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OF GUAM**

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January 9, 2015

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, 33rd Guam Legislature  
155 Hesler Street  
Hagatna, Guam 96910

Re: Guam Public Utilities Commission FY2014 Annual Report

Dear Governor Calvo and Speaker Won Pat:

In accordance with the mandate of 12 GCA § 12104, the Guam Public Utilities Commission respectfully submits its Annual Report for Fiscal Year 2014.

The Guam Public Utilities Commission ["GPUC"] continues to benefit from the joint efforts of the Executive and Legislative branches of the Government to ensure a full complement of seven Commissioners to handle the increased regulatory workload of the Commission. We thank you for those efforts.

During the past year the seven Commissioners worked diligently to ensure that matters involving the utilities were efficiently and expeditiously resolved.

33-15-0041

Speaker  
Judith T. Won Pat, Ed.D

1/9/15  
9:14 AM



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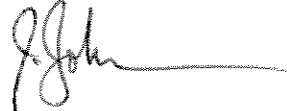
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GPUC FY2014  
Annual Report  
January 9, 2015

GPUC has adequate resources to address the workload before it. In the future, GPUC hopes to strengthen its internal staff resources to address the increasing number of technical issues that will face it concerning the future of the utilities.

We have no specific legislation to recommend at the present time. However, as the GPUC has done in the past, it will continue to offer comment and testimony to the policymakers on proposed legislation which affects the operations of the utilities. As always, we look forward to continuing to work with you to ensure that utility and tariff rates approved by the GPUC are just and reasonable. If you have any questions concerning the operations of the Guam Public Utilities Commission, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Johnson", with a long horizontal flourish extending to the right.

Jeffrey C. Johnson  
Chairman

Enclosure, Attachment A

**Attachment A**  
**Significant Regulatory Action - FY2014**

| <i>Date</i>                 | <i>Docket</i> | <i>Action</i>  |
|-----------------------------|---------------|--|
| <b>Guam Power Authority</b> |               |  |
| 10/29/13                    | GPA 13-15     | The PUC Order again clarified that GPA is not required to seek approval of FY2014 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 FY2014 is approximately \$29M.  |
| 10/29/13                    | GPA 13-16     | PUC approved the GPA FY2014 Capital Improvement Project Ceiling Cap, which includes General Plant, in the amount of \$7,363,110.   |
| 10/29/13                    | GPA 13-04     | PUC approved GPA's contract for property insurance with AM Insurance, in the amount of \$5.4M per annum, for the period of November 1, 2013 to November 1, 2016.   |
| 10/29/13                    | GPA 13-05     | PUC approved GPA's Petition for Installation of Oxidation Catalysts Retrofits for 10 diesel peaking units, located at the Tenjo Vista, Talofofu, and Manenggon power plants. PUC found that installation of the oxidation catalysts and other equipment was required by the RICE MACT standards implemented by the United States Environmental Protection Agency. PUC authorized GPA to expend up to \$1,096,853.72 for the Smithbridge implementation contract, for a total of \$4,220,000 (including the oxidation catalysts and other materials). |
| 11/26/13                    | GPA 14-01     | PUC approved GPA's application to contract with Wi-Pro Technologies in the amount of \$2,710,000 for fixed price implementation services for the Oracle Customer Care & Billing (Customer Information System Software). PUC determined that GPA needed a new Customer Information System, as its current software was outdated, rendered GPA subject to audit deficiencies, and did not enable GPA to take full advantage of the   |

Smart Grid Project. GPA was further authorized to utilize, for such purposes, the contingency reserve excess bond funds established by the PUC in GPA Docket 10-01.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 12/30/13    | GPA 14-02     | GPA applied for approval of funding of \$3.9M for its Program Management Contract with R.W. Armstrong. The PUC approved the petition in part and denied it in part. GPA was authorized to expend \$1,022,500 for the extension of contract services with Armstrong. As a one-time exception, those expenses were allowed to be included in the upcoming LEAC factor calculation. However, the PUC denied future use of the LEAC (Levelized Energy Adjustment Clause) for the funding of capital projects or expenditures related to Liquefied Natural Gas (LNG). Beyond FY2014, GPA was ordered to properly budget for the recovery of all PMO and LNG costs in base rates or through bond issuances. The PUC raised numerous concerns about the purposes for which PMO funds had been used, amounts of the PMO fees, the failure of GPA to plan and budget for PMO expenses, and lack of full details and justifications for the proposed Armstrong services contract. |
| 1/30/14     | GPA 14-03     | PUC approved a 3.28% decrease in the Levelized Energy Adjustment Clause [LEAC] factor for average residential customers effective February 1, 2014, or \$9.07 per month. PUC further required GPA to display certain additional data elements (for fuel tank farm maintenance, lube oil, SGS inspection, delivery and labor charges) in future LEAC filings. GPA was also required to file a report that “trues up” the sixth month of the reconciliation period for all data elements.   |
| 1/30/14     | GPA 14-04     | GPA petitioned the PUC to withdraw \$4.6M from the Self-Insurance Fund to pay for certain unexpected Cabras 3 rotor repairs (cracks in the drive end of the rotor shaft). PUC authorized GPA to withdraw the \$4.6M from the Self-Insurance Fund to pay for the Cabras 3 rotor repairs. However, GPA was required to reimburse the Working Capital Fund [WCF] with funds from the Self-Insurance Fund for any repairs to the  |

