



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

JUL 31 1996

The Honorable Judith Won-Pat Borja  
Acting Speaker  
Twenty-Third Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>JG</u>
Time	<u>9:23 pm.</u>
Date	<u>31 July 96</u>

Dear Speaker Won-Pat Borja:

Enclosed please find a copy of Substitute Bill No. 511 (LS), "AN ACT TO ADD A NEW CHAPTER 14 TO TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CREATING THE GUAM WATERWORKS AUTHORITY; TO AMEND §§12004, 12027, AND 12000(a) OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE PUBLIC UTILITIES COMMISSION; AND TO REPEAL 5 GCA §3123 AND §§56101 THROUGH 56118, AND 12 GCA §§12015.1 AND 12015.2, THEREBY ABOLISHING THE PUBLIC UTILITY AGENCY OF GUAM", which I have **signed** into law today as **Public Law No. 23-119**.

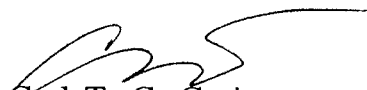
This legislation establishes a new autonomous agency within the government of Guam, the **Guam Waterworks Authority**. It assumes the final remaining responsibility of the old umbrella utility agency, the Public Utility Agency of Guam, and that is to provide water and sewer services to the island. Initially, the Public Utility Agency of Guam, established in Guam law in Public Law 1-88 in 1952, administered all of the utilities of the island. Because of changing times and circumstances, other utilities formerly administered by the Public Utility Agency of Guam have already become autonomous agencies. These are now the Guam Power Authority, established in 1968, and the Guam Telephone Authority, established in 1973. As a vehicle for future financial self support, this legislation does establish an autonomous agency which can work towards this goal. For this reason, this bill has been signed into law.

The legislation is not perfect, however. In particular, the new provisions included by the Legislature, by committee and floor amendment, with respect to bonds and debt service, will require further examination. In setting a new course for PUAG as the Guam Waterworks Authority, due consideration must be given the potential legal and financial impact of the Legislature's actions. The bond counsel for the Guam Economic Development Authority (GEDA) is presently examining the legislation for conformance to existing bond covenants. The provision of the enabling statute go into effect in 180 days from the date of enactment, which is midnight tonight. We will be receiving recommendations relative to the outstanding bonds of the government of Guam and the PUAG relative to water and sewer projects, and if amendments are needed to the legislation, we will be forwarding them to the Legislature for enactment. It is my hope that the Legislature will be amenable to make changes as may be required.

The PUAG Autonomy Commission, a volunteer group of businessmen set up under Executive Order No. 96-05 to work towards achieving autonomy and financial self-sufficiency for the PUAG, met on July 30, 1996 and endorsed the signing of Substitute Bill No. 511 into law as a vehicle to achieve the restructuring of the agency from a line agency to a more fiscally independent body. It is the hope of the PUAG Autonomy Commission to provide the water and sewer service agency of the government with a business enterprise operation. A copy of Resolution No. 96-05-01 is attached.

A copy of this message and the public law has also been delivered to the Office of the Legislative Secretary.

Very truly yours,

  
Earl T. C. Gutierrez  
Governor of Guam

Attachment

231391



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

JUL 31 1996

received  
CAR [Signature]  
7/31 2:24 pm

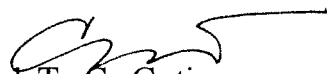
The Honorable Sonny L. Orsini  
Acting Legislative Secretary  
Twenty-Third Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910

Dear Mr. Legislative Secretary:

Enclosed please find a copy of Governor's message and a copy of Substitute Bill No. 511 (LS), "AN ACT TO ADD A NEW CHAPTER 14 TO TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CREATING THE GUAM WATERWORKS AUTHORITY; TO AMEND §§12004, 12027, AND 12000(a) OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE PUBLIC UTILITIES COMMISSION; AND TO REPEAL 5 GCA §3123 AND §§56101 THROUGH 56118, AND 12 GCA §§12015.1 AND 12015.2, THEREBY ABOLISHING THE PUBLIC UTILITY AGENCY OF GUAM", which I have **signed** into law today as **Public Law No. 23-119**.

A copy has also been delivered to the Office of the Speaker.

Very truly yours,

  
Carl T. C. Gutierrez  
Governor of Guam

Attachments  
231395

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT  
Received By [Signature]  
Time 9:20 am  
Date 8/1/96

**PUAG AUTONOMY COMMISSION  
GOVERNMENT OF GUAM  
AGANA, GUAM 96910**

**RESOLUTION NO. 96-05-01**

**RELATIVE TO THE AUTONOMY COMMISSION'S EXPRESSION OF FULL  
SUPPORT FOR THE ENACTMENT OF BILL 511 ESTABLISHING THE GUAM  
WATERWORKS AUTHORITY**

**WHEREAS**, Bill 511 was introduced by the Twenty-Third Guam Legislature with the Administration's full support as a modified version of Bill 112, which was passed but vetoed by the Governor for technical reasons associated with long-term debt financing; and

**WHEREAS**, the Twenty-Third Guam Legislature passed Bill 511 to achieve autonomy status for the Public Utility Agency of Guam (PUAG) on July 19, 1996; and

**WHEREAS**, the Governor established the PUAG Autonomy Commission on February 29, 1996, by Executive Order No. 96-05 to guide PUAG into autonomy in anticipation of enactment of Bill 511; and

**WHEREAS**, the current composition of the Autonomy Commission members is comprised of astute businessmen and women with distinguished records of success in the operation of profitable private businesses; and

**WHEREAS**, the basic requirement of an autonomous agency is to be financially self-sustaining with control over its revenues and rate-setting authority and increased control over internal planning and plan implementation efforts; and

**WHEREAS**, the Administration desires PUAG to be financially independent from the General Fund with self-sustaining fiscal ability to address both short-term and long-term capital requirements of the Agency;

**WHEREAS**, financial self-sufficiency and fiscal independence require an organizational restructuring of PUAG from a government line agency to a business enterprise operation, and an overhaul of current business practices in order to meet the challenges of water and wastewater systems expansion and the resultant change in the size of the organization required to administer and operate expanded facilities; and

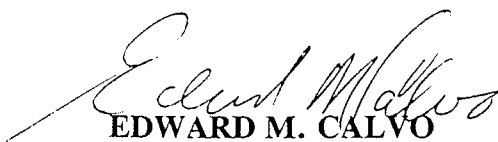
**WHEREAS**, the Administration recognizes that its desire for economic growth for the territory of Guam as expressed in the Governor's Vision 2001 Economic Recovery Plan depends heavily on an expanded, efficient, and reliable water and wastewater facilities;

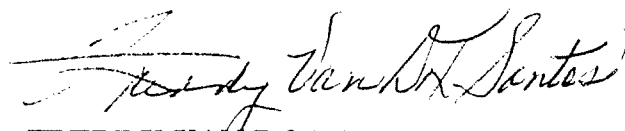
**NOW, THEREFORE, BE IT RESOLVED**, that the Autonomy Commission Board of Commissioners hereby recommends to the Governor to sign into law Bill 511 granting PUAG autonomy to accomplish the following objectives:

1. Increase the viability and efficiency of the Agency by rehabilitating the management system through restructuring the personnel organizational chart, improving personnel skill levels and requirements, establishing career advancement programs, and enhancing current methods of intra-agency communication and work processes.
2. Develop a clear agency mandate with established performance standards and goals to achieve that extends beyond just providing water and sewer services to the people of Guam to encompass total service in support of islandwide economic growth and development consistent with the Administration's Vision 2001 Economic Recovery Plan for Guam.
3. Establish the ability to maintain fiscal control of the Agency by correcting accounting and financial systems deficiencies by replacing archaic government accounting and financial reporting procedures and recruiting additional technical personnel.
4. Become fiscally self sufficient by transitioning the cost of Agency operation and the cost of capital financing for CIPs from the General Fund to the consumers, including the gradual transition of debt service cost of the \$53 million water/sewer bond, notwithstanding the fact that the \$53 million bond debt currently has first lien on PUAG revenues.

**BE IT FURTHER RESOLVED** that the Chairman of the Board of Commissioners is hereby authorized to execute this resolution and the Secretary to attest to its adoption.

**DULY AND REGULARLY ADOPTED THIS 30<sup>th</sup> DAY OF JULY 1996.**

  
**EDWARD M. CALVO**  
Chairman  
PUAG Autonomy Commission

  
**FREDDY VAN DOX SANTOS**  
Secretary  
PUAG Autonomy Commission



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

**JUL 31 1996**


The Honorable Sonny L. Orsini  
Acting Legislative Secretary  
Twenty-Third Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910

Dear Mr. Legislative Secretary:

Enclosed please find a copy of Governor's message and a copy of Substitute Bill No. 511 (LS), "AN ACT TO ADD A NEW CHAPTER 14 TO TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CREATING THE GUAM WATERWORKS AUTHORITY; TO AMEND §§12004, 12027, AND 12000(a) OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE PUBLIC UTILITIES COMMISSION; AND TO REPEAL 5 GCA §3123 AND §§56101 THROUGH 56118, AND 12 GCA §§12015.1 AND 12015.2, THEREBY ABOLISHING THE PUBLIC UTILITY AGENCY OF GUAM", which I have **signed** into law today as **Public Law No. 23-119**.

A copy has also been delivered to the Office of the Speaker.

Very truly yours,

  
Carl T. C. Gutierrez  
Governor of Guam

Attachments

TWENTY-THIRD GUAM LEGISLATURE  
1996 (SECOND) Regular Session

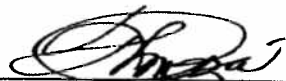
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 511 (LS), "AN ACT TO ADD A NEW CHAPTER 14 TO TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CREATING THE GUAM WATERWORKS AUTHORITY; TO AMEND §§12004, 12027, AND 12000(a) OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE PUBLIC UTILITIES COMMISSION; AND TO REPEAL 5 GCA §3123 AND §§56101 THROUGH 56118, AND 12 GCA §§12015.1 AND 12015.2, THEREBY ABOLISHING THE PUBLIC UTILITY AGENCY OF GUAM," was on the 19th day of July, 1996, duly and regularly passed.



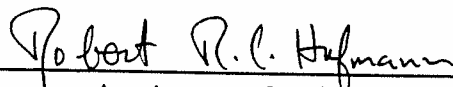
DON PARKINSON  
Speaker

Attested:



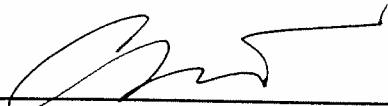
JUDITH WON PAT-BORJA  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 25<sup>th</sup> day of July,  
1996, at 9:50 o'clock A.M.



Assistant Staff Officer  
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ  
Governor of Guam

Date: 7-31-96

Public Law No. 23-119

TWENTY THIRD GUAM LEGISLATURE  
1996 (SECOND) Regular Session

Bill No. 511 (LS)

As substituted by the Committee on  
Water, Utilities, & Electronic Communications  
and Committee on Economic-Agricultural  
Development & Insurance and as further  
amended on the floor

Introduced by:

A. C. Lamorena V  
T.C. Ada  
M. Forbes

---

J. P. Aguon  
E. Barrett-Anderson  
A. C. Blaz  
J. M. S. Brown  
F. P. Camacho  
M. C. Charfauros  
H. A. Cristobal  
C. Leon Guerrero  
L. Leon Guerrero  
T. S. Nelson  
S. L. Orsini  
V. C. Pangelinan  
D. Parkinson  
J. T. San Agustin  
A. L. G. Santos  
F. E. Santos  
A. R. Unpingco  
J. Won Pat-Borja

AN ACT TO ADD A NEW CHAPTER 14 TO TITLE 12 OF  
THE GUAM CODE ANNOTATED, RELATIVE TO  
CREATING THE GUAM WATERWORKS AUTHORITY;  
TO AMEND §§12004, 12027, AND 12000(a) OF TITLE 12,  
GUAM CODE ANNOTATED, RELATIVE TO THE PUBLIC  
UTILITIES COMMISSION; AND TO REPEAL 5 GCA  
§3123 AND §§56101 THROUGH 56118, AND 12 GCA



§§12015.1 AND 12015.2, THEREBY ABOLISHING THE  
PUBLIC UTILITY AGENCY OF GUAM.

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

2 Section 1. A new Chapter 14 is added to Title 12 of the Guam Code  
3 Annotated to read:

4 "CHAPTER 14

5 GUAM WATERWORKS AUTHORITY

6 Article 1. General Provisions

7 §14101. Short Title. This Chapter may be cited as the "*Guam*  
8 *Waterworks Authority Act.*"

9 §14102. Definitions. As used in this Chapter, unless otherwise  
10 indicated:

11 (a) *Authority* means the Guam Waterworks Authority;

12 (b) *Board* means the Board of Directors of the Authority;

13 (c) *Director* means a member of the Board.

14 §14103. Establishment. There is within, and a public corporation  
15 and autonomous instrumentality of, the government of Guam, a Guam  
16 Waterworks Authority.

17 §14104. Powers. The Authority shall have and exercise each and  
18 all of the following powers:

19 (a) Produce, treat, transmit, store, distribute, and sell water  
20 on Guam, and collect, treat and sell or dispose of waste water on  
21 Guam;

22 (b) Acquire, in accordance with Public Law 20-06:7, and  
23 Title VII-A of the Government Code and subject to the laws of  
24 Guam, by grant, purchase, gift, devise or lease, or by the exercise  
25 of the right of eminent domain in accordance with the provisions

1 and subject to limitations of 21 Guam Code Annotated, Chapter  
2 15, and hold and use any real or personal property necessary or  
3 convenient or useful for the carrying on of any of the powers  
4 pursuant to the provisions of this Chapter;

5 (c) Establish its internal organization and management and  
6 adopt regulations for the administration of its operations;

7 (d) Establish and modify from time to time, with approval  
8 of the Public Utility Commission, reasonable rates and charges for  
9 water and waste water services at least adequate to recover the  
10 full cost of providing such services and collect money from  
11 customers using such services. Similarly, the Authority shall  
12 establish and modify from time to time, with approval of the  
13 Public Utility Commission, reasonable rates and charges for  
14 servicing of debt obtained to undertake capital improvements of  
15 water and waste water facilities.

16 (e) Enter into contracts and execute all instruments  
17 necessary or convenient in the exercise of its powers, adopt a seal  
18 and sue or be sued in its own corporate name;

19 (f) Construct works along or across any street or public  
20 highway or watercourse or public utility easement or over any of  
21 the lands which are the property of the Territory; and with respect  
22 to federal lands, the Authority shall have the same powers with  
23 respect to the construction of such works as possessed by the  
24 government of Guam. The Authority shall restore any such street  
25 or highway to its former state and shall not use it in a manner to  
26 impair unnecessarily its usefulness;

1 (g) At any time, or from time to time, incur indebtedness  
2 pursuant to Article 2 of this Chapter;

3 (h) Enter into contracts with the Government of the  
4 Territory or with the United States for loans or grants;

5 (i) Employ, retain or contract for the services of qualified  
6 specialists or experts, as individuals or as organizations, to advise  
7 and assist its Board of Directors and employees;

8 (j) Adopt such rules and regulations as may be necessary for  
9 the exercise of the powers and performance of the duties  
10 conferred or imposed upon the Authority or the Board by this  
11 Article;

12 (k) Control, operate, improve, equip, maintain, repair,  
13 renew, replace, reconstruct, alter and insure the water and waste  
14 water disposal systems subject to compliance with any applicable  
15 zoning, building and health regulations of the territory of Guam;  
16 and

17 (l) Do any and all other things necessary to the full and  
18 convenient exercise of the above powers;

19 Nothing contained in this Section or elsewhere in this Article  
20 shall be construed directly or by implication to be in any way in  
21 derogation or limitation of powers conferred upon or existing in  
22 the Authority or the Board by virtue of any provisions of the  
23 Organic Act of Guam or Statutes of the Territory or any other  
24 provisions of this Code.

25 **§14105. Board of Directors.** (a) All powers vested in the  
26 Authority, except as provided herein, shall be exercised by the Board.  
27 The Board shall consist of seven (7) directors, nominated and appointed

1 by the Governor of Guam, by and with the advice and consent of the  
2 Guam Legislature. The seven (7) directors first appointed shall classify  
3 themselves by lot so that their terms shall expire respectively as follows:  
4 One (1) on October 1, 1997, Two (2) on October 1, 1998, Two (2) on  
5 October 1, 1999 and Two (2) on October 1, 2000. Their successors shall  
6 be appointed each for a term of five (5) years from the date of the  
7 expiration of the term for which his predecessor was appointed and  
8 until his successor is appointed and has qualified. All vacancies  
9 occurring in the office of directors shall be filled by the Governor, with  
10 the advice and consent of the Legislature, for the unexpired term. In  
11 making appointments to the Board, the Governor shall select one (1)  
12 member with an Accounting or Finance background; one (1) member  
13 with an Engineering or Utility Operations background; one (1) member  
14 with Planning background and two (2) members who would be  
15 representatives of the consuming public. The two remaining Directors  
16 will be at the option of the Governor.

17 (b) Four (4) directors shall constitute a quorum of the Board  
18 for the transaction of all business. The Board may adopt rules and  
19 regulations governing the conduct of its affairs. It shall elect a  
20 Chairman and a Vice-Chairman from among the Directors.

21 (c) Each director shall receive the sum of Fifty Dollars  
22 (\$50.00) for each attendance at the meetings of the Board, but such  
23 compensation shall not apply to more than two (2) meetings in  
24 any one (1) calendar month. No director shall receive any other  
25 compensation, but shall be reimbursed for actual travel,  
26 subsistence and out-of-pocket expenses incurred in the discharge  
27 of his responsibilities.

1           **§14106. General Manager.** (a) The Board shall appoint a  
2 General Manager, who shall be its chief executive officer and who shall  
3 serve at its pleasure. The Civil Service Commission shall fix his  
4 compensation. The General Manager shall have full charge and  
5 control of the construction of the works of the Authority and their  
6 maintenance and operation, and also of the administration of the  
7 business affairs of the Authority.

8           (b) The powers of the General Manager shall include the  
9 following:

10           (i) To see that all rules and regulation of the Authority are  
11 enforced;

12           (ii) To attend all meetings of the Board and submit a general  
13 report of the affairs of the Authority;

14           (iii) To keep the Board advised as to the needs of the  
15 Authority and to approve demands for the payment of obligations  
16 of the Authority within the purposes and amounts authorized by  
17 the Board;

18           (iv) To prepare or cause to be prepared all plans and  
19 specifications for the construction of the works of the Authority;

20           (v) To select and appoint the employees of the Authority,  
21 except as otherwise provided by this Chapter, and to plan,  
22 organize, coordinate and control the services of such employees in  
23 the exercise of the powers of the Authority under the general  
24 direction of the Board;

25           (vi) To cause to be published within one hundred twenty  
26 (120) days from the end of each fiscal year a financial report  
27 showing the result of operations for the preceding fiscal year and

1 the financial status of the Authority on the last day thereof. The  
2 publication shall be made in the manner provided by the Board;  
3 and

4 (vii) To perform such other and additional duties as the  
5 Board may require.

6 **§14107. Assistant General Manager: Operations & Technical**  
7 **Support.**

8 (a) The General Manager, with the consent of the Board, shall  
9 appoint an Assistant General Manager for Operations & Technical  
10 Support, who shall serve at the pleasure of the General Manager.

11 (b) The Assistant General Manager for Operations & Technical  
12 Support shall be entitled to receive compensation as established by the  
13 Civil Service Commission.

14 (c) Such Assistant General Manager shall devote his entire time  
15 to the business of the Authority and shall have full charge and control,  
16 subject to the direction of the General Manager, of all operations,  
17 engineering, and technical support services pertaining to water  
18 production, transmission, storage, and distribution, and collection,  
19 treatment, and disposal of waste water by the Authority.

20 (d) Such Assistant General Manager shall have such other duties  
21 as may be designated by the General Manager.

22 **§14108. Same: Administration and Fiscal Services.**

23 (a) The General Manager, with the consent of the Board, shall  
24 appoint an Assistant General Manager for Administration and Fiscal  
25 Services, who shall serve at the pleasure of the General Manager.

1 (b) The Assistant General Manager for Administration and Fiscal  
2 Services shall be entitled to receive compensation as established by the  
3 Civil Service Commission.

4 (c) Such Assistant General Manager shall devote his entire time  
5 to the business of the Authority and shall have full charge and control,  
6 subject to the direction of the General Manager, of all administration,  
7 accounting and fiscal services of the Authority.

8 (d) Such Assistant General Manager shall account for all moneys  
9 of the Authority and pay out such money for the obligations of the  
10 Authority in accordance with the direction and approval of the Board.

11 (e) Such Assistant General Manager shall have such other duties  
12 as may be designated by the General Manager.

13 **§14109. Other Officers.**

14 (a) The Board may also appoint a Secretary, a Treasurer, and an  
15 Attorney, who all shall serve at the pleasure of the Board and whose  
16 duties and compensation shall be fixed by the Board. The Board may  
17 appoint one or more assistants to any such office. Any of such offices  
18 may be consolidated in one person.

19 (b) The Secretary shall have charge of all records and minutes of  
20 the Board.

21 (c) The Attorney, who must have been admitted to practice in  
22 Guam, shall advise the Board and the General Manager on all legal  
23 matters to which the Authority is a party or in which the Authority is  
24 legally interested and may represent the Authority in connection with  
25 legal matters before the Legislature, boards and other agencies of the  
26 Territory. The Attorney General shall represent the Authority in  
27 litigation concerning the affairs of the Authority provided that he may

1 delegate this duty to the Attorney of the Authority, with respect to any  
2 such litigation.

3 **§14110. Acquisition of Existing Systems, Employees, and Debt.**

4 (a) On the first day of the month following one hundred eighty  
5 (180) days after the effective date of this Act the Authority shall assume  
6 in writing from the Government of Guam and the Public Utility Agency  
7 of Guam (the Agency):

8 (i) all real property under the Agency's administration and  
9 items of property, materials and supplies which the Agency owns  
10 or controls, including construction work in progress.

11 (ii) all working capital, cash, accounts payable and  
12 receivable, deposits, advances payable and receivable, all books,  
13 records and maps and all other rights, obligations, assets,  
14 liabilities, agreements, and privileges of the Agency or  
15 attributable to the Agency.

