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OF GUAM

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February 27, 2020

VIA HAND DELIVERY

35GL-20-1610
Speaker Tina Rose Muña Barnes

MAR 0 3 2020
Time 11:16 ( )AM ( )PM
Received By: glm

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

2020 MAR -3 PM 12:48

Re: Guam Public Utilities Commission FY2019 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 2019.

During the past fiscal year, the Guam Public Utilities Commission ["GPUC"] has continued 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.

With the end of Federal Receivership, the Guam Solid Waste Authority ["GSWA"] is now within the full regulatory oversite supervision of the GPUC. During FY2019 the GPUC took a number of steps to create the regulatory framework for its relationship with GSWA. Pursuant to 10 GCA §51A119, the Guam Legislature required that PUC perform a management audit of GSWA. The GPUC approved the final proposal for the

audit and a scope of work in consultation with its Consultant Municipal Solid Waste Consultants ["MSW"] and GSWA. The audit will evaluate the productivity and efficiency of the GSWA system. The results of the audit should assist GPUC in exercising its regulatory functions regarding GSWA, and will assist GSWA in undertaking its management responsibilities. The Management Audit is now well under way and should be completed in FY2020.

In accordance with 12 GCA § 12105, the GPUC is required to review GSWA contracts which "could increase rates." Pursuant to such authority, PUC and GSWA negotiated a "Contract Review Protocol" which governs the procedure by which PUC reviews GSWA contracts. Basically, PUC reviews GSWA contracts which exceed $750,000. The PUC approved the Contract Review Protocol between GSWA and PUC, and will now review all GSWA procurements or contracts which exceed $750,000.

Despite rising fuel prices, for FY2019 the GPUC was able to maintain the LEAC [Levelized Energy Adjustment Clause] factor for the Guam Power Authority at a constant rate of $0.154242/kWh. Maintaining the LEAC at the same level helped to enable GPA to reduce its under-recovery from $18M in January 2018 to $3.3 million by January 31, 2020.

GPUC continued to support GPA's efforts to develop proposals for a new 180MW power plant and upgrades to the power system. GPUC increased funding for GPA's Engineering, Procurement and Construction Management Contractor for a new power plant. GPUC approved a new Ultra Low Sulfur Diesel Pipeline for the Tank Farm and Piti 7,8, and 9 power plants. It also approved the Inspection and Refurbishment of the Bulk Storage Fuel Tanks, which would be converted to the storage of Ultra Low Sulfur Diesel.

GPUC also maintained its ongoing support for the development of the Guam solar industry and the net metering program. The GPUC rejected GPA's attempt to reduce the compensation to net metering customers for production of solar power from the "retail rate" (where GPA reimburses net metering customers at the same rate it charges its customers) to an "avoided cost" rate. The "avoided cost" rate was equivalent to $0.161995/kWh versus the retail rate of $0.24886/kWh. The PUC held that it would not consider reduction to the compensation rate to net metering customers until net metering customers produced at least 26MW of solar power (which is 10% of the peak load of 260MW) or GPA completed certain required independent studies.

The GPUC approved various contracts designed to improve the GWA water and wastewater systems. These included the contract with Infratech International, LLC, for the Route 1 Asan-Adelup-Hagatna Sewer Rehabilitation and Replacement Project and a contract with Mega United Corporation for Fire Hydrant Replacement (replacing seventy-eight dry barrel fire hydrants with wet barrel fire hydrants).

Doc. No. 35GL-20-1610.

Although the Port Authority of Guam ["PAG"] initially proposed to increase its Marina use fees, it later requested to table such proposal. The monthly fees for residential and commercial boat owners would have been increased. Pursuant to its Consultant's recommendation, the GPUC tabled the matter. To date, PAG has not requested that the GPUC further consider an increase in Marina use fees.

In the Telecommunications area, the PUC addressed a number of interconnection agreements between private telecom companies on Guam, and amendments to interconnection agreements. Such review by GPUC is required by Federal Law. GPUC continued to perform its annual obligation of certifying to the Federal Communications Commission that local carriers are in compliance with the Universal Federal Support Program. The PUC Certification enables local companies to obtain federal funds for the development and improvement of the telecommunications infrastructure. Such funds benefit local companies and the ratepayers of Guam.

In a landmark ruling, the GPUC held that the Government of Guam, the Department of Administration, and its Directors, may not lawfully utilize E911 surcharge receipts for any purpose not specifically authorized in the Surcharge Law. Said entities had unlawfully utilized E911 for other government purposes that did not benefit the E911 system or the ratepayers of Guam. It is hoped that this precedent will help to ensure that adequate funds are available for improvement of the E911 system.

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.

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

Doc. No. 35GL-20-1610.