Cabras 3 rotor which had been paid for from the WCF. GPA was also required to reimburse the Self-Insurance Fund in the event that other insurance funds were received relative to the Cabras 3 repairs.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
|-------------|---------------|--|
| 2/25/14     | GPA 14-05     | GPA petitioned the PUC for approval of a procurement by GPA for the supply of diesel fuel oil. GPA indicated that its current contract for the supply of diesel fuel oil No. 2 for the baseload plants, fast track diesel plants, and combustion turbine plants, would expire on November 30, 2014. The PUC determined that it was necessary for GPA to secure a new contract for diesel fuel supply to provide GPA with a continuous supply of fuel necessary to maintain the Authority's electric power generation capacity. GPA's request to proceed with the procurement for the supply of diesel fuel was approved. |
| 2/25/14     | GPA 14-06     | GPA requested that the PUC authorize it to enter into a new Letter of Credit Facility with ANZ Bank. Its current Letter of Credit Facility with ANZ would expire on February 28, 2014. PUC authorized GPA to enter into an irrevocable Letter of Credit Facility with ANZ Bank in an amount not to exceed \$35M. PUC found that maintenance of a Fuel Letter of Credit Facility by GPA was essential to maintain its supply of fuel oil from its RFO Fuel Supplier.  |
| 3/31/14     | GPA 14-07     | The PUC approved GPA's request for a Contract between GPA's Performance Management Contractor [PMC] East West Power Guam and Triple "L" Construction Inc. addressing the Cabras 3 & 4 Smoke Stack Refurbishment. The Stack Structure Refurbishment was necessary to eliminate safety hazards, to ensure the safety of personnel, and to prevent the existing structure from further deterioration. GPA was authorized to expend \$2.89M, using 2010 Bond Funds, for the smoke stack refurbishment.   |
| 3/31/14     | GPA 11-13     | GPA requested PUC approval for a Change Order to GPA's Substation Automation Contract with Black   |

Construction Corporation. The PUC approved change orders in the approximate amount of \$681,000 for additional meter parts, switchgear accessories, materials for meter upgrades, building permit approval, wireless equipment, and cost variance. PUC determined that the Change Orders would provide for the upgrading of the remaining seven (7) GPA substations under the Substation Automation Contract.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 4/24/14     | GPA 14-02     | GPA petitioned the PUC for "ratification" of additional charges under the R.W. Armstrong Program Management Office [PMO] Contract. GPA indicated that its own Performance Management Contractors for the Cabras plants were responsible for an "over-expenditure" to R.W. Armstrong in the amount of \$544,221.37. Armstrong had already performed the work requested by GPA's PMC. The PUC found that GPA violated the PUC order of January 11, 2012, by authorizing payment to PMO R.W. Armstrong for \$544,221.37, in excess of the \$3.9M cap. Failure of GPA to adhere to the cap raised concerns about a lack of monitoring of PMO expenses. GPA had not taken proper care to ensure that PMO expenditures were within the limits established by the PUC. The PUC found that there has been a lack of accountability in the PMO program. Numerous expenditures had been made to the PMO for what were essentially internal agency functions of GPA. The additional amount of \$544,221.37 was approved by the PUC, as Armstrong had performed the services. However, the PUC found that GPA failed to properly monitor PMO expenses and had acted in violation of PUC Order. PUC Counsel and Consultants were authorized to undertake a full investigation/review of the PMO program. |
| 4/24/14     | GPA 13-13     | Due to the increasing number of power outages, the PUC initiated an investigation into the apparent lack of improvement concerning system reliability, including GPA's reliability metrics, practices, and reporting. Based upon its Consultant Lummus's Report, the PUC found "it is disheartening that after the very significant GPA expenditures over the past few years through  |

