

32-14-1150  
Office of the Speaker  
Judith T. Won Pat, Ed. D.

Date: 1.13.14  
Time: 12:40pm  
Prepared by: [Signature]

**PUBLIC UTILITIES COMMISSION  
OF GUAM**

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January 13, 2014

**VIA HAND DELIVERY**

The Honorable Governor Eddie Baza Calvo  
Governor of Guam  
Ricardo J. Bordallo Governor's Complex  
Adelup, Guam

The Honorable Judith T. Won Pat  
Speaker, 32nd Guam Legislature  
155 Hesler Street  
Hagatna, Guam 96910

Re: Guam Public Utilities Commission FY2013 Annual Report

Dear Governor Calvo and Speaker Won Pat:

In accordance with the mandate of 12 GCA §12003, the Guam Public Utilities Commission respectfully submits its Annual Report for Fiscal Year 2013.

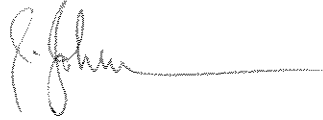
For the first time in nearly thirteen years, the Guam Public Utilities Commission ["GPUC"] has a full complement of seven (7) Commissioners. We thank the Executive and Legislative branches of the Government for their efforts in ensuring that the GPUC has an adequate number of decision makers to handle the increased regulatory workload which has occurred from the placement of Telecommunications Companies, the Port Authority of Guam, and the Guam Solid Waste Authority under the supervision of the GPUC.

1150

GPUC FY2013  
Annual Report  
January 13, 2014

We look forward in continuing to work with you to ensure that utility and tariff rates approved by the GPUC are just and reasonable. Please let us know should you have any questions regarding the operations of the Guam Public Utilities Commission

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Johnson", followed by a horizontal line extending to the right.

Jeffrey C. Johnson  
Chairman

Enclosure: Attachment A

**Attachment A**  
**Significant Regulatory Action - FY2013**

<i>Date</i>	<i>Docket</i>	<i>Action</i>
<b>Guam Power Authority</b>		
10/30/12	GPA 12-10	PUC Order clarified that GPA is not required to seek approval of FY2013 Construction Budget from the PUC under the Contract Review Protocol; the Protocol only requires <u>filing</u> of the GPA Budget with the PUC. The entire Construction Budget for GPA for FY2013 is approximately \$53M.
10/30/12	GPA 12-11	PUC approved the GPA FY2013 Capital Improvement Project Ceiling Cap, which includes General Plant, in the amount of \$10.1M.
10/30/12	GPA 11-13	PUC approved the extension of the Black & Veatch Program Management Office Contract, under the Smart Grid Project, in the amount of \$1.55M. Determination was made that the extension of the Black & Veatch PMO Contract was critical to the success of GPA's Smart Grid Project.
11/20/12	GPA 12-12	PUC approved a requested contract increase for Engineering and Technical Services performed by R. W. Beck in the amount of \$1.115M [Services performed from 2012 - 2016]. GPA demonstrated that such services were necessary to support tasks of strategic planning, transmission planning, Integrated Resource Plan and Regulatory Support.
12/11/12	GPA 11-09	GPA requested that PUC rollback the rate increase of \$9.1M which was effective May 1, 2012. The "Rollback" was pursuant to PUC Order requiring GPA to return "savings" from its bond restructuring / refinancing to customers. GPA was authorized to implement Rollback credits to customers on their power bills for a ten month period in accordance with the Order.

