/30/18	GPA 18-04	GPA applied to the PUC to exercise an Extension Option under the Diesel Fuel Supply Contracts, and to ratify the PUC Chairman's Order approving the Exercise of the Extension Options. Since the fuel contracts of GPA with IP&E and Mobil were expiring at the end of December, 2017, there was a need for extra-ordinary emergency action to be taken. The Chairman, exercising his authority under 12 GCA § 12105, approved the 1-year extensions of the diesel fuel supply contracts with Mobil Guam and IP&E Guam. The cost of the extensions was in the range of $77M. The PUC ratified and affirmed the Chairman's Order approving the 1-year extensions of the fuel supply contracts with IP&E and Mobil.
01/30/18	GPA 18-05	GPA filed a Petition to increase the Levelized Energy Adjustment Clause factor for the period of February 1, 2018 through July 31, 2018. The then currently LEAC factor was approximately 11.8 cents per kilowatt hour. However, during the last few LEAC periods, GPA had accepted a 50% recovery of its fuel oil costs. At the end of January 2018, GPA had an under-recovery of $18M on fuel costs. Under GPA's two-phase proposal, developed in conjunction with PUC staff, for the first three months, starting February 1, 2018, the proposed LEAC rate would be 14.7 cents per kilowatt hour. For May, June and July, 2018, the LEAC factor would be increased to 15.04 cents per kilowatt hour. At the end of the LEAC period, it was still anticipated that GPA would have an under-recovery of approximately $9M. Fuel costs were increasing. The projected LEAC increase would result in an additional $33.00 per month for the average rate payer utilizing a thousand kilowatts per month; the increase represented a 15.5% increase in the total bill. The PUC adopted the 2-phase increase in the LEAC factor proposed by GPA.
02/22/18	GPA 18-07	GPA requested that the PUC approve the Piti Substation GIS Maintenance Contract Award to AYM International. The project would involve repair by AYM International of the gas insulated switch gear at the Piti Substation, which was commissioned in 1999. The repair was long overdue, as the manufacturer's specifications provided for a 12-year maintenance plan. The switch gear is critical to the power system

		because it connects to the MEC Nos. 8 & 9 plants. The total cost of the project is $2,507,300.00. The PUC approved the award of the 115kb GIS maintenance project to AYM International Inc., and authorized an expenditure up to the total bid amount of $2,507,300. The PUC authorized GPA to reallocate funds from the 2014 revenue bonds in the amount of $1,937,300 for payment on this project.
02/22/18	GPA 18-06	GPA requested that PUC approve the Phase II Renewable Award to KEPCO-LG CNS Consortium. Since there was lack of quorum on the issue, the Acting Chairman requested advise from PUC Legal Counsel. Counsel advised that the Acting Chairman had the option to issue an Order Acting on behalf of the Commission for approval of the 60-MW solar project with KEPCO; such Order would be subject to approval and ratification by the Commission at its next meeting. Counsel had recommended approval in his Report. There were anticipated fuel savings from the expeditious development of this project. The Acting Chairman decided to proceed ahead with the signing of the Order approving the project for construction of two 30MW plants, a total of 60-MW, by KEPCO.
03/29/18	GPA 18-06	The PUC ratified the Acting Chairman's Order approving the Phase II Renewable Award to KEPCO-LG for two 30MW plants (total, 60-megawatts).
03/29/18	GPA 18-08	GPA applied to the PUC for approval of the Phase II Renewable Award for two 30MW solar plants to Hanhwa Energy Corporation. Hanhwa's price to GPA for energy produced at one plant would be $62.45 per megawatt-hour, and for the second plant, $65.99 per megawatt-hour. Both plants would have some battery storage capacity. Storage capacity would be used for ramp control and peak load. The construction of this plant will help GPA meet its Renewable Portfolio Standard requiring net electricity sales by 2035 of 25%. Of all power produced. GPA indicated that the average cost per kWh would be 8.2 cents when batteries were added into the systems. Energy cost for the solar plants would be lower than the present LEAC. The PUC approved the Phase II Renewable