bonds and revenue funds on generation, transmission and distribution that there has not been any measureable effect on improvement reliability." Smart Grid has not had a measureable impact in overall reliability. GPA was required to undertake a concerted and prioritized program to determine those measures necessary to realize a significant improvement in reliability. GPA was required to provide extensive monthly, quarterly and annual reporting requirements to the PUC, and to develop a standardized communication protocol or procedure to contact and provide outage notification to appropriate public entities and the public as identified in the Order. GPA was further required to display a prominent link titled "System Status" or "Outage Information" on the homepage of its website to link to the most current scheduled and unscheduled outage information. GPA must update its mobile app to readily allow a user to link to the same required outage reporting that is on its website.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
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| 5/29/14     | GPA 14-08     | The PUC granted GPA's request for the Procurement of Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants. The PUC determined that there was a clear need for Cylinder Lubricating Oil for the slow-speed diesel baseload plants, and that such oil was essential for the operation of the plants. It is reasonable, prudent and necessary for GPA to proceed with the procurement for the supply of Cylinder Lubricating Oil. |
| 6/26/14     | GPA 14-11     | PUC approved GPA's Procurement of Phase II Renewable Acquisition. In Phase II, GPA planned to procure an additional 40MW of renewable energy resources. GPA was authorized to solicit competitive bids for up to 40MW of renewable energy in its Phase II Renewable Acquisition. However, GPA was required to present the final Phase II Renewable Energy Contract to the PUC for review and approval.   |
| 7/31/14     | GPA 14-02     | In its Petition, GPA sought approval for a contract amendment to the existing R.W. Armstrong Contract for \$440,000 for FY2014 and \$880,000 for FY2015. The PUC   |

denied GPA's petition finding that GPA had not, to date, satisfactorily addressed the concerns of the PUC or responded to the serious questions raised in the prior December 2013 and April 2014 Orders with regard to the PMO program. Although GPA intended to pay for the additional services from revenue funds, GPA had not budgeted for PMO expenditures in the FY2014 budget or the 2014 rate case proceedings. GPA had failed to provide project spending details for each subcategory of work proposed or provide any cost information other than lump sum amounts.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
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| 7/31/14     | GPA 14-09     | GPA sought approval from the PUC for the issuance of the 2014 Revenue Bonds and Subordinate Revenue Bond Financing. GPA sought to issue bonds in the amount of \$93M. The intent of the bond issuance was to provide funding for capital improvement projects including turbine and boiler overhauls for Cabras 1 & 2 plants, Environmental Compliance Program for Diesel RICE MACT, Energy Storage and Renewable Energy Mitigation, and LNG Initial Start Up. The PUC approved the issuance, terms and conditions of the 2014 Senior Revenue Bonds but only in an amount up to \$89M. GPA's request to issue subordinate bonds in the amount of \$5M was disapproved; it was too expensive an undertaking for ratepayers. Demand Side Management and Renewable programs could be financed in a more cost effective manner. |
| 7/31/14     | GPA 14-12     | The PUC approved an increase in the LEAC factor for residential customers from \$0.172968 per kWh to \$0.176441 per kWh. The unavailability of three baseload units due to scheduled overhauls or reduced operating hours increased the amount of diesel fuel burned during the period, thereby also increasing the cost of fuel to the customer. The change in LEAC represented a 1.30% increase in the total bill for a residential customer utilizing an average 1,000 kilowatt hours per month (\$3.48 per month).  |
| 7/31/14     | GPA 14-13     | GPA petitioned the PUC for a 50% reduction in the self-insurance surcharge. This surcharge is designed to fill  |



the Self-Insurance Fund, which GPA utilizes in the event of emergencies, typhoon, and other disaster events. GPA was attempting to comply with 12 GCA § 8244, which required a reduction in the Self-Insurance Fund of no less than 70%. The PUC denied GPA's petition for reduction of the self-insurance fund. The PUC determined that such reduction could leave GPA without sufficient funds in the self-insurance fund to address the event of a major typhoon. GPA could be underfunded in the event of a major typhoon.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
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| 7/31/14     | GPA 13-14     | PUC initiated its own investigation of Demand Side Management Programs. These are programs implemented by utilities to reduce potential customer demand thereby also making it less necessary to build new generation capacity. The PUC found that GPA has virtually no programs in place to provide incentives to its ratepayers to conserve energy. The PUC determined that there are many forms of energy conservation initiatives that GPA could promote, including the areas of lighting and air conditioning. Opportunities included LED lightbulbs and Energy Star Central, multi-split and Variable Refrigerant Flow Air-Conditioners. The PUC ordered further proceedings be conducted with the Administrative Law Judge, GPA and the PUC Consultant to develop a Demand Side Management and Energy Efficiency program. GPA was required to submit a DSM and EE Implementation plan within 120 days, and subsequently to submit a detailed DSM and EE Report to the PUC including a timeline, milestones, and Implementation of each DSM or EE program measure. GPA was also required to report annually to the PUC on activities related to DSM and EE implementation. |
| 7/31/14     | GPA 14-02     | GPA requested that PUC approve expenditures for additional program management services under the R.W. Armstrong PMO Contract in the amount of \$1,022,500. PUC denied the request, finding that the materials submitted by GPA in support of the Petition contained no indication of what specific work would be covered by the \$1,022,500. There was also no indication  |