<i>Date</i>	<i>Docket</i>	<i>Action</i>
12/11/12	GPA 11-09	GPA proposed a cost of service adjustment for Navy. GPA was required, effective December 1, 2012, to charge rates to the Navy in accordance with the Stipulation and the GWA Phase II Supplemental Filing.
1/29/13	GPA 12-13	PUC approved an 8.34% increase in the total bill for the average residential customer pursuant to the Levelized Energy Adjustment Clause [fuel price charge] over the next six month period.
1/29/13	GPA 11-12	PUC approved certain amendments to the Renewable Energy Purchase Agreement between Quantum Guam Power LLC and the Guam Power Authority. Amendments allowed for "Additional Production" of renewable energy under the Contract and the transfer of Seller functions under the Purchase Agreement from Quantum to Guam Solar Power LLC.
1/29/13	GPA 12-09	GPA requested that PUC approve its award of the Contract for Supply of Residual Fuel Oil No. 6 to Vitol Asia Pte. Ltd. However, at the meeting, GPA Counsel indicated that a protest had been filed regarding this procurement; PUC thus should not presently approve the contract. PUC approved a procedure whereby the existing contract with Petrobras could be expeditiously extended until the protest was resolved.
1/29/13	GPA 13-01	GPA indicated that that there had been damage to the Cabras 3 Rotor and shaft, and that repairs were needed. PUC authorized GPA to proceed with the dismantling of the generator and manufacturing / installation of the new rotor shaft. GPA was authorized to expend up to \$4.5M for such repairs.
2/26/13	GPA 12-09	PUC approved GPA's six month contract extension for residual fuel oil supply with Petrobras Singapore Ltd.

<i>Date</i>	<i>Docket</i>	<i>Action</i>
2/26/13	GPA 11-12	PUC approved the Wind and Solar Renewable Energy Purchase Agreements between Pacific Green Resources LLC and Guam Power Authority. Such agreements provide for the construction of a solar facility capable of producing 5.65MW for a period of 25 contract years. In addition, a wind project facility will produce 9.35MW.
3/26/13	GPA 11-13	PUC approved GPA's Distribution Management Systems Contract with JMI-Edison in the amount of \$2.249M. The Distribution Management System is a critical aspect of GPA's Smart Grid Project.
4/30/13	GPA 13-03	PUC approved GPA's use of 1999 Bond Funds for capital projects and the Cabras 1 Overhaul. Projects include: Installation of the super heater tubes, reheater tubes, and travelling screens. GPA's Performance Management Contractor TEMES will also conduct a major overhaul of the Cabras 1 plant. GPA is authorized to enter into a financing agreement with TEMES in the amount of \$1.45M over 24 months.
5/28/13	GPA 11-09	PUC approved a new "Self-Insurance" Protocol negotiated by GPA and the PUC's Consultant. The Self Insurance fund is funded from a customer surcharge, the purpose of which is to enable GPA to recover from losses caused by natural disasters such as typhoons, earthquakes and other unanticipated / extraordinary events. The Protocol allows GPA to continue to accrue self-insurance funds through the customer surcharge until it reaches the CAP of \$20M. An agreement was also reached concerning the methodology to use for calculating GPA's debt service coverage ratio on subordinate debt.
5/28/13	GPA 13-04	PUC authorized GPA to issue an Invitation for Bids for the GPA Property Insurance Policy for the period of November 1, 2013 to November 1 2016. PUC found that GPA is required by its bond indenture to have such property insurance. However, once the procurement was complete, GPA was required to obtain further approval from the PUC for the cost of the policy before a final award is made.

<i>Date</i>	<i>Docket</i>	<i>Action</i>
5/28/13	GPA 13-05	PUC approved GPA's request to procure equipment for Diesel and RICE MACT Compliance. New federal Environment Protection Agency rules require GPA to purchase oxygen catalysts, smoke stacks, and other applicable equipment for ten Diesel Peaking units. EPA standards require all diesel engines greater than 500hp to emit less than 23 ppm Carbon Monoxide. GPA was authorized to expend up to the amount of \$1.495M for such equipment purchase.
7/30/13	GPA 11-13	PUC authorized GPA to fund additional Black & Veatch contract services under the Smart Grid Project. These include meter box repair, lease of warehouse, communications, and network backhaul / optimization. Expenditure approved was \$881,065.50.
7/30/13	GPA 13-02	The PUC conditionally approved GPA's 2013 Integrated Resource Plan, subject to certain conditions. Within 120 days of the Order, GPA was required to prepare and submit a detailed Resource Implementation Plan to the PUC for approval. The plan was required to identify the acquisition strategy GPA intends to utilize to bring LNG resources to Guam, including: a detailed implementation schedule; projected project expenditures consistent with the project schedule; identification of key decision-making milestones, criteria, and expenditures to reach those milestones; and identification of the expected schedule milestones for establishing contracts for the LNG supply. GPA was required to continue negotiations with the US EPA related to compliance with the RICE MACT standard for the slow speed diesels, to further investigate renewable fuels, to investigate alternative low sulfur fuels, to identify potential LNG suppliers, and to investigate the economics of diversification of fuels. GPA's undertakings are subject to monitoring by the PUC.