Attachment A
Significant Regulatory Action – FY2019

Guam Power Authority

Date	*Docket*	*Action*
10/25/18	GPA 19-01	GPA petitioned the PUC for approval of the procurement for Bulk Storage Fuel Tanks Inspection and Refurbishment. The Bulk Storage Fuel Tanks are used to supply fuel to GPA's baseload units. The tanks are required to comply with USEPA regulations. There had been no internal inspection and refurbishment of the tanks in over 10 years. When the inspection and refurbishment are completed, the tanks will be utilized to store ultra-sulfur diesel oil to supply existing plants as well as the proposed 180MW power plant. The PUC determined that GPA is required to ensure that the tanks comply with certain industry safety standards and federal regulatory requirements set by the USEPA. The Procurement Documents and proposed contract were adequate to protect the interests of GPA and its ratepayers. The PUC approved GPA's request to procure the Bulk Storage Fuel Tanks Inspection and Refurbishment.
10/25/18	GPA 19-02	GPA petitioned PUC for approval of the procurement for a new Ultra-Low Sulfur Diesel Pipeline. The pipeline would be designed to provide ULSD to the Piti Tank Farm, with tie-ins for Piti Power Plants No. 7, 8, and 9. The funding for the project, $5,900,000, would be the Cabras No. 3 & 4 insurance proceeds. The pipeline was necessary to improve the supply of fuel to the power plants, increase reliability of fuel supply, and reduce supply/delivery issues and costs incurred. The PUC approved GPA's procurement of a new ULSD Pipeline.
10/25/18	GPA 19-03	GPA sought PUC approval of its Property Insurance Contract with DB Insurance Co. Ltd. through its local agent, AM Insurance. The Policy was for the period of November 1, 2018 to October 31, 2021. GPA is required to maintain property insurance under its Bond Indenture. The Property Insurance included Boiler and Machinery, and Terrorism coverage. The

Doc. No. 35GL-20-1610.

		PUC determined that the cost of the Property Insurance was less than the prior insurance period. The PUC approved GPA's Property Insurance Contract at an annual cost of $4,355,000 for each of next three-year policy periods.
11/29/18	GPA 18-09	GPA requested that the PUC increase the Stanley Engineering, Procurement and Construction Management (EPCM) Contract. The increase sought was in the amount of $2.6M for consulting and technical services through 2021/2022. Stanley is GPA's consultant for the proposed 180MW power plant. Stanley would assist GPA in numerous services including the procurement process for the IPP of the new power plant, project management for the new power plant, engineering services as Owner's representative, construction services, and regulatory support. The PUC found that GPA clearly needed the services of the EPCM contractor for the substantial, technical undertaking of the new 180MW plant. The technical assistance was needed to guide GPA through the construction and commissioning process. However, the ALJ recommended a reduction in the proposed budget of $60,000 for "regulatory support", since there was already a separate allocation for a rate impact study. The PUC authorized GPA to expend up to an amount not to exceed $2.4M for consulting and technical services under the Stanley EPCM Contract through 2022. The source of such funds was the Cabras No. 3 & 4 Insurance proceeds.
12/27/18	GPA 19-08	GPA requested PUC approval to exercise the second extension option under the Diesel Fuel Supply Contracts with Mobil Oil Guam, Inc. and Isla Petroleum and Energy LLC. An extension was sought on the Mobil and IP&E contracts from January 1, 2019 to December 31, 2019. GPA estimated that the cost of exercising the second option was approximately $76M for the estimated 700,000 barrels of fuel oil to be consumed. The PUC found that the cost for the second extension was less than that of the first option to extend. The PUC approved GPA's petition as a continuous supply of diesel fuel oil was necessary to maintain GPA's electric power generation capacity.

01/31/19	GPA 19-07	GPA petitioned the PUC to maintain the Levelized Energy Adjustment Clause Factor at $0.154242/kWh effective for meters read on or after February 1, 2019. The PUC determined that GPA was experiencing an under-recovery of between $5.3M and $9.3M on its fuel cost. Maintaining the LEAC factor at its current level would actually still not be adequate to fully recover GPA's fuel costs for the upcoming 6-month period. The most recent five-day average in fuel pricing indicated that RFO had increased from $66 per barrel when GPA's petition was filed to nearly $72 per barrel in January 2019. The under-recovery at the end of the upcoming LEAC period could be as high as $9.34M. For that reason, it was not appropriate to reduce the LEAC factor at the present time. The PUC authorized GPA to maintain the Fuel Recovery Factor at $0.154242/kWh effective for meter read on or after February 1, 2019.
03/28/19	GPA 19-08	GPA requested PUC approval to exercise the First Extension Option under the Management, Operation, and Maintenance of GPA's Fuel Bulk Storage Facility Contract with IP&E. GPA sought to exercise the 1-year contract extension of the Performance Management Contract with IP&E. The PUC had previously determined that a PMC for the Fuel Bulk Storage Facility was "responsible, prudent and necessary." The cost of the first extension was $859,320, only very slightly more than the second year of the PMC's first year term. The PUC approved GPA's exercise of the first option to extend the Performance Management Contract with IP&E Guam LLC from October 1, 2019 to September 30, 2020. GPA was authorized to expend up to the amount of $859,320 for the first extension.
05/30/19	GPA 19-04	GPA sought PUC approval to modify the current Net Metering Rider by providing a retail rate for net metering credits to an avoided cost for net metering credits with a 5-year phase-in approach. The current net metering rider allowed customers to be credited at retail rate for energy produced (i.e., the same rate as GPA charged its ratepayers) and to carry forward excess credits at the retail rate. The customer could either carry the credits forward or have GPA purchase