16 (iii) Each employee of the Government of Guam and  
17 assigned to the Public Utility Agency of Guam at the date of the  
18 transfer pursuant to statute shall be transferred to the Authority.  
19 All classified employees shall remain classified.

20 (iv) In addition to the foregoing and not in limitation  
21 thereof, all liabilities and debts, including but not limited to  
22 contingent liabilities, short term debts and long term debt,  
23 including Water System Revenue Debt authorized by §6132 of the  
24 Government Code (added by P.L. 20-16) and the Line of Credit  
25 for Tumon sewer reversal and other projects authorized by  
26 Section 3 of P. L. 23-97.



1           **§14111. Exemption from Taxation, and In-Lieu Payments.** As an  
2 instrumentality of the Territory, the Authority and all property acquired  
3 by or for the Board and all revenues and income therefrom are exempt  
4 from taxation by the Territory or by any political subdivision or public  
5 corporation thereof and from all taxes imposed under the authority of  
6 the Legislature of the Territory, or with respect to which the Legislature  
7 is authorized to grant exemption.

8           **§14112. New Services.** The Authority shall apply to the Public  
9 Utility Commission ("PUC") for approval for the rates set for the new  
10 services in the event the Authority, subsequent to the effective date of  
11 this Act, expands into new water-related services. In order to obtain  
12 such approval, the Authority must demonstrate to the PUC that (1)  
13 there is a public need for the new services to be provided, (2) the  
14 Authority's entry as a new provider for said services will further benefit  
15 the community, and (3) the Authority will not be competing against any  
16 pre-existing private sector providers who are providing adequate  
17 service or any private sector providers willing and immediately capable  
18 of providing identical or similar services, as determined by PUC.

19           **§14113. Accounting and Expenditures.**

20           (a) The Board shall adopt and maintain a system of accounting.

21           (b) The Board may authorize, by annual budget resolution and  
22 amendments thereto, the payment of demands against the Authority  
23 resulting from its exercise of the powers prescribed in this Act if:

24                   (i) the purposes and amounts of such demands are projected  
25 in a budget, expressed in terms of major account groups of the  
26 Uniform System of Accounts, which has been adopted by the

1 Board after receiving recommendations of the General Manager;  
2 and

3 (ii) if the specific demands which are made are approved by  
4 the Board prior to payment.

5 (c) The Board shall employ a firm of locally licensed, independent  
6 certified public accountants who shall examine and report to the Board,  
7 at least annually, upon the status of the financial records and accounts  
8 maintained by the Authority. Copies of any such report shall be  
9 furnished to the Governor and to the Legislature.

10 (d) The Board shall report to the Governor concerning its  
11 administration of the affairs of the Authority. It shall present an annual  
12 report within one hundred twenty (120) days after the end of each fiscal  
13 year and, if requested by the Governor, shall present special reports  
14 within thirty (30) days after the end of each intervening quarter. The  
15 financial information presented in such reports shall be in accordance  
16 with the Uniform System of Accounts adopted by the Board. Copies of  
17 any such reports, including the annual and special reports, shall be  
18 furnished to the Legislature.

19 **§14114. Employment.**

20 (a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the  
21 Board shall establish rules and regulations regarding selection,  
22 promotion, performance evaluation, demotion, suspension and other  
23 disciplinary action for the employees of the Authority; provided,  
24 however, that all contracts for the hiring of off-island employees shall  
25 conform to the provisions of 4 GCA §§6501 and 6501.1.

26 (b) Classified employees of the Authority shall be members of the  
27 government of Guam Retirement Fund. The Authority shall contribute

1 to the government of Guam Retirement Fund on the basis of annual  
2 billings as determined by the Board of Trustees of the government of  
3 Guam Retirement Fund, for the government share of the cost of the  
4 retirement benefits applicable to the Authority's employees and their  
5 beneficiaries. The Authority shall also contribute to the Worker's  
6 Compensation Fund, on the basis of annual billings as determined by  
7 the Worker's Compensation Commissioner, for the benefit payments  
8 made from such Fund on account of the Authority's employees.

9 (c) Notwithstanding any other provisions of law, neither the  
10 General Manager, Assistant General Managers, Secretary, Treasurer,  
11 Comptroller nor Attorney of the Authority shall be within the classified  
12 service of the government of Guam but shall be hired, compensated and  
13 employed under the terms and conditions fixed by, and at the pleasure  
14 of the Board.

15 **§14115. Evidence of transfers filed at the Department of Land**  
16 **Management.** Transfer of real property interests pursuant to this Act,  
17 including but not limited to fee estates, easements and land use rights  
18 evidenced by easements, leases, and licenses, shall be filed in the form of  
19 deeds or assignments signed by the Governor of Guam in good form  
20 containing specific property descriptions, lot numbers and map  
21 numbers, at the Department of Land Management within 360 days of  
22 the effective date of this Act. Any transfer not filed within such time  
23 frame shall lapse and be of no further force and effect unless re-  
24 initiated or authorized by separate statutory legislation authority.

25 Any subsequent easements or transfers of property from the  
26 Government of Guam, including the Chamorro Land Trust  
27 Commission, shall be in the form of deeds or assignments in good form

1 containing specific property descriptions, lot numbers and map  
2 numbers, recorded at the Department of Land Management.

3 **§14116. Statutory approval required for sale.** Notwithstanding  
4 any of the provisions of this Act, specific legislative statutory approval  
5 shall be required prior to sale, transfer or lease of any real property  
6 assets or lands of the Guam Waterworks Authority. Nothing herein  
7 shall be construed as such approval. In addition, notwithstanding any  
8 other provision contained herein, the provisions of 1 GCA §1800 shall be  
9 applicable to the Guam Waterworks Authority.

## 10 **Article 2**

### 11 **Guam Waterworks Authority Revenue Bonds**

12 **§14201. Authorization for indebtedness through GEDA.** Pursuant to  
13 paragraph (k) of §2103, Chapter 2, Title 12, Guam Code Annotated, the  
14 Guam Economic Development ("GEDA") may obtain funds through the  
15 issuance of bonds or other obligations on behalf of the Authority.

16 (a) Accordingly, the Authority, through the agency of GEDA, may  
17 from time to time by statutory legislation authority, incur indebtedness,  
18 and issue bonds or notes therefore, secured by a pledge on all or any  
19 portion of the revenues of the Authority to raise funds for the purpose  
20 of establishing the system, or of acquiring lands for the system, or  
21 acquiring, constructing, improving, equipping, maintaining, repairing,  
22 renewing, replacing, reconstructing or insuring the system, or any part  
23 thereof, or for the purpose of the refunding any such indebtedness, or  
24 for any combination of such purposes.

25 (b) **Short Term Borrowing.** Pursuant to the agency of GEDA, the  
26 Authority may from time to time incur indebtedness pursuant to this  
27 Subsection with the approval of the Governor for any lawful purpose,

1 for a term not exceeding five (5) years; provided, that any such  
2 indebtedness shall be subject and subordinate to any contractual  
3 obligation of the Authority to the holders of any bonds issued pursuant  
4 to paragraphs (a) or (b) of this section. The principal of and interest on  
5 any such short term borrowing may be repaid from revenues, or if  
6 incurred for a purpose for which bonds may be issued, from revenues or  
7 from the proceeds of sale of bonds. The total cumulative amount  
8 borrowed pursuant to this section shall not exceed \$5 Million Dollars.

9 **§14202. Character of Indebtedness.** All indebtedness incurred by  
10 the Authority pursuant to this Article shall be repayable solely from  
11 moneys of the Authority available therefor, including revenues, and  
12 shall not be deemed to be public indebtedness of the Territory as that  
13 term is used in Section 11 of the Organic Act.

14 **§14203. Waiver of Immunity.** Notwithstanding any substantive  
15 or procedural provision of Chapter 6, Title 5, Guam Code Annotated,  
16 the Authority shall not be entitled to immunity from any suit or action in  
17 contract on the indebtedness authorized by this Article.

18 **§14204. Guam Economic Development Authority as Central**  
19 **Financial Manager.** Notwithstanding any other provisions of this  
20 Article, the Guam Economic Development Authority (herein referred to  
21 as GEDA), shall act as the Central Financial Manager and Consultant  
22 to the Authority and shall provide technical assistance in obtaining  
23 funds through the issuance of bonds or other obligations pursuant to 12  
24 GCA, Chapter 2, §2103(k)."

25 **Section 2. Repeal of inconsistent provisions.**

26 (a) 5 Guam Code Annotated §3123 is hereby repealed.

1 (b) 5 Guam Code Annotated §56101 through §56118, are  
2 hereby repealed.

3 (c) 12 Guam Code Annotated §§12015.1 and 12015.2 are  
4 hereby repealed.

5 **Section 3. Construction with Other Statutes.** References in statutes of  
6 the Territory to the "Public Utility Agency of Guam" or the "Chief Officer" of  
7 the Public Utility Agency of Guam shall read "Guam Waterworks Authority"  
8 and "General Manager" of the Guam Waterworks Authority.

9 **Section 4.** §12004 of Title 12, Guam Code Annotated, is hereby  
10 amended to read as follows:

11 **"§12004. General powers and duties.** The Commission shall have  
12 regulatory oversight supervision of rates as set forth in this Chapter  
13 over each public utility and shall perform the duties and exercise the  
14 powers imposed or conferred upon it by this Chapter. The Commission  
15 in the discharge of any of its duties or the exercise of any of its powers,  
16 except a final determination affecting a public utility, may act through  
17 one or more of its Commissioners designated by the Commission for  
18 this purpose. The Commission shall investigate and examine any rates  
19 and charges charged by any utility, and all records pertinent thereto.  
20 The Commission may seek advice from an independent utility expert,  
21 shall approve, disapprove, increase or reduce rates for each utility. The  
22 Commission shall establish and modify from time to time, reasonable  
23 rates and charges for services, including General Lifeline Rates, which  
24 as far as Guam Telephone Authority, the Guam Waterworks Authority,  
25 and Guam Power Authority are concerned, when all rates for respective  
26 blocks of usage are considered together, shall be at least adequate to  
27 cover the full cost of such service or subject to any contractual

1 agreements of the utilities to the holders of any bonds and shall increase  
2 rates or charges from time to time as may be necessary pursuant to any  
3 contractual obligations, except that General Lifeline Rates may only be  
4 increased when the total actual overall cost of providing service to all  
5 classes of customers, increases by no less than twenty percent (20%).  
6 The utilities shall not, however, enter into any contractual agreements  
7 or obligations which could increase rates and charges prior to the  
8 written approval of the Commission. No money in any utility sinking  
9 fund may be released except for the purpose for which it is dedicated.

10 No rate change may be approved by the Commission unless it is  
11 affirmatively established, by a preponderance of the evidence, that a  
12 rate change is necessary. The Commission shall conduct such  
13 investigation and hearings as to any such rate changes as it deems  
14 necessary. As to the Guam Power Authority, the Commission shall  
15 ensure that rates will, at all times, be sufficient to enable the utility to  
16 meet its financial obligations, operating expenses, debt service and  
17 capital improvement needs. Any rate change shall be considered by the  
18 Commission using standards and financial criteria consistent with  
19 generally accepted rate-making practices of public utilities and in full  
20 consideration of the requirement to establish and maintain General  
21 Lifeline Rates.

22 The Commission shall have the power to enter into contracts and  
23 execute all instruments necessary or convenient in the exercise of its  
24 powers, adopt a seal, and sue or to be sued in its own corporate name.

25 At any public hearing concerning the establishment or  
26 modification of any rate, the commission may consider any factual  
27 testimony and evidence presented by the general public. In addition,

1 any member of the public may present witnesses at such public hearing,  
2 upon a timely application made to the commission. The commission, in  
3 determining whether a member of the public may be allowed to present  
4 witnesses, shall take into account an offer of proof to be filed with the  
5 application for such privilege and determine whether the proof offered  
6 would add anything to the proceedings. The request to present  
7 witnesses may be denied if the commission finds that such action is of a  
8 dilatory nature or would otherwise impede the operations of the  
9 commission unduly. The right to present evidence and witnesses shall  
10 be liberally granted as long as such activity would not unduly impede  
11 the activities of the commission or delay the decision making process of  
12 the commission. Nothing herein shall prevent any witness from  
13 testifying at a public hearing on his own behalf and presenting any type  
14 of documentary or physical evidence at the time of testimony which may  
15 be relevant to the matter before the commission. The Commission shall  
16 give such weight to the testimony and evidence presented by the general  
17 public as it gives to evidence presented by the participants before the  
18 Public Utility Commission in the docket concerned and shall hold the  
19 evidence presented by the general public to the same criteria, the same  
20 standards of proof, and the same rules of evidence as would be  
21 applicable to a participant. Any participant may make objections to the  
22 introduction of evidence by any member of the general public upon any  
23 grounds which would be appropriate if such evidence were being  
24 presented by a participant to the proceedings. The commission may  
25 allow cross-examination of witnesses by participants to the  
26 proceedings and may, if appropriate, allow participants an opportunity



1 to refute evidence presented by the general public if the interests of  
2 justice so require."

3 **Section 5. §12027 of Title 12, Guam Code Annotated, is amended to**  
4 **read as follows:**

5 "§12027. **Back billing.** Neither the Guam Waterworks Authority  
6 nor the Guam Power Authority ("GPA") may back bill customers for  
7 additional consumption of water, sewer, or electric power due to faulty  
8 meters or previous billing errors, **except** as provided in this section. In  
9 cases of non-functioning or defective meters, GPA and Guam  
10 Waterworks Authority are prohibited from back billing customers for  
11 additional consumption of water and power based upon estimated  
12 usage **except** for back billing not exceeding the four billing cycles of  
13 approximately thirty (30) days each immediately preceding the  
14 discovery by such utility of the error, and not to exceed four (4) months,  
15 for the reasonably estimated usage for such cycles, using reasonable  
16 estimates based upon subsequent actual average daily consumption by  
17 the consumer over a two (2) month period, or other formula, with any  
18 such other formula to approved by the Public Utilities Commission. In  
19 cases of other billing errors or omissions GPA and Guam Waterworks  
20 Authority are prohibited from back billing customers for additional  
21 consumption of water, sewer and power **except** for back billing not  
22 exceeding the four billing cycles of approximately thirty (30) days each  
23 immediately preceding the discovery by such utility of the error, and not  
24 to exceed four (4) months. The time limitations of this section shall not  
25 apply in any case where a meter is shown by the utility to have been  
26 damaged or to be unavailable to be read as a result of actions or  
27 negligence of the consumer, where there is active fraud or tampering

1 with the meters in question on the part of the consumer or by an agent  
2 or employee of the consumer, or where there is proof of fraud, collusion  
3 or conspiracy by the consumer to pay less than the proper charges for  
4 water, sewer or power.

5 For purposes of this Section, the burden of proof shall be on the  
6 utility by clear and convincing evidence that the meters were actually  
7 read."

8 **Section 6. Subsection (a) of §12000 of Title 12, Guam Code Annotated,**  
9 **is hereby amended to read as follows:**

10 "(a) *Public Utility* means the Guam Power Authority, the Guam  
11 Telephone Authority, the Guam Waterworks Authority, or any private  
12 golf course management corporation leasing public property providing  
13 preferential golf course rates and reservations to Guam residents."

14 **Section 7. Effective Date.** The provisions of this Act (with the exception  
15 of Article 1) shall take effect one hundred eighty (180) days after enactment.  
16 Article 1 shall take effect upon enactment.

# TWENTY-THIRD GUAM LEGISLATURE

1996 (SECOND) Regular Session

Date: 7/19/96

## VOTING SHEET

Bill No. 511  
 Resolution No. \_\_\_\_\_  
 Question: \_\_\_\_\_

NAME	<u>YEAS</u>	<u>NAYS</u>	<u>NOT VOTING/ ABSTAINED</u>	<u>ABSENT/ OUT DURING ROLL CALL</u>
ADA, Thomas C.				✓
AGUON, John P.	✓			
BARRETT-ANDERSON, Elizabeth	✓			
BLAZ, Anthony C.      11	✓			
BROWN, Joanne S.				✓
CAMACHO, Felix P.      11	✓			
CHARFAUROS, Mark C				✓
CRISTOBAL, Hope A.	✓			
FORBES, MARK      1	✓			
LAMORENA, Alberto C., V				✓
LEON GUERRERO, Carlotta 11	✓			
LEON GUERRERO, Lou	✓			
NELSON, Ted S.      11	✓			
ORSINI, Sonny L.      11	✓			
PANGELINAN, Vicente C		✓		
PARKINSON, Don	✓			
SAN AGUSTIN, Joe T.	✓			
SANTOS, Angel L. G.      1		✓		
SANTOS, Francis E.		✓		
UNPINGCO, Antonio R.				✓
WONPAT-BORJA, Judith      1	✓	✓		

TOTAL      13      3      0      5  
~~12~~

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
 Recording Secretary



23-119

**SENATOR THOMAS C. ADA**  
*Committee on Water, Utilities, and Electronic Communications*

**MEMORANDUM**

July 8, 1996

**TO: Speaker Don Parkinson**

**FR: Chairman, Committee on Water, Utilities, and Electronic Communications**

**Re: COMMITTEE REPORT; BILL 511; An act creating the Guam Waterworks Authority.**

The Committee on Water, Utilities, and Electronic Communications and the Committee on Economic-Agricultural Development & Insurance wishes to submit the committee report on **Bill 511, to be reported out TO DO PASS AS SUBSTITUTED BY THE COMMITTEE ON WATER, UTILITIES, AND ELECTRONIC COMMUNICATIONS and THE COMMITTEE ON ECONOMIC-AGRICULTURAL DEVELOPMENT & INSURANCE, AND TO BE PLACED ON THE NEXT LEGISLATIVE AGENDA FOR FINAL DISPOSITION BY THE ENTIRE LEGISLATIVE BODY.**

**Committee Voting Record:**

	<b>WU&amp;EC</b>	<b>E-AD&amp;I</b>
To do pass:	<u>10</u>	<u>9</u>
Not to pass:	<u>0</u>	<u>1</u>
Abstain:	<u>      </u>	<u>      </u>

A copy of the Committee Report is attached for your consideration.

Si Yuós Maáse,

**THOMAS C. ADA**  
**Chairman**

**Attachments**

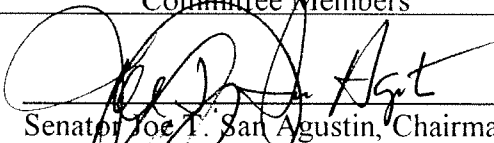
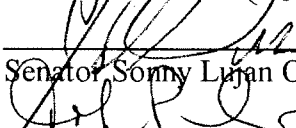



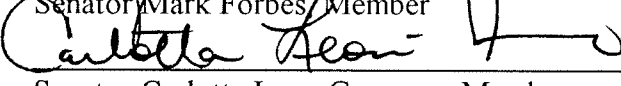

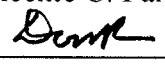

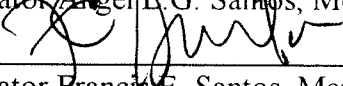
# Committee on Economic-Agricultural Development and Insurance

Twenty-Third Guam Legislature  
Senator Joe T. San Agustin, Chairman

## VOTE SHEET

**BILL NO: 511**  
(As substituted by the Committee on  
Water, Utilities & Electronic Communications)

### “AN ACT CREATING THE GUAM WATERWORKS AUTHORITY.”

Committee Members	To Do Pass	Not To Pass	Abstain	Inactive File
1.  Senator Joe T. San Agustin, Chairman	✓			
2.  Senator Somy Lujan Orsini, Vice-Chairman	✓			
3.  Senator John P. Aguon, Member				
4.  Senator Anthony C. Blaz, Member	✓			
5. _____ Senator Felix P. Camacho, Member				
6.  Senator Mark Forbes, Member	✓			
7.  Senator Carlotta Leon Guerrero, Member	✓			
8.  Senator Vicente C. Pangelinan, Member	✓			
9.  Speaker Don Parkinson, Member		✓		
10.  Senator Angel L. G. Santos, Member	✓			
11.  Senator Francis E. Santos, Member	✓			



---

**SENATOR THOMAS C. ADA**  
*Committee on Water, Utilities, and Electronic Communications*

July 5, 1996

**MEMORANDUM**

**TO: Members,**  
**Committee on Water, Utilities, and Electronic Communications**

**FR: Chairman**

**RE: Committee Report; Bill 511; An act creating the Guam Waterworks Authority.**

Transmitted herewith for your consideration is the Committee on Water, Utilities, and Electronic Communications' Report on **Bill 511; An act creating the Guam Waterworks Authority.**

Should you have any questions please contact me or my Chief-of-Staff, Tom Camacho.

Sincerely,

A handwritten signature in black ink, appearing to be "T. C. ADA", written in a cursive style.