<i>Date</i>	<i>Docket</i>	<i>Action</i>
7/30/13	GPA 13-06	PUC approved a 9.3% decrease in the Levelized Energy Adjustment Clause [LEAC] factor for average residential customers. The Working Capital Fund Surcharge was extended, and GPA was permitted to recover the increase in the WCF Requirement – Fuel Portion caused by the increase in fuel premiums and fuel costs.
7/30/13	GPA 13-10	PUC approved GPA’s Contract for Supply of Residual Fuel Oil No. 6 with Hyundai Corporation. The cost on the contract for ratepayers for two years is \$719,400,000. PUC found that GPA had demonstrated a clear need for RFO No. 6 for the Baseload Power Plants, as such fuel is essential to the operation of the plants. The proposed contract is reasonable, prudent and necessary.
7/30/13	GPA 13-11	PUC approved the Dock Facility User Agreement and the Pipeline Agreement between GPA and Tristar Terminals Guam, Inc. Tristar manages the Dock Facility, owned by the Port Authority of Guam; the Dock Facility User Agreement allows GPA to discharge or load fuel from and to GPA’s vessels at the F-1 Dock Facility. However, PUC tabled consideration of the Storage Agreement on the ground that there was insufficient justification provided for the increase in price.
8/27/13	GPA 13-12	PUC approved GPA’s Smart Meter Opt-Out Program. Ratepayers who do not wish to participate in the Smart Meter Program are allowed to opt out of the program by paying a one time “opt-out program fee” and a monthly annual meter reading fee.
9/24/13	GPA 11-09	PUC approved an overall 6% base revenue requirement increase, or a 1.9% average increase on the total bill for meters read on and after October 1, 2013. The increase provided GPA with additional base revenue of \$9.038M for FY2014. The Subordinate Debt Coverage Ratio shall remain in effect. The present Interim Net Metering Tariff, which provides net metering customers with a 1kw credit for each kw of solar power produced, shall also remain in effect.

<i>Date</i>	<i>Docket</i>	<i>Action</i>
9/24/13	GPA 13-11	GPA stores fuel oil in Tristar's tanks. PUC approved the GPA-Tristar Storage Agreement. The agreement will be in effect for a five-year period.

**Guam Waterworks Authority**

10/30/12	GWA 11-01	PUC approved a Stipulation between PUC and GWA concerning pending litigation over the \$20M obligation of GWA to the Government of Guam. In light of present settlement negotiations, PUC agreed to stay the proceedings in GWA Docket 11-01 until September 2, 2013.
10/30/12	GWA 09-03	PUC approved a Stipulation between GWA and PUC Consultant GCG concerning the Annual Rate True-Up. GCG would review GWA's request for a 2.85% rate increase and a regulatory surcharge to cover expenses with the landfill receiver, GBB. GCG will report back to the Commission.
12/11/12	GPA 11-02	PUC conditionally approved GWA's petition for a \$1.2M increase in GWA's Program Management Office Contract with Brown & Caldwell; approval was conditioned upon submission by GWA of certain further explanatory materials and justifications as set forth in the Order.
12/11/12	GWA 12-03	PUC approved GWA's request to extend the Wastewater Performance Management Contract with Veolia Water Guam, LLC, for a term of up to one (1) year.
1/29/13	GWA 09-03	PUC extended the filing deadline for GWA's multi-year rate plan until March 1, 2013.