the remaining credits at a one-to-one retail rate. GPA proposed, instead of a retail rate for customer credits, to substitute a "value of solar" or avoided cost rate. PUC's consultant Daymark recommended that PUC reject GPA's proposal because it would not encourage the growth of renewables at the customer level as the Guam Legislature had intended. The proposed framework would increase the payback period for customers since most NEM customers were leasing generators and receiving smaller bill reduction benefits. In most U.S. States, NEM customers were still credited at the full retail rate. Daymark proposed that when the capacity of customer-generator installations exceeded an aggregate KW CAP (10% of the utility's system peak demand (261MW)), the PUC should again review the net metering program and determine whether new "net metering" customers should continue to be reimbursed for credits at the "retail" rate. A full balanced benefit-cost analysis should be conducted analyzing all impacts of distributed generation, which would enable GPA to more fully consider avoided costs and benefits that are used in the VOS rate calculation. GPA claims that it loses approximately $3M per year as a result of the net metering program. Daymark suggested that GPA include its lost revenue in its next base rate case filing. The PUC denied GPA's request to modify the current Net Metering Rider to provide avoided cost for net metering credits. The PUC established a new level of penetration for net metering customers to an aggregate 10% MW cap of a system peak demand of 261MW (roughly 26MW). The Net Metering Rider was amended to provide the PUC would again review the net metering program when the capacity of customer-generator net metering installations exceeded a peak demand of 26MW. GPA could apply to the PUC for further changes to the NM Rider if it completed a distribution system impact study and a full balance benefit-cost analysis of the impacts of distributed generation on the distribution system, and an independent third party consultant study determining the cost of grid and other services used by NEM customers (study undertaken upon joint

		approval of PUC and GPA). GPA was furthered ordered to include a rebate program for battery storage in the DSM program.
07/25/19	GPA 19-02	This matter came before the PUC upon GPA's Petition for Approval of the Contract for the ULSD Pipeline with AYM International, Inc. The primary purpose of the pipeline was to provide a system for the receipt of ULSD shipments from F-1 dock into the GPA Fuel Bulk Storage Facility. The Pipeline would supply ULSD to the Piti Tank Farm, with tie-ins to Piti Power Plants 7, 8, and 9. GPA issued an RFP, and AYM International Inc. was determined to be the lowest responsive and responsible bidder. The contract is to be completed within two hundred and seventy (270) calendar days. The total price for the project is $3,495,944. The funding source will be Cabras No. 3 & 4 insurance proceeds. The PUC approved GPA's contract with AYM International Inc., at a cost of $2,495,944.00.
07/25/19	GPA 19-10	GPA petitioned the PUC to increase the cost of its Utility Energy Service Contract with Siemans Industry, Inc. Siemans has a current Utility Energy Service Contract with GPA. GPA requested authorization to increase the costs of its Utility Energy Contract with Siemans to $1,933,000. Siemans has worked on a feasibility study on Guam Department of Education Schools for energy efficiency and renewable projects. GPA, GDOE, and Siemans have collaborated on grant proposals for several lighting retrofit projects at various GDOE schools. A number of grants were awarded. Projects that Siemans is working on are important to keep costs down for operating the island wide power system, as GDOE is one of the Government of Guam's largest consumers of energy. The PUC approved GPA's Petition to increase the cost of its Utility Energy Contract for Siemans to the amount of $1,933,000.
07/25/19	GPA 19-11	GPA again requested that the PUC maintain the current LEAC Factor at $0.154242/kWh effective for meters read on or after August 1, 2019. GPA cites fuel prices within the $72/74 bbl. range during the period. Maintaining the LEAC factor at the same rate for the upcoming LEAC period will still result in a projected

		under-recovery on January 31, 2020, of approximately $9.7M. However, it subsequently appeared that the under-recovery as of January 31, 2020, may be reduced to as low as $3,928,744. The PUC determined that the current LEAC factor should be maintained in price in order to further reduce GPA's LEAC under-recovery balance. GPA was authorized to maintain the Fuel Recovery Factor at $0.154242/kWh effective for meters read on or after August 1, 2019.
08/29/19	GPA 19-01	GPA petitioned the PUC to approve the Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment. It requested approval of the $8,969,510 GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment. The fuel tank facilities supply RFO fuel oil to GPA's baseload units. The bulk storage fuel tanks must be periodically assessed, calibrated and refurbished to comply with USEPA regulations. The tanks are currently due for inspection and refurbishment to keep them in compliance with USEPA regulations. These tanks will be used to supply ULSD fuel to the Piti Power Plants 7, 8, and 9 after those plants are converted for ULSD fuel, and to supply GPA's new 180MW power plant after it is completed. In response to the GPA IFB, GPA received only one bid from Tristar Agility. Tristar Agility was the lowest responsive and responsible bidder, and was therefore awarded the IFB contract. GPA had previously estimated that the Bulk Storage Fuel Tanks Inspection and Refurbishment would cost $8,000,000. While GPA might be able to obtain a cheaper price if it resolicited bids for the Inspection and Refurbishment, that option is not feasible because the Bulk Storage Fuel Tanks must be inspected and refurbished as soon as possible. Such inspection should occur every 10 years, but GPA is currently 2 years behind the industry standard in conducting the required inspections. This increases the possibility of a catastrophic failure occurring on one of the tanks. For those reasons, the PUC determined that it would approve the GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment, and that GPA was

