

## II - EXECUTIVE SUMMARY

The Chapter provides the reader a synopsis of the findings and recommendations that have resulted from the management audit of the Guam Power Authority. It is presented in four sections, as follows:

- A. Executive Summary
- B. Implementation Monitoring
- C. Recommendations Summary
- D. Cost-Benefit Summary

### A - EXECUTIVE SUMMARY

This section provides a perspective on the management audit process, background that led to the Guam Power Authority audit, and principal audit findings and recommendations.

#### MANAGEMENT AUDIT BACKGROUND

From World War II until 1974 electric utilities operated in a steady state mode. Growth in demand was moderate and constant, unit costs were generally controlled, and rates held steady or declined. The oil embargo of 1974 changed the environment drastically, one result of which was a rash of electric utility rate increase requests.

Public utility commissions developed the process of comprehensive or focused management audits to assist them in determining the effectiveness and efficiency of the utility companies they regulated. The results of these audits became valuable inputs into decisions relative to requested rate increases.

Over the succeeding years the audit process has been used by more than 40 state commissions, and more than 20 state legislatures have now passed laws requiring utility management audits on a periodic basis. Commission sponsored audits have resulted in many improvement recommendations, most of which have been accepted, and benefits have far outweighed the costs of the audits.

The management audit of Guam Power Authority (GPA) reflected the implementation of this concept by the Guam Public Utilities Commission, stemming from the FY1992 rate case, Docket No. 91-004. The principal issue of that Docket was the high level of Operations and Maintenance expense at GPA.

GPA AUDIT BACKGROUND

Guam is the largest island of the Marianas chain, a range of undersea mountains stretching north from Guam to Japan. Guam has a total land area of 212 square miles, and a population of about 150,000 persons. Principal businesses are government, the armed services and tourism.

Guam has a tropical climate, and is periodically subject to tropical storms and typhoons. In most years one tropical storm achieves wind velocities over the island which exceed 75 miles per hour and thus is of typhoon strength. On August 28, 1992 Typhoon Omar achieved wind speeds in excess of 150 miles an hour. In addition, there were four other tropical storms between August and December of 1992, three of which reached typhoon status. Omar caused approximately \$12.7 million damage to GPA. This included the destruction of approximately 400 poles, including 30 concrete poles; 500 more poles were tilted, but not destroyed; and 400 transformers were damaged or disconnected.

GPA is an autonomous agency of the Government of Guam (GovGuam). It is subject to the Civil Service Commission and contributes to the GovGuam Retirement Fund based on a statutory rate set by the Legislature. GPA is regulated by the Public Utilities Commission and is subject to oversight by the Guam Legislature.

From 1984 through 1991 the economy of Guam grew at an average rate of 10 percent each year. This increase was primarily attributable to the growth of the tourism/resort industry and was a reflection of the growth in the Japanese economy. The rate of economic development brought with it a comparable rate of increase in demand for electric energy. Although the growth rate has slowed, it is currently still between 6 and 7 percent.

Guam Power Authority planning and decision making processes during the mid-to late 1980's did not anticipate this extraordinary growth, nor did they respond effectively to it. As a result, generating capacity did not keep up with demand.

Lack of sufficient generating capacity became an overwhelming problem. Because of this situation, some maintenance was deferred, and, basically, all available generating units were run to their maximum capacity. When breakdowns occurred in the system and individual units were taken off line for repair, the result inevitably led to load shedding. The audit of Guam Power Authority ordered by the Commission began in April 1992 and was conducted during a period when GPA was under tremendous pressure to resolve the generation capacity issue and mollify an outraged public, a demanding Commission, and a disaffected Legislature.

PRINCIPAL FINDINGS

In June of 1992 the Governor and the Legislature authorized a "Fast Track" program to add generating units. Bids for a series of units, which included both high speed diesel and combustion turbines were received in July. After final authorization was received construction began in November with a target date for on-line operation of nine units by February 28. There was controversy concerning the nature of the program, the mix of the units, and other related matters. There was legislative pressure brought to ensure achievement of the February 28 deadline, with a threat to privatize Guam Power Authority if this deadline was not met.

