



Territory of Guam
Territorio Guam

OFFICE OF THE GOVERNOR
L.FISINAN I MAGA'LAHI
AGANA, GUAM 96910 U.S.A.

DEC 06 1993

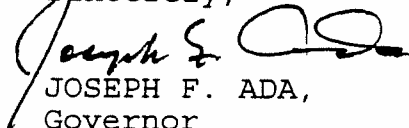
The Honorable Joe T. San Agustin
Speaker
Twenty Second Guam Legislature
Agana, Guam 96910

Dear Mr. Speaker:

Enclosed is Substitute Bill No. 540 which I have signed into law as Public Law 22-58.

Sections 5 and 6 of this measure contain substantial appropriations. These provisions cannot be implemented at this time because of the government's cash position. When the cash position improves then funds for these purposes may be released.

Sincerely,


JOSEPH F. ADA,
Governor

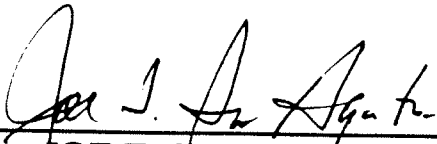


Commonwealth Now!

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

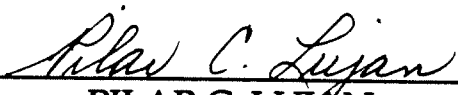
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 540 (LS), "AN ACT TO AUTHORIZE THE PUBLIC UTILITIES COMMISSION TO UNDERTAKE A MANAGEMENT AUDIT OF THE PUBLIC UTILITY AGENCY OF GUAM; TO MAKE AN APPROPRIATION THEREFOR; AND TO APPROPRIATE FUNDS FOR A SLAUGHTERHOUSE AND FOR COMMEMORATIVE SERVICES FOR WORLD WAR II VETERANS," was on the 19th day of November, 1993, duly and regularly passed.



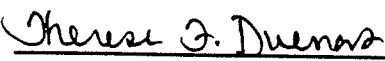
JOE T. SAN AGUSTIN
Speaker

Attested:



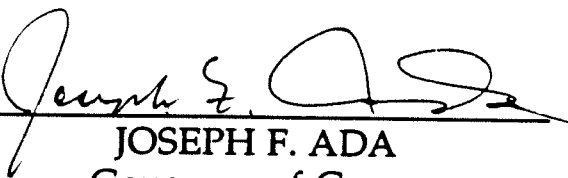
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 24th day of November, 1993, at
10:09 o'clock A.M.



Assistant Staff Officer
Governor's Office

APPROVED:



JOSEPH F. ADA
Governor of Guam

Date: DEC 06 1993

Public Law No. 22-58

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 540 (LS)
As substituted by the
Committee on Rules

Introduced by:

T. C. Ada
A. C. Blaz
T. S. Nelson
M. D. A. Manibusan
J. P. Aguon
E. P. Arriola
M. Z. Bordallo
H. D. Dierking
C. T. C. Gutierrez
P. C. Lujan
V. C. Pangelinan
D. Parkinson
E. D. Reyes
J. T. San Agustin
F. E. Santos
D. L. G. Shimizu
J. G. Bamba
D. F. Brooks
F. P. Camacho
A. R. Unpingco

AN ACT TO AUTHORIZE THE PUBLIC UTILITIES
COMMISSION TO UNDERTAKE A MANAGEMENT
AUDIT OF THE PUBLIC UTILITY AGENCY OF GUAM; TO
MAKE AN APPROPRIATION THEREFOR; AND TO
APPROPRIATE FUNDS FOR A SLAUGHTERHOUSE AND
FOR COMMEMORATIVE SERVICES FOR WORLD WAR II
VETERANS.

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

1 **Section 1. Legislative finding and intent.** (a) The Legislature finds
2 that an adequate water system is necessary to sustain the quality of life which
3 the people of Guam deserve and to support those activities which provide
4 economic opportunities for the people of Guam.

