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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:

DOCKET NO. 07-10

10 Guam Power Authority's Petition for Base
11 Rate Increase

PETITION FOR THE APPROVAL OF A
BASE RATE INCREASE FOR THE
GUAM POWER AUTHORITY

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14 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
15 of record, D. GRAHAM BOTHA, ESQ., and hereby requests the Guam Public Utilities
16 Commission to review and approve GPA's Petition for the Approval of a Base Rate Increase, as
17 follows:

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19 **BACKGROUND**

20 The Guam Power Authority's costs of producing and distributing power have increased
21 dramatically since the last base rate increase in 1997. During this period, energy sales for most
22 rate classes have either declined or remained stable with little growth. Rising costs together with
23 insufficient energy sales have impaired GPA's ability to effectively serve ratepayers, and has
24 resulted in degraded quality of customer services, insufficient investment in Capital
25 Improvement Projects (CIPs), inadequate resources, insufficient debt service coverage, poor
26 inventory stock levels, and other financial impacts to GPA.
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DISCUSSION

GPA hereby petitions the PUC, pursuant to 12 GCA §8104(4) which authorizes GPA to establish and modify from time to time, with approval of the Public Utility Commission, reasonable rates and charges for electric service at least adequate to cover the full cost of such service, including the cost of debt service, to approve GPA's Petition for Base Rate Increase.

GPA requests an increase in base rate revenues of approximately \$26.9 million annually, which represents a base rate increase of 19.72%, which GPA proposes to phase in at a rate of 13.15% for the first year in FY08 and the remaining 6.57% for the second year in FY09. GPA does not request compression and desires that the rate increase be effective February 1, 2008 for the first year and October 1, 2008 for the second year. GPA proposes that its self insurance fund cap be increased from \$2.5 million to \$25 million and that the self insurance surcharge also be increase from \$.00145/kWh to \$.00296/kWh for all civilian classes, and \$.00035/kWh to \$.00070/kWh for the Navy. In addition, GPA requests that a convenience fee be established in the amount of \$2.50 per credit card transaction for residential customers. In the event that the Government of Guam makes payments as proposed under the CCU proposed five year repayment plan, GPA also proposes that a street light credit surcharge of \$.002647/kWh be established. The proposed streetlight credit surcharge will only apply to distribution level customers, and would not include the Navy and other primary metered customers.

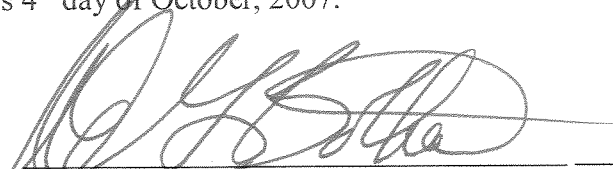
GPA has complied with all public notice requirements required by law prior to filing this petition. The justification for the requested base rate increase is contained in the attached filing which contains the testimony of the GPA General Manager, other GPA employees, and experts retained by GPA. The filing and exhibits are attached herein and incorporated by reference herein as if fully set forth.

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CONCLUSION

The PUC should approve GPA's Petition for a Base Rate Increase, which consists of a request to increase base rate revenues approximately \$26.9 million annually, and represents an increase in base rates of 19.72%, as it is reasonable, prudent, and necessary.

RESPECTFULLY SUBMITTED this 4th day of October, 2007.



D. GRAHAM BOTHA, ESQ.
GPA Legal Counsel