

**COPY**

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8 *General Manager for the Guam Power Authority*  
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12 **BEFORE THE GUAM PUBLIC UTILITY COMMISSION**  
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15 )  
16 ) **DOCKET NO. 94-04**  
17 IN THE MATTER OF )  
18 )  
19 The Petition of Guam Power Authority's ) **PETITION TO EXTEND FILING**  
20 To Extend Filing Deadline for Position ) **REQUIREMENT**  
21 On Feasibility of Modifying GPA's )  
22 Collection Policy )  
23 )  
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26 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its  
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28 General Manager, JOAQUIN C. FLORES, P.E., and hereby files GPA's Petition to the Public  
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30 Utilities Commission of Guam (PUC) for consideration to extend its filing deadline for its position  
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32 on the feasibility of modifying its collection policy. PUC FY10 (Phase II) Rate Decision dated  
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34 February 25, 2010, item 15.a stipulates "GPA should report to the PUC no later than September 1,  
35  
36 2010 on the feasibility of revising its collection policy to provide that, in the event non-  
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38 autonomous agencies and other entities of the Executive Branch (including street lights) are  
39  
40 collectively in arrears by more than a certain amount, all non-essential services of the executive  
41  
42 branch would be subject to disconnection"  
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45 GPA's Legal Counsel has been on military deployment and is expected to return on  
46  
47 September 3, 2010. Management believes there is a need to deliberate this matter further before  
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1 filing its position. GPA requests to extend the filing deadline from September 1<sup>st</sup> to September  
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3 15, 2010.  
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**RESPECTFULLY SUBMITTED** this 2<sup>nd</sup> day of September 2010, by:



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JOAQUIN C. FLORES, P.E.  
General Manager, GPA



# GUAM POWER AUTHORITY

ATURIDAT ILEKTRESEDAT GUAHAN  
P O BOX 2977, AGANA, GUAM 96932-2977

August 31, 2010

Mr. Frederick J. Horecky  
Legal Counsel  
Public Utilities Commission  
643 Chalan San Antonio, Suite 102B  
Tamuning, Guam 96913

RE: Docket 94-04 General Matters  
Extension Request for Filing Requirement

Dear Mr. Horecky,

The Guam Power Authority (GPA) has a filing deadline with the Public Utilities Commission on September 1, 2010 for its position on the feasibility of modifying its collection policy<sup>1</sup>. GPA wishes to request an extension for this filing deadline until September 15, 2010.

GPA's Legal Counsel has been on deployment for the last month and we believe there is a need to deliberate further with counsel before we file our position on this matter.

Your favorable determination on this matter would be greatly appreciated.

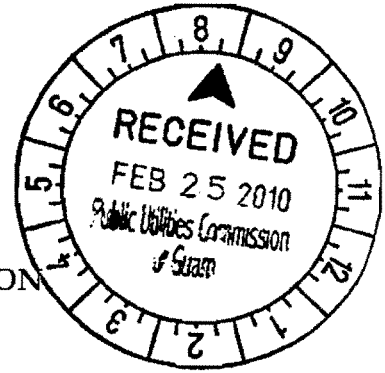
Sincerely,

Joaquin C. Flores, P.E.  
General Manager

cc : Mr. Randall V. Wiegand, CFO  
File CFO 120 10

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<sup>1</sup> February 25, 2010 Rate Order, Paragraph 15



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

DOCKET 07-10

GUAM POWER AUTHORITY  
PETITION FOR BASE RATE RELIEF

FY10 (PHASE II) RATE DECISION

*Background*

Previously, on February 15, 2008, the Commission had ordered (the "FY08 Rate Decision") that a "Phase II" of these rate proceedings could be held once the Guam Power Authority [GPA] filed its focused management audit with the PUC.<sup>1</sup> GPA filed its management audit with the PUC on October 23, 2009. On November 13, 2009, in Docket 02-04, the Commission approved the Baker-Tilly Phase II Staffing and Productivity Study Report.<sup>2</sup> On November 27, 2009, GPA filed its "Supplemental Filing for Base Rate Petition regarding Implementation of Phase II Rate Increase."<sup>3</sup>