		Award of two 30MW plants to Hanhwa Energy Corporation.
03/29/18	GPA 18-09	GPA moved the PUC to increase the amount of funds available for payment to Stanley Consultants under its EPCM contract with GPA for the engineering, procurement and construction management of the new 180MW generation plant. GPA sought an increase in the contract amount for Stanley of $650,000. The initial payment to Stanley under the EPCM contract was $750,000. The Commissioners reduced the amount of the increase in payment to Stanley from $650,000 to $600,000. Further detail was requested on the breakdown of the cost for work projects, and Stanley was in prohibited from expending funds for community outreach, public relations and lobbying. With those restrictions, the Commissioners approved an increase in the EPCM Contract of Stanley Consultants up to the amount of $600,000, with further reporting conditions.
03/29/18	GPA 18-10	GPA moved the PUC to approve a Contract Extension for Tristar Terminals Guam Inc., for use of the Dock at the Port, and for Pipeline and Fuel Storage Facility. The Pipeline is used for the transfer of fuel to GPA's facilities, and GPA leases storage space for fuel from Tristar. The present contracts were terminating. Counsel had recommended that the PUC approve the Dock User Agreement. However, the Pipeline and Storage Agreements raised concerns. These contracts contained an automatic consumer price index increase annually of the 4%. Counsel found that the automatic increases were far higher than the actual consumer price increases over the past four years. Counsel believed that any price increase should be related to actual cost and not be "automatic." The overall cost for the 4-year extension for the Dock Agreement was $6.3M, $2.1M for the Pipeline Agreement, and $6.6M for the RFO Storage Agreement. The Commissioners approved the Dock User Agreement with Tristar, subject to conditions, but requested that GPA further negotiate the automatic 4% CPI Increases in the Pipeline and Storage Agreements.
03/29/18	GPA 18-11	GPA petitioned the PUC to approve GPA's proposed use of Bond Finance Savings for GPA's "Bringing

Energy Savings to Schools" (BESTS), and the Demand Side Management Program. PUC previously required that GPA obtain PUC approval for uses for its anticipated savings from the bond refunding. It appears that GPA will garner roughly $11M as savings for its bond refunding. GPA proposes three uses of the savings in its Petition. The first is $500,000 for implementing its "Bringing Energy Savings to the Schools Program." The second is to use the balance of savings through 2021 to fund the GPA Demand Side Management Rebate Program in the amount of $1,139,000 plus. The third, for the remainder of savings after 2021, approximately $9.9M, would be used to offset the annual debt service cost of the new proposed 180-megawatt power plant. For the BEST program, GPA hired a contractor, Siemens Industry Inc., to conduct a feasibility study for use of renewable energy at the Guam Department of Education for the amount of $219,435.00. Funding for the Demand Side Management Program will provide substantial benefits to the ratepayers. GPA estimates that the debt service for its new 180MW plant will be approximately $17.5M a year, for a total of $303M over a 30-year period. Approximately $500,000 a year, the average savings from the bond issuance, would be used to offset the $17.5M annual amount. Although such payments are "*de minimus*", they will benefit the ratepayers by paying off some of the debt service costs. The PUC approved the three specific uses of savings from the bond refinancing proposed by GPA.

04/26/18 GPA 18-12 GPA asked that the PUC authorize it to issue an Invitation for Bid for Property Insurance. The present policy was terminating; GPA was now seeking a new contract with a 3-year base period, with two 1-year extensions. The insurance being sought was property and boiler and machinery, catastrophic coverage including earthquake, flood, typhoon and tsunami, business income, extra expense, terrorism, all-risk and cyber liability. GPA is required to maintain property insurance under its bond covenants. The Commissioners authorized GPA to issue its Invitation for Bids for property insurance and the other coverages requested in the petition, but ordered that

		GPA would need to return to the PUC for final approval of its contract.
5/31/18	GPA 18-13	GPA petitioned PUC to approve a contract extension with Marianas Energy Corporation for the operation and maintenance of the Piti 8 & 9 plants. The original Energy Conversion Agreement was entered into between GPA and Enron Piti Development Corporation in 1996. MEC was the successor to Enron. MEC is an independent power producer; it owns and operates the Piti Plants and sells back energy to GPA. The ECA Agreement indicated that ownership of the Piti 8 & 9 plants would transfer to GPA in January 2019. While GPA had initially intended to go out to bid for a new operator, it now requests that there be a 5-year contract extension with Marianas Energy Corporation for operation of the plants. Presently the ECA costs GPA roughly $30.5M per year. Under the proposed contract extension, there would be a fixed O&M estimated fee at $10.085M annually. Variable O&M would be approximately $2.245M annually. Finally, there would be a fixed "recapitalization fee of approximately $7.067M per year for projects that are needed to ensure plant reliability and the fuel conversion project to comply with USEPA requirements. Under the proposed extension, the cost to GPA would be reduced from roughly $30M per year to $20M per year. GPA does not have sufficient personnel to operate and manage the plant. GPA's authority to amend the contract is broad. The contract is broad enough to authorize the amendment and extension. A new bid simply could not be accomplished in the near future and would take considerable time. There could also be a protest. The extension has a logic with regard to stability and continued plant operation. MEC has also done a good job in managing and operating the Piti plants for 20 years. The sale of the plants is also not a realistic option. With a sale, GPA would lose the ability to control the upgrades and the overhauls. After an initial 5-year period as a baseload plant, GPA intends to use the Piti 8 & 9 plants as intermediate plants or maybe even peaking units (after the new generation

