Speaker's Office <speaker@guamlegislature.org>

M&C Fwd: Submission of 2018 CCR

1 message

Speaker's Office <speaker@guamlegislature.org>
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>
Bcc: Tina Muna Barnes <tinamunabarnes@gmail.com>

Fri, Aug 30, 2019 at 12:28 PM

08-30-19	12:23 PM	08-30-19	FY2018 Citizen Centric Report.	Public Utilities Commission	35GL-19-0965

35GL-19-0965
Speaker Tina Rose Muña Barnes
AUG 30 2019
Time 12:25 ( )AM (X)PM
Received By: mgtt

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
speaker@guamlegislature.org

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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Lou Palomo** <lpalomo@guampuc.com>
Date: Wed, Jul 31, 2019 at 2:50 PM
Subject: Submission of 2018 CCR
To: Speaker Tina Muña Barnes <speaker@guamlegislature.org>, Public Auditor Benjamin J. Cruz <admin@guamopa.com>
Cc: <clerks@guamlegislature.org>, DOREEN T CRISOSTOMO <doreentc@triton.uog.edu>

Hafa Adai Speaker Tina Muna Barnes and Public Auditor Benjamin J. Cruz,

On behalf of the Public Utilities Commission of Guam and in accordance with Public Law 30-127, I hereby submit its 2018 Citizen Centric Report. Should you have any questions or concerns in this regards, please contact our office for further clarification.

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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2019 AUG 30 PM 12:40

2 attachments

image001.gif
1K

2018 CCR Guam Public Utilities Commission.pdf
453K

0965

CITIZEN CENTRIC REPORT FY2018

PUBLIC UTILITIES COMMISSION OF GUAM

414 West Soledad Avenue, GCIC Building Suite 207 Hagatna, Guam 96910
Website: guampuc.com Telephone Number: (671) 472-1907 Fax Number: (671) 472-1917

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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 2018 include:

Filomena M. Cantoria

Jeffrey C. Johnson

Joseph M. McDonald

Michael A. Pangelinan

Peter B. Montinola

Rowena E. Perez

Mark Miller

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

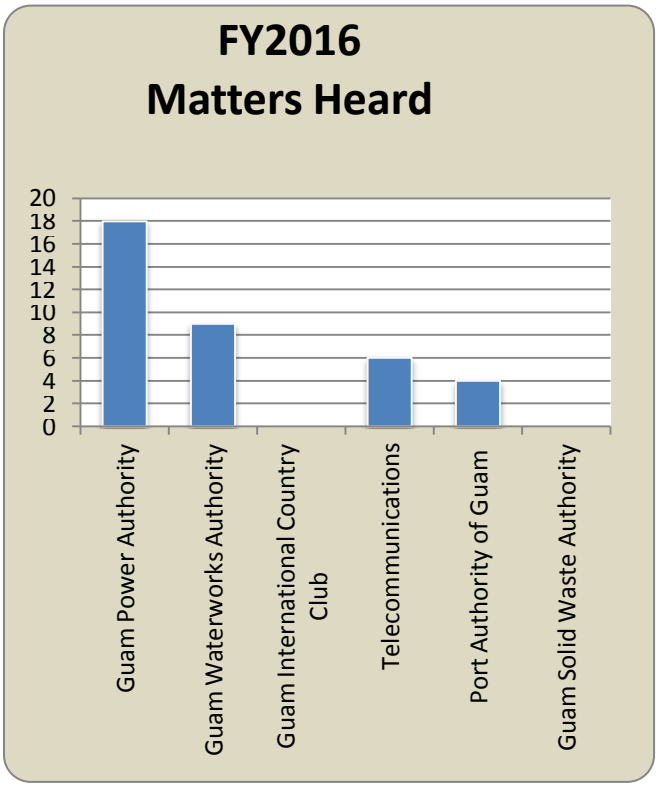
When a utility seeks a rate increase, the PUC must conduct proceedings in accordance with the rights of ratepayers under the Ratepayer Bill of Rights. The fundamental rights of the ratepayers include:

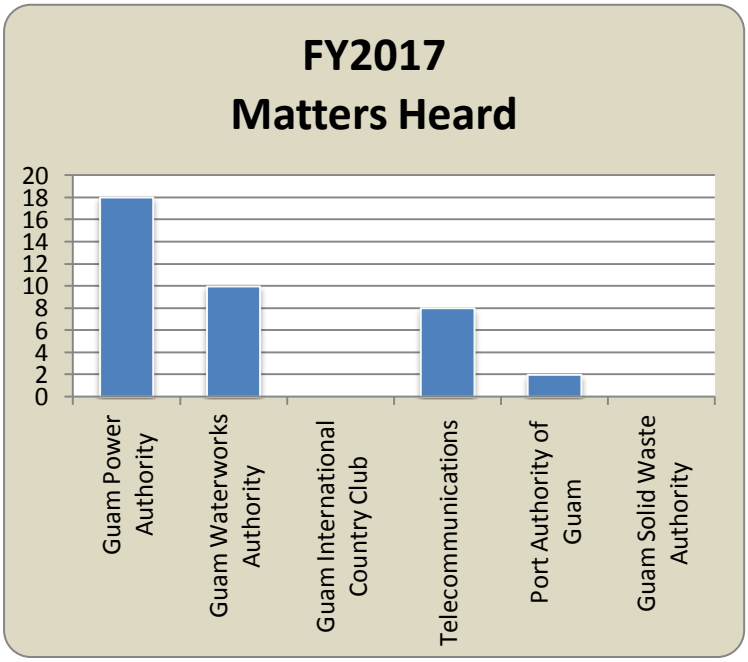
- the right to receive clear and adequate notice of any proposed rate increase;
- the right to be fully informed about and to fully evaluate any proposed rate increase, as well as the finances of a Public Utility; and
- the right to give input and participate in any proposed rate increase.

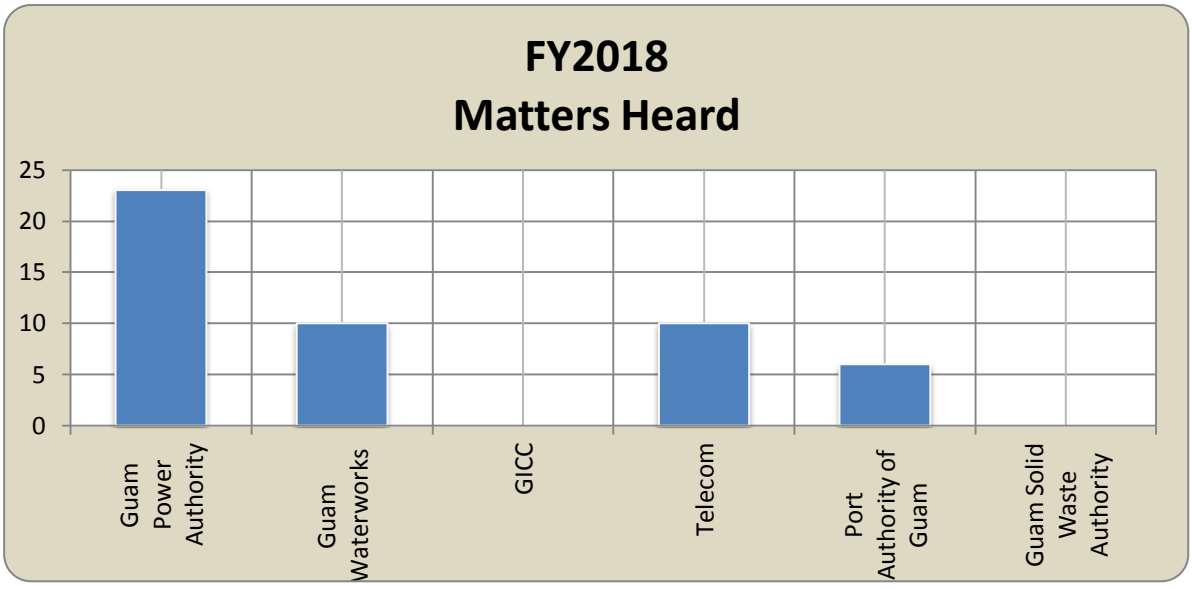
The PUC is required to conduct three public hearings for each rate increase. The PUC conducts various types of hearings on regulatory matters, including requests for rate increases, public opportunity to comment on proposed rulemaking, proposed agency action, and contested or disputed matters involving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