**THOMAS C. ADA**  
**Chairman**

**Attachments**

215-A East Saylor St., Ada's Commercial & Professional Center, Suite 108 F, Agana, Guam 96910  
Tel: (671) 472-3436 • Fax: (671) 477-7281



**SENATOR THOMAS C. ADA**  
*Committee on Water, Utilities, and Electronic Communications*

## VOTING SHEET

July 5, 1996



**Bill 511; An act creating the Guam Waterworks Authority.**

COMMITTEE MEMBERS:	TO DO PASS	NOT TO PASS	ABSTAIN	TO PLACE IN INACTIVE FILE	SIGNATURE
Sen. Thomas C. Ada Chairman	✓				<i>T.C. Ada</i>
Senator Mark C. Charfauros Vice-Chairman	✓				<i>Mark C. Charfauros</i>
Senator Ted S. Nelson Vice Speaker	✓				<i>Ted S. Nelson</i>
Senator Vicente C. Pangelinan	✓				<i>Vicente C. Pangelinan</i>
Senator Lourdes A. Leon Guerrero	✓				<i>Lourdes A. Leon Guerrero</i>
Senator Angel L.G. Santos	✓				<i>Angel L.G. Santos</i>
Senator Judith Won Pat-Borja	✓				<i>Judith Won Pat-Borja</i>
Senator Joe T. San Agustin	✓				<i>Joe T. San Agustin</i>
Senator Anthony C. Blaz	✓				<i>Anthony C. Blaz</i>
Senator Felix P. Camacho					
Senator Alberto Lamorena V	✓				<i>Alberto Lamorena V</i>
Senator Joanne S. Brown					

**Committee on Water, Utilities, & Electronic Communications  
Committee on Economic-Agricultural Development and  
Insurance  
Twenty-Third Guam Legislature**

**COMMITTEE REPORT  
On  
Bill 511  
An act creating the Guam Water Authority.**



## COMMITTEE FINDINGS AND RECOMMENDATIONS

### Findings

1. Last year, the Legislature enacted provisions in Public Law 23-45, which mandate an increase in water and sewer rates to enable PUAG to achieve full cost recovery. Section 16 of P.L. 23-45 gives to the Governor full authority, during an interim period up to December 1996, to set rates for water and sewer services. This provision reduces but does not eliminate the possibility of general fund subsidies to PUAG operations.
2. Prior to the passage of P.L. 23-45, Bill 112 was introduced to enable the Public Utility Agency of Guam to become an autonomous, self-sufficient entity, similar to the island's power and telephone utility agencies. That measure was vetoed by the Governor because of concerns with borrowing provisions. Specifically, the Governor's veto message stated "the legislation did not adequately address how the current bond holders of the Public Utility Agency of Guam are to be protected, and provides no effective method for transferring this current debt to the new entity. The veto message also state that the language in the bill is obsolete and copied from a piece of legislation written tweny years ago. Additionally, the veto message stated that as the bill contains provisions calling for the issuance of bonds, testimony from the Guam Economic Development Authority and other financial officers of the government should be solicited. Subsequently, Bill 511 was introduced to address those concerns while satisfying the original intent of autonomy for the water utility.
3. With the water utility mandated to be self-sufficient for this fiscal year and beyond, the Committee finds that there is an immediate and compelling need for PUAG to be structured and organized as an autonomous agency. Bill 511 achieves that goal by:

- (a) Establishing PUAG as an autonomous, public corporation responsible for providing water and waste water services to the community;
- (b) Vesting policy formulation concerning the water utility's operations with a 7-member Board of Directors, who also are tasked with appointing and overseeing a General Manager to handle the daily operations of the utility;
- (c) Enabling the water utility to incur indebtedness for capital and systemic improvement projects; and
- (d) Requiring the water utility to initiate efforts towards a previously mandated audit of the entity's management and operations.
- (e) Requiring the water utility to demonstrate the existence of a compelling public need and interest before allowing it to compete with private sector suppliers or servers on ventures outside of the utility's basic mission;

### Recommendations

The Committee on Water, Utilities, and Electronic Communications and the Committee on Economic-Agriculture Development and Insurance recommends that **BILL 511 BE PASSED AS SUBSTITUTED** to immediately effectuate the creation of an autonomous, self-sufficient water utility that can operate with greater independence in the delivery of water and waste water services for the Territory. The Committee further recommends that **SUBSTITUTE BILL 511 BE PLACED ON THE NEXT LEGISLATIVE AGENDA FOR FINAL DISPOSITION BY THE ENTIRE LEGISLATIVE BODY.**

### Background

The WU&EC and EAD&I Committees invited all Senators and the public to participate in a public hearing on Bill 511 on **March 6, 1996**. Additionally, a mark-up public hearing on the measure was conducted on **May 24, 1996**.

## TESTIMONY

March 6, 1996 Public Hearing

### Senators Present:

Thomas C. Ada - Chairman, WU&EC  
Joe T. San Agustin - Chairman, EADI  
Alberto Lamorena

### PUAG Management Present:

Richard Quintanilla, Chief Officer  
Herbert J. Johnston, Deputy Chief Officer  
Quirino Basbas, Chief Engineer  
Eddie S.N. Reyes, Acting Wastewater System Manager  
Rafael P. Mesa, Assistant Water Distribution System Manager

### TESTIMONIES:

#### Chief Officer PUAG Richard Quintanilla:

Mr. Richard Quintanilla testified that the Governor of Guam fully supports providing autonomy to the Public Utility Agency of Guam. However, there are two sections in the bill which he would like to suggest changes.

The first recommended change is in Article I §14106. Board of Directors. The Governor would like the language in the composition of the Board of Directors to be expanded to read "(1) member with an Engineering or Utility Operations Management background;"

The second recommended change in the bill is in Article II Section 5. The Governor recommends the effective date to read "The provisions of this Act (with the exception of Section 1) shall take effect on October 1, 1196".

**Herbert Johnston, Deputy Chief Officer**

Mr. Herbert Johnston testified that many of the problems of the past could have been avoided had PUAG been granted its autonomy. Mr. Johnston cited that the implementation of a system development charge might have been resolved, cost recovery and revenue generating rates for capital investment, PUAG issuing its own revenue bonds to fund emergency generators. Mr. Johnston further added that autonomy would allow the agency to "establish the foundation we believe is necessary [to] build a water utility which will be able to deliver the level of service our island community demands and they so rightfully deserve."

**Quirino Basbas, Chief Engineer**

Mr. Quirino Basbas testified that autonomy would allow PUAG to "Establish Our Own Project Priority" consistent with the agency's mission, goals, and objectives. Secondly, autonomy would allow the agency to create a management structure similar to that of a private enterprise. "Bureaucratic constraints that exist as a line agency will be replaced with a system of processes that is cost-conscious, customer-oriented, performance-oriented, and profit-oriented for purposes of re-investing our profits into long-term expansion and upgrade of our plants and facilities. Thirdly, Mr. Basbas added autonomy would help the agency "protect/conservate a valuable resource".

**Ed S.N. Reyes, Assistant Wasterwater Manager (Acting)**

Mr. Reyes testified in support of autonomy for PUAG.

**Rafael P. Mesa, Assistant Water Division Manager**

Mr. Mesa testified that he supports autonomy for PUAG. Mr. Mesa views autonomy "as an opportunity to advance PUAG into a competitive organization that provides a critical commodity in an efficient manner".

**May 24, 1996, Mark-Up Hearing**

**Senators Present:**

Tom C. Ada, Chairman WU&EC  
Joe T. San Agustin, Chairman EAD&I  
Anthony Lamorena

**PUAG Autonomy Commission Present:**

Eduardo Calvo, Chairman  
Anthony Leon Guerrero  
Anthony Sgro  
Dan Swavely  
Roman Quinata  
Freddie Van Dox-Santos  
Karen Storts

**PUAG Management Present:**

Richard Quintanilla, Chief Officer  
Herbert Johnston, Deputy Chief Officer  
Joseph James, Accounting Supervisor

**GEDA Management Present:**

Andrew Gayle, Legal Counsel  
Edward Untalan

The Chairman of the Committee on Water, Utilities, and Electronic Communications raised the concern of the complex language in Article 2. This concern was further echoed by the Chairman on Economic-Agricultural Development and Insurance.

Mr. Anthony Leon Guerrero made the motion to delete pages 9 through 16 of Article 2 and replace with simpler language which would authorize the Authority to borrow money in accordance with this amendment.

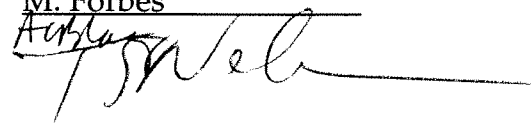
It was requested that GEDA suggest language for the section regarding bonds which would receive the approval of the Front Office. The suggested language was incorporated into Bill No 511 (as substituted by the Committee on Water, Utilities, and Electronic Communications and the Committee on Economic-Agricultural Development and Insurance).

TWENTY THIRD GUAM LEGISLATURE  
1996 (SECOND) Regular Session

Bill No. 511  
(As substituted by the Committee on  
Water, Utilities, & Electronic Communications and  
Committee on Economic-Agricultural Development &  
Insurance)

Introduced by:

A.C. Lamorena V.  
T.C. Ada  
M. Forbes



AN ACT CREATING THE  
GUAM WATERWORKS AUTHORITY.

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

2           **Section 1.** A new Chapter 14 is added to Title 12 of the Guam Code Annotated  
3 to read:

4                                   **"CHAPTER 14**  
5                                   **GUAM WATERWORKS AUTHORITY**

6                                   **Article 1. General Provisions**

7           **§14101. Short Title.** This Chapter may be cited as the "*Guam Waterworks*  
8 *Authority Act.*"

9  
10          **§14102. Definitions.** As used in this Chapter, unless otherwise indicated:

- 11          (a) *Authority* means the Guam Waterworks Authority;  
12          (b) *Board* means the Board of Directors of the Authority;  
13          (c) *Director* means a member of the Board.

14  
15          **§14103. Establishment.** There is within, and a public corporation and  
16 autonomous instrumentality of, the government of Guam, a Guam Waterworks  
17 Authority.

18  
19          **§14104. Powers.** The Authority shall have and exercise each and all of the  
20 following powers:

1 (a) Produce, treat, transmit, store, distribute, and sell water on Guam,  
2 and collect, treat and sell or dispose of waste water on Guam;

3 (b) Acquire, in accordance with Public Law 20-06, §7, and Title VII-A  
4 of the Government Code and subject to the laws of Guam, by grant, purchase,  
5 gift, devise or lease, or by the exercise of the right of eminent domain in  
6 accordance with the provisions and subject to limitations of 21 GCA Chapter  
7 15, and hold and use any real or personal property necessary or convenient or  
8 useful for the carrying on of any of the powers pursuant to the provisions of  
9 this Chapter;

10 (c) Establish its internal organization and management and adopt  
11 regulations for the administration of its operations;

12 (d) Establish and modify from time to time, with approval of the  
13 Public Utility Commission, reasonable rates and charges for water and waste  
14 water disposal services at least adequate to recover the full cost of providing  
15 such services, ~~including the cost of debt service,~~ and collect money from  
16 customers using such services[.]. Similiarly, the Authority shall establish and  
17 modify from time to time, with approval of the Public Utility Commission,  
18 reasonable rates and charges for servicing of debt obtained to undertake  
19 capital improvements of water and waste water facilities. subject to any  
20 contractual obligation of the Board to the holders of any bonds; and refund  
21 charges collected in error;

22 (e) Enter into contracts and execute all instruments necessary or  
23 convenient in the exercise of its powers, adopt a seal and sue or be sued in its  
24 own corporate name;

25 (f) Construct works along or across any street or public highway or  
26 water course or over any of the lands which are the property of the Territory;  
27 and with respect to federal lands, the Authority shall have the same powers  
28 with respect to the construction of such works as possessed by the  
29 government of Guam. The Authority shall restore any such street or  
30 highway to its former state as near as may be and shall not use it in a manner  
31 to impair unnecessarily its usefulness;

32 (g) At any time or from time to time, incur indebtedness pursuant to  
33 Article 2 of this Chapter;

34 (h) Enter into contracts with the Government of the Territory or with  
35 the United States for loans or grants;



1 (i) Employ, retain or contract for the services of qualified managers,  
2 specialists or experts, as individuals or as organizations, to advise and assist  
3 its Board of Directors and employees;

4 (j) Adopt such rules and regulations as may be necessary for the  
5 exercise of the powers and performance of the duties conferred or imposed  
6 upon the Authority or the Board by this Article;

7 (k) Control, operate, improve, equip, maintain, repair, renew, replace,  
8 reconstruct, alter and insure the water and waste water disposal systems  
9 subject to compliance with any applicable zoning, building and health  
10 regulations of the territory of Guam; and

11 (l) Do any and all other things necessary to the full and convenient  
12 exercise of the above powers;

13 Nothing contained in this Section or elsewhere in this Article shall be  
14 construed directly or by implication to be in any way in derogation or  
15 limitation of powers conferred upon or existing in the Authority or the Board  
16 by virtue of any provisions of the Organic Act of Guam or Statutes of the  
17 Territory or any other provisions of this Code.

18 ~~§14105. Water and Waste water, Duty to Connect. Notwithstanding any~~  
19 ~~other provision of the Guam Code Annotated or any duly promulgated rule or~~  
20 ~~regulation except those service rules and regulations of the Authority, the Authority~~  
21 ~~shall not refuse to connect water or waste water lines to any single family residence.~~

22 **§14106. Board of Directors.** (a) All powers vested in the Authority except as  
23 provided herein shall be exercised by the Board. The Board shall consist of seven (7)  
24 directors, nominated and appointed by the Governor of Guam, by and with the  
25 advice and consent of the Guam Legislature. The seven (7) directors first appointed  
26 shall classify themselves by lot so that their terms shall expire respectively as  
27 follows: One (1) on October 1, 1997, Two (2) on October 1, 1998, Two (2) on October 1,  
28 1999 and Two (2) on October 1, 2000. Their successors shall be appointed each for a  
29 term of five (5) years from the date of the expiration of the term for which his  
30 predecessor was appointed and until his successor is appointed and has qualified.  
31 All vacancies occurring in the office of directors shall be filled by the Governor, with  
32 the advice and consent of the Legislature, for the unexpired term, except that if the  
33 Legislature is not in regular session when the vacancy occurs, the Governor may  
34 appoint for a term expiring at the end of the next regular session. In making  
35 appointments to the Board, the Governor shall select one (1) member with an  
36 Accounting or Finance background; one (1) member with an Engineering or Utility

1 Operations background; one (1) member with Planning background and two (2)  
2 members who would be representatives of the consuming public ~~and who might be~~  
3 ~~referred to as "man-on-the-street" type.~~ The two remaining Directors will be at the  
4 option of the Governor.

5 (b) Four (4) directors shall constitute a quorum of the Board for the  
6 transaction of all business. The Board may adopt rules and regulations governing  
7 the conduct of its affairs. It shall elect a Chairman and a Vice-Chairman from  
8 among the Directors.

9 (c) Each director shall receive the sum of Fifty Dollars (\$50.00) for each  
10 attendance at the meetings of the Board, but such compensation shall not apply to  
11 more than two (2) meetings in any one (1) calendar month. No director shall  
12 receive any other compensation, but shall be reimbursed for actual travel,  
13 subsistence and out-of-pocket expenses incurred in the discharge of his  
14 responsibilities.

15 **§14107. General Manager.** (a) The Board shall appoint a General Manager,  
16 who shall be its chief executive officer and who shall serve at its pleasure, and shall  
17 fix his compensation. The General Manager shall have full charge and control of  
18 the construction of the works of the Authority and their maintenance and  
19 operation, and also of the administration of the business affairs of the Authority.

- 20 (b) The powers of the General Manager include the following:
- 21 (i) To see that all rules and regulation of the Authority are enforced;
  - 22 (ii) To attend all meetings of the Board and submit a general report of  
23 the affairs of the Authority;
  - 24 (iii) To keep the Board advised as to the needs of the Authority and to  
25 approve demands for the payment of obligations of the Authority within the  
26 purposes and amounts authorized by the Board;
  - 27 (iv) To prepare or cause to be prepared all plans and specifications for  
28 the construction of the works of the Authority;
  - 29 (v) To devote his entire time to the business of the Authority; to select  
30 and appoint the employees of the Authority, except as otherwise provided by this  
31 Chapter, and to plan, organize, coordinate and control the services of such  
32 employees in the exercise of the powers of the Authority under the general direction  
33 of the Board;
  - 34 (vi) To cause to be published within one hundred twenty (120) days  
35 from the end of each fiscal year a financial report showing the result of operations

1 for the preceding fiscal year and the financial status of the Authority on the last day  
2 thereof. The publication shall be made in the manner provided by the Board; and

3 (vii) To perform such other and additional duties as the Board may  
4 require.

5 ~~(c) The Board may contract with a corporation to perform any or all of the~~  
6 ~~duties to exercise any or all of the powers of the General Manager as provided in this~~  
7 ~~Section and the General Manager, subject to the approval of the Board, may contract~~  
8 ~~with a corporation to perform some of the duties or to render expert and technical~~  
9 ~~assistance in the operation of the Authority.~~

10  
11 **§14108. Assistant General Manager: Operations & Technical Support.**

12 (a) The General Manager, with the consent of the Board, shall appoint an  
13 Assistant General Manager for Operations & Technical Support, who shall serve at  
14 the pleasure of the General Manager.

15 (b) The Assistant General Manager for Operations & Technical Support shall  
16 be entitled to receive compensation ~~to be determined~~ as recommended by the  
17 General Manager ~~with the approval of~~ and approved by the Board.

18 (c) Such Assistant General Manager shall devote his entire time to the  
19 business of the Authority and shall have full charge and control, subject to the  
20 ~~control~~ direction of the General Manager, of all operations, engineering, and  
21 technical support services pertaining to water production, transmission, storage, and  
22 distribution, and collection, treatment, and disposal of waste water by the Authority.

23 (d) Such Assistant General Manager shall have such other duties as may be  
24 designated by the General Manager.

25 **§14109 Same: Administration and Fiscal Services.**

26 (a) The General Manager, with the consent of the Board, shall appoint an  
27 Assistant General Manager for Administration and Fiscal Services, who shall serve  
28 at the pleasure of the General Manager.

29 (b) The Assistant General Manager for Administration and Fiscal Services  
30 shall be entitled to receive compensation ~~to be determined~~ as recommended by the  
31 General Manager ~~with the approval of~~ and approved by the Board.

32 (c) Such Assistant General Manager shall devote his entire time to the  
33 business of the Authority and shall have full charge and control, subject to the  
34 ~~control~~ direction of the General Manager, of all administration, accounting and  
35 fiscal services of the Authority.

1 (d) Such Assistant General Manager shall have such other duties as may be  
2 designated by the General Manager.

3 **§14110. Other Officers.**

4 (a) The Board may also appoint a Secretary, a Treasurer, a Comptroller and an  
5 Attorney, who shall serve at the pleasure of the Board and whose duties and  
6 compensation shall be fixed by the Board. The Board may appoint one or more  
7 assistants to any such office. Any of such offices may be consolidated in one person.

8 (b) The Secretary shall have charge of all records and minutes of the Board.

9 (c) The Treasurer shall have custody of all moneys of the Authority and shall  
10 pay out such money only in accordance with the direction of the Board or as  
11 provided for by law.

12 (d) The Attorney, who must have been admitted to practice in Guam, shall  
13 advise the Board and the General Manager on all legal matters to which the  
14 Authority is a party or in which the Authority is legally interested and may  
15 represent the Authority in connection with legal matters before the Legislature,  
16 boards and other agencies of the Territory. The Attorney General shall represent the  
17 Authority in litigation concerning the affairs of the Authority ~~in litigation~~  
18 ~~concerning the affairs of the Authority~~, provided that he may delegate this duty to  
19 the Attorney of the Authority, with respect to any such litigation.

20 **§14111. Acquisition of Existing Systems.**

21 (a) On the first day of the month following one hundred eighty (180) days  
22 after the effective date of this Act ~~or on such later date as the Board shall establish,~~  
23 the Authority shall assume from the Public Utility Agency of Guam shall transfer to  
24 the Authority:

25 (i) all real property under its administration and items of property,  
26 materials and supplies which the Agency owns or controls, including  
27 construction work in progress.

28 (ii) all working capital, cash, accounts payable and receivable, deposits,  
29 advances payable and receivable, all books, records and maps and all other  
30 rights, obligations, assets, liabilities, agreements, and privileges of the Agency.  
31 Each employee of the Public Utility Agency of Guam at the date of the transfer  
32 shall be ~~offered employment by~~ transferred to the Authority. All classified  
33 employees shall remain classified.

34 (b) ~~Any person accepting employment under this Section shall receive not~~  
35 ~~less than the straight time rate of compensation he was receiving immediately~~  
36 ~~before the transfer date. The other employment benefits and rights, including~~

1 ~~retirement and leave, of such transferred employees shall be governed by the~~  
2 ~~provisions of this Article. Any persons so transferred who are found to be in excess~~  
3 ~~of the personnel required for the efficient administration of the Authority shall be~~  
4 ~~retained by the Authority until transferred to other positions in the government of~~  
5 ~~Guam, with the consent of the agency to which transfer is made.~~

6 ~~— (c) Upon the effective date of transfer from the Public Utility Agency of Guam~~  
7 ~~to the Authority of the items referred to in subsection (a) of this Section, the~~  
8 ~~Authority shall succeed to all of the rights, privileges and obligations of the Public~~  
9 ~~Utility Agency of Guam and the Government of Guam under that certain indenture~~  
10 ~~pursuant to which were issued the Government of Guam Water System Revenue~~  
11 ~~Bonds, Series 1989, including but not limited to, the covenants relating to the~~  
12 ~~acquisition, construction, maintenance and operation of the water and sewer~~  
13 ~~systems, the pledge of water and sewer system revenues to the payment of such~~  
14 ~~bonds and the conditions to the issuance of additional bonds secured by such~~  
15 ~~revenues.~~

16 **§14112. Exemption from Taxation, and In-Lieu Payments.** As an  
17 instrumentality of the Territory, the Authority and all property acquired by or for  
18 the Board and all revenues and income therefrom are exempt from taxation by the  
19 Territory or by any political subdivision or public corporation thereof and from all  
20 taxes imposed under the authority of the Legislature of the Territory, or with respect  
21 to which the Legislature is authorized to grant exemption.

22 **§14113. New Services.**

23 (a) The Authority shall apply to the Public Utility Commission ("PUC") for  
24 approval in the event the Authority, subsequent to the effective date of this Act,  
25 expands into new water-related services which are currently being provided by  
26 private sector providers. The Authority must demonstrate to the PUC that (1) there  
27 is a public need for the services to be provided, and (2) the Authority's entry as a  
28 new provider for said services will further benefit the community.

29 (b) Notwithstanding the tax exemption provisions in §14112, the PUC shall  
30 require the Authority to pay the appropriate business privilege taxes on the new  
31 revenues generated from the new services.

32 **§14114. Accounting and Expenditures.**

33 (a) The Board shall adopt and maintain a system of accounting.

34 (b) The Board may authorize, by annual budget resolution and amendments  
35 thereto, the payment of demands against the Authority resulting from its exercise of  
36 the powers prescribed in this Act if:

1 (i) the purposes and amounts of such demands are projected in a  
2 budget expressed in terms of major account groups of the Uniform System of  
3 Accounts, which has been adopted by the Board after receiving  
4 recommendations of the General Manager; and

5 (ii) if the specific demands which are made are approved by the Board  
6 ~~or the General Manager~~ prior to payment.

7 (c) The Board shall employ a firm of locally licensed, independent certified  
8 public accountants who shall examine and report to the Board, at least annually,  
9 upon the status of the financial records and accounts maintained by the Authority.  
10 Copies of any such report shall be furnished to the Governor and to the Legislature.