		plant come into effect). With an amendment to the proposed Order that the PUC is not a procurement board and that it is deferring to GPA's conclusions on the procurement laws issues, the Commission approved the 5-year extension of the contract with MEC for operation and maintenance of the Piti 8 & 9 plants and the sale of energy back to GPA.
5/31/18	GPA 18-14	GPA sought PUC approval for the purchase of certain Harmon Property for the 180MW New Generation Plant. GPA sought approval to purchase three lots in Ukudu, Dededo, with an approximate area of 239,744 square meters, for the price of $10,788,653.00. GPA had issued a statement of interest for potential plant sites on property of up to 60 acres. There was a requirement that the property be proximate to the GWA Northern District Wastewater Treatment Plant, so that the tertiary treated wastewater could be utilized to cool the new power plant. Of five responses, the Ukudu Dededo site was selected as the best location. In general, the PUC felt that the price per square meter appeared to be reasonable and that the ratepayers were getting value for the price. In PL 34-102, the Guam Legislature had consolidated the three lots and rezoned them from R2 to M1. The selection process was fair and equitably carried out. The Consolidated Commission on Utilities determined that this site was better than other sites available. The Guam Legislature had already indicated that the Ukudu was the best site. Two sets of appraisals had been done, indicating that the price was within the range of acceptability. The Commissioners approved GPA's purchase of the three lots in Okudu Dededo and authorized GPA to expend up to $10,788,653.00 for the property purchased.
6/26/18	GPA 18-16	GPA requested that the PUC approve the 3-month extension for the Residual Fuel Oil/No. 6 Fuel Contract for the baseload power generating plants. The current contract with Hyundai Corporation was set to expire on August 31, 2018. GPA had been authorized by PUC to issue a new procurement for the residual fuel oil contract; however, the contractor would not be selected until the end of August. There was a need to provide an additional three months as

		adequate mobilization period for a new supplier, particularly if the supplier was one other than the existing supplier. Shipping arrangements for fuel deliveries, preparation of billings and resolution of other matters would need to be carried out. The new supplier could not come in by September 1. A 3-month extension would cost $36M; that price would be about the same as paid for fuel under the existing contract. GPA's contract with Hyundai did provide for amendment. The parties had both agreed to the amendment for a 3-month extension. The Commission approved the 3-month extension for the RFO No. 6 Fuel Contract with Hyundai Corporation.
6/26/18	GPA 18-15	In its Levelized Energy Adjustment Clause Petition for the period of August 1, 2018 through January 31, 2019, GPA requested that the LEAC factor of $0.154242 per kilowatt hour remain in effect. GPA indicated that there had been a reduction in the LEAC under-recovery from $18.8M in January 2018 to $9.5M on July 31, 2018. Fuel prices had not increased as much as previously anticipated. The fuel prices for the prior 6-month period, as well as the next LEAC period, were lower than anticipated by GPA. Based upon the evidence presented, the Commission approved GPA's request to maintain the current LEAC factor at 0.154242 per kWh for meters read on or after August 1, 2018.
8/30/18	GPA 18-01	GPA requested that PUC approve its contract for Residual Fuel Oil No. 6 for Baseload Generating Plants. GPA issued a procurement before such fuel, and Mobil Oil Guam was determined to be the lowest and most responsive bidder. The proposed contract is for two years, expiring November 30, 2020. The cost for the 2-year contract is over $229M. The Commissioners approved GPA's Contract for Residual Fuel Oil No. 6 for Baseload Generating Plants at an authorized cost of $229,433,402.00 for the 2-year base contract.
8/30/18	GPA 18-10	GPA filed a request for approval with the PUC for the Contract Extension with Tristar Terminal for the Pipeline Agreement and Storage Agreement. After the March PUC meeting, at the instruction of the PUC, GPA attempted to renegotiate the issue of the