The net result of the program has been the addition of approximately 100 megawatts of energy to the existing system, in the first quarter of 1993. This additional capacity will provide the reserves required to enable Guam Power Authority to undertake a more stable power production program, including preventive maintenance, better scheduled plant outages, and a shift toward the operation of a better mix of baseload units (Cabras, Tanguisson and Piti), with the high speed diesels and combustion turbines employed primarily as peaking units. (GPA plans also include the addition of a new slow-speed diesel baseload unit in the 1995-96 time period. A second new baseload unit for later installation is also being evaluated.)

Recently, GPA proposed an interruptible rate program to its largest customers which was rejected. If this program is approved in the future, it should also help with the supply-demand balance. Finally, results shown by GPA against the performance measures established by the Department of Interior (through the Ernst & Young program) show that GPA has essentially performed up to the Transmission and Distribution and a number of other standards that will qualify it to assume full responsibility for the Navy generation and transmission system, including taking over responsibility for operating the Piti generation units.

There are additional E&Y standards that GPA is expected to meet in 1993 and 1994. On the other hand, there are certain financial (ratio) standards that may not be achievable as currently structured. Aside from the issue of achieving E&Y standards, DCI believes that GPA could operate the Piti generating plant more effectively (and therefore at lower cost) than does the Navy. We therefore believe it is in everyone's best interest to accomplish this transfer as soon as possible, in order to achieve a potentially significant cost savings. If negotiations to accomplish this change are not successful, GPA should challenge excess Navy O&M charges, under the appropriate section of the Customer Service Agreement.

Prior to (and during) the management audit, GPA management was operating in a crisis mode, caused primarily by the lack of adequate generating capacity. In addition, in 1992 GPA management was severely hampered by typhoons and tropical storms, while operating in an environment having certain policy and decision-making restrictions. The primary management focus was on solving day-to-day problems and the broad range of issues related to current crises. Management processes addressing labor and materials cost control, planning and processes peripheral to keeping the power on were given far less time and attention than they needed.

GPA has, over the last few years, developed and implemented a comprehensive budgeting system. The budget system itself is totally adequate to GPA's needs. However, it is DCI's observation that the basic assumption built into this system - that the budget for the following year should start with the prior year's original budget submission, increased by an inflationary factor - is incorrect. The concept for this assumption might not be incorrect were the base labor costs incorporated in the initial budget appropriate.

It is DCI's conclusion that the base was too high to begin with, and that using this assumption simply increases an already high base by a larger than necessary component each year. Further, we discerned no significant attempts to assess real labor needs. The general approach followed by operating managers has been to take the prior year's original budget submission and then increase it by a factor to come up with the forthcoming year's budget.

Now that the "Fast Track" units have been installed, and there is the reserve necessary to go back to a more normal mode of operation, GPA management has a "window of opportunity" to address the range of issues and decisions necessary to improve the effectiveness and efficiency of all elements of GPA operations.

- The current window of opportunity has three major components. The first component is that, with the relief provided by generation reserves, management can devote more time and attention to tuning up the structures and systems that are used throughout the organization.
- The second component is that GPA is approaching its 25th anniversary and many employees who have been with the organization since its inception, are now eligible for retirement, or will be in the near future. Since this potential wave of retirements could amount to as much as 25 percent of the total workforce over the next three years, there is a significant opportunity to contain the labor component of Operations and Maintenance costs at current levels, and, in fact, reduce it as new systems are implemented.

- The third component is the financial stability obtained by the successful issuance of Series A Bonds in the amount of \$158 million in late 1992. The BBB rating which represents investment grade bonds will, unless ratios deteriorate significantly in the immediate future, enable GPA to issue Series B Bonds in the spring of 1993, that will finance for the next baseload unit, SCADA, substation and switch yard construction.

There is no question in the auditors' minds that Operations and Maintenance expenses are much too high. Some of the excess cost is a direct result of the situation in power production. Much of it, however, is a reflection of management's lack of attention to aspects of the business other than power production.

Given that the base was too high to begin with, and DCI's observation that Operations and Maintenance expenses are excessive, we recommend that GPA freeze the total number of employees at its current level. Conversely, DCI does not recommend that GPA arbitrarily reduce staff at this time. There may need to be some change in the mix of employees, as discussed in succeeding chapters of this report. Given the forthcoming retirement bubble, the current number of employees should be held constant, until recommendations contained in succeeding chapters of this report are implemented. As this occurs, attrition will provide the vehicle for staff reductions.