<i>Date</i>	<i>Docket</i>	<i>Action</i>
1/29/13	GWA 09-03	PUC approved a 9.15% increase on GWA's Basic Non-Lifeline, and Lifeline water and sewage rates, to be assessed through FY2013, commencing February 1, 2013. PUC further approved a reduction of the Legislative Surcharge from 5.6% to 2.63% commencing February 1, 2013. GWA was required to test its meters annually and submit a report thereon to the PUC. Further reporting requirements were also imposed upon GWA.
3/26/13	GWA 11-01	PUC granted GWA's expedited petition for approval to reallocate \$7.57M of 2010 Bond Funds. Reallocation was necessary so GWA could implement the water and wastewater Improvement projects required by the District Court Stipulated Order. GWA was required to file further reports with PUC on its Meter Replacement Program, the Water Reservoir Internal / External Assessment Program, and the Wastewater Collection System Replacement and Rehabilitation Program.
4/30/13	GPA 11-02	PUC approved the request by GWA for a \$1.2M increase in the Brown & Caldwell PMO Contract. GWA was required to submit a detailed report to the PUC on its planned use of the PMO over the next fiscal year and for the next five years.
6/25/13	GWA 13-02	PUC approved GWA's request to procure a Performance Management Contractor for the Wastewater Collection System. GWA was authorized to proceed with issuance of an IFB.
7/30/13	GWA 13-03	GWA sought approval of a multi-year contract for laboratory services provided by Eurofins Eaton Analytical. However, the PUC deferred action on this matter as GWA had not identified a projected source of funding for the project.
8/27/13	GWA 13-03	PUC approved the GWA contract with Eurofins for laboratory services for a five year period. The total five year contract cost is \$2,840,000.

## Port Authority of Guam

<i>Date</i>	<i>Docket</i>	<i>Action</i>
10/30/12	PAG 12-01	PUC approved the Port's Sales Agreement and Interim Maintenance Agreement related to the PAG acquisition of the Port of Los Angeles ["POLA"] cranes owned by Matson Navigation Company and Horizon Lines LLC. PAG was further required to: develop a Structured Maintenance Program for its cranes; make repairs to the POLA cranes indicated in Casper's Condition Survey; file a report of such repairs; partially fund the replacement of at least one crane within 15 years; develop a projection for cargo throughput to forecast revenues from tariffs; and report to PUC on future plans for Gantry Crane 2 by February 15, 2013.
10/30/12	PAG 12-04	PUC approved the Black Construction Corporation contract related to the Gregorio D. Perez Marina Renovation and Site Improvement Phase II Project. Cost for the project is \$1,698,877.00.
11/20/12	PAG 12-05	PUC approved the Maeda Pacific Corporation contract related to the Port Security Enhancement Project. Maeda will provide a fully integrated command center facility for the implementation of PAG protective and security measures. The facilities at the center will assist the Port and third parties in responding to emergencies and disasters and in providing essential information to emergency responders. The cost of \$1,737,949.00 will be funded through federal grants.
12/11/12	PAG 12-01	PUC authorized the Administrative Law Judge to review and approve the loan documentation submitted by PAG relative to the ANZ Bank Loan in the amount of \$12M [the purpose of the Loan is to fund the POLA Crane Acquisition].

<i>Date</i>	<i>Docket</i>	<i>Action</i>
12/11/12	PAG 12-02	PUC issued an Order relative the PAG POLA Crane surcharge. PAG was ordered to establish the FY2013 baseline container throughput projection at 44,400 containers and breakbulk cargo tonnage at 42,010 tons. PAG was required to establish an interim surcharge, and then, after February 28, 2013, a \$125 surcharge, applied to both foreign and domestic carriers, for each inbound, outbound, as well as transshipment containers handled at the Port. For breakbulk, non-containerized cargo, PAG was required to assess a \$5 surcharge per ton with a charged cap at \$105 per unit/item, effective January 1, 2013, to be applied to both foreign and domestic carriers. PAG was also required to deposit 9.5% of the revenues from the crane surcharge into a crane replacement sinking fund. Accounting and Reporting requirements were imposed on PAG, including preparation of a study related to transshipment.
2/26/13	PAG 12-01	PUC ordered PAG, by May 31, 2013, to file a report with PUC regarding the status of, future plans for, or possible demolition of Gantry Crane No. 2.
5/28/13	PAG 12-02	PUC amended its prior Order involving the POLA crane surcharge. PUC required PAG to review the 50% discount for transshipment containers. PAG was required, in its transshipment study, to determine whether the cost of service associated with fuel that is offloaded and later back-loaded justifies the 50% discount, and, if not, how the disparity should be rectified. The study was due by August 30, 2013.
8/27/13	PAG 12-01	PUC Order required the PAG to file a report by December 15, 2013, detailing the progress made on the repairs to the POLA cranes.