		automatic 4% annual increases in the contracts with Tristar. Tristar did not agree to altering the 4% automatic cost of living increase, as it believed that there were various expenses that needed to be covered in the contracts. Counsel indicated that the proposed Order would authorize the Pipeline and Fuel Storage Agreements, but would indicate that no further automatic cost of living increase would be included in future contracts. GPA was also instructed to discuss the pipeline arrangement for Tristar with the Port Authority of Guam. With the foregoing revisions, the Commissioners approved the Pipeline Agreement and the Fuel Storage Agreement contract extension with Tristar.
8/30/18	GPA 18-02	GPA requested that the PUC approve the technical plan and specifications for the proposed 180MW plant, and the bid documents for the procurement. GPA proposed to submit these documents to 7 prequalified bidders. Financing, development and construction of the plant will be the sole responsibility of the selected bidder. The technical specifications for the proposed plant were prepared by GPA Consultant Stanley and subconsultant K&M Advisors. GPA's Consultant, as well as various GPA officials, have confirmed that the technical, functional specifications are adequate for the construction of the plant, and that they will protect GPA and the ratepayers. The proposed bid documents will provide an opportunity to proponents of any technology, including renewable technologies, to bid on the procurement. The PUC Commissioners approved Step 2 of GPA's process for procurement of new generation, which included the bid documents and the functional specifications for the proposed 180MW plant. The Commissioners rejected an attempt by CCU Commissioner Simon Sanchez requesting that the PUC Commissioners add a provision to the specifications that allowed for "financial flexibility", which meant that GPA could possibly participate in the financing of the new generation plant. Such proposal was not included in the Order.
9/27/18	GPA 18-17	GPA moved for PUC for approval of its FY2019 Capital Improvement Project Ceiling Cap. GPA requested approval for its general plant and

		engineering projects in the amount of $22,022,011.00. That consisted of general plant in the amount of $19,614,000.87, and engineering projects in the amount of $2,407,924.00. The PUC determined that GPA does not usually expend its entire CIP cap budget, and that this year's cap was consistent with that of prior years. The PUC approved GPA's FY2019 CIP Ceiling Cap in the amount of $22,022,011.00.
9/27/18	GPA 18-18	GPA filed its FY2019-2021 Construction Budget with the PUC for informational purposes only. Under the Contract Review Protocol, GPA is only obligated to file its 3-year construction budget, and not to obtain PUC approval. Counsel noted that over $37M out of $41M in the budget were anticipated expenditures from the 2014 bond funds.

Guam Waterworks Authority

Date	*Docket*	*Action*
11/30/17	GWA 18-01	GWA sought approval by the PUC of a 7th amendment to the Performance Management Office Contract with Brown & Caldwell. The proposed amendment was a $2,095,904.00 increase to the PMO contract. GWA maintained that it needed significant assistance on numerous projects including compliance with the Federal Court Order. Such assistance included work on GWA's 5-year rate plan, State Revolving Fund grant project management, a consulting engineer's report and certification for 2018 revenue bond financing, hydraulic modeling and training for wastewater collection system analysis. The cost for the increase would be funded by the 2010, 2013, and 2015 bond proceeds as well as the USEPA state revolving funds grant. GWA indicated that the PMO's function would generally be eliminated in 2019. The PUC approved an increase to the PMO contract with Brown & Caldwell in an amount not to exceed $1,365,349.00; approval of the remaining amounts requested would be considered subsequent to GWA's submission of certain information.
11/30/17	GWA 18-02	GWA requested that the PUC approve increased spending under the existing contract with JMI-Edison for submersible pumps and motors. GWA was

		requesting an additional $612,778.00 for fiscal year 2018, as well as subsequent quarterly purchases of $213,403.00. GWA sought to purchase 50 motors and around 70 pumps in 2018. After 2018, it would purchase additional pumps for its wells. The PUC approved GWA's petition to purchase submersible pumps and motors under the JMI-Edison contract for FY2018 at a cost not to exceed $612,778.13. For the purchases after FY2018, GWA was required to submit documentation to the PUC for the approval of such purchases.
2/22/18	GWA 18-04	GWA requested that PUC approve a Change Order to Upgrade and Merge Customer Care and Billing with GPA. The Counsel Report indicated that the customer care and billing software systems which GPA and GWA had implemented were both in serious need of an upgrade. GPA needed the upgraded system to implement smart grid. GWA had an all "legacy" system that dated to the early 1990's. Both utilities had initially spent an amount of $2.7M for the software system upgrades, but that amount was not sufficient. GWA's present motion sought to increase the funds payable to a contractor, Prithibi, for maintenance of the system, known as "Wipro." Prithibi would provide additional support for the operation of the CC&B system through June 2018. The total overall cost of the systems for GPA and GWA is likely approaching $8M. The PUC approved both GPA and GWA's requests to upgrade the existing Customer Care and Billing platform and to merge the platform with the current CC&B used by GPA. GWA was authorized to increase the expenditure from $551,853 to $1,391,853; GPA was authorized to increase its expenditure from $552,853 to $1,312,853. GPA was further required to report to the PUC concerning all expenditures made on the CC&B system from its inception.
3/29/18	GWA 17-12	GWA requested that the PUC approve its Amended System Development Charge Implementation Guidelines and Financial Offset Policy. The Rules, adopted in 2010, provided a series of water and wastewater charges for system development. The updated Rules would provide that SDCs for single-