		authorized to expend the amount of $8,969,510 for such contract.
08/29/19	GPA 19-12	GPA requested that the PUC approve its Contract for Supply of Diesel Fuel Oil to GPA. The current GPA contract to supply Diesel Fuel Oil No. 2 for the Baseload and Peaking Units expires on December 31, 2019. For site location No. 1 (Yigo CT and Aggreko) Mobil Oil Guam was determined to be the lowest most responsive bidder. IP&E Holdings LLC was determined to be the lowest, most responsive bidder for Site Location No. 2 (Macheche CT and Dededo CT). Mobil Oil Guam was determined to be the lowest most responsive bidder to provide diesel fuel oil for Site Location No. 3 (Piti 7). Mobil Oil Guam was also determined to be a lowest most responsive bidder for Site Location No. 4 (Cabras 1 & 2, MEC 8 & 9, and Manenggon Diesel Plant, and Talofofo Diesel Plant). The aggregate contract value for all site locations for the 2-year contract base period is estimated at $146,664,400.00 (subject to change depending on prevailing market price for diesel). GPA's awards of contracts to Mobil Oil and IP&E Guam are based upon the fixed service fee offered by each company for each location. The total estimated quantity of gallons of diesel fuel oil for the 2-year contract base period is 70,400,000 gallons. For the 2-year contract period, there are estimated savings of $1,556,000.00 (over the existing contract). The proposed Contracts appear to adequately protect the interests of GPA and its ratepayers. A continuous supply of diesel fuel oil is necessary for GPA to maintain its electric power generation capacity. For the foregoing reasons, the PUC approved the Contracts for Supply of Diesel Fuel Oil for the Baseload Plants, Fast-Track Diesel Plants and Combustion Turbine Plants to Mobil Oil Guam Inc. and Isla Petroleum and Energy Holdings, LLC. GPA was authorized to expend up to the amount of $146,664,400.00 for the 2-year contract base periods.
09/26/19	GPA 19-14	GPA requested that the PUC approve its FY2020 GPA CIP Ceiling Cap. It requested approval for its FY2020 Capital Improvement Project Cap in the amount of $23,780,278, which consisted of General Plant ($20,311,663) and Engineering ($3,468,615). This year's

		requested cap included some large "plant" items, including E1 Software Upgrade, Major Overhaul of the Tenjo Units #3, #4 and #6, Bucket Trucks, Portable Generators, and other plant renovations. While the proposed FY2020 CIP cap exceeds the FY2019 cap by nearly $1.8M, the amount of the CIP cap has been increasing considerably in recent years. However, a closer examination of the figures indicates that the cap was not really increasing much, if at all. Of the amounts included in the FY2020 cap, $7,113,298 actually constituted carry over amounts from the FY2019 cap. 17 projects were carried over from 2019 to 2020. Many of the FY2020 engineering projects were also FY2019 carry over projects. The ALJ found that the proposed CIP cap was reasonable, prudent, and in the interest of ratepayers. The GPA FY2020 internally funded CIP ceiling cap, which consisted of General Plant and Engineering, was approved in the amount of $23,780,278.
9/26/19	GPA 19-15	In accordance with the GPA Contract Review Protocol, GPA filed its Construction Budget Summary, externally funded, for FY2020-2022. For FY2020, the total construction budget from bond funds is $11,305,000; for FY2021, the total construction budget from bond funds is $1,424,000; for FY2022, the total construction budget from bond funds is $200,000. PUC is not required to take action upon this filing, but the filing was presented to Commissioners for information purposes.

Guam Waterworks Authority

Date	*Docket*	*Action*
11/29/18	GWA 19-02	GWA petitioned the PUC for approval of additional purchases of submersible pumps and motors with JMI Edison. For FY2019, GWA determined that it needs to purchase additional pumps and motors to maintain proper inventory levels of critical spares in accordance with established operations and maintenance practices. The estimated cost is $184,216.64 per quarter. 53 submersible motors of various sizes are

		estimated to cost $415,860.18; 96 submersible pumps of various types are estimated to cost $321,006.37 and a total cost for these purchases amounts to $736,866.55. The pumps and motors are necessary to operate GWA's one hundred and four (104) deep wells. The PUC approved the Petition and authorized GWA to purchase submersible pumps and motors for FY2019 from JMI Edison at a cost of $736,866.55.
11/29/18	GWA 19-03	GWA requested that PUC approve its Contract with Infratech International, LLC, related to the Route 1 Asan-Adelup-Hagatna Sewer Rehabilitation and Replacement Project. This sewer rehabilitation and replacement project is for the sewer line along Route 1, from the "War in the Pacific National Historical Park" in Asan to the Main Pump Station in Hagatna. The Consolidated Commission on Utilities determine that Infratech was the lowest responsive bidder and authorized funding in the total amount of $6,903,361.17. The work included sewer line cleaning, pipe repair work, installation of PVC pipes, rehabilitation of sewer manholes and traffic control work. The objective was to improve the sewer collection system by rehabbing, repairing and/or replacing sewer manholes and over 5,000 linear feet of gravity sewer line. GWA established that the subject contract would be funded entirely by grants or funds provided to GWA under the USEPA State Revolving Fund. The contract would not produce an increased revenue requirement for GWA. The PUC approved GWA's Petition and authorized it to enter into the subject contract with Infratech International LLC, for an amount not to exceed $6,903,361.17.
12/27/18	GWA 19-04	This matter came before the PUC upon GWA's Petition for approval of a multi-year contract for laboratory services provided by Eurofins Eaton Analytical, Inc. In response to GWA's IFB, only Eurofins submitted a bid. The estimated cost of the contract is $405,638.00 annually, which would result in a total contract award of $1,216,914.00 for an initial 3-year term. If GWA exercise two (2) year-long options to renew, the total amount would be $2,028,190.00. GWA is required under federal law to conduct scheduled testing on water and wastewater samples

