

**GPA 2007 Base Rate Case Village Meetings**  
(May 29 – June 1)

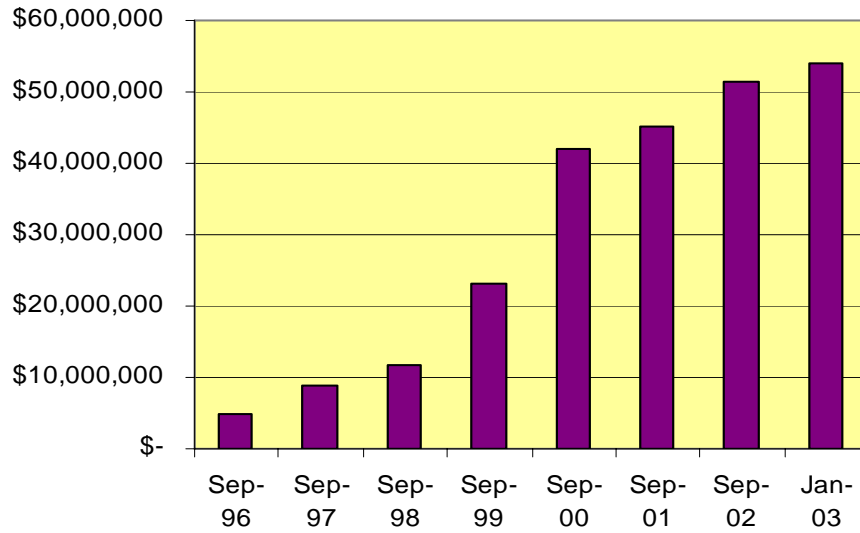
**Issue #1:** Government of Guam Debt to GPA should be collected as a means to offset the base rate adjustment

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**Past Government Bills**

The Consolidated Commission (CCU) on Utilities is collecting past due government bills that it inherited. Neither the CCU nor GPA is responsible for the previous administration using tax dollars for other things besides water and power bills. GPA/CCU is responsible for collecting these unpaid amounts. GOVGUAM IS PAYING. Additionally, GovGuam is making both principal and interest payments on its past due bills.

**GovGuam Receivable Buildup**



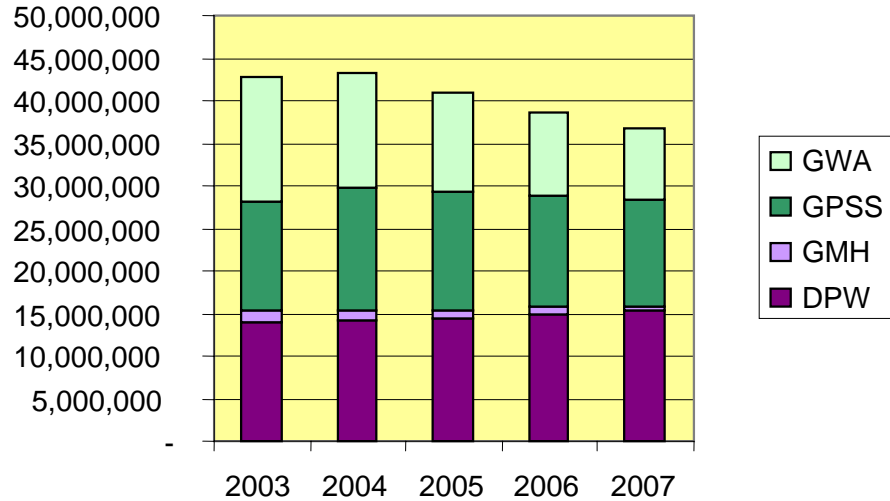
**Figure 1, Growth of Government Non-Payment of Electric Bill**

When the CCU came onboard, the Government of Guam owed \$54 million. Today it owes \$34 million. Figure 1 shows the growth of government debt to GPA. Figure 2 shows how this debt has been reduced under the CCU as of May 2007. Note that only four agencies owe GPA: GWA, GPSS, GMH, and DPW. By the end of 2007, GMH will have paid its entire past due power bills. DPW's share is increasing only because interest is mounting on its debt. It is the only one of the four that does not have a payment plan.

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**GovGuam Receivables Trending Downward**



**Figure 2, Shrinking GovGuam Debt to GPA (as of May 2007)**

Table 1, shows the interest rates paid by the Agencies on payment plans.

**Table 1, Nominal and Effective Interest Rate on GovGuam Past Due Power Bills**

GovGuam Agency	Service Agreement #	Nominal Interest Rate (%)	Effective Annual Interest Rate (%)	Description
GPSS/DOE	184919	4.47%	4.56%	In Force; Up-to-Date
GMH	184920	4.47%	4.56%	In Force; Up-to-Date
DPW	184938	4.33%	4.42%	Payment plan expired April 30, 2007. DOA refuses to sign a new note because funds have not been appropriated to pay.
GWA	184921	4.33%	4.42%	In Force; Up-to-Date

The remaining government debt balance as it is paid off will support operations and allow investment into capital improvements. The streetlight portion now will go back to ratepayers, if paid. A “credit” is the same as “rolling back the rates”. There is no difference in the end result.

One may ask what GPA did with the \$20M in principal that was paid back since CCU took over? GPA took this money, stirred it into a pot with other revenues and replenished working capital, paid for O&M expenses, and applied it to capital investments. In other words, it helped defer a base rate filing.

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**Hot News Flash**

On June 20, The Guam Memorial Hospital paid off its promissory note in full with a \$430,569.78 check. This means that only three Government of Guam agencies have past due balances. GPSS, GWA have payment plans. DPW does not have an active payment plan. In 1996, GovGuam agencies started not to pay their power bills, using the money allocated by the Legislature for utilities elsewhere. The Consolidated Commission reversed this practice by ensuring that GovGuam is current on utility bills, and current on payment plans for past due balances.