Although some elementary variance analyses have been performed, control of actual to budgeted performance has not been adequately focused. A principal reason has been the lack of sufficient information provided to operating managers, and their generally minimal understanding of financial information provided.

GPA implemented a Strategic Planning Process in 1991 and is in the process of enhancing it in order to integrate elements, such as demand projections, and Legislative and Regulatory requirements, which were not originally incorporated. Integration of these elements will enhance the Board's ability for decision making in the Strategic Planning Process.

In generation, outage planning is ineffective. Maintenance scheduling has improved, but the process is still incomplete. Although non-fuel O&M costs are high, a review of operating performance data shows that GPA steam plants are more efficient than those run by the Navy.

Overtime is excessive in several GPA operating areas, particularly in Generation, Transmission and Distribution (T&D), and Customer Services. In T&D, productivity has been improved, and Ernst & Young performance standards have been met. However, the use of contractors has been insufficient and the work management system is incomplete.

Customer Service is considering several alternative operating methods, concerning bill payments, meter reading and treatment of past due or delinquent accounts, in order to improve its O&M cost structure, yet continue to provide a high level of service to customers.

Purchasing and inventory management systems are less than totally effective. Inventory turnover, although dictated to some extent by location and typhoon restoration needs, is exceedingly low. Automated systems have not been fully implemented, and there continues to be some fragmentation of responsibility for purchasing activities.

There have been few systematic performance management programs, and there are inadequate technical training and low hiring standards. Organization structures and staffing have not maximized the use of human resources, and structures have tended to become too vertical with many one-over-one or one-over-two reporting relationships.

Implementation of the recommendations in this report will help GPA management to determine true staffing requirements, both in total and by individual elements of the organization. Over the next two to three years this determination could lead to further changes in the staffing mix, including reductions in some areas and possibly increases in others. In total, there need not be an overall increase in GPA staffing levels until such time as recommended work management systems have been implemented and demonstrate supportable needs. In fact, there should be an overall reduction in staffing levels. In the next section of this chapter, DCI recommends certain staffing targets to be achieved over the next four years.

## B - IMPLEMENTATION MONITORING

Chapters III through IX of this report contain a number of recommendations, that are designed to help GPA management to improve Operations and Maintenance cost performance. The costs and benefits of implementation are quantified when possible.

Since the bulk of O&M cost is the labor component, implementation of many recommendations will result in reduced manpower requirements. These reductions must be considered in the context of continued economic development on Guam. This in turn will lead to higher usage per customer, additional customers, and higher overall energy demand.

To assist Guam Power Authority management in assessing performance progress, and to aid the Commission in monitoring GPA's performance, DCI has developed a series of performance targets.

### TARGET RATIONALE

In order to determine when the GPA labor force (including contractor labor) matches the work load in appropriate proportions, DCI proposes the following set of quantified targets. We have employed a straightforward rationale in the selection of these targets:

- Avoid the use of cost or other monetary function as a measurement for labor
- Employ as few different measurements as possible, in order to minimize the complexity of performance monitoring
- Use criteria that are most directly related to individual functional areas
- Use criteria which are most sensitive to work load/employee balance considerations, and which have the fewest dampening characteristics.
- Use criteria for which there are measurable and acceptable projections available, such as the projected numbers of customers.

### TARGETS

DCI reviewed the organizational entities of GPA for which it will be practical to individually measure staff loads against a quantifiable target. We concluded that there are four such groups (the four largest functions), as follows:

<u>Functional Area</u>	<u>Number of Employees</u> (1992)
• Customer Services	59
• Engineering, including Safety	55
• Generation	186
• Transmission & Distribution	193

These four functional areas account for 493 employees of a total of 585 positions, or 82.9 percent of the total GPA staff. The work loads of each of these functional areas are reasonably linked to specific measures as follows:

<u>Functional Area</u>	<u>Measurement</u>
• Customer Services	Customers/employee
• Engineering, including Safety	Customers/employee
• Generation	mWH/employee
• Transmission & Distribution	Customers/employee

DCI believes that the relationships expressed by the above measurements are clear and direct, with the possible exception of Engineering. Since the primary Engineering work load in the past has been related to T&D engineering (with the possible exception of the recent "Fast Track" program), and will be in the future (with the exception of the projected base load unit), the measurement is considered reasonable, if not a perfect fit.