11 (d) The Board shall report to the Governor concerning its administration of  
12 the affairs of the Authority. It shall present an annual report within one hundred  
13 twenty (120) days after the end of each fiscal year and, if requested by the Governor,  
14 shall present special reports within thirty (30) days after the end of each intervening  
15 quarter. The financial information presented in such reports shall be in accordance  
16 with the Uniform System of Accounts adopted by the Board. Copies of any such  
17 reports, including the annual and special reports, shall be furnished to the  
18 Legislature.

19 **§14115. Employment.**

20 (a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the Board shall  
21 establish rules and regulations regarding selection, promotion, performance  
22 evaluation, demotion, suspension and other disciplinary action for the employees  
23 of the Authority; provided, however, that all contracts for the hiring of off-island  
24 employees shall conform to the provisions of 4 GCA §6216.

25 (b) Classified employees of the Authority, excluding the directors, shall be  
26 members of the government of Guam Retirement Fund. The Authority shall  
27 contribute to the government of Guam Retirement Fund on the basis of annual  
28 billings as determined by the Board of Trustees, government of Guam Retirement  
29 Fund, for the government share of the cost of the retirement benefits applicable to  
30 the Authority's employees and their beneficiaries. The Authority shall also  
31 contribute to the Worker's Compensation Fund, on the basis of annual billings as  
32 determined by the Worker's Compensation Commissioner, for the benefit  
33 payments made from such Fund on account of the Authority's employees.

34 (c) Notwithstanding any other provisions of law, neither the Manager,  
35 Assistant General Managers, Secretary, Treasurer, Comptroller nor Attorney of the  
36 Authority shall be within the classified service of the government of Guam but

1 shall be hired, compensated and employed under the terms and conditions fixed by,  
2 and at the pleasure of the Board.

3 **Article 2.**

4 **Guam Waterworks Authority Revenue Bonds**

5 **§14201. Authorization for indebtednes through GEDA.** Pursuant to  
6 paragraph (k) of §2103, Chapter 2, Title 12, Guam Code Annotated, the Guam  
7 Economic Development ("GEDA") may obtain funds through the issuance of bonds  
8 or other obligations on behalf of the Authority.

9 (a) **Bonds or notes.** Accordingly, the Authority, through the agency of  
10 GEDA, is authorized to incur indebtedness, and to issue bonds or notes therefor,  
11 secured by a pledge or all or any portion of the revenues of the Authority, to  
12 establish the water system and waste water disposal system of the Authority (the  
13 "System"), to acquire lands for the System, or to acquire, construct, improve, equip,  
14 maintain, repair, renew, replace, reconstruct or ensure the System, or any part  
15 thereof, or to refund any such indebtedness, or for any combination of such  
16 purposes.

17 **Definitions.** ~~The following terms wherever used or referred to in this~~  
18 ~~Article or in any indenture entered into pursuant hereto, shall have the following~~  
19 ~~meanings, respectively, unless a different meaning appears from the context:~~

20 ~~(a) *Bonds or revenue bonds* means the written evidence of any obligation~~  
21 ~~issued by the Authority pursuant to this Article, payment of which is secured by a~~  
22 ~~pledge of revenues or any part of revenues, as provided in this Article, in order to~~  
23 ~~raise funds for any of the purposes authorized by this Article, irrespective of the~~  
24 ~~form of such obligations.~~

25 ~~(b) *Bondholder or holder of bonds* or any similar term means any person~~  
26 ~~who shall be:~~

27 ~~(i) the bearer of any outstanding bond or bond registered to bearer or~~  
28 ~~not registered; or~~

29 ~~(ii) the registered owner of any such outstanding bond or bond which~~  
30 ~~shall at the time be registered other than to bearer.~~

31 ~~(c) *Governor* means the Governor of Guam.~~

32 ~~(d) *Indenture* means an agreement, pursuant to which bonds are issued,~~  
33 ~~regardless of whether such agreement is expressed in the form of a resolution of the~~  
34 ~~Board or by other instrument.~~

35 ~~(e) *Organic Act* means the Organic Act of Guam as amended and in effect on~~  
36 ~~the effective date of this Article. (64 Stat. 384, Title 48, §1421 et seq. U.S. Code.)~~

1           ~~(f) *Person* includes any individual firm, corporation, association, partnership,~~  
2 ~~trust, business trust or receiver or trustee or conservator for any thereof, and also~~  
3 ~~includes the United States, the Territory or any public corporation, political~~  
4 ~~subdivision, city, country or district or any agency or instrumentality of the United~~  
5 ~~States or of the Territory.~~

6           ~~(g) *Revenue* means and includes:~~

7                   ~~(i) any and all rates and charges received or receivable in connection~~  
8 ~~with, and any and all other income and receipts of whatever kind and~~  
9 ~~character derived by the Authority from the operation of or arising from the~~  
10 ~~system;~~

11                   ~~(ii) any such revenues or any proceeds of sale of bonds or any other~~  
12 ~~moneys of the Authority that may have been or may be impounded or~~  
13 ~~deposited in any fund or account created or authorized by this Article and~~  
14 ~~held by the Board or the Treasurer or the Director of Administration for the~~  
15 ~~security of any bonds issued hereunder or for the purpose of providing for the~~  
16 ~~payment thereof or the interest thereon;~~

17                   ~~(iii) any moneys received or receivable by the Authority pursuant to~~  
18 ~~any contract between the Authority and any person, which moneys are~~  
19 ~~designated by the Authority as revenues (as herein defined); and~~

20                   ~~(iv) all earnings on any investment of any revenues.~~

21           ~~(h) *System* means the water system and the waste water disposal system of~~  
22 ~~the Authority.~~

23           ~~(i) *System operation and maintenance costs* means:~~

24                   ~~(i) the reasonable costs of operating and maintaining the system,~~  
25 ~~including refunds authorized by §14203, and all reasonable repairs, renewals,~~  
26 ~~replacements, system insurance costs and costs of insurance other provision~~  
27 ~~for retirement of officers and employees of the Authority, but~~  
28 ~~(notwithstanding any system of accounts maintained by the Authority)~~  
29 ~~without any allowance for depreciation; and~~

30                   ~~(ii) all revenues reasonably required by the Authority to be deposited~~  
31 ~~in any one or more reserve funds or accounts in lieu of insurance or in any~~  
32 ~~working capital fund or account or contingency fund or account relating to~~  
33 ~~the system.~~

34           ~~(j) *Territory* means the territory of Guam.~~

35           ~~(k) *United States* means the United States of America.~~



1            ~~§14202.~~ ~~—~~ **Incurring Indebtedness.** ~~(a) Accordingly, [T]the Authority,~~  
2 ~~through the agency of GEDA, Board may at any time or from time to time authorize~~  
3 ~~the Authority,~~ with the approval of the Governor and Legislature, ~~to incur~~  
4 ~~indebtedness, and to issue bonds or notes therefor, payable from and secured by a~~  
5 ~~pledge on all or any portion of the revenues of the Authority~~ (a) to raise funds for  
6 the purpose of establishing the system, or of acquiring lands for the system, or  
7 acquiring, constructing, improving, equipping, maintaining, repairing, renewing,  
8 replacing, reconstructing or insuring the system, or any part thereof, or for the  
9 purpose of the refunding any such indebtedness, or for any combination of such  
10 purposes[.]; ~~or~~

11                            **(b) Subordinated indebtedness.** In addition, the Authority, acting  
12 through GEDA, may incur indebtedness for any other lawful purpose of the  
13 Authority, provided that such indebtedness shall have a term not exceeding fifty  
14 (50) years and shall be subject and subordinate to any contractual obligation of the  
15 Authority to the holders of any indebtedness issued pursuant to subsection (a) of  
16 this Section.

17            **§14203.**            **(c) Short Term Borrowing.** Pursuant to the agency of GEDA,  
18 ~~T]the Board Authority~~ may at any time or from time to time ~~authorize the Authority~~  
19 ~~to incur indebtedness with the approval of the Governor for any lawful purpose~~  
20 ~~with for~~ a term not exceeding five (5) years[.]; provided, that any such indebtedness  
21 shall be subject and subordinate to any contractual obligation of the Authority to the  
22 holders of any bonds issued pursuant to paragraphs (a) or (b) of this section. The  
23 principal of and interest on any such short term borrowing may be repaid (a) from  
24 revenues, or (b) if incurred for a purpose for which bonds may be issued, from  
25 revenues or from the proceeds of sale of bonds.

26            **§1420[4]2. Character of Indebtedness.** All indebtedness incurred by the  
27 Authority pursuant to this Article shall be repayable solely from moneys of the  
28 Authority available therefor, including revenues, and shall not be deemed to be  
29 public indebtedness of the Territory as that term is used in Section 11 of the Organic  
30 Act.

31            **§1420[5]3. Waiver of Immunity.** Notwithstanding any substantive or  
32 procedural provision of Chapter 6, Title 5, Guam Code Annotated, the Authority  
33 shall not be entitled to immunity from any suit or action in contract on the  
34 indebtedness authorized by this Article[.]; ~~provided, however, that such waiver shall~~  
35 ~~not apply to any immunity from personal liability for Directors, officers and~~  
36 ~~employees of the Authority and no such Director, officer or employee shall be~~

1 personally liable for the payment of any indebtedness of the Authority. Nothing  
2 herein shall relieve any such Director, officer or employee from the performance of  
3 any official duty provided by law.

4 ~~§14206. Pledge and Appropriation of Revenues.~~ All or any portion of the  
5 revenues may be pledged to secure the repayment of any indebtedness issued under  
6 this Article. Any such pledge shall be valid and binding from the time the pledge is  
7 made. The revenues pledged and thereafter received by the Authority or by any  
8 trustee, depository or custodian shall be immediately subject to the lien of such  
9 pledge without any physical delivery thereof or further act, and the lien of such  
10 pledge shall be valid and binding against all parties having claims of any kind in  
11 tort, contract or otherwise against the Authority or such trustee, depository or  
12 custodian, irrespective of whether the parties have notice thereof. The indenture by  
13 which such pledge is created need not be recorded. All such revenues, to the extent  
14 so pledged, are hereby continuously appropriated for such purpose.

15 ~~§14207. Validity of Authorization and Issuance of Bonds.~~ The validity of the  
16 authorization and issuance of bonds by the Authority is not dependent on nor  
17 affected in any way by:

18 (a) proceedings taken by the Authority for the acquisition, construction or  
19 completion of the system or any part thereof or project relating thereto;

20 (b) any contracts made by the Authority in connection with the acquisition,  
21 construction or completion of the system or any part thereof or any project relating  
22 thereto; or

23 (c) the failure to complete the system or any part thereof or project relating  
24 thereto for which bonds are authorized to be issued.

25 ~~§14208. Covenants and Agreements That May be Contained in Indentures.~~  
26 Any indenture pursuant to which bonds are issued may include any and all such  
27 covenants and agreements on the part of the Authority as are authorized by this  
28 Article or as the Board deems necessary or advisable for the better security of the  
29 bonds issued thereunder, including without limiting the generality of the foregoing  
30 any one or more of the following:

31 (a) A provision that payments of principal and interest of bonds shall be  
32 secured by all or by part of revenues and provisions creating one or more funds or  
33 accounts held by the Authority or by a trustee, custodian or depository into which all  
34 or any part of revenues shall be deposited:

35 (i) for payment of the principal of and interest on bonds at or prior to  
36 maturity;

1           ~~(ii) for reserve or sinking funds for the further security of bonds; and~~  
2           ~~(iii) for such other appropriate purposes as are approved by the Board.~~

3           ~~(b) A provision requiring the Authority to operate the system continuously,~~  
4 ~~to the extent practicable under conditions as they may from time to time exist, in~~  
5 ~~any efficient and economical manner.~~

6           ~~(c) A provision requiring the Authority to maintain the system and to make~~  
7 ~~all necessary repairs, renewals and replacements to the system and to keep the~~  
8 ~~system at all times in good working order and condition.~~

9           ~~(d) A provision requiring the Authority to preserve and protect the security~~  
10 ~~of the bonds and rights of the holders thereof and to warrant and defend such rights.~~

11           ~~(e) A provision requiring the Authority to pay and discharge or cause to be~~  
12 ~~paid and discharged all lawful claims for labor, materials and supplies or other~~  
13 ~~charges which, if unpaid, might become a lien or charge upon revenues or any part~~  
14 ~~thereof, or which might impair the security of the bonds.~~

15           ~~(f) A provision which limits, restricts or prohibits any right, power or~~  
16 ~~privilege of the Authority to mortgage or otherwise encumber, sell, lease or dispose~~  
17 ~~of the system or any part thereof, or to enter into any lease or agreement which~~  
18 ~~impairs or impedes the operation of the system or any part thereof necessary to~~  
19 ~~secure adequate revenues or which otherwise impairs or impedes the rights of the~~  
20 ~~holders of bonds with respect to such revenues.~~

21           ~~(g) A provision requiring the Authority to fix, prescribe and collect annually~~  
22 ~~rates or other charges in connection with the electric services furnished from the~~  
23 ~~system which, together with other available revenues, will be:~~

24           ~~(i) sufficient to pay the principal of and interest on the bonds as they~~  
25 ~~become due and payable, together with such additional sums as may be~~  
26 ~~required for any bond reserve fund or account or other fund or account~~  
27 ~~created by the indenture for the security of such bonds;~~

28           ~~(ii) sufficient to pay the annual system operation and maintenance~~  
29 ~~costs; and~~

30           ~~(iii) in such additional amount as shall be provided in the indenture~~  
31 ~~for the further security or protection of such bonds.~~

32           ~~(h) A provision that no water or waste water services shall be furnished free~~  
33 ~~of charge to any person, except to the extent permitted by the indenture.~~

34           ~~(i) A provision requiring the Authority and any trustee, custodian or~~  
35 ~~depository to hold or cause to be held in trust the revenues or any portion of~~  
36 ~~revenues pledged to the payment of such bonds and the interest thereon, or to any~~

1 ~~fund or account created by any indenture relating to such bonds for the further~~  
2 ~~security or protection of such bonds and to apply such revenues or any part of~~  
3 ~~revenues or cause them to be applied only as provided in the indenture and to~~  
4 ~~invest all or any part of such revenues pending such application in such securities~~  
5 ~~and subject to such limitations as are specified in the indenture.~~

6 ~~(j) A provision prescribing the duties and powers of the trustee with respect~~  
7 ~~to the issuance, authentication, sale and delivery of the bonds and with respect to~~  
8 ~~the payment of principal of and interest on such bonds, the redemption thereof, the~~  
9 ~~registration and discharge from registration thereof and the management of any and~~  
10 ~~all funds provided as security therefor.~~

11 ~~(k) A provision specifying and determining the types of investments in~~  
12 ~~which the proceeds of bonds and the revenues may be invested, and any such types~~  
13 ~~of investments shall be deemed to be authorized by law for such purpose.~~

14 ~~(l) A provision establishing the conditions under which the Authority may~~  
15 ~~apply the proceeds of the sale of any issue of bonds for the acquiring, constructing or~~  
16 ~~completing of the system or any part thereof or project relating thereto.~~

17 ~~(m) A provision permitting the Authority to issue additional bonds or one or~~  
18 ~~more additional series of bonds, equally secured with bonds theretofore issued~~  
19 ~~under the indenture, for the purpose of acquiring, constructing or completing,~~  
20 ~~improving or extending the system or any part thereof; and a provision limiting the~~  
21 ~~power of the Authority to issue any additional bonds so secured or any other~~  
22 ~~additional bonds for such purpose.~~

23 ~~(n) A provision requiring, specifying or limiting the kind, amount and~~  
24 ~~character or insurance (or any reserve fund or funds in lieu of insurance) to be~~  
25 ~~maintained by the Authority on the system or any part thereof and the use and~~  
26 ~~disposition of the proceeds of any such insurance thereafter collected or of the~~  
27 ~~moneys in any such reserve fund.~~

28 ~~(o) A provision specifying the events of default and the terms and conditions~~  
29 ~~upon which any or all of the bonds of the Authority then or thereafter issued may~~  
30 ~~become or be declared due and payable prior to maturity, and the terms and~~  
31 ~~conditions upon which such declaration and its consequences may be waived.~~

32 ~~(p) A provision designating the rights, limitations, powers and duties arising~~  
33 ~~upon breach by the Authority of any of the covenants, conditions or obligations~~  
34 ~~contained in the indenture, including a provision that limits bondholder suits to~~  
35 ~~certain cases where the trustee refuses to take enforcement action.~~

1           ~~(q) A provision prescribing the conditions under which and the procedure by~~  
2 ~~which the terms and conditions of the indenture may be subsequently amended or~~  
3 ~~modified.~~

4           ~~(r) A provision specifying the technical form and language of the bonds,~~  
5 ~~including provisions for execution, exchange, transfer, registration, paying agency,~~  
6 ~~lost or mutilated notes, negotiability and cancellation.~~

7           ~~(s) A provision establishing the terms of credit enhancement by such banks,~~  
8 ~~insurance companies or other financial institutions as the Authority determines are~~  
9 ~~necessary or desirable to improve the security and marketability of the bonds,~~  
10 ~~including an obligation to reimburse, with interest, any such banks, insurance~~  
11 ~~companies or other financial institutions for advances used to pay principal of or~~  
12 ~~interest on the bonds, provided, however, that any such reimbursement obligation~~  
13 ~~shall be an obligation of the Authority of the same character, and shall be payable~~  
14 ~~from the same sources, as authorized hereunder for the bonds.~~

15           ~~(t) A provision limiting the power of the Authority or the Territory to~~  
16 ~~acquire, own or operate systems or projects which may be competitive with the~~  
17 ~~system.~~

18           ~~§14209. Terms and Sale of Bonds.~~ The terms of bonds, including, but not  
19 limited to, the amounts, maturities, redemption rights and interest rates or manner  
20 of determination of the interest rates, shall be established in accordance with the  
21 resolution of the Board authorizing the issuance of such bonds and in accordance  
22 with any required approval by the Governor and the Legislature. Such resolution  
23 may provide that the bonds shall be sold at either public or private sale and may fix  
24 the terms and conditions for the sale of the bonds, subject to any limitations  
25 established by any required approval by the Governor and the Legislature.

26           ~~§14210. Payment of Bonds from Sources Other Than Revenues.~~—The  
27 Authority may use and expend all or any portion of any moneys other than  
28 revenues or proceeds of any property owned by it other than the system, whether  
29 received by grant, gift, appropriation or otherwise (if not otherwise restricted) for the  
30 payment of bonds.

31           ~~§14211. Construction of Article.~~ This Article shall be liberally construed to  
32 carry out the objects and purposes and the declared policy of the Territory as in this  
33 Article set forth. Nothing contained in this article shall be construed directly or by  
34 implication to be in any way in derogation or limitation of powers conferred upon  
35 or existing in the Authority or the Board by virtue of any provisions of the Organic  
36 Act or statutes of the Territory or any other provisions of this Code."

1           §14204. Guam Economic Development Authority as Central Financial  
2 Manager. Notwithstanding any other provisions of this Article, the Guam  
3 Economic Development Authority (herein referred to as GEDA), shall act as the  
4 Central Financial Manager and Consultant to the Authority and shall provide  
5 technical assistance in obtaining funds through the issuance of bonds or other  
6 obligations pursuant to 12 GCA, Chapter 2, Section 2103, subsection (k). The  
7 Authority must comply with all provisions under this section relative to the  
8 financial requirements and needs as directed by GEDA."

9           **Section 2. Repeal**

10           (a) 5 GCA §3123 is hereby repealed.

11           (b) §56101 through §56118, Article I, Chapter 56, Title 5, Guam Code  
12 Annotated, are hereby repealed.

13           (c) 12 GCA §§12015.1 and 12015.2 is hereby repealed.

14           **Section 3. Construction with Other Statutes.** References in statutes of Guam  
15 to the "Public Utility Agency of Guam" or the "Chief Officer" of the Public Utility  
16 Agency of Guam shall read "Guam Waterworks Authority" and "General Manger"  
17 of the Guam Waterworks Authority.

18           ~~**Section 4. Rate Review.** The Public Utilities Commission shall within thirty~~  
19 ~~days after this Act takes effect initiate a review of the water and waste water disposal~~  
20 ~~rates of the Guam Waterworks Authority to determine whether they are just and~~  
21 ~~reasonable and shall take such action thereon to increase or decrease rates as it may~~  
22 ~~deem appropriate.~~

23           **Section [5.] 4 Effective Date.** The provisions of this Act (with the exception of  
24 ~~Section Article~~ 1) shall take effect one hundred eighty days (180) after enactment.  
25 ~~Section Article~~ 1 shall take effective upon enactment.

Bill No. 511 (LS)

Introduced by:

A.C. Lamorena V. *CL-3*

AN ACT CREATING THE GUAM  
WATERWORKS AUTHORITY.

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

**Section 1.** A new Chapter 14 is added to Title 12 of the Guam Code Annotated  
to read:

**"CHAPTER 14**

**GUAM WATERWORKS AUTHORITY**

**Article 1. General Provisions**

**§14101. Short Title.** This Chapter may be cited as the "*Guam Waterworks  
Authority Act.*"

**§14102. Definitions.** As used herein, unless otherwise indicated:

- (a) *Authority* means the Guam Waterworks Authority;
- (b) *Board* means the Board of Directors of the Authority;
- (c) *Director* means a member of the Board.

**§14103. Establishment.** There is within, and a public corporation and  
autonomous instrumentality of, the government of Guam, a Guam Waterworks  
Authority.