		by a laboratory certified by the National Environmental Laboratory Accreditation Conference and accepted by the USEPA and Guam EPA. The contractor must provide monthly, quarterly, biannual and annual tests on GWA's water, wastewater, and unregulated contaminants. These tests measure levels of pesticides, metals and toxicity in GWA's water and wastewater. The projected source of funding for the contract is GWA revenues. The ALJ determined that the contract was reasonable in light of the requirements for a certified USEPA lab and required testing under federal regulations. Eurofins is qualified to provide the laboratory testing services. Based upon prior contracts, the PUC had previously approved similar contracts at a higher annual cost. Therefore, the PUC approved GWA's petition and authorized it to enter into the contract for laboratory services with Eurofins Eaton Analytical, Inc. for the initial 3-year term, and to exercise the two year-long options to renew the contract if GWA elects to do so, for a total amount of $2,028,190.00.
12/27/18	GWA 19-05	GWA petitioned the PUC for approval to extend the term of GWA's Laboratory Services Contract with Eurofins Eaton Analytical LLC. The proposed amendment would extend the contract term from August 3, 2018 through December 31, 2018. Although, Eurofin's prior Laboratory Services Contract with GWA expired on August 2, 2018, Eurofins continue to provide such services to GWA through December 31, 2018 through an amendment to the expiring contract. GWA request that PUC approve the amendment to its contract with Eurofins extending the term from August 3, 2018 through December 31, 2018. The PUC determined that both federal and local law require GWA to have laboratory services that were the subject of GWA's existing contract with Eurofins. It was reasonable, prudent and necessary to amend the existing Laboratory Services Contract with Eurofins. The PUC approved the amendment to the Laboratory Services Contract with Eurofins Eaton Analytical, LLC, extending its term from August 3, 2018 to December 31, 2018.

12/27/18	GWA 19-06	GWA petitioned the PUC for approval of the two-year extension of the contract with JMI-Edison and Total Chemical for the purchase of wastewater chemicals for the Northern, Hagatna, and Agat Santa Rita Wastewater Treatment Plants. The contract is for the purchase of Anionic Polymer, inorganic coagulant (aluminum chloralhydrate or ACH), and cationic polymer chemicals. GWA seeks to exercise the two year-long options for renewal contained in its contracts with JMI Edison and Totale Chemical. GWA has a continuing need for wastewater treatment chemicals for its daily operations and maintenance of its plants. Such Chemically Enhanced Treatment is required by the Federal Court Order. These chemicals are used for wastewater treatment. A negotiated price for Anionic Polymer is $1.98 per pound; the price for ACH is $1.25 per pound. The PUC authorized GWA to exercise the two year-long options to renew its contracts with JMI-Edison, at a cost of $686,649.60, and Total Chemical, at a cost of $3,484,620.00, for a total cost of $4,171,269.60.
12/27/18	GWA 19-07	GWA petitioned the PUC for approval of a multi-year lease agreement between GWA and Morrico Equipment. GWA requested that the PUC approve its contract with Morrico for the five-year lease of heavy equipment. This equipment is needed to perform capital improvement projects and smaller repairs to GWA's water and wastewater systems. Frequent repairs of GWA's ageing heavy equipment causes substantial portions of the fleet to be inoperable for extended time periods. GWA will lease from Morrico 3 backhoes, 3 heavy duty trailers, and 3 tandem dump trucks inclusive of full service and maintenance. The cost of the contract will be $19,347 per month, or a total of $1,160,829 for the entire five-year term. GWA cannot maintain affective operations with its ageing heavy equipment. Leasing is the most viable option to resolve the shortage of operable heavy equipment. The PUC approved GWA's Heavy Equipment Lease Contract with Morrico Equipment in the amount of $1,160,829.00.

5/30/19	GWA 19-09	GWA requested that the PUC ratify expenditures for additional security services under GWA's contract with G4S Secure Solutions for Security Services. GWA sought PUC approval to ratify the increase in the contract amount to $1,015,356.09. GWA had been authorized by the Consolidate Commission on Utilities to expend up to $1,000,000 for remaining security services costs under the contract. However, GWA exceeded its spending authority by $15,356.09. GWA used internal revenue funds to pay for the additional contract costs. GWA was requesting that the PUC ratify GWA's increase in the contract amount as the total cost now required PUC approval under the Contract Review Protocol. The PUC found that security services provided by G4S are an important safeguard protecting GWA's facilities, employees, and customers. Several recent security incidents had heightened the need for such security services. GWA's petition to ratify the additional $15,356.09 cost, exceeding the $1,000,000 contract review threshold for its security services contract with G4S, was approved by the PUC.
8/29/19	GWA 19-10	GWA petitioned the PUC for approval of its contract extension with JMI-Edison and Guam Pacific Enterprises, Inc. for the purchase of temperature sensors, submersible cables, booster pumps and motors. These items are needed as a preventative measure for ensuring all water system mechanical and electrical assets are replaced in a timely manner as part of normal production well and disinfection system. Having this necessary inventory on-hand allows GWA to continue providing reliable and quality water and saves time and costs to its rate payers. GWA requested the total of $1,366,795.69 for the two-year contract extensions with GPE and JMI-Edison. The PUC authorized GWA to exercise the two-year renewals in its contracts with GPE and JMI-Edison.
8/29/2019	GWA 19-11	GWA petitioned the PUC for approval of the contracts with JMI-Edison and Total Chemical for the purchase of Wastewater Chemicals for Northern, Hagatna, and Agat-Santa Rita wastewater treatment plants. GWA determined that JMI-Edison was the lowest responsive and responsible bidder for the anionic polymer and