of what periods of time these expenditure amounts were proposed to cover. The petition was inadequately supported. It was not appropriate to allow GPA to withdraw funds for additional PMO services from the Working Capital Fund, as such fund was not intended for that purpose.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
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| 8/28/14     | GPA 13-08     | GPA requested that the PUC consider allowing it to implement a "Rate Design Alternative", which could include some form of "revenue decoupling mechanisms". These mechanisms would allow GPA to stabilize its revenue collections and protect against losses of revenue due to deployment of energy efficiency and conservation measures by customers, competition from alternative providers of energy services, and self-generation options. The PUC held that it had already approved the consideration of revenue decoupling and had established a separate docket for this purpose. The declining sales experienced recently by GPA was a matter of concern. The PUC indicated that further proceedings would be conducted wherein GPA could present rate design alternatives for the consideration of the PUC.  |
| 8/28/14     | GPA 14-10     | GPA sought PUC approval for the issuance of a multi-step invitation for bids for the procurement of a solar photovoltaic rooftop system for the Guam Community College. The PUC granted GPA's petition for Approval of Solar PV IFB for Guam Community College. GPA was authorized to solicit a multi-step IFB for the procurement of a solar photovoltaic rooftop system for the Guam Community College. GPA was further required to present the final contract to the PUC for review and approval. The PUC also considered a "green credit" rate for the solar power that would be sold by the Guam Community College PV system. PUC ordered that, not later than sixty (60) days from the date of the Order, that GPA submit "a Green Credit evaluation report that outlines the following: the benefits and costs of implementation; the approach to such a market on Guam; and the risks and opportunities associated with adoption." In 120 days, GPA was |

further required to submit a Green Credit Implementation Plan to the PUC.

### **Guam Waterworks Authority**

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 10/29/13    | GWA 13-01     | GWA petitioned the PUC for approval of GWA's Five Year Rate Plan. GWA initially proposed a Rate Plan consisting of rate increases in the aggregate of 67% over the next five years. PUC Consultant Lummus stipulated to a 57% increase over five years. Pursuant to the Stipulation of the Parties, the PUC approved the following rate increases: (1) 15% for FY2014; (2) 14.5% for FY2015; (3) 16.5% for FY2016; (4) 7% for FY2017; and (5) 4% for FY2018. The PUC found that the rate increases were needed for projects required by the 2010 Federal Court Order, the obligations of the 2005 and 2010 Revenue Bonds, the cost of internally financed capital projects of approximately \$50M, and the costs of operations. The PUC also approved all findings, recommendations, and determinations contained in the Stipulation between the parties. GWA was required to undertake studies on various matters such as GWA's fire protection system, Residential Sewer Service, and rate measures designed to encourage conservation. |
| 11/18/13    | GWA 14-01     | GWA applied for PUC approval for the issuance of \$195M in Water and Wastewater Revenue Bonds. GWA actually proposed \$173M in bonds, but requested authorization for the higher number due to potential variance in interest rates. These amounts are required for funding of projects in accordance with the mandates of Stipulated Federal District Court Order. The Legislature had approved the issuance of the Bonds. Both PUC Consultant Lummus and the Administrative Law Judge approved the bond issuance. The PUC approved the bond issuance, finding it is in the interest of ratepayers, and further approved the Indenture, the Supplemental Indenture, and the Order Approving Long-Term Debt.  |
| 11/26/13    | GWA 14-02     | GWA sought PUC approval for a change order regarding its contract with TG Engineers to develop a  |