**§14104. Powers.** The Authority shall have and exercise each and all of the  
following powers:

- (1) Produce, transmit, store, distribute, and sell water on Guam, and

1 collect, treat and dispose of wastewater on Guam;

2 (2) Acquire, in accordance with Public Law 20-06, §7, and Title VII-A  
3 of the Government Code and subject to the laws of Guam, by grant, purchase,  
4 gift, devise or lease, or by the exercise of the right of eminent domain in  
5 accordance with the provisions and subject to limitations of 21 GCA Chapter  
6 15, and hold and use any real or personal property necessary or convenient or  
7 useful for the carrying on of any of the powers pursuant to the provisions of this  
8 Chapter;

9 (3) Establish its internal organization and management and adopt  
10 regulations for the administration of its operations;

11 (4) Establish and modify from time to time, with approval of the Public  
12 Utility Commission, reasonable rates and charges for water and wastewater  
13 disposal services at least adequate to cover the full cost of such services,  
14 including the cost of debt service, and collect money from customers using such  
15 services, all subject to any contractual obligation of the Board to the holders of  
16 any bonds; and refund charges collected in error;

17 (5) Enter into contracts and execute all instruments necessary or  
18 convenient in the exercise of its powers, adopt a seal and sue or be sued in its  
19 own corporate name;

20 (6) Construct works along or across any street or public highway or  
21 water course or over any of the lands which are the property of the Territory;  
22 and with respect to federal lands, the Authority shall have the same powers with  
23 respect to the construction of such works as possessed by the government of  
24 Guam. The Authority shall restore any such street or highway to its former state  
25 as near as may be and shall not use it in a manner to impair unnecessarily its  
26 usefulness;



1 (7) At any time or from time to time, incur indebtedness pursuant to  
2 Article 2 of this Chapter;

3 (8) Enter into contracts with the Government of the Territory or with the  
4 United States for loans or grants;

5 (9) Employ, retain or contract for the services of qualified managers,  
6 specialists or experts, as individuals or as organizations, to advise and assist its  
7 Board of Directors and employees;

8 (10) Adopt such rules and regulations as may be necessary for the  
9 exercise of the powers and performance of the duties conferred or imposed upon  
10 the Authority or the Board by this Article;

11 (11) Control, operate, improve, equip, maintain, repair, renew, replace,  
12 reconstruct, alter and insure the water and wastewater disposal systems subject  
13 to compliance with any applicable zoning, building and health regulations of the  
14 territory of Guam; and

15 (12) Do any and all other things necessary to the full and convenient  
16 exercise of the above powers;

17 Nothing contained in this Section or elsewhere in this Article shall be construed  
18 directly or by implication to be in any way in derogation or limitation of powers  
19 conferred upon or existing in the Authority or the Board by virtue of any provisions  
20 of the Organic Act of Guam or Statutes of the Territory or any other provisions of this  
21 Code.

22 **§14105. Water and Wastewater, Duty to Connect.** Notwithstanding any  
23 other provision of the Guam Code Annotated or any duly promulgated rule or  
24 regulation except those service rules and regulations of the Authority, the Authority  
25 shall not refuse to connect water or wastewater lines to any single family residence.

26 **§14106. Board of Directors.** (a) All powers vested in the Authority except

1 as provided herein shall be exercised by the Board. The Board shall consists of seven  
2 (7) directors, nominated and appointed by the Governor of Guam, by and with the  
3 advice and consent of the Guam Legislature. The seven (7) directors first appointed  
4 shall classify themselves by lot so that their terms shall expire respectively as follows:  
5 One (1) on October 1, 1997, Two (2) on October 1, 1998, Two (2) on October 1, 1999  
6 and Two (2) on October 1, 2000. Their successors shall be appointed each for a term  
7 of five (5) years from the date of the expiration of the term for which his predecessor  
8 was appointed and until his successor is appointed and has qualified. All vacancies  
9 occurring in the office of directors shall be filled by the Governor, with the advice and  
10 consent of the Legislature, for the unexpired term, except that if the Legislature is not  
11 in regular session when the vacancy occurs, the Governor may appoint for a term  
12 expiring at the end of the next regular session. In making appointments to the Board,  
13 the Governor shall select one (1) member with an Accounting background; one (1)  
14 member with an Engineering background; one (1) member with Planning background  
15 and two (2) members who would be representatives of the consuming public and who  
16 might be referred to as "man-on-the-street: type. The two remaining Directors will be  
17 at the option of the Governor.

18 (b) Four (4) directors shall constitute a quorum of the Board for the transaction  
19 of all business. The Board may adopt rules and regulations governing the conduct of  
20 its affairs. It shall elect a Chairman and a Vice-Chairman from among the Directors.

21 (c) Each director shall receive the sum of Fifty Dollars (\$50.00) for each  
22 attendance at the meetings of the Board, but such compensation shall not apply to  
23 more than two (2) meetings in any one (1) calendar month. No director shall receive  
24 any other compensation, but shall be reimbursed for actual travel, subsistence and out-  
25 of-pocket expenses incurred in the discharge of his responsibilities.

26 **§14107. General Manager.** (a) The Board shall appoint a General Manager,  
27 who shall be its chief executive officer, and who shall serve at its pleasure and shall

1 fix his compensation. The General Manager shall have full charge and control of the  
2 construction of the works of the Authority and their maintenance and operation, and  
3 also of the administration of the business affairs of the Authority.

4 (b) The powers of the General Manger include the following:

5 (i) To see that all rules and regulation of the Authority are enforced;

6 (ii) To attend all meetings of the Board and submit a general report of  
7 the affairs of the Authority;

8 (iii) To keep the Board advised as to the needs of the Authority and to  
9 approve demands for the payment of obligations of the Authority within the purposes  
10 and amounts authorized by the Board;

11 (iv) To prepare or cause to be prepared all plans and specifications for  
12 the construction of the works of the Authority;

13 (v) To devote his entire time to the business of the Authority; to select  
14 and appoint the employees of the Authority, except as otherwise provided by this  
15 Chapter, and to plan, organize, coordinate and control the services of such employees  
16 in the exercise of the powers of the Authority under the general direction of the Board;

17 (vi) To cause to be published within one hundred twenty (120) days from  
18 the end of each fiscal year a financial report showing the result of operations for the  
19 preceding fiscal year and the financial status of the Authority on the last day thereof.  
20 The publication shall be made in the manner provided by the Board; and

21 (vii) To perform such other and additional duties as the Board may  
22 require.

23 (c) The Board may contract with a corporation to perform any or all of the  
24 duties to exercise any or all of the powers of the General Manager as provided in this  
25 Section and the General Manager, subject to the approval of the Board, may contract  
26 with a corporation to perform some of the duties or to render expert and technical

1 assistance in the operation of the Authority.

2 **§14108. Assistant General Manager: Operations & Technical Support.**

3 (a) The General Manager, with the consent of the Board, shall appoint an  
4 Assistant General Manager for Operations & Technical Support, who shall serve at the  
5 pleasure of the General Manager.

6 (b) The Assistant General Manager for Operations & Technical Support shall  
7 be entitled to receive compensation to be determined by the General Manager with the  
8 approval of the Board.

9 (c) Such Assistant General Manager shall devote his entire time to the business  
10 of the Authority and shall have full charge and control, subject to the control of the  
11 General Manager, of all operations, engineering, and technical support services  
12 pertaining to water production, transmission, storage, and distribution, and collection,  
13 treatment, and disposal of wastewater by the Authority.

14 (d) Such Assistant General Manager shall have such other duties as may be  
15 designated by the General Manager.

16 **§14109 Same: Administration and Fiscal Services.**

17 (a) The General Manager, with the consent of the Board shall appoint an  
18 Assistant General Manager for Administration and Fiscal Services, who shall serve  
19 at the pleasure of the General Manager.

20 (b) The Assistant General Manager for Administration and Fiscal Services shall  
21 be entitled to receive compensation to be determined by the General Manager with the  
22 approval of the Board.

23 (c) Such Assistant General Manager shall devote his entire time to the business  
24 of the Authority and shall have full charge and control, subject to the control of the  
25 General Manager, of all administration, accounting and fiscal services of the  
26 Authority.

1 (d) Such Assistant General Manager shall have such other duties as may be  
2 designated by the General Manager.

3 **§14110. Other Officers.**

4 (a) The Board may also appoint a Secretary, a Treasurer, a Comptroller and an  
5 Attorney, who shall serve at the pleasure of the Board and whose duties and  
6 compensation shall be fixed by the Board. The Board may appoint one or more  
7 assistants to any such office. Any of such offices may be consolidated in one person.

8 (b) The Secretary shall have charge of all records and minutes of the Board.

9 (c) The Treasurer shall have custody of all moneys of the Authority and shall  
10 pay out such money only in accordance with the direction of the Board or as provided  
11 for by law.

12 (d) The Attorney, who must have been admitted to practice in Guam, shall  
13 advise the Board and the General Manager on all legal matters to which the Authority  
14 is a party or in which the Authority is legally interested and may represent the  
15 Authority in connection with legal matters before the Legislature, boards and other  
16 agencies of the Territory. The Attorney General shall represent the Authority in  
17 litigation concerning the affairs of the Authority in litigation concerning the affairs of  
18 the Authority, provided that he may delegate this duty to the Attorney of the Authority,  
19 with respect to any such litigation.

20 **§14111. Acquisition of Existing Systems.**

21 (a) On the first day of the month following one hundred eighty (180) days after  
22 the effective date of this Act or on such later date as the Board shall establish, the  
23 Public Utility Agency of Guam shall transfer to the Authority:

24 (i) all real property under its administration and items of property,  
25 supplies which the Agency owns or controls, including  
26 construction work in progress.

1 (ii) all working capital, cash, accounts payable and receivable, deposits,  
2 advances payable and receivable, all books, records and maps and all other  
3 rights, obligations, assets, liabilities, agreements, and privilege of the Agency.  
4 Each employee of the Public Utility Agency of Guam at the date of the transfer  
5 shall be offered employment by the Authority.

6 (b) Any person accepting employment under this Section shall receive not less  
7 than the straight-time rate of compensation he was receiving immediately before the  
8 transfer date. The other employment benefits and rights, including retirement and  
9 leave, of such transferred employees shall be governed by the provisions of this  
10 Article. Any persons so transferred who are found to be in excess of the personnel  
11 required for the efficient administration of the Authority shall be retained by the  
12 Authority until transferred to other positions in the government of Guam, with the  
13 consent of the agency to which transfer is made.

14 **§14112. Indebtedness.** The authority may incur indebtedness by any means  
15 as permitted by Article 2 of this Chapter.

16 **§14113. Exemption from Taxation, and In-Lieu Payments.** As an  
17 instrumentality of the Territory, the Authority and all property acquired by or for the  
18 Board and all revenues and income therefrom are exempt from taxation by the  
19 Territory or by any political subdivision or public corporation thereof and from all  
20 taxes imposed under the authority of the Legislature of the Territory, or with respect  
21 to which the Legislature is authorized to grant exemption.

22 **§14114. New Services.**

23 (a) The Authority shall apply to the Public Utility Commission ("PUC") for  
24 approval in the event the Authority, subsequent to the effective date of this Act,  
25 expands into new water-related services which are currently being provided by private  
26 sector providers. The Authority must demonstrate to the PUC that (1) there is a

1 public need for the services to be provided, and (2) the Authority's entry as a new  
2 provider for said services will further benefit the community.

3 (b) Notwithstanding the tax exemption provisions in §14113, the PUC shall  
4 require the Authority to pay the appropriate taxes on the new revenues generated from  
5 the new services.

6 **§14115. Accounting and Expenditures.**

7 (a) The Board shall adopt and maintain a system of accounting.

8 (b) The Board may authorize, by annual budget resolution and amendments  
9 thereto, the payment of demands against the Authority resulting from its exercise of  
10 the powers prescribed in this Act if:

11 (i) the purposes and amounts of such demands are projected in a budget  
12 expressed in terms of major account groups of the Uniform System of Accounts,  
13 which has been adopted by the Board after receiving recommendations of the  
14 General Manager; and

15 (ii) if the specific demands which are made are approved by the Board  
16 or the General Manager prior to payment.

17 (c) The Board shall employ a firm of locally licensed, independent certified  
18 public accountants who shall examine and report to the Board, at least annually, upon  
19 the status of the financial records and accounts maintained by the Authority. Copies  
20 of any such report shall be furnished to the Governor and to the Legislature.

21 (d) The Board shall report to the Governor concerning its administration of the  
22 affairs of the Authority. It shall present an annual report within one hundred twenty  
23 (120) days after the end of each fiscal year and, if requested by the Governor, shall  
24 present special reports within thirty (30) days after the end of each intervening quarter.  
25 The financial information presented in such reports shall be in accordance with the  
26 Uniform System of Accounts adopted by the Board. Copies of any such reports,

1 including the annual and special reports, shall be furnished to the Legislature.

2 **§141156. Employment.**

3 (a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the Board shall  
4 establish rules and regulations regarding selection, promotion, performance evaluation,  
5 demotion, suspension and other disciplinary action for the employees of the Authority;  
6 provided, however, that all contracts for the hiring of off-island employees shall  
7 conform to the provisions of 4 GCA §6216.

8 (b) Classified employees of the Authority, excluding the directors, shall be  
9 members of the government of Guam Retirement Fund. The Authority shall  
10 contribute to the government of Guam Retirement Fund on the basis of annual billings  
11 as determined by the Board of Trustees, government of Guam Retirement Fund, for  
12 the government share of the cost of the retirement benefits applicable to the  
13 Authority's employees and their beneficiaries. The Authority shall also contribute to  
14 the Worker's Compensation Fund, on the basis on annual billings as determined by the  
15 Worker's Compensation Commissioner, for the benefit payments made from such  
16 Fund on account of the Authority's employees.

17 (c) Notwithstanding any other provisions of law, neither the Manger, Assistant  
18 General Managers, Secretary, Treasurer, Comptroller nor Attorney of the Authority  
19 shall be within the classified service of the government of Guam but shall be hired,  
20 compensated and employed under the terms and conditions fixed by, and at the  
21 pleasure of the Board.

22 **Article 2**

23 **Guam Waterworks Authority Revenue Bonds**

24 **§14201. Definitions.** The following terms wherever used or referred to in this  
25 Article or in any indenture entered into pursuant hereto, shall have the following  
26 meanings, respectively, unless a different meaning appears from the context:



1 (a) *Authority* means the Guam Waterworks Authority provided for in the Guam  
2 Waterworks Authority Act of 1996.

3 (b) *Board* means the Board of Directors of the Authority provided for in the  
4 Guam Waterworks Authority Act of 1996. "Board" also means the Governor, the  
5 Director of Administration or any other officer or agency of the Territory whenever  
6 any action which this Article or any indenture requires or permits the Board to take  
7 can, under the Organic Act or any provision of this Code or any other statute of the  
8 Territory, be taken for, or on behalf of, or in lieu of the Board only by the Governor,  
9 the Director of Administration or such other officer or agency.

10 (c) *Bonds or revenue bonds* means the written evidence of any obligation  
11 issued by the Board pursuant to §14202, payment of which is secured by a pledge of  
12 revenues or any part of revenues, as provided in this Chapter, in order to raise funds  
13 for any of the purposes authorized by §14202, irrespective of the form of such  
14 obligations.

15 (d) *Bondholder or holder of bonds* or any similar term means any person who  
16 shall be:

17 (i) the bearer of any outstanding bond or bond registered to bearer or not  
18 registered; or

19 (ii) the registered owner of any such outstanding bond or bond which  
20 shall at the time be registered other than to bearer.

21 (e) *Governor* means the Governor of Guam.

22 (f) *Guam Waterworks Authority Act of 1996* means Article 1 of this Chapter.

23 (g) *Indenture* means an agreement, pursuant to which bonds are issued,  
24 regardless of whether such agreement is expressed in the form of a resolution of the  
25 Board or by other instrument.

26 (h) *Organic Act* means the Organic Act of Guam as amended and in effect on

1 the effective date of this Article. (64 Stat. 384, Title 48, §1421 et seq. U.S. Code.)

2 (i) *Person* includes any individual firm, corporation, association, partnership,  
3 trust, business trust or receiver or trustee or conservator for any thereof, and also  
4 includes the United States, the Territory or any public corporation, political  
5 subdivision, city, country or district or any agency or instrumentality of the United  
6 States or of the Territory.

7 (j) *Revenue* means and includes:

8 (i) any and all rates and charges received or receivable in connection  
9 with, and any and all other income and receipts of whatever kind and character  
10 derived by the Authority from the operation of or arising from the system;

11 (ii) any such revenues or any proceeds of sale of bonds or any other  
12 moneys of the Authority that may have been or may be impounded or deposited  
13 in any fund or account created or authorized by this Article and held by the  
14 Board or the Treasurer or the Director of Administration for the security of any  
15 bonds issued hereunder or for the purpose of providing for the payment thereof  
16 or the interest thereon;

17 (iii) any moneys received or receivable by the Authority pursuant to any  
18 contract between the Authority and any person, which moneys are designated  
19 as revenues (as herein defined) in such contract; and

20 (iv) all earnings on any investment of any revenues.

21 (k) *System* means the water system and the wastewater disposal system of the  
22 Authority.

23 (l) *System operation and maintenance costs* means:

24 (i) the reasonable costs of operating and maintaining the system,  
25 including refunds authorized by §14203, and all reasonable repairs, renewals,  
26 replacements, system insurance costs and costs of insurance other provision for

1 retirement of officers and employees of the Authority, but (notwithstanding any  
2 system of accounts maintained by the Board) without any allowance for  
3 depreciation; and

4 (ii) all revenues required by an indenture to be deposited in any one or  
5 more reserve funds or accounts in lieu of insurance or in any working capital  
6 fund or account or contingency fund or account relating to the system.

7 (m) *Territory* means the territory of Guam.

8 (n) *United States* means the United States of America.

9 **§14202. Powers of Board; Incurring Indebtedness.** The Board has power  
10 and is hereby authorized, in addition to and in amplification of all other powers  
11 conferred upon the Board by the Guam Waterworks Authority Act of 1996 or any  
12 other provision of this Code or by any statute of the Territory or of the United States,  
13 to exercise any or all of the powers granted to the Board by this Article. The Board  
14 may at any time or from time to time incur indebtedness:

15 (a) with the approval of the Governor and Legislature, to raise funds for the  
16 purpose of establishing the system, or of acquiring lands for the system, or acquiring,  
17 constructing, improving, equipping, maintaining, repairing, renewing, replacing,  
18 reconstructing or insuring the system, or any part thereof, or for the purpose of  
19 refunding any such bonds, or for any combination of such purposes; or

20 (b) for any other lawful purpose for a period not exceeding fifty (50) years  
21 pursuant to a contract of indebtedness, repayment of which is subject and subordinate  
22 to any contractual obligation of the Board to the holders of any bonds.

23 **§14203. Short Term Borrowing.** The Board may at any time or from time  
24 to time, by resolution adopted by a majority of all members of the Board and approved  
25 by the Governor, incur indebtedness for any lawful purpose for any period not  
26 exceeding five (5) years evidenced by contract with any person or by one or more

1 promissory notes executed and delivered to any person. Any such indebtedness shall  
2 incurred subject and subordinate to any contractual obligation of the Board to the  
3 holders of any bonds and the principal thereof and interest thereon may be repaid:

4 (a) from revenues; or

5 (b) if incurred for a purpose for which bonds may be issued, from revenues or  
6 from the proceeds of sale of bonds.

7 **§14204. Construction of Article.** This Article shall be liberally construed to  
8 carry out the objects and purposes and the declared policy of the Territory as in this  
9 Article set forth. Nothing contained in this article shall be construed directly or by  
10 implication to be in any way in derogation or limitation of powers conferred upon or  
11 existing in the Authority or the Board by virtue of any provisions of the Organic Act  
12 or statutes of the Territory or any other provisions of this Code."

13 **Section 2. Repeal**

14 (a) 5 GCA §3123 is hereby repealed.

15 (b) §56101 through §56118, Article I, Chapter 56, Title 5, Guam Code  
16 Annotated, are hereby repealed.

17 (c) 12 GCA §12015.2 is hereby repealed.

18 **Section 3. Construction with Other Statutes.** References in statutes of Guam  
19 to the "Public Utility Agency of Guam" or the "Chief Officer" of the Public Utility  
20 Agency of Guam shall read "Guam Waterworks Authority" and "General Manger" of  
21 the Guam Waterworks Authority.

22 **Section 4. Rate Review.** The Public Utilities Commission shall within thirty  
23 days after this Act takes effect initiate a review of the water and wastewater disposal  
24 rates of the Guam Waterworks Authority to determine whether they are just and  
25 reasonable and shall take such action thereon to increase or decrease rates as it may  
26 deem appropriate.

1           **Section 5. Effective Date.** The provisions of this Act shall take effect one  
2 hundred eighty days (180) after enactment.

Bill No. 112  
Amendatory Bill

YES  NO

Date Received 3/30/95  
Date Reviewed 4/04/95

Department/Agency Affected: Public Utility Agency of Guam  
Department/Agency Head: Bob Kelly  
Total FY Appropriation to Date: \$35,431,454

Bill Title (preamble): AN ACT CREATING THE GUAM WATER AND WASTEWATER AUTHORITY.

Change in Law: Add new Chapter 14 to Title 12 of GCA.

Bill's Impact on Present Program Funding:  
Increase  Decrease  Reallocation  No Change

Bill is for:  Operations  Capital Improvement  Other ( )

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)

PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Utilities and Infrastructure	See Attached Comments		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	See Attached Comments					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? YES/NO-IF NO, ADD'L AMOUNT REQUIRED \$  
AGENCY/PERSON/DATE CONTACTED:

ESTIMATED POTENTIAL MULTI-YEAR REVENUES

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	See Attached Comments					
OTHER						
TOTAL						

ANALYST Carlos Bordallo DATE 4/04/95 DIRECTOR Joseph E. Rivera DATE APR 07 1995  
Acting

FOOTNOTES:

Bill 112 proposes to enact the Guam Water and Wastewater Authority Act. Essentially, the Public Utility Agency of Guam (PUAG) would become the Guam Water and Wastewater Authority (GWWA) with the latter established as a public corporation and an autonomous instrumentality within the Government of Guam. The fiscal impact entailed is a potential cost savings to the General Fund (G.F.) as water and sewer rates, which must be approved by the Public Utilities Commission (PUC), are to generate revenues sufficient to sustain operations as well as provide for payment on any debt issued by the GWWA for capital improvement projects.

Currently, PUAG revenues are supplemented with G.F. subsidy in accommodating the agency's operations. Pursuant to P.L. 22-140, Chapter II, Section 13, PUAG's FY95 G.F. subsidy totals \$20,731,454. In addition, the current balance of G.F. appropriations to PUAG for capital improvement projects are approximately \$35.7 million. As such, the G.F. may be relieved of approximately \$56.4 million in existing obligations (contingent upon whether water and wastewater rates established/approved by PUC are able to accommodate operations and transfer of G.F. obligations for capital improvement projects to GWWA).