The balance of the organizational units are small and not susceptible of similar measurements. These units include General Management, Accounting, Budgets, Personnel, Data Processing, Information Systems and Supply and Transportation. Each should be included in the DCI recommendations for work force planning and management. Through this process, work load criteria and productivity measurements will be developed for each.



### TARGET QUANTIFICATION

This section describes initial proposed quantification of the recommended targets. The rationale for each of the quantified targets has a certain amount of subjectivity as well as the factual bases of each.

The factual bases for each functional target include:

- GPA's 1992 performance against each listed target
- The range of results of other similar utilities contained in the panel of Appendix A-2 of this report

The subjectivity arises from the range of results of similar utilities, and from the need to establish quantifiable targets that are perceived as being achievable by those who must meet them. For these reasons DCI suggests that GPA and the PUC examine these target amounts closely during the forthcoming 60-day Recommendation/Implementation Plan review process. They should also be reviewed when a major change occurs, such as the addition of new base load capacity.

- A comparison of total GPA employees to those of companies listed in Appendix A-2 shows that GPA's ratio of 62 customers to each full-time equivalent (FTE) employee is lower than the minimum number of any panel company. The panel range is 146 to 381 customers per FTE employee; the mean is 248.
- DCI proposes that GPA target a 30 percent increase in the total number of customers per FTE. This will still leave GPA well below the panel minimum. It is DCI's perception that GPA can achieve a 30 percent improvement by FY 1996. This will require a significant "stretch" by operating management, but it is not so high as to be viewed as unachievable, given available resources and the operating environment.

DCI recommends that the five specific targets be achieved within the next four years (1993-1996). Four of the targets address individual functional areas, and a fifth target is recommended for measuring the overall GPA work force (including contractor FTE's).

- The overall GPA work force target and three of the four functional targets are expressed as customers per employee. The fourth functional target is megawatt hours (mWH) per employee.
- Functions not separately assigned quantified targets should be included in the DCI work force management and staffing level planning recommendations; total employment (including contractor FTE's) should be measured against this target.

GPA Performance Targets

Functional Area	Number of Staff (1992)	Unit of Measure	1992 Performance	1996 Target Performance	Percent Change
GPA Overall	585	Cust./empl.	62	81	+ 30%
Customer Services	59	Cust./empl.	616	800	+ 30
Engineering	55	Cust./empl.	661	860	+ 30
Generation	186	mWH/empl.	5,756	7,000	+22
T&D	193	Cust./empl.	277	370	+ 34

Tables II-1 through II-5 provide the details necessary to assess progress against the recommended targets. Each table lists 1992 actual data, including the number of customers, full-time equivalent employees and customers per full-time-equivalent employee. For generation, actual mWHs produced are also shown, as are mWHs per employee.

For each of four future years the projected number of customers is listed along with targeted full-time employee equivalents, the resultant full-time employees and full-time equivalent employees who GPA will avoid retaining or hiring if targeted ratios are met. All customer projections are based on four percent per year increases.

Achievement of the recommended targets should result in a cost reduction/avoidance between FY 1993 and FY 1996 of approximately \$19 million. No cost reduction/avoidance is recognized by DCI in FY 1993 since implementation of the recommended work management and other related systems will require most of the year. Using a fully loaded cost per FTE of \$50,000 per year, the total FTE's avoided on Table II-1 should lead to results starting in FY 1994 as shown below:

Projected Cost Avoidance/Savings

FY 1994	\$4,400,000
FY1995	\$6,450,000
FY 1996	<u>\$8,050,000</u>
TOTAL	\$18,900,000

Projected costs incurred and other non-labor cost avoidances are provided on Exhibit II-2.