supervisory control and data acquisition [SCADA] master plan. The proposed change order increased the master meter count from 9 to 64. The meters determine the flow of water into the distribution system. TG Engineers was going out to the sites, assisting with implementation, putting the meters into place and doing the mapping and necessary site work. The PUC approved the SCADA project change order in the amount of \$115,533.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
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| 12/30/13    | GPA 14-01     | GWA's Customer Information System Software Contract is managed under a GPA Docket. GWA indicated that its Customer Care & Billing software project is funded from the Series 2010 Bonds. GWA needs to update its billing software, as its current system is an old legacy system from 1995. GWA also utilizes the same contractor as GPA, Wi-Pro. PUC approved GWA's expenditure of \$870,000 for the software and billing implementation program with Wi-Pro.   |
| 12/30/13    | GWA 13-01     | GWA petitioned the PUC for a \$2.6M increase in the Program Management Office Contract with Brown & Caldwell. The Administrative Law Judge recommended approval of the request, as GWA needed the additional funding in order to meet the deadlines of the Federal Stipulated Order and complete the projects imposed thereunder. The PUC approved the \$2.16M increase in the Program Management Office Contract with Brown & Caldwell. However, GWA was required to file reports with the PUC describing major project categories, anticipated spending per year of the Five Year Plan, allocated budgets to date and actual spending. GWA was also required to continue to file monthly reports generated by the PMO to track its progress. |
| 12/30/13    | GWA 11-01     | In its July 30, 2012 Order, the PUC had authorized GWA to reprogram its 2010 Series Bond Funds, but required that GWA reserve and restrict \$20M, which GWA owed to the Government of Guam, from the proceeds of the 2010 Series Bond. On November 7, 2013, Public Law 32-   |

069 was enacted. The Legislature repealed the requirement that GWA pay back the \$20M to the General Fund, as such requirement would cause an unnecessary burden on ratepayers. In light of the enactment of P.L. 32-069, the PUC vacated its July 30, 2012 Orders.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 1/30/14     | GWA 14-03     | GWA filed a petition for approval of a Multi-Year Contract for Liquid Chlorine under the Contract Review Protocol. PUC adopted the determination of the ALJ that the purchase of chlorine is reasonable and necessary given that it is an indispensable chemical required for its daily operations in purifying Guam's water. Furthermore, GWA requires chlorine in order to satisfy both local and federal standards with respect to water quality. The PUC authorized GWA to proceed with the procurement related to the purchase of chlorine as set forth in the proposed Invitation to Bid.   |
| 2/25/14     | GWA 14-04     | GWA petitioned the PUC to approve Projects funded by the 2013 Bonds, and an exemption under the Contract Review Protocol for projects involving the Program Management Office funded by bond proceeds. The PUC found that the projects for which GWA sought approval in its Petition were identified in a Consulting Engineers Report when the PUC reviewed the 2013 bond. Such projects were designed to improve Guam's water and wastewater utility infrastructure, to increase GWA's reliability and efficiency, and to comply with the Amended Stipulated Order. The PUC approved the projects and cost estimates to be funded under the 2013 Bond as identified in GWA's Petition. |
| 3/31/14     | GWA 14-01     | GWA made certain requests to give it flexibility under the Contract Review Protocol: (1) to transfer funds up to 20% of the cost of another project; (2) to exempt all bond funded projects from the Contract Review Protocol; and (3) to exempt all projects involving the Program Management Office from the Contract Review Protocol. The Commission tabled the Proposed Order regarding proposed exemptions for the PMO under the Contract Review Protocol and approved the creation of a new   |

GWA Docket for consideration of requested revisions to the Contract Review Protocol.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 6/26/14     | GWA 14-05     | GWA petitioned the PUC for authority to issue bonds for the purpose of redeeming or retiring all or a portion of GWA's outstanding Water and Wastewater System Revenue Bonds, Series 2005. The amount to be refinanced was roughly \$83,350,000. GWA indicated that, according to its underwriters, refunding the 2005 Bonds in July would result in an 8.1% present value savings. The original interest rate of the bonds in 2005 was between 5.5% and 6%. The interest rates were presently in the range of 4.3%. The PUC determined that the issuance of the refunding bonds was just and reasonable and approved the issuance of the refunding bonds subject to certain terms and conditions. In accordance with the GWA bond law, the refunding bonds are required to have a present value of debt service on the refinancing of at least two percent (2%) less than the present value of debt service on the Prior Bonds being refinanced. |
| 7/31/14     | GWA 13-01     | GWA requested PUC approval of a \$3.199M increase in the Program Management Office Contract with Brown & Caldwell. The PUC approved an increase in the PMO Contract with Brown & Caldwell, but only for the amount of \$2.6M; approval of the remaining amount was subject to GWA's satisfactory filing of the first two quarterly reports described in the Lummus Report. GWA was subject to a number of reporting requirements: (1) filing of PUC quarterly reports; (2) filing of Report detailing training, staffing and project bidding plans; and (3) filing of monthly reports by Brown & Caldwell to track project performance and progress. GWA was further required to put into place plans and procedures intended to "greatly reduce or eliminate the time lag that currently leads to the situation in which the PMO begins work on projects for which payment has not been approved by the Commission."                             |