5 (b) The Legislature takes note that the current rates of the Public Utility
6 Agency of Guam ("PUAG") for water and sewer services as approved by the
7 Public Utility Commission ("PUC") and implemented in January of 1981, have
8 remained fixed pursuant to public law. It is further noted that this freezing of
9 the rate schedule has resulted in the annual subsidy of about sixty-eight
10 percent (68%) of PUAG's operation and maintenance expenses. It is
11 reasonable to conclude that the level of subsidy in the years to come will
12 increase because of inevitable increases in labor and material costs.

13 (c) In order for PUAG to be an effective utility, it must be allowed to
14 function as an autonomous utility and not as a typical line agency of the
15 Government of Guam.

16 (d) As prerequisite to consideration being given for autonomy status, it
17 is imperative that PUAG demonstrate its ability to operate efficiently.

18 (e) The Legislature finds it appropriate that PUC, which is charged
19 with the primary task of reviewing and approving rates related to public
20 electrical and telephone utility services, be further delegated the
21 authorization to undertake a management and operations audit of PUAG,
22 which shall additionally address, and include solutions for, the unaccounted-
23 for water rate, as a preliminary step towards any further consideration for
24 operational autonomy.

25 **Section 2. Management and operations audit of PUAG.** PUC is
26 hereby authorized to undertake, and shall immediately commence the conduct

1 of a management and operations audit of PUAG, which shall additionally
2 address, and include solutions for, the unaccounted-for water rate, as well as
3 a review of existing water rates with recommendation for appropriate
4 increases, if needed, and a phased-in implementation plan. The report of
5 such audit including findings and recommendations for action to be
6 immediately undertaken by PUAG to improve the efficiency of its
7 management, operations, maintenance, and services, and to reduce the
8 unaccounted-for-water rate, shall be completed and transmitted to the
9 Governor, the Legislature, and PUAG, by no later than one hundred eighty
10 (180) days from the approval of the appropriation authorized by Section 5 of
11 this Act.

12 **Section 3. Same: implementation.** Upon receipt of PUC's
13 management and operations audit report the Chief Officer of PUAG shall
14 immediately cause such actions to be initiated and implemented as may be
15 necessary to effectuate the recommendations contained therein to improve
16 the efficiency of PUAG's management, operations, maintenance and services,
17 and to reduce the unaccounted-for-water rate.

18 **Section 4. New rate schedule.** PUAG, when it has successfully
19 addressed the major findings and recommendations of PUC's management
20 audit of PUAG, and when it has reduced the unaccounted-for-water rate to
21 less than thirty percent (30%), shall, with the concurrence of PUC and at the
22 request of the Governor, submit to the Legislature for its consideration, a
23 request for a cost-based operational rate schedule, which shall, for the
24 purpose of avoiding rate shock, be structured to be phased-in over an
25 appropriate period. Unless the Legislature takes action on such a proposed

1 rate schedule within fifteen (15) legislative days after its submission, the same
2 shall go into effect.

3 **Section 5. Reappropriation of \$300,000 from previous appropriation**
4 **for northern and southern high schools for PUC to perform management**
5 **audit of PUAG. Three Hundred Thousand Dollars (\$300,000) are**
6 **reappropriated from the appropriation previously made for the northern and**
7 **southern high schools in Section 33 of Public Law 20-220 to PUC to perform a**
8 **management audit of PUAG.**

9 **Section 6. Reappropriation of \$600,000 from previous appropriation**
10 **for northern and southern high schools to the Agricultural Board of**
11 **Commissions for the construction of a slaughterhouse. Six Hundred**
12 **Thousand Dollars (\$600,000) are reappropriated from the appropriation**
13 **previously made in Section 33 of Public Law 20-220 to the Agricultural Board**
14 **of Commissioners for the construction of a slaughterhouse.**

15 **Section 7. Reappropriation of \$5,812 from previous appropriation for**
16 **northern and southern high schools to the Fleet Reserve Association, Latte**
17 **Branch 73, for Mass Services in commemoration of World War II veterans**
18 **and their dependents. Five Thousand Eight Hundred Twelve Dollars**
19 **(\$5,812) are reappropriated from the appropriation previously made for the**
20 **northern and southern high schools in Section 33 of Public Law 20-220 to the**
21 **Fleet Reserve Association, Latte Branch 73, to conduct a Commemorative**
22 **Mass for World War II veterans and their dependents scheduled for**
23 **December 7, 1993.**