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 2018 are listed below. The following graphs show how the workload of the PUC for matters heard was apportioned between the utilities during the last three fiscal years:

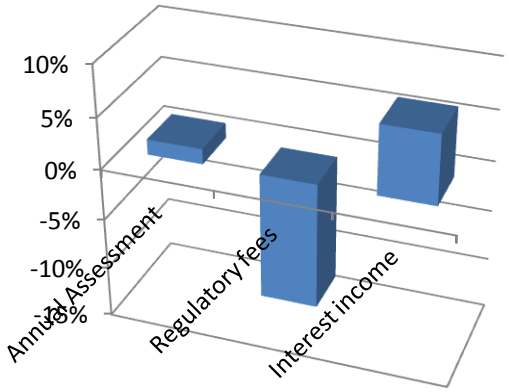






FY2018	Numbers of matters heard	Number approved	Number denied	Number granted in part; denied in part
Guam Power Authority	23	19	1	3
Guam Waterworks Authority	10	9	0	1
Telecommunications	10	8	1	1
Guam International Country Club	0	0	0	0
Port Authority of Guam	6	5	1	0
Guam Solid Waste Authority	0	0	0	0

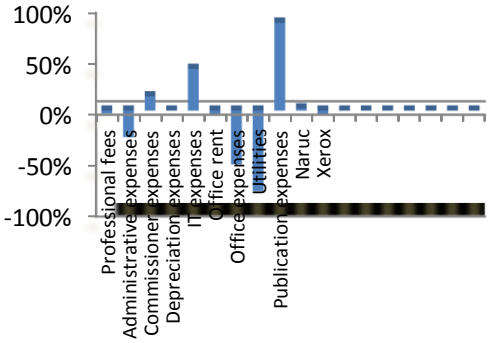
Revenues and Expenses



For the Fiscal Years Ended September 30, 2018 and September 30, 2017

Revenues	2018	2017	% Change
Annual assessment	$ 499,800	$ 492,500	+1.48%
Regulatory fees	$ 345,582	$ 394,512	-12.40%
Interest income	$ 749	702	+6.70%
Total*	$ 846,131	$ 887,714	-4.68%

*Amounts may not add due to rounding.



For the Fiscal Years Ended September 30, 2018 and September 30, 2018

Expenses	2018	2017	% Change
Professional fees	$ 536,955	$ 551,539	-2.64%
Administrative expenses	42,500	57,500	-26.09%
Commissioner expenses	$ 109,515	96,112	+13.95%
Depreciation expenses	1,168	1,168	0%
IT expenses	3,600	3,615	.41%
Bad debts	-	-	-
Office rent	29,471	30,608	-3.71%
Office expenses	2,859	6,058	-52.81%
Utilities	4,403	4,438	-.79%
Publication expense	43,864	23,553	+86.24%
Naruc expenses	1,802	1,765	+2.10%
Xerox	3,685	3,872	-4.83%
Total*	$ 799,822	$ 780,228	+2.51%

*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. This expense 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. FY2018 professional fee expenses decreased from previous years.

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. 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. It is anticipated that PUC's scope of work will increase in FY2019 due to the ending of the federal receivership of the Guam Solid Waste Authority and the return of full rate making responsibility to the PUC. During FY2018, PUC was able to handle its workload within budget and available regulatory resources.

Likelihood of Future Rate Proceedings

In recent years, rate increases have been 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 has indicated that it will file a five-year rate case this year, with an estimated total rate increase of 38% over the five-year period. In accordance with its a twenty-year capital improvement project plan, additional substantial increases are planned over the remaining fifteen years to fund projected CIP projects. This will be a major rate case proceeding. With GSWA, PUC must conduct a management audit. A cost of service study will be done to determine whether, at present, the tipping fees of GSWA are 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 Chief Administrative Law Judge Frederick J. Horecky (671) 472-1907