		family dwellings could be paid prior to occupancy as opposed to prior to the issuance of the building permit. Furthermore, GWA would be able to require a bond for any capital improvement or facility expansion. GWA could terminate water or wastewater service for non-payment of an amortized SDC. Guidelines are also provided for GWA's affordable housing SDC. The updated Rules require that all SDC revenues must be placed in a special restricted fund. Developers will receive an SDC financial offset by constructing offsite water and/or wastewater infrastructure. The PUC approved the revised SDC Implementation Guidelines and a Financial Offset Policy.
3/29/18	GWA 18-01	Previously the PUC had approved an increase in the Brown & Caldwell PMO Contract of $2M; instead of approving the entire $2M, the PUC approved an amount of about $1.3M and conditioned the remaining $730,000 on GWA's submission of two items: a work authorization itemizing specific project and line items that account for the $730,000. The second was submission of a PMO elimination plan. Both of these items were submitted to the PUC. The list of work included implementation of GWA's fat, oil, and grease control program, assistance with illegal connections, discharge programs, and implementation of backflow prevention to prevent water contamination. Other programs included technical guidance regarding a procurement of a well pump hoisting rig, and PMO analysis focusing on water leakage at the Tumon-Maui well. The PMO would assist GWA in developing a feasibility study related to the disinfection system at the Hagatna wastewater treatment plant. With an amendment requiring that GWA report quarterly on its activities regarding the prevention of water loss, as well as the status of each PMO project, the Commissioners approved additional funding for the PMO contract in the amount of $730,535.00.
3/29/18	GWA 18-03	The PUC considered GWA's petition for approval of the acquisition of 17 acres of land for the expansion of the Northern District Wastewater Treatment Plant. GWA indicated that it faced an increasing volume of wastewater produced by the residential and

		commercial expansion of the Northern part of the island, due in part to the increasing military footprint on Anderson Air Force Base. GWA will be required to provide a secondary treatment facility to the Northern District Wastewater Plant in order to comply with the national clean water and discharge elimination system permit program. GWA intends to purchase certain property northwest of the Northern District Wastewater Treatment Plant. The total cost for the purchase of the property is $2,542,922. The cost was based upon appraisals indicating the fair market value of the property. Public Law 32-188 authorized the Guam Ancestral Lands Commission to transfer the property to GWA. The ALJ recommended that the purchase was prudent and necessary. The Commission approved GWA's request to purchase 17 acres for the expansion of the Northern District Wastewater Treatment Plant and authorized such purchase in the total amount of $2,542,922.00. A portion of such funds were approved to be expended from the System Development Charge Fund.
4/26/18	GWA 18-05	GWA Petitioned the PUC to approve issuance of its Invitation for Bids for Laboratory Services. The IFB requires that the contractor provide monthly, quarterly, bi-annual, and annual tests on GWA's water and wastewater samples. The tests measures levels of matters such as pesticides, metal, lead, copper, and toxicity in GWA's water and wastewater. Water and wastewater samples must be tested by labs certified by the USEPA. Since GWA has no testing facilities onsite, it must utilize a third-party vendor for laboratory testing. The cost of laboratory services is approximately $540,000.00 per year. GWA proposes a 3-year contract with 2-year options for renewal. The PUC authorized GWA to issue an IFB related to the procurement of laboratory services.
8/30/2018	GWA 18-06	The PUC considered a petition by GWA to reallocate certain 2010, 2013, and 2016 bond proceeds in the following amounts: $886,431.00 of 2010 Bond Proceeds, $6,541,991.00 of 2013 Bond Proceeds, and $30,480,170.00 of 2016 Bond Proceeds. The projects for which GWA sought to reallocate the bond proceeds included the meter replacement program, water

		reservoir internal and external rehabilitation, and Baza Gardens Sewer Treatment Plant replacement. The PUC approved GWA's bond reallocation.
8/30/18	GWA 18-07	GWA petitioned the PUC to include the Ugum Treatment Plant in the SCADA Upgrade. SCADA is a "supervisory control and data acquisition" system. GWA sought a change order, which would include the Ugum Water Treatment Plant in the SCADA system-wide upgrade. This inclusion was recommended by Simens and Ernst & Young. The total cost will be $687,506.25. The PUC approved the inclusion of the Ugum Water Treatment Plant in the SCADA system-wide upgrade.