## Telecommunications

### Teleguam Holdings, LLC dba GTA

<i>Date</i>	<i>Docket</i>	<i>Action</i>
10/30/12	GTA 12-10	PUC approved the Joint Application of GTA Telecom and Teleguam Holdings LLC to assign and transfer the Interconnection Agreement with Pacific Data Systems Inc. from Telecom to Teleguam. The transfer and assignment of the Interconnection Agreement to Teleguam was required to be in accordance with the conditions referred to in the proposed Stipulation. GTA Telecom LLC was required to remain responsible for continuing compliance with all provisions of the ICA by itself and by its affiliate Teleguam Holdings LLC.
11/20/12	GTA 09-04	PUC approved a Stipulation between MCV, GTA, and Guam Power Authority concerning appropriate charges by GPA to all telecommunication companies for pole attachments. The PUC approved a pole attachment rate of \$6.00 per pole per year for a period of five years ending November 30, 2017.
11/20/12	GTA 12-11	PUC approved GTA's Tariff Transmittal No. 21. This tariff reintroduces a promotional offering (CAP Line) for customers who subscribe to Spyder Broadband Services with limited voice services. The tariff supplies a residential one party access line with certain limitations to residential subscribers. PUC approved the Promotional Offering to be in effect from November 21, 2012 to February 18, 2013.
11/20/12	GTA 12-12	PUC approved GTA's Tariff Transmittal No. 22, which revised Section 7 of the General Tariff for Metro Ethernet Transport Services. The Tariff allows GTA to update its provision of Metro Ethernet Transport Services for inclusion of 2 Megabit to 1 Gigabit of local area network connectivity. As rates charged for Metro Ethernet Transport Services, GTA will incorporate the rates set forth in NECA Tariff No. 5, Rate Band 6.

<i>Date</i>	<i>Docket</i>	<i>Action</i>
3/26/13	GTA 13-01	GTA again sought to reintroduce its promotional tariff offering a CAP Line for customers who subscribe to Spyder Broadband Services with limited voice services. This One party residential access line allows outgoing E911 and 611 (GTA Repair Center) calls and unlimited incoming calls. PUC approved GTA's Tariff Transmittal No. 23, Promotional Offering, effective April 8, 2013 through July 31, 2013.

7/30/13	GTA 13-02	PUC approved GTA's Tariff Transmittal No. 24, to establish a permanent tariff for "GTA Emergency Line Service." Previously GTA had a promotional offering to provide a CAP Line to customers who subscribed to broadband services. Tariff Transmittal No. 24 permanizes the promotional offering. The Tariff promotes the ability of GTA customers to call E911 for emergencies and to call GTA for repairs.
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**Guam Telecom LLC**

12/18/12	GT 12-03	PUC approved the sale/transfer of ownership and control of Guam Telecom LLC to Docomo Guam Holdings Inc., subject to conditions. PUC found that Applicants had sufficient technical, management, and financial resources to continue to provide the same telecommunications services after the transfer of ownership. The transfer was not "contrary to the public interest." There was no evidence that the transfer of control of GT to Docomo would result in any competitive harm to the telecommunications market in Guam.
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**Guam Solid Waste Authority**

7/30/13	GSWA 12-02	In accordance with PL 32-31, PUC adopted a protocol that allowed distribution of solid waste tipping fees directly to the village mayors of the "Host Communities" (Ordot / Inarajan). Previously such funds had been paid to the Department of Administration. The Protocol provided certain requirements for distribution of solid waste tipping fees.
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## **PUC Administrative Matters**

<i>Date</i>	<i>Action</i>
4/30/13	PUC launched its new, improved and updated website. In conjunction with Ideal Advertising, PUC now provides a website that provides the public with information and decisions concerning the dockets of the PUC.
5/23/13	PUC authorized the issuance of FY2014 Requests for Proposals for ALJ Services, Legal Counsel Services, and General Consulting Services.
8/27/13	The PUC adopted General Order 13-03, which extended the deadlines for filing and certifications for Telecommunications Carriers with regard to Universal Support Funds, in accordance with Federal Communications Commission Order.
9/24/13	The PUC approved its Administrative Budget for FY2014, and its Administrative Assessment Order for the utilities and telecom companies. PUC also approved Contracts FY14 for Legal Counsel, Administrative Law Judge, and PUC Consultant. It renewed the contracts of the Port Authority Consultant and the PUC Administrator.