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
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| 9/25/14     | GWA 14-06     | GWA petitioned the PUC for approval of a Contract with Sumitomo Mitsui Construction Co. for Energy Efficiency Upgrades to GWA's Windward Hills, Malojloj, and Pago Bay Booster Pump Stations. The project involves "right sizing" of pumps at the booster stations and installing variable frequency drives thereby producing significant energy cost savings. The PUC approved the Contract between GWA and Sumitomo for the Energy Efficiency Retrofit Pump Station upgrades at a total cost of \$1,172,342.60. |

**Port Authority of Guam**

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
|-------------|---------------|--|
| 1/30/14     | PAG 13-01     | PAG filed its "Interim Tariff Petition" with the PUC. PUC approved a 5.65% increase to PAG's Terminal Tariff rates as indicated in "Appendix A" of the January 20, 2014 Slater-Nakamura Report, with the exception of the Bunkering/Fuel Throughput/Waste Oil Rates and the Crane Surcharge, effective March 2, 2014. PAG was required to seek approval of its Five Year Rate Plan as soon as possible and to file a report with the PUC detailing the status of its Five Year Rate Plan by May 15, 2014. PAG was also required to file reports with the PUC detailing its review of the loss of transshipment revenues and review of the impact of adjusting PAG salaries to the 50 <sup>th</sup> market percentile on PAG's financial stability. |
| 1/30/14     | PAG 14-01     | PAG requested PUC review and approval of \$10M Bank of Guam Loan to be used to fund certain Service Life Extension ("SLE") repairs, the acquisition of cargo handling equipment, as well as upgrades to the Financial Management System. PUC approved PAG's Loan Agreement with Bank of Guam for \$10M, but conditioned the loan upon PAG's submission of a copy of the legislation resolving PAG's sovereign immunity waiver issue. ALJ certification of the sovereign immunity waiver compliance was required and thereafter PAG would be authorized to execute the Loan Agreement with Bank of Guam.  |

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
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| 1/30/14     | PAG 14-02     | PAG requested PUC approval of the PAG Contract for Legal Services with the Law Offices of Phillip & Bordallo, P.C. PUC found that the terms and conditions of the PAG Contract for Legal Services were commercially reasonable and not burdensome. The cost of the contract was in line with that for other legal contracts of large agencies. The PUC approved and ratified the existing Professional Services Agreement between PAG and the Law Offices of Phillip & Bordallo, P.C. If the parties exercised their option to renew for another term, PAG was ordered to file with the PUC a cost estimate for the final term of the contract by March 1, 2014. |
| 3/31/14     | PAG 14-03     | PAG requested PUC approval of the Agreement with TriStar Terminals Guam, Inc. for the management and operation of the F-1 Fuel Pier Facility. For its five year term, the contract will cost \$2.775M. PUC authorized PAG to enter into the F-1 Fuel Pier Facility Management and Operations Agreement with TriStar Terminals Guam, Inc.   |
| 4/24/14     | PAG 14-04     | PAG petitioned the PUC for approval of a Performance Management Contract for the Port of Los Angeles [POLA] cranes, and in particular for maintenance services for those cranes. The requirement that PAG hire a PMC for the POLA cranes was mandated by the Guam Legislature. After a bid was issued, PAG selected Marine Technical Services as the most qualified bidder. PUC authorized PAG to enter into the PMC Contract with MTS for an estimated annual cost of \$1,020,000.  |
| 5/29/14     | PAG 13-01     | The PUC January 2014 Order approving the PAG Interim Rate Increase established a deadline of June 1, 2014, for PAG to report on its salary study and the possibility of raising salaries up to the 50 <sup>th</sup> percentile. The PUC approved PAG's request to extend the deadline for submission of PAG's report detailing its review of the impact of adjusting salaries to the 50 <sup>th</sup> market percentile on its financial stability. Submission of such report by the PAG shall be due on August 29, 2014.  |



| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
|-------------|---------------|--|
| 7/31/14     | PAG 12-02     | The PUC considered the PAG Transshipment Issue and whether the present transshipment charges were enough to cover all of PAG's costs involved, including personnel, shipping expense, etc. PUC Consultant, Slater Nakamura, indicated that this issue could not be resolved unless PAG undertakes a market study of other ports to determine what the charges should be for transshipment containers. However, PAG indicated that it did not have the funds to enable its consultant Parsons Brinckerhoff to conduct such study. The PUC deferred consideration of the Order on Transshipment until the Commission was provided with a cost estimate for the market study. |
| 7/31/14     | PAG 14-05     | PAG requested that the PUC approve the AIC International Inc. Contract related to the Agat Small Boat Marina Docks C, D, and Floating Dock improvement project. This construction project included the replacement of the C&D Docks and the Floating Dock of the marina facility. The PUC approved and ratified the PAG Contract with AIC for the repairs on the Agat Marina at a cost of \$1,593,208.00.  |
| 7/31/14     | PAG 14-07     | PAG requested PUC approval of the BME & Sons, Inc. contract related to the Marine Service Life Extension, Wharf Repair Project. The PUC found that the funding for this project had already been approved through the \$10M Bank of Guam loan to fund the Service Life Extension repairs. The intent of this project was to repair defects, such as concrete delamination, spalls, and cracks, in an effort to bring the facility back to a state of good repair to extend its service life. The PUC approved the PAG Contract with BME at a cost of \$4,541,635.00.   |
| 7/31/14     | PAG 14-06     | PAG requested PUC approval of new lease rates to be charged by PAG for office space at \$1.79 per square foot, warehouse space at \$0.84 per square foot, and open space at \$0.51 per square foot. These rates were being imposed pursuant to Public Law 30-19; based upon assessments of the value of Port real properties and other facilities, PAG was authorized to either set a ten  |

percent (10%) increase over the previously charged rate, or an amount determined by a recent market assessment, whichever was greater. The PUC approved the lease rates proposed by the Port.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
|-------------|---------------|--|
| 8/28/14     | PAG 12-02     | PUC was informed by Counsel, subsequent to the PUC's deferral of action requiring a market study by PAG concerning transshipment, regarding the cost for such a study. PUC Consultant Slater Nakamura had estimated that the cost would be \$30,000 (however, no documentation was presented). The Port had indicated that it would be difficult to come up with the figure for the cost of a market analysis. PAG made a new proposal in its August 27 letter to include the issue of transshipment rates in its Five Year Tariff Petition rather than addressing the issue at present. The Administrative Law Judge found PAG's proposal to be reasonable, and indicated that no further action on the transshipment matter was required by PUC at the present time. |

## **Telecommunications**

TeleGuam Holdings, LLC, dba GTA

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 11/26/13    | GTA 14-01     | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that TeleGuam Holdings, LLC is eligible to receive federal high-cost support for program year 2014. PUC certified that TeleGuam Holdings, LLC used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act. |
| 11/26/13    | GTA 14-02     | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that TeleGuam Holdings, LLC, f/k/a Pulse Mobile, LLC is eligible to receive   |

federal high-cost support for program year 2014. PUC certified that TeleGuam Holdings, LLC, f/k/a Pulse Mobile, LLC used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 9/25/14     | GTA 14-03     | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that TeleGuam Holdings, LLC is eligible to receive federal high-cost support for program year 2015. PUC certified that TeleGuam Holdings, LLC used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act.   |
| 9/25/14     | GTA 14-04     | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that TeleGuam Holdings, LLC, f/k/a Pulse Holdings, LLC is eligible to receive federal high-cost support for program year 2015. PUC certified that TeleGuam Holdings, LLC, f/k/a Pulse Holdings, LLC used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act. |

Guam Telecom LLC

| <i>Date</i> | <i>Docket</i> | <i>Action</i>  |
|-------------|---------------|--|
| 11/26/13    | GT 14-01      | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that Guam Telecom, LLC is eligible to receive federal high-cost support for program year 2014. PUC certified that Guam Telecom, LLC used |

such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 9/25/14     | GT 14-02      | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that Guam Telecom, LLC is eligible to receive federal high-cost support for program year 2015. PUC certified that Guam Telecom, LLC used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act. |

PTI Pacifica Inc.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 11/26/13    | PTI 14-01     | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that PTI Pacifica Inc. is eligible to receive federal high-cost support for program year 2014. PUC certified that PTI Pacifica Inc. used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act. |

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|---------|-----------|---|
| 9/25/14 | PTI 14-02 | The PUC issued its annual certification to the Federal Communications Commission and the Universal Service Administration Company that PTI Pacifica Inc. is eligible to receive federal high-cost support for program year 2015. PUC certified that PTI Pacifica Inc. used such support in the preceding calendar year and would use such support in the coming calendar year for the provisioning, maintenance and upgrading of facilities and services for which the support is intended, consistent of Section 254(e) of the Communications Act. |
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Choice Phone LLC