		cationic polymer; Total Chemical Resources, Inc. was the most responsive and responsible bidder for inorganic coagulant aluminum chloralhydrate ("ACH"). Such treatment chemicals are required by federal USEPA regulation and the 2011 Court Order. The total cost of the two contracts for the chemicals is $4,060,750.00. These chemicals are necessary for wastewater treatment, for filtering wastewater, and for dewatering sludge. The PUC authorized GWA to enter into the proposed contracts with JMI-Edison, for a total cost not to exceed $1,064,053.53 for three years; and with Total Chemical at a cost not to exceed $2,627,536.56 for three years.
8/29/19	GWA 19-12	GWA petitioned the PUC for approval of its contract with Mega United Corporation for the Fire Hydrant Replacement Phase I. GWA requested that PUC approve the contract in the amount of $1,366,937. The work required in the contract is the replacement of seventy-eight dry barrel fire hydrants with wet barrel fire hydrants in Barrigada, Mongmong-Toto-Maite, Yona, Tamuning, Dededo and Chalan Pago. The PUC approved GWA's contract with Mega United Corporation for the Fire Hydrant Replacement Phase I in the amount of $1,366,637.00.

Port Authority of Guam

Date	*Docket*	*Action*
12/27/18	PAG 18-04	PAG sought certain rate changes regarding its Marina Use Fee Rates. The monthly fees for residential and commercial boat owners would be increased. However, the matter was not heard during this meeting because the PUC required additional time to review the matter. The matter was rescheduled until the January 2019 meeting.
1/31/19	PAG 18-04	The ALJ reported that this matter had been before the PUC since 2018. There had been outreach presentations on the PAG's proposed user fees as well as public hearings conducted in August 2018. The ALJ had found that the marina user fee increases were just, reasonable and necessary to finance PAG's obligations, capital improvement projects, and operating expense.

		The PUC had initially voted to table the matter pursuant to its Consultant's recommendation. The After a lengthy discussion, the Commission moved to approve PAG's request to table its petition for 90 days so that PAG could come back to present to the PUC its proposed new rates, a passenger fee, and any adjustments.
5/30/19	PAG 19-01	PAG requested PUC approval of an IFB award to Morrico Equipment, LLC, for the purchase of two 80,000 Pounds Loaded Container Handlers, at a cost of $1,639,976.00. In response to the IFB, Morrico was determined to be the lowest responsive bid and responsible bidder. The purchase of these top loaders is 100% federally funded by the U.S. Maritime Administration. The PUC approved the Bid Award to Morrico Equipment LLC for the purchase of two 80,000 Pounds Loaded Container Handlers (Top Loaders) at a total cost of $1,639,976.00.

Guam Solid Waste Authority

Date	*Docket*	*Action*
07/25/19	GSWA 19-01	This matter came before the Guam PUC upon the mandate of the Guam Legislature that the PUC perform a management audit of the existing operations of the Guam Solid Waste Authority. 10 GCA §51A119 requires that PUC perform a management audit of GSWA. PUC Consultant MSW and the ALJ prepared and defined the scope of the audit, and negotiated its cost with GSWA. MSW is highly experienced with municipal solid waste operations in the US and maintains databases and collection models that will enable it to validate the productivity and efficiency metrics of the GSWA system. The PUC, having reviewed the Final Proposal of MSW for the Management Audit, finds that the proposed tasks should be undertaken, and that the results of the audit should assist PUC in exercising its regulatory functions regarding GSWA, and will assist GSWA in undertaking its management functions. The PUC approved the FINAL PROPOSAL of MSW Consultants for the

		Management Audit of GSWA, and approved the total cost at $278,400.
07/25/19	GSWA 19-02	In accordance with 12 GCA § 12105, the PUC is required to review GSWA contracts which "could increase rates." Pursuant to such authority, the Administrative Law Judge and GSWA negotiated a "Contract Review Protocol" which governs the procedure by which PUC reviews GSWA contracts. Basically, PUC reviews GSWA contracts which exceed $750,000. The Commissioners reviewed the proposed Protocol, and approved establishing the threshold amount for contract review at $750,000.00. The PUC approved the Contract Review Protocol between GSWA and PUC.

Telecommunications

TeleGuam Holdings, LLC, dba GTA

Date	*Docket*	*Action*
12/27/18	GTA 18-02	The Chairperson announced that this agenda item would not be heard during the meeting this evening. The ALJ indicated that the report on the PUC investigation of transfers of E911 funds was almost complete; the matter would be heard during a special meeting to be held on January 7, 2019.
1/17/19	GTA 18-02	The ALJ gave his report on the PUC Investigation of Transfers of E911 Funds. The only reason this matter was listed as a "GTA Docket" is that GTA is the primary company handling E911 administrative matters. However, GTA had nothing to do with the investigation or the occurrences herein. This docket originated from a request by Senator Telena Nelson for an investigation of whether certain transfers of E911 funds by the Department of Administration to the General Fund violated Guam law in allowing uses of E911 funds for purposes other than those authorized by law. Senator Nelson alleged that nearly $4M was utilized from the E911 fund by the Department of Administration of the Government of