In its Petition, GPA sought an approximate increase of 4.2% on the overall rates, a base rate increase of \$10.6 Million, to be implemented on a compressed basis.<sup>4</sup> GPA also requested authorization to enter into a \$15 Million loan to cover maintenance, O&M costs, and strategic initiatives to improve the delivery of services to GPA customers.<sup>5</sup> Part of the justification for the rate increase was the necessity to meet GPA's "Working Capital Requirement" under its bond indenture.<sup>6</sup> GPA submitted that it required expedited rate relief by the Commission and "a series of cash injections to restore health to the utility."<sup>7</sup>

On December 10, 2009, Administrative Law Judge David A. Mair issued a Scheduling Order in this Docket.<sup>8</sup> Therein, the parties to the proceeding, Georgetown Consulting Group Inc. (GCG, the Regulatory Consultant to the PUC), GPA, and the United States

<sup>1</sup> PUC FY08 Rate Decision, Docket 07-10, issued February 15, 2008.

<sup>2</sup> PUC Decision & Order, Docket 02-04, Guam Power Authority Regulatory Review (re: GPA Focused Management Audit of Operations), issued November 13, 2009.

<sup>3</sup> GPA Supplemental Filing for Base Rate Petition Regarding Implementation of Phase II Rate Increase, Docket No. 07-10 filed November 25, 2009.

<sup>4</sup> GPA Supplemental filing for Base Rate Petition, p. 2.

<sup>5</sup> Id. at p. 2.

<sup>6</sup> Id. at pgs. 15-19 (Direct Testimony of Joaquin C. Flores and Randall V. Weigand).

<sup>7</sup> Id. at p. 26.

<sup>8</sup> ALJ Scheduling Order, Docket 07-10, issued December 10, 2009.

Navy, were authorized to conduct discovery in accordance with the Commission's Discovery Protocol.<sup>9</sup> Both GCG and Navy issued various sets of discovery.<sup>10</sup> Subsequently, on or about February 2, 2010, GCG and the United States Navy filed testimony herein in response to GPA's Supplemental Petition. Rebuttal testimony was filed by GPA and Navy on or about February 7, 2010. The parties met before the ALJ for pre-hearing conferences on February 5, 2010 and February 10, 2010. As a result of discussions, on February 11, 2010, the parties entered into a stipulation [*Stipulation Re: Petition of Guam Power Authority for Rate Relief*, made *Attachment A* hereto], in which they recommend terms and conditions under which they would support a PUC award of base rate relief to GPA. In the stipulation, the parties agreed that GPA should be granted the \$10.6 Million in base rate increases that it has requested, on an uncompressed basis, and certain other relief.<sup>11</sup>

After carefully considering the Stipulation, the record herein, and the February 16, 2010 Report of its Administrative Law Judge [ALJ], for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, PUC makes the following determinations:

#### *Determinations*

1. GPA has complied with the requirements of the Rate Payer's Bill of Rights in this Docket.
2. The Stipulation of the parties, made *Attachment A* hereto, should be approved.
3. GPA should be awarded, for meters read on and after March 1, 2010 the \$10.6 Million in base rate increases that it has requested. The tariffs required to implement the base rate increase recommended in this Stipulation are shown on Attachment 1 to the Stipulation together with sample bills showing the impacts on different classes of customers. GPA should file a compliance tariff reflecting the tariffs approved by the PUC no later than March 15, 2010.
4. The DOD rate should be increased in accordance with GPA's Transmission Level Cost of Service Study ("TLCOS"), without

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<sup>9</sup> *Id.* at p. 2.

<sup>10</sup> The sets of discovery were filed electronically in this docket through the emails of William J. Blair, Legal Counsel to GCG, on February 4, 2010; said discovery constitutes part of the record herein.

<sup>11</sup> Stipulation at p. 1.