Note the PUC is to review current water and wastewater rates within thirty days after the effective date (January 1, 1996) of the GWWA Act and is to take action thereon to increase or decrease rates as it deems appropriate. Should new rates become effective February 1, 1996 with revenues utilized proactively, PUAG would require an estimated \$7.93 million in G.F. appropriations to subsidize their first four (4) months (October to February) of operation in FY 1996.

The breakdown is as follows:

Projected Revenues FY95	\$14,700,000	1/
Projected Operations Budget FY96	<u>38,500,000</u>	
Revenues Sufficient/(Insufficient)	(23,800,000)	-
Average Revenues Insufficient Per Month	(1,983,333)	
Estimated Number of Months (Oct to Feb)	<u>4</u>	
Projected G.F. Subsidy PUAG FY96	<u>\$7,933,333</u>	

1/ PUAG estimated revenues for FY96 unavailable at this time.

Should the GWWA Act become law prior to August 1, 1995, deletion of Section 5 (proposes the effective date of GWWA Act as January 1, 1996) may facilitate a significant reduction or completely eliminate any G.F. subsidy requirements for PUAG in FY96.

# PUAG AUTONOMY BILL WITNESS LIST

March 6, 1996

## **Opening Remarks**

Richard A. Quintanilla, Chief Officer, PUAG

## **Fiscal Implications and Administrative Opportunities**

Herbert J. Johnston, Deputy Chief Officer, PUAG

## **Public Investment Requirements Facing PUAG**

Quirino Basbas, Chief Engineer, PUAG

## **Opportunities for Improvement of Wastewater Operations**

Eddie S.N. Reyes, Acting Wastewater System Manager, PUAG

## **Opportunities for Improvement of Water Operations**

Rafael P. Mesa, Assistant Water Distribution System Manager, PUAG

## **Closing Remarks**

Richard A. Quintanilla, Chief Officer, PUAG





## **PUBLIC UTILITY AGENCY OF GUAM**

**Government of Guam**

Post Office Box 3010, Agana, Guam 96910

Phone: (671) 647-7811 / 7823

Fax: (671) 649-0158

### **HEARING ON BILL 511 TWENTY - THIRD GUAM LEGISLATURE COMMITTEE ON WATER UTILITIES & ELECTRONIC COMMUNICATIONS AND COMMITTEE ON ECONOMIC, AGRICULTURAL DEVELOPMENT AND INSURANCE**

**Testimony  
Submitted by:**

**Richard A. Quintanilla  
Chief Officer**

**March 6, 1996**

Chairmen Ada and San Agustin and distinguished committee members, I am Richard A. Quintanilla, Chief Officer of the Public Utility Agency of Guam (PUAG). I am here today to provide testimony in support of Bill No. 511, an Act creating the Guam Waterworks Authority. On behalf of Governor Carl T.C. Gutierrez, I thank each of Bill No. 511's sponsors and the Chairmen of both committees hearing the measure today, for the excellent cooperation the Administration has received in expediting this important initiative. The Governor fully supports providing autonomy to the Public Utility Agency of Guam (PUAG) with two (2) exceptions noted below. The enclosed Executive Order 96-05 signed on February 29, 1996 attests to such support. We hope the goal of autonomy will be achieved in the very next legislative session.

PUAG has found itself in limbo for a very long time. Establishing autonomy for the agency removes all doubt about the future of the agency's organizational status. In the transition



to autonomy we can reorganize management and administrative systems to correspond to normal industry practice. Eventually we will be able to finance capital improvements with borrowed funds to be repaid from rate base revenues. In the short run establishing autonomy for PUAG will give the agency the boost and status it needs to overhaul and reorganize itself.


In my opening paragraph I allude to two (2) exceptions we have taken with Bill No. 511's existing text. On page no. 4 on lines no. 15-16 we suggest the phrase beginning with "(1) member with an engineering background ....." be extended to read as follows "(1) member with an Engineering or Utility Operations Management background;". On page no. 20, lines 14-15, we suggest the first sentence of "Section 5. Effective Date" be amended to read as follows: "The provisions of this Act (with the exception of Section 1) shall take effect on October 1, 1996", thereby coinciding with the beginning of next fiscal year.

I have requested several officials to join me in presenting the agency's formal testimony. They are, Herbert J. Johnston, Deputy Chief Officer speaking on the topic of Fiscal Implications and Administrative Opportunities; Quirino Basbas, Chief Engineer speaking on the topic of Public Investment Requirements Facing PUAG; Eddie Reyes, Acting Assistant Wastewater System Manager, speaking on the topic of Opportunities for Improvement of Wastewater Operations; and Rafael Mesa, Assistant Water Distribution System Manager speaking on the topic of Opportunities for Improvement of Water Operations. Our testimony today may be characterized as lauding the measure's virtues. We at PUAG want and need a change of status, Autonomy is the way we must go to follow the way forward:

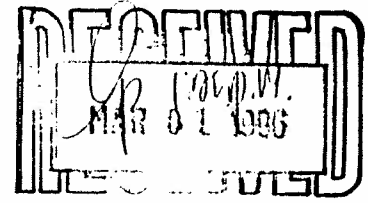
Our testimony will now be supplemented with the presentation of Herbert J. Johnston, Deputy Chief Officer at PUAG.

Closing

This brings our formal testimony supporting Bill No. 511 to an end. Thank you for your consideration of our point of view. If you have any questions we would be pleased to take them now.

  
Richard A. Quintanilla  
Chief Officer

Enclosure



TERRITORY OF GUAM  
OFFICE OF THE GOVERNOR  
AGAÑA, GUAM 96910  
U. S. A.

**EXECUTIVE ORDER NO. 96-05**

**RELATIVE TO ESTABLISHING A PUBLIC UTILITY AGENCY OF  
GUAM (PUAG) AUTONOMY COMMISSION.**

**WHEREAS**, the Twenty-Third Guam Legislature has passed legislation in the form of Bill 112 to provide autonomous status to the Public Utility Agency of Guam (PUAG); and

**WHEREAS**, the Governor is in favor of providing autonomous status to PUAG in order to enable the agency to become more self-sufficient, however the Governor vetoed Bill 112 because provisions relative to financing need to be revised; and

**WHEREAS**, an urgent need exists, based upon agreement in principle between the executive and legislative branches of the government for PUAG, to achieve a suitable autonomous status at the earliest time possible, once appropriate legislation is enacted for that purpose, proposals for which are now under consideration;



**PUBLIC UTILITY AGENCY OF GUAM**

**Government of Guam**

Post Office Box 3010, Agana, Guam 96910

Phone: (671) 647-7811 / 7823

Fax: (671) 649-0158

HEARING ON BILL 511

TWENTY-THIRD GUAM LEGISLATURE

COMMITTEE ON WATER, UTILITIES & ELECTRONIC COMMUNICATIONS

AND

COMMITTEE ON ECONOMIC, AGRICULTURAL DEVELOPMENT AND INSURANCE

TESTIMONY

Submitted by

Herbert J. Johnston, Jr.  
Deputy Chief Officer  
Public Utility Agency of Guam

March 6, 1996

Hafa adai and good morning, Chairmen and the members of the Committees on Water Utilities and Electronics Communications and Economic, Agriculture Development and Insurance. For the record my name is Herbert Johnston, Jr., Deputy Chief Officer of the Public Utility Agency of Guam.

All of us in this room realize the value running potable water and sanitary sewers provides to our community. The availability of these utilities are no longer viewed as a



**Commonwealth Now!**

convenience but rather a necessity — the foundation of our continued economic and social well being. We generally agree that there are some serious problems with our island's water utility, serious enough to warrant the attention of this Legislature and the community as a whole, and serious enough to consider restructuring the organization. Specifically we are discussing the establishment of an autonomous agency to replace PUAG.

It is important to realize that the concept of autonomy for PUAG is not something new nor novel. In the late 60s, GPA and GTA were created from PUAG. Autonomy is neither the only course of action for PUAG nor by far the easiest. But given our existing circumstances, it appears the most prudent.

Most of us realize that the status quo is not an acceptable alternative. The present financial situation, organizational structure, and dilapidated condition of our facilities are symptoms pointing to nothing less than eminent disaster for the utility and ultimately the community it serves.

Financially, the agency has begun the process of turning around, however, we are only now (in the midst of the second quarter of this fiscal year) just beginning to realize some of the revenue generated by the interim rates. It has long been accepted that the old rates recovered only a small fraction of what it took to operate the agency. The interim rate adjustment, approved by this Legislature, was a step in the right direction, however, the rate adjustment was intended only to offset the general fund substantial subsidy of our operations. The delay in implementing the rate increases, coupled by our billing problems, further aggravated the agency's present financial condition and has severely limited our ability to implement necessary repairs (much less maintenance), promptly pay vendors and meet payroll.

Ideally, utility rates charged for services should reflect the cost of delivering the services plus a margin for capital investment. While part of a rate design includes a review of PUAG's cost of operations, there is an opportunity now to consider a graduated rate structure and/or to rainy season / dry season rates to plan, encourage and provide incentives to wise water use. These opportunities are now rightfully under the purview of the Public Utilities Commission, however, they will not be realized by PUAG until this time next year at the earliest. It would be erroneous to believe that such restructuring of rates will solve PUAG's immediate needs and equally wrong to believe that, in and of themselves, the rates will be able to generate the amount of capital investment needed by PUAG in a timely manner given the significant costs involved and our limited customer base. Much more is needed. Specifically, the existing organizational, operating, and financing structure of the agency must be restructured to function as an enterprise.

Simply reorganizing the agency (as was done in 1987) to reflect changes in priorities and practices might provide immediate relief but to successfully address many of the long standing issues and to meet the projected utility needs of the island substantial restructuring of the organizational architecture is needed starting from the bottom up. The foundation for re-building this utility is full autonomy.

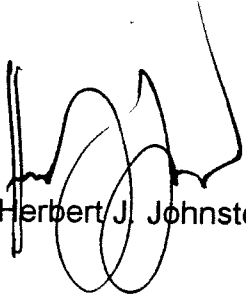
For almost a decade now, PUAG has enjoyed partial autonomy. Unlike other line agencies, it manages its own human resources, data processing, and accounting functions separate from the Department of Administration and has limited procurement authority. However, while the need was perceived and the process initiated, the effort toward full autonomy for PUAG was never successfully championed and thus never realized.

Many of the functional advantages of being autonomous are already available, albeit

limited and fragmented, within PUAG. The primary benefit has focused on facilitating and expediting administrative procedures and practices. Despite this, many of these opportunities have not been implemented due to funding constraints. Full autonomy, however, provides a critical element that has not been previously available --- the ability to raise significant capital through the issuing of revenue bonds --- capital to reduce operating expenses by replacing outdated and worn facilities, capital to realize the designed lifespan of facilities by providing the necessary resources to institute routine maintenance, and capital to improve the infrastructure to meet anticipated demand.

Had PUAG achieved full autonomy with PUC rate oversight a decade ago, the issue surrounding implementation of a system development charge might have been resolved in a more timely manner with either an approved rate schedule or an alternative capital funding mechanism in place. The funding of the emergency generators would most probably have been realized through PUAG issuing its own revenue bonds rather than entering an awkward arrangement with GPA.

In hindsight, a list could go on and on but the fact of the matter is we are not in a position to change our past. We are, however, in a position to admit that the present arrangement is neither appropriate nor acceptable and to consider alternatives. We have chosen to come before you in pursuit of autonomy, not to excuse to our past, but to establish the foundation we believe is necessary build a water utility which will be able to deliver the level of service our island community demands and they so rightfully deserve.



Herbert J. Johnston, Jr.





## **PUBLIC UTILITY AGENCY OF GUAM**

**Government of Guam**

Post Office Box 3010, Agana, Guam 96910

Phone: (671) 647-7811 / 7823

Fax: (671) 649-0158

**HEARING ON BILL 511  
TWENTY-THIRD GUAM LEGISLATURE  
COMMITTEE ON WATER, UTILITIES & ELECTRONIC COMMUNICATIONS  
AND  
COMMITTEE ON ECONOMIC, AGRICULTURAL DEVELOPMENT AND INSURANCE**

**Testimony  
Submitted by:**

**Quirino Basbas, P. E.  
Chief Engineer**

**March 6, 1996**

Hafa adai yan Buenas Dias! For the record my name is Quirino Basbas, Chief Engineer with the Public Utility Agency of Guam. Today, my co-workers and I appear before you with enthusiasm, optimism, and great expectations that you will begin this proactive move towards rejuvenating one of our oldest government institution--PUAG. Born in the 50's shortly after our Territory was granted the right to self-government, this institution which we call PUAG will finally be given the opportunity (after four decades) to become an independent and viably self-sustaining entity through the enactment of Bill 511.

I am prepared to tell you what autonomy means to us in our facilities expansion and upgrade programs by re-hashing what you may already know about our agency. I ask your patience, ladies and gentlemen of this joint committee, but I believe it's



important to reflect on issues no matter how renown in order to remind us that there continues to be a persistent need for PUAG to receive more priority attention than it has received in the past.

Our efforts to secure resources to satisfy our short-term and long-term capital requirements can best be characterized as inconsistent, dotted with small successes and large failures. With the removal of PUC's authority over PUAG's rates in the mid-80's, financial self-reliance was effectively kept at bay resulting in the agency's near total dependence on General Fund subsidies for facilities expansion and improvements.

The effort of one of your colleague, who was Chief Officer in the late 80's, realized \$53 million dollars worth of general obligation bonds to pay for 12 major water and wastewater projects, as well as the implementation of a framework to charge new developers for the cost of expansion/upgrades. The momentum established by that Chief Officer was pursued by his predecessor, who also aggressively sought to institutionalize that framework, which is popularly known today as PL 19-47 (SDC). Additionally, legislative support resulted in General Fund appropriations over the past decade for numerous waterline and wastewater projects. The status of these projects will be discussed later in this presentation.

Public Law 19-47 was enacted in December 1988 for the purpose of establishing the Island Water and Sewer Infrastructure Development Fund. Monies collected by PUAG in the form of one-time charges for new user was to be deposited into the Fund in order to pay for water and wastewater capital improvement projects. Unfortunately, efforts to implement an acceptable fee schedule proved unsuccessful due to serious

concerns about the high fees proposed. Attempts to reduce the proposed fee were also unsuccessful--**underscoring the grim reality of the high price tag required to bring our islandwide plumbing system up to par with community expectations.**

Work on PL 19-47 remains on hold pending the stabilization of PUAG's rate increase for operations.

Its been stated numerous times that autonomy is not the answer to all of PUAG's problems. But, I believe that the answer it can provide to some of our problems is a big step in the right direction! From my perspective, here are three important things it will provide.

First, Autonomy will **Allow us to Establish Our Own Project Priority** - Our ability to assign priority rank to our projects consistent with our mission/goals/objectives will be within our complete control. The importance of controlling our spending priorities can be truly appreciated only by those of us who have had the frustrating opportunity of having our programs axed by analysts and fund administrators. Their short-sighted decisions are driven by concerns about fairly imposing budgetary cuts and limitations to all line agencies regardless of program priorities. Our current approach to doing things as a line agency is nothing but a "band-aid" approach to system improvements and expansion. We need to get away from this if we want to grow alongside our community.


Second, **A New Management Structure** - The opportunity to operate the agency in a fashion similar to a private enterprise will present itself through autonomy. Bureaucratic constraints that exist as a line agency will be replaced with a system of processes that is cost-conscious, customer-oriented, performance-oriented, and profit-

oriented for purposes of re-investing our profits into long-term expansion and upgrade of our plants and facilities.

Third, **Protect/Conserve a Valuable Resource** - The obscurity of PUAG is greatly enhanced by its status as a line agency and the low price of its services--water and sewer. Rarely is the agency on the community's consciousness unless water or sewer problems arise. Worse yet--people think nothing of wasting this resource because of its low monetary value. Undeniably, in my mind, the community's low opinion towards PUAG reflects the low-value that people place on the resource itself--a cheap commodity, a cheap (unimportant) organization.

Autonomy can remove us from this obscure position as a line agency and raise the community's awareness about this valuable resource that is so readily wasted. Perhaps, when we take our RIGHTFUL place up there alongside our sister agencies--GTA and GPA ... perhaps, if we were given the opportunity to prove what we can do and how well we can do the things that we do if but only given full support ... perhaps, then our community and our leaders can place in us a true sense of worth that is consistent with the true value of water as a life-sustaining resource!!

Thank you for the opportunity to present my thoughts on autonomy. I also thank the Legislature for the continued support that have been shown to PUAG. I hope that you will continue to support us by acting favorably on Bill 511. Si Yu'os Maase!

  
QUIRINO BASBAS, P. E.  
Chief Engineer

Attachment

LIST OF CIP WATER PROJECT ON-HOLD

<u>ITEM NO.</u>	<u>PAGE NO.</u>	<u>PROJECT NAME</u>	<u>P.L./SECTION</u>	<u>APPROPRIATED AMOUNT</u>	<u>ADDITIONAL AMOUNT REQUIRED</u>
* 1.	W-01	Agana Heights Water Line, Deepwells, Reservoir and Fire Hydrants	20-158/1A 20-158/1B	\$2,282,000.00 85,000.00	\$2,250,000.00
2.	W-19	Nimitz Hill Water Facilities	21-20/1	\$ 300,000.00	\$5,600,000.00
3.	W-14	Maina Water Distribution Lines with Fire Hydrants	20-63/2	\$ 150,000.00	\$ 600,000.00
4.	W-17	Mt. Santa Rosa 6 inch Waterlines	21-42/6	\$ 250,000.00	\$1,050,000.00
* 5.	W-18	Talofofu/Windward Hills Water System	20-6/5	\$3,185,000.00	\$1,700,000.00
6.	W-16B	Anao Point Subdivision Water System, Phase II	20-158/22	\$ 717,000.00	\$ 600,000.00
				<b>GRAND TOTAL</b>	<b>\$11,800,000.00</b>

## EXHIBIT A

LIST OF CIP SEWER PROJECT ON-HOLD

<u>ITEM NO.</u>	<u>PAGE NO.</u>	<u>PROJECT NAME</u>	<u>P.L./SECTION</u>	<u>APPROPRIATED AMOUNT</u>	<u>AMOUNT REQUIRED</u>
1.	* S-3	Agana Heights Sewerline on Five Locations Phase II	20-20/2	\$1,024,382	\$ 1,000,000
2.	* S-2	Agana Spring/Afame, Sinajana Sewerline	20-20/1	1,000,000	1,100,000
3.	* S-1	Chaot/Marine Drive Relief Sewer	PUAG/USEPA	305,330.19	2,000,000
4.	S-20	Gun Beach/Fafai Wastewater System	TAWSA	2,745,442	
5.	S-28	Gayinero Road/South Luisa/Lot 7010 Sewer Collector	20-21/47BC 20-205/98B	- 544,000 252,000	8,000,000
6.	S-36	Lower Santa Rita/San Vicente area Sewer System	20-156/3	300,000	280,500
7.	* S-42	Lower Barrigada Heights Water/Sewer System	20-205/18A 20-205/18B	50,000 50,000	350,000 1,800,000
8.	* S-45	Malojloj/Inarajan Sewer Collector System	21-136/41	1,200,000	12,592,000
9.	S-23	Macheche/Mogfog, Dededo Sewer System	20-158/15	930,000	7,356,368
10.	S-43A	Modification of Fujita Pump Station Phase II	PUAG	526,764 (Included in Phase I	700,000
11.	S-14B	M.U. Lujan to Yona Supermarket Sewerlines, Phase II	20-22/2	348,181 (Remaining Balance)	1,200,000

\* Easement Required

LIST OF CIP SEWER PROJECT ON-HOLD

<u>ITEM NO.</u>	<u>PAGE NO.</u>	<u>PROJECT NAME</u>	<u>P.L./SECTION</u>	<u>APPROPRIATED AMOUNT</u>	<u>AMOUNT REQUIRED</u>
12.	S-16	NDSS Southern Link Gravity/Forcemain Lines	TAWSA	-	5,000,000
13.	* S-21	Nimitz Hill/Turner Rd./Dean Brothers Subdivision Sewer Facilities	20-192/1	250,000	2,500,000
14.	* S-10B	Ordot/Chalan Pago Collector Lines Phase, II	20-78/1	1,358,213	3,100,000
15.	* S-27	Windward Hills Estate Sewer	20-204/7	2,500,000	
16.	* S-17	Ypao Beach Pump Station Reversion to Mamajanao Pump Station	TAWSA	-	2,500,000
17.	S-18B	Chaligan/Taleyfac Sewer Collector Phase II	20-156/2 20-156/4	897,000 4,100,000 (Included in Phase I)	<u>2,000,000</u>
			<b>GRAND TOTAL</b>	<u>51,478,868</u>	

**EXHIBIT B**

**PUBLIC UTILITY AGENCY OF GUAM  
SUMMARY OF WATER CAPITAL IMPROVEMENT PROJECTS**

1.	Pulantat/Menengon Hills Water Facilities	-	\$ 4,000,000.00
2.	Well Development - Area A (29 Proposed)	-	9,570,000.00
3.	Well Development - Area B (29 Proposed)	-	6,930,000.00
4.	Surface Water Development (Feasibility Study)/ Construction	-	30,000,000.00
5.	Y Sengsong Water Transmission Line	-	2,000,000.00
6.	Airport Reservoir (3M gal.)	-	3,000,000.00
7.	Water Line (Route 10A) (Airport Road)	-	2,079,000.00
8.	Nimitz Hill Water System	-	4,340,000.00
9.	Water Transmission Line (Route 4)	-	1,280,000.00
10.	Water Transmission Line (Route 4A to Sinifa)	-	7,100,000.00
11.	Pagachao Water System	-	3,400,000.00
12.	Pulantat Reservoir (3M gal.) and Pipeline	-	6,100,000.00
13.	Waterline (Anao Pt./Anderson)	-	1,480,000.00
14.	Waterline (Yigo/Dededo) Bordallo Subd./ Wardog	-	2,600,000.00
15.	Waterline (San Vitores)	-	2,030,000.00
16.	Water System Distribution Line (Malojloj/Merizo/Umatac)	-	4,700,000.00
17.	Waterline (Barrigada/Mangilao)	-	2,600,000.00
18.	Waterline (Mongmong)	-	1,300,000.00
19.	Waterlines (Macheche/Adacao) - Phase II	-	2,200,000.00
20.	Water Transmission Line (Yigo) (A-6)	-	1,200,000.00
21.	Waterline (Agana Springs)	-	1,580,000.00
22.	Reservoir (Chaot)	-	3,200,000.00
23.	Reservoir (Sinifa)	-	2,500,000.00
24.	Reservoir (Agafu Gumas)	-	<u>5,100,000.00</u>
	<b>TOTAL WATER CIPs</b>	-	<b>\$108,089,000.00</b>
	<b>COSTS TO UPGRADE EXISTING SYSTEM</b>	-	<b><u>16,246,204.00</u></b>
	<b>TOTAL CIPs FOR IMPACT FEE</b>	-	<b><u>\$ 91,842,796.00</u></b>



PUBLIC UTILITY AGENCY OF GUAM  
 SUMMARY WASTEWATER CAPITAL IMPROVEMENT PROJECTS

1. Forcemain - NDSS	2,800,000
2. Sewer System (Macheche - Mogfog)	2,000,000
3. Relief Line (Dededo)	2,200,000
4. Reversion (Route 16)	2,200,000
5. Renovation/Reversion (Ypao Beach)	2,640,000
6. Gun Beach Forcemain to Treatment Plant NDSS	6,000,000
7. Revert Sewage Lines (Dungca Beach)	3,600,000
8. Nimitz Hill/Turner Road Subdivision Sewer Facilities	2,000,000
9. Upgrade for Treatment Facilities NDSS - Phase I	10,000,000
10. Sewer Collector System - Phase III and IV (Agat/Santa Rita)	6,000,000
11. Upgrade for Agana Treatment Plant - Phase I	10,000,000
12. Upgrade of Treatment Facilities NDSS - Phase II	10,000,000
13. Collector (Maina)	1,800,000
14. Upgrade Agana Treatment Facilities - Phase I	10,000,000
15. Collector (Barrigada)	6,600,000
16. Macheche/Adacao Interceptor (Sewer)	3,000,000
17. Upgrade Northern District	15,000,000
18. Upgrade Agana Treatment Plant	15,000,000
19. Collector (Harmon)	3,600,000
20. Collector (Pago)	840,000
21. Collector (Pagat)	3,240,000
22. Fujita Pump Station	2,400,000
23. Route 16 Relief Sewerline (Micronesia Mall - Liguana Pump Station)	1,035,000
24. Treatment Facilities (Mangilao - Route 15)	20,000,000
25. Collector (Toto)	3,600,000
26. Treatment Facility Upgrade (Umatac/Merizo)	12,000,000
	-----
TOTAL WASTEWATER CIPs	\$157,555,000
COST TO UPGRADE EXISTING SYSTEM	-14,810,170
TOTAL CIPs FOR IMPACT FEE	\$142,744,830

PROJECT STATUS AND IMPACT OF LONG AND SHORT  
TERM PLAN ON BILL 511

As of the end of Fiscal Year 1995, the projects completed or ongoing are as follows:

Water: Completed \$15.4 million Ongoing: \$18.9 million

Wastewater: Completed 3.8 " Ongoing: 38.5 "

Total: \$19.2 million \$57.4 million

Combined Total: \$76.6 million

Bill 511 granting PUAG autonomy will ensure that these ongoing projects will be followed through to completion. As it is now with our status as a line agency, PUAG's projects are at the mercy of Bureau of Budget and Department of Administration, who will not hesitate to place our projects on hold because of other competing program priorities outside of PUAG's control.