Guam for n0n-E911 purposes. The ALJ indicated that PUC has jurisdiction to investigate this matter pursuant to 12 GCA Chapter 12, Article 3. GPUC has the authority to determine whether the surcharge law was violated and, if so, what persons or entities violated the law. The ALJ conducted a four-month investigation. He interviewed various officials from the Government of Guam, including the Director of Administration and the Acting Fire Chief. He drafted recommendations and gave all parties involved, including the Department of Administration and former Directors thereof, the opportunity to present their positions at a hearing on the draft recommendations. He scheduled two hearings at the PUC office, but only the Director of Administration attended. The ALJ first recommended that the PUC require the Department of Administration to have a separate bank account for the E911 fund. By law the E911 fund is "created separate and apart "from all other funds of the Government." The ALJ found that the Government of Guam violated the E911's Surcharge Law by transferring E911 funds to the general fund for uses which did not involve the operation and maintenance of the E911 system. He also found that two former Directors of Administration violated the E911 Surcharge Law by permanently transferring E911 funds to the General Fund and authorizing the uses of E911 funds for purposes other than those specified in the law. Between FY2014 and FY2017, the Department of Administration transferred E911 funds to the General Fund as "inter-fund transfers." The transfers were later made "permanent". Although DOA characterized these transfers as "loans", there is no legal authority in the law for any transfers, loans or "inter-fund" transfers of E911 funds. The law expressly provides that "the E911 fund is exempt from any transfer authority." Over four years, a total of $3.88M was transferred from the E911 fund to the General Fund. However, the law only allows E911 funds to be used "solely" for enhanced 911 equipment and system costs as described in the Act. Such funds cannot be used for any other purpose unless

specifically approved by the Legislature. The ALJ found that there was a factual basis to find that the former Directors violated the law, as they approved the transfers. The Director of Administration is responsible for all actions and activities of DOA. The PUC adopted the recommendations of the ALJ, and ordered as follows:

(1) The Department of Administration must establish a separate bank account for the E911 Fund. The checks issued must be signed by the Department of Administration and the Fire Chief.

(2) Past Directors of DOA violated the surcharge law by unlawfully transferring nearly $4M from the E911 Fund to the General Fund in fiscal years 2014 through 2017. The Department of Administration and the former Directors should be given a reasonable opportunity, within 120 days, to cure the violations of the Surcharge Law by transferring, reimbursing, and redepositing the amount of $3,880,714.62 back into the E911 Fund. If DOA and the former Directors of Administration did not cure such violations, the PUC would then determine whether such violation should be referred to the Attorney General's Office for Prosecution and whether civil penalties, not to exceed $10,000.00 per infraction, should be imposed.

5/30/19 GTA 18-02 The ALJ reported to the Commission confirmation by various government officials, including the Director of Administration and the Guam Public Auditor, that the E911 fund had been reimbursed in the amount of $3,880,000 in late April 2019. Furthermore, the Governor's Office issued a press release indicating that the E911 Fund had been reimbursed as ordered by the PUC. The ALJ indicated that the Department of Administration had complied with the Commission's January 17, 2019 Order, and the docket was now ready to be closed. The Commissioners requested that the ALJ determine whether the Fire Chief was now approving all expenditures from the E911 Fund. The PUC voted to table the matter until the next meeting.

7/25/19	GTA 18-02	The ALJ reported to the Commission that he had confirmed that the Department of Administration does maintain a separate E911 revenue account at the Bank of Guam with its own account number as part of the General Fund and that every transaction is recorded for this special fund account. The DOA pays for E911 expenses from the General Fund and obtains reimbursement from the E911 revenue account. The Fire Chief is involved in the process; DOA has now issued a memorandum requiring the Fire Chief to be advised of transactions relating to the E911 revenue fund, and that the Fire Chief has five days to give his input on such transactions. The ALJ recommended that the Commission amend its January 17, 2019 Order to authorize the current E911 account that DOA has made and the current procedure for transactions relating to that account that DOA has implemented. BBMR Director Lester Carlson confirmed the ALJ's statements concerning the E911 account. The PUC amended its January 17, 2019 Order to require that the Fire Chief be given at least five days of notice by the Department of Administration before DOA reimburses the E911 Fund for any expenses from the E911 revenue savings account.
9/26/19	GTA 19-01	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 2020. 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.
9/26/19	GTA 19-02	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 2020. PUC certified that TeleGuam Holdings, LLC, f/k/a Pulse 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.

PTI Pacifica Inc.

Date	*Docket*	*Action*
3/28/19	PTI 19-01	PTI and GTA submitted their Interconnection Agreement for approval by the PUC pursuant to Section 252(e) of the Telecommunications Act of 1996. The proposed Interconnection Agreement was for a term of three years. PTI's wireless network was interconnected to GTA's landline network through PTI's wireline network. The agreement describes and enables specific interconnection and Reciprocal Compensation arrangements between the parties for the exchange of CMRS Non-Access Traffic with GTA's wireline Non-Access Traffic. The Agreement provides detailed provisions concerning services to be provided, payment requirements, dispute resolution, handling of confidential information, default, good faith performance, indemnification, insurance, liabilities and other matters. The parties successfully negotiated a number of issues and agreed upon an Interconnection Attachment and a Pricing Attachment. The parties reached final and complete resolution of all issues concerning the acceptability of the Interconnection Agreement. The PUC found that the Agreement does not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. It further found that the Agreement was consistent with the public interest, convenience, and necessity. The rates in the Pricing Attachment appeared to be "just and reasonable." The PUC approved the Interconnection Agreement between PTI and GTA, executed on February 27, 2019, pursuant to 47 USC 252[e][4].
3/28/19	PTI 19-02	PTI and GTA petitioned the PUC to approve their Wireline Interconnection Agreement pursuant to