- compression. Rates for all civilian classes, including the lifeline rate, should be increased across the board, without compression.
5. The base rate increase awarded in this proceeding should also apply to lifeline rates; the threshold of a 20% increase in the cost of service since the Lifeline rate was first established has long been met, permitting an increase in lifeline rates.
  6. The proposed rate increases set forth in the Stipulation are “just” and “reasonable” pursuant to 12 GCA §§12015 and 12017.
  7. Pursuant to the Stipulation of the parties, GPA’s request that PUC authorize GPA to enter into a short term loan of \$15 Million is hereby withdrawn.
  8. In order to address the serious liquidity problem faced by GPA, the Parties will jointly develop a proposed base rate surcharge in accordance with paragraph 5 of the Stipulation. The purpose of the surcharge would be as mechanism to fund, replenish, maintain and monitor GPA’s working capital fund (“WCF”).
  9. Concurrently with each future semi-annual filing of the LEAC, once the surcharge is established, the difference in the requirement of the fuel portion only of the WCF should be calculated and treated as a flow-through (positive or negative) through the base rate surcharge created hereunder. The parties should recommend an appropriate period to the PUC during which the surcharge should remain in effect in order to keep the WCF fully funded.
  10. The process for the WCF surcharge should be reviewed by the PUC for continuation, modification or termination no later than February 1, 2012.
  11. Phase III of this proceeding should be established to address the issues concerning the base rate surcharge and other relevant issues herein. The Administrative Law Judge is directed to undertake such further conferences or proceedings herein as are necessary to facilitate the development and implementation of the WCF surcharge.
  12. The issue of the proper allocation of IPP costs through the TLCOS should be preserved for determination in the next base rate proceeding.

13. No later than July 1, 2010, GPA should file specific implementation plans for each of the recommendations made in the management audit that are accepted by GPA, showing the activities to be undertaken; said plans should include the agreed matters set forth in par. 8 of the Stipulation.
14. No later than July 1, 2010, GPA should report to the PUC on the status of the implementation of the CTP wage increases and address those matters set forth in par. 9 of the Stipulation.
15. The parties should fulfill the remaining requirements and obligations of the Stipulation entered into by the parties in Phase I of this proceeding (the "Phase I Stipulation"):
  - a. GPA should report to the PUC no later than September 1, 2010 on the feasibility of revising its collection policy to provide that, in the event non-autonomous agencies and other entities of the Executive Branch [including street lights] are collectively in arrears by more than a certain amount, all non essential services of the executive branch would be subject to disconnection;
  - b. With regard to GPA's self insurance surcharge program, the parties should develop program protocols and parameters for PUC review and approval no later than January 1, 2011.
  - c. GPA should report to the Commission no later than June 1, 2010 concerning steps necessary to implement and enforce the \$2.50 transactional service charge for a customer's use of a credit card to pay a bill.
  - d. The parties should continue to work together to propose to the PUC a schedule and scope for a full cost of service study and a rate design study which would be filed for review and approval by the PUC no later than July 1, 2010.
16. In Phase III proceedings herein, in the event that the Guam Legislature enacts pending legislation that would require GPA to make payments to the General Fund to "reimburse" the government of Guam for cost of living adjustments and principal and interest payments made to Gov Guam retirees for qualified retirees based on the judgment rendered in Rios v. Camacho, Superior Court Case No. SP0206-93, or any similar

legislation, the PUC should consider the establishment of an additional base rate surcharge to cover any such unfunded legislative mandate.

### *Ordering Provisions*

After careful review and consideration of the above determinations, the Report and Recommendations of ALJ, the Stipulation and the record herein, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby ORDERS that:

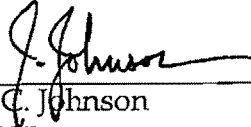
1. All rulings and orders of the ALJ in this proceeding are confirmed and ratified. All motions not hereto for granted or denied are denied. No other matters currently require discussion.
2. The Stipulation of the parties, made *Attachment A* hereto, is approved.
3. GPA is awarded, for meters read on and after March 1, 2010 the \$10.6 Million in base rate increases that it has requested. GPA should file a compliance tariff reflecting the tariffs approved by the PUC no later than March 15, 2010.
4. The DOD rate is increased in accordance with GPA's Transmission Level Cost of Service Study ("TLCOS"), without compression. Rates for all civilian classes, including the lifeline rate, are increased across the board, without compression.
5. The base rate increase awarded in this proceeding also applies to lifeline rates; the threshold of a 20% increase in the cost of service since the Lifeline rate was first established has long been met, permitting an increase in lifeline rates.
6. The proposed rate increases set forth in the Stipulation are "just" and "reasonable" pursuant to 12 GCA §§12015 and 12017.
7. Pursuant to the Stipulation of the parties, GPA's request that PUC authorize GPA to enter into a short term loan of \$15 Million is hereby withdrawn.