Table II - 1

**GPA OVERALL STAFFING TARGETS**

<b>Fiscal Year</b>	<b>Number of Customers</b>	<b>FTE Employees</b>	<b>Customers Per FTE</b>	<b>Cumulative FTE's Avoided (a)</b>
92	36,364	585	62	---
93	37,819	564	67	---
94	39,331	546	72	88.0
95	40,905	531	77	129.0
96	42,541	525	81	161.0
<b>FTE's Avoided FY 1994-96</b>				<b>161.0</b>

(a) Based on FY 1992 Customers per FTE of 62

Table II - 2

**CUSTOMER SERVICE STAFFING TARGETS**

<b>Fiscal Year</b>	<b>Number of Customers</b>	<b>FTE Employees</b>	<b>Customers Per FTE</b>	<b>Cumulative FTE's Avoided (a)</b>
92	36,364	59	616	---
93	37,819	57	662	---
94	39,331	56	708	8.0
95	40,905	54	754	12.4
96	42,541	53	800	16.0
<b>FTE's Avoided FY 1994-96</b>				<b>16.0</b>

(a) Based on FY 1992 Customers per FTE of 616

Table II - 3

## ENGINEERING STAFFING TARGETS

Fiscal Year	Number of Customers	O&M FTE Employees	Customers Per FTE	Cumulative FTE's Avoided (a)
92	36,364	33	1102	---
93	37,819	32	1182	---
94	39,331	31	1269	4.7
95	40,905	30	1364	7.1
96	42,541	29	1467	9.6
<b>FTE's Avoided FY 1994-96</b>				<b>9.6</b>
(a) Based on FY 1992 Customers per FTE of 1102				

Table II - 4A

## GENERATION STAFFING TARGETS

Fiscal Year	Number of Customers	FTE Employees	Customers Per FTE	Cumulative FTE Avoided (a)
92	1,070,699	186	5756	---
93	1,113,527	184	6067	---
94	1,158,391	182	6378	19.2
95	1,203,391	180	6689	29.2
96	1,252,566	179	7000	38.6
<b>FTE's Avoided FY 1994-96</b>				<b>38.6</b>
(a) Based on FY 1992 Customers per FTE of 5756				

Table II - 4B\*

## GENERATION STAFFING TARGETS

Fiscal Year	Number of Customers	FTE Employees	Customers Per FTE	Cumulative FTE's Avoided (a)
92	36,364	186	195.5	---
93	37,819	184	205.5	---
94	39,331	182	216.1	19.2
95	40,905	180	227.3	29.2
96	42,541	179	237.7	38.6
<b>FTE's Avoided FY 1994-96</b>				<b>38.6</b>
(a) Based on FY 1992 Customers per FTE of 195.5				

\* This table is included since some parties may consider it preferable to measure generation staffing in comparison to Projected customers rather than to mWH's.

Table II - 5

## T&amp;D STAFFING TARGETS

Fiscal Year	Number of Customers	OEM FTE's	Customers Per FTE	Cumulative FTE's Avoided (a)
92	36,364	130.1	277	---
93	37,819	125.6	301	---
94	39,331	121.0	325	21.0
95	40,905	117.2	349	30.5
96	42,541	114.4	372	39.2
<b>FTE's Avoided FY 1994-96</b>				<b>39.2</b>
(a) Based on FY 1992 Customers per FTE of 227				

C - RECOMMENDATION SUMMARY

A comprehensive listing of all of the recommendations developed as a result of the Doherty & Company, Inc. (DCI) audit is provided in Exhibit II-1, Recommendations Summary. This summary contains three columns as follows:

- Recommendation Number - A sequential listing of all of the recommendations found in Chapters III through IX.
- Recommendation - The basic recommendation statement. Amplification and backup information for each recommendation are provided in the various chapters in which the recommendations are described.
- Priority - A high, medium, or low priority has been assigned to each recommendation, as follows:

A - Particularly significant; action should be taken immediately.

B - Important; action should be taken promptly.

C - Secondary importance; action should be taken in the near future.

Time frames for implementation are contained in the Implementation Plans, which are provided in each of the pertinent chapters of this report.