Port Authority of Guam

Date	*Docket*	*Action*
10/26/17	PAG 18-01	PAG requested that the PUC approve its contract for insurance with AM Insurance. AM submitted the sole bid to an IFB and was selected. The insurance provided was designed to protect PAG's assets from all risks, including natural disasters or catastrophic events, as well as coverage for any liability resulting from PAG's operation. The coverage provided was property insurance, liability insurance, directors and officer liability insurance, crime insurance, and automobile insurance for a 5-year annual premium of $2,372,189. The PUC approved the 5-year insurance contract between PAG and AM Insurance at an annual premium cost of $2.372M.
1/30/18	PAG 18-02	This matter came before the PUC upon the PAG Petition for "True-Up" Review. Annually, the Port is required to provide the PUC with certain updated financial information. PUC reviews such information to determine whether a rate increase previously approved should still be allowed to go into effect. In a prior Order, PAG was required to submit actual data to the PUC for fiscal year 2017 concerning its revenue and net income, operating expenses, debt service and capital cost, operating reserves, and information on its through-put cargo. Before the PUC was PAG's request for implementation of a 7% increase in its tariff

		rates for the remainder of fiscal year 2018, effective January 1, 2018. The PUC approved the True-Up amount and authorized a 7% PAG rate increase, effective January 1, 2018.
4/26/18	PAG 18-03	PAG filed a Petition with PUC for approval of the issuance of certain 2018 Revenue Bonds. PAG sought PUC approval for issuance of up to $72.6M in revenue bonds. PAG submits that the proceeds of these bonds will be used to fund capital improvements, refinance four outstanding loans, fund a deposit in the 2018 bond debt service account, fund capitalized interest on a portion of the 2018 bonds, and pay certain costs related to the issuance of the subject bonds. In Public Law 34-17, the Guam Legislature approved the issuance of such bonds so that the Port could increase its capacity, execute infrastructure development, and undertake Port expansion to meet the community's needs. The bond funds were to finance certain Port improvements, including replacement of the old admin building, replacement and relocation of water lines, the repair and expansion of its equipment, maintenance and repair of Warehouse No. 1 and repair of the Golf Pier. The ALJ determined that it was in the public interest for PAG to issue the 2018 bonds. The bond documents appeared to be reasonable and appropriate for their purposes. 84% of PAG's operating revenue would be pledged to the payment of the 2018 bonds. The bonds had been authorized by the Legislature, GEDA, and PAG's Board of Directors. The ALJ recommended that the PUC approve PAG's Petition and approve the bond documents. The PUC authorized PAG to issue 2018 Revenue Bonds in the amount of $72.6M, and approved the applicable bond documents including the indenture and supplemental indenture.
06/26/18	PAG 18-05	PAG petitioned the PUC for review and approval of its proposed contract with Korando Corporation related to the container yard improvement project, concrete asphalt pavement, and fire hydrant repairs. The contract award amount was $2.77M. The work included repair, improvements, and incidental work related to the project (fire hydrant, manhole repair, and valve replacement). The bid pricing included

		prices for pavement markings, asphalt cement, concrete pavement repair or replacement, Portland Cement concrete pavement repair or replacement, and fire hydrant adjustments and repairs. Five firms submitted bids, and Korando Corporation was determined to be the most responsive and responsible bidder. The ALJ found that the bidding process was proper, and that Korando had experience with this type of improvement project. He recommended approval. The Commission approved the contract with Korando Corporation and approved the contract award of $2.77M.
08/30/18	PAG 18-04	PAG sought approval from the PUC for certain rates for users of the Agana and Agat Marina. The Agana Marina user fees would increase considerably, as would commercial use fees. The PUC consultant Slater/Nakamura found that the proposed rates were extremely conservative, and that such increase would be a good source enabling PAG to recover a greater proportion of marina-operating expenses and capital improvement costs. According to Slater, the proposed fee increases were "just and reasonable." A Public Hearing had been held, with both supporting and opposing testimony. The marina users felt that the Port had not justified the fee increases. The Commissioners believed that the matter should be tabled until the next meeting to further consider timing of the increases, and they unanimously approved the motion to table.
08/30/18	PAG 18-06	PAG sought approval from the PUC for certain task orders related to its owner's agent engineering services contract with WSP, formally known as Parsons Brinckerhoff. The services provided under the contract included professional and technical support in the areas of design and engineering, financial consulting, and other related services concerning rate petitions. Technical services were provided concerning the Marine Service Life Extension Project, implementation of the Terminal Operating System, program development for the dismantling and destruction of cranes no. 2 & 3, the procurement of transport, and installation of the replacement crane no. 3, a review of Port progress on

the facility and equipment maintenance, and assistance with planning and construction projects under the Port CIP. Assistance was also sought for development of a health and safety program. The Commission ratified Task Orders Nos. 7 & 8 with WSP and Task Orders Nos. 5 & 6. The amounts approved for these task orders were, respectively, $1,194,615.00, and $381,332.00.