		Section 252(e) of the Telecommunications Act of 1996. The Wireline Interconnection Agreement provided for a term of three years. The Agreement establishes the interconnection of the Parties' facilities and equipment for the transmission and routing of wireline telecommunications traffic between the respective End User Customers of the Parties and the compensation for such facilities and traffic exchanged. This Wireline Agreement only involves Non-CMRS Telecommunications Services. The Agreement provides detailed provisions concerning services to be provided, payment requirements, dispute resolution, handling of confidential information, default, good faith performance, indemnification, insurance, liabilities, and other matters. The Parties were able to successfully negotiate all issues. In executing the Agreement, they have reached final and complete resolution of all issues. The Agreement does not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. The Agreement is consistent with the public interest, convenience, and necessity. The Wireline Interconnection Agreement between GTA and PTI was approved by the PUC pursuant to 47 USC 252[e][4].
8/29/19	PTI 19-01	PTI and GTA petitioned the PUC for approval of Amendment #1 to the Wireless Interconnection Agreement. The PUC carefully reviewed each proposed amendment to the Interconnection Agreement. It determined that all of the amendments were reasonable accommodations between the Parties. The amendments more accurately describe the mutual responsibilities and duties of the Parties under the Agreement. One such amendment was to provide that CMRS traffic was no longer excluded from Local/EAS Traffic. Other provisions addressed the provisioning and routing of trunk groups. The PUC found that the proposed amendments did not discriminate against the telecommunications carrier not a party to the Interconnection Agreement. The amendments were consistent with the public interest, convenience, and necessity. The PUC approved Amendment #1 to the

		Wireless Interconnection Agreement retroactively to March 28, 2019.
08/29/19	PTI 19-02	PTI and GTA petitioned the PUC for approval of Amendment #1 to their Wireline Interconnection Agreement. The Parties seek to make certain amendments to either correct or further explain certain provisions of the Wireline Interconnection Agreement. The PUC determined that all of the amendments were reasonable accommodations between the parties which will accurately describe their mutual responsibilities and duties under the Agreement. An amendment provided that Local/EAS Traffic could include traffic originated as CMRS traffic. Another amendment clarified that Tandem Transit Service is Local/EAS Traffic that originates on one Party's network and terminates to a CMRS, CLEC, or ILEC to a third-party Telecommunications Carrier's network and is routed via the terminating Parties (Tandem). Other amendments refine the definitions of Non-Access Reciprocal Compensation Traffic and Access Reciprocal Compensation Traffic. The proposed Amendments do not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. The Amendments are consistent with the public interest, convenience, and necessity. The PUC approved Amendment #1 to the Wireline Interconnection Agreement pursuant to 47 USC 252[e][4], retroactively to March 28, 2019.
9/26/19	PTI 19-03	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 2020. 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*
7/25/19	Docomo 19-01	Docomo Pacific Inc. ["DPAC"] petitioned the PUC for approval of its Wireline Interconnection Agreement with GTA. After discussion and negotiations herein, DPAC and GTA filed their final, executed Interconnection Agreement with the PUC. The Agreement establishes specific interconnection and Non-Access Reciprocal Compensation arrangements between the parties solely for the exchange of wireline Non-Access Reciprocal Compensation Traffic between each Party's End User Customers and Transit Traffic. Under the Bill-and-Keep Arrangement, the company billing the call gets to keep all of the money. The Interconnection Agreement contains a detailed explanation of the terms and arrangements between the Parties including: (1) Glossary of Terms; (2) Pre-Ordering, Ordering, Provisioning, Maintenance and Repairs; (3) Local Number Portability; (4) Interconnection; (5) 911; and (6) Pricing. The Agreement provides for a three-year term. It contains detailed provisions concerning services to be provided, dispute resolution, handling of confidential information, default, good faith performance, indemnification, insurance, liabilities and other matters. The Agreement does not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. The Agreement is consistent with the public interest, convenience, and necessity. The PUC approved the Wireline Interconnection Agreement between DPAC and GTA pursuant to 47 USC 252[e][4].
8/29/19	Docomo 19-02	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 2020. 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*
3/28/19	The PUC discussed an Overview which had been provided by Gershman, Brickner, and Bratton [GBB] concerning the Guam Solid Waste Authority [GSWA] receivership. The ALJ indicated that the receivership was ending soon, according to District Court Judge Gatewood. The PUC has already selected a consultant for GSWA matters, which is Municipal Solid Waste Consultant. The ALJ is already in discussions with GSWA for the performance of a management audit by this PUC. The Commissioners also discussed the status of recycling activities on Guam.
3/28/19	The ALJ informed the Commissioners that Acting Speaker Nelson had requested that the PUC conduct a Feasibility Study regarding the potential impact of the Bill that would establish a Residential Rate Schedule for Residential Multi-family Accommodations.
4/25/19	The Commissioners had been discussing implementing a new PUC Travel Policy for many months. Numerous amendments to the Policy had been made. Upon motion duly made and seconded, the Commission approved the updated PUC Travel Policy effective May 1, 2019.
4/25/19	The PUC extended its contract for Administrative and Bookkeeping services for an additional year.
7/25/19	The ALJ advised the Commissioners that numerous updates had been made to the PUC website. For the most part, the Website was up to date on dockets for the regulated utilities and telecommunications companies.
9/26/19	The PUC approved the FY2020 PUC Administrative Budget and Annual Assessment Order. In addition, PUC adopted Resolution 19-01, which extended all existing Consultant Agreements for another year. Finally, the PUC approved a one-year extension of the Contract for the PUC Administrator through Resolution 19-02.