**GUAM POWER AUTHORITY  
FOCUSED MANAGEMENT AUDIT**

**RECOMMENDATION SUMMARY**

Recommendation Number	Recommendation	Priority
<b>III - EXECUTIVE MANAGEMENT</b>		
III-1	Enhance the long-term strategic planning process and GPA management's understanding of planning processes.	A
III-2	Restructure GPA's top level organization.	A
III-3	Improve top-level GPA management decision processes.	A
III-4	Improve relationships among GPA management, the PUC and the Legislature.	A
<b>IV - FINANCE</b>		
IV-1	Develop an Activity-Based Budget Process that requires an annual analysis of the entire operating budget .	A
IV-2	Develop budget variance analysis requirements .	A
IV-3	Expand or modify financial reports to include more useful information for operating management .	A
IV-4	Evaluate and enhance or replace financial information systems as necessary.	A
<b>V - POWER PRODUCTION</b>		
V-1	Cap the approved positions in Generation at the current level, and redeploy the work force to reduce non-fuel O&M costs per mWH in the future.	A
V-2	Negotiate the transfer of the Navy Piti generation facilities to GPA management.	A
V-3	Implement a modern maintenance management system.	A
V-4	Establish an enhanced outage planning and management function.	A
<b>VI - TRANSMISSION AND DISTRIBUTION</b>		
VI-1	Change the work force strategy so that GPA employees perform the highest level technical work and contractors perform all other work.	A
VI-2	Proactively develop new contractor resources.	A

**GUAM POWER AUTHORITY  
FOCUSED MANAGEMENT AUDIT**

**COST-BENEFIT SUMMARY**

Chapter	Recomen- -dations	FY 1993		FY 1994		FY 1995		FY 1996	
		<u>Cost</u>	<u>Benefit</u>	<u>Cost</u>	<u>Benefit</u>	<u>Cost</u>	<u>Benefit</u>	<u>Cost</u>	<u>Benefit</u>
III	1. 2. 3.	\$110,000 \$100,000			\$75,000		\$75,000		\$150,000
IV	1. 2. 3. 4.	\$288,640 \$144,320 \$18,480 \$18,480			\$300,000		\$300,000		\$300,000
V	1. 2. 3. 4.			\$150,000	\$960,000		\$1,460,000 \$2,375,000		\$1,930,000 \$2,375,000
VI	1. 2. 3. 5.	\$1,000,000 \$200,000 \$300,000			\$1,050,000		\$1,525,000		\$1,960,000
VII	1. 3. 4. 5. 6.	\$18,000 \$25,000		\$750,000	\$100,000 \$500,000 \$150,000 \$70,000		\$100,000 \$500,000 \$150,000 \$100,000 \$70,000		\$100,000 \$500,000 \$150,000 \$100,000 \$70,000
VIII	1. 2.	\$50,000 25,000		\$25,000	\$275,000 \$87,500	25,000	\$275,000 \$87,500	25,000	\$275,000 \$87,500
IX	2. 5.				\$800,000 \$375,000		\$1,400,000 \$375,000		\$1,400,000 \$375,000
	<b>TOTALS</b>	<b>\$2,547,920</b>		<b>\$925,000</b>	<b>\$4,742,500</b>	<b>\$25,000</b>	<b>\$8,792,500</b>	<b>\$25,000</b>	<b>\$9,772,500</b>



D - COST AND BENEFIT SUMMARY

Exhibit II-2 lists those recommendations in Chapters III through IX whose potential benefits can be quantified. Benefits quantification support is provided in the relevant chapters of this report. In some cases, where hard data were not available, order of magnitude estimates are provided, listing Doherty & Company, Inc. (DCI) assumptions. In all other instances, the methodology for quantifying is provided. Where quantification is not possible as a part of this audit, it is so stated.

Many recommendations can be implemented by existing staff in the normal course of work, and will not result in incremental out-of-pocket costs. Where applicable, implementation costs are estimated.

Recommendation Number	Recommendation	Priority
VI-3	Implement a single, comprehensive work management system that covers all T&D work in all sections for all workers (in-house and contractor).	A
VI-4	Redeploy "Assistant" and narrow span of control management positions to technically skilled physical worker positions	A
VI-5	Cap T&D positions at present levels until the customer per O&M worker target is met.	A
<b>VII - CUSTOMER SERVICE</b>		
VII-1	Encourage customers to pay their bills by mail and to call rather than visit customer service offices	A
VII-2	Investigate several other opportunities for enhancing the billing process.	C
VII-3	Initiate a number of enhancements to the meter reading process.	A
VII-4	Revise a number of meter connect/disconnect policies and practices.	B
VII-5	Thoroughly explore the use of "Budget Meters", initially for high-risk accounts and eventually for other accounts.	A
VII-6	Eliminate all scheduled and most other overtime in Customer Service.	A
<b>VIII - SUPPORT SERVICES</b>		
VIII-1	Initiate efforts to improve materials turnover, as well as the inventory management system.	A
VIII-2	Eliminate or significantly reduce overtime in both Supply and Transportation.	A
VIII-3	Implement a number of organizational and administrative enhancements in Supply.	C
VIII-4	Implement a number of enhancements to the Purchasing function.	B
VIII-5	Implement a number of enhancements in Warehousing policies and practices.	B
VIII-6	Implement a number of enhancements to the Transportation function.	B
<b>IX - WORKFORCE MANAGEMENT</b>		
XI-1	Develop and implement a formal performance management program.	C
IX-2	Reduce the amount of overtime paid, and the levels of management receiving overtime.	A
IX-3	Implement a number of workforce management related enhancements.	B
IX-4	Develop a workforce planning capability.	C
IX-5	Except under extraordinary conditions, eliminate all one-on-one and one-on-two reporting relationships, and establish a GPA standard.	A