Telecommunications

TeleGuam Holdings, LLC, dba GTA

Date	*Docket*	*Action*
01/30/18	GTA 17-07	This docket concerned the assessment of administrative fees by the PUC against the telecommunications companies to fund the operations of the PUC. In its annual budget, PUC administrative fees are divided between the regulated entities, including telecom companies. The telecom portion is further apportioned among the telecom companies by a formula which uses the percentage of regulatory fees assessed against each company during the preceding year. GTA had requested that the PUC consider whether GTA and larger telecom companies were paying too great portion of the annual assessment fee. The total assessment was roughly $96,000 per annum for all telecom companies. The ALJ agreed that all telecom companies benefited from certain PUC activities, including those involving the E911 system, issuance of certificates of authority, and the undertaking of other regulatory activities. After a hearing, all of the telecom parties had entered into a stipulation whereby they agreed to a baseline assessment for the telecom parties. A certain amount was agreed to for the assessment for each of the parties. However, the baseline assessment would not be sufficient to pay all of the administrative fees. After the companies paid their baseline assessments, the PUC would consider the regulatory fees incurred by the companies in the prior year and determine the balance of fees owed in the manner that it has always used. The Commission approved the Stipulation of

		parties regarding the assessment of PUC administrative fees.
2/1/18	GTA 18-01	This matter came before the PUC upon the Joint Petition of TeleGuam Holdings LLC and Pacific Data Systems for Arbitration of Interconnection Agreement. This docket involves the fourth negotiation of an Interconnection Agreement between the parties. Initially, the parties presented approximately 100 issues for arbitration. That list of issues was reduced down to 18. After a formal arbitration hearing, the ALJ presented his recommendations upon the issues to the Commissioners. GTA had proposed additional definitions in the agreement concerning calls originating on Guam, and the exclusion of interstate calls and "toll traffic" from inclusion in the Agreement. The ALJ recommended that the PUC adopt GTA's proposed definitions. The definitions included "loop", "Remote Equipment Center" and others. The ALJ agreed that there should be more adequate definitions for those terms. The definition of "main distribution frame" was also revised. Although GTA sought to eliminate the "Collocation Attachment" from the Agreement, the ALJ recommended that it be updated and retained. The Collocation Attachment will establish what collocation facilities now exist, the requirements of such facilities, what kind of cage or space is used, and the power requirements needed to update the collocation attachment. The ALJ further recommended that the definitions of "loops" and "sub-loops" be defined as set forth in the prior TELRIC Study. The main change is that what were previously "loops" from the RECs were now priced as "sub-loops." PDS would not pay any more for sub-loops than it did for what were previously "loops". GTA's definition was found to be consistent with the TELRIC Study. Certain services were deleted in the proposed ICA, including inside wire, dark fiber transport, and dedicated transport. The ALJ found that the proposed Pricing Attachment was in accordance with the definitions that the ALJ recommended for adoption by the PUC. The existing notice provision of 90 days was retained, rather than adoption of a 180 days' notice. The ALJ indicated that

		if the Commissioners agreed with the recommendations, the parties would make final revisions to the ICA and seek final approval from the Commissioners. The parties both thanked the ALJ for his work on the matter. The Commissioners approved the Recommendations of the ALJ and adopted the Arbitration Order.
2/22/18	GTA 17-07	The ALJ brought a request before the PUC to approve PUC Amended Rules Governing Telecommunications Companies. The request was to amend Rules Governing Regulatory Fees for Telecommunications Companies as adopted in Docket 05-01. As a result of a proceeding conducted by the Administrative Law Judge, the telecommunications companies agreed upon a new fee structure for administrative fees charged annually by the PUC to the telecommunications companies for the PUC administrative expenses. The telecom parties had agreed to a Stipulation whereby each company would be charged an annual baseline administrative fee by the PUC. If the baseline fees were not adequate to pay the entire amount of the fees owed to the PUC, the companies would then be charged based upon the percentage of the total regulatory fees incurred by each company in the prior year. Thus, the PUC had a need to amend its existing Rules governing Regulatory Fees for Telecommunications Companies. At its meeting, there was not a quorum sufficient to approve the new Rules governing Regulatory Fees. However, the Acting Chairman determined that he would sign the Order, subject to ratification by the other PUC Commissioners. The Acting Chairman signed an Order which approved the new Amended Rules Governing Telecommunications Companies. The Amended rules were adopted and approved. The Amended Rules provided for a baseline assessment against each telecom carrier to the PUC for annual administrative expenses. For any year in which the PUC administrative expenses exceeded the amount of the baseline assessment, the remaining balance at such administrative expenses would be apportioned among the Telecom carriers based upon that carrier's