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 3/31/14     | CP 14-01      | Choice Phone LLC and TeleGuam Holdings LLC jointly petitioned the PUC for approval of their Interconnection Agreement. In the Agreement, the parties agreed to interconnection points, transport methods, technical requirements, and standards. They further agreed to comply with applicable FCC and PUC standards and quality of service requirements when providing service to the other party. PUC found that the Wireless Interconnection Agreement did not discriminate against any telecommunications carrier not a party to the Interconnection Agreement. The Interconnection Agreement between Choice Phone LLC and TeleGuam Holdings LLC was approved by the PUC. |

Pacific Data Systems, Inc.

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 8/28/14     | PDS 14-01     | Pacific Data Systems, Inc. ["PDS"] and TeleGuam Holdings, LLC ["GTA"] arbitrated their Interconnection Agreement before the PUC. With the assistance of the Administrative Law Judge, the parties were able to execute their Interconnection Agreement by the statutory deadline of August 11, 2014. The parties were able to resolve various issues, including "collocation." The PUC approved the Interconnection Agreement between PDS and GTA; however, a "Phase 2" of the proceedings was established to undertake further proceedings, possibly including arbitration, to determine certain "Unbundled Network Element Rates". Since the parties had been unable to agree on these UNE rates, such rates would be addressed in Phase 2 of the proceedings. Administrative Law Judge was authorized to conduct the Phase 2 proceedings at outlined in the Order. In the meantime, the PUC established "interim" UNE rates pending the completion of the arbitration. |
| 9/25/14     | PDS 14-02     | Pacific Data Systems, Inc. ["PDS"] filed a complaint with the PUC against TeleGuam Holdings, LLC ["GTA"] alleging that GTA had failed to provide PDS  |

with certain survey maps of GTA facilities, as required by the Interconnection Agreement [ICA], and had violated the Dispute Resolution provisions thereof. After conducting a hearing, the ALJ recommended to the PUC a finding that GTA had violated the Interconnection Agreement by failing to provide the survey maps to PDS and by failing to comply with the Dispute Resolution provisions in the ICA. The PUC determined that GTA had a duty, under the ICA, to provide PDS with survey maps of its facilities. A Security Agreement in effect between GTA and the federal authorities did not in any manner abrogate, limit, affect, or restrict GTA's duty to provide the Fiber Layout Maps to PDS under the ICA.

**Guam Solid Waste Authority**

| <i>Date</i> | <i>Docket</i> | <i>Action</i>   |
|-------------|---------------|---|
| 5/29/14     | GSWA 12-02    | Chalan Pago-Ordot Mayor Jessy Gogue requested that the PUC disperse certain Host Community Premium Surcharge Fees presently held in Reserve by the Receiver GBB in equal shares to the Ordot and Inarajan Mayors' Offices. The PUC found that, for a period of one year and one month (September 1, 2011 to September 30, 2012) the PUC did not assess the Host Community Premium Surcharge or charge it to customers. Public Law 30-165 requires the PUC to now do so. Since the Receiver GBB presently held a "Reserve" in the Host Community Premium Surcharge Fund, such reserve funds held by the Receiver should be applied to the past due assessment for September 1, 2011 to September 30, 2012. The Receiver was required to further report on certain matters, including payments made to the host villages for the assessment for the period of September 1, 2011 through September 30, 2012. |

**PUC Administrative Matters**

| <i>Date</i> | <i>Action</i>   |
|-------------|---|
| 1/30/14     | The PUC reviewed various Compliance Reports that had been filed by PUC Staff, including FY2013 Annual Report, FY2013 E911 Report, and FY2011 and 2012 Citizen Concentric Reports. |

| <i>Date</i> | <i>Action</i>  |
|-------------|--|
| 2/25/14     | PUC adopted Resolution No. 14-01 for the Establishment of Schedule for Regular Meetings; the Contract for Administrative and Bookkeeping Services was further extended and amended.  |
| 3/31/14     | PUC reviewed the 2013 Citizen Concentric Reports that staff had filed with the Office of Public Auditor.   |
| 6/26/14     | The PUC extended the Professional Services Agreement for its Telecom Consultant Slater Nakamura for FY2014-2015.   |
| 9/25/14     | The PUC approved its Administrative Budget for FY2015 and its Administrative Assessment Order for the utilities and telecom companies. PUC also approved Contracts for FY2015 for Legal Counsel, Administrative Law Judge, and PUC Consultant. PUC renewed the contract for the PUC Administrator. |