There are a number of projects with General Fund appropriations that are on hold due to insufficient funds. These projects comprise the following totals.

Water: \$ 11,800,000.00

Wastewater: 51,478,868.00

Grand Total: \$ 63,278,868.00

On the board marked Exhibit A you can see this listing and the public law authorizing the project. We hope that with passage of Bill 511 we would have the control to begin addressing these projects within our priority objectives.

Planned capital improvement projects for PUAG over the next five to ten years consist of major new projects islandwide and major repair/replacement programs to address system deficiencies in villages throughout the island, as well as relocating water and sewer lines from private properties. The board (Exhibit B) shows a detailed listing of our facilities expansion project by priority. If you wish to go into a detail discussion of each of this project, I am prepared to do so. However, to recap what is on the board our capital requirements for water and sewer are as follows:

	<u>Water:</u>	<u>Wastewater:</u>
Facilities Expansion	\$ 91.8 M	\$ 142.7 M
Repair/Replacement	17.8 "	187.6 "
Total	<u>\$109.6 M</u>	<u>\$330.3 M</u>
<u>Combined Total:</u>	<u>\$ 439.9 Million</u>	

Facilities expansion are those projects identified in our master plans, which were also the basis for calculating the proposed system

development charge which I mentioned earlier. These system expansion include new wells development, surface water development, new water distribution and transmission lines, upgrade of northern district treatment plant and outfall, new sewer collector lines, pump stations, and forcemains.

Our repair and replacement program involves significant work that must be undertaken to improve our service capacities in all of our villages. The program includes valve replacements, fire hydrant installation/replacement, waterline upgrades, sewer pump station renovations, sewer collector system extensions, new collector lines, and land acquisitions.

With the passage of Bill 511 granting us autonomy, we can begin to undertake these important projects with the dedicated revenue we will be receiving as an autonomous agency.

With respect to the status of our \$53 million bond projects, we anticipate an additional funding requirements of approximately \$1.2 million. A breakdown of the bond projects is shown on the board marked Exhibit C.

The Governor's plan to double the number of tourists to Guam is a serious concern of PUAG, especially in the wastewater area. There is a group of developers called the TAWSA group who have a joint contract with PUAG to pay for the Northern District Sewer Reversal Project. This project consists of six separate phases. These

project phases are shown on the sketch marked as Exhibit D. Only one of these phases is completed--both design and construction. All the design for the remaining five have been completed. Construction on these projects has been stalled due to lack of sufficient funds. It is our understanding that TAWSA is not collecting enough money to pay for the project and PUAG has not had the opportunity to provide its share of funds. This concludes my part of the presentation and I hope that you will continue to support us by acting favorably on Bill 511.

Si Yu'os Maase!!

QUIRINO H. BASBAS, P.E.  
Chief Engineer

EXHIBIT "C"

\$53 MILLION BOND  
WATER SUMMARY REPORT  
(AS OF FEBRUARY 29, 1996)

PROJECT TITLE -----	DESIGN/CONSTRUCTION STATUS -----	AUTHORIZED FUNDING LEVEL -----	CUMULATIVE EXPENDITURES -----	OUTSTANDING ENCUMBRANCE -----	FUND BALANCE -----	ANTICIPATED MODIFICATION -----	ANTICIPATED EXPENDITURES -----	ANTICIPATED FUND BALANCE -----
1. YIGO/DEDEDO WATER SOURCE AND STORAGE SYSTEM IMPROVEMENTS	PHASE I- ONGOING-4/23/96 PHASE II-ONGOING-9/23/96	\$13,553,000.00 (\$2,300,000.00)	\$8,188,205.96	\$1,841,739.80	\$1,223,054.24	(\$100,000.00)	\$553,366.00	\$569,688.24
2. MANGILAO RESERVOIR AND PIPELINE	COMPLETED-2/28/92	\$1,513,000.00 (\$48,575.00)	\$1,465,633.77	\$0.00	(\$1,208.77)		\$0.00	(\$1,208.77)
3. REPLACEMENT WATER DISTRIBUTION LINE AGAT/SANTA RITA	COMPLETED-8/31/94	\$4,472,000.00 \$840,000.00	\$5,311,287.55	\$0.00	\$712.45		\$0.00	\$712.45
4. AGAT/SANTA RITA SEWER SYSTEM	PHASE I-ONGOING-6/23/96 PHASE II-ONGOING-3/4/97 PHASE III-CONST. ON HOLD	\$6,025,000.00 \$2,300,000.00 (\$2,565,000.00)	\$2,055,947.80	\$728,399.00	\$2,975,653.20		\$2,975,653.20	\$0.00
5. FINEGAYAN/TUMON WATER TRANSMISSION LINES	COMPLETED-3/20/95	\$6,480,000.00	\$4,092,420.32	\$184,769.24	(\$2,863.56)		\$0.00	(\$2,863.56)
6. BARRIGADA/TOTO WATER TRANSMISSION LINES	PHASE I-DRIG. COMP.-1/25/94 PHASE II-ONGOING-1/30/97	\$1,078,000.00 \$1,310,000.00	\$820,403.82	\$241.55	\$1,567,354.63		\$1,065,000.00	\$502,354.63
7. TUMON/TAMUNING WATER TRANSMISSION LINES	ONGOING-2/15/96	\$3,000,000.00 (\$680,000.00)	\$1,795,215.59	\$528,707.05	(\$3,922.64)	\$100,000.00	\$96,077.36	\$0.00
8. AGANA/ASAN/PITI WATER LINE IMPROVEMENTS	PKG. A - COMPLETED-9/23/92 PKG. B - COMPLETED-12/1/95 PKG. C - ONGOING-4/30/96	\$6,040,000.00 \$1,100,000.00	\$5,257,571.00	\$1,100,025.32	\$782,403.68		\$782,403.68	\$0.00
9. AGAT/UMATAc WATER LINE IMPROVEMENTS	PHASE I-ONGOING-2/15/96 PHASE II-ONGOING-8/30/97	\$2,549,000.00 \$2,569,389.00	\$2,793,122.93	\$292,741.53	\$2,032,524.54		\$4,917,360.00	(\$2,884,835.46)
10. YIGO/MANGILAO WATER TRANSMISSION LINES	COMPLETED-6/15/93	\$2,509,000.00 (\$1,295,140.00)	\$1,217,094.15	\$0.00	(\$3,234.15)		\$0.00	(\$3,234.15)
11. DEDEDO STEEL	ASTUMBO-COMPLETED-1/3/94 KAISER-COMPLETED-7/15/94	\$3,558,000.00 (\$25,000.00)	\$3,484,539.63	\$0.00	\$48,460.37		\$0.00	\$48,460.37
12. MACHECHE/ADACAO WATER DISTRIBUTION LINES	PHASE I-COMPLETED-4/19/93 PHASE II-COMPLETED-4/19/94 PHASE III-ONGOING-7/30/97	\$2,223,000.00 \$1,000,000.00	\$1,783,549.70	\$135,013.00	\$1,304,437.30		\$796,813.00	\$507,624.30
	GRAND TOTAL	\$53,000,000.00	\$38,264,992.22	\$4,811,636.49	\$9,923,371.29	\$0.00	\$11,186,673.24	(\$1,263,301.95)

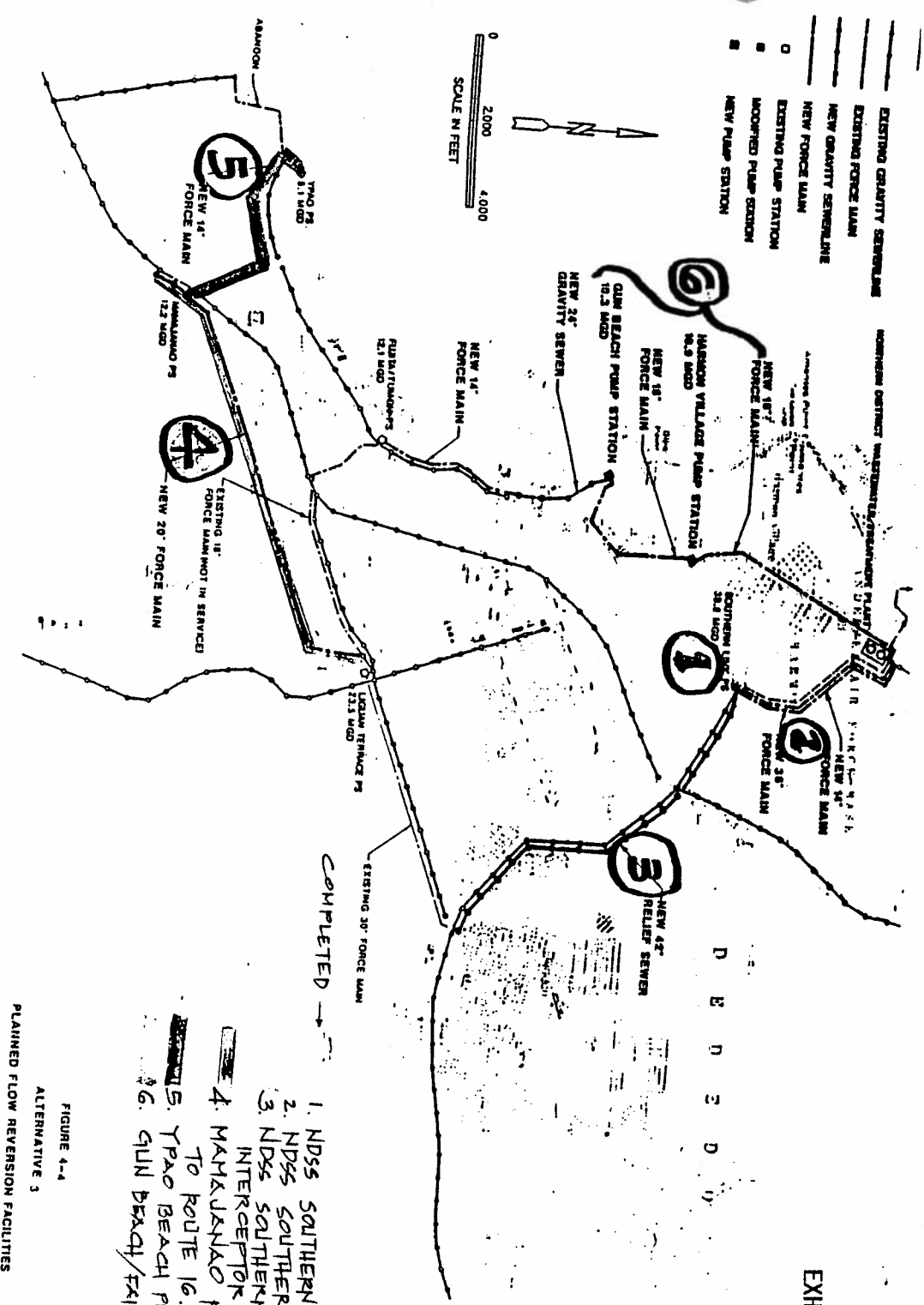


EXHIBIT D

1. NDSS SOUTHERN LINK PUMP STATION RENOVATION
2. NDSS SOUTHERN LINK FOREMAN INTERCEPTOR LINE
3. NDSS SOUTHERN LINK GRAVITY RELIEF INTERCEPTOR LINE
4. MAHAKULNADA PUMP STATION REVERSION TO ROUTE 16.
5. TPAO BEACH PUMP STATION REVERSION
6. GUN BEACH/FAIFAI WASTEWATER SYSTEM

FIGURE 4-4  
ALTERNATIVE 3  
PLANNED FLOW REVERSION FACILITIES



## **PUBLIC UTILITY AGENCY OF GUAM**

**Government of Guam**

Post Office Box 3010, Agana, Guam 96910

Phone: (671) 647-7811 / 7823

Fax: (671) 649-0158

**HEARING ON BILL 511  
TWENTY THIRD GUAM LEGISLATURE  
COMMITTEE ON WATER, UTILITIES & ELECTRONIC COMMUNICATIONS  
AND  
COMMITTEE ON ECONOMIC, AGRICULTURAL DEVELOPMENT AND INSURANCE**

**Testimony  
Submitted by:**

**Ed S. N. Reyes  
Assistant Wastewater Manager (Acting)**

**March 6, 1996**

Hafa adai! Good morning, distinguished members of the Committee on Water Utilities & Electronic Communications and members of the Committee on Economic, Agricultural Development and Insurance. For the record my name is Ed Reyes, Acting Assistant Wastewater Manager for the Public Utility Agency of Guam.

I have been involved in the actual operations and maintenance of PUAG's wastewater system for a considerable length of time now and I would be kidding myself if I said that we do not need autonomy. I believe autonomy is the best alternative if we are to meet full compliance with Federal Environmental Protection Agency System permit regulations, and lift the administrative orders on several sewage treatment plant facilities. I also would be kidding myself if I said we do not need improvement in other areas such as protecting the environment, improving operations and maintenance, meeting safety regulatory standards cited by the Occupational Safety Health Act,



**Commonwealth Now!**



repairing all deficiencies, upgrading facilities, needed training, additional staffing to meet our needs and stocking up for emergency equipment. The list goes on and on.

Distinguished senators, I believe after many years with PUAG Wastewater Division, autonomy is needed now!!

Guam is fortunate to have dedicated, competent employees working at PUAG on the operation and maintenance of the wastewater system. Not many people make wastewater their career because it can mean working in an unpleasant and potentially unhealthy workplace. Please pardon my expression--but, the job is literally FULL OF SHIT and it takes a special type of person to handle wastewater as a lifetime career!!

We believe that autonomy will greatly enhance the ability of PUAG to efficiently run the Wastewater System. We also believe that autonomy will allow the agency to generate revenue to fund the wastewater operation and maintenance without continuously running to the legislature to request for funding from the General Fund. Autonomy will allow the agency to raise reasonable revenue to procure much-needed equipment and also to provide adequate manpower at the level for the best quality wastewater service to our customers.

As long as we do not have autonomy I believe this agency will not be fully accountable for its services.

Without autonomy, PUAG can conveniently pass the bucks!!!

With autonomy, the BUCK STOPS AT PUAG.

Thank you.



ED S. N. REYES  
Assistant Wastewater Manager (Acting)



## PUBLIC UTILITY AGENCY OF GUAM

Government of Guam

Post Office Box 3010, Agana, Guam 96910

Phone: (671) 647-7811 / 7823

Fax: (671) 649-0158

HEARING ON BILL 511

TWENTY-THIRD GUAM LEGISLATURE

COMMITTEE ON WATER, UTILITIES & ELECTRONIC

COMMUNICATIONS

AND

COMMITTEE ON ECONOMIC, AGRICULTURAL DEVELOPMENT AND

INSURANCE

TESTIMONY

Submitted By:

Rafael P. Mesa

Assistant Water Division Manager

Public Utility Agency Of Guam

March 6, 1996

My name is Rafael P. Mesa and I am the Assistant Water Division Manager for the Public Utility Agency of Guam. I am here today to provide my ideas on what opportunities I see for PUAG and more importantly the island water consumers should PUAG be granted full autonomy.

The purpose of Government is to provide services to those who cannot provide for themselves. This is the case with water service. Through the provision of a municipal water system with the expertise



Commonwealth Now!

to deliver water to island residents a significant improvement in the public health and quality of life for Guamanians was achieved. Autonomy is but another tool in improving the present method of delivering water service. PUAG and the island of Guam have outgrown the outdated organizational and financial structure of the PUAG of the 1950's, 1960's, 1970's and 1980's. Very few organizations exist today that can place its origins over forty (40) years ago that have not undergone significant if not drastic change.

I view autonomy for PUAG as an opportunity to advance PUAG into a competitive organization that provides a critical commodity in an efficient manner. I see an opportunity for PUAG to join with the Guam Power Authority, the Guam Telephone Authority and the Department of Public Works in executing some of PUAG programs that have a commonality between these providers of municipal or utility services.

The successes of other autonomous agencies are a clear indication of what PUAG could achieve. Performance Standards, their establishment and recurring review by utility oriented regulatory groups such as the PUC, GEPA, USEPA, PH&SS and of course a Board of Directors can do nothing but improve PUAG.

I foresee cooperative efforts between GPA, GTA and PUAG in the area of facilities grounds maintenance contracts, environmental fields and vehicle fleet maintenance programs and other areas where there is a commonality of purpose. This would reduce capital costs and result in more efficient use of existing resources.

Performance indicators suggest the costs of repairs for service orders are higher than should be. These same performance indicators show an untimely response to routine calls for water meter leak repairs. Outsourcing some of this work to private plumbing companies would reduce these costs and increase response time. Repair work performed through Outsourcing would reduce a need to carry large costly inventories at PUAG. Materials provided by contractors would have to meet minimum material standards. The work performed would also include a warranty on parts and labor.

There is work at PUAG that may be better performed by Prison Industries. Capital could be invested in constructing and operating a meter shop under a prison industries program. In this way prisoners could participate in a rehabilitation program that would teach a skill and perhaps teach them how to operate a small business. The monies earned could be applied to operating the prison.

New meter installation performance indicators reveal that installation costs will be cost prohibitive for some customers if performed on a cost reimbursable basis. New customers could solicit new service installations performed by private enterprises. This would reduce those costs for both the customer and PUAG. Compliance by inspection with warranty of labor and materials would benefit all parties.

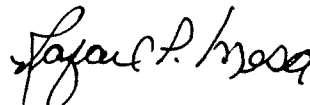
Why is autonomy so critical to PUAG? The question should be why is autonomy for PUAG so critical for Guam? The answer is without autonomy and PUAG's continued failures will limit the growth in the economy of Guam and a resultant decrease in the quality of life for island residents. PUAG is in such precarious financial and operational crises that a financial and operation collapse of the system is imminent.

The consequences of such a collapse are catastrophic. Development would be stifled much like our sister islands that have water resource and delivery problems. The threat of waterborne disease being spread through an ill maintained and under funded water system is very real. As a water professional with over twenty years of experience I do not have the confidence that the island water system is reliable and capable of preventing the spread of waterborne diseases. That may come as a shock to some of you in this room but those are the consequences.

Can any of here remember the cholera scare of the mid-1970's? I do. I was there and worked with local Public Health Officials and Epidemiologists from the Atlanta Centers for Disease Control. Does anyone here remember the Hepatitis problems in the early 1970's in the Southern Villages and Southern Schools. I do. Again, I worked with local Public Health and Environmental Officials. The effect of those problems was the abandonment of the Inarajan and Ylig Water Treatment Plants. In both cases, these water systems were suspected as the primary vehicle of transmission. Once they were removed from the system the problem went away.

GEPA recently issued Notices of Violations (NOV's) to PUAG in regards noncompliance with the Safe Drinking Water Act (SDWA) Surface Water Treatment Rules for the Ugum, Geus and LaeLae water systems. The purpose of the SDWA Surface Water Treatment Rules is to protect the public health from the effects of poorly or inadequately treated surface water sources for drinking water. By issuing these NOV's GEPA has said in effect that the water produced from these facilities are not reliably safe and has the risk of adversely affecting the public health. We have abandoned the Geus and Laesae systems as it was determined too expensive to meet the regulations. The Ugum WTP may costs \$600,000 to repair and take up to two (2) years to complete.