		percentage of the total regulatory fees assessed against all carriers for the prior fiscal year.
3/29/18	GTA 17-07	The PUC ratified the Acting Chairman's Order approving the Amended PUC Rules and Regulatory Fees for Telecom Companies. The Commissioners also ratified the Acting Chairman's Order approving amendment of the FY2018 PUC Assessment Order regarding Assessment for Telecommunications Companies, incorporating the new method and rules for determining the respective apportioned fee of each telecom company.
3/29/18	GTA 18-01	PDS and GTA presented their final Interconnection Agreement to the PUC for approval. It provides for colocation and other services, such as UNEs, loops, and subloops etc. Previously, the PUC approved the ALJ's recommended changes to the Interconnection Agreement. The ALJ has reviewed the proposed Agreement, and the parties did make the changes that were approved by the Commission. This is the final Agreement of the parties which they accept as their filed Interconnection Agreement. Before an Interconnection Agreement may be approved by the PUC, the PUC must find that the Agreement does not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. The ALJ has certified his belief that the proposed Agreement does not discriminate against any third party not a party to the Agreement. The Agreement is consistent with the public interest, convenience, and necessity. The Commissioners approved the Interconnection Agreement between GTA and PDS, and adopted an Order which found that the Interconnection Agreement does not discriminate against any third party not a party to the Agreement.
8/30/18	GTA 18-02	Before the PUC was a Request for Investigation of Transfer of E911 funds, which had been filed by Senator Telena Nelson of the Guam Legislature (also the Chairwoman of the Utilities Committee). PUC Counsel indicated that the Guam PUC was obligated to investigate whether any person or entity ... has violated any provision of this Act...", the "Act" being the E911 law. The PUC authorized an investigation, under the purview of the Administrative Law Judge,

		to investigate the facts concerning alleged mis-expenditures of E911 funds.
8/30/18	GTA 18-03	The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that TeleGuam Holdings, LLC, is eligible to receive federal high-cost support for program year 2019. PUC certified that TeleGuam Holdings, LLC, used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.
8/30/18	GTA 18-04	The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that TeleGuam Holdings, LLC, f/k/a Pulse Holdings LLC, is eligible to receive federal high-cost support for program year 2019. PUC certified that TeleGuam Holdings, LLC, f/k/a Pulse Holdings LLC used such support in the preceding calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.

PTI Pacifica Inc.

Date	*Docket*	*Action*
9/27/18	PTI 18-01	The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that PTI Pacifica Inc., is eligible to receive federal high-cost support for program year 2019. PUC certified that PTI Pacifica Inc. used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.

Docomo Pacific Inc.

Date	*Docket*	*Action*
9/27/18	Docomo 18-01	The PUC issued its annual certification to the Federal Communications Commission and the Universal Services Administration Company that Docomo Pacific Inc., is eligible to receive federal high-cost support for program year 2019. PUC certified that Docomo Pacific Inc., used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent in section 254(e) of the Communications Act.

PUC Administrative Matters

Date	*Action*
10/26/17	The PUC increased the hourly fee for PUC Consultants from $175.00 per hour to $200.00 per hour. The PUC also adopted a New Consultant Billing Protocol. Pursuant to the new Protocol Consultants could submit their billings directly to the utilities for whom services were performed, with copies to the PUC. The purpose was to assist in expediting payment of Consultant bills. However, the Utilities will still submit fee payments to the PUC; the PUC will then distribute fee payments to the Consultants.
4/26/18	Counsel indicated to the PUC that there had been some delays in the preparation of the E911 report. However, upon further research, Counsel discovered that the legal requirement in the law that the PUC prepare an E911 report annually had been deleted when the E911 Surcharge Law was codified by Public Law 32-96. The PUC approved the filing of a summary E911 report for FY2018, and a statement that this report would be the "final" PUC report filed on E911 due to the elimination of the requirement in the law.
4/26/18	Counsel indicated that the contracts for various consultant positions with the PUC were set to expire. There was a need to issue and publish six Requests for Proposals for PUC Consultants: Guam Solid Waste Authority, GPA/GWA, Port Authority, Telecommunications, PUC Attorney, and Administrative Law Judges. The Commissioners approved the Ads for the six requests for proposals, including Water/Power, Solid Waste, Telecommunications, Port Authority, ALJ, and Legal Services/Attorney.
4/26/18	The PUC extended its contract for Administrative and Bookkeeping services for an additional year.

9/27/18 The PUC approved the FY2019 PUC Administrative Budget and Annual Assessment Order. In addition, PUC adopted Resolution 18-03 for Approval of various Consultants Contracts: Consultants for Solid Waste, Water & Power, Telecommunications, Administrative Law Judges and Legal Counsel. The PUC approved issuance of Notices of Final Awards to six consultants. Finally, the PUC approved a one year extension of the Contract for PUC Administrator.