8. In order to address the serious liquidity problem faced by GPA, the Parties shall jointly develop a proposed base rate surcharge in accordance with paragraph 5 of the Stipulation. The purpose of the surcharge is as a mechanism to fund, replenish, maintain and monitor GPA's working capital fund ("WCF").
9. Concurrently with each future semi-annual filing of the LEAC, once the surcharge is established, the difference in the requirement of the fuel portion only of the WCF shall be calculated and treated as a flow-through (positive or negative) through the base rate surcharge created hereunder. The parties shall recommend an appropriate period to the PUC during which the surcharge shall remain in effect in order to keep the WCF fully funded.
10. The process for the WCF surcharge should be reviewed by PUC for continuation, modification or termination no later than February 1, 2012.
11. Phase III of this proceeding is hereby established to address the issues concerning the base rate surcharge and other relevant issues set forth herein. The Administrative Law Judge is directed to undertake such further conferences or proceedings as are necessary to facilitate the creation and implementation of the WCF surcharge.
12. The issue of the proper allocation of IPP costs through the TLCOS is preserved for determination in the next base rate proceeding.
13. No later than July 1, 2010, GPA shall file specific implementation plans for each of the recommendations made in the management audit that are accepted by GPA, showing the activities to be undertaken; said plans will include the agreed matters set forth in par. 8 of the Stipulation.
14. No later than July 1, 2010, GPA shall report to the PUC on the status of the implementation of the CTP wage increases and address those matters set forth in par. 9 of the Stipulation.
15. The parties shall fulfill the remaining requirements and obligations of the Stipulation entered into by the parties in Phase I of this proceeding (the "Phase I Stipulation"):
  - a. GPA shall report to the PUC no later than September 1, 2010 on the feasibility of revising its collection policy to provide that, in the

- event non-autonomous agencies and other entities of the Executive Branch [including street lights] are collectively in arrears by more than a certain amount, all non essential services of the executive branch would be subject to disconnection;
- b. With regard to GPA's self insurance surcharge program, the parties shall develop program protocols and parameters for PUC review and approval no later than January 1, 2011.
  - c. GPA shall report to the Commission no later than June 1, 2010 concerning steps necessary to implement and enforce the \$2.50 transactional service charge for a customer's use of a credit card to pay a bill.
  - d. The parties shall continue to work together to propose to the PUC a schedule and scope for a full cost of service study and a rate design study which would be filed for review and approval by the PUC no later than July 1, 2010.
16. In Phase III proceedings herein, in the event that the Guam Legislature enacts pending legislation that would require GPA to make payments to the General Fund to "reimburse" the government of Guam for cost of living adjustments and principal and interest payments made to Gov. Guam retirees for qualified retirees based on the judgment rendered in Rios v. Camacho, Superior Court Case No. SP0206-93, or any similar legislation, the PUC will consider the establishment of an additional base rate surcharge to cover any such unfunded legislative mandate.
  17. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

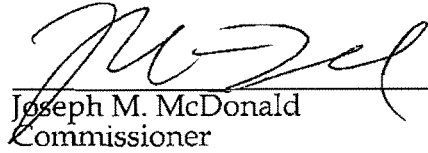
FY10 (Phase II) Base Rate Decision  
GPA Petition for Base Rate Relief  
Docket 07-10  
February 25, 2010

Dated this 25<sup>th</sup> day of February, 2010.



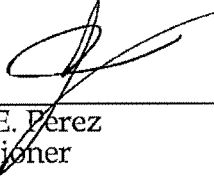
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Jeffrey C. Johnson  
Chairman



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Joseph M. McDonald  
Commissioner



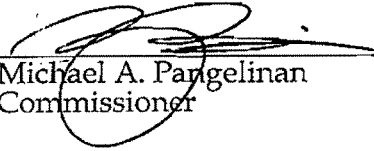
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Rowena E. Perez  
Commissioner



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Filomena M. Cantoria  
Commissioner



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Michael A. Pangelinan  
Commissioner