PUAG is headed for a fiscal and operational collapse. The consequences are far reaching. The threat to the public health cannot be ignored and those costs may be incalculable. The cost of pain and suffering from illness and possible loss of life cannot be estimated. Particularly if it is you or a family member. PUAG is in a death spiral that will end in a very costly intervention. When PUAG collapses financially and operationally the island will be left with little choice but to pay whatever it costs to make things right. If the cost of making PUAG a viable organization seems high at the cost of autonomy, then wait until we see the cost of intervention when there are no other options.

  
RAFAEL P. MESA

Bill No. 511(15)

Introduced by:

A.C. Lamorena V. *CL-3*

AN ACT CREATING THE GUAM  
WATERWORKS AUTHORITY.

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

**Section 1.** A new Chapter 14 is added to Title 12 of the Guam Code Annotated  
to read:

**"CHAPTER 14**

**GUAM WATERWORKS AUTHORITY**

**Article 1. General Provisions**

**§14101. Short Title.** This Chapter may be cited as the "*Guam Waterworks  
Authority Act.*"

**§14102. Definitions.** As used herein, unless otherwise indicated:

- (a) *Authority* means the Guam Waterworks Authority;
- (b) *Board* means the Board of Directors of the Authority;
- (c) *Director* means a member of the Board.

**§14103. Establishment.** There is within, and a public corporation and  
autonomous instrumentality of, the government of Guam, a Guam Waterworks  
Authority.

**§14104. Powers.** The Authority shall have and exercise each and all of the  
following powers:

- (1) Produce, transmit, store, distribute, and sell water on Guam, and

1 collect, treat and dispose of wastewater on Guam;

2 (2) Acquire, in accordance with Public Law 20-06, §7, and Title VII-A  
3 of the Government Code and subject to the laws of Guam, by grant, purchase,  
4 gift, devise or lease, or by the exercise of the right of eminent domain in  
5 accordance with the provisions and subject to limitations of 21 GCA Chapter  
6 15, and hold and use any real or personal property necessary or convenient or  
7 useful for the carrying on of any of the powers pursuant to the provisions of this  
8 Chapter;

9 (3) Establish its internal organization and management and adopt  
10 regulations for the administration of its operations;

11 (4) Establish and modify from time to time, with approval of the Public  
12 Utility Commission, reasonable rates and charges for water and wastewater  
13 disposal services at least adequate to cover the full cost of such services,  
14 including the cost of debt service, and collect money from customers using such  
15 services, all subject to any contractual obligation of the Board to the holders of  
16 any bonds; and refund charges collected in error;

17 (5) Enter into contracts and execute all instruments necessary or  
18 convenient in the exercise of its powers, adopt a seal and sue or be sued in its  
19 own corporate name;

20 (6) Construct works along or across any street or public highway or  
21 water course or over any of the lands which are the property of the Territory;  
22 and with respect to federal lands, the Authority shall have the same powers with  
23 respect to the construction of such works as possessed by the government of  
24 Guam. The Authority shall restore any such street or highway to its former state  
25 as near as may be and shall not use it in a manner to impair unnecessarily its  
26 usefulness;



1 (7) At any time or from time to time, incur indebtedness pursuant to  
2 Article 2 of this Chapter;

3 (8) Enter into contracts with the Government of the Territory or with the  
4 United States for loans or grants;

5 (9) Employ, retain or contract for the services of qualified managers,  
6 specialists or experts, as individuals or as organizations, to advise and assist its  
7 Board of Directors and employees;

8 (10) Adopt such rules and regulations as may be necessary for the  
9 exercise of the powers and performance of the duties conferred or imposed upon  
10 the Authority or the Board by this Article;

11 (11) Control, operate, improve, equip, maintain, repair, renew, replace,  
12 reconstruct, alter and insure the water and wastewater disposal systems subject  
13 to compliance with any applicable zoning, building and health regulations of the  
14 territory of Guam; and

15 (12) Do any and all other things necessary to the full and convenient  
16 exercise of the above powers;

17 Nothing contained in this Section or elsewhere in this Article shall be construed  
18 directly or by implication to be in any way in derogation or limitation of powers  
19 conferred upon or existing in the Authority or the Board by virtue of any provisions  
20 of the Organic Act of Guam or Statutes of the Territory or any other provisions of this  
21 Code.

22 **§14105. Water and Wastewater, Duty to Connect.** Notwithstanding any  
23 other provision of the Guam Code Annotated or any duly promulgated rule or  
24 regulation except those service rules and regulations of the Authority, the Authority  
25 shall not refuse to connect water or wastewater lines to any single family residence.

26 **§14106. Board of Directors.** (a) All powers vested in the Authority except

1 as provided herein shall be exercised by the Board. The Board shall consists of seven  
2 (7) directors, nominated and appointed by the Governor of Guam, by and with the  
3 advice and consent of the Guam Legislature. The seven (7) directors first appointed  
4 shall classify themselves by lot so that their terms shall expire respectively as follows:  
5 One (1) on October 1, 1997, Two (2) on October 1, 1998, Two (2) on October 1, 1999  
6 and Two (2) on October 1, 2000. Their successors shall be appointed each for a term  
7 of five (5) years from the date of the expiration of the term for which his predecessor  
8 was appointed and until his successor is appointed and has qualified. All vacancies  
9 occurring in the office of directors shall be filled by the Governor, with the advice and  
10 consent of the Legislature, for the unexpired term, except that if the Legislature is not  
11 in regular session when the vacancy occurs, the Governor may appoint for a term  
12 expiring at the end of the next regular session. In making appointments to the Board,  
13 the Governor shall select one (1) member with an Accounting background; one (1)  
14 member with an Engineering background; one (1) member with Planning background  
15 and two (2) members who would be representatives of the consuming public and who  
16 might be referred to as "man-on-the-street: type. The two remaining Directors will be  
17 at the option of the Governor.

18 (b) Four (4) directors shall constitute a quorum of the Board for the transaction  
19 of all business. The Board may adopt rules and regulations governing the conduct of  
20 its affairs. It shall elect a Chairman and a Vice-Chairman from among the Directors.

21 (c) Each director shall receive the sum of Fifty Dollars (\$50.00) for each  
22 attendance at the meetings of the Board, but such compensation shall not apply to  
23 more than two (2) meetings in any one (1) calendar month. No director shall receive  
24 any other compensation, but shall be reimbursed for actual travel, subsistence and out-  
25 of-pocket expenses incurred in the discharge of his responsibilities.

26 **§14107. General Manager.** (a) The Board shall appoint a General Manager,  
27 who shall be its chief executive officer, and who shall serve at its pleasure and shall

1 fix his compensation. The General Manager shall have full charge and control of the  
2 construction of the works of the Authority and their maintenance and operation, and  
3 also of the administration of the business affairs of the Authority.

4 (b) The powers of the General Manger include the following:

5 (i) To see that all rules and regulation of the Authority are enforced;

6 (ii) To attend all meetings of the Board and submit a general report of  
7 the affairs of the Authority;

8 (iii) To keep the Board advised as to the needs of the Authority and to  
9 approve demands for the payment of obligations of the Authority within the purposes  
10 and amounts authorized by the Board;

11 (iv) To prepare or cause to be prepared all plans and specifications for  
12 the construction of the works of the Authority;

13 (v) To devote his entire time to the business of the Authority; to select  
14 and appoint the employees of the Authority, except as otherwise provided by this  
15 Chapter, and to plan, organize, coordinate and control the services of such employees  
16 in the exercise of the powers of the Authority under the general direction of the Board;

17 (vi) To cause to be published within one hundred twenty (120) days from  
18 the end of each fiscal year a financial report showing the result of operations for the  
19 preceding fiscal year and the financial status of the Authority on the last day thereof.  
20 The publication shall be made in the manner provided by the Board; and

21 (vii) To perform such other and additional duties as the Board may  
22 require.

23 (c) The Board may contract with a corporation to perform any or all of the  
24 duties to exercise any or all of the powers of the General Manager as provided in this  
25 Section and the General Manager, subject to the approval of the Board, may contract  
26 with a corporation to perform some of the duties or to render expert and technical

1 assistance in the operation of the Authority.

2 **§14108. Assistant General Manager: Operations & Technical Support.**

3 (a) The General Manager, with the consent of the Board, shall appoint an  
4 Assistant General Manager for Operations & Technical Support, who shall serve at the  
5 pleasure of the General Manager.

6 (b) The Assistant General Manager for Operations & Technical Support shall  
7 be entitled to receive compensation to be determined by the General Manager with the  
8 approval of the Board.

9 (c) Such Assistant General Manager shall devote his entire time to the business  
10 of the Authority and shall have full charge and control, subject to the control of the  
11 General Manager, of all operations, engineering, and technical support services  
12 pertaining to water production, transmission, storage, and distribution, and collection,  
13 treatment, and disposal of wastewater by the Authority.

14 (d) Such Assistant General Manager shall have such other duties as may be  
15 designated by the General Manager.

16 **§14109 Same: Administration and Fiscal Services.**

17 (a) The General Manager, with the consent of the Board shall appoint an  
18 Assistant General Manager for Administration and Fiscal Services, who shall serve  
19 at the pleasure of the General Manager.

20 (b) The Assistant General Manager for Administration and Fiscal Services shall  
21 be entitled to receive compensation to be determined by the General Manager with the  
22 approval of the Board.

23 (c) Such Assistant General Manager shall devote his entire time to the business  
24 of the Authority and shall have full charge and control, subject to the control of the  
25 General Manager, of all administration, accounting and fiscal services of the  
26 Authority.

1 (d) Such Assistant General Manager shall have such other duties as may be  
2 designated by the General Manager.

3 **§14110. Other Officers.**

4 (a) The Board may also appoint a Secretary, a Treasurer, a Comptroller and an  
5 Attorney, who shall serve at the pleasure of the Board and whose duties and  
6 compensation shall be fixed by the Board. The Board may appoint one or more  
7 assistants to any such office. Any of such offices may be consolidated in one person.

8 (b) The Secretary shall have charge of all records and minutes of the Board.

9 (c) The Treasurer shall have custody of all moneys of the Authority and shall  
10 pay out such money only in accordance with the direction of the Board or as provided  
11 for by law.

12 (d) The Attorney, who must have been admitted to practice in Guam, shall  
13 advise the Board and the General Manager on all legal matters to which the Authority  
14 is a party or in which the Authority is legally interested and may represent the  
15 Authority in connection with legal matters before the Legislature, boards and other  
16 agencies of the Territory. The Attorney General shall represent the Authority in  
17 litigation concerning the affairs of the Authority in litigation concerning the affairs of  
18 the Authority, provided that he may delegate this duty to the Attorney of the Authority,  
19 with respect to any such litigation.

20 **§14111. Acquisition of Existing Systems.**

21 (a) On the first day of the month following one hundred eighty (180) days after  
22 the effective date of this Act or on such later date as the Board shall establish, the  
23 Public Utility Agency of Guam shall transfer to the Authority:

24 (i) all real property under its administration and items of property,  
25 supplies which the Agency owns or controls, including  
26 construction work in progress.

1 (ii) all working capital, cash, accounts payable and receivable, deposits,  
2 advances payable and receivable, all books, records and maps and all other  
3 rights, obligations, assets, liabilities, agreements, and privilege of the Agency.  
4 Each employee of the Public Utility Agency of Guam at the date of the transfer  
5 shall be offered employment by the Authority.

6 (b) Any person accepting employment under this Section shall receive not less  
7 than the straight-time rate of compensation he was receiving immediately before the  
8 transfer date. The other employment benefits and rights, including retirement and  
9 leave, of such transferred employees shall be governed by the provisions of this  
10 Article. Any persons so transferred who are found to be in excess of the personnel  
11 required for the efficient administration of the Authority shall be retained by the  
12 Authority until transferred to other positions in the government of Guam, with the  
13 consent of the agency to which transfer is made.

14 **§14112. Indebtedness.** The authority may incur indebtedness by any means  
15 as permitted by Article 2 of this Chapter.

16 **§14113. Exemption from Taxation, and In-Lieu Payments.** As an  
17 instrumentality of the Territory, the Authority and all property acquired by or for the  
18 Board and all revenues and income therefrom are exempt from taxation by the  
19 Territory or by any political subdivision or public corporation thereof and from all  
20 taxes imposed under the authority of the Legislature of the Territory, or with respect  
21 to which the Legislature is authorized to grant exemption.

22 **§14114. New Services.**

23 (a) The Authority shall apply to the Public Utility Commission ("PUC") for  
24 approval in the event the Authority, subsequent to the effective date of this Act,  
25 expands into new water-related services which are currently being provided by private  
26 sector providers. The Authority must demonstrate to the PUC that (1) there is a

1 public need for the services to be provided, and (2) the Authority's entry as a new  
2 provider for said services will further benefit the community.

3 (b) Notwithstanding the tax exemption provisions in §14113, the PUC shall  
4 require the Authority to pay the appropriate taxes on the new revenues generated from  
5 the new services.

6 **§14115. Accounting and Expenditures.**

7 (a) The Board shall adopt and maintain a system of accounting.

8 (b) The Board may authorize, by annual budget resolution and amendments  
9 thereto, the payment of demands against the Authority resulting from its exercise of  
10 the powers prescribed in this Act if:

11 (i) the purposes and amounts of such demands are projected in a budget  
12 expressed in terms of major account groups of the Uniform System of Accounts,  
13 which has been adopted by the Board after receiving recommendations of the  
14 General Manager; and

15 (ii) if the specific demands which are made are approved by the Board  
16 or the General Manager prior to payment.

17 (c) The Board shall employ a firm of locally licensed, independent certified  
18 public accountants who shall examine and report to the Board, at least annually, upon  
19 the status of the financial records and accounts maintained by the Authority. Copies  
20 of any such report shall be furnished to the Governor and to the Legislature.

21 (d) The Board shall report to the Governor concerning its administration of the  
22 affairs of the Authority. It shall present an annual report within one hundred twenty  
23 (120) days after the end of each fiscal year and, if requested by the Governor, shall  
24 present special reports within thirty (30) days after the end of each intervening quarter.  
25 The financial information presented in such reports shall be in accordance with the  
26 Uniform System of Accounts adopted by the Board. Copies of any such reports,

1 including the annual and special reports, shall be furnished to the Legislature.

2 **§141156. Employment.**

3 (a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the Board shall  
4 establish rules and regulations regarding selection, promotion, performance evaluation,  
5 demotion, suspension and other disciplinary action for the employees of the Authority;  
6 provided, however, that all contracts for the hiring of off-island employees shall  
7 conform to the provisions of 4 GCA §6216.

8 (b) Classified employees of the Authority, excluding the directors, shall be  
9 members of the government of Guam Retirement Fund. The Authority shall  
10 contribute to the government of Guam Retirement Fund on the basis of annual billings  
11 as determined by the Board of Trustees, government of Guam Retirement Fund, for  
12 the government share of the cost of the retirement benefits applicable to the  
13 Authority's employees and their beneficiaries. The Authority shall also contribute to  
14 the Worker's Compensation Fund, on the basis on annual billings as determined by the  
15 Worker's Compensation Commissioner, for the benefit payments made from such  
16 Fund on account of the Authority's employees.

17 (c) Notwithstanding any other provisions of law, neither the Manger, Assistant  
18 General Managers, Secretary, Treasurer, Comptroller nor Attorney of the Authority  
19 shall be within the classified service of the government of Guam but shall be hired,  
20 compensated and employed under the terms and conditions fixed by, and at the  
21 pleasure of the Board.

22 **Article 2**

23 **Guam Waterworks Authority Revenue Bonds**

24 **§14201. Definitions.** The following terms wherever used or referred to in this  
25 Article or in any indenture entered into pursuant hereto, shall have the following  
26 meanings, respectively, unless a different meaning appears from the context:



1 (a) *Authority* means the Guam Waterworks Authority provided for in the Guam  
2 Waterworks Authority Act of 1996.

3 (b) *Board* means the Board of Directors of the Authority provided for in the  
4 Guam Waterworks Authority Act of 1996. "Board" also means the Governor, the  
5 Director of Administration or any other officer or agency of the Territory whenever  
6 any action which this Article or any indenture requires or permits the Board to take  
7 can, under the Organic Act or any provision of this Code or any other statute of the  
8 Territory, be taken for, or on behalf of, or in lieu of the Board only by the Governor,  
9 the Director of Administration or such other officer or agency.

10 (c) *Bonds or revenue bonds* means the written evidence of any obligation  
11 issued by the Board pursuant to §14202, payment of which is secured by a pledge of  
12 revenues or any part of revenues, as provided in this Chapter, in order to raise funds  
13 for any of the purposes authorized by §14202, irrespective of the form of such  
14 obligations.

15 (d) *Bondholder or holder of bonds* or any similar term means any person who  
16 shall be:

17 (i) the bearer of any outstanding bond or bond registered to bearer or not  
18 registered; or

19 (ii) the registered owner of any such outstanding bond or bond which  
20 shall at the time be registered other than to bearer.

21 (e) *Governor* means the Governor of Guam.

22 (f) *Guam Waterworks Authority Act of 1996* means Article 1 of this Chapter.

23 (g) *Indenture* means an agreement, pursuant to which bonds are issued,  
24 regardless of whether such agreement is expressed in the form of a resolution of the  
25 Board or by other instrument.

26 (h) *Organic Act* means the Organic Act of Guam as amended and in effect on

1 the effective date of this Article. (64 Stat. 384, Title 48, §1421 et seq. U.S. Code.)

2 (i) *Person* includes any individual firm, corporation, association, partnership,  
3 trust, business trust or receiver or trustee or conservator for any thereof, and also  
4 includes the United States, the Territory or any public corporation, political  
5 subdivision, city, country or district or any agency or instrumentality of the United  
6 States or of the Territory.

7 (j) *Revenue* means and includes:

8 (i) any and all rates and charges received or receivable in connection  
9 with, and any and all other income and receipts of whatever kind and character  
10 derived by the Authority from the operation of or arising from the system;

11 (ii) any such revenues or any proceeds of sale of bonds or any other  
12 moneys of the Authority that may have been or may be impounded or deposited  
13 in any fund or account created or authorized by this Article and held by the  
14 Board or the Treasurer or the Director of Administration for the security of any  
15 bonds issued hereunder or for the purpose of providing for the payment thereof  
16 or the interest thereon;

17 (iii) any moneys received or receivable by the Authority pursuant to any  
18 contract between the Authority and any person, which moneys are designated  
19 as revenues (as herein defined) in such contract; and

20 (iv) all earnings on any investment of any revenues.

21 (k) *System* means the water system and the wastewater disposal system of the  
22 Authority.

23 (l) *System operation and maintenance costs* means:

24 (i) the reasonable costs of operating and maintaining the system,  
25 including refunds authorized by §14203, and all reasonable repairs, renewals,  
26 replacements, system insurance costs and costs of insurance other provision for

1 retirement of officers and employees of the Authority, but (notwithstanding any  
2 system of accounts maintained by the Board) without any allowance for  
3 depreciation; and

4 (ii) all revenues required by an indenture to be deposited in any one or  
5 more reserve funds or accounts in lieu of insurance or in any working capital  
6 fund or account or contingency fund or account relating to the system.

7 (m) *Territory* means the territory of Guam.

8 (n) *United States* means the United States of America.

9 **§14202. Powers of Board; Incurring Indebtedness.** The Board has power  
10 and is hereby authorized, in addition to and in amplification of all other powers  
11 conferred upon the Board by the Guam Waterworks Authority Act of 1996 or any  
12 other provision of this Code or by any statute of the Territory or of the United States,  
13 to exercise any or all of the powers granted to the Board by this Article. The Board  
14 may at any time or from time to time incur indebtedness:

15 (a) with the approval of the Governor and Legislature, to raise funds for the  
16 purpose of establishing the system, or of acquiring lands for the system, or acquiring,  
17 constructing, improving, equipping, maintaining, repairing, renewing, replacing,  
18 reconstructing or insuring the system, or any part thereof, or for the purpose of  
19 refunding any such bonds, or for any combination of such purposes; or

20 (b) for any other lawful purpose for a period not exceeding fifty (50) years  
21 pursuant to a contract of indebtedness, repayment of which is subject and subordinate  
22 to any contractual obligation of the Board to the holders of any bonds.

23 **§14203. Short Term Borrowing.** The Board may at any time or from time  
24 to time, by resolution adopted by a majority of all members of the Board and approved  
25 by the Governor, incur indebtedness for any lawful purpose for any period not  
26 exceeding five (5) years evidenced by contract with any person or by one or more

1 promissory notes executed and delivered to any person. Any such indebtedness shall  
2 incurred subject and subordinate to any contractual obligation of the Board to the  
3 holders of any bonds and the principal thereof and interest thereon may be repaid:

4 (a) from revenues; or

5 (b) if incurred for a purpose for which bonds may be issued, from revenues or  
6 from the proceeds of sale of bonds.

7 **§14204. Construction of Article.** This Article shall be liberally construed to  
8 carry out the objects and purposes and the declared policy of the Territory as in this  
9 Article set forth. Nothing contained in this article shall be construed directly or by  
10 implication to be in any way in derogation or limitation of powers conferred upon or  
11 existing in the Authority or the Board by virtue of any provisions of the Organic Act  
12 or statutes of the Territory or any other provisions of this Code."

13 **Section 2. Repeal**

14 (a) 5 GCA §3123 is hereby repealed.

15 (b) §56101 through §56118, Article I, Chapter 56, Title 5, Guam Code  
16 Annotated, are hereby repealed.

17 (c) 12 GCA §12015.2 is hereby repealed.

18 **Section 3. Construction with Other Statutes.** References in statutes of Guam  
19 to the "Public Utility Agency of Guam" or the "Chief Officer" of the Public Utility  
20 Agency of Guam shall read "Guam Waterworks Authority" and "General Manger" of  
21 the Guam Waterworks Authority.

22 **Section 4. Rate Review.** The Public Utilities Commission shall within thirty  
23 days after this Act takes effect initiate a review of the water and wastewater disposal  
24 rates of the Guam Waterworks Authority to determine whether they are just and  
25 reasonable and shall take such action thereon to increase or decrease rates as it may  
26 deem appropriate.

1            **Section 5. Effective Date.** The provisions of this Act shall take effect one  
2   hundred eighty days (180) after enactment.