AUG 19 '93

TWENTY-SECOND GUAM LEGISLATURE  
1993 (FIRST) REGULAR SESSION

Bill No. 548 (LS)

Introduced By:

D. Parkinson  
T. E. Adun 7/7

AN ACT TO AMEND SECTION 8113.3 OF P.L. 21-117 AND TO  
AMEND SECTION 12004, CHAPTER 12, 12 GUAM CODE ANNOTATED

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. Legislative findings and intent. The  
3 Legislature finds that Section 8113.3 of Public Law is  
4 restrictive in that it limits the purchase of new base load  
5 generation to 35 Meggawatts. It is the intent of the  
6 Legislature that the purchase of new base load generation be  
7 not less than 35 meggawatts. The Legislature also finds  
8 that the Public Utility Commission authority to regulate  
9 utilities under its control is weakened by the lack of  
10 express authority. It is the intent of the Legislature that  
11 the Public Utility Commission be empowered to regulate  
12 public utilities under its control.

13 Section 2. Section 8113.3 of Public Law 21-117, 4. is  
14 amended to read "Next baseload unit (not less than 35 MW)."

15 Section 3. Section 12004, Chapter 12, 12 Guam Code  
16 Annotated is amended to read:

1           "Section 12004. **General Powers and Duties.** The  
2 Commission shall have the regulatory oversight supervision  
3 and authority over the of rates and expenses of each public  
4 utility under its jurisdiction, including, without  
5 limitation, the authority to issue such orders as may be  
6 necessary to keep utility expenses within reasonable limits,  
7 and shall perform the duties and exercise the powers imposed  
8 or conferred upon it by this Chapter. as set forth in this  
9 ~~Chapter over each public utility and shall perform the~~  
10 ~~duties and exercise the powers imposed or conferred upon it~~  
11 ~~by this Chapter.~~ The Commission in the discharge of any of  
12 its duties or the exercise of any of its powers, except a  
13 final determination affecting a public utility, may act  
14 through one or more of its Commissioners designated by the  
15 Commission for this purpose. The Commission shall  
16 investigate and examine any rates and charges charged by any  
17 utility, and all records pertinent thereto. The Commission  
18 may seek advice from an independent utility expert, shall  
19 approve, disapprove, increase or reduce rates for each  
20 utility. The Commission shall establish and modify from  
21 time to time, reasonable rates and charges for services,  
22 which as far as Guam Telephone Authority and Guam Power  
23 Authority are concerned shall be at least adequate to cover  
24 the full cost of such service or subject to any contractual  
25 agreements of the utilities to the holders of any bonds and  
26 shall increase rates or charges from time to time as may be  
27 necessary pursuant to any contractual obligations which

1 could increase rates and charges as of the effective date of  
2 this Act, prior to the written approval of the Commission.  
3 No money in any utility sinking fund may be released except  
4 for the purpose for which it is dedicated.

5 No rate change may be approved by the Commission unless  
6 it is affirmatively established, by a preponderance of the  
7 evidence, that a rate change is necessary. The Commission  
8 shall conduct such investigation and hearings as to any such  
9 rate changes as it deems necessary. As to the Guam Power  
10 Authority, the Commission shall ensure that rates will, at  
11 all times, be sufficient to enable the utility to meet its  
12 financial obligations, operating expenses, debt service and  
13 capital improvement needs. Any rate change shall be  
14 considered by the Commission using standards and financial  
15 criteria consistent with generally accepted rate-making  
16 practice of Public Utilities.