About the Guam Public Utilities Commission

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

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

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

Ratepayer Bill of Rights

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

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

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

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Mission

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

Commissioners

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

- 2 members from the business community of Guam,
- 1 member who is a certified public accountant,
- 2 members (each of whom have training and experience in at least one of the following areas: power generation, telephone, water/sewer utilities, or marine terminal operations/transportation via ocean common carrier) with an additional requirement that the two members have training or experience in different areas, and
- 2 members who are from the community at large.

The Commissioners during FY 2016 include:

Filomena M. Cantoria
Jeffrey C. Johnson
Joseph M. McDonald
Michael A. Pangelinan
Peter B. Montinola
Rowena E. Perez
Andrew L. Niven
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 2016 are listed below. The following graphs show how the workload of the PUC for matters approved was apportioned between the utilities during the last three fiscal years:

### FY2014 Matters Approved
- **Guam Power Authority**: 36%
- **Guam Waterworks Authority**: 17%
- **Telecommunications**: 21%
- **Guam Internat’l Country Club**: 0%
- **Guam Solid Waste Authority**: 2%

### FY2015 Matters Approved
- **Guam Power Authority**: 49%
- **Guam Waterworks Authority**: 24%
- **Telecommunications**: 16%
- **Guam Internat’l Country Club**: 0%
- **Guam Solid Waste Authority**: 0%

### FY2016 Matters Approved
- **Guam Power Authority**: 48%
- **Guam Waterworks Authority**: 26%
- **Telecommunications**: 21%
- **Guam Internat’l Country Club**: 0%
- **Guam Solid Waste Authority**: 0%

### FY2016

<table>
<thead>
<tr>
<th>Utility</th>
<th>Numbers of matters heard</th>
<th>Number approved</th>
<th>Number denied</th>
<th>Number granted in part; denied in part</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guam Power Authority</td>
<td>26</td>
<td>18</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Guam Waterworks Authority</td>
<td>11</td>
<td>10</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>10</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Guam Internat’l Country Club</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Port Authority of Guam</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Guam Solid Waste Authority</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Revenues and Expenses

Revenues
For the Fiscal Years Ended September 30, 2016 and September 30, 2015

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2016</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual assessment</td>
<td>$492,500</td>
<td>$478,810</td>
<td>+2.86%</td>
</tr>
<tr>
<td>Regulatory fees</td>
<td>$516,234</td>
<td>$811,339</td>
<td>-36.37%</td>
</tr>
<tr>
<td>Interest income</td>
<td>$604</td>
<td>$621</td>
<td>-2.74%</td>
</tr>
<tr>
<td>Total*</td>
<td>$1,009,338</td>
<td>$1,290,770</td>
<td>-21.80%</td>
</tr>
</tbody>
</table>

*Amounts may not add due to rounding

Expenses
For the Fiscal Years Ended September 30, 2016 and September 30, 2015

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2016</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional fees</td>
<td>$699,572</td>
<td>$988,382</td>
<td>-29.22%</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$48,000</td>
<td>46,000</td>
<td>+4.35%</td>
</tr>
<tr>
<td>Commissioner expenses</td>
<td>$124,584</td>
<td>123,379</td>
<td>+0.98%</td>
</tr>
<tr>
<td>Depreciation expenses</td>
<td>$1,168</td>
<td>1,168</td>
<td>0%</td>
</tr>
<tr>
<td>IT expenses</td>
<td>$3,835</td>
<td>4,985</td>
<td>-23.07%</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office rent</td>
<td>$29,530</td>
<td>29,375</td>
<td>+0.53%</td>
</tr>
<tr>
<td>Office expenses</td>
<td>$3,663</td>
<td>2,416</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$4,332</td>
<td>4,673</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Publication expense</td>
<td>$24,829</td>
<td>19,383</td>
<td>+8.10%</td>
</tr>
<tr>
<td>Naruc expenses</td>
<td>$1,729</td>
<td>1,717</td>
<td>+0.70%</td>
</tr>
<tr>
<td>Xerox</td>
<td>$4,194</td>
<td>3,283</td>
<td>+7.75%</td>
</tr>
<tr>
<td>Total*</td>
<td>$945,436</td>
<td>$1,224,761</td>
<td>-22.81%</td>
</tr>
</tbody>
</table>

*Amounts may not add due to rounding

Operational Expenses
PUC’s operational expenses can be divided into two categories and are budgeted and collected as follows:

- General administrative expenses, which are budgeted each fiscal year by PUC and divided and assessed among the regulated utilities.
- Regulatory expenses, which are incurred pursuant to a Commission resolution, dated August 13, 2007. These expenses include professional and out-of-pocket expenses, which are billed to specific utilities under regulatory dockets assigned to them to cover the expense of handling specific regulatory proceedings related to them.

Administrative Budget

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

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

Commissioner Vacancies

The Public Utilities Commission currently does not have any commissioner vacancies. 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 fortunate to maintain a full complement of seven Commissioners who all have substantial experience in hearing and deciding regulatory matters. The PUC staff presently consists of two contractual employees. Some of the work of the Commission is done by outside regulatory consultants. For the future, the Commission hopes to build a solid staff of in-house contractual employees that can handle the caseload of the Commission. In recent years the Commission has been successful in reducing its consulting and regulatory costs. Recently, the Commission, rather than merely reacting to requests of the utilities for expenditure approval, has been able to open dockets on its own initiative and request actions by the utilities which will benefit ratepayers.

In FY2016, the caseload remained consistent with that of the last few years. PUC has been able to handle its workload with a small staff and within available regulatory resources.

Likelihood of Future Rate Proceedings

In the coming years there will be pressures upon the utilities to seek rate increases to repair and replace aging infrastructure. GPA will soon procure 180MW of new generation capacity; it hopes to avoid baseload rate increases by relying upon an independent power producer to construct the plant. A series of rate increases is planned for the Port Authority over the next five years to replace wharf and dock facilities, cranes, and other equipment. GWA currently plans to seek a rate increase later this year to supplement lower than expected revenues. At present the tipping fees of GSWA are not sufficient to pay the expense and debt service on bonds. When the receivership ends later this year the GSWA Board will likely address the issue of whether rates should be increased. PUC will continue to work to ensure that rates are “just” and “reasonable.”

Prepared by: PUC Administrator Lourdes R. Palomo and PUC Legal Counsel Frederick J. Horecky

We want to hear from you! Do you like this report? Do you think it should contain any other information? Please call Lourdes Palomo, Public Utilities Commission Administrator, at (671) 472-1907.